

Independent Auditors' Report on provisional pre amalgamation and provisional post amalgamation net worth

The Board of Directors
Timken India Limited
39-42, Electronic City, Phase II,
Hosur Road, Bangalore-560100,
Karnataka

1. This Certificate is issued in accordance with the terms of our service scope letter dated July 4, 2017 and master engagement agreement dated November 26, 2014 with Timken India Limited (hereinafter "the Company").
2. At the request of the Company, we have examined the accompanying statement of computation of provisional pre amalgamation and provisional post amalgamation Net Worth of the Company as at March 31, 2017 (hereinafter referred together as "the Statement"), which we have initialled for identification purposes only, in connection with the proposed scheme of amalgamation and arrangement amongst the Company and ABC Bearings Limited ("Transferor Company") and their respective shareholders and creditors ("Scheme"). The Statement is required in connection with the requirements of the stock exchanges for the onward submission of the Scheme proposed to be filed under Sections 230-232 and other applicable provisions of the Companies Act, 2013.
3. We report that given that the Appointed Date is defined in the Scheme to mean "the date on which the last of the Sanction Orders is passed or such other date as the National Company Law Tribunal may direct", we are not in a position to quantify the pre amalgamation and post- amalgamation net-worth as on the Appointed Date and accordingly do not report on the same. However, for the purpose of this Certificate, we have considered the book values as per the audited financial statements as at March 31, 2017 of both the Transferor Company (excluding the book value of certain assets of the Transferor Company, which as represented to us by the management of the Company, are not used for the manufacture of bearings by the Transferor Company and are not proposed to be transferred to the Company) and the Company to arrive at the combined net-worth as per the book value, post amalgamation.

Management's Responsibility for the Statement

4. The preparation of the Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
5. The management is also responsible for ensuring that the Company complies with the requirements of the applicable SEBI Circulars and the Companies Act 2013, in relation to the Scheme and for providing all the information to SEBI and the Stock Exchanges.

Auditor's Responsibility

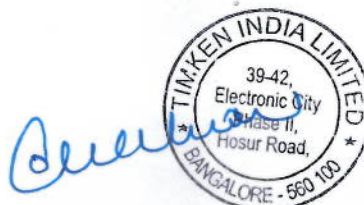
6. Our responsibility to provide a reasonable assurance whether:
 - (i) the amounts in the Statement that form part of the pre amalgamation and post amalgamation Net Worth computation as at March 31, 2017 have been accurately extracted from the respective audited financial statements of the Transferor Company and the Company as at and for the year



ended March 31, 2017 (as mentioned in paragraph 2 above) and the computation of net worth is arithmetically correct; and

(ii) the computation of net worth is in accordance with the method of computation set out in section 2(57) of the Companies Act, 2013, except that pending approval of the Scheme, the Company has considered the book values of the Transferor Company as per its audited financial statements as at March 31, 2017 in arriving at the provisional post amalgamation net worth of the Transferor Company.

7. The audited financial statements as at and for the year ended March 31, 2017 of Timken India Limited referred to in paragraph 2 above, have been audited by us, on which we issued an unmodified audit opinion vide our report dated May 24, 2017. Our audit of these financial statement were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
8. We conducted our examination of the Statement in accordance with the revised Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
10. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mention in paragraph 6 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement:
 - a) Traced and agreed the account balances (Equity Share Capital, Other Equity) used in the computation of the provisional pre amalgamation net worth in the attached Statement, to the audited financial statement of Timken India Limited as at and for the year ended March 31, 2017 prepared under Indian Accounting Standards (Ind AS).
 - b) Traced and agreed the amounts for the provisional post amalgamation net worth in the attached Statement, to :-
 - i) the audited financial statements of Timken India Limited as at and for the year ended March 31, 2017 prepared under Ind AS.
 - ii) the audited financial statements of ABC Bearings Limited as at and for the year ended March 31, 2017, prepared under Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, which has been audited by another firm of Chartered Accountants. We have solely relied on the book values as per these financial statements audited by another firm of Chartered Accountants, and not performed any procedures for determining completeness and appropriateness of book values extracted in the statement of provisional post amalgamation net worth, relating to ABC Bearings Limited.
 - c) Read the Scheme dated July 4, 2017 executed between Timken India Limited and ABC Bearings Limited.
 - d) Have obtained management representation from the Company including relating to the book values of certain assets, which as represented to us by the management of the Company, are not used for the manufacture of bearings by the Transferor Company and are not proposed to be



S.R. BATLIBOI & CO. LLP

Chartered Accountants

transferred to the Company, post amalgamation. In this regard, we have solely relied on management representation of the Company and have not performed any additional procedures.

- e) Tested the arithmetical and clerical accuracy of the Statement.
- f) The provisional post amalgamation net worth of the Company has been arrived at on the basis of balances in the books of the respective entities as on March 31, 2017 and will undergo changes on the effective date of implementation of the Scheme on account of profit/(loss) during the intervening period (From 1st April, 2017 to the effective date) and the accounting of the Scheme as per Ind AS 103 - Business Combinations, including determination of fair values of the assets and liabilities of the Transferor Company as on the effective date and issue of equity shares by the Company to the shareholders of the Transferor Company in the approved equity shares swap ratio

