

TIMKEN INDIA LIMITED



**28TH
ANNUAL
REPORT
2014-2015**

TIMKEN INDIA LIMITED

Board of Directors

(As on 22 May 2015)

Chairman & Managing Director	Mr. Sanjay Koul
Directors	Mr. P. S. Dasgupta
	Mr. Jai S. Pathak
	Mrs. Rupa Mahanty
	Mr. Ajay K Das
	Mr. R. Ramesh

Registered Office

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Fax No. 080 41362010
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E-mail : soumitra.hazra@timken.com
Website: www.timken.com/india

Committees of the Board

(As on 22 May 2015)

Audit Committee

Chairman	Mr. P. S. Dasgupta
Members	Mr. Sanjay Koul
	Mr. Jai S. Pathak
	Mrs. Rupa Mahanty

Stakeholders Relationship Committee

Chairperson	Mrs. Rupa Mahanty
Members	Mr. Sanjay Koul
	Mr. Ajay K Das

Nomination and Remuneration Committee

Chairperson	Mrs. Rupa Mahanty
Members	Mr. P. S. Dasgupta
	Mr. Jai S. Pathak
	Mr. Ajay K Das

CSR Committee

Chairman	Mr. Sanjay Koul
Members	Mr. Jai S. Pathak
	Mr. R. Ramesh

Risk Management Committee

Chairman	Mr. Sanjay Koul
Members	Mr. R. Ramesh
	Mr. S. Sivaramakrishnan

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Chairman's Statement

Dear Shareholders,

It gives me immense pleasure to report another year of progress for Timken India Limited. For the year, Timken revenues were Rs 940 crores, which is 28% over last year, which was achieved against tough economic conditions. Last year the domestic economic situation was quite uncertain owing to volatile political turmoil. The GDP of India for FY 13-14 was 6.9% against the 7.17% forecasted for the year. According to an Economic Times report, the agricultural sector of the economy exhibited a growth rate of 6.3% versus 3.6%, the manufacturing sector grew at 1.4% versus 1.9%. Amidst these economic uncertainties, Timken India Limited continues to maintain healthy profit margin and deliver promising results.

At Timken, we continue to leverage our expertise to meet our customer's needs, to serve them better and grow with our stakeholders. Timken of today stands as a different company than last year. The world is changing and we are changing with it. We remain committed to our stakeholders and we continue to use our know how for their benefit.

This year, our growth plan is to expand our market space and increase our product bandwidth, focusing on emerging markets. We are investing in talent to expand our geographic reach, adding key resources to our sales and marketing teams, to serve our customers in a more coordinated and efficient way. We are part of a dynamic company that has a successful history of more than hundred years. We take pride in continuing the legacy and we are confident of reaching new heights.

In alignment with our strategy of expanding reach, last year the Timken team in India participated in several international and national exhibitions. Our in-depth knowledge and unique value propositions led us to bag several orders and forge ahead in emerging markets.

Moving forward, the overall economic situation in the country is looking better and the basic parameters of the Indian economy are moving in the right direction. Despite current economic slowdown we have positive outlook for future. The robust growth in manufacturing industry and surge in public expenditure are expected to accelerate growth.

In today's market environment, uncertainty is becoming a certainty. We are committed to leave no stone unturned to increase our market share and to provide real-world solutions to the most complex problems. Steering our way through an ever changing political scenario and unpredictable economic conditions, we are even more focused to continually strengthen the performance of our customers, shareholders and the communities where we do business.

Many have contributed to our success this year and I would like to thank our shareholders, fellow board members, directors, customers, communities and especially Timken associates for the relentless support. Your confidence and trust on is deeply appreciated and we look forward to many more years of association. Guided by the theme of Stronger Teamwork, we have more to achieve together.

Sincerely,

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Board's Report

To the Members

The Board of Directors has pleasure in presenting the Twenty-eighth Annual Report of the Company together with the audited financial statements for the year ended 31st March, 2015.

Financial Results

(Rs./Million)

	Financial Year ended 31 March, 2015	Financial Year ended 31 March, 2014
Total Revenue	9349	7310
Total Expenditure	7953	6486
Earnings Before Interest, Tax, Depreciation, Amortization	1396	824
Less: Depreciation & Amortization	167	158
Less: Finance cost	6	9
Profit before tax (PBT)	1223	657
Less: Tax expenses	416	209
Profit after tax (PAT)	807	448
Add: Profit brought forward from previous year	2289	2403
Profit available for appropriation	3096	2851
Less: Appropriation		
– Dividend including dividend distribution tax	245	517
– Transfer to General Reserve	81	45
Balance carried forward	2770	2289

During the financial year under review, total revenue grew by 28% due to increase in revenue from operation though other income fell by 45%. The increase in revenue from operation can be attributed to a 44% increase in exports and 22% increase in domestic sales. Expenditures on the other hand registered an increase of 23% due to volume increase and inflationary pressure. Increase in depreciation was due to capitalization of new Plant & Machinery and other assets for expansion projects despite a marginal reduction due to implementation of revised Schedule II as prescribed under the Companies Act, 2013. Profit before tax registered an increase of 86% to Rs. 1223 Million due to increase in volume and increased exports.

Finance

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

Expansion Projects

Industrial service - the Company has fully commenced its operation of Industrial Service plant in Raipur, Chhattisgarh during the year.

Roller line expansion - the Company completed its Roller expansion project during the year at a cost of Rs. 163 Million.

The business of the Company has not undergone any change in the financial year under review.

Post Balance Sheet event

A fire broke-out in the third party logistics provider's warehouse in Pune in the morning of Sunday 10 May, 2015. No one was injured in the incident but there had been substantial damage to the Company's inventory, held under trust with the third party logistic provider. The Company was in process of quantifying the losses suffered for necessary action and insurance claims. Regular operations were however restored at the location within a week, through the business continuity plan of the Company, without adversely impacting the customer delivery schedules.

Dividends

The Company paid an Interim Dividend on the Equity Shares of the Company @ Rs. 3.00 per share fully paid amounting to Rs. 203,999,952 on 28 November, 2014 as against total dividend of Rs. 6.50 per Equity Share of Rs. 10 each fully paid (65%) for the year ended 31 March, 2014. 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, 2015. Your directors are not recommending any further dividend on the Equity Shares of the Company for the financial year 2014-15.

Board Meetings

Four Board meetings were held during the financial year 2014-15 on the following dates:

1. 9 May, 2014;
2. 13 August, 2014;
3. 10 November, 2014; and
4. 3 February, 2015.

In addition to the above, one meeting of the only Independent Directors was also held on 3 February, 2015 without participation of non-independent directors and Key Managerial Personnel.

Directors and Key Managerial Personnel

Mr. James R Menning resigned as the Chairman of the Board with effect from 19 August, 2014 and later resigned as a Director of the Company with effect from 30 September, 2014, in view of his pre-occupation in his new position as Senior Vice President Strategy & Development of the Timken Company in USA.

Mr. Sanjay Koul, Managing Director was elected as the Chairman of the Board with effect from 19 August, 2014 by the Board of Directors of the Company and has been re-designated as the Chairman & Managing Director.

Mr. Nirop Mahanty resigned as a Director of the Company with effect from 30 September, 2014, in view of his pre-occupation with certain critical activities and his inability to devote time to the affairs of the Company therefor.

Mr. Ajay K Das ('Mr. Das') has been appointed as an Additional Director with effect from 30 September, 2014.

Mrs. Rupa Mahanty ('Mrs. Mahanty') has been appointed as an Additional and Independent Director with effect from 30 September, 2014.

Except the above there has been no other change in the composition of the Board of Directors and Key Managerial Personnel.

In terms of relevant provisions of the Companies Act, 2013 ('the Act'), Mr. Das and Mrs. Mahanty hold office as such up to the date of forthcoming Annual General Meeting. The Company has received two separate notices from Members in terms of Section 160 of the Act, signifying its intention to propose the names of Mr. Das and Mrs. Mahanty for appointment as Directors of the Company at the next Annual general Meeting. These items have been included in the Notice convening the next Annual General Meeting of the Company. In this connection the Company is in receipt from each of Mr. Das and Mrs. Mahanty:

- a. Consent in writing in Form DIR-2
- b. Intimation in Form DIR - 8 and

In addition, the Company is in receipt of a declaration from Mrs. Mahanty to the effect that she meets the criteria of independence in terms of Section 149(6) of the Act.

Mr. R Ramesh, Director of the Company is liable to retire by rotation, and being eligible, offers himself for reappointment at the next Annual General Meeting.

Annual Declarations from Independent Directors

The Company has received necessary declaration from all Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 confirming that each of them has met with the criteria of independence laid down in Section 149(6) of the Act.

Composition of Audit Committee

The composition of Audit Committee is given below:

Mr. P. S. Dasgupta, Non-Executive and Independent Director	– Chairman
Mr. Sanjay Koul, Executive and non-independent Director	– Member
Mr. Jai S. Pathak, Non-Executive and Independent Director	– Member
Mrs. Rupa Mahanty, Non-executive and Independent Director	– Member

Recommendations of the Audit Committee to the Board of Directors

During the year, the Board of Directors of the Company accepted all the recommendations put forward to it by the Audit Committee of the Board.

Vigil mechanism

The Company has adopted a Vigil Mechanism - a Whistle Blower Policy in terms of which the Directors and 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 or Senior Management. 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. In terms of the said policy, Associates of the Company have also got direct access to the Chairman of the Audit Committee to report matters of exceptional nature.

The Company follows the open door policy and adequate safeguards have been provided against victimisation of the reporting Directors/Associates.

The Whistle Blower Policy of the Company is disclosed on the Company's website www.timken.com/india.

Composition of Nomination and Remuneration Committee

The Composition of the Nomination and Remuneration Committee is given below:

Mrs. Rupa Mahanty Non-Executive and Independent Director	– Chairperson
Mr. P. S. Dasgupta Non-Executive and Independent Director	– Member
Mr. Jai S. Pathak Non-Executive and Independent Director	– Member
Mr. Ajay K. Das Non-Executive and not- Independent Director	– Member

Nomination and Remuneration Policy

The Nomination and Remuneration Committee has laid down a policy for remuneration of directors, KMP and other employees and also the criteria for determining qualifications, positive attributes and independence of a director, the details of which can be seen in a document attached to this Report marked as Annexure - I.

Formal Annual Evaluation of the Board of Directors, its Committees and Directors

The Nomination and Remuneration Committee of the Board has laid down the criteria for evaluation of performance of the Independent Directors, Board of Directors and various committees of the Board and individual directors.

Accordingly, the Board of Directors at its meeting held on 3 February, 2015 carried out performance evaluation of all directors, Board of Directors and committees thereof. During such evaluation the evaluated director was not present at the discussion. The methodology of evaluation was discussed and each director was requested to record his evaluation of the other directors, Board and Committees of the Board of which he is a member and submit to the Chairperson of the Nomination and Remuneration Committee in terms of the criteria finalised earlier. The record of performance evaluation of the Chairperson of the Nomination and Remuneration Committee was sent to the Chairman & Managing Director of the Company.

Ratio of Remuneration

Pursuant to Section 197(12) of the Act read with Rules 5(1), (2) and (3) of Companies (Appointment and Remuneration) Rules, 2014 applicable details are given in the statement attached to this Report marked as Annexure - II. Information required under Rules 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in the Annexure - II itself.

Risk Management Policy

In terms of relevant provisions of law, the Board of Directors of the Company has adopted a Risk Management Policy of the Company. The policy has identified certain categories of risks that in the opinion of the Board, the Company may face as risks pertaining to the areas such as strategic, operational, financial, market, Compliance and information technology.

Descriptions for each of the risks identified in the Risk Matrix are documented and recorded in a structured format in each area where the risk is identified covering; nature of risk, severity of risk, chance of occurrence of risk, chance of detection and control mechanism available.

Each aspect of Severity, Occurrence and Detections are assigned with values on a scale of 1-5. These values are multiplied to determine the Risk Priority Number (RPN). The Risks are thereafter prioritized based on the RPN, analysed and strategy developed accordingly.

TIMKEN INDIA LIMITED

On completion of the above exercise the Company's Risk Matrix has been finalized and was reviewed at the year end by the India Leadership Team and Internal Risk Management Committee and reviewed at least once in a year by the Board of Directors of the Company.

Corporate Social Responsibility

Composition of Corporate Social Responsibility (CSR) Committee, annual report on CSR activities, details of the Policy development and implementation by the Company during the year are given in the statement attached to this Report marked as Annexure - III.

Statutory Audit

The Auditors, M/s S.R. Batliboi & Co., LLP, Chartered Accountants (Registration No. 301003E), have been appointed at the last Annual General Meeting for a period of three years from the conclusion of the said Annual General Meeting till the conclusion of the thirtieth Annual General Meeting subject to ratification of the appointment by the members at every subsequent Annual General Meeting.

Secretarial Audit

Mr. R Vijayakumar, Practising Company Secretary (FCS 6418 & COP 8667) Bangalore has been appointed by the Board of Directors to carry out Secretarial Audit in terms of Section 204 of the Companies Act, 2013 and Mr. Vijayakumar has since submitted his report, a copy of which is annexed to this Report marked as Annexure - IV.

Cost Audit

Messrs Shome & Banerjee, Cost Accountants (F000001), Kolkata has been appointed to audit the cost accounts of the Company for the year 2014-15. The due date for submitting the Cost Audit Report for the year 2014-15 with prescribed authority is 30 September, 2015. The Cost Audit Report for the year ended 31 March, 2014 in XBRL format was submitted on 26 September, 2014. Based on the recommendation of the Audit Committee, the Board of Directors has reappointed Messrs Shome & Banerjee, Cost Accountants (F000001), Kolkata to audit the cost accounts for the year 2015-16 also and pursuant to Rule 14 of the Companies (Audit and Auditors Rules) 2014 the remuneration payable to them 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 ensuing Annual General Meeting.

Qualifications in Audit Reports

The reports issued by the Statutory Auditors, the Secretarial Auditor and the Cost Auditors do not contain any qualification, reservation or adverse remark or disclaimer.

Utilization of issue proceeds

The Company raised Rs. 4,781.76 Lakhs (net of share issue expenses) under the Institutional Placement Programme to comply with the requirement to maintain a minimum public shareholding of 25% in listed companies, by issuing 4,265,134 equity shares in the year 2012-2013. The proceeds were used towards long term capital requirements, working capital requirements and for general corporate purposes as given in the prospectus dated 09 April, 2013. During the year ended 31 March, 2015 the Company has completely spent the money for the purpose for which the fund have been raised.

Related Party Transactions

All transactions with related parties were entered into in the ordinary course of business and were on arms length basis. However, in terms of provisions of sections 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, a summary of material related party transactions in the ordinary course of business and on arm's length basis is given in Form No. AOC-2, attached to this Report marked as Annexure V. The Policy can be seen at www.timken.com/india.

Listing with Stock Exchanges

The Company confirms that it has paid the Annual Listing Fees for the year 2015-2016 to National Stock Exchange and Bombay Stock Exchange where the Company's Shares are listed.

Extract of Annual Return

As required pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in Form MGT 9 is attached as a part of this Report, marked as Annexure - VI

Corporate Governance and Shareholders Information

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 this Report and are attached to this Report, marked as Annexure - VII.

Conservation of energy, Technology Absorption and Foreign Exchange Outgo

Sl. No	Particulars	Remarks	
(A)	<p>Conservation of energy:</p> <ol style="list-style-type: none"> 1. Steps taken / impact on conservation of energy, with special reference to the following: 2. Steps taken by the company for utilizing alternate sources of energy including waste generated 3. Capital investment on energy conservation equipment 	<p>In Jamshedpur, Plant power factor continued to be maintained at more than 0.96 levels:</p> <ol style="list-style-type: none"> I. Additional capacitor banks included near all high energy consuming equipment to increase power factor. II. Rationalization of individual Split/window A.Cs through two wayswitch. III. Interlocking of high HP motors to avoid idle running. <p>In Raipur, reduction in electrical load sanction (KVA) from 1500KVA to 1000KVA</p>	
(B)	<p>Technology absorption:</p> <ol style="list-style-type: none"> 1. Efforts, in brief, made towards technology absorption. 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 3 years reckoned from the beginning of the financial year), following information may be furnished: <ol style="list-style-type: none"> a. Details of technology imported. b. Year of import. c. Whether the technology been fully absorbed d. If not fully absorbed, areas where absorption has not taken place, and the reasons therefore. 4. Expenditure incurred on Research and Development 	<p>Under the Collaboration Agreement, technology update is released from the Timken Company which is transferred to the <i>Inter alia</i>, shop floor instructions. Any improvement in the technology/progress is of this continuous update and this is being regularly monitored by the Timken Company personnel.</p> <ol style="list-style-type: none"> a. Manufacture of Tapered Roller Bearings b. 1991-92 onwards c. It is being gradually absorbed and is a continuous process. <p>Ongoing in the area of machining, heat treatment and finishing. To make further improvements in the manufacturing process, product quality and production output.</p>	
(C)	Foreign exchange earnings and Outgo	2014-15 (Rs./million)	2013-14 (Rs./million)
(i)	Foreign Exchange Earnings	3,416	2,379
(ii)	Foreign Exchange Outgo	2,177	2,493

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or effectiveness were observed.

Director's responsibility statement

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) 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;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) 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

(f) 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.

Financial Performance of any Subsidiary / Associate/ Joint Venture Company

The Company does not have any subsidiary, Associate or Joint Venture Company.

Details relating to deposits

The Company has not accepted deposit as defined in the Companies Act, 2013 and Rules framed thereunder, during the financial year 2014- 15.

Particulars of Loans, Guarantees or Investments

The Company has duly complied with the provision of Section 186 of the Companies Act, 2013 with reference to current and non-current investments. The Company has not taken any secured/unsecured loan except bills discounted with banks. The Company has also not given any loans except to its employees as part of the conditions of the service extended by the Company to its employees. During the year, the Company has not given any guarantee or extended any securities in connection with any loan.

Significant and/or material orders passed by the Regulators

No significant and/or material order was passed by any Regulator, any Court in India or any Tribunal. Impacting the going concern status and the Company's operations in future.

Disclosures under Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirement Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set-up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy. The Company has not received any sexual harassment complaints during the year 2014-15.

Disclosure regarding shares issued by the Company

Sweat Equity Share	The Company has not issued any Sweat Equity Share and therefore the disclosures norms are not applicable to the Company.
Shares with differential Rights	The Company has not issued any Share with differential rights and therefore the disclosures norms are not applicable to the Company
Shares under Employees Stock Option Scheme	The Company does not have any stock option scheme and therefore disclosure norms are not applicable to the Company
Purchase by Company or giving of loans by it for purchase of its shares	The Company has not purchased or given any loan to purchase its Equity Share and therefore the disclosures norms are not applicable to the Company
Buy Back of Shares	The Company has not bought back any Equity Share and therefore the disclosures norms are not applicable to the Company

Acknowledgment

The Directors acknowledge that the performance of the Company during the year 2014-15 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.

