TIMKEN INDIA LIMITED

33rd Annual Report I 2019-20

TIMKEN INDIA LIMITED

Board of Directors
(As on 8 June, 2020)

Mr. Sanjay Koul	–	Chairman & Managing Director
Mr. P. S. Dasgupta	–	Independent Director
Mr. Bushen Lal Raina	–	Independent Director
Mrs. N S Rama	–	Additional & Independent Director
Mr. Douglas Smith	–	Additional Director
Mr. Avishrant Keshava	–	Business Controller- India, CFO & Whole-time Director

Registered Office

Timken India Limited
(CIN: L29130KA1996PLC048230)
39-42, Electronic City,
Phase II, Hosur Road, Bengaluru - 560 100
Tel. No. 080 - 41362000
Fax No. 080 - 41362010
E-mail : mandar.vasmatkar@timken.com
Website: www.timken.com/en-in

Committees of the Board
(As on 8 June, 2020)

Audit Committee

Chairman	Mr. P. S. Dasgupta
Members	Mr. Sanjay Koul
	Mr. Bushen Lal Raina
	Mrs. N S Rama

Stakeholders Relationship Committee

Chairperson	Mrs. N S Rama
Members	Mr. Sanjay Koul
	Mr. Douglas Smith

Nomination and Remuneration Committee

Chairperson	Mrs. N S Rama
Members	Mr. P. S. Dasgupta
	Mr. Bushen Lal Raina
	Mr. Douglas Smith

Corporate Social Responsibility Committee

Chairman	Mr. Sanjay Koul
Members	Mr. Bushen Lal Raina
	Mr. Avishrant Keshava

Risk Management Committee

Chairman	Mr. Sanjay Koul
Members	Mr. Avishrant Keshava
	Mr. S. Sivaramakrishnan

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Chairman's Statement

Dear Shareholders,

I am pleased to share with you an update on your Company's performance for 2019-20. Despite the challenging economic conditions, we had a productive year, engaging with customers in their innovation, growth and transformation initiatives, expanding and deepening our relationships, and deploying very impactful solutions.

Over the years, we have doubled capacity at our plant in Jamshedpur, which has become a global center of excellence for Rail mobility serving to The Timken Company (ultimate parent company) and its affiliates, globally. Also, our merger with ABC Bearings has enabled us to serve our customers better, increasing speed to market. During the year, we also made progress on various continuous-improvement initiatives, making sure our state-of-the-art plants are updated, safe, well-organized and have environmental-friendly manufacturing processes; ensuring our deliveries are accurate, safe and timely; and advancing on many other fronts.

In 2019, The Timken Company celebrated 120 years of advancing as a global industrial leader, building scale, entering new product lines, expanding geographically and diversifying our end markets. We continue to strengthen our reputation as thought leaders and innovators.

The Company continues to remain debt-free, driven by effective working capital management and well-executed capital expenditure programs, primarily for capacity increases and maintenance, which were financed entirely from internal accruals. Considering the future cash-flow position and future projects plans, the Board has considered and recommended a dividend of Rs. 50/- per share as the final dividend for the year.

We have made a concerted effort to ensure that our associates are well engaged and connected through various training and development programs. Your Company also received many awards and recognitions from customers, trade bodies and other notable authorities for manufacturing excellence, energy efficiency, excelling in quality, expanding global markets and many other achievements. We remain steadfast in our commitment to the communities where we operate. We are mindful of the needs of the community we live in and are striving to enrich the lives of our neighborhoods, through our corporate social responsibility programs.

The recent global COVID-19 pandemic that has spread across the world has affected business, industry and many aspects of our lives. At Timken, we have taken significant steps to help minimize the health risks of all our associates and business partners. Our plants have resumed operations and they remain safe places to work, and we are focused on doing all we can to protect the health and safety of our associates, while continuing to operate our essential business.

Timken India Limited's Board of Directors continues to play a pivotal role in providing timely advice and serving as a source of inspiration. The Board's involvement in encouraging, guiding and challenging the team in various activities is unparalleled. I want to take this opportunity to thank them for their time and wisdom. We remain confident in our strategic direction and we thank all our shareholders for your trust and faith, which have helped drive our success over the years. I would also like to thank all our associates for their hard work, and our customers, distributors and various other stakeholders for their ongoing support.

While our Company has grown leaps and bounds over the years, we have stayed true to our core values and we will continue to move the world forward through our products and actions and delivering good results along the way.

Sincerely,

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Board's Report

To the Members,

The Board of Directors has pleasure in presenting 33rd Annual Report of the Company for the year ended 31 March, 2020.

Financial Summary

(₹ in million)

Particulars	Financial Year ended 31 March, 2020	Financial Year ended 31 March, 2019
Revenue from Operations	**16,178**	16,644
Add: Other Income	**227**	163
Total Income	**16,405**	16,807
Less: Total Expenditure	**13,341**	14,569
Profit before tax (PBT)	**3,064**	2,238
Less: Tax expenses	**603**	752
Net Profit after tax (PAT)	**2,461**	1,486
Add: Other Comprehensive Income	**(7)**	3
Total Comprehensive Income	**2,454**	1,489

During the financial year 2019-20,despite challenging economic environment, the Company's revenue was down only by 2%. Profit Before Tax (PBT) improved to Rs. 3,064 million from Rs. 2,238 million in the previous year aided by operational efficiencies and absence of expenses that were recorded in previous year in the process of business combination. Improvement of Profit After Tax (PAT) from Rs. 1,486 million to Rs. 2,461 million was driven by lower tax expenses as a result of Company adopting to new tax regime under section 115BAA. Total Comprehensive Income increased from Rs 1,489 million to Rs. 2,454 million driven by improved PBT and PAT.

The Financial Statements have been prepared in accordance with Indian Accounting Standards ("Ind-AS").

Financial Position

The Company continues to remain debt free and generated adequate cash flows to meet its working capital needs. Working capital was managed well. Investments in short-term mutual funds were reduced to Rs. 131.66 million as at 31 March, 2020 as compared to Rs. 1,757.24 million as at 31 March, 2019. Trade Receivables reduced by Rs. 104.24 million in commensurate with revenue reduction. Cash and Cash Equivalents as at 31 March, 2020 was Rs. 4,146.51 million compared to Rs. 219.09 million as at 31 March, 2019. For more details on financial position, please refer Management Discussion and Analysis.

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

Transfer to Reserves

The Directors of the Company do not propose to transfer any amount to reserves during the financial year under review.

Post Balance Sheet event

Except what has been stated in this annual report, there is no other reportable event comprising material changes and commitments between the date of financial year end and the date of this report affecting the financial position of the Company.

Dividend

Your Directors are pleased to recommend a dividend of Rs. 50/- per equity share of Rs. 10/- each fully-paid (500%) for the year ended 31 March, 2020. The payment is subject to approval of shareholders at ensuing Annual General Meeting ('AGM') of the Company. Dividend, if declared, at AGM will be paid within 30 days from thereof.

Investor Education and Protection Fund

Pursuant to Section 124 of the Companies Act, 2013 (the 'Act') and Rules made thereunder, unclaimed amount pertaining to dividend paid by the Company and erstwhile ABC Bearings Limited(amalgamated) for the financial year 2012-13 along with underlying shares wherever applicable would be due for transfer to Investor Education and Protection Fund ('IEPF') in the month of August and September, 2020. Further, unclaimed dividend amount pertaining to interim dividend declared by the Company for financial year 2013-14 would be due for transfer to IEPF in the month of December, 2020.

During the year under review, the Company transferred unclaimed dividend amount of Rs. 7,17,870/- pertaining to erstwhile ABC Bearings Limited (amalgamated) along with underlying 4409 equity shares of Rs. 10 each to IEPF. The Company also transferred dividend of Rs. 7,18,477/- for the financial year 2018-19 against the shares already transferred to IEPF.

Board Meetings

Four Board meetings were held during the financial year 2019-20. For details, please refer Annexure - I.

In addition to the above, one meeting of the Independent Directors was also held on 7 February, 2020 which was attended by Mr. Bushen Lal Raina (DIN: 00182160) and Mrs. N S Rama (DIN: 06720033) without participation of Non-Independent Directors and members of management.

Directors and Key Managerial Personnel

During the year under review:

- Mrs. Rupa Mahanty (DIN: 06746148) ceased to be an Independent Director of the Company w.e.f. 30 September, 2019 on completion of her tenure of 5 years.
- Mrs. N S Rama (DIN: 06720033) was appointed as an Additional and Independent Director of the Company w.e.f. 25 October, 2019.
- Mr. Ajay K Das (DIN: 02697466) resigned as a Director of the Company w.e.f. close of business hours on 4 February, 2020.
- Mr. Douglas Smith (DIN: 02454618) was appointed as an Additional Director of the Company w.e.f. 7 February, 2020.
- Mr. Soumitra Hazra, who was acting as the Company Secretary of the Company since 1998, retired from service with effect from 25 September, 2019 on attaining age of 60 years.
- Mr. Mandar Vasmatkar was appointed as the Company Secretary w.e.f. 1 October, 2019.

In the opinion of the Board, Mrs. Rama possess integrity, expertise and experience as required by an Independent Director. The Board of Directors placed on record deep appreciation for valuable contribution made by Mrs. Rupa Mahanty, Mr. Ajay K Das and Mr. Soumitra Hazra.

Annual Declarations from Independent Directors

The Company has received necessary declarations from all Independent Directors of the Company confirming that each of them has met with criteria of independence laid down in Section 149 of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). All the Independent Directors have registered themselves with Indian Institute of Corporate Affairs (IICA) as required by the Ministry of Corporate Affairs.

Audit Committee Meetings

Four meetings of the Audit Committee were held during the financial year 2019-20. For details, please refer Annexure - I.

Recommendations of the Audit Committee to the Board of Directors

During the financial year 2019-20, the Board of Directors of the Company accepted all recommendations put forth to it by the Audit Committee.

Vigil Mechanism

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/she 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 Open-door Policy and adequate safeguards have been provided against victimization of reporting Associates.

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

Nomination and Remuneration Committee

Two meetings of the Nomination and Remuneration Committee were held during the financial year 2019-20. For details, please refer Annexure - I.

Nomination and Remuneration Policy

Based on recommendation of the Nomination and Remuneration Committee, the Board has laid down a Policy for remuneration of directors, key managerial personnel and other employees and also criteria for determining qualifications, positive attributes and independence of a director. For details, please refer Annexure - II. The Nomination and Remuneration Policy of the Company is disclosed on the Company's website - www.timken.com/en-in

Other Committees

For details, please refer Annexure - I.

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

As specified by the Nomination and Remuneration Committee of the Board, performance evaluation of the Board of Directors as a whole, various Committees of the Board and individual Directors was carried out by the Board of Directors based on criteria of evaluation of performance already approved.

Ratio of Remuneration

Pursuant to Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, applicable details are given in the attached statement marked as Annexure - III.

Information required under Section 197(12) of the Act read with Rules 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is annexed to this report. However, the Report and Financial Statements are being sent to all the shareholders of the Company excluding aforesaid information. Any shareholder interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company. The said information is also available for inspection at the Registered Office during working hours up to the date of AGM.

Risk Management Policy

The Board of Directors of the Company has adopted a Risk Management Policy for the Company. The Policy has identified certain categories of risks that the Company may face in areas such as strategic, operational, financial, market, compliance and information technology.

Descriptions for each of the risks identified in each of these areas in the Risk Matrix are documented and recorded in a structured format 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, based on RPN, are thereafter prioritized and analyzed and strategy for mitigation is developed accordingly.

After going through above exercise, the Company's Risk Matrix has been finalized. The Risk Management Committee reviewed Risk Matrix and informed to the Board that risk profile of the Company did not undergo any change except for risk arising due to CoVID-19. The Board has taken note of the same and agreed with observations of the Risk Management Committee.

Corporate Social Responsibility

During the year, the Company spent Rs 3,35,83,280/- on Corporate Social Responsibility ('CSR') activities. CSR Policy (its implementation and development) and annual report on CSR activities is marked as Annexure – IV. For CSR Committee composition, please refer to Annexure - I.

Statutory Audit

M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018), have been appointed as the Statutory Auditors of the Company for a period of 5 years from conclusion of 30th AGM till 35th AGM. In terms of the Companies (Amendment) Act, 2018, earlier requirement of ratification of appointment of statutory auditors is no longer required to be taken at subsequent four AGMs. Hence, this item has not been included in the Notice convening the 33rd AGM.

Secretarial Audit

Mr. Nagarjun Y G, (A: 52406 & CP No: 19301), Company Secretary in Practice was appointed by the Board of Directors as the Secretarial Auditor to carry out Secretarial Audit for the financial year 2019-20 in terms of Section 204 of the Act and Mr. Nagarjun Y G, has since submitted the Secretarial Audit Report. A copy of the said Report is annexed as Annexure - V.

Cost Audit

In terms of Section 148 of the Act, the Company is required to maintain cost records and have audit of its records by Cost Accountants. The Company has maintained the cost records as required under Section 148 of the Act. M/s. Shome & Banerjee (Firm Registration No. 000001), were appointed as Cost Auditors of the Company, to conduct the Cost Audit for the financial year 2019-20. The Cost Audit for FY 2019-20 is currently in progress. The Cost Audit Report for FY 2018-19 was filed on 4 October, 2019 (within stipulated due date).

Qualifications in Audit Reports

The reports issued by Statutory Auditors, Secretarial Auditor and Cost Auditors during the year do not contain any material qualification, reservation or adverse remark or disclaimer having adverse impact on the Company. During the year under review, there were no frauds reported by the Auditors to the Audit Committee or the Board under Section 143(12) of the Act.

Related Party Transactions

All transactions with related parties were entered in the ordinary course of business and were on arm's length basis. However, in terms of provisions of Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, a summary of related party transactions in the ordinary course of business and on arm's length basis is given in Form AOC-2, attached to this Report marked as Annexure - VI. The Policy for material related party transactions can be seen at www.timken.com/en-in. In terms of applicable provisions of laws, details of related party transactions are given in financial statements.

Listing with Stock Exchanges

The Company confirms that it has paid Annual Listing Fees for the financial year 2020-21 to National Stock Exchange of India Limited and BSE Limited where the Company's shares are listed.

Annual Return

As required pursuant to Section 92(3) of the Act and the Companies (Management and Administration) Rules, 2014, an extract of annual return in Form MGT - 9 is attached herewith as a part of this Report marked as Annexure – VII. Further, a copy of Annual Return filed during the year under review is placed on the Company's website: www.timken.com/en-in.

Other Reports/Annexures

Pursuant to the Act and Listing Regulations, following reports form part of this report:

1. Management Discussion and Analysis - Annexure - VIII
2. Corporate Governance Report and Certificate by a Practicing Company Secretary regarding compliance of conditions of Corporate Governance - Annexure - IX
3. Declaration signed by CEO regarding Compliance with Code of Conduct - Annexure - X
4. Disclosure with respect to demat suspense/unclaimed account - Nil
5. Business Responsibility Report - Annexure - XI
6. Dividend Distribution Policy - Annexure – XII

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Sl. No	Particulars	Remarks	
(A)	**Conservation of energy:**		
	1. Steps taken / impact on conservation of energy:	Following are some steps taken for energy conservation at Jamshedpur and Bharuch plant: i) Reduction in use of compressed air by modification of pipeline and proper management of valve operation on Sundays and Holidays. ii) Reduction in idle time for running of motors to save power. iii) Heat retardant paint/thermal insulation coating applied to furnaces in heat treat to lower the skin temperature and thereby avoiding heat and energy losses. iv) LED lights installed in all new projects/extensions for reduction in power consumption. v) Chiller management to control plant AC temperature based on ambient temperature. vi) Relay out of office area for reduction in energy consumption for ACs	
	2. Steps taken by the company for utilizing alternate sources of energy including waste generated	Following steps are taken by the Company in Jamshedpur to utilize alternate sources of energy: i) A bio gas plant for treating food waste of capacity 250 kg/day installed near employee canteen having a potential of avoiding 8-9 LPG cylinders per month. ii) Roof top Solar Panels installed with a potential of 1.27 MWP. Further, the Company operates Wind Farm at Devbhoomi Dwarka district in Gujarat. Energy generated by windmills is passed on to the Distribution Company through grid and Company gets credit for such energy generated and supplied to grid.	
	3. Capital investment on energy conservation equipment	Below are details of capital spending for FY 2019-20 for energy conservation: i) Solar Plant – Solar Plant is on build, operate and maintain model. Hence, there is no upfront capex involved. However, there was capex spend of INR 10.88 Lacs for Invertor room and accessories. ii) LED Lights - INR 13.50 Lacs.	
(B)	**Technology absorption:**		
	1. Efforts, in brief, made towards technology absorption.	Technology update is released from The Timken Company which is transferred to shop floor management at Jamshedpur and Bharuch. Any improvement in technology / process is part of this continuous update and this is being regularly monitored by The Timken Company personnel. It has helped in development of Indian sources for input materials.	
	2. Benefits derived because of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc	Further, Bharuch Plant is manufacturing Timken VR branded products based on designs of The Timken Company using Indian sources. This has helped to reduce cost and time.	
	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: 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	Manufacture of Bearings For Jamshedpur: FY 1991-92 onwards. For ABC Bearings Division – the process has started in FY 2018-19 It is a continuous process. Ongoing mainly in the areas of machining, heat treatment and finishing to make further improvements in the manufacturing process, product quality and production output.	
	4. Expenditure incurred on Research and Development	The benefits of research facilities available with The Timken Company are extended to the Company on a continuing basis.	
(C)	**Foreign exchange earnings and Outgo**	**2019-20 (₹ in million)**	**2018-19 (₹ in million)**
(i)	Foreign Exchange Earnings	3,975	3,928
(ii)	Foreign Exchange Outgo	3,657	3,815

Internal Financial Controls

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

Directors' Responsibility Statement

In pursuance of Section 134 (5) of the Act, 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.

Deposits

The Company has not accepted Deposit, as defined in the Act and Rules framed thereunder, during the financial year 2019-20.

Particulars of Loans, Guarantees or Investments

The Company has duly complied with the provisions of Section 186 of the Act, 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 conditions of the service. During the financial year 2019-20, 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 going concern status and the Company's operations in future.

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

The Company has in place an Anti-Sexual Harassment Policy in line with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set-up to redress complaints received regarding sexual harassment. During the year under review, one complaint was received. Investigation was carried out by the Internal Complaints Committee and based on its recommendation, necessary action has been taken.

Disclosure regarding shares issued by the Company

Sweat Equity Share	The Company has not issued any Sweat Equity Share and therefore, disclosure norms are not applicable to the Company.
Shares with differential Rights	The Company has not issued any Share with differential rights and therefore, disclosure 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, disclosure norms are not applicable to the Company.
Buy Back of Shares	The Company has not bought back any Equity Share and therefore, disclosure norms are not applicable to the Company.

Disclosures on Secretarial Standards

During the year under review, norms of the applicable Secretarial Standards issued by the Institute of Company Secretaries of India were complied.

Acknowledgment

The Directors acknowledge that performance of the Company during the financial year 2019-20 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 support received from Associates of the Company, Shareholders, Vendors, Customers and other Stakeholders.

For and on behalf of the Board of Directors

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place : Bengaluru
Date : 8 June, 2020

Annexure - I

Details of the Meetings of the Board of Directors and Committees thereof along with attendance thereat:

Board of Directors

During the year ended 31 March, 2020, four Board Meetings were held on 21 May, 2019; 12 August, 2019; 25 October, 2019 and 7 February, 2020. Composition of the Board of Directors along with attendance at Board Meetings is as follows:

Name of Directors	Designation	Category	No. of Meetings attended
Mr. Sanjay Koul (DIN: 05159352)	Chairman & Managing Director	Promoter Director Executive, Non-Independent	4
Mr. P S Dasgupta (DIN: 00012552)	Independent Director	Non-Executive, Independent	3
Mr. Bushen Lal Raina (DIN: 00182160)	Independent Director	Non-Executive, Independent	4
Mrs. Rupa Mahanty[1] (DIN: 06746148)	Independent Director	Non-Executive, Independent	2
Mr. Ajay K Das[2] (DIN: 02697466)	Director	Promoter Director Non-Executive, Non- Independent	1
Mr. Avishrant Keshava (DIN: 07292484)	CFO & Whole-time Director	Promoter Director Executive, Non-Independent	4
Mrs. N S Rama[3] (DIN: 06720033)	Additional & Independent Director	Non-Executive, Independent	2
Mr. Douglas Smith[4] (DIN: 02454618)	Additional Director	Promoter Director Non-Executive, Non-Independent	NA

[1]Mrs. Rupa Mahanty ceased to be an Independent Director of the Company w.e.f. 30 September, 2019 on completion of her tenure.

[2]Mr. Ajay K Das ceased to be a Director of the Company w.e.f. close of business hours on 4 February, 2020.

[3]Mrs. N S Rama was appointed as an Additional & Independent Director of the Company w.e.f. 25 October, 2019.

[4]Mr. Douglas Smith was appointed as an Additional Director of the Company w.e.f. 7 February, 2020.