Opinion

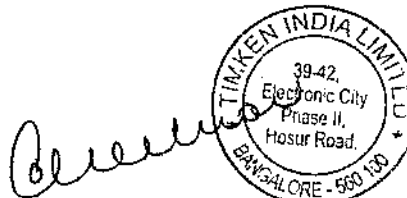
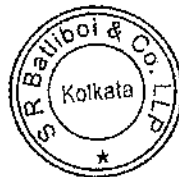
11. Based on our examination, as above, and the information and explanations given to us and read with the matter stated in para 10 (d) and 10 (f) above, we are of the opinion that the amounts that form part of the computation of the provisional pre amalgamation net worth as at March 31, 2017 of Rs. 6,178.69 million and provisional post-amalgamation net worth as at March 31, 2017 of Rs. 7,551.37 million, as per the statement prepared by the management, have been accurately extracted from the respective audited financial statements for the year ended March 31, 2017; and that the computation of provisional net worth in the Statement is mathematically accurate and is in all material respects, in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013, except that pending approval of the Scheme, the Company has considered the book values of the Assets and Liabilities of the Transferor Company, instead of fair values of such assets and liabilities, in arriving at the post amalgamation net worth of the Transferor Company.

Restriction on Use

12. This certificate is issued at the request of Timken India Limited for onward submission to the BSE Limited and the National Stock Exchange of India Limited and any other regulatory authority as required under applicable law. This certificate should not be used for any other purpose without our prior written consent.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership Number: 058652
Place of Signature: Kolkata
Date: August 01, 2017





Avishrant Keshava
 Business Controller - India, CFO
 & Whole - time Director
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Timken India Limited
Statement of computation of provisional pre amalgamation and provisional post amalgamation Net-worth of Timken India Limited

Book value as on March 31, 2017 of Timken India Limited ("the Company") - Pre amalgamation	
Particulars	in million
Equity Share Capital	
Equity - Subscribed and fully paid up (A)	679.76
Equity - Subscribed and partly paid up (B)	0.13
Total Equity Share Capital (i) = (A) + (B)	679.89
Other Equity	
Capital redemption reserve (C)	260.00
Securities Premium (D)	435.52
Retained earnings (E)	4,803.28
Total Other Equity (ii) = (C) + (D) + (E)	5,498.80
Provisional Pre amalgamation Net Worth of Timken India Limited (i) + (ii) = (I) - Refer Note 1 below	6,178.69

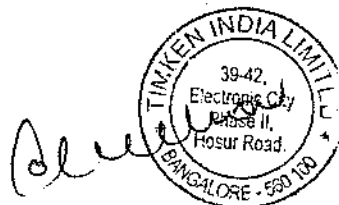
Book value as on March 31, 2017 of ABC Bearings Limited (the "Transferor Company") - Pre amalgamation (excluding assets not proposed to be transferred to Timken India Limited)	
Particulars	in million
Equity Share Capital	
Equity - Subscribed and fully paid up (A)	115.50
Total Equity Share Capital (i)	115.50
Other Equity	
Cash Subsidy Reserve (B)	2.00
Securities Premium (C)	15.21
General Reserve (D)	1,020.06
Surplus in Statement of Profit & loss (E)	235.31
Total Other Equity (ii) = (B) + (C) + (D) + (E)	1,272.58
Assets not proposed to be transferred to the Timken India Limited (iii) (refer note 2 below)	15.40
Provisional Pre amalgamation Net Worth of ABC Bearings Limited (i) + (ii) - (iii) (excluding assets not proposed to be transferred to Timken India Limited) - (II) Refer Note 1 below	1,372.68



Registered office:
 Timken India Limited
 39-42, Electronic City,
 Phase II, Hosur Road,
 Bangalore 560 100.

Stronger. Commitment. Stronger. Value. Stronger. Worldwide. Stronger. Growth. Stronger. Future.

CIN:L29130KA1996PLC048230
 Website: www.timken.com/en-in



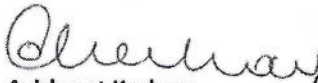
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Book value as on March 31, 2017 of Timken India Limited - Post amalgamation Particulars	In million
Provisional Post amalgamation Net Worth of Timken India Limited = (I) + (II) (Refer note 1 below)	7,551.37

Notes

- 1) The net worth of the Company has been arrived at on the basis of balances in the audited financial statements of Timken India Limited ("the Company") and ABC Bearings Limited as on March 31, 2017. The Pre amalgamation and post amalgamation net worth are considered 'provisional' as these will undergo changes on the effective date of implementation of the Scheme on account of profit/(loss) during the intervening period (from 1st April, 2017 to the effective date) and the accounting of the Scheme as per Ind AS 103 - Business Combinations, including determination of fair values of the assets and liabilities of the Company as on the effective date. Hence management has considered the book value of the assets and liabilities of the Company and ABC Bearings Limited as per their audited financial statements as on March 31, 2017 to compute the provisional pre amalgamation and provisional post amalgamation net worth above.
- 2) For the purposes of provisional post amalgamation net worth computation, certain assets of ABC Bearings Limited which were not used by it for the manufacture of bearings are not to be transferred to the Company post amalgamation. Hence these have not been considered in determination of net worth of ABC Bearings Limited above.
- 3) The figures stated above has been arrived at based on the figures extracted by the management from the audited financial statements of Timken India Limited and ABC Bearings Limited as at March 31, 2017.
- 4) " Net worth" for the above computation purposes, as per section 2(57) of the Companies Act, 2013, means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- 5) No adjustments for any event after March 31, 2017 that may have any effect on the net worth as on March 31, 2017 has been considered above as the aforesaid computation is solely for the limited purpose of onward submission to BSE Limited and the National Stock Exchange of India Limited and any other regulatory authority as required under applicable law.

For Timken India Limited


Avishrant Keshava
Business Controller – India, CFO
& Whole – time Director

01 AUG 2017



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