For and on behalf of the Board of Directors

New Delhi
22 May, 2015

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

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, 2015.

For the purpose of this declaration, senior management team means members of management one level below the executive directors as on 31 March, 2015.

New Delhi
22 May, 2015

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Nomination and Remuneration Policy – Timken India Limited

1. Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable Rules thereto and Clause 49 under the Listing Agreement. The Key objectives of the Committee would be:

- To lay down the criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To recommend to the Board, remuneration payable to the Directors, Key Managerial Personnel and Senior Management, based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- To provide to the Key Managerial Personnel and Senior Management, reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To carry out evaluation of every director's performance.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.

2. Definitions

2.1 **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2 **Board** means Board of Directors of the Company.

2.3 **Committee** means the Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board

2.4 **Directors** mean Directors of the Company.

2.5 **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013

2.6 **Key Managerial Personnel** means:

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer as may be prescribed.

2.7 **Senior Management** means personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

3. Roles of the Committee

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director;
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy;
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel;
- Ensure that the Board comprises of a balanced combination of Executive Directors and Non-executive Directors and also the Independent Directors; and
- Oversee the formulation and implementation of ESOP Schemes, its administration, supervision, and formulating detailed terms and conditions in accordance with SEBI Guidelines

Provided that the Committee shall set up a mechanism to carry out its functions and is further authorized to delegate any/ all of its powers to any of the Directors and/ or officers of the Company, as deemed necessary for proper and expeditious execution.

4. Policy for appointment of Director, KMP and Senior Management

Enhancing the competencies of the Board as well as retaining talented employees for the role of KMP/ senior management is the basis of the Committee to select a candidate for appointment to the Board. While recommending a candidate for appointment, the Committee shall consider the following aspects:

- The range of attributes of the candidate which includes, but is not limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, being considered;
- The extent to which the candidate is likely to contribute to the overall effectiveness of the Board and the management, work constructively with the existing systems and enhance the efficiency of the Company;
- The skills and experience that the candidate brings to the role of Director/ KMP/ Senior Management and how he will enhance the skill sets and experience of the existing associates as a whole;
- The nature of existing position held by the candidate including directorships or other relationships and the impact they may have on the candidate's ability to exercise independent judgment;

Personal specifications:

- Degree holder in relevant disciplines;
- Experience of management in a diverse organization;
- Effective interpersonal and communication skills;
- Leadership skills;
- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- Having continuous professional development to refresh knowledge and skills.

Appointment of Independent Directors is subject to compliance of provisions of Section 149 of the Companies Act, 2013, read with Schedule IV and Rules there under.

The Company shall not appoint or continue the employment of any person as Whole-time Director who is below the age of 21 or has attained the age of seventy years, as the case may be. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Disqualifications for Appointment of Directors

A person shall not be eligible for appointment as Director of the Company, if he is disqualified under Section 164 of the Act.

Term/ Tenure

Managing Director/ Whole-time Director:

- The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another term of up to five consecutive years, on passing of a special resolution by the Company.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014, he/she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of the Independent Director, it shall be ensured that the number of Boards in which he/ she serves as an Independent Director is restricted to seven listed companies. If a person is a Whole-time Director in any listed company, he/ she shall serve as an Independent Director in not more than 3 listed companies or such other limit as may be prescribed under the Act.

Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management on an annual basis.

Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, Rules and regulations.

Retirement

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company.

Board Diversity

The Board of the Company may consciously be drawn in a manner that it comprises of individuals from diversified backgrounds, possessing different skills, resources and potentials.

5. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

- The remuneration/ compensation/ commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/ post approval of the shareholders of the Company and Central Government, wherever required.
- The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- The Whole-time Director/ KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- **Minimum Remuneration:**
If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- **Provisions for excess remuneration:**
If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he/ she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non- Executive/ Independent Director:

- **Remuneration/ Commission:**
The remuneration/ commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

- Sitting Fees:

The Non- Executive/ Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

- Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

6. Membership of the Committee

- The Committee shall consist of a minimum 4 non-executive directors, majority of them being independent.
- Minimum three (3) members shall constitute the quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

7. Chairperson

- Chairperson of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairperson of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

8. Frequency of meetings

The meeting of the Committee shall be held at such regular intervals as may be required.

9. Committee members' interests

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

10. Secretary

The Company Secretary of the Company shall act as Secretary of the Committee.

11. Voting

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

In the case of equality of votes, the Chairperson of the meeting will have a casting vote.

12. Minutes of Committee meeting

The proceedings of all meetings shall be stored as minutes and signed by the Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

Ratio of Remuneration

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Non-executive Directors do not receive any remuneration from the Company. Independent directors receive sitting fees only for attending meeting of the Board or Committees thereof. Executive directors receive remuneration from the Company and the ratio of their respective remuneration to the median remuneration is given below: Chairman & Managing Director - 1:20 Business Controller India & Whole-time Director - 1:10
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Percentage increase in remuneration of the Executive Directors and Company Secretary is given below: Chairman & Managing Director - 10% Business Controller India & Whole-time Director - 5% Company Secretary & Chief Compliance 10%
(iii) the percentage increase in the median remuneration of employees in the financial year;	The increase is 7%
(iv) the number of permanent employees on the rolls of company;	642 as on 31 March, 2015
(v) the explanation on the relationship between average increase in remuneration and company performance;	During the year under review, total revenue grew by 28% whereas PBT increased by 86%. Against this backdrop the current average increase in remuneration is 7%, which is as per the Remuneration Policy of the Company.
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	The average increase in remuneration of Key Managerial Personnel is approx. 10% compared to an average increase in gross revenue.
(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	Market capitalization increased from Rs. 12475 Million (as on 31 March, 2014) to Rs. 41623 Million (as on 31 March, 2015). Price Earnings Ratio has also increased from 27.80 (as on 31 March, 2014) to 51.57 (as on 31 March, 2015). The value of shares as reflected in the market quotations as on 31 March, 2015 indicates 61.20 times increase compared to price at which last public offer was made in 1991.
(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average percentage increase in remuneration for employees other than managerial personnel has been 13% while average percentage increase in remuneration for managerial personnel has been approx. 10% during the same period.
(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	The remuneration paid to Chairman & Managing Director, Business Controller & Whole-time Director and Company Secretary increased by 10%, 5% and 10% respectively during 2014-15 whereas the gross revenue of the Company went up by 28% during the same period.
(x) the key parameters for any variable component of remuneration availed by the directors;	Financial metrics : EBIT, Working Capital
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	Nil
(xii) Affirmation that the remuneration is as per the remuneration policy of the company.	Yes.

Annexure - II (contd.)

Statement of particulars of employees pursuant to Rule 5(2) & (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

S.L	Name	Designation & Nature of Duty	Remuneration Received during 2014-15 (Rs)	Qualification	Age (Years)	Experience (Years)	Date of Commencement of Employment	Particulars of Last Employment (last post held, Employer, Period of Employment)
1	Koul Sanjay	Chairman & Managing Director	19,184,728.00	B Sc (Mech), PGCBM	50	28	4-Oct-90	Jr Engg, Union Carbide, Sri Nagar, 3 Years
2	Das Amit Kr *	GM - India O.A	4,925,508.00	BSc, MLW (PM & IR), EMBA, LLB	42	19	21-Aug-12	Director - HR, South East Asia and India, Allergan Singapore, 2 Years
3	Ramachandran Ramesh	Business Contoller India, CFO & Whole-time Director	7,625,821.00	CA, ICWA	51	27	7-Nov-11	ABB Ltd, Vice President - Finance - 8 Years
4	Sarangapani Srinivasan	GM - India, SCM	7,122,759.00	B.E (Mech) M.B.A - Oprs Mgmt	41	20	20-Aug-10	GEN PACT, Asst Vice President -SCM, 7 Years
5	Sandip K Maity *	Manager Engineering	833,712.00	Diploma in Mech Engineering	52	29	4-Mar-85	TATA Steel, Jamshepur, Supervisor, 3 Years

* Employed Part of the year.

Notes:

- (1) Remuneration received includes Salary, Allowances and Taxable Value of Perquisites, and in applicable cases, Company's contribution to Provident & Superannuation Funds, but excludes contribution to Gratuity Fund on the basis of actuarial valuation.
- (2) The Nature of Employment in all cases is contractual.
- (3) None of the Employees mentioned above is a relative of any Director of the Company.
- (4) None of the Employees mentioned above holds equity shares either by himself or along with spouse or dependent children , exceeding 2 % of the value of total equity shares of the Company.

for and on the behalf of the Board of Directors

Sanjay Koul
Chairman & Managing Director
DIN:05159352

New Delhi
22nd May 2015

CORPORATE SOCIAL RESPONSIBILITY-CSR

1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.		<p>Timken makes the world a better place through a combination of volunteer efforts, community leadership and financial support. Strengthening our communities is important not only to the communities where we operate, but also to the employees in those communities and to the ongoing success of the company. The Company's CSR vision includes (i) Consult with local communities to identify needs (ii) Partnering with organizations of repute including NGOs, approved educational institutions and (iii) Continuously endeavour to find out ways to bring a stronger community.</p> <p>The Company wishes to focus the corporate resources on programs and agencies that (i) Promote lifelong learning through education; (ii) Work collaboratively to deliver health and human services; and (iii) Foster innovative ways to build a strong community. In terms of the CSR Policy of the Company, the following areas have been identified:</p> <ul style="list-style-type: none"> • Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation and making available safe drinking water • Promoting education including special education, employment enhancing vocational skills among children, women, elderly and the differently abled and livelihood enhancement project • Contribution or funds provided to technology incubators located within academic institutions approved by the Government • Contribution to Prime Minister's National Relief Fund <p>CSR Policy of the Company is attached to this Annexure and can be seen at www.timken.com/india</p>				
2.	The Composition of the CSR Committee.		Mr. Sanjay Koul	Chairman			
			Mr. R Ramesh	Member			
			Mr. Jai S Pathak	Member			
3	Average net profit of the company for last three financial years		Rs. 808,993,793				
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)		Rs. 16,179,876				
5.	Details of CSR spent during the financial year		Rs. 1.62 Crores				
a.	Total amount to be spent for the financial year;		Rs. 1.62 Crores				
b.	Amount unspent, if any;		NIL				
c.	Manner in which the amount spent during the financial year is detailed below.						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period (Rs.)	Amount spent: Direct or through implementing agency (Rs.)
1	Contribution to Prime Minister's National Relief Fund	N.A.	N.A.	N.A.	N.A.	1.62 Crores	Directly 1.62 Crores
	TOTAL					1.62 Crores	1.62 Crores
Give details of implementing agency :			Not Applicable				

6.	In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.	Not Applicable
7.	A responsibility statement of the CSR committee that the implementation and monitoring of , CSR Policy is in compliance with CSR objectives and Policy of the company	It is confirmed that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sanjay Koul
Chairman & Managing Director
(Chairman CSR Committee)
(DIN: 05159352)

CORPORATE SOCIAL RESPONSIBILITY POLICY

OF

TIMKEN INDIA LIMITED

[Pursuant to Section 135 of the Companies Act, 2013, read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014]

CONTENTS	
1.	OVERVIEW
2.	CSR FOCUS AREAS
3.	IMPLEMENTATION OF CSR ACTIVITIES
4.	GUIDELINES FOR CHOOSING A CSR PARTNER
5.	CSR
6.	CSR COMMITTEE
7.	ROLE AND RESPONSIBILITIES OF THE CSR COMMITTEE
8.	MONITORING MECHANISM
9.	REPORTING
10.	POLICY ON NON-DISCRIMINATION AND CONTROVERSIAL ORGANIZATIONS
11.	SELF GOVERNANCE
12.	POLICY REVIEW AND FUTURE AMENDMENT

1. OVERVIEW

As required under the provisions of the Companies Act, 2013 (“Act”), Timken India Limited (“Timken” or “Company”) is pleased to announce its Corporate Social Responsibility (“CSR”) Policy (“CSR Policy” or “Policy”).

CSR Philosophy:

Timken makes the world a better place through a combination of volunteer efforts, community leadership and financial support. Strengthening our communities is important not only to the communities where we operate, but also to the employees in those communities and to the ongoing success of the company. We focus our corporate resources on programs and agencies that:

- Promote lifelong learning through education;
- Work collaboratively to deliver health and human services; and
- Foster innovative ways to build a string community.

CSR vision:

- Consult with local communities to identify needs
- Partnering with organizations of repute including NGOs, approved educational institutions
- Continuously endeavour to find out ways to bring a stronger community

Commitment:

The Company believes in creating a necessary balance between better business, cleaner environment and better lives. The Board of directors ("Board") of the Company is fully committed to implement CSR activities in the right spirit of law to contribute towards positive societal impacts.

2. CSR FOCUS AREAS

CSR activities to be undertaken by the Company under this Policy shall be as follows:

Sl. No	Objectives as specified under Sch. VII	Projects or programme undertaken or to be undertaken	Method of execution	Schedule of implementation of projects/ programmes
1	Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation and making available safe drinking water.	Support efforts to promote medical support to the society to eradicate life threatening diseases and improving availability of medical aid to critical patients including without limitation, Stem Cell research and related activity including registry initiatives of organizations of repute including NGOs, trusts	Evaluate projects run by voluntary organizations of repute around the places where company facilities are located and providing them with financial aid to further their causes	Up to 25% of the corpus in a year
2	Promoting education including special education, employment enhancing vocational skills among children, women, elderly and the differently abled and livelihood enhancement project	Support efforts to promote education to benefit under privileged children and children requiring special need	Give financial support to schools run for the purpose around the places where company facilities are located	Up to 30% of the corpus in a year
3	Contribution or funds provided to technology incubators located within academic institutions approved by the Government	Support scientific research to bring about technological advancement in India especially in manufacturing and IT	Give financial support to academic institutions approved by the Government based on projects taken up by them	Up to 30% of the corpus in a year
4	Contribution to Prime Minister's relief fund			Up to 15% plus any money un spent in a year on the above mentioned objectives

3. IMPLEMENTATION OF CSR ACTIVITIES

The Company may carry out the CSR activities in accordance with the terms of this Policy, either on its own, or through a registered trust or registered society or through a company registered under Section 8 of the Act, established by the Company or by an Associate Company¹ of the Company or by a third party.

If the Company chooses to carry out the CSR activities through a registered trust or registered society or a Section 8 Company incorporated under the Act, which is established by a third party ("CSR Partner"), guidelines mentioned hereunder are required to be followed in choosing such CSR Partner.

4. GUIDELINES FOR CHOOSING A CSR PARTNER

1. CSR Partner shall be either a registered trust or a registered society under the applicable laws or a company incorporated under Section 8 of the Act with an established track record of 3 years in undertaking activities in the focus areas in which the Company intends to carry out CSR activities.
2. CSR Partner should have complied with the applicable laws and no notice for non-compliance under any applicable laws should have been received from any authorities.
3. The CSR Committee shall discuss the CSR Policy and the objectives of the Company in this regard with the proposed CSR Partners.
4. The Company shall procure a detailed project report from the shortlisted CSR Partners regarding the course of action that they intend to undertake, if chosen to implement a particular CSR activity on behalf of the Company.

5. CSREXPENDITURE

The Company shall utilise, every financial year, an amount not less than 2% of the average net profits of the company made during the three immediately preceding financial years, for CSR activities under this policy.

Net Profit for this purpose means, the net profit of a Company as per its financial statements prepared in accordance with the applicable provisions of the Companies Act, 2013, but does not include, profits arising from branches outside India or dividends received from other Companies in India, which comply with the CSR provisions.

Salaries paid by the Company to regular CSR staff as well as to volunteers of the Company (in proportion to company's time/hours spent specifically on CSR) from the Bank account can be factored into CSR project cost as part of the CSR expenditure.

Any profit/ revenue/ surplus arising out of CSR activities/ projects/ programs shall not be a part of business profits of the Company.

¹. 'Associate Company' in relation to the Company means a company in which the Company has significant influence. However, such other company is not a subsidiary company of the Company and includes a joint venture company. Significant influence means control of at least 20% of the total share capital or of business decisions under an agreement.

6. CSR COMMITTEE

CSR Committee shall be constituted by the Board. The roles, responsibilities and functioning of the CSR Committee are as provided below:

Constitution: CSR Committee shall consist of three directors of the Company, of which one shall be an independent director, at any given point of time. If the Board consists of only two directors, then two directors will form CSR Committee.

Quorum: The three directors personally present or via video conferencing, shall form quorum for every meeting of the CSR Committee. Provisions relating to conducting Board meetings via video conferencing shall apply *mutatis mutandis* to the CSR Committee meetings.

Meetings: The meetings of the CSR Committee shall be held as and when required. Meetings can be convened at such time, at such place and on such day, as the members of the CSR Committee may deem fit. The minutes recording the proceedings of the CSR Committee meetings shall be placed before the next Board meeting of the Company for approval.

Notices: The Company Secretary of the Company shall act as the Secretary of the CSR Committee. The Company Secretary, at the behest of any one of the CSR Committee members, shall be authorised to issue notice to convene the meetings of the CSR Committee. Every notice convening the meeting of CSR Committee shall be accompanied by an agenda.

Experts: The CSR Committee may invite experts from various fields to attend its meetings from time to time.

Decisions: Matters transacted at the meetings of the CSR Committee or by way of resolutions by circulation shall be decided by majority vote of the CSR Committee members.

Matters to be transacted: CSR Committee may as appropriate discuss the following matters at its meetings:

- (i) Preparation of budget outlay for each of the CSR activities;
- (ii) Implementation schedule for each of the CSR activities;
- (iii) Allocation of responsibilities to carryout CSR activities;
- (iv) Report on the CSR activities carried out from the date of last meeting till date with supporting documents;
- (v) Discussion on the new proposals, if any;
- (vi) Road map for the CSR activities to be carried out for the next 6 months; and
- (vii) Any other matter as the CSR Committee may deem fit.