Audit Committee

During the year ended 31 March, 2020, four Audit Committee Meetings were held on 21 May, 2019; 12 August, 2019; 25 October, 2019 and 7 February, 2020. Composition of the Audit Committee along with attendance at Audit Committee Meetings is as follows:

Name of Directors	Designation	Category	No. of Meetings attended
Mr. P S Dasgupta (DIN: 00012552)	Chairman	Non-Executive, Independent	3
Mr. Sanjay Koul (DIN: 05159352)	Member	Promoter Director Executive, Non-Independent	4
Mr. Bushen Lal Raina (DIN: 00182160)	Member	Non-Executive, Independent	4
Mrs. Rupa Mahanty[1] (DIN: 06746148)	Member	Non-Executive, Independent	2
Mrs. N S Rama[2] (DIN: 06720033)	Member	Non-Executive, Independent	1

[1]Mrs. Rupa Mahanty ceased to be a Member of the Committee w.e.f. 30 September, 2019.

[2]Mrs. N S Rama was appointed as a Member of the Committee w.e.f. 25 October, 2019.

Nomination and Remuneration Committee

During the year ended 31 March, 2020, two meetings of the Nomination and Remuneration Committee were held on 25 October, 2019 and 7 February, 2020. Composition of the Nomination and Remuneration Committee along with attendance at its meetings is as follows:

Name of Directors	Designation	Category	No. of Meetings attended
Mrs. Rupa Mahanty[1] (DIN: 06746148)	Chairperson	Non-Executive, Independent	NA
Mr. P S Dasgupta (DIN: 00012552)	Member	Non-Executive, Independent	1
Mr. Bushen Lal Raina (DIN: 00182160)	Member	Non-Executive, Independent	2
Mr. Ajay K Das[2] (DIN: 02697466)	Member	Promoter Director Non-Executive, Non- Independent	-
Mrs. N S Rama[3] (DIN: 06720033)	Chairperson	Non-Executive, Independent	1
Mr. Douglas Smith[4] (DIN: 02454618)	Member	Promotor Director Non-Executive, Non-Independent	NA

[1]Mrs. Rupa Mahanty ceased to be the Chairperson of the Committee w.e.f. 30 September, 2019.
[2]Mr. Ajay K Das ceased to be a Member of the Committee w.e.f. close of business hours on 4 February, 2020.
[3]Mrs. N S Rama was appointed as the Chairperson of the Committee w.e.f. 25 October, 2019.
[4]Mr. Douglas Smith was appointed as a Member of the Committee w.e.f. 7 February, 2020.

Stakeholders Relationship Committee

During the year ended 31 March, 2020, one Meeting of the Stakeholders Relationship Committee was held on 5 March, 2020. Generally, approvals of the Stakeholders Relationship Committee are obtained through circular resolutions. Update on Investors Services is also communicated through circulation of reports at regular intervals. Composition of the Stakeholders Relationship Committee along with attendance at its meeting held on 5 March, 2020 is as follows:

Name of Directors	Designation	Category	Attendance
Mrs. Rupa Mahanty[1] (DIN: 06746148)	Chairperson	Non-Executive, Independent	NA
Mrs. N S Rama[2] (DIN: 06720033)	Chairperson	Non-Executive, Independent	P
Mr. Sanjay Koul (DIN: 05159352)	Member	Promoter Director Executive, Non-Independent	P
Mr. Ajay K Das[3] (DIN: 02697466)	Member	Promoter Director Non-Executive, Non- Independent	NA
Mr. Douglas Smith[4] (DIN: 02454618)	Member	Promoter Director Non-Executive, Non- Independent	A

[1]Mrs. Rupa Mahanty ceased to be the Chairperson of the Committee w.e.f. 30 September, 2019.
[2]Mrs. N S Rama was appointed as the Chairperson of the Committee w.e.f. 25 October, 2019.
[3]Mr. Ajay K Das ceased to be a Member of the Committee w.e.f. close of business hours on 4 February, 2020.
[4]Mr. Douglas Smith was appointed as a Member of the Committee w.e.f. 7 February, 2020.

Corporate Social Responsibility Committee

During the year ended 31 March, 2020, approvals of the Corporate Social Responsibility Committee were obtained through resolutions by way of circulation. Composition - Mr. Sanjay Koul (Chairman), Mr. Bushen Lal Raina and Mr. Avishrant Keshava.

Risk Management Committee

During the year ended 31 March, 2020, two meetings of the Risk Management Committee were held on 29 November, 2019 and 18 February, 2020, which were attended by all members of the Committee. Composition - Mr. Sanjay Koul (Chairman), Mr. Avishrant Keshava and Mr. S. Sivaramakrishnan.

For and on behalf of the Board of Directors

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place : Bengaluru
Date : 8 June, 2020

Annexure - II

TIMKEN INDIA LIMITED

Nomination and Remuneration Policy

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 Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 as defined in the Act and/or SEBI LODR.

3. Roles of the Committee

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- Formulate the criteria for evaluation of performance of independent directors and the board of directors;
- Devise a policy on diversity of board of directors;
- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal; and

- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Recommend to the Board all remuneration in whatever form payable to senior management.

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.

- 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.
- Quorum for a meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is greater, including at least one independent directors.
- 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.
- Chairman 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 Chairman 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 Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

For and on behalf of the Board of Directors

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place : Bengaluru
Date : 8 June, 2020

Annexure - III

Ratio of Remuneration

Details as per Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as follows:

(i)	the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Employee to CMD Ratio : 1:20.8 Employee to WTD Ratio : 1:6.8
(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;	10% - 12%
(iii)	the percentage increase in the median remuneration of employees in the financial year;	7.98%
(iv)	the number of permanent employees on the rolls of company;	1,269 as on 31 March, 2020 (including Union & Salaried Operators)
(v)	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;	7.94% There have been no exceptions made, all hikes were made as per the Company's Remuneration Policy.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes.

For and on behalf of the Board of Directors

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place : Bengaluru
Date : 8 June, 2020

Annexure - IV

CORPORATE SOCIAL RESPONSIBILTY-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.**	Timken makes the world a better place through a combination of volunteer efforts, community leadership and financial support. 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 endeavor to find out ways to bring a stronger community. The Company wishes to focus 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: ● 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 ● Support for training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports ● Contribution to the Swatch Bharat Kosh set up by the Central Government for protection of sanitation ● Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including Contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga ● Disaster management, including relief, rehabilitation and reconstruction activities CSR Policy of the Company is attached to this Annexure and can be seen at www.timken.com/en-in.
2.	**The Composition of the CSR Committee.**	As on 31 March, 2020 : Mr. Sanjay Koul - Chairman Mr. Bushen Lal Raina - Member Mr. Avishrant Keshava - Member
3	**Average net profit of the Company for last three financial years**	Rs. 1,67,29,77,686/-
4.	**Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)**	Rs. 3,34,59,554/-
5.	**Details of CSR spent during the financial year:**	
a.	**Total amount spent for the financial year;**	Rs. 3,35,83,280/-
b.	**Amount unspent, if any;**	NIL

c. **Manner in which the amount spent during the financial year is detailed below:** (Amount in Rs.)

(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**	**Amount spent: Direct or through implementing agency**
1	Financial support to the school for building of classroom, multipurpose hall and toilets for boy and girl children.	Education / Sanitation	Bengaluru	1,16,00,000	60,00,000	60,00,000	Implementing Agency
2	Financial support for upskilling technicians in the commercial vehicle segment.	Education & Skill Development	Madurai, Chennai, Salem		9,98,280	9,98,280	Implementing Agency
3	Financial support for reviving a government aided school by renovating building, library, toilets, computer lab and classrooms.	Education / Sanitation	Bengaluru		22,00,000	22,00,000	Implementing Agency
4	Financial support for renovation of existing hostel building meant for school boys along with bathroom repair work.	Education / Sanitation	Chennai		24,00,000	24,00,000	Direct
5	Financial support for infrastructure upgradation of the Ashram : Ambulance and Equipment for the Medical Centre.	Preventive Healthcare	Bengaluru	2,18,10,000	15,20,000	15,20,000	Direct
6	Financial support to buy medical equipment for a Hospital specialised in Ayurveda to serve more people in rural areas and surroundings.	Preventive Healthcare	Bengaluru		2,02,90,000	2,02,90,000	Implementing Agency
7	Administration expenses for conducting due diligence of Implementing Agencies.	Administration expenses	–	1,75,000	1,75,000	1,75,000	NA
	TOTAL			**3,35,85,000**	**3,35,83,280**	**3,35,83,280**	

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.

For and on behalf of the Board of Directors

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place : Bengaluru
Date : 8 June, 2020

Annexure - IV (Contd.)

CORPORATE SOCIAL RESPONSIBILITY POLICY

TIMKEN INDIA LIMITED

1. CONTENTS

OVERVIEW
CSR FOCUS AREAS
IMPLEMENTATION OF CSR ACTIVITIES
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ROLE AND RESPONSIBILITIES OF THE CSR COMMITTEE
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POLICY REVIEW AND FUTURE AMENDMENT

2. 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 strong 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.

3. 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
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
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
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
4	Contribution to Prime Minister's National Relief Fund	—	—
5	Support for training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports	Support to promote sports in India	Promoting Sports/sports persons; supporting agencies promoting sports / sports persons
6	Contribution to the Swatch Bharat Kosh set up by the Central Government for promotion of sanitation	—	—
7	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including Contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga	Cleaning of water bodies, promoting animal welfare, Maintain essential aquatic ecosystems, Reduce harmful land erosion caused by agricultural irrigation, Protect fresh drinking water resources	Give financial support to institutions engaged in cleaning of water bodies, promoting animal welfare, maintenance of essential aquatic ecosystems, prevent land erosion caused by agricultural irrigation, protecting fresh drinking water resources and contribution to Clean Ganga Fund
8	Disaster management, including relief, rehabilitation and reconstruction activities	Providing relief, rehabilitation and reconstruction services to the people of disaster affected area	To provide financial assistance to organization supporting during the disaster

4. 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 Company[1] 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.

5. 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. 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.

6. CSR EXPENDITURE

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 shall be calculated in accordance with the provision of Section 198 of the Companies Act, 2013 and shall not include such sums as prescribed.

[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.

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.

7. 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.

Quorum: Two members or 1/3rd of total strength, which ever is greater.

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.

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.

8. 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) allocate budget to each of the CSR activities and the CSR Partners;
(v) undertake all necessary steps to implement the CSR activities in accordance with the implementation schedule;
(vi) monitor the CSR activities in such manner as prescribed in this Policy;
(vii) 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;
(viii) 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;
(ix) ensure that the CSR activities do not benefit the Company or its employees and their families.

9. 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. Mr. Sanjay Koul
2. Mr. Avishrant Keshava
3. Mr. C Sakthivel
4. Mr. Gouri Shankar Roy
5. Ms. Diksha Charan Naik

The team will be responsible for monitoring the progress of the projects identified and brief CSR committee of the Board.

(ii) The Core CSR Group shall procure 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.

10. 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.

11. 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.

12. 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.

13. 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 per cent. 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						

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.
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.

Annexure - V

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED: MARCH 31, 2020

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial 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** (hereinafter called 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 financial year ended on March 31, 2020 (the audit period) 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 during the audit period according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Company has not made any Overseas Direct Investment and External Commercial Borrowings during the audit period;

v) 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, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company during the Review Period)**

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Review Period)**

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period)**;

   f. 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;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**;

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not Applicable to the Company during the Audit Period)**;

   i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR); and

   j. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

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) Economic and Commercial Laws; (v) Legal Metrology Act, 2009 and (vi) Acts prescribed under Shops and Establishment Act of various local authorities.

I have also examined compliance with the applicable clauses of the following Secretarial Standards issued by the Institute of Company Secretaries of India:

(i) Meetings of the Board of Directors (SS-1); and

(ii) General Meetings (SS-2)

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

I have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

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 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that based on the review of the compliance mechanism adopted by the Company of providing adequate presentations by the concerned departments' heads at the Board Meetings, regarding compliance with the applicable laws and its adherence, 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 there were no specific events / actions like i.e., Public/Right/Preferential issue of shares / debentures/sweat Equity, etc., Redemption / buy-back of securities, Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013, Merger / amalgamation / reconstruction, etc. and Foreign technical collaborations, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Sd/-

Place : Bengaluru
Date : 8 June, 2020
UDIN: A052406B000322016

Nagarjun Y G
Practicing Company Secretary
Membership No: A52406/ CP: 19301

Note: This report is to be read with our letter of even date which is annexed as Annexure 1 and forms an integral part of this report.

Annexure -1

To
The Members
TIMKEN INDIA LIMITED

Our report of even date is to be read along with this letter:

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.

1. 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 that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
2. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
3. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. 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.
5. 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.

Sd/-

Place : Bengaluru
Date : 8 June, 2020
UDIN: A052406B000322016

Nagarjun Y G
Practicing Company Secretary
Membership No: A52406/ CP: 19301

FORM NO. AOC - 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)
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

1. Details of contracts or arrangements or transactions not at arm's length basis

During the year ended 31 March, 2020, there were no contracts or arrangements or transactions entered into by the Company which were not at arm's length basis.

2. Details of material contracts or arrangements 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 - 322.21 Agency Commission (Income) - 20.68 Purchase of Goods - 26.79 Expenses Receivable - 11.28 Dividend Paid - 51.00	Ongoing in nature / as and when required.	Based on Transfer Pricing guidelines/ market rates/ Reimbursement of actual expenses incurred	Appropriate approvals in terms of the management approval system have been taken in all the cases.	Advances paid, if any, have been adjusted against billing, wherever applicable.
Timken Engineering and Research-India Pvt Ltd (Fellow Subsidiary of the same holding Company)	Expenses Receivable - 59.26 Expenses Paid/Payable - 108.62 Purchase of Goods - 833.75 Sale of Goods - 97.90 Sale of Property, Plant & Equipment 1.25 Purchase of DEPB Licenses - 29.71				
New Delhi Law Offices (Firm where a director is a Partner)	Expenses Paid - 2.02	As and when required.			
Mr. Sanjay Koul	Short-term employee benefits - 30.43 Post employment benefits - 0.81 Other long-term benefits - 0.64	5 Years from the date of appointment	As approved by the shareholders at the AGM		
Mr. Avishrant Keshava	Short-term employee benefits - 7.76 Post employment benefits - 0.28 Other long-term benefits - 0.22	5 Years from the date of appointment	As approved by the shareholders at the AGM		
Mr. P S Dasgupta	Sitting Fees paid - 0.31	Ongoing	As per the rules of the Company		
Mrs. Rupa Mahanty[1]	Sitting Fees paid - 0.18				
Mrs. N S Rama[2]	Sitting Fees paid - 0.27				
Mr. Bushen Lal Raina	Sitting Fees paid - 0.49				
Mr. Soumitra Hazra[3]	Short-term employee benefits - 2.63 Post employment benefits - 0.12 Other long-term benefits - 0.10				
Mr. Mandar Vasmatkar[4]	Short-term employee benefits - 1.33 Post employment benefits - 0.06 Other long-term benefits - 0.05				

[1]*Mrs. Rupa Mahanty ceased to be Director of the Company w.e.f. 30 September, 2019 on completion of her tenure.*
[2]*Mrs. N S Rama was appointed as an Independent Director of the Company w.e.f. 25 October, 2019.*
[3]*Mr. Soumitra Hazra retired as Company Secretary w.e.f. 25 September, 2019 on attaining age of 60 years.*
[4]*Mr. Mandar Vasmatkar appointed as Company Secretary & Chief-Compliance w.e.f. 1 October, 2019.*

For and on behalf of the Board of Directors

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place : Bengaluru
Date : 8 June, 2020

Annexure - VII

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 March, 2020

[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 Shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	39-42, Electronic City, Phase II, Hosur Road, Bengaluru - 560 100 Tel. No. 080 - 41362000 Fax No. 080-41362010 e-mail: mandar.vasmatkar@timken.com Website: www.timken.com/en-in
6.	Whether listed company	Yes
7.	Name, Address and Contact details of Registrar and Share Transfer Agent, if any	C B Management Services Private 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	Bearings and Components & Accessories	2814	94.82%

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 51, Changi Business Park, Central 2, #08-06/07 The Signature Building Singapore - 486066	N.A.	Holding	67.80%	2(46)

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.	50999988	0	50999988	67.80	50999988	0	50999988	67.80	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)	**50999988**	**0**	**50999988**	**67.80**	**50999988**	**0**	**50999988**	**67.80**	**0.00**
Total Shareholding of Promoter = (A) (1) + (A) (2)	**50999988**	**0**	**50999988**	**67.80**	**50999988**	**0**	**50999988**	**67.80**	**0.00**
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	5556724	3227	5559951	7.39	6893037	8	6893045	9.16	1.77
(b) Banks/FI	20800	1975	22775	0.03	153788	5041	158829	0.21	0.18
(c) Central Govt	0	0	0	0	1	0	1	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	127772	249	128021	0.17	0	249	249	0.00	-0.17
(g) Foreign Institutional Investors (FII)	3902	0	3902	0.01	7235	0	7235	0.01	0.00
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
(i) Others (Specify) a) Foreign Portfolio Investors	1770590	281	1770871	2.35	1647370	281	1647651	2.19	-0.16
b) Alternate Investment Fund	20232	0	20232	0.03	146384	0	146384	0.19	0.17
Sub-Total (B)(1)	**7500020**	**5732**	**7505752**	**9.98**	**8847815**	**5579**	**8853394**	**11.77**	**1.79**

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	5117733	3462	5121195	6.81	4384573	2900	4387473	5.83	-0.98
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	5437143	1531513	6968656	9.26	5131213	1388719	6519932	8.67	-0.60
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1841996	0	1841996	2.45	1663346	0	1663346	2.21	-0.24
(c) Others (Specify)									
1 NRI	256409	2727	259136	0.34	260642	2727	263369	0.35	0.01
2 Clearing Member	20352	0	20352	0.03	30471	0	30471	0.04	0.01
3 OCB	1776874	0	1776874	2.36	1776874	0	1776874	2.36	0.00
4 Trust	6208	0	6208	0.01	2283	0	2283	0.00	-0.01
5 IEPF	718577	0	718577	0.96	721604	0	721604	0.96	0.00
Sub-Total (B)(2)	**15175292**	**1537702**	**16712994**	**22.22**	**13971006**	**1394346**	**15365352**	**20.43**	**-1.79**
Total Shareholding of Public = (B) (1) + (B) (2)	**22675312**	**1543434**	**24218746**	**32.20**	**22818821**	**1399925**	**24218746**	**32.20**	**0.00**
TOTAL (A)+(B)	**73675300**	**1543434**	**75218734**	**100.00**	**73818809**	**1399925**	**75218734**	**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)	**73675300**	**1543434**	**75218734**	**100.00**	**73818809**	**1399925**	**75218734**	**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.	50999988	67.80	0	50999988	67.80	0	0.00
	Total	**50999988**	**67.80**	**0**	**50999988**	**67.80**	**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
1.	**TIMKEN SINGAPORE PTE. LTD**				
	At the beginning of the year	50999988	67.80	50999988	67.80
	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):	No Change			
	At the End of the year	-	-	50999988	67.80

(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	Date wise increase/ decrease (DD/MM/YY)	Shareholding at the beginning/ changes during 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.	**TRICOT INVESTMENTS LIMITED**					
	At the beginning of the year	01/04/2019	1711936	2.28	1711936	2.28
	Increase - Buy	14/06/2019	64938	0.09	1776874	2.36
	At the end of the year	31/03/2020	-	-	1776874	2.36
2.	**SUNDARAM MUTUAL FUND A/C SUNDARAM MID CAP FUND**					
	At the beginning of the year	01/04/2019	1390000	1.85	1390000	1.85
	Increase - Buy	24/05/2019	98735	0.13	1488735	1.98
	Increase - Buy	31/05/2019	393	0.00	1489128	1.98
	Decrease - Sale	31/12/2019	50000	0.07	1439128	1.91
	Decrease - Sale	03/01/2020	31509	0.04	1407619	1.87
	Decrease - Sale	14/02/2020	98411	0.13	1309208	1.74
	Decrease - Sale	31/03/2020	40208	0.05	1269000	1.69
	At the end of the year	31/03/2020	-	-	1269000	1.69

Sl. No.	For Each of the Top 10 Shareholders	Date wise increase/ decrease (DD/MM/YY)	Shareholding at the beginning/ changes during 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
3.	**HDFC LIFE INSURANCE COMPANY LIMITED**					
	At the beginning of the year	01/04/2019	1200000	1.66	1200000	1.66
	Increase - Buy	17/05/2019	50023	0.00	1250023	1.66
	Decrease - Sale	24/05/2019	127880	0.17	1122143	1.49
	Decrease - Sale	31/05/2019	22143	0.03	1100000	1.46
	Decrease- Sale	28/06/2019	13008	0.02	1086992	1.45
	Decrease- Sale	05/07/2019	11992	0.02	1075000	1.43
	Decrease- Sale	12/07/2019	24992	0.03	1050008	1.40
	Increase - Buy	09/08/2019	709	0.00	1050717	1.40
	Decrease- Sale	16/08/2019	592	0.00	1050125	1.40
	Decrease- Sale	20/09/2019	2933	0.00	1047192	1.39
	Decrease - Sale	27/09/2019	54561	0.07	992631	1.32
	Decrease- Sale	18/10/2019	2455	0.00	990176	1.32
	Decrease- Sale	25/10/2019	4179	0.01	985997	1.31
	Decrease- Sale	06/12/2019	9420	0.01	976577	1.30
	Decrease- Sale	20/12/2019	30652	0.04	945925	1.26
	Decrease- Sale	27/12/2019	4112	0.01	941813	1.25
	Decrease- Sale	31/12/2019	16813	0.02	925000	1.23
	Decrease- Sale	17/01/2020	5309	0.01	919691	1.22
	Decrease- Sale	31/01/2020	3678	0.00	916013	1.22
	Decrease- Sale	07/02/2020	513	0.00	915500	1.22
	Decrease- Sale	14/02/2020	752	0.00	914748	1.22
	Decrease- Sale	21/02/2020	14748	0.02	900000	1.20
	At the end of the year	31/03/2020	-	-	900000	1.20
4.	**RELIANCE CAPITAL TRUSTEE CO. LTD. A/C RELIANCESMALL CAP FUND**					
	At the beginning of the year	01/04/2019	626626	0.83	626626	0.83
	Increase - Buy	31/03/2020	1823	0.00	628449	0.84
	At the end of the year	31/03/2020	-	-	628449	0.84
5.	**EMSONS LEASING COMPANY PVT LTD**					
	At the beginning of the year	01/04/2019	580450	0.77	580450	0.77
	At the end of the year	31/03/2020	-	-	580450	0.77
6.	**MIPCO INVESTMENTS PVT LTD**					
	At the beginning of the year	01/04/2019	542174	0.72	542174	0.72
	At the end of the year	31/03/2020	-	-	542174	0.72