7. ROLE AND RESPONSIBILITIES OF THE CSR COMMITTEE

CSR Committee shall:

- (i) formulate and recommend the CSR Policy to the Board. Any amendments to be carried out to the CSR Policy shall be taken up by the Board only with the recommendation of the CSR Committee;
- (ii) recommend the amount of expenditure to be incurred by the Company in each financial year in relation to the CSR activities to the Board. Such expenditure shall be calculated in accordance with the provisions of the Act after consultation with the finance department of the Company;
- (iii) identify and recommend CSR activities to the Board which are covered under this Policy by providing a detailed project report. The project report shall elaborate on the sectors in which the CSR activities shall be carried out, need, statistics, modalities of execution of the CSR activities, budget outlay, implementation schedule, location where the CSR activities are proposed to be implemented and impact of such CSR activities on the target audience;
- (iv) recommend CSR Partners, to the Board and procure their approval before engaging the CSR Partner(s) to carry out the CSR activities on behalf of the Company. The CSR Partners recommended to the Board shall be selected in accordance with the guidelines mentioned in this Policy;
- (v) allocate budget to each of the CSR activities and the CSR Partners;
- (vi) undertake all necessary steps to implement the CSR activities in accordance with the implementation schedule, as approved by the Board;
- (vii) monitor the CSR activities in such manner as prescribed in this Policy;
- (viii) update the Board from time to time on the progress of the CSR activities along with a report on the amount allocated for such activity, amount utilised, amount unspent, if any, additional funds required, if any and expenditure incurred;
- (ix) produce an annual CSR Report containing details of expenditure along with a report on the amount allocated, amount utilised, amount unspent, if any, additional funds required, if any and expenditure incurred;
- (x) ensure that the CSR activities do not benefit the Company or its employees and their families.

8. MONITORING MECHANISM

The CSR Committee shall monitor the CSR activities in the following manner:

- (i) Administration and execution:
CSR activity will be administered and execution would be monitored and guided by an internal team nominated by the Chairman and Managing Director.

Such internal team as nominated by the CSR Committee and approved by the Board (referred to as "Core CSR Group") is as under:

- | | |
|----------------|----------------------|
| 1. Sanjay Koul | 4. Gouri Shankar Roy |
| 2. R. Ramesh | 5. Soumitra Hazra |
| 3. Amit Das | 6. Vanya Shruti |

The team will be responsible for monitoring the progress of the projects identified and brief CSR committee of the Board once in every six months.

TIMKEN INDIA LIMITED

- (ii) The Core CSR Group shall procure not later than 7 days from the end of each month from each of the CSR Partners, a monthly status report detailing the utilization of the funds, CSR activities carried out, reasons for deviation from the implementation schedule, if any, corrective measures taken in this regard, requirement of additional funds, if any, along with the reasons for such escalations.
- (iii) The CSR Committee shall provide its comments and submit such report to the Board within a reasonable time period.
- (iv) The CSR Committee shall procure pictures, videos and stories from the CSR Partners on the completed and ongoing CSR activities.

9. REPORTING

In the event Company fails to spend the amount earmarked for the CSR activities in a financial year, the CSR Committee shall submit a report in writing to the Board specifying the reasons for not spending the amount which in turn shall be reported by the Board in their report to the shareholders of the Company for that particular financial year.

The Board shall provide certain information in its report to its shareholders as well as on the website of the Company (if any). The format for the annual report on CSR activities to be included in the Board's report is attached herewith as Annexure 1.

10. POLICY ON NON-DISCRIMINATION AND CONTROVERSIAL ORGANIZATIONS

The Company seeks to support organizations that are in alignment with the core values of the Company. The Company is committed to equal opportunity and fair treatment, and will not support charitable organizations that discriminate on the basis of race, colour, religion, sex, age, national origin, citizenship status, disability, veteran status, or any other protected status. The Company defines discrimination in connection with its charitable giving program to include (but not necessarily be limited to) denial of services, employment, or volunteer opportunities to any class of individuals in a manner that negatively restricts opportunities available to that class of individuals.

In addition, to ensure that all recipient organizations are aligned with the Company's values, the Company shall not make charitable grants to any organization or program that in any way is controversial or, implicitly or explicitly, promotes, advocates, or instigates an ideology or environment that is divisive or not otherwise aligned with the Company's values.

As part of an ongoing effort to support only those organizations that fully align with the Company's values and policies, the Company reserves the right to evaluate the eligibility of a recipient organization at any time regardless of whether prior grants have been made. The Company, in its sole discretion, may suspend or terminate current or future grants to any organization that is not aligned with the Company's values and policies.

11. SELF GOVERNANCE

The Company, its Board, employees, officers, CSR Committee members, its invitees, shall not:

- i. directly or indirectly engage in lobbying of CSR activities;
- ii. accept any kind of favours and gifts, in any form, from any prospective or potential CSR Partners or beneficiaries as a result of consideration of the proposal to grant funds to such CSR Partners or beneficiaries under this Policy.

12. POLICY REVIEW AND FUTURE AMENDMENT

The CSR Committee may, as and when required, suggest changes to the CSR Policy and submit the same for the approval of the Board.

ANNEXURE - 1

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the Company for last three financial years.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)
5. Details of CSR spent during the financial year :
 - a. Total amount to be spent for the financial year;
 - b. Amount unspent, if any;
 - c. Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area of other (2) Specify the State and district where Projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Subhead : (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting Period (Rs.)	Amount spent Direct or through Implementing agency* (Rs.)
	TOTAL						

*Give details of implementing agency : Not Applicable

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Form No. MR-3

Secretarial Audit Report

For the Financial year ended 31 March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To the Members

Timken India Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Timken India Limited ("the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not Applicable;
 - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Effective 28th October 2014) - Not applicable;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not Applicable.

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The major head/groups of Acts, Laws and Regulations as applicable to the Company are (i) Industrial Laws; (ii) Labour Laws; (iii) Environmental and prevention of pollution Laws; (iv) Tax Laws; (v) Economic and Commercial Laws; (vi) Legal Metrology Act, 2009 and (vii) Acts prescribed under Shops and Establishment Act of various local authorities.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India - not applicable as the same was not notified during the audit period; and
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited;

TIMKEN INDIA LIMITED

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has not carried out any specific event / actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

22 May 2015
Bangalore

R Vijayakumar
Practicing Company Secretary
FCS No. 6418; C P No.8667

To the members
Timken India Limited

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively are the responsibilities of the management of the Company. My responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure the correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

22 May 2015
Bangalore

R Vijayakumar
Practicing Company Secretary
FCS No. 6418; C P No.8667

Annexure - V

FORM NO. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis					
There were no contracts or arrangements or transactions entered into during the year ended 31 March, 2015 which were not on arm's length basis.					
2. Details of material contracts or arrangement or transactions at arm's length basis					
Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions - (Value in Rs./ Millions)	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Timken Singapore PTE Limited (Holding Company)	Sale of Goods - 59.7M Agency Commission (Income) - 9.4M Purchase of Goods - 12.4M Expenses Receivable - 7.3M Expenses Payable - 0.8M Interim/Proposed Dividend - 153M	Purchase and sale of goods/ fixed assets on the basis of purchase orders raised by the buyer - ongoing in nature. Agency commission income/ expenditure - pursuant to a representative agreement - ongoing in nature. Expenses receivable and payable - pursuant to Service Agreement - ongoing in nature. Royalty - pursuant to technology licence/ trade mark licence agreements - ongoing in nature. Lease rental - pursuant to an agreement - on going in nature	Based on Transfer Pricing guidelines/ Reimbursement of actual expenses incurred	Appropriate approvals in terms of the management approval system have been taken in all the cases.	Advances paid have been adjusted against billing, wherever applicable.
Timken Engineering Research India Private Limited (Fellow Subsidiary of the same holding Company)	Expenses Receivable - 49M Expenses Payable - 109M Purchase of goods - 1166.9M Sale of goods - 126M Lease rental - 30.4M Purchase of DEPB licence - 2.7M				
New Delhi Law Offices	Professional fees paid for services rendered - 1.3M Reimbursement of travelling expenses incurred for attending Board Meetings - 0.2M	Referrals/requests based on merit - as and when required.			
Gibson, Dunn & Crutcher LLP	Reimbursement of travelling expenses incurred for attending Board Meetings - 3.5M	Referrals/requests based on merit - as and when required.			
Sanjay Koul Chairman & Managing Director	Managerial Remuneration - 15.9M	5 Years from the date of appointment as Director	As approved by the shareholders at the AGM		
R Ramesh	Managerial Remuneration - 7.1M	5 Years from the date of appointment as Director	As approved by the shareholders at the AGM		
PS Dasgupta Rupa Mahanty Jai S Pathak	Sitting Fees - 0.12M Sitting fees - 0.08M Sitting Fee - 0.12M	Ongoing	As the rules of the Company		
Soumitra Hazra	Remuneration - 3.37M	Ongoing	As the rules of the Company		

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	L29130KA1996PLC048230
2.	Registration Date	15 June, 1987
3.	Name of the Company	Timken India Limited
4.	Category / Sub-Category of the Company	Company Limited by Share/Indian Non-Government Company
5.	Address of the Registered office and contact details	39-42, Electronics City Phase II, Hosur Road Bangalore 460 100 Tel. No. 080 40053131 Fax No. 080-28521039 e-mail soumitra.hazra@timken.com
6.	Whether listed company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	C B Management Services (P) Limited P-22, Bondel Road Kolkata 700 019 Tel. No. 033 40116700, 40116725, 40116729 Fax No. 033 4011 6739 E-mail rta@cbmsl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Tapered Roller Bearings	ITC CODE - 84822001 & 84822002	75%
2	AP Cartridge Tapered Roller Bearings	84822003	17%
3	Other	84828000	8%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sl. No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Timken Singapore Pte. Ltd	N.A.	Holding	75%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
(a) Individual/HUF	0	0	0	0	0	0	0	0	0.00
(b) Central Govt	0	0	0	0	0	0	0	0	0.00
(c) State Govt (s)	0	0	0	0	0	0	0	0	0.00
(d) Bodies Corp.	0	0	0	0	0	0	0	0	0.00
(e) Banks / FI	0	0	0	0	0	0	0	0	0.00
(f) Any Other	0	0	0	0	0	0	0	0	0.00
Sub-Total (A) (1)	0	0	0	0	0	0	0	0	0.00
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0.00
(b) Other - Individuals	0	0	0	0	0	0	0	0	0.00
(c) Bodies Corp.	50,999,988	0	50,999,988	75.00	50,999,988	0	50,999,988	75.00	0.00
(d) Banks / FI	0	0	0	0	0	0	0	0	0.00
(e) Any Other	0	0	0	0	0	0	0	0	0.00
Sub-Total (A) (2)	50,999,988	0	50,999,988	75.00	50,999,988	0	50,999,988	75.00	0.00
Total Shareholding of Promoter = (A) (1) + (A) (2)	50,999,988	0	50,999,988	75.00	50,999,988	0	50,999,988	75.00	0.00
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	2,536,560	0	2,536,560	3.73	6,527,571	0	6,527,571	9.60	(+)5.87
(b) Banks/FI	18,452	260	18,712	0.03	19,096	260	19,356	0.03	0.00
(c) Central Govt	0	0	0	0	0	0	0	0	0.00
(d) State Govt (s)	0	0	0	0	0	0	0	0	0.00
(e) Venture Capital funds	0	0	0	0	0	0	0	0	0.00
(f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
(g) Foreign Institutional Investors (FII)	4,175,907	0	4,175,907	6.14	895,942	0	895,942	1.32	(-)-4.82
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
(i) Others (Specify)	0	0	0	0	0	0	0	0	0.00
Sub-Total (B)(1)	6,730,919	260	6,731,179	9.90	7,442,609	260	7,442,869	10.95	(+)1.05

TIMKEN INDIA LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non- Institutions									
(a) Bodies Corp									
i. Indian	1,160,873	11,367	1,172,240	1.72	1,027,369	11,367	1,038,736	1.53	(-)0.19
ii. Overseas	0	0	0	0	0	0	0	0	0.00
(b) individuals									
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	5,138,160	2,626,405	7,764,565	11.42	5,027,348	2,502,885	7,530,233	11.06	(-)0.36
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	798,982	0	798,982	1.17	603,044	0	603,044	0.89	(-)0.28
(C) Others (Specify)									
1 NRI	125,520	1,443	126,963	0.19	255,833	1,443	257,276	0.38	(+)0.19
2 Clearing Member	405,567	0	405,567	0.60	126,738	0	126,738	0.19	(-)0.41
3 OCB	0	0	0	0	0	0	0	0	0.00
4 Trust	500	0	500	0.00	1,100	0	1,100	0.00	0.00
5 Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0.00
Sub-Total (B)(2)	7,629,602	2,639,215	10,268,817	15.10	7,041,432	2,515,695	9,557,127	14.05	(-)1.05
Total Shareholding of Public = (B) (1) + (B) (2)	14,360,521	2,639,475	16,999,996	25.00	1,448,4041	2,515,955	16,999,996	25.00	0.00
TOTAL (A)+(B)	65,360,509	2,639,475	67,999,984	100.00	65,484,029	2,515,955	67,999,984	100.00	0.00
C. Shares held by custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	65,360,509	2,639,475	67,999,984	100.00	65,484,029	2,515,955	67,999,984	100.00	0.00

(ii) Shareholding of Promoters:

Sl.No	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the Year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Timken Singapore Pte Ltd.	50,999,988	75.00	0	50,999,988	75.00	0	0.00
	Total	50,999,988	75.00	0	50,999,988	75.00	0	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	50,999,988	75.00	50,999,988	75.00
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year			50,999,988	75.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1.	ACACIA BANYAN PARTNERS					
	At the beginning of the year	01-04-14	1102320	1.62	1102320	1.62
	Decrease	12-09-14	176365	0.26	925955	1.36
	Decrease	19-09-14	2117	0	923838	1.36
	Decrease	31-10-14	50000	0.07	873838	1.29
	Decrease	07-11-14	43278	0.06	830560	1.22
	Decrease	11-11-14	830560	1.22	0	0.00
	At the end of the year	31-03-15	0	0	0	0.00

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Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
2.	ACACIA INSTITUTIONAL PARTNERS, LP					
	At the beginning of the year	01-04-14	1030371	1.52	1030371	1.52
	Decrease	30-09-14	35184	0.06	995187	1.46
	Decrease	31-10-14	289475	0.42	705712	1.04
	Decrease	11-11-14	705712	1.04	0	0.00
	At the end of the year	31-03-15	0	0	0	0.00
3.	ACACIA PARTNERS, LP					
	At the beginning of the year	01-04-14	969605	1.43	969605	1.43
	Decrease	05-09-14	69605	0.11	900000	1.32
	Decrease	31-10-14	261920	0.38	638080	0.94
	Decrease	11-11-14	638080	0.94	0	0.00
	At the end of the year	31-03-15	0	0	0	0.00
4.	ICICI PRUDENTIAL DISCOVERY FUND					
	At the beginning of the year	01-04-14	951555	1.40	951555	1.40
	Decrease	19-12-14	100000	0.15	851555	1.25
	Decrease	31-12-14	79453	0.11	772102	1.14
	Decrease	02-01-15	177011	0.26	595091	0.88
	Decrease	09-01-15	110057	0.17	485034	0.71
	Decrease	16-01-15	129173	0.19	355861	0.52
	Decrease	23-01-15	176618	0.26	179243	0.26
	Decrease	23-01-15	179243	0.26	0	0.00
	At the end of the year	31-03-15	0	0	0	0.00
5.	ACACIA CONSERVATION FUND LP					
	At the beginning of the year	01-04-14	652066	0.96	652066	0.96
	Decrease	05-09-14	147641	0.22	504425	0.74
	Decrease	12-09-14	4425	0.01	500000	0.74
	Decrease	31-10-14	161315	0.24	338685	0.50
	Decrease	11-11-14	338685	0.50	0	0.00
	At the end of the year	31-03-15	0	0	0	0.00
6.	SBI MAGNUM BALANCED FUND					
	At the beginning of the year	01-04-14	550000	0.81	550000	0.81
	Increase	06-06-14	35500	0.05	585500	0.86
	Decrease	05-09-14	91628	0.13	493872	0.73
	Decrease	12-09-14	21085	0.03	472787	0.70
	Decrease	19-09-14	26437	0.04	446350	0.66
	Decrease	30-09-14	6350	0.01	440000	0.65
	Decrease	21-11-14	70000	0.10	370000	0.54
	At the end of the year	31-03-15	0	0	370000	0.54

Sl. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7.	STANDARD CHARTERED BANK					
	At the beginning of the year	01-04-14	315124	0.46	315124	0.46
	Decrease	11-04-14	313234	0.46	1890	0
	Increase	25-04-14	1260	0.00	3150	0
	Increase	05-08-14	138820	0.21	141970	0.21
	Decrease	19-12-14	136970	0.20	5000	0.01
	Decrease	06-03-15	1692	0.00	3308	0.00
	Decrease	11-03-15	3308	0	0	0.00
	At the end of the year	31-03-15	0	0	0	0.00
8.	SBI TAX ADVANTAGE FUND SERIES I					
	At the beginning of the year	01-04-14	288832	0.42	288832	0.42
	Decrease	02-06-14	288832	0.42	0	0.00
	At the end of the year	31-03-15	0	0	0	0.00
9.	IDFC EQUITY OPPORTUNITY SERIES 2					
	At the beginning of the year	01-04-14	240575	0.36	240575	0.36
	Decrease	01-08-14	38938	0.06	201637	0.30
	Decrease	05-08-14	38633	0.06	163004	0.24
	Decrease	08-08-14	56870	0.08	106134	0.16
	Decrease	08-08-14	106134	0.16	0	0.00
	At the end of the year	31-03-15	0	0	0	0.00
10.	YADU HARI DALMIA					
	At the beginning of the year	01-04-14	200000	0.29	200000	0.29
	Decrease	22-08-14	90000	0.13	110000	0.16
	Decrease	06-03-15	15063	0.02	94937	0.14
	Decrease	13-03-15	9931	0.01	85006	0.13
	Decrease	20-03-15	8597	0.02	76409	0.12
	Decrease	31-03-15	6409	0.01	70000	0.10
	At the end of the year	31-03-15	0	0	70000	0.10
11.	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP					
	At the beginning of the year	01-04-14	0	0	0	0.00
	Increase	13-06-14	15552	0.02	15552	0.02
	Increase	20-06-14	177635	0.26	193187	0.28
	Increase	30-06-14	75451	0.11	268638	0.39
	Increase	02-07-14	16193	0.03	284831	0.42
	Increase	04-07-14	15169	0.02	300000	0.44
	Increase	18-07-14	10000	0.01	310000	0.46
	Increase	25-07-14	166000	0.24	476000	0.70
	Increase	22-08-14	25000	0.04	501000	0.74
	Increase	31-10-14	110000	0.16	611000	0.90
	Increase	14-11-14	120667	0.18	731667	1.08
	Increase	21-11-14	730746	1.07	1462413	2.15
	At the end of the year	31-03-15	0	0	1462413	2.15