Sl. No.	For Each of the Top 10 Shareholders	Date wise increase/ decrease (DD/MM/YY)	Shareholding at the beginning/ changes during 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.	**MANOWAY INVESTMENTS PRIVATE LIMITED**					
	At the beginning of the year	01/04/2019	455039	0.60	455039	0.60
	At the end of the year	31/03/2020	-	-	455039	0.60
8.	**SUNDARAM MUTUAL FUND A/C SUNDARAM SMALL CAP FUND**					
	At the beginning of the year	01/04/2019	444000	0.59	444000	0.59
	Decrease - Sale	29/11/2019	4000	0.01	440000	0.58
	Decrease- Sale	20/12/2019	15000	0.02	425000	0.57
	Decrease- Sale	31/12/2019	5000	0.01	420000	0.56
	Decrease- Sale	14/02/2020	10000	0.01	410000	0.55
	Decrease- Sale	28/02/2020	5000	0.01	405000	0.54
	Decrease- Sale	31/03/2020	25000	0.03	380000	0.51
	At the end of the year	31/03/2020	-	-	380000	0.51
9.	**MAPLE PROPERTIES AND COMMODITIES PRIVATE LIMITED**					
	At the beginning of the year	01/04/2019	408895	0.54	408895	0.54
	At the end of the year	31/03/2020			408895	0.54
10.	**ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED**					
	At the beginning of the year	01/04/2019	404938	0.54	404938	0.54
	Decrease - Sale	12/04/2019	66	0.00	404872	0.54
	Decrease- Sale	26/04/2019	39	0.00	404833	0.54
	Decrease- Sale	03/05/2019	39	0.00	404794	0.54
	Decrease- Sale	24/05/2019	193771	0.26	211023	0.28
	Decrease- Sale	21/06/2019	8312	0.01	202711	0.27
	Decrease- Sale	28/06/2019	11461	0.02	191250	0.25
	Decrease- Sale	05/07/2019	548	0.00	190702	0.25
	Increase- Buy	02/08/2019	525	0.00	191227	0.25
	Increase- Buy	09/08/2019	4372	0.01	195599	0.26
	Increase- Buy	16/08/2019	10794	0.01	206393	0.27
	Increase- Buy	23/08/2019	6315	0.01	212708	0.28
	Increase- Buy	30/08/2019	3510	0.00	216218	0.29
	Increase- Buy	06/09/2019	20436	0.03	236654	0.31

Sl. No.	For Each of the Top 10 Shareholders	Date wise increase/ decrease (DD/MM/YY)	Shareholding at the beginning/ changes during 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
	Increase - Buy	13/09/2019	3678	0.00	240332	0.32
	Increase - Buy	20/09/2019	4426	0.01	244758	0.33
	Decrease - Sale	04/10/2019	183	0.00	244575	0.33
	Decrease - Sale	25/10/2019	363	0.00	244212	0.32
	Decrease - Sale	06/12/2019	62990	0.08	181222	0.24
	Increase - Buy	20/12/2019	10	0.00	181232	0.24
	Increase - Buy	24/01/2020	14	0.00	181246	0.24
	Decrease - Sale	13/03/2020	4852	0.01	176394	0.23
	At the end of the year	31/03/2020	-	-	176394	0.23
11.	**SUNDARAM MUTUAL FUND A/C SUNDARAM INFRASTRUCTURE ADVANTAGE FUND**					
	At the beginning of the year	01/04/2019	362524	0.48	362524	0.48
	Decrease - Sale	26/07/2019	12524	0.02	350000	0.47
	Decrease - Sale	20/09/2019	10000	0.01	340000	0.45
	Decrease - Sale	03/01/2020	5000	0.01	335000	0.45
	Decrease - Sale	10/01/2020	5000	0.01	330000	0.44
	Decrease - Sale	17/01/2020	5000	0.01	325000	0.43
	Decrease - Sale	14/02/2020	25000	0.03	300000	0.40
	Decrease - Sale	28/02/2020	5000	0.01	295000	0.39
	Decrease - Sale	06/03/2020	24	0.00	294976	0.39
	Decrease - Sale	31/03/2020	34976	0.05	260000	0.35
	At the end of the year	31/03/2020	-	-	260000	0.35
12.	**L AND T MUTUAL FUND TRUSTEE LTD-L AND T MID CAP FUND**					
	At the beginning of the year	01/04/2019	195900	0.26	195900	0.26
	Increase - Buy	12/07/2019	43622	0.06	239522	0.32
	Increase - Buy	19/07/2019	9501	0.01	249023	0.33
	Increase - Buy	31/12/2019	55000	0.07	304023	0.40
	Increase - Buy	14/02/2020	130000	0.17	434023	0.58
	At the end of the year	31/03/2020	-	-	434023	0.58
13.	**L&T MUTUAL FUND TRUSTEE LIMITED-L&T BUSINESS CYCLES FUND**					
	At the beginning of the year	01/04/2019	254040	0.34	254040	0.34
	Decrease - Sale	22/11/2019	7207	0.01	246833	0.33
	Decrease - Sale	29/11/2019	8033	0.01	238800	0.32
	At the end of the year	31/03/2020	-	-	238800	0.32

(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	No Change			
	c) At the end of the Year	-	-	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	No Change			
	c) At the end of the Year	-	-	16	0.00
3.	**Soumitra Hazra****				
	a) At the Beginning of the Year	3	0.00	3	0.00
	b) Change during the Year	No Change			
	c) At the end of the Year	-	-	3	0.00
4.	**Avishrant Keshava**				
	a) At the Beginning of the Year	2	0.00	2	0.00
	b) Change during the Year	No Change			
	c) At the end of the Year	-	-	2	0.00
5.	**Bushen Lal Raina**				
	a) At the Beginning of the Year	150	0.00	150	0.00
	b) Change during the Year	No Change			
	c) At the end of the Year	-	-	150	0.00
6.	**Mandar Vasmatkar*****				
	a) At the Beginning of the Year	2	0.00	2	0.00
	b) Change during the Year	No Change			
	c) At the end of the Year	-	-	2	0.00

** Resigned w.e.f. 4 February, 2020 **Retired w.e.f. 25 September, 2019 *** Appointed w.e.f. 1 October, 2019*

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in million)

	Secured Loans excluding deposits	Unsecured Loans*	Deposits**	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	230.80	28.52	259.32
ii) Interest due but not paid	-	-	2.53	2.53
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**230.80**	**31.05**	**261.85**
Change in Indebtedness during the financial year				
Addition	-	553.62	3.65	557.27
Reduction	-	584.85	3.88	588.73
Net Change	**-**	**-31.23**	**-0.23**	**-31.46**
Indebtedness at the end of the financial year				
i) Principal Amount	-	199.57	28.74	228.31
ii) Interest due but not paid	-	-	2.08	2.08
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**199.57**	**30.82**	**230.39**

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

** Represents interest bearing deposits accepted from dealers/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 ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Sanjay Koul (CMD & CEO)	Mr. Avishrant Keshava (WTD & CFO)	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,32,68,163.00	63,55,983.00	2,96,24,146.00
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	83,53,510.00	21,67,885.00	1,05,21,395.00
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission			
	- as % of profit	–	–	–
	- others, specify…	–	–	–
5	Others, please specify	–	–	–
	Total (A)	**3,16,21,673.00**	**85,23,868.00**	**4,01,45,541.00**
	Ceiling as per the Act			31,04,13,680.00

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

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	**P S Dasgupta**	**Rupa Mahanty**	**Bushen Lal Raina**	**N S Rama**	
	• Fee for attending board / committee meetings • Commission • Others, please specify	3,10,000	1,80,000	4,90,000	2,70,000	12,50,000
	Total (1)	**3,10,000**	**1,80,000**	**4,90,000**	**2,70,000**	**12,50,000**
2.	Other Non-Executive Directors	**Ajay K Das**	**Douglas Smith**	**-**	-	**Total Amount**
	• Fee for attending board / committee meetings • Commission • Others, please specify	Nil	–	-	-	
	Total (2)	**0**	**0**	**0**	**0**	**0**
	Total (B) = (1)+(2)	**3,10,000**	**1,80,000**	**4,90,000**	**2,70,000**	**12,50,000**
	Total Managerial Remuneration*	Nil	Nil	Nil	Nil	Nil
	Ceiling as per the Act					3,10,41,368

* *The Company pays sitting fees to its Independent Directors only. 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 ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				
		CEO*	Soumitra Hazra** Company Secretary	Mandar Vasmatkar*** Company Secretary	CFO*	Total
1	Gross Salary					
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	25,83,289.00	14,20,481.00	–	40,03,770.00
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–	–
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–	–
2	Stock Option	–	–	–	–	–
3	Sweat Equity	–	–	–	–	–
4	Commission - as % of profit - others, specify…	–	–	–	–	–
5	Others, please specify	–	–	–	–	–
	Total (A)	**–**	**25,83,289.00**	**14,20,481.00**	**–**	**40,03,770.00**

** Please refer to Part A*
*** retired w.e.f. 25 September, 2019*
**** appointed w.e.f. 1 October, 2019*

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		

For and on behalf of the Board of Directors

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place: Bengaluru
Date : 8 June, 2020

Annexure – VIII

Management Discussion & Analysis

Economic Overview

World economy including major countries recorded lower year-on-year growth rate in 2019 than in 2018. As per International Monetary Fund (IMF), world economy in 2019 grew 2.9% over 2018. The Advanced Economies grew 1.7% while Emerging Market and Developing Economies grew 3.7%. During the year 2019-20, India GDP grew 5.0% over previous year. The General Index of industrial production is estimated to have grown by 0.9% during Apr'19-Feb'20 over corresponding period of previous year.

As per flash figures published by Society of Indian Automobile Manufacturers (SIAM), production of commercial vehicle and passenger vehicles saw a de-growth of 32.4% and 14.8% respectively during Apr'19-Mar'20 over prior year period. In 2019-20, core sector remained nearly flat compared to prior year. As per figures published by Office of the Economic Adviser, in 2019-20, production of Coal declined by 0.4%, crude oil declined by 5.9%, steel grew by 3.4%, cement declined by 0.9% and electricity grew by 1%.

Government of India's focus on renewable energy ensured very good growth in manufacturing of wind turbine and related aggregates during 2019-20. Indian Railways' ambitious plans of modernization, electrification and safety, apart from others, has generated significant demand for infrastructure and rolling stock build.

Bearing Industry Structure & Development

The estimated consumption of anti-friction bearings in India is about INR 95-105 billion. While demand for bearings is directly influenced by industrial and manufacturing activity in India, export markets provide additional opportunity for Indian anti-friction bearing manufacturers. At the same time, Indian demand for anti-friction bearings is also met through imports. Significant part of domestic bearing production caters to automotive industry and Indian Railways. Bearings for core sector is largely met through imports.

Indian bearing manufacturing has a mix of global companies and home-grown companies manufacturing in India for domestic and global demand. As Indian manufacturing sector gains momentum, we may expect the bearing industry to be a direct beneficiary and can witness significant investment both in technology and capability. Apart from manufacture of bearings, the industry is rapidly adopting repair and services stream. Also, most manufacturers penetrate into product adjacencies like grease, seals and mechanical power transmission products. One of the critical success factors of this industry is the presence of distribution channel, for serving automotive aftermarket and industrial spares.

Business Review

Your Company, Timken India Limited (TIL) actively operates in Indian anti-friction bearings, mechanical power transmission products and related services business. The parent Company of TIL, The Timken Company has been recognized as one of the world's most ethical companies by the Ethisphere Institute for tenth time. Your Company has been growing and expanding footprints, customer base and products and services offerings in India. Your Company has state-of-the-art tapered roller bearing manufacturing plants in Jamshedpur and Bharuch. Bharuch also has manufacturing footprint for Cylindrical Roller Bearings, Spherical Roller Bearings and Slewing Bearings.

With deep knowledge of metallurgy, tribology and mechanical systems, your Company closely works with Original Equipment Manufacturers to design and develop solutions as per application need. With about 50+ Industrial and 100+ Automotive channel partners, your Company reaches out to end-markets for its product & services and helps customers to improve reliability and efficiency of equipment, machinery and vehicles.

In the year 2019-20, your Company grew steadily in Indian Rail, Wind Energy and Industrial segments. Given the softening of global economy, in particular, global and Indian automotive sector, your Company witnessed a de-growth in these business segments. Your Company believes in being a strategic technology partner with customers and is engaged in joint development with them. Your Company continues to explore new markets and new products including leveraging global acquisitions made by The Timken Company to launch these products in India as well.

Your Company was recipient to the following awards:

- Excellence in Manufacturing from Indo-American Corporate Excellence Award
- DL Shah Quality Award- Silver award for 'The Yield and Productivity Improvement'
- Award for Energy Efficiency in Supply Chain by Tata Motors
- Recipient of the award for Best Supplier from TATA Motors
- Dana award for Expand Global Markets, recognizing successful and substantial efforts put in by a Supplier to support them across platforms and geographies
- GE India conferred 'Best Supplier Support' award Opportunities

The Current ratio of the Company during the year has significantly increased by 29% over the previous year, largely due to cash and cash equivalents generated from Company's operating activities and 8% reduction in current liabilities majorly from trade payables and income tax liabilities over the previous year. In addition, the Company has reported significant increase in operating profit margin & net profit margin by 27% & 66% respectively. This is mainly on account of leverage of production cost, other operating expenses and income tax rate change during the year. There are no other key financial ratios which had significant change during the year.

Financial Statements Analysis

Despite challenging economic environment, the Company's revenue was down only by 2% during the financial year 2019-20, in comparison to the previous year. (Refer Note 26). Decrease in Expenses in 2019-20 compared with 2018-19 was primarily due to reduction in material consumption and traded goods cost by 7.5%, operational efficiencies improvements and absence of expenses incurred in the process of business combination. As a result, Profit before Tax (PBT) increased in the financial year 2019-20, in comparison to the previous year by 36.9%. Improvement of Profit After Tax (PAT) from Rs. 1,486 million to Rs. 2,461 million was driven by lower tax expenses as a result of Company adopting to new tax regime under section 115BAA. This resulted in the effective tax rate for 2019-20 to 19.66% (refer Note 20B), as compared to 33.59% in the previous year.

Earning Per Share for the year 2019-20 was Rs. 32.72 as against Rs. 19.92 the previous year, a growth of 64% primarily driven by improvement of profit. (refer Note 34), During the year, the Company has generated Rs. 3,566.89 million cash surplus from its operations as against Rs. 2,487.82 million during previous year.

Property, plant and equipment net of depreciation has increased by Rs 334 million primarily driven by the addition of plant & equipment at our manufacturing operations. Right to Use Asset as at 31st March 2020 is Rs. 1092.16 million. On transition to Ind AS 116, the Company has recognised right of use assets amounting to Rs. 32.15 million and reclassified certain intangibles reported in previous year for Rs. 1093.77 million. The Company has created corresponding Lease liabilities amounting to Rs. 36.31 million and credited Rs. 4.16 million in retained earnings as at April 1, 2019, which is the adoption date of this new standard. (refer Note 4).

Capital work in progress has increased by Rs 930.09 million primarily driven by various expansion projects in process in both of our manufacturing plants. These projects follow the project management process and are being monitored by the project management team to ensure timely completion. These projects will be capitalized as and when these assets are ready to use. Reduction of intangible Assets is primarily on accounts of reclassification of few intangibles to Right of Use on adoption of Ind AS 116 effective 1st April 2019. (Refer note 4). Inventory as at 31st March 2020 has reduced by Rs. 256.64 million compared to the previous year in line with volume reduction well supplemented with other continuous improvement ideas. (Refer Note 10)

Investments in short-term mutual funds were reduced to Rs. 131.66 million as at 31st March 2020 as compared to Rs. 1757.24 million as at 31st March 2019. (Refer Note 7B). This reduction was primarily for conversion of certain mutual fund investments to Bank deposits having original maturity period less than three months, in line with Company's investment strategy of the surplus funds to optimize the return with minimum risk. Trade Receivables reduced by Rs. 104.24 million (refer Note 11) in commensurate with revenue reduction. Cash and Cash Equivalent as at 31st March 2020 was Rs. 4 ,146.51 million compared to Rs. 219.09 million as at 31st March 2019. This increase was primarily driven by conversion of investment in Mutual Funds to Bank deposits having original maturity period less than three

months and cash generated during the year as stated in the cash flow. (Refer Note 12 A). Other Current Assets as at Balance Sheet date on 31st March 2020 was Rs. 274,24 million as compared to Rs. 522,22 million as at 31st March 2019, primarily due to reduction in balances with statutory and Government authorities. (Refer Note 15). Trade Payables were Rs. 2,139 million as at 31st March 2020 as compared to Rs. 2,334.97 million as at 31st March 2019. This reduction was in commensurate with the reduction of expenses during the year.

Opportunities, Threats and Outlook

Known for more than a century of expertise in tapered roller bearing, the Timken Group has been transforming into wider solutions across Bearing and Mechanical Power Transmissions space. Leveraging the group knowhow, capabilities and acquisitions, your Company provides complete offering in mechanical drive train like belts, industrial chains and augurs, couplings, clutches lubrication systems and housed units. This further helps getting larger share of business at customer with Timken quality, reliability and service.

Merger of ABC Bearings with your company will bring significant growth opportunities as global and Indian automotive sector revives.

Your Company is continuously adding more channel footprint to penetrate General MRO market and address regional gaps with value added services to meet customer demand. Expert service and engineering team engages with customer to solve their problems and to take desired load with more compact, energy efficient and cost-effective solution. Custom application knowledge and optimum design considerations help customer realize extended life and lesser downtime.

Make in India, an initiative by Government of India aims to increase share of manufacturing in the country's Gross Domestic Product to 25% by year 2025, which will provide great opportunity for the manufacturing sector. Upgrades of Rail network, introducing new range of locomotives and faster travels creates new growth opportunities. For Medium and Heavy Commercial Vehicles, the lever depends on implementation of BS-VI compliant vehicles and how early can the OEMs catch-up with the requirements.

In terms of threat, any adverse changes in the industrial environment or government policymaking 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.

The impact of COVID-19 and the lockdown it triggered is clearly visible in the market and has affected both Automotive & Industrial market adversely. It led to massive Supply Chain disruptions and production halt since latter half of March 2020. It is expected to create a slowdown in both supplies and demand, but they are expected to start picking up in latter half of 2020. Your Company is continuously working towards mitigating the challenges due to the pandemic. Multiple steps have been taken to ensure safety of its associates.

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

Metal components are one of the key raw materials of our products. 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. Recent increase in input costs and depreciation of INR against global currency has severely impacted the costs of goods.

Internal Control

The Company has an internal control system commensurate with the nature of its business, size and complexities of its operations. The adequacy and effectiveness of Internal controls are continuously examined by the independent Internal Auditor appointed by the company and findings of these audits including its recommended improvements are reported to the Audit Committee of the Board The adequacy of internal control system has also been examined by Statutory Auditors and the Company has not received any adverse comments from them on adequacy of the internal control system. The scope of Internal Audit is annually determined by the Audit Committee considering the inputs from the Statutory Auditors and the Management.

HR Front

During the financial year under review, the Company did not witness any adverse developments on the HR/IR front. Relationship between Associates of the Company and Management remains congenial all through-out the year. The Company employed 1,269 Associates as on March 31, 2020.

Cautionary Statement

Certain statements made in this Report describing 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 statues and incidental factors.

For and on behalf of the Board of Directors

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place: Bengaluru
Date: 8 June, 2020

Annexure - IX

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 Standards of Business Ethics Policy - Code of Conduct is the foundation of its outstanding reputation for integrity, ethics and respect for the law. This code of conduct contains the moral and ethical standards by which each associate, officer and director of the Company is required to conduct the business activities of the Company. Every associate, officer and director needs to understand and adhere to these standards.

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 under various laws including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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.

The details about Directors on the Board, their attendance at the Board Meetings held during the year ended 31 March, 2020 and also at the last Annual General Meeting, 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, 2020	Whether attended AGM held on 12 August, 2019	No. of Directorships in other companies*	No. of Committee positions held in other companies**	
					Chairman	Member
Mr. Sanjay Koul (DIN: 05159352)	Promoter Director Executive, Non-Independent	4	Yes	-	-	-
Mr. P S Dasgupta (DIN: 00012552)	Non-Executive, Independent	3	Yes	16	2	5
Mrs. Rupa Mahanty[1] (DIN: 06746148)	Non-Executive, Independent	2	Yes	NA	NA	NA
Mrs. N S Rama[2] (DIN: 06720033)	Non-Executive, Independent	2	NA	1	1	1
Mr. Bushen Lal Raina (DIN:00182160)	Non-Executive, Independent	4	Yes	-	-	-
Mr. Ajay K Das[3] (DIN: 02697466)	Promoter Director Non-Executive, Non-Independent	1	Yes	NA	NA	NA
Mr. Douglas Smith[4] (DIN: 02454618)	Promoter Director Non-Executive, Non-Independent	NA	NA	-	-	-
Mr. Avishrant Keshava (DIN: 07292484)	Promoter Director Executive, Non-Independent	4	Yes	-	-	-

[1] *Ceased to be a Director w.e.f. 30 September, 2019 on completion of her tenure of 5 years*

[2] *Appointed as an Independent Director w.e.f. 25 October, 2019*

[3] *Resigned as a Director w.e.f. close of business hours on 4 February, 2020*

[4] *Appointed as a Director w.e.f. 7 February, 2020*

* *Includes private companies and Section 8 companies as per the Companies Act, 2013*

** *as per sub regulation (b) of Regulation 26(1) of the Listing Regulations*

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 Companies. The Company is in receipt of declarations under Section 149(7) of the Companies Act, 2013 from all the Independent Directors. Mrs. N S Rama is also an Independent Director of Xchanging Solutions Limited and Mr. P S Dasgupta is also an Independent Director of five listed Companies namely Cummins India Limited, Bhilwara Technical Textiles Limited, Maral Overseas Limited, RSWM Limited and Ester Industries Limited.

In the table below core skills/expertise/competencies required in the context of business of the Company identified by the Board of Directors and the names of Directors who possess such skills/expertise/competencies are provided:

Core skills/ expertise/competencies	Availability with Board	Names of Directors
Financial Management	Yes	Sanjay Koul, Avishrant Keshava, P S Dasgupta
Leadership	Yes	All the Directors
Technology	Yes	Sanjay Koul, N S Rama, Douglas Smith
Production and Engineering	Yes	Sanjay Koul, Bushen Lal Raina, Douglas Smith
Legal and Tax	Yes	P S Dasgupta, Avishrant Keshava
Human Resource	Yes	All the Directors
Board and Corporate Governance	Yes	All the Directors
Sales and Marketing	Yes	Sanjay Koul, Bushen Lal Raina
Mergers and Acquisitions	Yes	Sanjay Koul, P S Dasgupta, Avishrant Keshava
Business Strategy and System	Yes	All the Directors

The tenure of Independent Directors of the Company is within the time limit prescribed under the Companies Act, 2013. No Director of the Company is a member in more than ten committees or acts as Chairman of more than five committees 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 terms and conditions of appointment of Independent Directors on its website www.timken.com/en-in.

During the financial year ended 31 March, 2020, four Board Meetings were held on 21 May, 2019; 12 August, 2019; 25 October, 2019 and 7 February, 2020 respectively and the gap between two consecutive meetings did not exceed 120 days.

One meeting of the Independent Directors without participation of Non-Independent Directors and any management personnel was also held on 7 February, 2020.

Information as required under PART-A of Schedule II of Listing Regulations has been made available to the Board.

During the year, the Board of Directors accepted all the recommendations made by the Audit Committee of the Board.

It is hereby confirmed that in the opinion of the Board, Independent Directors fulfil conditions specified in the Listing Regulations and are independent of the management.

Disclosure of relationship between Directors inter-se

No Director of the Company is related to another Director *inter-se*.

Non-executive Directors' Shareholding

Mr. P S Dasgupta holds 1 equity share and Mr. Bushen Lal Raina holds 150 equity shares of the Company. Mrs. N S Rama and Mr. Douglas Smith do not hold any share of the Company. The Company has not issued any convertible instrument.

Familiarization Program

Familiarization programmes conducted for Independent Directors so far have been disclosed on Company's website and can be seen at: www.timken.com/en-in.

Audit Committee

The Audit Committee enjoys all the powers as mentioned in Regulation 18 (2) (c) of Listing Regulations. The role of the Audit Committee is as per what is stated in Part C (A) of Schedule II of Listing Regulations read with Section 177 of the Companies Act, 2013 and Rules framed thereunder. The Audit Committee mandatorily reviewed the information prescribed in Schedule II, Part C (B) of Listing Regulations at each of its meeting.

The Company has complied with all the requirements of Regulation 18(1) of Listing Regulations 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, 2020. Mr. Dasgupta, Chairman of the Audit Committee, was present at the 32nd Annual General Meeting of the Company held on 12 August, 2019.

During the financial year ended 31 March, 2020, four Audit Committee Meetings were held on 21 May, 2019; 12 August, 2019; 25 October, 2019 and 7 February, 2020 respectively.

During the year ended 31 March, 2020, composition of the Audit Committee and details of meetings attended by the members thereof were as follows:

Name of the Members	Designation	Category	No. of Meetings attended
Mr. P S Dasgupta	Chairman	Non-Executive, Independent	3
Mr. Sanjay Koul	Member	Promoter Director Executive, Non-Independent	4
Mrs. Rupa Mahanty[1]	Member	Non-Executive, Independent	2
Mr. Bushen Lal Raina	Member	Non-Executive, Independent	4
Mrs. N S Rama[2]	Member	Non-Executive, Independent	1

1 *Ceased to be a member w.e.f. 30 September, 2019*

2 *Appointed as a member w.e.f. 25 October, 2019*

Audit Committee Meetings were also attended by the representatives of Internal Auditors and Statutory Auditors. As required under law, Company Secretary & Chief – Compliance acted as the Secretary of the Audit Committee.

Nomination and Remuneration Committee

Role of the Nomination and Remuneration Committee is as per what is described in Part D (A) of Schedule II of the Listing Regulations.

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

During the year ended 31 March, 2020, two meetings of the Nomination and Remuneration Committee were held on 25 October, 2019 and 7 February, 2020. During the year ended 31 March, 2020, composition of the Nomination and Remuneration Committee and details of meetings attended by members thereof were as follows:

Name of the Members	Designation	Category	No. of Meetings attended
Mrs. Rupa Mahanty[1]	Chairperson	Non-Executive, Independent	NA
Mrs. N S Rama[2]	Chairperson	Non-Executive, Independent	1
Mr. P. S. Dasgupta	Member	Non-Executive, Independent	1
Mr. Bushen Lal Raina	Member	Non-Executive, Independent	2
Mr. Ajay K Das[3]	Member	Non-Executive, Non-Independent	-
Mr. Douglas Smith[4]	Member	Non-Executive, Non -Independent	NA

1 *Ceased to be the Chairperson w.e.f. 30 September, 2019*

2 *Appointed as the Chairperson of the Committee w.e.f. 25 October, 2019*

3 *Ceased to be a member w.e.f. close of business hours on 4 February, 2020*

4 *Appointed as a member w.e.f. 7 February, 2020*

As required under law, Company Secretary & Chief – Compliance acted as the Secretary of the Nomination and Remuneration Committee.

Performance evaluation criteria

The Nomination and Remuneration Committee of the Board has laid down following performance evaluation criteria for the Independent Directors:

1. Active participation and contribution to discussions in Board Meetings
2. Effective use of knowledge and expertise of the directors towards the growth and betterment of the Company
3. Commitment to the highest ethical standards and values of the Company
4. Compliance with the policies of the Company and other applicable laws and regulations
5. Independence of behaviour and judgment
6. Impact and influence

Performance evaluation of the Independent Directors has been done by the entire Board of Directors excluding the evaluated Director.

Remuneration of Directors

Except for sitting fees paid to the Independent Directors for attending the meetings of the Board or Committees thereof or professional fees paid to firm where Independent Director is Partner, the Company does not have any pecuniary relationship or transactions with Non-executive Directors.

As per Company's policy, Independent Directors of the Company were paid remuneration by way of sitting fees only. The Company paid remuneration by way of salary & allowance, perquisites (fixed components) and Performance Incentive (variable component) to the Chairman & Managing Director and Whole-time Director being executive directors on the Board of Directors of the Company, after obtaining requisite approvals. As per practices consistently followed by the Company, Performance Incentives (variable component) were based on performance criteria laid down at beginning of the year broadly taking into account profit targets set for the year under review.

Criteria for making payment to Directors are disclosed in the Nomination and Remuneration Policy, attached to the Board's Report marked as Annexure - II.

Details of Remuneration of Directors for Year 2019-20

Non-Executive Directors

Name of the Director	Sitting Fees (₹)
Mr. P. S. Dasgupta	3,10,000
Mrs. Rupa Mahanty	1,80,000
Mr. Bushen Lal Raina	4,90,000
Mr. Ajay K Das	Nil
Mrs. N S Rama	2,70,000
Mr. Douglas Smith	Nil

Executive Directors *(In ₹)*

Name of the Director	Salary & Allowance	Perquisites	Performance Incentive	Stock Option
Mr. Sanjay Koul	1,68,56,351	88,01,195	62,23,328	Nil
Mr. Avishrant Keshava	54,68,355	14,20,540	13,65,499	Nil

The terms of appointment of the Executive Directors are governed by applicable 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. As per terms of appointment, none of the Executive Directors is entitled to receive any severance fees.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee is entrusted with the responsibility to consider and resolve grievances of shareholders 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 / transmission of shares in physical form, issue of duplicate / new certificates etc.

During the year ended 31 March, 2020, one meeting of the Stakeholders Relationship Committee was held on 5 March, 2020.

Generally, approval of the members of Stakeholders Relationship Committee is obtained through circular resolutions for effecting registration of transfer / transmission of shares in physical form, issue of duplicate / new certificates and other issues involving investor services.

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

During the year ended 31 March, 2020, composition of the Stakeholders Relationship Committee and details of meeting attended by the members thereof were as follows:

Name of the Members	Designation	Category	Attendance (5 March, 2020)
Mrs. N S Rama[1]	Chairperson	Non-Executive, Independent	Yes
Mrs. Rupa Mahanty[2]	Chairperson	Non-Executive, Independent	NA
Mr. Sanjay Koul	Member	Executive, Non-Independent	Yes
Mr. Douglas Smith[3]	Member	Non-Executive, Non-Independent	No
Mr. Ajay K Das[4]	Member	Non-Executive, Non-Independent	NA

[1] Appointed as the Chairperson of the Committee w.e.f. 25 October, 2019

[2] Ceased to be the Chairperson w.e.f. 30 September, 2019

[3] Appointed as a member w.e.f. 7 February, 2020

[4] Ceased to be a member w.e.f. close of business hours on 4 February, 2020

As required under law, Company Secretary & Chief - Compliance acted as Secretary of the Stakeholders Relationship Committee.

Mr. Soumitra Hazra, Company Secretary and Chief – Compliance retired from services of the Company on attaining age of 60 years with effect from 25 September, 2019. Mr. Mandar Vasmatkar was appointed as Company Secretary & Chief-Compliance with effect from 1 October, 2019. Mr. Vasmatkar is Compliance Officer under Listing Regulations.

No.	Particulars	Q1	Q2	Q3	Q4	Total in the year
1.	Number of shareholders' complaints/queries received so far	443	397	322	328	1490
2.	Number not solved to the satisfaction of shareholders	0	0	0	0	0
3.	Number of pending complaints/queries	0	0	0	0	0

General Body Meetings

Location, date and time of last three Annual General Meetings held during last three years:

Year	Location	Date	Day	Time	No. of Special Resolutions
2016-17	Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bengaluru - 560 100	9 August, 2017	Wednesday	10 am	–
2017-18	Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bengaluru - 560 100	10 August, 2018	Friday	10 am	3
2018-19	Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bengaluru - 560 100	12 August, 2019	Monday	10 am	–

Note: (a) No Special Resolution was required to be passed in 2019-20 through Postal Ballot.

(b) No Special Resolution is proposed to be conducted at the ensuing Annual General Meeting.

Means of Communication

Quarterly results of the Company were communicated through newspaper insertions and intimation to the Stock Exchanges and were also displayed on the Company's website.

Quarterly results for first two quarters were published in Economic Times (English) and Samyukta Karnataka (Kannada). Quarterly results for last two quarters were published in Financial Express (English) and Prajavani (Kannada).

The financial results were also displayed on the Company's website at www.timken.com/en-in. During the financial year, no presentation was made to Institutional Investors/analyst.

General Shareholders Information

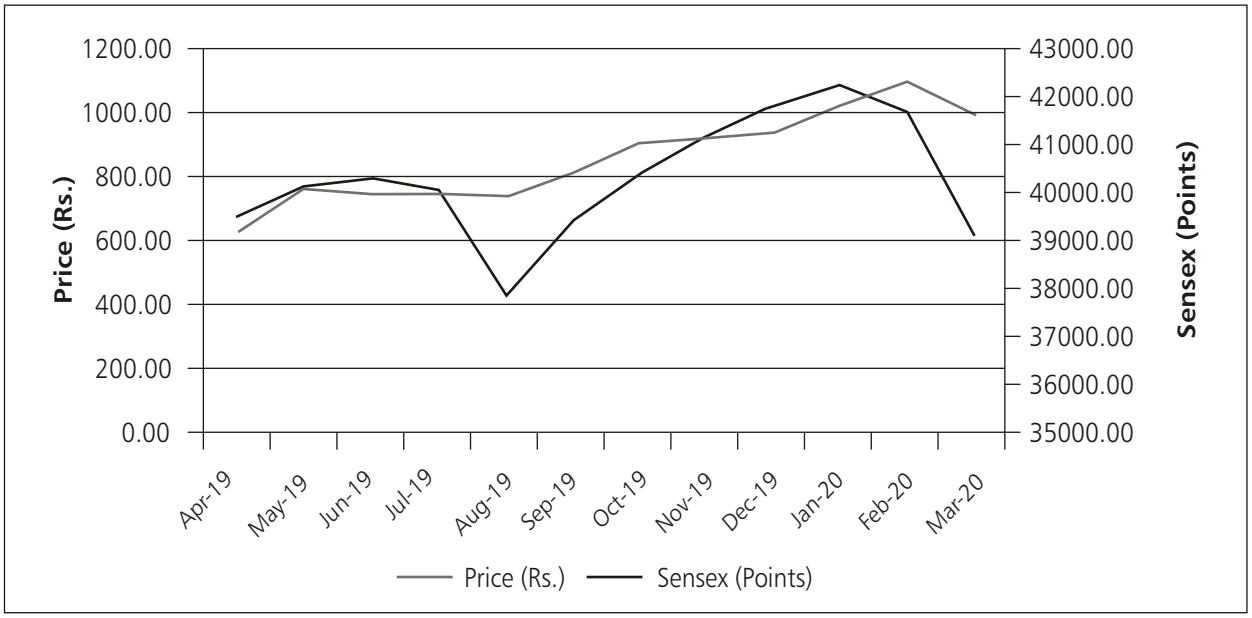
<table>
<tr><td>1.</td><td>AGM</td><td colspan="3">20 August, 2020</td></tr>
<tr><td>2.</td><td>Financial Calendar</td><td colspan="3">The financial year covers - 1 April, 2019 to 31 March, 2020.</td></tr>
<tr><td>3.</td><td>Dividend Payment Date</td><td colspan="3">Within 30 days from date of declaration at AGM</td></tr>
<tr><td>4.</td><td>Name and address of each stock exchanges(s) at which the Company's Securities are listed and a confirmation about payment of annual listing fees</td><td colspan="3">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 2020-21.</td></tr>
<tr><td>5.</td><td>Stock Code</td><td colspan="3">522113 (BSE), TIMKEN (NSE)</td></tr>
<tr><td>6.</td><td>Market Price Data</td><td colspan="3">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, 2020 :</td></tr>
<tr><td></td><td></td><td>Month</td><td>High (Rs.)</td><td>Low (Rs.)</td></tr>
<tr><td></td><td></td><td>April 2019</td><td>625.00</td><td>545.00</td></tr>
<tr><td></td><td></td><td>May 2019</td><td>758..10</td><td>524.00</td></tr>
<tr><td></td><td></td><td>June 2019</td><td>745.95</td><td>656.60</td></tr>
<tr><td></td><td></td><td>July 2019</td><td>749.00</td><td>640.00</td></tr>
<tr><td></td><td></td><td>August 2019</td><td>734.85</td><td>629.05</td></tr>
<tr><td></td><td></td><td>September 2019</td><td>816.00</td><td>682.55</td></tr>
<tr><td></td><td></td><td>October 2019</td><td>899.20</td><td>738.60</td></tr>
<tr><td></td><td></td><td>November 2019</td><td>920.20</td><td>819.30</td></tr>
<tr><td></td><td></td><td>December 2019</td><td>937.45</td><td>921.55</td></tr>
<tr><td></td><td></td><td>January 2020</td><td>1028.00</td><td>890.05</td></tr>
<tr><td></td><td></td><td>February 2020</td><td>1101.00</td><td>932.55</td></tr>
<tr><td></td><td></td><td>March 2020</td><td>995.70</td><td>650.00</td></tr>
</table>

7.	Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc.	Performance of the Company's Share Prices in comparison of BSE Sensex is given below:



8.	Securities are suspended from trading	Not Applicable
9.	Registrars & Share Transfer Agent	C B Management Services Private Limited P-22, Bondel Road, Kolkata - 700 019 Phone No. 033 40116700
10.	Share Transfer System	Request for registration of transfer of shares held in physical form were processed every 10 -12 days. The Stakeholders Relationship Committee is delegated with power to approve registration of transfer/transmission of equity shares. In terms of Listing Regulations, registration of transfer of shares in physical forms has been discontinued effective 1 April, 2019 except for transfer request submitted before the above date but could not be given effect due to certain irregularities and request for registration of transmission of shares/correction in name, etc. In order to get registration of transfer of shares, the shareholders are required to convert their shareholding in dematerialized form and follow prescribed procedure to get the share transfer done.
11.	Distribution of Share holding	The distribution of shareholding as on 31 March,2020 is given below:

Range (Rs.)	Accounts	Shares	%
1 – 5000	49550	6654011	8.83
5001 – 10000	77	554635	0.73
10001 – 20000	50	691515	0.91
20001 – 30000	17	408051	0.51
30001 – 40000	13	451240	0.59
40001 – 50000	13	593790	0.92
5001 – 100000	27	1874102	2.47
100001 and above	36	63991390	85.04
	49783	**75218734**	**100.00**

12.	Dematerialisation of Shares and liquidity	The Company has arrangements with National Securities Depositories Limited (NSDL) as well as the Central Depository Services (India) Limited (CDSL) for Demat facility. As on 31 March, 2020, 98.14% of the Company's Equity Share Capital is dematerialized. The Equity shares of the Company are listed and 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.	Commodity price risk or foreign exchange risk and hedging activities	Reference - Note No. 37 to the Financial Statements	
15.	Plant location	The Company's Plants are located at : ● Bara, P.O. Agrico, Jamshedpur – 831 009. ● Plot no 109A, 109B, 1 -B- C, Narmadanagar, Bharuch – 392015	
16.	Address for correspondence	Investor related queries may be addressed to the following addresses :	
		Company Secretary & Chief – Compliance Timken India Limited 39-42, Electronic City, Phase II, Hosur Road, Bengaluru – 560 100 Tel. No. 080 - 41362000 Fax No. 080-41362010 e-mail: mandar.vasmatkar@timken.com	C B Management Services Private Limited P-22, Bondel Road Kolkata – 700 019 Tel. No. 033 – 40116700, 40116725, 40116729 e-mail: rta@cbmsl.com

Other 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 2019-20. Senior management personnel have declared that during the year ended 31 March, 2020, the Company did not enter into transaction in which they had personal interest. Details of all related party transactions including with promoter entities holding 10% or more shareholding are disclosed separately in the Annual Report. (Refer note no 38 to the Financial Statements).

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 Open Door Policy and adequate safeguards have been provided against victimization of the reporting directors/ associates. The Whistle Blower Policy of the Company is disclosed on the Company's website at www.timken.com/en-in.

The Company has received a certificate from a Company Secretary in Practice certifying that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

During the year under review, the Company's policy pertaining to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013 was in place. During the year, one complaint was received. Investigation was carried out by the Internal Complaints Committee and based on its recommendation, necessary action has been taken.

During the year under review, no credit rating was required to be obtained by the Company. Disclosure requirement regarding utilization of fund was not applicable.

Total Fees paid to statutory auditors during the year is disclosed in the Annual Report separately. (Refer note no 33 to the Financial Statements).

The Company does not have any subsidiary Company and therefore, policy for determining 'material' subsidiaries is not applicable. Policy on dealing with related party transactions is disclosed on the website of the Company and can be seen at: https://www.timken.com/en-in/investors/policies/.

The compliance with Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of Listing Regulations has been disclosed in this report. The Company has complied with all the mandatory requirements in terms of Regulation 27 and Schedule V(C) of Listing Regulations. The status on compliance with non-mandatory requirements is as below:

1. Chairman of the Board – As the Chairman of the Board of Directors is an 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 Regulation 47(3) of Listing Regulations in certain newspapers and also sent 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 – M/s KPMG (Registered) acted as the Internal Auditors for FY 2019-20 and during the tenure, they reported to the Audit Committee of the Board.