Sl. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
12.	FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA HIGH GROWTH COMPANIES FUND					
	At the beginning of the year	01-04-14	0	0	0	0
	Increase	25-04-14	63258	0.10	63258	0.10
	Increase	02-05-14	83155	0.12	146413	0.22
	Increase	09-05-14	103487	0.15	249900	0.37
	Increase	16-05-14	94925	0.14	344825	0.51
	Increase	23-05-14	84315	0.12	429140	0.63
	Increase	30-05-14	18531	0.03	447671	0.66
	Increase	06-06-14	202329	0.3	650000	0.96
	Increase	15-08-14	115000	0.17	765000	1.13
	Decrease	29-08-14	65000	0.10	700000	1.03
	Increase	16-01-15	50000	0.07	750000	1.10
	At the end of the year	31-03-15	0	0	750000	1.10
13.	FRANKLIN INDIA SMALLER COMPANIES FUND					
	At the beginning of the year	01-04-14	0	0	0	0
	Increase	16-05-14	104925	0.15	104925	0.15
	Increase	23-05-14	51654	0.08	156579	0.23
	Increase	30-05-14	14337	0.02	170916	0.25
	Increase	06-06-14	663	0	171579	0.25
	Increase	15-08-14	7172	0.01	178751	0.26
	Increase	22-08-14	18977	0.03	197728	0.29
	Increase	23-01-15	106774	0.16	304502	0.45
	Increase	30-01-15	118226	0.17	422728	0.62
	Increase	20-03-15	21588	0.03	444316	0.65
	Increase	27-03-15	78412	0.12	522728	0.77
	At the end of the year	31-03-15	0	0	522728	0.77
14.	SUNDARAM MUTUAL FUND A/C SUNDARAM SMILE FUND					
	At the beginning of the year	01-04-14	0	0	0	0.00
	Increase	14-11-14	297028	0.44	297028	0.44
	Increase	21-11-14	160864	0.23	457892	0.67
	At the end of the year	31-03-15	0	0	457892	0.67

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
15.	L AND T MUTUAL FUND TRUSTEE LTD-L AND T TAX ADVANTAGE FUND				
	At the beginning of the year 01-04-14	0	0	0	0.00
	Increase 14-11-14	312000	0.46	312000	0.46
	Increase 21-11-14	9307	0.01	321307	0.47
	At the end of the year 31-03-15	0	0	321307	0.47
16.	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EQUITY TAX SAVER				
	At the beginning of the year 01-04-14	0	0	0	0.00
	Increase 31-10-14	135000	0.20	135000	0.20
	Increase 07-11-14	3009	0	138009	0.20
	Increase 14-11-14	86622	0.13	224631	0.33
	Increase 23-01-15	8911	0.01	233542	0.34
	Increase 30-01-15	36458	0.05	270000	0.40
	At the end of the year 31-03-15	0	0	270000	0.40
17.	MV SCIF MAURITIUS				
	At the beginning of the year 01-04-14	195047	0.29	195047	0.29
	Increase 04-04-14	4366	0.01	199413	0.29
	Increase 11-04-14	15274	0.02	214687	0.31
	Increase 02-05-14	4362	0.01	219049	0.32
	Increase 09-05-14	15267	0.02	234316	0.34
	Increase 16-05-14	37104	0.06	271420	0.40
	Increase 23-05-14	4364	0.01	275784	0.41
	Increase 30-05-14	15303	0.02	291087	0.43
	Increase 06-06-14	15225	0.02	306312	0.45
	Increase 13-06-14	56550	0.08	362862	0.53
	Decrease 20-06-14	21	0	362841	0.53
	Decrease 30-06-14	10976	0.01	351865	0.52
	Increase 04-07-14	13134	0.02	364999	0.54
	Decrease 11-07-14	2190	0	362809	0.54
	Decrease 18-07-14	10955	0.02	351854	0.52
	Increase 25-07-14	10945	0.02	362799	0.53
	Decrease 05-08-14	2192	0	360607	0.53
	Decrease 08-08-14	6576	0.01	354031	0.52
	Decrease 15-08-14	13153	0.02	340878	0.5

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Sl. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Decrease	22-08-14	15351	0.02	325527	0.48
	Decrease	30-09-14	20972	0.03	304555	0.45
	Decrease	10-10-14	20065	0.03	284490	0.42
	Decrease	17-10-14	8916	0.01	275574	0.41
	Decrease	24-10-14	13398	0.02	262176	0.39
	Decrease	31-10-14	751	0	261425	0.39
	Increase	14-11-14	1523	0	262948	0.39
	Decrease	21-11-14	804	0	262144	0.39
	Increase	05-12-14	4600	0.01	266744	0.40
	Increase	11-12-14	2213	0	268957	0.4
	Decrease	19-12-14	6603	0.01	262354	0.39
	Decrease	31-12-14	43273	0.06	219081	0.33
	Increase	02-01-15	6035	0.01	225116	0.34
	Increase	13-02-15	5520	0.01	230636	0.34
	Decrease	27-03-15	9847	0.01	220789	0.33
	Increase	31-03-15	1860	0	222649	0.33
	At the end of the year	31-03-15	0	0	222649	0.33
18.	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES VI					
	At the beginning of the year	01-04-14	0	0	0	0
	Increase	30-09-14	10000	0.01	10000	0.01
	Increase	17-10-14	10434	0.02	20434	0.03
	Increase	24-10-14	9566	0.01	30000	0.04
	Increase	31-10-14	134554	0.2	164554	0.24
	Increase	21-11-14	40662	0.06	205216	0.3
	Decrease	13-03-15	1216	0	204000	0.3
	At the end of the year	31-03-15	0	0	204000	0.3
19.	NEW VERNON INDIA LIMITED					
	At the beginning of the year	01-04-14	0	0	0	0
	Increase	19-12-14	65583	0.1	65583	0.10
	Increase	31-12-14	81930	0.12	147513	0.22
	Increase	16-01-15	24290	0.04	171803	0.25
	Increase	23-01-15	9835	0.02	181638	0.27
	Increase	27-03-15	21857	0.03	203495	0.30
	At the end of the year	31-03-15	0	0	203495	0.30

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Priyashankar Das Gupta				
	a) At the Beginning of the Year	1	0.00	1	0.00
	b) Change during the Year	0	0	0	0.00
	c) At the end of the Year	1	0.00	1	0.00
2.	Ajay Kumar Das				
	a) At the Beginning of the Year	16	0.00	16	0.00
	b) Change during the Year	0	0	0	0.00
	c) At the end of the Year	16	0.00	16	0.00
3.	Soumitra Hazra				
	a) At the Beginning of the Year	3	0.00	3	0.00
	b) Change during the Year	0	0	0	0.00
	c) At the end of the Year	3	0.00	3	0.00

Note : Except what has been disclosed above, no other Director or Key Managerial personnel holds any share in the Company.

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans*	Deposits**	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	32,374,529	16,034,987	48,409,516
ii) Interest due but not paid	NIL	NIL	844,053	844,053
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	32,374,529	16,879,040	49,253,569
Change in Indebtedness during the financial year				
Addition	NIL	250,821,108	2,881,868	253,702,976
Reduction	NIL	258,040,220	644,338	258,684,558
Net Change	NIL	(7,219,112)	2,237,530	(4,981,582)
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	25,155,417	18,034,987	43,190,404
ii) Interest due but not paid	NIL	NIL	1,081,583	1,081,583
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	25,155,417	19,116,570	44,271,987

* Represents bills discounted with Banks with recourse to the Company with various maturity dates.

** Represents interest bearing deposits accepted from delars/distributors which are repayable only upon termination of the agreement.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Sanjay Koul (CMD)	Ramesh Ramachandran (WTD)	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,162,929.00	6,050,162.00	19,213,091.00
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	2,723,107.00	1,095,711.00	3,818,818.00
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	5,076.00	3,082.00	8,158.00
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	15,891,112.00	7,148,955.00	23,040,067.00
	Ceiling as per the Act	-	-	125,213,204.00

B. Remuneration to other Directors: (Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		P S Dasgupta	Rupa Mahanty	J S Pathak	Mr. Niroop Mahanty (Since resigned)	
3.	Independent Directors <ul style="list-style-type: none"> • Fee for attending board / committee meetings • Commission • Others, please specify 	1,25,000	85,000	1,25,000	50,000	3,85,000
	Total (1)	1,25,000	85,000	1,25,000	50,000	3,85,000
4.	Other Non-Executive Directors	Ajay K Das	James R Menning			Total Amount
	<ul style="list-style-type: none"> • Fee for attending board / committee meetings • Commission • Others, please specify 	Nil	Nil	-	-	Nil
	Total (2)	Nil	Nil	-	-	Nil
	Total (B) = (1)+(2)	1,25,000	85,000	1,25,000	50,000	3,85,000
	Total Managerial Remuneration*	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act*	-	-	-	-	12,521,320

*The Company pays sitting fees of Rs. 15,000 for attending each Board Meeting and Rs. 10,000 for attending each Committee Meeting to its Independent Directors. This payment is not considered while computing the ceiling for Managerial Remuneration under the Companies Act, 2013.

C. Remuneration to other Directors key managerial personnel other than MD/MANAGER/WTD: (Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO*	Company Secretary	CFO*	Total
1	Gross Salary				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		3,204,223.00		3,204,223.00
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961		158,776.00		158,776.00
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961		3,251.00		3,251.00
2	Stock Option		-		-
3	Sweat Equity		-		-
4	Commission - as % of profit - others, specify...		-		-
5	Others, please specify		-		-
	Total (A)		3,366,250.00		3,366,250.00

* Please refer to Part A

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

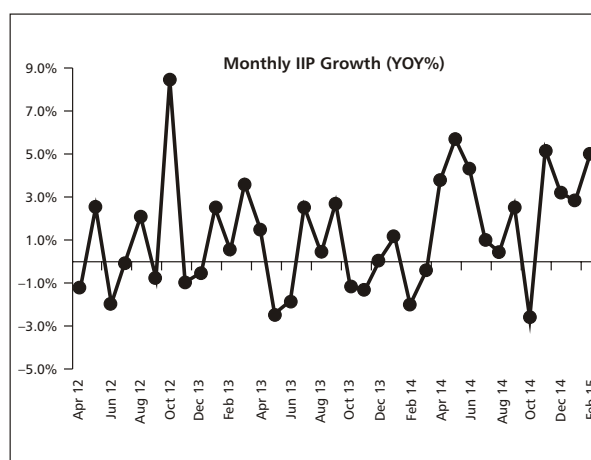
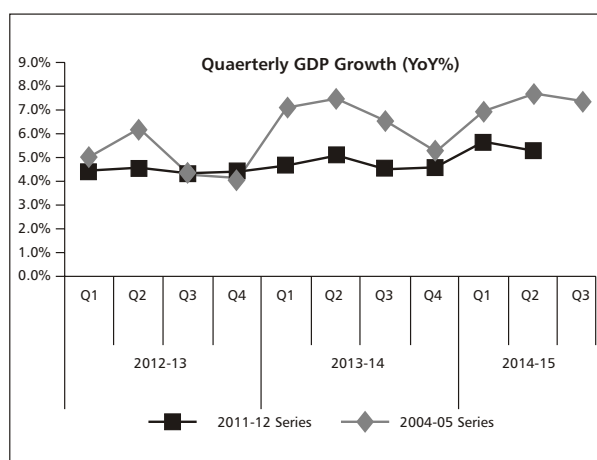
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		
B. DIRECTORS					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		
C. OTHER OFFICERS IN DEFAULT					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		

Management Discussion and Analysis

Bearing Industry Structure and Development

Your Company's customers can broadly be classified into major sectors as (i) Industrial (ii) Mobile and (iii) Rail. Company's performance depends and varies according to demands in these sectors.

Indian GDP growth estimates were revised last year replacing old series of 2004-05 with revised national accounts series starting 2011-12 to incorporate conceptual and methodological improvements to make it consistent with international best practices. Resulting, the quarterly GDP growth range looks upwards of 6-8% from earlier range of 4-5%. The new method is under discussion with rating agencies and IMF.



The corresponding numbers of Index of Industrial Production (IIP) for the same duration however looked out of sync for the new series. During FY14-15 upto Feb'15, IIP growth for 11 months was at 2.8% compared to the previous year. This was largely backed by Electricity Generation at 9.0% whereas Manufacturing and Mining activities reported growth of 2.2% and 1.5% respectively. Steel production was at 88 Million Tonnes (MT) almost flat over last year; Cement production was at 270MT which is 5.6% growth over last year.

Under Mobile sector, according to a report by Society of Indian Automobile Manufacturers (SIAM), Medium and Heavy Commercial Vehicle (M&HCV) market grew by 16.0% in FY14-15 as compared to same period last year. While these are early signs of recovery, the Light Commercial Vehicles is yet to pickup as the demand declined by -11.6% over last year.

Indian Railways carried 1,101MT of revenue earning freight traffic during FY14-15. The freight carried shows an increase of 4.7% over last year. This includes 545MT of coal, 110MT of cement, 113MT of iron ore and 40MT of Pig iron and finished steel including domestic and export demand.

Reserve Bank of India followed closely the government agenda and execution based on which the interest rates were lowered by 50 bps in the last quarter, easing out the pressure on industry. The average inflation (Wholesale Price Index) came down from 5.54% in April'14 to negative (-) 2.33% in March'15.

In terms of exchange rates, Indian Rupee depreciated from 59.6 (Apr'14) against USD to 62.6 (Mar'15). However, it appreciated significantly against EUR in the last quarter from 82.7 (Apr'14) to 67.5 (Mar'15).

The current size of anti-friction bearings market is approximately INR 85 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.

For 9 month of the year 2014-15, domestic sale of bearings produced in India, as reported by Ball and Roller Bearing Manufacturers Association (BRBMA), grew at 8% over 2013-14. Domestic production value increased by 13% during the same period.

Business Review

Your company is one of the leading manufacturers of tapered roller bearings and components in India with manufacturing facility at Jamshedpur which largely caters to medium and heavy trucks, off-highway equipments, Railways markets and exports. 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.

Apart from bearings, your company offers adjacent products related to the Mechanical Power Transmission like coupling, housed units, high performance grease, and lubrication systems. All aimed at complete offering and Timken commitment to improve system reliability.

Timken endeavors to provide value offering to customers and partnering in their operations to increase efficiency and enhance performance. Apart from bearing refurbishment, your company extensively focuses on Beyond Bearings portfolio. Extended footprint in Raipur with Philadelphia Gears capability focuses on the industrial gearbox repair, journal rebuilding and chock repairs. Onsite MILLTEC® program provides around-the-clock management of a steel mill's roll shop to minimize operational problems and downtime.

Your company's investment at Raipur for Gear services had its first full year of operation and have got lot of traction with customer ranging from Steel, Power, Cement and general industries. The plant executed orders with offering of inspection, repair and upgrade of gearbox weighing from 2 -16 tons for wide range of domestic customers and have also exported few gearboxes for cooling tower application to USA. Outlook is to expand services for Gearbox parts and new enclosed gearboxes for domestic markets, also continue to look for opportunities for exports back to USA.

MILLTEC® continue to add value creation at its customer sites and added new site in Eastern India making total of 11 sites across India, outlook of Onsite services is bullish as Timken plans to add more services for its existing and new sites.

Following are some key achievements at company's Jamshedpur facility:

- Zero LTA, OSHA Recordable rate during financial year 2014-15 (2 Million accident free man-hours).
- We have bagged the Timken Foundation Quality Award.
- Best Lean Plant in Medium Volume in Timken worldwide.
- TS Cup line connectivity to reduce man-machine interaction.
- TS capacity enhancement by 17% with same asset and man-power.
- Online installation and commissioning of 'missing roller detection mechanism' to improve product quality.
- Significant improvement in quality metrics like IDMR, customer complaint/concern, DPM and outgoing quality.
- Significant improvement in Inventory turns.

During the financial year under review total revenue grew by 28% due to increase in revenue from operation though other income fell by 45%. The increase in revenue from operation can be attributed to a 44% increase in exports and 22% increase in domestic sales. Expenditures on the other hand registered an increase of 23% due to volume increase and inflationary pressure. Increase in depreciation was due to capitalization of new Plant & Machinery and other assets for expansion projects despite a marginal reduction due to implementation of revised Schedule II as prescribed under the Companies Act, 2013. Profit before tax registered an increase of 86% to Rs. 1223 Million due to increase in volume and better margin in exports.

Opportunities, Threats and Outlook

With more than a century of expertise in taper roller bearing, the Timken group is transforming into a wider solutions across the Mechanical Power Transmissions space over the last decade. The group acquiring and adding global capabilities benefits your company extensively exploring and launching new products and services, thereby increased share of customer and penetration into Indian market. Your company is working on expanding channel footprint and value added services to meet customer demands at doorstep.

Your company is continuously engineering products and technology that can deliver more compact, energy efficient and cost effective solution which can take desired loads. Custom application knowledge and optimum design considerations help customer realize extended life and lesser downtime.

In terms of threat, any adverse changes in the industrial environment or government policy making affecting our customers could lead to reduction in demand for their finished products, in turn can have a direct impact on the demand of our products.

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Low quality counterfeit or spurious products pose bigger risk to the end users and threat to the superior manufacturer. Efforts are being taken by manufactures to educate customers on the importance of using genuine high quality bearings and from authorized channel partner.

Metal components are one of the key raw materials of our products and 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.

New government forming with majority verdict last year, Industry analysts are cautiously optimistic about the reforms agenda and closely watching the steps initiated. While key policy decisions are long drawn process, the good part is government could effectively conclude the allocation of coal mines in first two phases which has kick started the economy.

Further, Make in India campaign has been well received by the industry which can enlarge the market scope and new investment opportunities. The government is determined to cut the red tape and bureaucracy that will help companies doing business with ease.

The top credit rating agencies, World Bank and IMF are optimistic and have pegged the GDP growth in 7.5%+ trajectory. Your company believes in positive outlook and moderate growth over the next year and well poised for the opportunities in and around bearings.

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 the Price Waterhouse 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 642 Associates (including 378 Officers) as on 31 March 2015.

Cautionary Statement:

Certain statement 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 law and Regulations. Actual results could materially differ from those expressed or implied. Important factors that could make 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 statutes and incidental factors.

Corporate Governance Report

Company's philosophy on code of governance

Timken's mission, vision and core values guide the Company and this direction keeps the Company successfully working together, so as to enable us to make the world a more productive place and deliver value to our stakeholders.

The Vision Statement of the Company expresses its aspiration to be the global leader in bearings and mechanical power transmission, continually improving performance, reliability and efficiency. 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 an executive Chairman under the designation 'Chairman & Managing Director' 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. The Company has a woman Director on its Board of Directors.

No director of the Company serves as an Independent Director in more than seven listed Companies and no Director serving as a Whole-time Director in any listed Company serves as an Independent Director in more than three listed Company. The Company is in receipt of declarations under Section 149(7) of the Companies Act, 2013 from all the independent Directors.

The tenure of the independent Directors of the Company is within the time limit prescribed under the Companies Act, 2013 and clarifications/circulars issued by the Ministry of Corporate Affairs in this regards from time to time. No Director of the Company is a member in more than ten Committee or act as Chairman of more than five Committee across all Companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by all the directors.