During the year, the Company has complied with all applicable compliance norms relating to Corporate Governance and there has been no instance of non-compliance.

For and on behalf of the Board of Directors

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place: Bengaluru
Date: 8 June, 2020

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No : L29130KA1996PLC048230
Nominal Capital : Rs. 113,00,00,000/-

To
The Members of Timken India Limited

We have examined all the relevant records of Timken India Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2020. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate 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.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Regulations. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has complied with items C and E.

For V. Sreedharan & Associates
Company Secretaries

Sd/-
Pradeep B. Kulkarni
Partner
F.C.S.7260; C.P.No.7835

Place : Bengaluru
Date : 8 June, 2020
UDIN : F007260B000321961

Annexure - X

Declaration in terms of Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - 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 Members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31 March, 2020.

For the purpose of this declaration, Senior Management Personnel means Senior Management as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board of Directors

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place: Bengaluru
Date: 8 June, 2020

Annexure - XI

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L29130KA1996PLC048230
2.	Name of the Company	Timken India Limited
3.	Registered address	39-42, Electronic City, Phase II, Hosur Road, Bengaluru - 560 100
4.	Website	www.timken.com/en-in
5.	E-mail id	mandar.vasmatkar@timken.com
6.	Financial Year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	2814 - manufacture of bearings, gears, gearing and driving elements (as per NIC 2008)
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	1. Bearings; 2. Components; and 3. Maintenance and refurbishment Services
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	1. Jamshedpur 2. Bharuch 3. Bengaluru 4. Delhi 5. Kolkata 6. Pune 7. Chennai
10.	Markets served by the Company - Local / State / National / International	All

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	752 M
2.	Total Turnover (INR)	16,405 M
3.	Total profit after taxes (INR)*	2,461 M
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.36% (with respect to 3 above)
5.	List of activities in which expenditure in 4 above has been incurred:	Area in which the above expenditure has been incurred includes Preventive Healthcare, Sanitation, Promoting Education and Skill Development.

* Excluding other comprehensive income

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	No
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company collaborates with all relevant stakeholders including suppliers, distributors and other entities as part of the business responsibility initiatives of the Company.

SECTION D: BR INFORMATION

1.	Details of Director/Directors responsible for BR:			
	(a)	Details of the Director/Directors responsible for implementation of the BR Policy/Policies		
		1.	DIN Number	07292484
		2.	Name	Mr. Avishrant Keshava
		3.	Designation	Business Controller- India, CFO & Whole-time Director
	(b)	Details of the BR head		
		No.	Particulars	Details
		1.	DIN Number (if applicable)	07292484
		2.	Name	Mr. Avishrant Keshava
		3.	Designation	Business Controller- India, CFO & Whole-time Director
		4.	Telephone number	080-41362000
		5.	e-mail id	avishrant.keshava@timken.com

SECTION D: BR INFORMATION (Contd.)

2.	Principle-wise (as per NVGs) BR Policy/Policies										
	(a)	Details of compliance (Reply in Y/N)									
		No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
		1	Do you have a policy/ policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		6	Indicate the link for the policy to be viewed online?	http://www.timken.com/EN-IN/INVESTORS/Pages/Policies.aspx								
		7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		8	Does the Company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
		9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	(b)	If answer to the question at serial number1against any principle, is 'No', please explain why: (Tick up to 2 options)										
		No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
		1.	The Company has not understood the Principles	Not Applicable								
		2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
		3.	The Company does not have financial or manpower resources available for the task									
		4.	It is planned to be done within next 6 months									
		5.	It is planned to be done within the next 1 year									
		6.	Any other reason (please specify)									
3.	Governance related to BR											
	(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year		At least once annually.								
	(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?		The Company Publishes Business Responsibility Report as part of Annual Report and it can be accessed at the website of the Company at http://www.timken.com/en-in								

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability		
1.	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?	The Company's Code of Conduct is based primarily on the Code of Conduct of The Timken Company, ultimate parent company which is followed by all the entities in Timken group worldwide. The principles of this Code of Conduct are expected to be adhered by other stakeholders including customers and vendors.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	One complaint was received. The matter was investigated. No merit was found in allegation made, therefore, closed.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle			
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.		The Company does not design products. Designing is done by our ultimate parent company at the headquarters in US and corporate global citizenship principles are followed in this regard. Some of the examples of our group products designed by adhering to the above principles are given below - **Fuel Efficient Bearings for Vehicle** - Timken fuel-efficient bearings for cars, trucks and other vehicles reduce friction by 25 percent and improve fuel economy by as much as 2 percent over traditional bearings. **Fuel Efficiency in Rail Transport** - Our low-torque designs and innovative lubrication technology deliver fuel-efficiency in freight, locomotive, passenger, tram and high-speed operations around the world. **Reuse, Reliability and Savings** - When it comes to re-manufacturing and repair, we provide customers with an environments friendly way to improve the return on their bearing investment. Our re-manufacturing procedures restore a large bearing's original major components using a fraction of the materials and energy required to manufacture a replacement.
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):		Please refer to comments above
	(a)	Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?	
	(b)	Reduction during usage by consumers (energy, water) has been achieved since the previous year?	
3	Does the company have procedures in place for sustainable sourcing (including transportation)?		Yes
	(a)	If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	~64%, our Jamshedpur / Bharcuh Plant procures rings / rollers and heat treatment services through best suppliers based around Jamshedpur / Bharuch.
4	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?		Yes. The Company is focusing more on localization and procuring maximum possible within the 100 Km Region of the location.
	(a)	If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	As a part of our lean supply chain concept, we encourage our local sources to develop their capacity and capability continually. The Company also does handholding with suppliers in such cases.
5	Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.		The Company recycles less than 5 % of its products and more than 10 % in waste. In addition to that our Jamshedpur and Bharuch Plant are ZERO liquid discharge Plant. The product waste (scrap) is melted and reused in steel making process. The grinding sludge is recycled in cement klins. Wood waste is recycled to alternate applications (including new pallets making etc).

Principle 3: Businesses should promote the wellbeing of all employees				
1.	Please indicate the Total number of employees		1269 as on 31 March, 2020	
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.		509	
3.	Please indicate the Number of permanent women employees.		24	
4.	Please indicate the Number of permanent employees with disabilities		5	
5.	Do you have an employee association that is recognized by management		There is an employee union in Jamshedpur.	
6.	What percentage of your permanent employees is members of this recognized employee association?		20.4%	
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.		See details below	
	No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
	1.	Child labour/forced labour/involuntary labour	-	-
	2.	Sexual harassment	1	-
	3.	Discriminatory employment	-	-
8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?			
	(a)	Permanent Employees	97%	
	(b)	Permanent Women Employees	95%	
	(c)	Casual/Temporary/Contractual Employees	90%	
	(d)	Employees with Disabilities	–	

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.		
1.	Has the company mapped its internal and external stakeholders? Yes/No	Yes
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?	Yes
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so	For details, please see Annexure - IV.

Principle 5: Businesses should respect and promote human rights		
1.	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	The Company's Code of Conduct is based primarily on the Code of Conduct of The Timken Company, which is followed by all the entities in Timken group worldwide. The principles of this Code of Conduct are expected to be adhered by other stakeholders including customers and vendors.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	Nil

Principle 6: Businesses should respect, protect and make efforts to restore the environment		
1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ others.	The Company's EHS Policy is based primarily on the EHS Policy of The Timken Company, which is followed by all the entities in Timken group worldwide. The principles of this Policy are expected to be adhered by the other stakeholders including customers and vendors.
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	The Timken Company, ultimate parent company, has taken initiatives to address global issues under global citizenship program.
3.	Does the company identify and assess potential environmental risks? Y/N	Yes. This is being done through our ISO 14001 environmental management system using tools such as aspect and impact analysis.
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	At Bharuch Plant, the Company has done significant projects using lean thinking in terms of reduction of polyethene sheets consumption for packing and has been able to reduce a potential impact of 3 Lakhs Kg of CO2 emission reduction per annum.
5.	Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Details are given in the Board's Report under conservation of energy and use of alternative energy.
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil

Principle 7: Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner		
1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	a. Confederation of Indian Industries b. American Chamber of Commerce in India
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Yes Through providing suggestions / participation in discussion in the areas of governance, ethics, economic reforms and development policies.

Principle 8: Businesses should support inclusive growth and equitable development		
1.	Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	The Company has programmes, inter-alia, for providing healthcare facilities, promoting education and skill development. For more details, please refer Annexure - IV of the Board's Report.
2.	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	In house as well as through external NGOs.
3.	Have you done any impact assessment of your initiative?	Yes
4.	What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	For details, please refer Annexure - IV of Board's Report.
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	The Company does impact assessment of projects done by the Company and it is a continuous process.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner		
1.	What percentage of customer complaints/ consumer cases are pending as on the end of financial year	Nil, relating to quality of products.
2.	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)	The Company adheres to Legal Metrology Regulations.
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	Nil
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	No

For and on behalf of the Board of Directors

Sd/-
Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place: Bengaluru
Date: 8 June, 2020

Annexure - XII

DIVIDEND DISTRIBUTION POLICY

The purpose of this document is to outline the Timken India Limited dividend policy that balances the objectives of rewarding shareholders through dividends and retaining capital to support a sound financial position.

A. This Policy will be subject to the applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in India as amended from time to time and also to any guidelines issued by any Regulatory Authority on this subject in India.

B. Timken India Limited will target dividend payouts that are in line with peers.

C. The frequency of the dividend declared is expected to be annually though the Board of Directors of Timken India Limited reserves the right to declare and pay dividend more frequently depending upon availability of suitable payout opportunities.

D. The amount of a dividend to be declared – While deciding the quantum of the dividend to be paid, the Board of Directors will consider all relevant factors including the following:

   i. Company's current and projected financial strength in the light of global and local situation of financial markets;

   ii. Evaluation of the tax implications to shareholders;

   iii. Renovation/ Modernisation of existing facilities;

   iv. Major Repairs & Maintenance;

   v. Likelihood of requirement of contingent liabilities, if any, including a contingency fund;

   vi. Acquisition or disposal of assets;

   vii. Other current or future requirements for capital expenditure including without limitation, expansion projects arising out of change in business models, modernization projects, etc.

E. Dividend declaration:

   i. The Managing Director in consultation with India Management Team will prepare a recommendation of dividend to the Board of Directors.

   ii. Dividend will be paid only if the Board of Directors concurs with such proposal and after complying with all applicable norms as per regulations prevailing in India.

F. Retained earnings will be utilized as per the provisions of the Companies Act, 2013 and rules framed thereunder for corporate actions and investment towards growth of business.

Independent Auditor's Report

To the Members of Timken India Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of TIMKEN INDIA LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
Allowance for credit loss on receivables The management determined the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The historical loss model previously used by the management needed revisions considering the current and anticipated future economic conditions arising from the COVID -19 pandemic event on the customers' business operations and the consequent ability to pay. In computing the expected credit losses, the Company has also considered external sources of information relating to its customers' credit risk that were available in public domain to estimate the probability of default in future and has taken into account possible effects from the pandemic relating to COVID -19. We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses. Refer Notes 2.5, 2.7.8, 11 and 40A to the financial statements	Our audit procedures related to the allowance for credit losses for trade receivables included the following, among others: We tested the effectiveness of controls over the (1) development of the methodology for determining the allowance for credit losses, including consideration of the current and estimated future economic conditions (2) completeness and accuracy of information used in the estimation of probability of default and (3) computation of the allowance for credit losses. For a sample of customers: - We tested a sample of invoices to verify the accuracy of the aging data considered. - We tested the realization of receivables subsequent to the balance sheet date. - We tested other input data used by the management such as the customers' credit risk and related information by corroborating the same with internal source of information and to the extent publicly available, the external sources of information. We tested the mathematical accuracy and computation of the allowances by using the above input data to determine if there were any material differences in the aggregate

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report, including Annexures to the Board's report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 purposes 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, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   h) 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, as amended 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 35 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
Sathya P. Koushik
Partner
(Membership No. 206920)
(UDIN: 20206920AAAAED2414)

Place: Bengaluru
Date: 5 June, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **TIMKEN INDIA LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
Sathya P. Koushik
Partner
(Membership No. 206920)
(UDIN: 20206920AAAAED2414)

Place: Bengaluru
Date: 5 June, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of fixed assets,

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of the land and buildings	Gross Block (as at the Balance sheet date) (Rs. in million)	Net Block (as at the Balance sheet date) (Rs. in million)	Remarks
Freehold land and building thereof, located at Central Hope Town, Vikasnagar, Dehradun admeasuring 8,412 sq. metre.	78.70	76.41	The title deeds are in the name of ABC Bearings Limited that was merged with the Company under Section 230 to 232 of the Companies Act, 2013 in terms of the approval of the National Company Law Tribunal.

In respect of building constructed on leased land, based on the examination of the lease agreements, we report that the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie,* the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

c. Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, and Excise Duty which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rs. in million)	Amount Unpaid (Rs. in million)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2002-03 and 2009-10	15.35	15.35
		High Court	2005-06	2.69	2.69
Various state Sales Tax Acts	Various Sales Tax	Various appellate authorities	2002-03, 2003-04, 2005-06, 2008-09, 2013-14, 2014-15 and 2015-16	92.80	91.14
		Deputy Commissioner Appeals	2009-10 to 2015-16	20.81	13.61
Finance Act, 1994	Service Tax	Central Excise and Service Tax Appellate Tribunal	2013-14, 2015-16	10.96	10.96
		Commissioner Appeals	2012-13, 2013-14 and 2016-17	1.45	1.32

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have borrowings from financial institutions and government and has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
Sathya P. Koushik
Partner
(Membership No. 206920)
(UDIN: 20206920AAAAED2414)

Place: Bengaluru
Date: 5 June, 2020

Balance Sheet

₹ in million

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current Assets			
(a) Property, plant and equipment	3	**3,947.26**	4,382.28
(b) Right of use assets	4	**1,092.16**	-
(c) Capital work-in-progress		**1,565.16**	635.07
(d) Goodwill	5	**1,813.11**	1,813.11
(e) Other Intangible assets	6	**627.39**	1,750.57
(f) Financial assets			
(i) Investments	7 A	**0.30**	0.30
(ii) Trade receivables	11	**43.50**	35.10
(iii) Loans	8	**64.36**	62.91
(g) Other non-current assets	9	**196.45**	316.26
		9,349.69	8,995.60
Current Assets			
(a) Inventories	10	**2,914.15**	3,170.79
(b) Financial assets			
(i) Investments	7 B	**131.66**	1,757.24
(ii) Trade receivables	11	**2,914.65**	3,018.89
(iii) Cash and cash equivalents	12 A	**4,146.51**	219.09
(iv) Bank balances other than (iii) above	12 B	**20.69**	20.88
(v) Loans	13	**2.67**	1.31
(vi) Other financial assets	14	**20.58**	39.31
(c) Other current assets	15	**274.24**	522.22
		10,425.15	8,749.73
Total Assets		**19,774.84**	17,745.33
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	**752.08**	752.08
(b) Other equity	17	**15,014.65**	12,655.35
Total Equity		**15,766.73**	13,407.43
LIABILITIES			
Non-current Liabilities			
(a) Financial liabilities			
(i) Lease liabilities	18A	**23.32**	-
(ii) Other financial liabilities	18B	**248.79**	201.39
(b) Provisions	19	**502.27**	495.65
(c) Deferred tax liabilities (Net)	20 A	**377.04**	549.49
		1,151.42	1,246.53
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	21	**199.57**	230.80
(ii) Lease liabilities	18A	**13.50**	-
(iii) Trade payables			
(a) Total outstanding dues of micro, small and medium enterprises	22	**48.61**	97.16
(b) Total outstanding dues of creditors other than micro, small and medium enterprises		**2,090.39**	2,237.81
(iv) Other financial liabilities	23	**110.22**	82.68
(b) Other current liabilities	24	**79.87**	54.32
(c) Provisions	19	**59.65**	49.41
(d) Current tax liabilities	25	**254.88**	339.19
		2,856.69	3,091.37
Total Liabilities		**4,008.11**	4,337.90
Total Equity and Liabilities		**19,774.84**	17,745.33

See accompanying notes to the Financial Statements

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W – 100018)
Sd/-
Sathya P. Koushik
Partner
Membership No. 206920
Place: Bengaluru
Date: June 5, 2020

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

Sd/-
Sanjay Koul
Chairman,
Managing Director & CEO
DIN: 05159352

Sd/-
Avishrant Keshava
Business Controller - India,
CFO & Whole-time Director
DIN: 07292484

Sd/-
Mandar Vasmatkar
Company Secretary & Chief - Compliance
Bengaluru, June 5, 2020

Statement of Profit and Loss

₹ in million

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue			
Revenue from Operations	26	**16,177.51**	16,644.33
Other Income	27	**227.22**	162.70
Total Income (I)		**16,404.73**	16,807.03
Expenses			
Cost of Materials Consumed	28	**4,635.76**	5,770.36
Purchase of Traded Goods		**3,721.67**	4,024.64
Changes in Inventories of Finished Goods, Traded Goods and Work-in-progress	29	**237.35**	(508.83)
Employee Benefits Expense	30	**1,237.88**	1,226.90
Finance costs	31	**27.51**	17.59
Depreciation and amortisation expense	32	**768.64**	793.29
Other Expenses	33	**2,712.35**	3,244.87
Total Expenses (II)		**13,341.16**	14,568.82
III. Profit before tax for the year (I-II)		**3,063.57**	2,238.21
IV. Tax expense:			
(1) Current tax charge {includes net reversal of ₹ 4.76 million (March 31, 2019 - reversal of ₹ 3.88million) relating to earlier year }		**813.51**	928.09
(2) Deferred tax		**(210.93)**	(176.30)
Total Tax Expenses	20 B	**602.58**	751.79
V. Profit for the year (III - IV)		**2,460.99**	1,486.42
VI. Other Comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
(i) Re-measurement gains/ (losses) on defined benefit plans		**(9.17)**	4.66
(ii) Income tax (charge)/gain effect on above		**2.31**	(1.63)
Other comprehensive income for the year, net of tax		**(6.86)**	3.03
VII. Total Comprehensive Income for the year (V + VI)		**2,454.13**	1,489.45
VIII. Earnings per equity share (₹10 each) in INR: Basic & Diluted	34	**32.72**	19.92

See accompanying notes to the Financial Statements

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W – 100018)
Sd/-
Sathya P. Koushik
Partner
Membership No. 206920
Place: Bengaluru
Date: June 5, 2020

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

Sd/-
Sanjay Koul
Chairman,
Managing Director & CEO
DIN: 05159352

Sd/-
Avishrant Keshava
Business Controller - India,
CFO & Whole-time Director
DIN: 07292484

Sd/-
Mandar Vasmatkar
Company Secretary & Chief - Compliance
Bengaluru, June 5, 2020

Statement of Changes in Equity

A) Equity Share Capital (Refer note 16)

	Subscribed and Fully Paid-up		Subscribed and partly paid-up		Total Equity share capital
	No. of Shares	Amount (₹ in million)	No. of Shares	Amount (₹ in million)	Amount (₹ in million)
As at March 31, 2018	**67,976,084**	**679.76**	**23,900.00**	**0.13**	**679.89**
Issue of equity share capital	7,218,750	72.19	-	-	72.19
Receipt of calls in arrears	200	-	(200.00)	-	0.00
As at March 31, 2019	**75,195,034**	**751.95**	**23,700.00**	**0.13**	**752.08**
Receipt of calls in arrears	500	-	(500.00)	-	0.00
As at March 31, 2020	**75,195,534**	**751.95**	**23,200**	**0.13**	**752.08**

B) Other Equity (Refer note 17) **₹ in million**

	Reserves and Surplus			
	Capital Redemption Reserve	Securities Premium	Retained earnings	Total
Balance as at March 31, 2018	260.00	435.52	5,647.90	6,343.42
Profit for the year			1,486.42	1,486.42
Other comprehensive income/ (loss) for the year, net of tax			3.03	3.03
Total comprehensive income			**7,137.35**	**7,832.87**
Share premium on allotment of shares on acquisition of ABC Bearings Ltd.		4,913.15		4,913.15
Equity dividend paid for the year 2017-18			(75.21)	(75.21)
Dividend Tax on equity dividend for the year 2017-2018			(15.46)	(15.46)
Balance as at March 31, 2019	**260.00**	**5,348.67**	**7,046.68**	**12,655.35**
Impact of adoption of Ind AS 116 (refer note 4)			(4.16)	(4.16)
Profit for the year			2,460.99	2,460.99
Other comprehensive income/ (loss) for the year, net of tax			(6.86)	(6.86)
Total comprehensive income			**9,496.65**	**15,105.32**
Equity dividend paid for the year 2018-19			(75.21)	(75.21)
Dividend Tax on equity dividend for the year 2018-2019			(15.46)	(15.46)
Balance as at March 31, 2020	**260.00**	**5,348.67**	**9,405.98**	**15,014.65**

See accompanying notes to the Financial Statements

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W – 100018)
Sd/-
Sathya P. Koushik
Partner
Membership No. 206920
Place: Bengaluru
Date: June 5, 2020

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

Sd/-
Sanjay Koul
Chairman,
Managing Director & CEO
DIN: 05159352

Sd/-
Avishrant Keshava
Business Controller - India,
CFO & Whole-time Director
DIN: 07292484

Sd/-
Mandar Vasmatkar
Company Secretary & Chief - Compliance
Bengaluru, June 5, 2020

Cash Flow Statement

₹ in million

		Year ended March 31, 2020		Year ended March 31, 2019	
A.	**Cash Flow from Operating Activities :**				
	Profit for the year		**2,460.99**		1,486.42
	Adjustments to reconcile profit before tax to net cash flows :				
	Income tax expense recognised in profit or loss	**602.58**		751.79	
	Depreciation and amortisation	**768.64**		793.29	
	Interest income	**(30.75)**		(8.31)	
	Interest expense	**27.51**		17.59	
	Dividend Income	**(105.07)**		(60.50)	
	(Profit)/Loss on sale of Property, Plant & Equipment (Net)	**(0.44)**		3.43	
	Provision for Doubtful debts / advances	**25.42**		37.93	
	Provision no longer required written back	**(29.41)**		(28.79)	
	Deferred government grants	**(32.79)**		(31.69)	
	Unrealised foreign exchange loss / (gain)	**(38.65)**		(5.23)	
	Impairment losses	**37.01**		28.99	
			1,224.05		1,498.50
	Operating Profit before Working Capital Changes		**3,685.04**		2,984.92
	Changes in assets and liabilities				
	(Increase) / Decrease in Trade receivable	**222.61**		(586.19)	
	(Increase) / Decrease in Loans & other financial assets and other assets	**258.83**		858.62	
	(Increase) / Decrease in Inventories	**256.64**		(400.91)	
	Increase / (Decrease) in Trade payable	**(153.17)**		191.58	
	Increase/(Decrease) in Other financial liabilities, other liabilities & provisions	**136.89**		193.66	
			721.80		256.76
	Cash Generated from Operations		**4,406.84**		3,241.68
	Direct Taxes paid (net of refund)		**(837.87)**		(753.86)
	Net Cash from Operating Activities (A)		**3,568.97**		2,487.82
B.	**Cash Flow from Investing Activities :**				
	Purchase of Property, Plant & Equipment including capital work in progress and capital advances		**(1,262.80)**		(1,174.14)
	Proceeds from Sale of Property, Plant & Equipment		**59.50**		0.10
	Dividend received		**105.07**		60.50
	Interest received		**30.85**		8.16
	Redemption/ maturity of bank deposits (net) (having original maturity of more than three months)		**(7.48)**		7.98
	Net Cash used in Investing Activities (B)		**(1,074.86)**		(1,097.40)

Cash Flow Statement

₹ in million

	Year ended March 31, 2020	Year ended March 31, 2019
C. Cash Flow from Financing Activities :		
Interest paid	**(27.49)**	(17.59)
(Increase) / Decrease of short term borrowings	**(31.23)**	(124.73)
Repayment of lease liabilities	**(16.77)**	-
Dividend paid	**(75.21)**	(75.21)
Tax on dividend distribution	**(15.46)**	(15.46)
Net Cash (used in)/from Financing Activities (C)	**(166.16)**	(232.99)
Net Increase in Cash and Cash equivalents (A + B + C)	**2,327.95**	1,157.43
Cash and Cash equivalents - Opening Balance	**1,976.33**	781.71
Cash and Cash equivalents received as per scheme	**-**	14.96
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	**(26.11)**	22.23
Cash and Cash equivalents - Closing Balance	**4,278.17**	1,976.33

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 the following balance sheet amounts :

	As at March 31, 2020	As at March 31, 2019
Cash on hand and balances with banks (refer. Note 12A)	**4,146.51**	219.09
Short term Investments (refer Note 7B)	**131.66**	1,757.24
Cash & Cash equivalents	**4,278.17**	1,976.33

See accompanying notes to the Financial Statements

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W – 100018)
Sd/-
Sathya P. Koushik
Partner
Membership No. 206920
Place: Bengaluru
Date: June 5, 2020

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

Sd/-
Sanjay Koul
Chairman,
Managing Director & CEO
DIN: 05159352

Sd/-
Avishrant Keshava
Business Controller - India,
CFO & Whole-time Director
DIN: 07292484

Sd/-
Mandar Vasmatkar
Company Secretary & Chief - Compliance
Bengaluru, June 5, 2020

Notes to financial statements as at and for the year ended March 31, 2020

1. CORPORATE INFORMATION

Timken India Limited ('the Company') is a public limited company incorporated on 15th June 1987 under the provisions of the erstwhile Companies Act, 1956. The Company's shares are listed in National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The registered office of the Company is located at 39-42, Electronics City, Phase II, Hosur Road, Bengaluru - 560 100. The Company is into manufacture, distribution and sale of anti-friction bearings primarily tapered roller bearings, other roller bearings, components, accessories and mechanical power transmission products for diverse customer base. The Company also provides maintenance contract and refurbishment services. The Company's manufacturing plants are located at Jamshedpur in Jharkhand & Bharuch in Gujarat and distribution centers are located in various parts of the country.

These financial statements of the Company for the year ended March 31, 2020 were authorised for issue in accordance with the resolution of the Board of Directors on June 5, 2020

2. BASIS OF PREPARATION AND PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in all material aspects in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time and other relevant provisions of the Act.

2.2 Basis of preparation and measurement

These Financial Statement have been prepared on going concern and accrual basis. The accounting policies have been followed consistently across all the periods in the financial statements. All assets and liabilities are classified as current or non-current as per Company's operating cycle and other criteria defined in the Schedule III of the Companies Act, 2013. The operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of business and the time between the asset acquisition and their conversion into cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of identification of current or non-current assets and liabilities.

These Ind-AS Financial Statements have been prepared on historical cost basis, except for certain financial instruments and defined benefit plans which have been measured at fair value or amortised cost at the end of each reporting period as explained in accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Functional and Presentation currency

These financial statements are prepared in Indian Rupees (₹), the functional currency of the Company, which is the currency of the primary economic environment in which the Company operates (the 'functional currency').

All amounts presented in the financial statements which also includes accompanying notes have been rounded off to the nearest Million as per the requirement of Schedule III to the Companies Act,2013, unless otherwise stated.

2.4 Cash flow statement

Statement of Cash flow is prepared using indirect method as set out in Ind-AS -7 ("Statement of Cash Flows").

Notes to financial statements as at and for the year ended March 31, 2020

2.5 Use of Estimates and Judgments:

The preparation of the Company's financial statements in conformity with IND AS requires management to make judgements, estimates and assumptions in application of accounting policies that affect the reported amounts of assets, liabilities, income, expenses and accompanying disclosures. Estimates and assumptions are reviewed on an ongoing basis, based on historical experience and other factors including the expectation of the future factors that are believed to be reasonable. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods affected.

Information about critical judgements, estimates and assumptions that have significant effect to the carrying amount of assets and liabilities in the financial statements are included in the following notes below:

Sl. No	Judgement, Estimates, Assumptions	Accounting Policy Reference	Note Reference
1	Estimation of Useful life of tangible and Intangible assets	2.7.1 & 2.7.3	3 & 6
2	Measurement of Right of use assets and Lease liability	2.7.2	4 & 18A
3	Measurement of defined benefit obligations and key actuarial assumptions	2.7.10	41
4	Recognition of deferred Tax assets	2.7.11	20
5	Goodwill Impairment and Future cashflow projection	2.7.5	5
6	Measurement and likelihood of occurrence of contingencies	2.7.12	35

Estimation of uncertainties related to COVID-19 impact

Since Dec 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite period. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. India is no different from rest of the world. To contain the spread of this pandemic, India has started taking multiple actions including lockdown during last week of the financial year. As a result of this lockdown, the Company's manufacturing operations and its distribution centers remained shut during the initial phase. Once the lockdown started getting relaxed in a phased manner from third week of April 2020 by the government. The Company's facilities reopened gradually, aligned with relaxation rules, that were announced by the concerned authorities from time to time, complying with all required safety measures.

In light of these circumstances, the Company has considered the possible effects that may impact on carrying amount of various assets and liabilities. In developing assumptions relating to future uncertainties in economic conditions because of this pandemic, the Company has used internal and external information such as future volume estimate from business, contract terms, financial strengths of partners…etc. The Company has done a sensitivity analysis and having reviewed the underlying data and the related sensitivity analysis, the Company expects, the carrying amount of the assets will be recovered and there is no significant impact to liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these statements and the Company will continue to closely monitor any material changes to future economic conditions.

2.6 Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

2.7 SIGNIFICANT ACCOUNTING POLICIES

2.7.1 Property, Plant and equipment

- Property, Plant and Equipment held for use in the production and/or supply of goods or services or for administrative purposes, are stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Free hold Land is not depreciated. Property, Plant and Equipment acquired in a business combination are recognised at fair value at the acquisition date. Cost comprises the purchase price including import duties and non-refundable, purchase taxes (net of taxes credits wherever applicable), and erection / commissioning & any incidental expenses which are directly attributable in bringing the asset to its working condition for the intended use. The

Notes to financial statements as at and for the year ended March 31, 2020

amount of asset related grants are added to the cost of respective asset with a corresponding recognition of deferred income in respect of Government grant (also refer accounting policy on Government grants in note 2.7.9).Subsequent expenditure related to an item of property, plant & equipment is included in carrying amount of the asset or recognised as a separate asset, as appropriate, only if it is probable that the future economic benefits associated with the asset will flow to the Company and its reliably measured. All other expenses on existing property plant and equipment, including day-to-day repair and maintenance expenditure, overhaul and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

- Spares which meet the definition of property, plant and equipment are capitalised as on the date of acquisition. The corresponding old spares are de-capitalised on such date with consequent impact on the statement of Profit and Loss.
- Property, Plant and Equipment not ready for its intended use at the date of Balance Sheet are disclosed as "Capital Work in progress". Such items are classified to specific sections of the Property, Plant and equipment as and when ready for its intended use.
- Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under "Other Non-Current Assets. An Item of property, plant and equipment is de-recognised upon its disposal or when no future economic benefits are expected from its use. Gains or losses, if any, arising from de-recognition of property, plant & equipment (measured as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in the statement of profit and loss when the asset is de-recognised. The Company identifies and determines cost of each component of an asset separately, if the component has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the useful life of the principal asset.

- **Depreciation and useful lives**
  - o Depreciation is charged so as to write off cost or value of assets over their estimated useful lives and are capitalised in the books of accounts, when the assets are ready for its intended use.
  - o Depreciation for an item in property plant and equipment which are de-recognised are provided on proportionate basis upto the date when the asset is -derecognised from the financial statement.
  - o Depreciation on items of Property, Plant & Equipment (Other than free hold land) is calculated on a straight-line basis using the rates based on the useful lives estimated by the management.
  - o The identified components of an asset are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.
  - o The estimated useful life, residual value and the depreciation methods are reviewed at the end of each reporting period, with effect of any changes in estimate accounted on a prospective basis.
  - o Estimated useful life of the assets are determined based on various technical parameters / assessments and aligned to the prescribed useful life specified under Schedule II of the Companies Act, 2013. The useful economic life of buildings and plant and equipment as estimated by the management, is supported by independent assessment by professionals, are lower than those indicated in Schedule II to the Companies Act, 2013 The estimated useful lives are as below:

Block of Assets	Useful life
Factory Buildings	5 -30 Years
Furniture & Fixtures	5 -10 Years
Plant & Equipment	3 -15 Years
Computers	3 - 6 Years
Vehicles	8 Years
Office Equipment	5 Years

Notes to financial statements as at and for the year ended March 31, 2020

2.7.2 Leases and Right of use assets

The Company has adopted Ind AS 116 – Leases effective 1st April 2019, using the modified retrospective method. The Company has applied standard to its leases with cumulative impact recognised on the date of initial application (1st April 2019). Accordingly, previous period information has not been restated.

The Company lease asset classes primarily consist of leases for land, buildings and motor vehicles. The Company, at the inception of a contract, assesses whether the contract is a lease or contain a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

At the date of commencement of lease, the Company recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it's a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The ROU asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less accumulated depreciation and impairment losses if any. The ROU asset is depreciated using the straight-line method from the commencement date over the shorter of lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the discount rate implicit in the lease, if not determinable, discounted with the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

Assets or liabilities recognised under IND AS 103 (Business Combinations), relating to favorable or unfavorable terms of an operating lease, acquired during business combination, the same is derecognised and appropriate ROU and lease liability is recognised on the date of transition.

ROU and lease liability are separately presented in the Balance Sheet and lease payments have been classified as financing cashflows. The Company does not have any financial leases at the end of the reporting period.

2.7.3 Intangible assets

- **Intangible assets acquired separately** are carried at cost less accumulated amortisation less accumulated impairment losses if any.
- **Internally generated intangible assets**, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.
- **Intangible Assets acquired in a Business combination:**
    - o Intangible assets acquired in a business combination are recognised at fair value at the acquisition date
    - o Subsequent to initial recognition, the intangible assets are reported at cost less accumulated depreciation and accumulated impairment if any
- **Amortisation :**
    - o For all finite life intangibles, amortisation is charged on straight line basis over their estimated useful lives.
    - o The estimated useful life and the amortisation method are reviewed at the end of each reporting period, with effect of any changes in estimate accounted on a prospective basis.

Notes to financial statements as at and for the year ended March 31, 2020

o A summary of policies applied to the Intangibles as follows:

Intangibles	Useful economic life (years)
Computer Software	3
Tradename and Trademark	15
Developed Technology	15
Customer Relationship	20

- Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is initially recognised based on the accounting policies on business combinations refer note 2.7.4 and is tested annually for impairment.

2.7.4 Business Combinations and Goodwill

The Company accounts for its business combinations under acquisition method of accounting. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognised at their fair values at the acquisition cost.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity is recorded in shareholders' equity.

Acquisition related costs are recognised in the statement of profit and loss as incurred.

2.7.5 Impairment of Non-Financial assets

- The carrying amount of tangible, intangible and other non-financial assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external or internal factors. If any such indication exists, the recoverable amount of the asset / Cash Generating Units (CGU) is estimated in order to determine the extent of impairment loss (if any).
- For Goodwill, an impairment test is performed as at each Balance Sheet date and whenever there is an indication that the asset may be impaired.
- An Impairment is recognised in the statement of Profit or loss to the extent the recoverable amount of an asset or CGU is estimated to be less than it's carrying amount of the asset or CGU.
- Recoverable amount represents the higher of FairValue less cost to sell and their 'value in use'. In assessing the 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 for which the estimates of future cash flows have not been adjusted.
- When an impairment loss subsequently reverses, the carrying amount of the asset or a CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

Notes to financial statements as at and for the year ended March 31, 2020

2.7.6 Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and slow-moving inventory as follows:

Inventory Types	Valuation methodology
Raw materials, components, stores and spares	These are valued at lower of cost and net realisable value. Cost includes cost of purchase including duties & taxes (other than the taxes, which can be taken as input tax credit) and other costs incurred in bringing the inventories to their present location and condition. 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	These are valued at lower of cost and net realisable value. Cost includes direct materials and labour and an allocated proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.
Trading goods	Valued at lower of cost and net realisable value. Cost includes cost of purchase including duties & taxes (other than the taxes, which can be taken as input tax credit) and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realisable 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.

2.7.7 Cash & Cash Equivalents & Investments

- Cash and cash equivalents in the balance sheet comprise cash at banks and short-term deposits with an original maturity of three months or less
- Investments comprise of investments made in various liquid funds in mutual funds. These investments are valued at cost less impairment if any
- For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits and short-term liquid investments, as defined above.

2.7.8 Financial Instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

2.7.8.1 Financial Assets:

Company's Financial Assets broadly comprise the following:

(a) Current Financial Assets: Investments, trade receivables, cash and cash equivalents, loans and advances, other short term receivables

(b) Non-current Financial Assets: Investments, other long-term receivables and deposits

Notes to financial statements as at and for the year ended March 31, 2020

2.7.8.1.1 Initial recognition and measurement:

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in statement of profit and loss.

2.7.8.1.2 Subsequent measurement:

For the purpose of subsequent measurement, financial assets are classified into following categories:

(a) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost, if both the below conditions are met:

1. These financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows
2. Contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these financial assets are subsequently measured using the effective interest rate (EIR) method, less impairment, if any. The amortisation of EIR and loss arising from impairment, if any, recognised in the statement of profit or loss. This category generally applies to trade and other receivables. For the impairment policy on financial assets measured at amortised cost, refer note no 2.7.8.1.3

(b) Financial Assets at fair value through other comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if both the below conditions are met:

1. These financial assets are held within business model whose objective is achieved by both collecting contractual cash flows on specified dates and selling financial assets
2. These assets contractual cash flows represent solely payments of principal and interest on the principal amount outstanding

The Company does not own any financial asset classified at FVTOCI.

(c) Financial assets at fair value through profit or loss (FVTPL)

This is a residual category. Any financial assets do not fall under the category of financial assets measured at amortised cost or FVTOCI are classified as FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with gain or loss arising on remeasurement recognised in statement of Profit and loss incorporates any dividend or interest earned on the financial assets and is included in other Income line item.

The Company's investment as presented in note 7A and 7B are valued at FVTPL.

2.7.8.1.3 Impairment of Financial Assets

In accordance with Ind AS 109 "Financial Instruments", the Company applies Expected Credit Loss (ECL) model for measure and recognition of loss allowance on the following and the basis of its measurement:

- Trade Receivable – For Trade receivable and other financial assets that results from transactions that are in scope of Ind AS 115, the Company applies the simplified approach required in Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.
- Financial assets measured at amortised cost (other than trade receivable) - In case of other than trade receivable, the Company determines, if there is any significant increase in credit risk of the financial asset since initial recognition. Below methods are followed based on the credit risk changes:
  - If there are no significant changes in credit risk since initial recognition, twelve months ECL is used to provide the impairment loss

Notes to financial statements as at and for the year ended March 31, 2020

o If there is a significant change in credit risk, lifetime ECL is measured for making the impairment loss assessment. Subsequently if there is an improvement in credit risk, the Company reverts to recognition of impairment loss based on twelve months ECL.

To make the assessment whether there is any significant change in risk, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with a risk of default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events, over the expected life of a financial assets. 12 months ECL is a portion of lifetime ECL which result from default events that are possible with in 12 months from the reporting period.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (EIR).

As a practical expedient and as permitted under Ind AS 109, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking information available. At each reporting date, the historically observed default rates and changes in the forward-looking information are updated.

ECL allowance recognised (or reversed) during the period is recognised as income or expense in the statement of profit and loss under the head 'other expense'. If the reversal of ECL allowance related to prior financial year, these are accounted as part of Other Income in the statement of profit and loss.

2.7.8.1.4 Derecognition of financial assets

- The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.
- On derecognition of a financial assets other than entirely, (when the Company retains an option to repurchase part of a transferred asset), the Company allocates previous carried over amount of financial asset between the part it continues to recognise under continuing involvement , and the part it no longer recognises on the basis of the relative fair values of those parts on the date of transfer.
- The difference between the carrying amount allocated to the part that is no longer recognised and the sum of consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair value of those parts.

2.7.8.2 Financial liabilities and Equity instruments issued by the Company:

2.7.8.2.1 Equity Instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

2.7.8.2.2 Financial liabilities:

Company's Financial Liabilities broadly comprises, Short term borrowings, Trade payables, Liabilities for capital expenditure and Other long term/ short term obligations

Notes to financial statements as at and for the year ended March 31, 2020

2.7.8.2.2.1 Initial recognition and measurement:

- Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.
- All financial liabilities are recognised initially at Fair value. In case of loans, borrowings and payables, net of directly attributable transaction costs.
- Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or at amortised cost as appropriate.

2.7.8.2.2.2 Subsequent measurement:

- Financial Liabilities at amortised cost - The carrying amounts of financial liabilities that are subsequently measured at amortised cost using the effective interest method All the financial liabilities of the Company fall under this category.
- The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.
- Financial Liabilities at FVTPL - Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Company does not owe any financial liability which is classified at FVTPL

2.7.8.2.2.3 Derecognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in statement of profit and loss.

2.7.8.3 Offsetting financial asset and financial liability

The Company offsets a financial asset and a financial liability and report this as a net balance in the Balance sheet only when:

- There is a legally enforceable right to set off the recognised amounts and
- There is an intention to realise the asset and settle the liability simultaneously.

2.7.9 Government Grants

Government grants are recognised when there is a reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and its amortisation re-recognised in the statement of profit and loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the statement profit and loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

2.7.10 Employee benefits

2.7.10.1 Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits generally include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Notes to financial statements as at and for the year ended March 31, 2020

2.7.10.2 Other than short term employee benefits:

2.7.10.2.1 Defined Contribution schemes:

Contributions to defined contribution scheme such as Employee state insurance, labour welfare fund, superannuation scheme (for specific employee group) are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administrated fund and charged as an expense to the statement of profit and loss. The above benefits are classified as Defined Contribution schemes as the Company has no further defined obligations beyond the monthly contribution.

2.7.10.2.2 Defined benefit schemes:

The Company operates the following schemes which are under defined benefit plans:

- 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 done at the end of each financial year.
- The liability on account of long-term compensated absences and death benefit scheme (in respect of certain employees) 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.
- In respect of certain employees, provident fund contributions are made to a trust administrated by the Company. The interest rate payable to the members of the trust shall not be lower than the rate declared by the Central Government under Employee's Provident Fund & Miscellaneous Provisions Act, 1952 and interest shortfall, if any, on Provident Fund, which is managed through a private trust, shall be made good by the Company. The liability in respect of shortfall is provided for based on year-end actuarial valuation on projected unit credit method.