The Company has disclosed the terms and conditions of the appointment of Independent Directors on its website: www.timken.com/india.

The Nomination and Remuneration Committee of the Board has laid down the evaluation criteria for performance evaluation of the Independent Directors and the same has been disclosed separately in this Annual Report to the shareholders. Performance evaluation of the Independent Directors has been done by the entire Board of Directors excluding the evaluated director and the same forms the basis to determine whether to extend or continue the terms of appointment of the Independent Directors.

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

Name	Category	No. of Board Meetings attended during the financial year ended 31 March, 2015	Whether attended AGM held on 13 August, 2014	No. of Directorships in other public limited companies ⁵	No. of Committee positions held*	
					Chairman	Member
Mr. James R Menning ¹	Promoter Director, Non-Executive, Not Independent	2	Yes	–	–	–
Mr. Sanjay Koul ²	Promoter Director, Executive, Not Independent	4	Yes	–	–	2
Mr Niroop Mahanty ³	Non-Executive, Independent	2	Yes	–	–	–

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Name	Category	No. of Board Meetings attended during the financial year ended 31 March, 2015	Whether attended AGM held on 13 August, 2014	No. of Directorships in other public limited companies ⁵	No. of Committee positions held*	
					Chairman	Member
Mrs. Rupa Mahanty ⁴	Non-Executive, Independent	3	N.A.	–	1	1
Mr. Jai S. Pathak	Non-Executive, Independent	5	Yes	–	–	1
Mr. P S Dasgupta	Non-Executive, Independent	5	Yes	9	2	6
Mr. Ajay K Das ⁴	Promoter Director Non-Executive, Not- Independent	1	N.A.	–	–	1
Mr. R Ramesh	Promoter Director Executive, Not Independent	4	Yes	–	–	–

¹ resigned with effect from 30 September, 2014

² Appointed as the Chairman & Managing Director with effect from 19 August, 2014

³ resigned with effect from 30 September, 2014

⁴ appointed with effect from 30 September, 2014

⁵ excluding companies registered or incorporated outside India

* As per definition of Committee given in the Explanation to Clause 49(II)(D)(2) of the Listing Agreement

Four Board Meetings were held as per details given below during the financial year ended 31 March 2015 and the gap between two meetings did not exceed 120 days.

- 1) 9 May, 2014
- 2) 13 August, 2014
- 3) 10 November, 2014 and
- 3) 3 February, 2015

One meeting of Independent Directors without participation of non-independent Directors and any management personnel was also held on 3 February 2015.

Information as required under Annexure X to the Listing Agreement 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 III (C) of Clause 49 of the Listing Agreement. The role of the Audit Committee includes all the role stated in para III (D) of Clause 49.

The Audit Committee mandatorily reviewed the information prescribed in para III (E) of Clause 49 of the Listing Agreement.

The Company has complied with all the requirements of clause 49 (III)(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 2015. Mr. Dasgupta, as the Chairman of the Audit Committee was present at the Twenty-seventh Annual General Meeting of the Company held on 13 August, 2014.

During the year ended 31 March, 2015, 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	4
Mr. Niroop Mahanty*	Non-Executive Independent	2
Mr. Jai S. Pathak, Member	Non-Executive Independent	4
Mr. Sanjay Koul Member	Promoter Director Executive Non-Independent	4
Mrs. Rupa Mahanty ** Member	Non-Executive Independent	2

*resigned with effect from 30 September, 2014

**Appointed with effect from 30 September, 2014

Audit Committee Meetings were attended by Business Controller - India, Controller of Accounts and representatives of Pricewaterhouse Coopers, as Internal Auditors. James R Menning/ Ajay K Das non-executive Directors also attended Audit Committee meetings as invitee. 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 2015. The dates on which the said meetings were held are as follows:

- 1) 9 May, 2014
- 2) 13 August, 2014
- 3) 10 November, 2014
- 4) 3 February, 2015

Necessary quorum was present at all these meetings.

Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee includes the role described under Clause 49(IV)(B) of the Listing Agreement.

The Nomination and Remuneration Committee comprises of four directors all of whom are non-executives directors and more than fifty percent of the members are independent. The Chairperson of the Committee is an Independent Director.

In 2014-15, 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
Mrs. Rupa Mahanty** Chairperson	Non-Executive Independent
Mr. Ajay K Das** Member	Non-Executive Non-Independent

*resigned with effect from 30 September, 2014

**Appointed with effect from 30 September, 2014

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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 Chairman & Managing Director and Whole-time Director being the executive directors on the Board of Directors of the Company, after obtaining the requisite approvals. 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.

One meeting of the Remuneration Committee was held on 3 February 2015, which was attended by all the members of the Committee.

Remuneration Policy

Nomination and Remuneration Policy is attached to the Board's Report marked as Annexure - I

Details of Remuneration of Directors for year 2014-15

Non-Executive Directors

Name of the Director	Sitting Fees (Rs.)
Mr. Niroop Mahanty*	50,000
Mr. Jai S. Pathak	1,25,000
Mr. P. S. Dasgupta	1,25,000
Mrs. Rupa Mahanty	85,000
Mr. Ajay K Das	—

* resigned with effect from 30 September, 2014.

Executive Directors

In Rupees

Name of the Director	Salary & Allowances	Perquisites	Performance Incentive	Stock Options
Mr. Sanjay Koul	11,452,136	4,838,245	2,869,729	Nil
Mr. R Ramesh	5,935,001	508,876	870,733	Nil

The terms of appointment of the executives Directors are governed by the provisions of the law 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 concerned executive Director and the Board of Directors of the Company. As per terms of appointment, none of the executive Directors is entitled to receive any severance fees.

Stakeholders Relationship Committee

The terms of reference of the Stakeholders Relationship Committee comprise looking into redressal of grievances of shareholders, debenture holders and other securities holder and is entrusted with the responsibility to consider and resolve grievances of security holder including complaints relating to transfer of shares, non-receipt of Balance Sheet, non receipt of declared dividend etc. and also to authorize registration of transfer of shares, issue of duplicate/new certificates, etc.

In 2014-15, the composition of the Stakeholders Relationship Committee was as follows:

Name of the Members	Category
Mr. Niroop Mahanty* Chairman	Non-Executive Independent
Mr. Sanjay Koul Member	Executive Not Independent
Mr. James R Menning* Member	Non-Executive Not Independent
Mr. R Ramesh** Member	Executive Non-Independent
Mrs. Rupa Mahanty*** Chairperson	Non-Executive Independent
Mr. Ajay K Das**** Member	Non-Executive Not Independent

* resigned with effect from 30 September, 2014

** appointed with effect from 30 September, 2014 and resigned with effect from 7 October, 2014

*** appointed with effect from 30 September, 2014

**** appointed with effect from 7 October, 2014

Soumitra Hazra, Company Secretary & Chief - Compliance acted as the Compliance Officer.

One meeting of the Stakeholders Relationship Committee was held on 3 February, 2015. Generally, approval of the members of Stakeholders Relationship 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 43 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 Stakeholders Relationship Committee.

The status of investors' queries handled by the Company and also by the Registrars during the financial year ended on 31 March, 2015 is given below:

Particulars	Total Received	Total Replied	Total Pending as on 31.03.2015
Dividend	348	348	Nil
Change of Address/PoA	88	88	Nil
Request for Duplicate/New Certificates	220	220	Nil
Request for transmission	47	47	Nil
Endorsement/Stickers	60	60	Nil
Others	24	24	Nil
Request for Annual Report	3	3	Nil
Non-receipt of interest/Redemption	16	16	Nil
Non-receipt of Certificates	3	3	Nil
Complaint from SEBI/Stock Exchanges	14	14	Nil
TOTAL	823	823	Nil

As on 31 March 2015, 14 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, 2015 and partly for sellers' confirmation.

TIMKEN INDIA LIMITED

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
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	–
2013-14	Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100	AGM	13 August 2014	Wednesday	10 am	3

Note: No Special Resolution was required to be passed in 2013-14 through Postal Ballot.

Disclosures

There was no materially significant related party transaction that may have potential conflict with the interest of the Company at large during the financial year 2014-15. Representation from key management personnel has been received relating to financial and commercial transactions where he or his relatives may have personal interest.

Policy on dealing with related party transactions is disclosed on the website of the Company and can be seen at www.timken.com/india.

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 adopted a Whistle Blower Policy in terms of which the Directors and 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 or senior management. 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. In terms of the said policy, associates of the Company have got direct access to the Chairman of the Audit Committee to report matters of exceptional nature.

The Company follows the open door policy and adequate safeguards have been provided against victimisation of the reporting directors/associates.

The whistle blower policy of the Company is disclosed on the Company's website.

Regarding familiarization program for the independent Directors, it may please noted that a technical session was arranged by the Company on 10 November, 2014 in New Delhi in collaboration with PricewaterhouseCoopers Private Limited to familiarize the Independent Directors about their roles, responsibilities and duties as Independent Directors and also about the Directors' Responsibility Statement and changes that would have to be made in the content of next year's Board's Report to the shareholders. These details have been disclosed on the Company's website and can be seen at www.timken.com/india

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 executive director under the designation Chairman & Managing Director, these provisions are not applicable.
- 2) 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.
- 3) Audit Qualification - The Auditors' Report on the Company's financial statements does not contain any qualification.
- 4) Reporting of internal Auditor - Pricewaterhouse Coopers India Private Limited was the internal auditors for 2014-15 and during the tenure they reported to the Audit Committee of the Board.

Means of Communication

Quarterly results were published in the leading English Dailies (Economic Times) and Kannada newspapers (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.

Official news releases and presentations made to Institutional Investors/Analyst are disclosed on Company's website at www.timken.com/india.

Directors' Shareholding

Except Mr. P S Dasgupta and Mr. Ajay K Das, no other non-executive directors hold any Equity Shares of the Company. Mr. Dasgupta holds 1 Equity Share and Mr. Das holds 16 Equity shares of the Company.

General Shareholders Information

1.	AGM	12 August, 2015 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, 2015 to 31 March, 2016. Financial reporting for: a) 1st Quarter ending 30 Jun, 2015- end Jul / early Aug, 2015 b) Half year ending 30 Sep, 2015 - end Oct/ early Nov, 2015 c) 3rd Quarter ending 31 Dec, 2015- end Jan / early Feb, 2016 d) Annual Accounts for 2015-16- end Apr / May, 2016 Note : the above calendar is indicative in nature.																																							
3.	Date of Book Closure	5 August, 2015 to 12 August, 2015 (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 2015-16. 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 2015 (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 2014</td> <td>214.10</td> <td>189.00</td> </tr> <tr> <td>May 2014</td> <td>237.70</td> <td>208.40</td> </tr> <tr> <td>June 2014</td> <td>323.90</td> <td>229.00</td> </tr> <tr> <td>July 2014</td> <td>371.45</td> <td>281.25</td> </tr> <tr> <td>August 2014</td> <td>482.90</td> <td>311.00</td> </tr> <tr> <td>September 2014</td> <td>449.70</td> <td>398.85</td> </tr> <tr> <td>October 2014</td> <td>433.00</td> <td>393.00</td> </tr> <tr> <td>November 2014</td> <td>507.35</td> <td>421.00</td> </tr> <tr> <td>December 2014</td> <td>531.00</td> <td>474.65</td> </tr> <tr> <td>January 2015</td> <td>549.70</td> <td>508.80</td> </tr> <tr> <td>February 2015</td> <td>575.60</td> <td>514.90</td> </tr> <tr> <td>March 2015</td> <td>637.90</td> <td>554.40</td> </tr> </tbody> </table>	Month	High (Rs.)	Low (Rs.)	April 2014	214.10	189.00	May 2014	237.70	208.40	June 2014	323.90	229.00	July 2014	371.45	281.25	August 2014	482.90	311.00	September 2014	449.70	398.85	October 2014	433.00	393.00	November 2014	507.35	421.00	December 2014	531.00	474.65	January 2015	549.70	508.80	February 2015	575.60	514.90	March 2015	637.90	554.40
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TIMKEN INDIA LIMITED

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:																																								
<table border="1"> <caption>Approximate data from the graph</caption> <thead> <tr> <th>Month</th> <th>Price (Rs.)</th> <th>Sensex (Points)</th> </tr> </thead> <tbody> <tr><td>Apr-14</td><td>200.00</td><td>22000</td></tr> <tr><td>May-14</td><td>250.00</td><td>23000</td></tr> <tr><td>Jun-14</td><td>350.00</td><td>24000</td></tr> <tr><td>Jul-14</td><td>400.00</td><td>25000</td></tr> <tr><td>Aug-14</td><td>500.00</td><td>26000</td></tr> <tr><td>Sep-14</td><td>450.00</td><td>27000</td></tr> <tr><td>Oct-14</td><td>430.00</td><td>28000</td></tr> <tr><td>Nov-14</td><td>500.00</td><td>29000</td></tr> <tr><td>Dec-14</td><td>500.00</td><td>30000</td></tr> <tr><td>Jan-15</td><td>500.00</td><td>30000</td></tr> <tr><td>Feb-15</td><td>600.00</td><td>30000</td></tr> <tr><td>Mar-15</td><td>650.00</td><td>30000</td></tr> </tbody> </table>			Month	Price (Rs.)	Sensex (Points)	Apr-14	200.00	22000	May-14	250.00	23000	Jun-14	350.00	24000	Jul-14	400.00	25000	Aug-14	500.00	26000	Sep-14	450.00	27000	Oct-14	430.00	28000	Nov-14	500.00	29000	Dec-14	500.00	30000	Jan-15	500.00	30000	Feb-15	600.00	30000	Mar-15	650.00	30000	
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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 "Stakeholders Relationship 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 2015 is given below :</p> <table border="1"> <thead> <tr> <th>Range (Rs.)</th> <th>Accounts</th> <th>Shares</th> <th>%</th> </tr> </thead> <tbody> <tr><td>1 – 5000</td><td>51180</td><td>5558222</td><td>8.17</td></tr> <tr><td>5001 – 10000</td><td>1072</td><td>828259</td><td>1.22</td></tr> <tr><td>10001 – 20000</td><td>452</td><td>665818</td><td>0.98</td></tr> <tr><td>20001 – 30000</td><td>140</td><td>349976</td><td>0.52</td></tr> <tr><td>30001 – 40000</td><td>62</td><td>219868</td><td>0.32</td></tr> <tr><td>40001 – 50000</td><td>36</td><td>172044</td><td>0.25</td></tr> <tr><td>50001 – 100000</td><td>74</td><td>537658</td><td>0.79</td></tr> <tr><td>100001 and above</td><td>88</td><td>59668139</td><td>87.75</td></tr> <tr><td></td><td>53104</td><td>67999984</td><td>100.00</td></tr> </tbody> </table>	Range (Rs.)	Accounts	Shares	%	1 – 5000	51180	5558222	8.17	5001 – 10000	1072	828259	1.22	10001 – 20000	452	665818	0.98	20001 – 30000	140	349976	0.52	30001 – 40000	62	219868	0.32	40001 – 50000	36	172044	0.25	50001 – 100000	74	537658	0.79	100001 and above	88	59668139	87.75		53104	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: 50%; vertical-align: top;"> 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 – 41362010 e-mail soumitra.hazra@timken.com </td> <td style="width: 50%; vertical-align: top;"> 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 – 41362010 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

Annexure - VII (contd.)

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, 2015, 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 S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

Per Kamal Agarwal

Partner

Membership Number: 058652

Place of Signature: New Delhi

Date : May 22, 2015

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, 2015, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and 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 it 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 aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 6 and note 29 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per Kamal Agarwal
Partner
Membership Number: 058652

Place of Signature: New Delhi
Date: May 22, 2015

Annexure -1

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 were physically verified by the management during the year in accordance with a planned programme of verifying all of them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (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 is maintaining 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 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) 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, 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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) 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 148(1) of the Companies Act, 2013, related to the manufacture of Company's products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it. As informed, the provisions of Employees' State Insurance Act are not applicable to the Company.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income- Tax, Wealth- Tax, Service Tax, Sales- Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income-tax, sales- tax, wealth tax, service tax, customs duty, excise duty, value added tax 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	Assessment year 2002-03, 2005-06 to 2007-08	Income Tax Appellate Tribunal
		61,785,925	Assessment year 1998-99, 2004-05, 2008-09 to 2011-12	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	108,643,550	1994-95 to 2013-14	Various Appellate Authorities
Finance Act, 1994	Service Tax demands	27,787,040	2003-2009	Central Excise and Service Tax Appellate Tribunal, Kolkata
Central Excise Act, 1944	Excise duty demands	3,468,501	2008-2011	Various CESTAT
Customs Act, 1962	Custom duty demands*	5,342,875	2007	High Court, Ranchi

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

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) 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.
- (ix) 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 financial institution or bank. There were no outstanding debentures during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) 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. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per Kamal Agarwal
Partner
Membership Number: 058652

Place of Signature: New Delhi
Date: May 22, 2015

Balance Sheet as at March 31, 2015

	Notes	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
EQUITY AND LIABILITIES			
a) SHAREHOLDERS' FUNDS			
(i) Share Capital	3	679,884,340	679,879,340
(ii) Reserves & Surplus	4	3,704,581,293	3,143,367,844
		4,384,465,633	3,823,247,184
b) NON-CURRENT LIABILITIES			
(i) Long-term Liabilities	5	18,034,987	16,034,987
(ii) Long-term Provisions	6	88,381,301	73,522,620
		106,416,288	89,557,607
c) CURRENT LIABILITIES			
(i) Short-term Borrowings	7	25,155,417	32,374,529
(ii) Trade Payables	8	859,565,129	728,780,540
(iii) Other current liabilities	8	346,186,624	222,873,116
(iv) Short-term provisions	6	132,158,270	100,076,845
		1,363,065,440	1,084,105,030
Total		5,853,947,361	4,996,909,821
ASSETS			
d) NON-CURRENT ASSETS			
(i) Fixed Assets			
– Tangible assets	9	1,059,951,943	951,156,275
– Intangible assets	10	8,622,835	13,997,793
– Capital Work in Progress		268,118,792	255,676,747
(ii) Non-current Investments	11A	300,000	300,000
(iii) Deferred tax assets (net)	12	39,060,154	45,015,835
(iv) Long-term loans and advances	13	232,894,043	162,913,223
		1,608,947,767	1,429,059,873
e) CURRENT ASSETS			
(i) Current Investments	11B	166,472,578	233,178,995
(ii) Inventories	14	1,674,597,153	1,367,614,562
(iii) Trade Receivables	15	1,742,184,248	1,485,705,820
(iv) Cash and Bank balances	16	237,198,897	201,453,109
(v) Short-term loans and advances	13	316,050,295	201,710,519
(vi) Other current assets	17	108,496,423	78,186,943
		4,244,999,594	3,567,849,948
Total		5,853,947,361	4,996,909,821

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 and on behalf of the Board of Directors of Timken India Limited

For S R BATLIBOI & CO. LLP

Firm Registration No. 301003E

Chartered Accountants

Per KAMAL AGARWAL

Partner

Membership No. 058652

New Delhi, May 22, 2015

Sanjay Koul

Chairman, Managing Director & CEO

DIN - 05159352

Ramesh Ramachandran

Business Controller, CFO & Whole-time Director

DIN - 06825573

Soumitra Hazra

Company Secretary & Chief - Compliance

New Delhi, May 22, 2015

Statement of Profit and Loss for the year ended March 31, 2015

	Notes	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
INCOME			
a) Revenue from operations (Gross)	18	9,671,082,677	7,587,780,923
Less : Excise duty recovered		381,440,279	386,352,073
Revenue from operations (Net)		9,289,642,398	7,201,428,850
b) Other Income	19	59,409,837	108,241,815
Total (I)		9,349,052,235	7,309,670,665
EXPENSES			
c) Cost of raw materials and components consumed	20	3,218,969,444	2,435,358,073
d) Purchase of traded goods	21A	2,503,859,615	2,059,475,609
e) Increase in Stock of Finished goods, Traded goods and Work in Progress	21B	(193,805,390)	(26,657,075)
f) Excise duty and cess on movement in stock of finished goods	37	30,240,041	(11,471,717)
g) Employee Benefits expense	22	667,943,761	528,865,037
h) Other Expenses	23	1,725,375,011	1,500,185,885
Total (II)		7,952,582,482	6,485,755,812
Earnings before interest, tax, depreciation and amortisation (I-II)		1,396,469,753	823,914,853
i) Depreciation	9	162,213,479	156,316,270
j) Amortisation expense	10	5,374,958	1,828,666
k) Finance costs	24	5,746,327	8,851,779
PROFIT BEFORE TAX		1,223,134,989	656,918,138
l) Tax Expenses			
- Current Tax (includes Rs.30,76,560 (Rs.Nil relating to previous years))		410,240,327	210,194,219
- Deferred Tax		5,955,681	(799,903)
Total Tax Expense		416,196,008	209,394,316
PROFIT AFTER TAX		806,938,981	447,523,822
m) EARNINGS PER SHARE - Basic & Diluted	25	11.87	6.60
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 and on behalf of the Board of Directors of Timken India Limited

For S R BATLIBOI & CO. LLP
Firm Registration No. 301003E
Chartered Accountants

Sanjay Koul
Chairman, Managing Director & CEO
DIN - 05159352

Ramesh Ramachandran
Business Controller, CFO & Whole-time Director
DIN - 06825573

Per KAMAL AGARWAL
Partner
Membership No. 058652
New Delhi, May 22, 2015

Soumitra Hazra
Company Secretary & Chief - Compliance
New Delhi, May 22, 2015

Cash Flow Statement for the year ended March 31, 2015

	Year ended March 31, 2015 Rupees		Year ended March 31, 2014 Rupees	
A. Cash Flow from Operating Activities :				
Net Profit before Tax		1,223,134,989		656,918,138
Adjustments to reconcile profit before tax to net cash flows :				
Depreciation and amortisation	167,588,437		158,144,936	
Interest income	(7,419,742)		(7,443,557)	
Interest expense	5,746,327		8,851,779	
Loss on sale of assets (Net)	1,465,181		12,113,472	
Provision no longer required written back	(13,010,134)		(2,228,612)	
Unrealised foreign exchange loss / (gain)	(6,596,753)		30,532,298	
Provision for Wealth Tax	60,000		70,000	
		147,833,316		200,040,316
Operating Profit before Working Capital Changes		1,370,968,305		856,958,454
Adjustments for movement in Working Capital:				
(Increase) in Trade receivable, Loans and Advances & Other current assets	(452,096,200)		(232,491,855)	
(Increase) / Decrease in Inventories	(306,982,591)		35,682,397	
Increase in Liabilities and Provisions	273,772,722		25,763,498	
		(485,306,069)		(171,045,960)
Cash Generated from Operations		885,662,236		685,912,494
Direct Taxes paid (net of refund)	(439,103,216)		(249,557,613)	
		(439,103,216)		(249,557,613)
Net Cash from Operating Activities (A)		446,559,020		436,354,881
B. Cash Flow from Investing Activities :				
Purchase of Fixed Assets including capital work in progress and capital advances		(263,645,802)		(307,297,901)
Sale of Fixed Assets		189,811		173,600
Interest received		7,419,742		7,443,557
Net Cash used in Investing Activities (B)		(256,036,249)		(299,680,744)
C. Cash Flow from Financing Activities :				
Interest paid		(4,044,862)		(6,525,629)
Proceeds/(repayment) from/(of) short term borrowings		(7,219,111)		32,374,529
Dividend paid		(203,964,477)		(577,897,239)
Tax on dividend distribution		(41,761,055)		(98,226,947)
Sale proceeds from issue of additional shares		-		511,816,080
Proceeds from Calls in arrears		5,000		1,000
Net Cash used in Financing Activities (C)		(256,984,505)		(138,458,206)
Net (Decrease) in Cash and Cash equivalents (A + B + C)		(66,461,734)		(1,784,069)
Cash and Cash equivalents - Opening Balance		457,091,417		458,875,486
Cash and Cash equivalents - Closing Balance *		390,629,684		457,091,417

Cash Flow Statement for the year ended March 31, 2015

* Includes dividend account balance Rs.35,993,153 (Rs.32,679,414) 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, 2015	As at March 31, 2014
Cash on hand and balances with banks (refer. Note 16)	237,198,897	201,453,109
Short term Investments (refer Note 11B)	166,472,578	233,178,995
Cash & Cash equivalents	403,671,475	434,632,104
Effect of exchange differences on cash & cash equivalents held in foreign currency	(13,041,791)	22,459,313
Cash and cash equivalents	390,629,684	457,091,417
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 BATLIBOI & CO. LLP
Firm Registration No. 301003E
Chartered Accountants

Per KAMAL AGARWAL
Partner
Membership No. 058652
New Delhi, May 22, 2015

For and on behalf of the Board of Directors of Timken India Limited

Sanjay Koul
Chairman, Managing Director & CEO
DIN - 05159352

Ramesh Ramachandran
Business Controller, CFO & Whole-time Director
DIN - 06825573

Soumitra Hazra
Company Secretary & Chief - Compliance
New Delhi, May 22, 2015

Notes to financial statements as at and for the year ended March 31, 2015

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 also has a gear box repairing facility at Raipur where it provides repair and maintenance services of industrial gear boxes.

2. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Preparation

The financial statements of the company have been prepared in accordance with the 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 section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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 except for the change in accounting policy explained below.

Change in accounting policy

Depreciation on fixed assets

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

(a) Useful lives/ depreciation rates

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets.

Had the company continued its earlier policy of charging depreciation based on earlier useful lives / lives determined by Schedule XIV of the Companies Act, 1956 rates as the case may be, profits for the current year would have been lower by Rs.7,544,819/-

(b) Depreciation on assets costing less than Rs. 5,000/-

Till year ended 31 March 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the company was charging 100% depreciation on assets costing less than Rs.5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the company has changed its accounting policy for depreciations of assets costing less than Rs.5,000/-. As per the revised policy, the company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014.

The change in accounting for depreciation of assets costing less than Rs. 5,000/- did not have any material impact on financial statements of the company for the current year.

Notes to financial statements as at and for the year ended March 31, 2015

(ii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during 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 pro-rata over the period of the contract 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 Incentive Income

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.

Dividends

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

Interest

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.

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 de-recognition 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 de-recognized.

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.

Notes to financial statements as at and for the year ended March 31, 2015

(v) Cash & Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and 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 on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets.

	Useful lives estimated by the management (years)
Factory Building	30
Furniture & Fixtures	10
Plant & Machineries (Including Tools)	5-20
Computers	3 to 6
Intangibles	3
Vehicles	8
Office Equipment	5

(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 retranslated using the exchange rate prevailing at the reporting date. 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.

(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.

Notes to financial statements as at and for the year ended March 31, 2015

(ix) Retirement and other Employees Benefits

- a) 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.
- b) 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.
- c) 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.
- d) Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.
- e) 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 etc. are 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. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

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. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

(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.

Notes to financial statements as at and for the year ended March 31, 2015

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 or production 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
- 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. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

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.

Notes to financial statements as at and for the year ended March 31, 2015

(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.

The Company also provides repair and maintenance services of industrial gear boxes.

There is only reportable business segment which is also the primary reportable segment.

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 Accounting 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 erstwhile 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, 2015 Rupees		As at March 31, 2014 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 (68,015,134) Equity Shares of Rs.10/- each		680,151,340		680,151,340
Subscribed and Fully Paid-up:				
67,974,784 (67,973,784) Equity Shares of Rs. 10/- each fully paid-up		679,747,840		679,737,840
Subscribed and partly paid-up:				
25,200 (26,200) Equity Shares of Rs. 10/- each	252,000		262,000	
Less: Calls in Arrears - other than directors *	115,500	136,500	120,500	141,500
		679,884,340		679,879,340

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, 2015 out of 15,150 shares of Rs. 10/- each kept in abeyance as at 31st March, 1998.

Notes to financial statements as at and for the year ended March 31, 2015

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

	March 31, 2015		March 31, 2014	
	No. of Shares	Rupees	No. of Shares	Rupees
Equity Shares				
At the beginning of the year	67,999,984	679,879,340	63,734,850	637,227,000
Issued during the year	—	—	4,265,134	42,651,340
Calls in arrears	—	5,000	—	1,000
Outstanding at the end of the year	67,999,984	679,884,340	67,999,984	679,879,340

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.3 (interim dividend of Rs.6.5/-) 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, 2014 (being the record date fixed for the purpose) on November 28, 2014.

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, 2015			March 31, 2014		
	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	75%

Notes:

- (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, 2015

NOTE 4 : RESERVES & SURPLUS

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
a) Capital Redemption Reserve		
Opening balance	260,000,000	260,000,000
b) Securities premium account		
Opening balance	435,524,346	–
Add: premium on issue of equity shares during the year (Refer note i below)	–	469,164,740
Less: share issue expenses adjusted	–	33,640,394
Closing Balance	435,524,346	435,524,346
c) General Reserve		
Opening balance	158,590,278	113,837,896
Add: amount transferred from surplus in the statement of profit and loss	80,693,898	44,752,382
Closing Balance	239,284,176	158,590,278
d) Surplus in the statement of profit and loss		
Opening balance	2,289,253,220	2,403,521,233
Add: Profit for the year	806,938,981	447,523,822
Less: Appropriations		
Interim Equity Dividend Rs.3 per share (Rs.6.5 per share) (Refer note ii below)	203,964,477	441,921,571
Tax on Interim Equity Dividend	41,761,055	75,117,882
Transfer to general reserve	80,693,898	44,752,382
Total appropriations	326,419,430	561,791,835
Net Surplus in the statement of profit and loss	2,769,772,771	2,289,253,220
Total reserves and surplus	3,704,581,293	3,143,367,844

Note i.

- a) The Company had in the previous year 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) As at March 31, 2015, the Company has fully utilised the funds towards the purchase of fixed assets.

Note ii. Net dividend remitted in foreign currency

Particulars	During the year ended March 31, 2015	During the year ended March 31, 2014
Number of non resident shareholders	1	1
Number of equity shares held by them	50,999,988	50,999,988
Amount remitted USD 2,471,329 (USD 6,892,098)	152,999,964	433,499,898
Year to which the dividend relates	2014-15	2012-2013 & 2013-14

Notes to financial statements as at and for the year ended March 31, 2015

NOTE 5 : LONG-TERM LIABILITIES

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Deposit from Customers	18,034,987	16,034,987
	18,034,987	16,034,987

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, 2015 Rupees	As at March 31, 2014 Rupees	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Provision for Employees' Death Benefit Scheme (Refer note 28)	16,339,650	14,536,800	2,623,740	2,207,350
Provision for Employees' Provident Fund (Refer note 28)	10,669,400	8,962,400	1,657,540	1,423,660
Provision for Gratuity (Refer note 28)	-	-	24,510,120	2,123,420
Provision for compensated absences	61,372,251	50,023,420	7,880,650	7,661,250
Provision for Indirect taxes* (Refer Note (i) below)	-	-	94,422,598	86,661,165
Provision for onerous contract* (Refer Note (ii) below)	-	-	1,063,622	-
	88,381,301	73,522,620	132,158,270	100,076,845

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

Note (i) Provision for Indirect taxes

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Opening Balance	86,661,165	82,028,507
Addition during the year	13,522,132	13,869,314
Utilisation during the year	(5,760,699)	(9,236,656)
Closing Balance	94,422,598	86,661,165

a) Provision for Indirect Taxes includes a liability of Rs.221,693,462 (Rs.181,558,334) 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.152,882,698 (Rs.125,096,839) with customs authorities. The net provision is included in Provision for Indirect Taxes above.

b) The Company has reviewed the various liabilities/claims relating to indirect taxes and estimated the provision for contingencies based on assessment of its probability.

Note (ii) Provision for onerous contract

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Opening Balance	-	-
Addition during the year	1,063,622	-
Utilisation during the year	-	-
Closing Balance	1,063,622	-

c) There are also provisions against Income Tax claims amounting to Rs.12,333,741 (Rs.12,333,741) which is included in Note 13 and netted off with Advance Income Tax.

Notes to financial statements as at and for the year ended March 31, 2015

NOTE 7 : SHORT-TERM BORROWINGS

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Bills discounted with banks - Unsecured*	25,155,417	32,374,529
	25,155,417	32,374,529

* These are bills discounted with banks with recourse to the Company with various maturity dates. Interest payable ranges between 11.25% to 12.75% p.a for overdue payables.

NOTE 8 : TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
a) Trade Payables :		
i) Due to Micro and Small Enterprises (refer note (i) below)	14,571,177	7,102,136
ii) Due to Other Creditors	844,993,952	721,678,404
Total Trade Payables	859,565,129	728,780,540
b) Other Liabilities		
i) Advance from Customers	7,035,712	3,390,200
ii) Interest accrued and due on – Security deposit from customers	1,081,583	844,053
iii) Investor Education and Protection Fund will be credited by following amounts (as and when due) – Unpaid dividends	35,993,153	32,679,414
c) Other Payables		
– Taxes and duties payable	131,197,864	101,957,963
– Customers claims	10,334,044	16,164,133
– Selling expenses	71,814,157	46,735,979
– Capital creditors	88,730,111	21,101,374
Total Other Current Liabilities (b + c)	346,186,624	222,873,116

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, 2015 (Rupees)	As at/ For the Year Ended March 31, 2014 (Rupees)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	13,951,291	5,251,637
Interest	163,842	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	148,386,378	95,607,372
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.	619,886	716,352
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.	2,470,385	1,850,499

Notes to financial statements as at and for the year ended March 31, 2015

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, 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	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
Additions (Note a below)	82,119,392	173,951,759	9,048,853	7,043,169	302,203	1,612,654	274,078,030
Deductions	–	(12,092,289)	–	(9,397,853)	(115,926)	(1,773,704)	(23,379,772)
At March 31, 2015	284,670,150	2,619,684,699	37,779,654	62,969,965	22,741,603	13,059,079	3,040,905,150
DEPRECIATION							
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 period	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
Charge for the year	8,398,971	144,128,672	2,406,779	5,562,428	1,206,670	509,959	162,213,479
Deductions	–	(9,325,454)	–	(9,210,765)	(966)	(1,773,704)	(20,310,889)
At March 31, 2015	105,379,522	1,773,281,852	26,082,380	48,956,596	17,752,360	9,500,497	1,980,953,207
NET BLOCK							
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
At March 31, 2015	179,290,628	846,402,847	11,697,274	14,013,369	4,989,243	3,558,582	1,059,951,943

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

Details	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Gross Book value	301,090,061	300,520,061
Accumulated Depreciation #	112,697,646	76,334,398
Net Book value	188,392,415	224,185,663

includes depreciation for the year Rs.36,363,248 (Rs.30,268,636)

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

Details	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Within one year	30,435,339	30,408,048
After one year but not more than five years	2,536,278	32,942,052
More than five years	–	–

The Company has received Rs.30,390,214 (Rs.30,268,636) as lease rentals during the year ended March 31, 2015.