2.7.10.2.3 Re-measurements, comprising of actuarial gains and losses excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

2.7.10.2.4 Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b) Net interest expense or income

2.7.10.2.5 The current and non-current classification of gratuity, compensated absences, death benefit scheme and provident fund liabilities is based on the independent actuarial valuation reports.

2.7.11 Income Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year and includes any adjustments related to past periods in current and/or deferred tax adjustments that may become necessary due to certain developments or review during the relevant period. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

Current income taxes

Current tax is the expected tax payable/ receivable on the taxable income/ loss for the year using applicable tax rates for the relevant period, and any adjustment to taxes in respect of previous years in accordance with Income Tax Act, 1961 including the relevant transfer price regulations prescribed there under, read with applicable judicial precedents or interpretations wherever relevant.

Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to Income tax is included in Other Income.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the assets and liabilities on net basis.

Notes to financial statements as at and for the year ended March 31, 2020

Management periodically evaluates contingencies and position taken on uncertain tax positions in tax return with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantially enacted, by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be realised or settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to income tax levied by the same taxation authority.

2.7.12 Provisions, Contingent liabilities and Contingent Assets

2.7.12.1 Provisions

A provision is recognised when the Company 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 measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used the increase in the provision due to the passage of time is recognised as a finance cost.

2.7.12.2 Contingent liabilities and Contingent Assets

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 arises from a past event where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Such liabilities are disclosed in notes but are not recognised. Contingent assets are neither recognised nor disclosed in the financial statements.

2.7.13 Revenue Recognition

Revenue is recognised on the basis of approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Sale of Goods

Revenue is recognised upon transfer of control of promised products to customers and when there are no longer any unfulfillment obligations. The performance obligations in our contracts are fulfilled either at the time of dispatch, delivery or upon formal customer acceptance dependent on customer terms agreed in the contract.

Revenue is measured based on the transaction price, which is the consideration received or receivable, adjusted of any discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue excludes taxes or duties collected from customers on behalf of Government The revenue is recognised to the extent that it is highly probable a significant reversal will not occur. No element of financing is deemed present as the sales are made with credit term as per the contract terms agreed with the customers, which is consistent with market practice and the industry norms, that the Company operates.

Notes to financial statements as at and for the year ended March 31, 2020

Income from Services

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations

Contract Balances

Trade Receivable – A trade receivable is recognised when the control is transferred and there is no unfulfilled obligation as this is the point in time that the consideration becomes unconditional because only a passage of time is required before the payment is due.

Contract Assets – Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. If the unbilled receivable and unbilled revenue are not material numbers, these numbers are included in revenue and trade receivable appropriately.

Contract Liabilities – Contract Liabilities, which is Company's obligation to transfer goods or services to customers for which the Company has already received the consideration. This relate mainly to advance payments from customers which are disclosed in note no 24. Contract liabilities are recognised as revenue when the Company performs under the contract.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Export Incentive Income

Export incentives are recognised 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 realisation / utilisation of such incentives.

Dividends

Dividend income on investments is recognised when the right to receive dividend is established.

Insurance claims:

Claim on insurance companies and others, where quantum of accrual can not be ascertained with reasonable certainty, are accounted for on acceptance basis

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of a financial liability or a financial asset to their gross carrying amount.

Interest and Dividend income are included under the head "other income" in the Statement of Profit and Loss.

2.7.14 Foreign Currency Translations

In the financial statements of the Company, transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions are recognised in the Statement of Profit and Loss at the time of settlement. Foreign currency denominated monetary assets and liabilities are translated into the functional currency at exchange rates prevailing on the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss. Nonmonetary items are measured at historical cost.

2.7.15 Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit or loss before OCI attributable to equity shareholders for the year 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, 2020

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT ₹ in million

	Freehold Land	Buildings	Plant & Equipment	Office Equipment	Computers	Furniture & Fixtures	Vehicles	Total
GROSS BLOCK								
As at March 31, 2018	**-**	**364.35**	**2,923.20**	**50.43**	**50.74**	**12.68**	**8.31**	**3,409.71**
Additions	-	51.30	365.68	2.57	9.35	2.73	0.83	432.46
Acquisitions through business combinations	47.11	545.66	1,604.02	1.19	2.02	3.92	2.75	2,206.67
Deductions	-	(0.23)	(11.12)	(2.83)	(0.00)	(0.21)	(3.59)	(17.98)
As at March 31, 2019	**47.11**	**961.08**	**4,881.78**	**51.36**	**62.11**	**19.12**	**8.30**	**6,030.86**
Additions	-	38.38	278.10	3.43	12.28	0.93	1.72	334.84
Deductions	-	(1.81)	(163.80)	(0.93)	(18.43)	(2.19)	(0.68)	(187.84)
As at March 31, 2020	**47.11**	**997.65**	**4,996.08**	**53.86**	**55.96**	**17.86**	**9.34**	**6,177.86**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
As at March 31, 2018	**-**	**40.64**	**822.54**	**6.92**	**26.09**	**1.83**	**1.88**	**899.90**
Charge for the year (Refer Note 32)	-	44.60	664.68	6.33	14.89	2.29	1.35	734.14
Impairment losses recognised in profit & loss (Refer Note 3.1 & 3.2)	-	-	28.99	-	-	-	-	28.99
Deductions	-	(0.21)	(9.17)	(2.79)	-	(0.05)	(2.23)	(14.45)
As at March 31, 2019	**-**	**85.03**	**1,507.04**	**10.46**	**40.98**	**4.07**	**1.00**	**1,648.58**
Additions	-	44.65	614.58	11.08	15.73	3.77	1.16	690.97
Deductions	-	(0.34)	(119.80)	(0.87)	(21.01)	(3.57)	(0.37)	(145.96)
Impairment losses recognised in profit & loss (Refer Note 3.1 & 3.2)	-	-	37.01	-	-	-	-	37.01
As at March 31, 2020	**-**	**129.34**	**2,038.83**	**20.67**	**35.70**	**4.27**	**1.79**	**2,230.60**
NET BLOCK								
As at March 31, 2019	**47.11**	**876.05**	**3,374.74**	**40.90**	**21.13**	**15.05**	**7.30**	**4,382.28**
As at March 31, 2020	**47.11**	**868.31**	**2,957.25**	**33.19**	**20.26**	**13.59**	**7.55**	**3,947.26**

3.1 During the financial year 2018-2019, considering the performance of its facility at Raipur (herein after referred as 'unit'), the Company carried out a review of the recoverable amount of the unit and related equipments at the unit. The Company also carried out another review in the financial year 2019-2020. These reviews led to the recognition of an impairment loss of ₹37.01 million in the financial year 2019-2020 and ₹ 28.99 million in the financial year 2018-2019. The Company estimated the fair value less cost of disposal of the unit based on recent market prices of assets with similar age. The value in use is less than fair value less cost of disposal and hence recoverable amount of the relevant assets has been determined on the basis of fair value less cost of disposal. The Company expects no further impairment loss on account of these assets.

3.2 The impairment losses on non financial assets have been included in profit and loss in the "other expenses" line items.

3.3 The title deeds of immovable properties included in property, plant & equipment are held in the name of the Company except for a freehold land amounting to net block of ₹47.11 million (₹ 47.11 million at March 31,2019) and a building amounting to net block of ₹29.30 million (₹31.20 million as at March 31,2019) for which title deeds are in the name of the erstwhile Company that merged with the Company.

3.4 Contractual commitments for the acquisition of property, plant and equipment are disclosed in Note no. 35 B

3.5 **Assessment on account of COVID-19**

Following the outbreak of COVID-19, the Company reviewed with additional information from its various internal and external sources. These reviews have not given any indication for the non-recoverability of the carrying value of these assets.

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 4 : RIGHT OF USE ASSETS ₹ in million

	Land usage rights	Buildings	Vehicles	Total
GROSS BLOCK				
As at March 31, 2018	**-**	**-**	**-**	**-**
Additions	-	-	-	-
Deductions	-	-	-	-
As at March 31, 2019	**-**	**-**	**-**	**-**
On adoption of IND AS 116	1,093.77	26.66	5.50	1,125.93
Additions	-	14.75	-	14.75
Deductions	-	(0.40)	-	(0.40)
As at March 31, 2020	**1,093.77**	**41.01**	**5.50**	**1,140.28**
ACCUMULATED AMORTISATION				
As at March 31, 2018	**-**	**-**	**-**	**-**
Charge for the year	-	-	-	-
As at March 31, 2019	**-**	**-**	**-**	**-**
On adoption of IND AS 116	16.44	-	-	16.44
Charge for the year	17.93	11.86	1.99	31.78
Deductions	-	(0.10)	-	(0.10)
As at March 31, 2020	**34.37**	**11.76**	**1.99**	**48.12**
NET BLOCK				
As at March 31, 2019	**-**	**-**	**-**	**-**
As at March 31, 2020	**1,059.40**	**29.25**	**3.51**	**1,092.16**

Operating leases

The Company has adopted Ind AS 116 "Leases" with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 - Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach, with the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated.

On transition to Ind AS 116, the Company has recongised right of use assets amounting to ₹32.15 million, lease liabilities amounting to ₹36.31 million and ₹4.16 million (credit) in retained earnings as at April 1, 2019. The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019 which is 8% for measuring the lease liability.

Further, on transition to IND AS 116, Land usage rights acquired by the Company in a business combination (with a written down value of ₹1077.33 million as at March 31, 2019), which where hitherto classified as Intangibles, have been classified under Right of Use. Refer note 6.

Impact of adoption of Ind AS 116 on retained earnings :

Operating lease commitment at April 1, 2019	₹ in million
ROU Assets as at initial application date	32.15
Lease Liability as at initial application date	36.31
Impact on Retained Earnings as of April 1, 2019	(4.16)

Finance leases

The Company has no leases that were classified as finance leases

Assessment on account of COVID-19

As on balance sheet date no change in the term of lease arrangements were noted that needed any consideration. There has been no assistance or grant from the Government, which requires any adjustments to the lease arrangements. There had been no trigger for any material adjustments that's required to be done to the present value of lease liabilities as on the balance sheet date.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 5 : GOODWILL

₹ in million

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying value at the beginning of the year.	**1,813.11**	-
Additions during the financial year		
- pursuant to the Scheme of Business combination	**-**	1,813.11
Closing value as at the reporting date	**1,813.11**	1,813.11

Impairment assessment of goodwill as at March 31, 2020:

The Company has performed annual impairment assessment of the goodwill by determining the "value in use" of the CGU as an aggregate of present value of cash flow projections covering a five year period and the terminal value. Determination of value in use involves significant estimates and assumptions that affect the reporting CGU's expected future cash flows. These estimates and assumptions, primarily include, but not limited to, the Industry trend, the revenue growth and profitability during the forecasted period, the discount rate and the terminal growth rate. While considering these numbers, the Company has considered all possible impacts that's known at the time of preparation of this financial statement due to COVID-19.

Considering the historical performance of the CGU and based on the forward looking estimates (which considered likely impact of COVID-19), revisions were made to the cash flow projections and other key assumptions such as discount rate and the perpetual growth rate. The cash flows are discounted using a post tax discount rate of 13.5%. The terminal value of cash generating unit is arrived at by extrapolating cash flows of latest forecasted year to perpetuity using a constant long term growth rate of 5.5% p.a. which is consistent with the industry forecasts for the generic bearing market and past performance of the Company.

During the year ended March 31 2020, the testing did not result in any impairment in the carrying amount of goodwill.

The table below shows the percentage movement in key assumptions that (individually) would be required to reach the point at which the value in use approximates its carrying value.

Assumptions	Movement
Terminal growth rate	36 % decrease
Post tax discount rate	28.20 % increase

NOTE 6 : OTHER INTANGIBLE ASSETS

₹ in million

	Computer Softwares	Tradename and Trademark	Developed Technology	Customer Relationship	Land usage rights*	Total
GROSS BLOCK						
As at March 31, 2018	**10.13**	**-**	**-**	**-**	**-**	**10.13**
Additions	0.77	-	-	-	-	0.77
Acquisitions through business combinations		119.00	476.00	119.00	1,093.77	1,807.77
Deductions	-	-	-	-	-	-
As at March 31, 2019	**10.90**	**119.00**	**476.00**	**119.00**	**1,093.77**	**1,818.67**
Additions	0.73	-	-	-	-	0.73
Reclassification post Ind AS 116	-	-	-	-	(1,093.77)	(1,093.77)
Deductions	(0.73)	-	-	-	-	(0.73)
As at March 31, 2020	**10.90**	**119.00**	**476.00**	**119.00**	**(0.00)**	**724.90**
ACCUMULATED AMORTISATION						
As at March 31, 2018	**8.95**	**-**	**-**	**-**	**-**	**8.95**
Charge for the year (refer note 32)	0.90	7.27	29.09	5.45	16.44	59.15
Deductions	-	-	-	-	-	-
As at March 31, 2019	**9.85**	**7.27**	**29.09**	**5.45**	**16.44**	**68.10**
Charge for the year (refer note 32)	0.28	7.93	31.73	5.95	-	45.89
Reclassification post Ind AS 116	-	-	-	-	(16.44)	(16.44)
Deductions	(0.03)	-	-	-	-	(0.03)
As at March 31, 2020	**10.10**	**15.20**	**60.82**	**11.40**	**(0.00)**	**97.52**
NET BLOCK						
As at March 31, 2019	**1.05**	**111.73**	**446.91**	**113.55**	**1,077.33**	**1,750.57**
As at March 31, 2020	**0.80**	**103.80**	**415.18**	**107.60**	**(0.00)**	**627.39**

Assessment on account of COVID-19

Following the outbreak of COVID-19, the Company reviewed with additional information from its various internal and external sources. These reviews have not given any indication for the non-recoverability of the carrying value of these assets.

* - Consequent to the application of Ind AS 116, land usage rights with a written down value (WDV) of ₹1077.33 million as at March 31, 2019, have been presented as "Right of Use" (Refer note 4) . The WDV of these amounted to ₹1059.40 million as at March 31, 2020.

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 7 A : NON-CURRENT INVESTMENTS

	Face Value	Holdings as at March 31, 2020		Face Value	Holdings as at March 31, 2019	
	₹ per unit	Nos	₹ in million	₹ per unit	Nos	₹ in million
At Fair Value Through Profit and Loss (FVTPL)						
Trade (Unquoted)						
Equity Shares fully paid up						
Nicco Jubilee Park Limited	10	30,000	0.30	10	30,000	0.30
Total			**0.30**			**0.30**

NOTE 7 B : CURRENT INVESTMENTS

	Face Value	Holdings as at March 31, 2020		Face Value	Holdings as at March 31, 2019	
	₹ per unit	Nos	₹ in million	₹ per unit	Nos	₹ in million
At Fair Value Through Profit and Loss (FVTPL)						
Unquoted Instruments						
Investments in Mutual Funds						
Aditya Birla Sun Life Liquid Fund - Daily Dividend - Regular Plan	100	95,660	30.40	100	3,118,414	312.59
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	1000	3,659	10.33	1000	338,337	338.65
Axis Liquid Fund - Daily Dividend - Regular Plan	1000	13,859	30.41	1000	425,662	426.26
L & T Liquid Fund - Daily Dividend - Regular Plan	1000	29,919	30.27	1000	251,224	254.29
UTI Liquid Cash Plan -DDR	1000	29,680	30.26	1000	417,333	425.45
Total			**131.66**			**1,757.24**

Refer note 39 for infromation about fair value measurement and note 40A for credit risk and market risk of the investment.

NOTE 8 : LOANS (Non current) (at amortised cost)

(Unsecured, considered good)

₹ in million

	As at March 31, 2020	As at March 31, 2019
Security Deposits	**63.89**	62.40
Loans to employees	**0.47**	0.51
	64.36	62.91

No loans are due from directors or other officers of the Company or any of them severally or jointly with any other person. Further, no loans are due from firms or private Companies in which any director is a partner, a director or a member.

Refer note 40A for information about credit risk and market risk of other financial assets.

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 9 : OTHER NON-CURRENT ASSETS
(Unsecured, considered good)

₹ in million

		As at March 31, 2020	As at March 31, 2019
a)	**Capital Advances**	**90.78**	148.13
b)	**Others**		
	- Advance Income Tax (net of provision for tax ₹2,418.20 million (Mar 31, 2019 ₹2,693.39 million))	**105.01**	164.96
	- Prepaid Expenses	**0.66**	3.17
		196.45	316.26

NOTE 10 : INVENTORIES

₹ in million

		As at March 31, 2020	As at March 31, 2019
a)	Raw materials and Components *	**518.39**	548.09
b)	Work - in - progress	**215.75**	222.67
c)	Finished stock*	**820.75**	1,230.57
d)	Traded Goods*	**1,175.20**	995.81
e)	Stores and Spares *	**184.06**	173.65
		2,914.15	3,170.79
*	Including goods in transit :		
	Raw Materials and Components	**125.80**	67.64
	Finished Stock	**123.46**	150.31
	Traded Goods	**342.85**	260.59
	Stores & Spares	**1.66**	7.54

1. The method of valuation of inventory are stated in Note : 2.7.6

Assessment on account of COVID-19

1. Due to COVID 19 driven lockdown, Company's manufacturing facilities and warehouses were closed in the last week of the financial Year 2019-20. The company has assessed that the changes to the value of inventories pursuant to unabsorbed overhead incurred in the lockdown period are not significant.
2. The company assessed the impact of COVID-19 on it's business by way of analysis of internal and external factors, the company expects full recovery of the carrying value of its inventories.
3. The Company has carried out physical verifications as per its normal process during October - December 2019. Considering the lockdown was in the last week of the financial year 2019-20, the Company carried out the physical verification once the lockdown restriction were relaxed as an additional measure. The Company did not notice any significant variance during these verifications. To confirm the inventory balance as at March 31,2020, the Company has performed a roll forward and roll backward respectively to tie up the numbers as at March 31,2020.

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 11 : TRADE RECEIVABLES
(at amortised cost)

₹ in million

	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Trade receivables				
(a) Secured, considered Good	**-**	-	**14.04**	17.07
(b) Unsecured				
- considered Good	**43.50**	35.10	**2,900.61**	3,001.82
- which have significant increase in Credit Risk	**-**	-	**52.24**	61.67
- credit impaired	**-**	-	**2.46**	47.52
	43.50	35.10	**2,969.35**	3,128.08
Less: Allowance for Doubtful trade receivables	**-**	-	**(54.70)**	(109.19)
	43.50	35.10	**2,914.65**	3,018.89

1. Reconciliation of loss allowances provision - Trade receivables

Particulars	₹ in million
Loss allowance on March 31, 2018	85.98
Change in loss allowance	23.21
Loss allowance on March 31, 2019	**109.19**
Change in loss allowance	(54.49)
Loss allowance on March 31, 2020	**54.70**

2. No trade receivables are due from directors or other officers of the Company or any of them severally or jointly with any other person. Further, no loans are due from firms or private Companies in which any director is a partner, a director or a member

3. Trade receivables are non-interest bearing and are generally settled on terms of credit periods agreed with the customers, which is generally in line with the industry the Company operates.

4. Refer note 40A for information about credit risk and currency risk which may impact trade receivables.

5. Refer note 38 for trade receivables from related parties

6. The company has certain receivable, which are outstanding more than the operating cycle of the Company, these receivables are disclosed as Non-current trade receivables. These receivables are not impaired considering the certainty of realisation.

7. The Company has determined the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The historical loss model previously used by the Company needed revisions considering the current and anticipated future economic conditions arising from the COVID -19 pandemic event on the customers' business operations and the consequent ability to pay.

   In computing the expected credit losses, the Company has also considered external sources of information relating to its customers' credit risk that were available in public domain to estimate the probability of default in future and has taken into account possible effects from the pandemic relating to COVID -19.

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 12 A : CASH AND CASH EQUIVALENTS ₹ in million

	As at March 31, 2020	As at March 31, 2019
Cash and Cash Equivalents :		
Balance with Banks		
On Current Accounts	**428.15**	202.46
On Deposit Accounts with original maturity less than three months	**3,705.03**	-
In Foreign Currency Account (EEFC)	**13.33**	16.63
Cash and cash equivalents as defined in Ind AS 7 "Statement of cash flows"	**4,146.51**	219.09

There is no repatriation restriction with regard to cash and cash equivalents at the end of reporting period and prior periods.

NOTE 12 B : BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS ₹ in million

	As at March 31, 2020	As at March 31, 2019
On unpaid dividend account - refer note (a) below	**20.69**	20.88
Total	**20.69**	20.88

Note :

(a) Bank Balances on unpaid dividend account represents monies that can be utilised only to pay dividend to equity shareholders against dividend warrants issued to them.

NOTE 13 : LOANS (Current) (at amortised cost)
(Unsecured, considered good) ₹ in million

	As at March 31, 2020	As at March 31, 2019
Loans to employees	**2.67**	1.31
	2.67	1.31

No loans are due from directors or other officers of the Company or any of them severally or jointly with any other person. Further, no loans are due from firms or private Companies in which any director is a partner, a director or a member.