Notes to financial statements as at and for the year ended March 31, 2015

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

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Balance brought forward from previous year	2,020,369	2,044,314
Lease Rent	–	10,251,972
Salaries, Wages & Bonus	–	6,176,752
Insurance Charges	–	137,121
Legal & Professional Charges	–	331,954
Rates and Taxes	–	116,235
Electricity Charges	–	2,341,170
	2,020,369	21,399,518
Less : Allocated to Fixed Assets during the year	(2,020,369)	(19,379,149)
	–	2,020,369

NOTE 10 : INTANGIBLE ASSETS

In Rupees

	Computer Software	Total
GROSS BLOCK (AT COST)		
At March 31, 2013	1,790,500	1,790,500
Additions	14,782,000	14,782,000
At March 31, 2014	16,572,500	16,572,500
Additions	–	–
Deductions	–	–
At March 31, 2015	16,572,500	16,572,500
AMORTISATION		
At March 31, 2013	746,041	746,041
Charge for the period	1,828,666	1,828,666
At March 31, 2014	2,574,707	2,574,707
Charge for the year	5,374,958	5,374,958
At March 31, 2015	7,949,665	7,949,665
NET BLOCK		
At March 31, 2014	13,997,793	13,997,793
At March 31, 2015	8,622,835	8,622,835

Notes to financial statements as at and for the year ended March 31, 2015

NOTE 11A : NON-CURRENT INVESTMENTS

	Face Value Rupees	Holdings as at March 31, 2015		Holdings as at March 31, 2014	
		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, 2015		Holdings as at March 31, 2014	
		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	18,367	20,470,622	66,806	74,456,094
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	1,000	74,738	74,782,966	–	–
Reliance Liquid Fund - Treasury Plan - DDR	1,000	36,923	41,137,830	34,784	53,175,140
SBI Premier Liquid Fund - Regular Plan - DDR	1,000	29,984	30,081,160	64,461	64,670,363
Total			166,472,578		233,178,995

Note -

Aggregate amount of investments			
Unquoted (Current)		166,472,578	233,178,995
Unquoted (Non Current)		300,000	300,000

NOTE 12: DEFERRED TAX ASSETS (NET)

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Deferred Tax Assets		
– Disallowance u/s 43B and 40(a)(ia) of Income Tax Act, 1961	62,306,818	63,169,402
– Provision for Doubtful Debts & Advances	4,596,741	5,968,477
– Others	368,098	–
Gross Deferred Tax Assets	67,271,657	69,137,879
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	(28,211,503)	(24,122,044)
Gross Deferred Tax Liabilities	(28,211,503)	(24,122,044)
Net Deferred Tax Assets	39,060,154	45,015,835

Notes to financial statements as at and for the year ended March 31, 2015

NOTE 13 : LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

	Non-current		Current	
	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Capital Advances	44,769,464	15,000	–	–
Security Deposits	33,329,432	32,682,843	–	–
Loans and advances to employees	1,473,373	5,523,666	11,151,433	8,717,272
Advances recoverable in cash or kind				
Secured, considered good	–	–	15,016,491	8,742,105
Unsecured - considered good	–	–	9,613,923	9,890,612
Other loans and advances				
– Advance Income Tax [net of provision for taxation: Rs.2,768,799,953 (Rs.2,358,686,844)]	148,810,538	119,878,878	–	–
– Prepaid Expenses	4,511,236	4,812,836	14,019,784	10,378,529
– Balance with statutory authorities/ government authorities	–	–	266,248,664	163,982,001
	232,894,043	162,913,223	316,050,295	201,710,519

NOTE 14: INVENTORIES

(Valued at lower of Cost and Net Realisable Value)

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
a) Raw materials and Components * (Refer Note 20)	297,213,026	190,996,000
b) Stores and Spares *	104,481,512	97,521,337
c) Work - in - progress (Refer Note 21B)	206,501,225	149,828,129
d) Finished stock* (Refer Note 21B)	525,533,288	513,414,774
e) Traded Goods* (Refer Note 21A and 21B)	540,868,102	415,854,322
	1,674,597,153	1,367,614,562
* Including in transit :		
Raw Materials and Components	103,726,637	73,946,243
Stores & Spares	4,829,893	3,383,317
Finished Stock	22,214,608	29,836,718
Traded Goods	133,760,532	110,798,161

Notes to financial statements as at and for the year ended March 31, 2015

NOTE 15 : TRADE RECEIVABLES

	Current	
	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
a) Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	433,346	595,727
Unsecured, considered good	7,879,770	34,360,757
– considered doubtful	13,282,324	17,559,524
	21,595,440	52,516,008
Provision for doubtful receivables	(13,282,324)	(17,559,524)
A	8,313,116	34,956,484
b) Other Receivables		
Secured, considered good	6,587,878	10,694,441
Unsecured, considered good	1,727,283,254	1,440,054,895
B	1,733,871,132	1,450,749,336
Total	A + B	1,485,705,820

NOTE 16 : CASH AND BANK BALANCES

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Cash and Cash Equivalents :		
a) Cheques on hand	23,010,858	2,657,552
b) Balance with Scheduled Banks		
On Current Accounts	101,319,103	58,089,359
In Foreign Currency Account (EEFC)	76,875,783	108,026,784
On unpaid dividend account	35,993,153	32,679,414
	237,198,897	201,453,109

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, 2015

NOTE 17 : Other Current Assets (Unsecured, considered good unless otherwise stated)

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Other Receivables :		
Export incentive receivable	95,583,798	63,609,215
Reimbursements from related parties (refer note 36)	10,376,347	9,514,672
Lease rent receivable (from related party - refer note 36)	2,536,278	5,063,056
	108,496,423	78,186,943

NOTE 18 : REVENUE FROM OPERATIONS

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
Revenue from operations		
i) Sale of Products	9,239,771,892	7,200,444,208
ii) Sale of Services	306,063,830	288,166,406
Other operating revenue		
i) Operating lease rentals	30,390,214	30,268,636
ii) Export incentives (including Rs.1,38,26,926(Rs.Nil) for earlier years)	94,856,741	68,901,673
Revenue from operations (Gross)	9,671,082,677	7,587,780,923
Less: Excise duty recovered	381,440,279	386,352,073
Revenue from operations (Net)	9,289,642,398	7,201,428,850

Details of products sold / services rendered

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
Finished goods sold (Net of excise duty)		
i) Bearings	2,837,193,721	2,326,767,741
ii) Components	2,744,171,289	2,152,572,769
iii) Bearing accessories	3,663,797	2,751,143
	5,585,028,807	4,482,091,653
Traded goods sold		
i) Bearings	925,556,463	820,994,133
ii) Components	2,022,930,378	1,291,849,594
iii) Bearing accessories	324,815,965	219,156,755
	3,273,302,806	2,332,000,482
Details of services rendered		
i) Maintenance and refurbishment services	258,511,176	239,820,964
ii) Agency commission	37,019,276	37,983,541
iii) Others	10,533,378	10,361,901
	306,063,830	288,166,406

Notes to financial statements as at and for the year ended March 31, 2015

NOTE 19 : OTHER INCOME

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
i) Excess provisions no longer required written back [including provision for doubtful debts written back Rs.4,054,734 (Rs.Nil)]	13,010,134	2,228,612
ii) Dividend from current investments - Non Trade	23,431,918	55,418,599
iii) Insurance claims	728,973	1,490,801
iv) Interest income	5,593,157	7,443,557
v) Exchange Differences (net)	7,419,742	26,705,838
vi) Miscellaneous income	9,225,913	14,954,408
	59,409,837	108,241,815

NOTE 20 : COST OF RAW MATERIALS AND COMPONENTS CONSUMED

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
Inventory at the beginning of the year	190,996,000	247,529,096
Add: Purchases	3,325,186,470	2,378,824,977
	3,516,182,470	2,626,354,073
Less: Inventory at the end of the year	297,213,026	190,996,000
Cost of raw materials and components consumed	3,218,969,444	2,435,358,073

Details of raw materials and components consumed

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
Steel	75,262,717	106,885,366
Rings	1,434,198,478	1,136,035,673
Components and accessories*	1,709,508,249	1,192,437,034
Total	3,218,969,444	2,435,358,073

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

Details of raw materials and components Inventory

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Steel	15,802,783	12,944,787
Rings	27,628,967	18,237,795
Components and accessories*	253,781,276	159,813,418
Total	297,213,026	190,996,000

*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, 2015

NOTE 21 A : DETAILS OF PURCHASE OF TRADED GOODS

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
Bearings	753,294,354	726,695,824
Components	1,522,742,730	1,157,693,794
Other bearing accessories	227,822,531	175,085,991
Total	2,503,859,615	2,059,475,609

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

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
Opening 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
Less : Closing Stock		
Work in Progress	206,501,225	149,828,129
Finished Goods	525,533,288	513,414,774
Traded Goods	540,868,102	415,854,322
	1,272,902,615	1,079,097,225
(Increase) in Stock of Finished goods, Traded goods and Work in Progress	(193,805,390)	(26,657,075)
	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Details of Inventory - Work-In-Progress		
Bearings	60,575,523	41,845,171
Components	145,867,944	107,311,020
Other bearing accessories	57,758	671,938
Total	206,501,225	149,828,129
Details of Inventory - Finished Goods		
Bearings	301,757,353	324,775,734
Components	223,731,138	188,570,572
Other bearing accessories	44,797	68,468
Total	525,533,288	513,414,774
Details of Inventory - Traded goods		
Bearings	161,825,522	119,441,639
Components	363,395,241	278,255,155
Other bearing accessories	15,647,339	18,157,528
Total	540,868,102	415,854,322

Notes to financial statements as at and for the year ended March 31, 2015

NOTE 22 : EMPLOYEE BENEFIT EXPENSES

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
i) Salaries, Wages and Bonus	534,349,288	441,018,381
ii) Contribution to provident and other funds	43,715,168	29,362,634
iii) Gratuity expense (note 28)	24,510,120	2,123,420
iv) Employee death benefit scheme expense (note 28)	3,173,520	234,730
v) Staff welfare expenses	62,195,665	56,125,872
	667,943,761	528,865,037

NOTE 23 : OTHER EXPENSES

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
a) Consumption of stores and spares	345,242,696	278,311,972
b) Power	106,487,968	79,181,101
c) Repairs to Buildings	7,073,580	4,666,396
d) Repairs to Machineries	66,936,344	59,309,350
e) Repairs Others	12,042,634	21,100,384
f) Royalty	188,386,826	168,709,125
g) Rent	40,751,895	29,803,693
h) Rates and Taxes	22,502,052	20,567,347
i) Insurance	7,116,361	5,842,740
j) Commission*	86,964,166	89,793,640
k) Cash Discount	26,065,637	23,546,116
l) Travelling	81,554,356	74,338,128
m) Subcontracting charges	146,900,844	128,346,650
n) Legal & Professional Fees	107,188,843	82,021,715
o) Inter company Service Charges	103,545,906	115,302,067
p) Network & ERP Expenses	63,933,309	54,711,466
q) Carriage and Handling	105,080,233	53,074,197
r) CSR Expenditure**	16,200,000	-
s) Provision for doubtful debts, deposits & advance	-	11,342,208
t) Excise Duty Expense #	1,533,576	1,594,591
u) Irrecoverable debtors written off	-	3,520,056
Less: Adjusted against opening provision	-	3,520,056
v) Other Expenses ***	189,867,785	198,622,999
	1,725,375,011	1,500,185,885

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

** Contribution made to Prime Minister Relief Fund as part of CSR Expenditure.

*** Other Expenses include:

i) Auditor's remuneration (exclusive of service tax)		
As Auditors		
- For Statutory Audit	1,950,000	1,775,000
- For Limited Reviews	1,500,000	1,500,000
- For Corporate Governance certificate	100,000	60,000
- For Travelling & out-of-pocket expenses	143,000	187,851
For Other Matters		
- For Tax Audit	600,000	600,000
- For US GAAP Reporting	1,750,000	600,000
- For Other Services	225,500	243,500
ii) Directors fees	385,000	285,000
iii) Loss on disposal / discarding of assets (net)	1,465,181	12,113,472

Excise duty expense (net of recovery) represents duly 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, 2015

NOTE 24 : FINANCE COST

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
Interest Expenses	5,746,327	8,851,779
	5,746,327	8,851,779

NOTE 25 : EARNING PER SHARE (EPS)

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
Profit after tax	806,938,981	447,523,822
Net profit for calculation of basic and diluted EPS	806,938,981	447,523,822
Weighted Average No. of Equity Shares @ Rs. 10/- each	67,986,834	67,777,599
Earnings per share - Basic & Diluted	11.87	6.60

NOTE 26 : LEASES

Asset taken on lease

Office premises are obtained on operating leases which are generally cancellable in nature except two premises 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, 2015	As at March 31, 2014
Within one year	5,172,541	480,000
After one year but not more than five years	17,271,141	–
More than five years	2,974,545	–

The Company has paid Rs.40,751,895 (Rs.29,803,693) towards lease rent.

Other Leases

Lease of Land and Building

The Company has taken on lease, land and building thereon, for the purposes of its facility in Raipur relating to servicing of gears/related accessories. 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, 2015

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. The Company also provides repair and maintenance services of industrial gear boxes at its gear box repairing facility at Raipur.

'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:

Particulars	Year Ended - 31/03/2015			Year Ended - 31/03/2014		
	Bearings & Components	Others	Total	Bearings & Components	Others	Total
Revenue						
External sales of products and services including operating income	9,233,064,668	56,577,730	9,289,642,398	7,196,164,920	5,263,930	7,201,428,850
Total Revenue			9,289,642,398	7,196,164,920	5,263,930	7,201,428,850
Results						
Segment results	1,232,322,141	(62,850,662)	1,169,471,479	582,430,046	(24,901,944)	557,528,102
Operating Profit			1,169,471,479			557,528,102
Finance costs			(5,746,327)			(8,851,779)
Other income including finance income			59,409,837			108,241,815
Profit before tax			1,223,134,989			656,918,138
Income taxes			(416,196,008)			(209,394,316)
Net profit			806,938,981			447,523,822
Segment assets	5,174,313,232	288,997,698	5,463,310,930	4,400,606,419	165,250,278	4,565,856,697
Unallocated assets			390,636,431			431,053,124
Total Assets	5,174,313,232	288,997,698	5,853,947,361	4,400,606,419	165,250,278	4,996,909,821
Segment liabilities	1,409,486,147	21,484,830	1,430,970,977	1,111,611,196	27,091,958	1,138,703,154
Unallocated liabilities			38,510,751			34,959,483
Total Liabilities	1,409,486,147	21,484,830	1,469,481,728	1,111,611,196	27,091,958	1,173,662,637
Other segment information						
Capital expenditure (excluding CWIP):						
Tangible assets	259,749,887	14,328,143	274,078,030	219,455,715	99,058,011	318,513,726
Intangible assets	-	-	-	-	14,782,000	14,782,000
Depreciation	149,117,973	13,095,506	162,213,479	154,376,857	1,939,413	156,316,270
Amortization	447,625	4,927,333	5,374,958	596,833	1,231,833	1,828,666

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, 2015 Rupees	Year Ended March 31, 2014 Rupees
Sale of products and services by Geographical Market		
India	5,748,710,082	4,723,020,781
Outside India	3,415,685,362	2,379,237,760
Total	9,164,395,444	7,102,258,541

Notes to financial statements as at and for the year ended March 31, 2015

Carrying amount of segment assets	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
India	4,753,204,724	3,923,842,981
Outside India	710,106,206	642,013,716
Total	5,463,310,930	4,565,856,697

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, 2015. 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, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Current service cost	9,828,520	9,959,450	665,690	801,420	1,051,250	1,731,010
Interest cost on benefit obligation	14,039,620	12,031,790	1,504,700	1,362,910	960,710	1,597,430
Expected return on plan assets	(13,413,890)	(12,566,180)	–	–	–	–
Net actuarial(gain) / loss recognised in the year	14,055,870	(7,301,640)	1,003,130	(1,929,600)	(71,080)	(12,663,770)
Net benefit expense/ (Gain)	24,510,120	2,123,420	3,173,520	234,730	1,940,880	(9,335,330)
Actual return on plan assets		8.40%	NA	NA	NA	NA

Notes to financial statements as at and for the year ended March 31, 2015

	GRATUITY FUND (FUNDED)		EMPLOYEE DEATH BENEFIT SCHEME (UNFUNDED)		PROVIDENT FUND (FUNDED)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Balance sheet :						
Details of Plan (asset) / liability :						
Defined benefit obligation	198,985,530	153,137,910	18,963,390	16,744,150	12,326,940	10,386,060
Fair value of plan assets	174,475,410	151,014,490	–	–	–	–
Plan (asset) / liability	24,510,120	2,123,420	18,963,390	16,744,150	12,326,940	10,386,060
Changes in the present value of the defined benefit obligation are as follows:						
Opening defined benefit obligation	153,137,910	150,716,080	16,744,150	17,142,720	10,386,060	19,721,390
Interest cost	14,039,620	12,031,790	1,504,700	1,362,910	960,710	1,597,430
Current service cost	9,828,520	9,959,450	665,690	801,420	1,051,250	1,731,010
Plan Amendments cost / (credit)	–	–	–	–	–	–
Curtailment cost / (credit)	–	–	–	–	–	–
Benefits paid	(2,716,570)	(4,350,960)	(954,280)	(633,300)	–	–
Actuarial (gains) / losses on obligation	24,696,050	(15,218,450)	1,003,130	(1,929,600)	(71,080)	(12,663,770)
Closing defined benefit obligation	198,985,530	153,137,910	18,963,390	16,744,150	12,326,940	10,386,060

	GRATUITY FUND (FUNDED)		EMPLOYEE DEATH BENEFIT SCHEME (UNFUNDED)		PROVIDENT FUND (FUNDED)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Changes in the fair value of plan assets are as follows:						
Opening fair value of plan assets	151,014,490	149,309,650	NA	NA	NA	NA
Expected return	13,413,890	12,566,180	NA	NA	NA	NA
Contributions by employer	2,123,420	1,406,430	954,280	633,300	NA	NA
Benefits paid	(2,716,570)	(4,350,960)	(954,280)	(633,300)	NA	NA
Actuarial gains / (losses)	10,640,180	(7,916,810)	NA	NA	NA	NA
Closing fair value of plan assets	174,475,410	151,014,490	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.24,550,000 (Rs.2,200,000) to the Gratuity Fund in the next year.

Notes to financial statements as at and for the year ended March 31, 2015

Gratuity and other post-employment benefit plans:

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, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Discount rate	7.80%	9.25%	9.25%	9.25%	9.25%	9.25%
Expected rate of return on assets	8.90%	8.90%	NA	NA	8.75%	8.75%
Salary escalation for respective class of employees	8%	8%	8%	8%	8%	8%
Employee turnover	Officers - 10 % Non Officers	Officers - 10 % Non Officers	Officers - N.A Non Officers	Officers - N.A Non Officers	Officers - 10 % Non Officers	Officers - 10% Non Officers
	Age Rate	Age Rate	Age Rate	Age Rate	Age Rate	Age Rate
	20-25 : 0.50 %	20-25 : 0.50 %	20-25 : 0.50 %	20-25 : 0.50%	20-25 : 0.50 %	20-25 : 0.50%
	25-30 : 0.30 %	25-30 : 0.30 %	25-30 : 0.30 %	25-30 : 0.30%	25-30 : 0.30 %	25-30 : 0.30%
	30-35 : 0.20 %	30-35 : 0.20 %	30-35 : 0.20 %	30-35 : 0.20 %	30-35 : 0.20 %	30-35 : 0.20 %
	35-50 : 0.10 %	35-50 : 0.10 %	35-50 : 0.10 %	35-50 : 0.10%	35-50 : 0.10 %	35-50 : 0.10%
	50 -55 : 0.20 %	50 -55 : 0.20 %	50 -55 : 0.20 %	50 -55 : 0.20%	50 -55 : 0.20 %	50 -55 : 0.20%
	55-60 : 0.30 %	55-60 : 0.30 %	55-60 : 0.30 %	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, 2015	March 31, 2014	March 31, 2013	March 31, 2012	December 31, 2010
Defined benefit obligation	198,985,530	153,137,910	150,716,080	124,929,020	116,823,100
Plan assets	174,475,410	151,014,490	149,309,650	139,900,640	39,960,100
(Surplus) / deficit	24,510,120	2,123,420	1,406,430	(14,971,620)	76,863,000
Experience adjustments on Plan Liabilities	(1,725,620)	(1,529,220)	(7,293,430)	3,928,670	(25,509,480)
Experience adjustments on Plan Assets	10,640,180	(7,916,810)	4,429,710	1,055,910	(154,280)

Employee Death benefit scheme	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	December 31, 2010
Defined benefit obligation	18,963,390	16,744,150	17,142,720	16,064,500	6,368,880
Plan assets	–	–	–	–	–
(Surplus) / deficit	18,963,390	16,744,150	17,142,720	16,064,500	6,368,880
Experience adjustments on Plan Liabilities	537,910	664,350	110,430	1,806,150	808,010
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, 2015

Provident fund	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	December 31, 2010
Defined benefit obligation	12,326,940	10,386,060	19,721,390	18,104,330	6,888,680
Plan assets	–	–	–	–	–
(Surplus) / deficit	12,326,940	10,386,060	19,721,390	18,104,330	6,888,680
Experience adjustments on Plan Liabilities	1,135,560	1,555,700	(9,687,980)	(9,687,980)	30,710
Experience adjustments on Plan Assets	NA	NA	NA	NA	N.A

NOTE 29 : CONTINGENT LIABILITIES

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
i) Sales tax matters under dispute / appeal	18,764,268	15,575,963
ii) Income tax demands under appeal	86,070,124	75,274,238
iii) Excise and customs demand under dispute / appeal	33,795,277	33,795,277
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. 127,556,829 (Rs. 106,653,878) [Net of advances paid Rs. 44,769,464 (Rs. 15,000)].
- In terms of the Memorandum of Agreement dated 9th May, 2011 entered between the Company and Timken Engineering and Research India Pvt. Ltd. (TERI), TERI manufactures goods using the assets owned by the Company and leased out to TERI (as disclosed in Note 9) and the Company in consideration of purchase of such goods from TERI would give an agreed mark up on the cost incurred by TERI 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, 2015		As at March 31, 2014	
		Value in Foreign Currency	Value in Rupees	Value in Foreign Currency	Value in Rupees
a) Trade Receivables, Loans & Advances	USD	11,582,225	710,106,206	10,795,731	640,726,651
	EURO	2,560	169,395	0	0
b) Trade Payables and capital creditors	USD	7,365,972	467,665,535	6,199,299	374,995,612
	EURO	28,360	1,943,511	7,859	656,093
	GBP	4,752	445,880	Nil	Nil
	JPY	6,280,000	3,318,980	Nil	Nil
c) EEFC Bank account	USD	1,253,887	76,875,783	1,820,165	108,026,784

Notes to financial statements as at and for the year ended March 31, 2015

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

	Year Ended March 31, 2015 Rupees	Year Ended March 31, 2014 Rupees
i) Raw Materials and components	752,273,897	528,145,280
ii) Stores and spare parts	44,162,749	20,984,711
iii) Finished Products for re-sale	884,962,480	881,500,977
iv) Capital Goods	121,756,805	98,123,387

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, 2015		Year Ended March 31, 2014	
	%	Rupees	%	Rupees
i) Raw Materials and components				
Imported	21.28	685,125,050	26.82	653,274,712
Indigenous	78.72	2,533,844,394	73.18	1,782,083,361
	100.00	3,218,969,444	100.00	2,435,358,073
ii) Stores and spare parts				
Imported	7.09	24,473,532	8.06	22,442,384
Indigenous	92.91	320,769,164	91.94	255,869,588
	100.00	345,242,696	100.00	278,311,972

NOTE 34 : EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	Year Ended March 31, 2015 Rupees	Year Ended March 31, 2014 Rupees
i) Foreign Travel	5,415,354	3,995,310
ii) Bank Charges	342,713	233,065
iii) Royalty	188,386,826	168,709,125
iv) Agency Commission	10,481,137	2,278,657
v) Inter company Service Charges	103,545,906	115,302,067
vi) Network & ERP Expenses	61,733,207	47,886,854
vii) Others	22,354,581	23,502,714

NOTE 35 : EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

	Year Ended March 31, 2015 Rupees	Year Ended March 31, 2014 Rupees
i) Export at F.O.B Value	3,378,666,086	2,341,254,220
ii) Agency commission	37,019,276	37,983,541

Notes to financial statements as at and for the year ended March 31, 2015

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, 2015 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	Transaction Amount	Outstanding
				as at March 31, 2015		as at March 31, 2014	
1	The Timken Company, USA	Ultimate Parent Company	Purchase of goods	261,776,600	64,726,129	225,901,502	58,225,884
			Sale of Goods	486,744,126	102,528,780	538,489,088	109,494,634
			Expenses Receivable	2,148,042	163,534	5,289,987	399,220
			Expenses Payable	121,785,239	7,309,853	100,411,553	9,555,750
			Agency Commission (Income)	6,444,273	608,104	6,638,429	–
			Royalty (excluding Cess)	186,713,143	42,086,729	168,630,700	39,118,495
2	The Timken Corporation, USA	Fellow Subsidiary	Purchase of goods	423,041,007	108,820,498	347,817,308	87,324,626
			Sale of Goods	1,940,330,334	439,751,463	1,052,656,105	395,332,628
			Purchases of Fixed Assets	30,942,405	2,879,597	65,596,517	2,984,529
			Expenses Receivable	1,300,215	57,120	7,307,337	–
			Agency Commission (Income)	21,954,716	2,612,433	19,161,440	–
			Agency Commission (Expenses)	392,838	–	–	–
3	Timken Industrial Services, USA	Fellow Subsidiary	Purchase of goods	464,310	474,889	3,456,824	1,057,462
4	Timken UK Limited	Fellow Subsidiary	Sale of Goods	15,634,426	1,839,721	29,543,966	1,911,013
			Agency Commission (Income)	1,502,679	472,178	1,004,328	393,870
5	Timken Do Brasil COM.E.IND.LTDA	Fellow Subsidiary	Sale of Goods	241,718,707	54,139,504	320,505,515	65,526,683
			Purchase of goods Agency Commission (Expense)	4,957,984 112,601	1,933,635 –	954,255 –	362,670 –
6	Timken Korea LLC	Fellow Subsidiary	Agency Commission (Expense)	9,908,267	3,616,644	2,278,657	607,901
7	Timken South Africa Limited	Fellow Subsidiary	Sale of Goods	116,770,784	11,923,688	195,341,267	18,072,723
			Purchase of goods	12,289,586	2,948,665	7,572,880	1,105,160
			Agency Commission (Income)	–	–	2,920,812	869,732
			Expenses Payable	7,740,723	–	–	–
			Expenses Receivable	–	–	288,150	–
8	Timken Romania	Fellow Subsidiary	Purchase of goods	147,727,049	25,735,590	130,618,287	27,348,076
9	Timken Singapore PTE. Limited	Holding Company	Sale of Goods	59,741,207	4,916,419	30,436,751	2,446,408
			Agency Commission (Income)	9,490,658	2,125,412	8,258,531	265,511
			Purchase of goods	12,443,713	2,262,509	29,393,530	1,706,765
			Expenses Receivable	7,329,204	2,903,799	8,577,993	2,817,476
			Expenses Payable	785,493	582,159	938,643	–
			Interim/Proposed Dividend	152,999,964	–	331,499,922	–

Notes to financial statements as at and for the year ended March 31, 2015

(Amount in Rupees)

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding	Transaction Amount	Outstanding
				as at March 31, 2015		as at March 31, 2014	
10	Yantai Timken Company Limited	Fellow Subsidiary	Purchase of goods	90,710,728	18,170,921	70,460,945	10,719,435
			Purchases of Fixed Assets	1,047,608	313,385	1,747,386	186,904
			Expenses Payable	311,286	-	-	-
			Expenses Receivable	878,022	253,195	171,126	843
			Sale of Goods	121,498	-	4,256,181	729,606
11	Australian Timken Proprietary Limited	Fellow Subsidiary	Sale of Goods	68,562,279	9,656,048	85,037,574	2,638,449
			Purchase of goods	2,877,143	1,045,625	729,487	-
12	Timken Polska	Fellow Subsidiary	Purchase of goods	67,936,171	17,459,631	63,435,360	15,944,444
13	Timken (China) Investment Co. Ltd.	Fellow Subsidiary	Expenses Payable	46,711,532	2,330,725	69,513,736	2,856,205
			Expenses Receivable	89,367	47,349	9,679	-
14	Timken Wuxi Co Ltd - China	Fellow Subsidiary	Purchase of goods	412,442,810	74,341,712	463,499,975	92,392,174
			Expenses Payable	-	-	1,282	-
			Expenses Receivable	-	484,891	-	469,390
			Sale of Goods	36,552	-	1,385,052	1,295,642
15	Timken (Shanghai) Distribution & Sales Co. Ltd - China	Fellow Subsidiary	Sale of Goods	120,761,713	14,467,919	49,370,335	9,901,877
			Expenses Payable	-	-	1,235,781	-
			Purchase of Goods	6,414,904	9,554,540	5,929,787	2,823,590
16	Timken Steel Corporation	Fellow Subsidiary	Purchase of goods	9,350,663	-	-	-
			Expenses Receivable	499,973	-	-	-
17	Timken Engineering and Research India Pvt. Ltd	Fellow Subsidiary	Expenses Receivable	48,995,163	6,684,422	41,832,970	5,827,743
			Expenses Payable	109,049,368	8,685,775	102,280,862	9,693,339
			Purchase of goods	1,166,956,299	36,571,186	756,656,599	18,996,245
			Sale of Goods	126,417,184	5,571,363	95,557,224	17,371,366
			Lease rental	30,390,214	2,536,278	30,268,636	5,063,056
			Purchase of DEP License	2,666,500	-	14,783,714	-
18	Timken DE Mexico S A DE CV	Fellow Subsidiary	Purchase of goods	1,169,500	91,898	478,231	362,884
			Sale of Goods	223,056,943	34,883,172	1,532,855	1,499,999
19	Timken Canada LP	Fellow Subsidiary	Purchase of goods	755,051	302,595	210,090	41,713
20	Timken Argentina S R L	Fellow Subsidiary	Sale of Goods	150,553	-	1,915,860	18,720,099
			Purchase of goods	-	-	-	90,529

Notes to financial statements as at and for the year ended March 31, 2015

(Amount in Rupees)

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding	Transaction Amount	Outstanding
				as at March 31, 2015		as at March 31, 2014	
21	Timken Gears and Services	Fellow Subsidiary	Expenses Payable	12,258,689	1,121,490	85,621	85,621
			Purchase of Goods	8,823,325	489,595	2,904,442	2,875,513
			Sale of Goods	5,664,629	4,155,243	-	-
			Expenses Receivable	-	-	36,835	-
			Royalty (excluding Cess)	1,673,683	1,286,506	78,425	58,819
			Purchases of Fixed Assets	86,405,253	74,479,289	12,909,369	9,828,307
22	Timken Chengdu Aerospace	Fellow Subsidiary	Purchase of Goods	8,439,562	1,154,950	2,303,921	2,264,383
23	Timken Aerospace	Fellow Subsidiary	Purchase of Goods	1,697,498	1,693,223	-	-
24	Timken XEMC(Hunan) Bearings	Fellow Subsidiary	Purchase of Goods	3,502,867	-	8,613,949	-
25	Timken Housed Units Inc	Fellow Subsidiary	Purchase of Goods	104,390	-	1,000,642	126,479
26	Timken ILS Limited	Fellow Subsidiary	Purchase of Goods	207,177	-	-	-
			Expenses Receivable	14,046	13,878	-	-
27	Sanjay Koul	Chairman & Managing Director Key Management Personnel	Remuneration	19,160,110	623,696	13,548,167	923,319

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

Subsequent to the balance sheet date, on May 10, 2015 the Pune warehouse of the Company caught fire damaging all the inventories and fixed assets at the warehouse. The Company is in the process of quantifying the losses suffered for necessary action and insurance claims. The financial statements have not been adjusted to give effect of the event.

NOTE 39

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 BATLIBOI & CO. LLP
Firm Registration No. 301003E
Chartered Accountants

Per KAMAL AGARWAL
Partner
Membership No. 058652
New Delhi, May 22, 2015

For and on behalf of the Board of Directors of Timken India Limited

Sanjay Koul
Chairman, Managing Director & CEO
DIN - 05159352

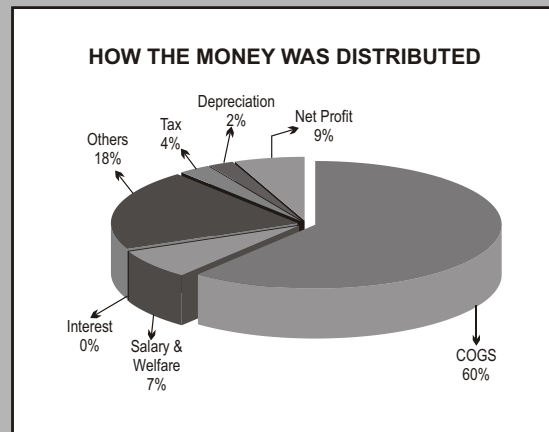
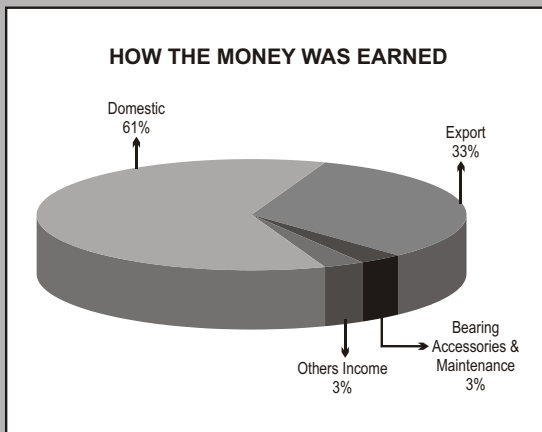
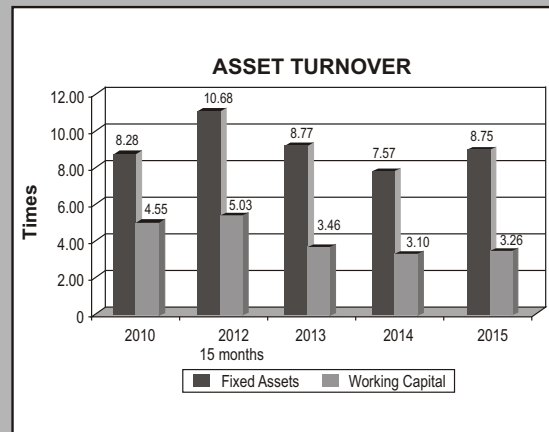
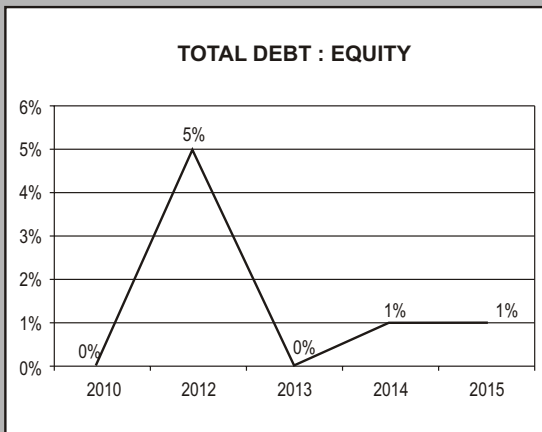
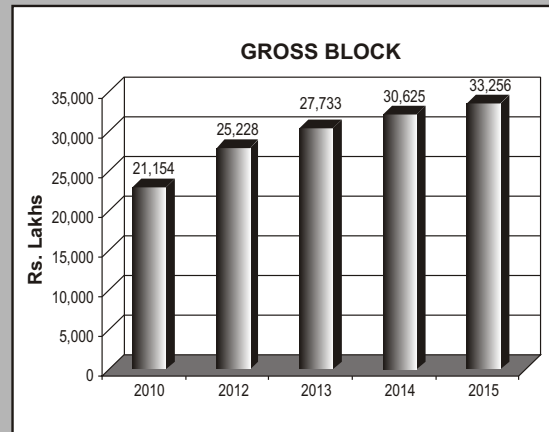
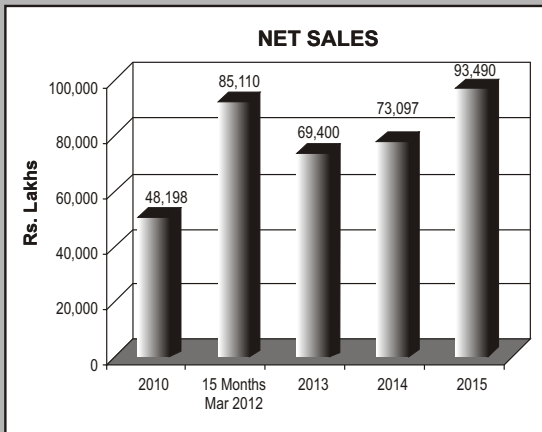
Ramesh Ramachandran
Business Controller, CFO & Whole-time Director
DIN - 06825573

Soumitra Hazra
Company Secretary & Chief - Compliance
New Delhi, May 22, 2015

FIVE YEARS AT A GLANCE

	Year Ended 31.03.2015	Year Ended 31.03.2014	Year Ended 31.03.2013	15 months Ended 31.03.2012	Year Ended 31.12.2010
Production					
(i) Standard Roller Brgs (Equiv. Nos.)	2,137,317	1,777,388	1,662,962	2,627,148	1,864,926
(ii) Special Roller Bearings (Equiv. Nos.)	1,350,802	1,080,930	1,633,225	2,184,660	1,435,855
(iii) Components (Equiv.Nos.)	4,379,386	3,410,873	3,310,654	4,792,248	3,819,550
Rs/Lakhs					
Profit & Loss Account					
(i) Net Income					
(a) Domestic	59,334	49,304	51,360	64,575	33,807
(b) Export	34,157	23,792	18,040	20,535	14,391
Total (a+b)	93,491	73,096	69,400	85,110	48,198
(ii) EBIT	12,289	6,658	6,503	11,178	7,224
(iii) Profit Before Tax	12,231	6,569	6,375	11,056	7,135
(iv) Profit After Tax	8,069	4,475	4,424	8,066	5,106
Balance Sheet					
(i) Gross Block (includes CWIP)	33,256	30,625	27,733	25,228	21,154
(ii) Net Block	10,686	9,652	7,915	7,965	5,818
(iii) Net Current Asset	28,671	23,566	20,030	16,920	10,590
(iv) Capital Employed	43,706	38,109	33,704	32,521	37,693
(v) Beginning Invested Capital (BIC)	36,094	32,299	31,343	37,378	32,154
(vi) Total Debt	252	324	–	1,478	–
(vii) Equity	43,845	38,232	34,146	31,313	38,059
Other Comparative Data					
(i) PAT to Net Sales (%)	9%	6%	6%	9%	11%
(ii) EBIT / BIC (%)	34%	21%	21%	30%	22%
(iii) Return on Net Worth (%)	18%	12%	13%	26%	13%
(iv) E.P.S (Rs)	11.87	6.60	6.94	12.66	8.01
(v) Total Debt to Total Equity (%)	1%	1%	0%	5%	0%
(vi) Total Debt to Total Capital (%)	1%	1%	0%	5%	0%
(vii) Fixed Asset Turnover (times)	8.75	7.57	8.77	10.68	8.28
(viii) Working Capital Turnover (times)	3.26	3.10	3.46	5.03	4.55
(ix) Current Ratio (times)	2.99	2.98	2.65	2.29	1.98
(x) Interest Cover (times)	213.86	75.21	50.53	91.49	81.11
(xi) Net sales/Employee (Rs/Lakhs)	146	117	111	139	82

- 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.



NOTES

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