NOTE 14 : OTHER CURRENT FINANCIAL ASSETS (at amortised cost)
(Unsecured, considered good) ₹ in million

	As at March 31, 2020	As at March 31, 2019
Deposits with banks as margin money against guarantees with more than 12 months maturity	**0.50**	7.98
Interest accrued on fixed deposit	**0.05**	0.15
Other receivable - Accrued income	**1.70**	1.57
Reimbursements receivable from related parties (Refer note 38)	**18.33**	29.61
	20.58	39.31

Refer note 40A for credit risks on other financial assets

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 15 : OTHER CURRENT ASSETS ₹ in million

(Unsecured, considered good)

	As at March 31, 2020	As at March 31, 2019
Others		
Advances to Employees	**0.05**	11.07
Balance with statutory authorities/ Government authorities	**134.49**	316.37
Prepaid expenses	**11.85**	13.04
Export Incentives receivable	**107.98**	154.92
Other advances	**19.87**	26.82
	274.24	522.22

No advances are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no advances are due from firms or private companies in which any director is a partner, a director or a member.

NOTE 16 : SHARE CAPITAL ₹ in million

	As at March 31, 2020	As at March 31, 2019
Authorised :		
87,000,000 (March 31, 2019: 87,000,000) Equity Shares of ₹ 10/- each	**870.00**	870.00
2,600,000 (March 31, 2019: 2,600,000) 9% Cumulative Redeemable Preference Shares of ₹100/- each	**260.00**	260.00
	1,130.00	1,130.00
Issued :		
75,233,884 (March 31, 2019: 75,233,884) Equity Shares of ₹10/- each	**752.34**	752.34
Subscribed and fully paid-up:		
75,195,534 (March 31, 2019: 75,195,034) Equity Shares of ₹ 10/- each fully paid-up	**751.95**	751.95
Subscribed and partly paid-up:		
23,200 (March 31, 2019: 23,700) Equity Shares of ₹ 10/- each	**0.23**	0.24
Less: Calls in Arrears - other than directors (refer note (i) below)	**0.10** **0.13**	0.11 0.13
	752.08	752.08

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, 2020 out of 15,150 shares of ₹ 10/- each kept in abeyance as at 31st March, 1998.

Notes to financial statements as at and for the year ended March 31, 2020

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

	As at March 31, 2020		As at March 31, 2019	
Equity Shares	**No. of Shares**	**₹in million**	No. of Shares	₹ in million
At the beginning of the year	75,218,734	752.08	67,999,984	679.89
Issue of shares pursuant to the Scheme of Business combinations	-	-	7,218,750	72.19
Calls in arrears	-	0.00	-	0.00
Outstanding at the end of the year	75,218,734	752.08	75,218,734	752.08

b Terms/rights attached to equity shares

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

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 Dividend details

The Company declares and pays dividends in Indian Rupees. The final dividend proposed by Board of Directors of ₹50/- per equity share (March 31, 2019 - ₹1/- per equity share)is subject to the approval of the shareholders in the ensuing Annual General Meeting upon which the liability will be recorded in the books.

The final dividend for the year 2018-19 proposed by the Board and approved by the shareholders at the 32nd Annual General Meeting, has been paid to the eligible shareholders during the year ended March 31, 2020

d Details of shareholders holding more than 5% of the aggregate shares in the Company (Refer note (i) & (ii) below)

	As at March 31, 2020			As at March 31, 2019		
	No. of Shares	**₹ in million**	**% of share holding**	No. of Shares	₹ in million	% of share holding
Timken Singapore PTE Limited, the holding company	**50,999,988**	**510**	**67.80%**	50,999,988	510	67.80%

Notes:

(i) Out of the total shares issued, 50,999,988 fully paid-up Equity shares of ₹10/- each are held by Timken Singapore PTE Limited. However, The Timken Company, USA is the Ultimate Holding Company. No shares in the Company are held by any subsidiary or associates of the holding company or the ultimate holding company.

(ii) As per records of the Company, including its register of shareholders/ members, the above shareholding represents legal ownership of shares.

NOTE 17 : OTHER EQUITY ₹ in million

		As at March 31, 2020	As at March 31, 2019
a)	**Capital Redemption Reserve**	**260.00**	260.00
	Capital Redemption Reserve created on redemption of preference shares in earlier years.		
b)	**Securities Premium Account**		
	Premium received on equity shares issued are recognised in the Securities premium account		
	As at March 31, 2019	**5,348.67**	435.52
	Increase pursuant to the Scheme of Business combination	**-**	4,913.15
	As at March 31, 2020	**5,348.67**	5,348.67
c)	**Retained Earnings (refer (i) below)**		
	Surplus in Statement of Profit & Loss	**9,405.98**	7,046.68
Total - Other equity		**15,014.65**	12,655.35

(i) Movement in Retained Earnings

Opening Balance	**7,046.68**	5,647.90
Impact of adoption of Ind AS 116 (refer note 4)	**(4.16)**	-
Add: Profit for the year	**2,460.99**	1,486.42
Other Comprehensive income for the year	**(6.86)**	3.03
Less : Appropriations		
Final Equity Dividend of ₹ 1/- per equity share for FY2018-19 (FY2017-18 ₹ 1/- per equity share)	**(75.21)**	(75.21)
Tax on Final Equity Dividend	**(15.46)**	(15.46)
Closing Balance	**9,405.98**	7,046.68

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 18A : LEASE LIABILITIES

The following is the movement in lease liabilities: ₹ in million

Particulars	For the year ended 31 March 2020
Operating lease recognised on adoption of Ind AS 116	36.31
Add : Additions	14.75
Less: Deletions	(0.30)
Add : Finance cost accrued during the period	2.83
Less: Repayment of lease liabilities	(16.77)
Carrying amount as at 31 March 2020	**36.82**

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

₹ in million

Particulars	As at March 31, 2020
Current	
Less than one year	13.50
Total	**13.50**
Non-current	
One to five years	18.77
More than five years	4.55
Total	**23.32**

Particulars	As at April 1, 2019
Operating lease commitments disclosed as at March 31, 2019	12.84
Add : Lease payments for the lease term in excess of the non-cancellabe period	43.15
Total	**55.99**
Less : Non-lease component determined as per Ind AS 116	-
Less : Impact of discounting using the lessee's incremental borrowing rate	19.68
Lease liability recognised as at April 1, 2019	**36.31**

NOTE 18B : OTHER FINANCIAL LIABILITIES ₹ in million

Government Grants	As at March 31, 2020	As at March 31, 2019
Opening Balance	**201.39**	224.62
Received during the year	**80.19**	8.46
Released to the statement of profit and loss (refer note 27)	**(32.79)**	(31.69)
Closing Balance	**248.79**	201.39

Government grants have been received for import of certain items of Property, Plant and Equipment and capital work in progress against import licenses taken under export promotion capital goods(EPCG) scheme of Government of India. The Company has certain export obligations against such benefits availed which it would fulfil within the required time period under the scheme. Incase of such commitments are not met, the Company would be required to pay the duty along with interest to the regulatory authorities.

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 19 : PROVISIONS

₹ in million

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Provision for Employee benefits :				
Employees' Death Benefit Scheme (refer note 41)	**16.12**	**15.77**	4.42	4.19
Employees' Provident Fund (refer note 41)	**10.77**	**16.46**	5.70	3.26
Gratuity (refer note 41)	**-**	**-**	34.55	23.29
Compensated absences	**105.08**	**93.12**	12.44	11.16
Total (a)	**131.97**	**125.35**	57.11	41.91
Others :				
Provision for Indirect taxes (refer note (a) below)	**-**	**-**	2.54	4.36
Other provisions (refer note (b) below)	**370.30**	**370.30**	-	3.14
Total (b)	**370.30**	**370.30**	2.54	7.50
Total (a+b)	**502.27**	**495.65**	59.65	49.41

a) Provision for Indirect taxes

₹ in million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Opening Balance	**4.36**	30.68
Additions during the year	**8.08**	-
Utilisation/Reversal during the year	**(9.90)**	(26.32)
Closing Balance	**2.54**	4.36

The Company has reviewed the various liabilities/ claims relating to indirect taxes and estimated the provision for contingencies based on assessment of its probability of outflows. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilisation and cash outflows, if any, pending resolution.

b) Other provision of ₹370.30 million represents accrual for fair value of obligations payable relating to certain transactions of acquired Company for earlier periods (i.e prior to acquisition by the Company vide a NCLT approved scheme of amalgmation in 2018-19). The timing of utilisation of provision depends on the outcome of the decisions of the appropriate authorities and the Company's rights for future appeals.

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 20 A : DEFERRED TAX LIABILITIES (net)

₹ in million

	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets		
- Provision for employee benefits & other expenses	**37.73**	48.34
- Allowance of doubtful receivables and other assets	**14.65**	37.27
- Amortisation of merger expenses	**34.71**	64.25
- Other temporary differences	**1.02**	1.46
Deferred Tax Assets	**88.11**	151.32
Deferred Tax Liabilities		
- Depreciation and amortisation differences	**(465.15)**	(739.29)
Deferred Tax Liabilities	**(465.15)**	(739.29)
MAT credit entitlement	**-**	38.48
Deferred Tax Liabilities (net)	**(377.04)**	(549.49)

Significant Components of net Deferred Tax Assets and Liabilities on account of temporary differences are as follows :

	2019-2020					
Particulars	Balance as at March 31, 2019	Recognised in the statement of profit and Loss	Recognised in OCI	Recognised through Balance Sheet	MAT Credit entitlement	Balance as at March 31, 2020
Deferred Tax Assets						
Provision for employee benefits & other expenses	48.34	(10.61)	0.00	0.00	0.00	37.73
Allowance of doubtful receivables and other assets	37.27	(22.62)	0.00	0.00	0.00	14.65
Amortisation of merger expenses	64.25	(29.55)	0.00	0.00	0.00	34.71
Other temporary differences	1.46	(0.44)	0.00	0.00	0.00	1.02
MAT credit Entitlement	38.48	0.00	0.00	0.00	(38.48)	0.00
Deferred Tax Liabilities						
Depreciation and amortization differences	(739.29)	274.15	0.00	0.00	0.00	(465.15)
Deferred Tax Assets/ (Liabilities) Net	**(549.49)**	**210.93**	**0.00**	**0.00**	**(38.48)**	**(377.04)**

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 20 A : DEFERRED TAX LIABILITIES (net) (Contd.) ₹ in million

Particulars	2018-2019					
	Balance as at March 31, 2018	Recognised in the statement of profit and Loss	Recognised in OCI	Recognised through Balance Sheet	MAT Credit entitlement	Balance as at March 31, 2019
Deferred Tax Assets						
Provision for employee benefits & other expenses	45.94	(11.72)	0.00	14.12	0.00	48.34
Allowance of doubtful receivables and other assets	29.74	4.61	0.00	2.91	0.00	37.27
Amortisation of merger expenses	0.00	60.52	0.00	3.73	0.00	64.25
Other temporary differences	0.90	0.56	0.00	0.00	0.00	1.46
MAT credit Entitlement	0.00	0.00	0.00	0.00	38.48	38.48
Deferred Tax Liabilities						
Depreciation and amortization differences	(98.40)	122.33	0.00	(763.22)	0.00	(739.29)
Deferred Tax Assets/ (Liabilities) Net	**(21.81)**	**176.30**	**0.00**	**(742.46)**	**38.48**	**(549.49)**

1. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set-off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relates to income tax levied by the same taxation authorities.
2. The Company has done a detailed analysis of future recoverability of the Deferred Tax assets based on the internal and external information and expects, the recoverability of the Deferred Tax asset is not impacted.
3. The Company has adopted new tax regime under section 115BAA during the year 2019-20. The basic tax rate under the new regime is 22% as against 30%.

NOTE 20 B : INCOME TAXES and RECONCILIATION OF STATUTORY TAX RATE AND EFFECTIVE TAX RATE ₹ in million

	2019-20	2018-19
Profit before Tax (a)	**3,063.57**	2,238.21
Tax Expense (b)	**602.58**	751.79
Tax rate as a % of PBT (b)/(a)	**19.67%**	33.59%
At India's statutory income tax rate of 25.168% (31 March 2019: 34.944%)	**771.04**	782.12
Adjustments:		
Provision for employee benefits & other expenses	**9.26**	6.18
Income exempt from tax	**(26.44)**	(21.14)
Tax impact of earlier years	**(151.28)**	(15.37)
At the effective income tax rate of 19.67% (31 March 2019: 33.59%)	**602.58**	751.79
Income tax expense reported in the statement of profit and loss	**602.58**	751.79

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 21 : SHORT-TERM BORROWINGS (at amortised cost) ₹ in million

	As at March 31, 2020	As at March 31, 2019
Bills discounted with bank - Unsecured	**199.57**	230.80
	199.57	230.80

Bills discounted with banks are with recourse to the Company with various maturity dates ranging from 1-3 months. Interest payable is 10% of the overdue bills.

NOTE 22 : TRADE PAYABLES (at amortised cost) ₹ in million

	As at March 31, 2020	As at March 31, 2019
Trade Payables :		
i) Total outstanding dues of micro, small and medium enterprises (refer note below)	**48.61**	97.16
ii) Total outstanding dues of creditors other than micro, small and medium enterprises (for dues to related parties refer note 38)	**2,090.39**	2,237.81
Total Trade Payables	**2,139.00**	2,334.97

Trade payables are generally settled as per payment terms agreed by the Company and vendor.

Note: Information in terms of section 22 of the Micro, Small and Medium Enterprises Development Act 2006: ₹ in million

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at and Year ended March 31, 2020	As at and Year ended March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	48.61	97.16
Interest	1.13	0.23
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.	-	-
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.	1.26	1.16
The amount of interest accrued for the year and remaining unpaid at the end of each accounting year;	7.61	6.35
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.	-	-

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 23 : OTHER CURRENT FINANCIAL LIABILITIES (at amortised cost) ₹ in million

	As at March 31, 2020	As at March 31, 2019
Security deposits received from Customers (refer note (a))	**28.74**	28.52
Interest accrued on Security deposit from customers	**2.09**	2.53
Unpaid dividends (refer note (b))	**20.69**	20.88
Capital creditors	**58.01**	30.49
Others	**0.69**	0.26
	110.22	82.68

Notes:

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

b) Investor Education and Protection Fund will be credited by the amount of unpaid dividends as and when due.

NOTE 24 : OTHER CURRENT LIABILITIES ₹ in million

	As at March 31, 2020	As at March 31, 2019
Indirect taxes and other statutory liabilities	**58.27**	34.35
Contract Liabilities - Advances from Customers	**21.60**	19.97
	79.87	54.32

NOTE 25 : CURRENT TAX LIABILITIES ₹ in million

	As at March 31, 2020	As at March 31, 2019
Income tax payable (net of advance tax of ₹2,749.84 million (Mar 31, 2019 - ₹1,878.87million))	**254.88**	339.19
	254.88	339.19

The Company is subject to tax assessments and ongoing proceedings from the Income Tax department. Management periodically reviews and evaluates various tax positions taken in tax returns , including unresolved tax disputes, which involves interpretation of applicable tax regulations and judicial precedents. Current tax liability and tax asset balances are presented, after recognising as appropriate, provision for taxes payable and contingencies basis management's assessment (including tax experts based on requirement) of outcome of such ongoing proceedings and amounts that may become payable to the tax authorities. Considering the nature of such estimates and uncertainties involved, the amount of such provisions may change upon final resolution of the matters with tax authorities. Also Refer Note 2.7.11

NOTE 26 : REVENUE FROM OPERATIONS ₹ in million

		For the year ended March 31, 2020	For the year ended March 31, 2019
a)	**Revenue from contracts with customers**		
	Sale of Products	15,339.14	15,935.12
	Sale of Services	659.19	528.04
b)	**Other operating revenue**		
	Export incentives (refer note (i) below)	170.37	177.36
	Other operating income	8.81	3.81
	Revenue from operations (a + b)	16,177.51	16,644.33

(i) Export benefits available under prevalent schemes are accrued as revenue in the year in which the goods are exported and only when there is reasonable assurance that the conditions attached to them will be complied with, and the amounts will be received.

(ii) Performance obligations and remaining performance obligations: The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

Assessment on account of COVID-19

(iii) Given the current impact of COVID-19 and with available information internally and externally, the Company expects, there is no significant adjustments or disclosures required to its revenue estimation under IND AS 115 for the year ended March 31,2020.

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 27 : OTHER INCOME ₹ in million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income recognised on Financial assets, recognised at amortised cost	**8.39**	3.12
Other Interest income	**22.36**	5.19
Dividend Income on current investments - non-trade (refer note (a))	**105.07**	60.50
Profit on sale of property, plant and equipment (net)	**0.44**	-
Gain on foreign currency transaction and translation (net)	**23.93**	23.79
Excess liabilities/provisions no longer required written back	**29.41**	28.79
Government grants (refer note (b))	**32.79**	31.69
Miscellaneous Income	**4.83**	9.62
	227.22	162.70

a) Includes fair value gain on current investments classified as fair value through profit and loss.

b) Government grants on capital goods are recognised on a systematic basis over the useful life of the asset.

NOTE 28 : COST OF RAW MATERIALS AND COMPONENTS CONSUMED ₹ in million

	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year (Refer note 10)	**548.09**	567.37
Add: Purchases	**4,606.06**	5,613.84
	5,154.15	6,181.21
Add : Opening Stock of Raw materials acquired on account of business combination	**-**	137.24
Less: Inventories at the end of the year (Refer note 10)	**518.39**	548.09
Cost of raw materials and components consumed	**4,635.76**	5,770.36

NOTE 29 : (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS, TRADED GOODS AND WORK IN PROGRESS ₹ in million

	Year ended March 31, 2020	Year ended March 31, 2019
Opening Stock		
Work in Progress	**222.67**	460.46
Finished Goods (Including in transit)	**1,230.57**	582.51
Traded Goods (Including in transit)	**995.81**	719.08
	2,449.05	1,762.05
Add : Opening Stock of Finished goods, Traded goods and work in Progress acquired on account of business combination	**-**	178.17
Less : Closing Stock		
Work in Progress	**215.75**	222.67
Finished Goods (Including in transit)	**820.75**	1,230.57
Traded Goods (Including in transit)	**1,175.20**	995.81
	2,211.70	2,449.05
(Increase)/Decrease in Stock of Finished goods, Traded goods and Work in Progress	**237.35**	(508.83)

During the year ended March 31, 2020, ₹17.62million (March 31, 2019 - ₹2.78million) was recognised as reversal /expenses for inventories carried at net realisable value.

NOTE 30 : EMPLOYEE BENEFITS EXPENSE ₹ in million

	Year ended March 31, 2020	Year ended March 31, 2019
i) Salaries, Wages and Bonus	**1,014.52**	1,019.98
ii) Contribution to provident and other funds (note 41)	**119.74**	107.11
iii) Staff welfare expenses	**103.62**	99.81
	1,237.88	1,226.90

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 31 : FINANCE COST

₹ in million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expenses	**27.51**	17.59
	27.51	17.59

NOTE 32: DEPRECIATION AND AMORTISATION EXPENSES

₹ in million

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on Property, plant and equipment (note 3)	**690.97**	734.14
Depreciation on Right Of Use assets (note 4)	**31.78**	-
Amortisation of Intangible assets (note 6)	**45.89**	59.15
	768.64	793.29

NOTE 33 : OTHER EXPENSES

₹ in million

		Year ended March 31, 2020	Year ended March 31, 2019
a)	Consumption of stores and spares	**562.47**	731.41
b)	Power & Fuel	**303.79**	346.77
c)	Repairs to Buildings	**17.51**	10.85
d)	Repairs to Machineries	**89.05**	79.26
e)	Repairs Others	**76.27**	93.90
f)	Royalty	**290.01**	300.90
g)	Rent	**20.35**	56.50
h)	Rates and Taxes (refer note (d))	**61.73**	135.09
i)	Insurance	**15.61**	13.61
j)	Commission (refer note (a))	**182.18**	227.38
k)	Travelling	**82.00**	96.91
l)	Subcontracting charges	**281.39**	302.18
m)	Legal & Professional Fees (refer note (b))	**191.48**	193.63
n)	Inter company Service Charges	**77.88**	74.87
o)	Network & ERP Expenses	**34.38**	36.73
p)	Carriage and Handling	**164.60**	245.28
q)	CSR Expenditure (refer note (c))	**33.58**	28.14
r)	Provision for doubtful debts, deposits & advance	**25.42**	37.93
s)	Impairment losses (refer note 3)	**37.01**	28.99
t)	Other Expenses	**165.64**	200.97
		2,712.35	3,244.87

Notes:

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

Notes to financial statements as at and for the year ended March 31, 2020

Contd.

(b) Legal & Professional Fees include: ₹ in million

	Year ended March 31, 2020	Year ended March 31, 2019
Auditor's remuneration (exclusive of GST)		
As Auditors		
- For Statutory Audit (includes arrears for ₹1.1M FY 18-19)	**3.80**	2.00
- For Limited Reviews	**1.50**	1.10
- For Travelling & out-of-pocket expenses	**0.48**	0.60
For Other Matters		
- For Tax Audit	**0.80**	0.50
- For Other Services	**0.51**	0.85

(c) Corporate Social Responsbility

As per section 135 of the Companies Act, 2013 ("the Act") , a Company meeting the applicability threshold, need to spend at least 2% of average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environments sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which as specified in Schedule VII of the Act.

	Year ended March 31, 2020	Year ended March 31, 2019
Gross amount required to be spent by the Company during the year	**33.46**	27.95
Amount spent (in cash) during the year :		
i) Construction/acquisition of any asset	**-**	-
ii) On purposes of promotion of education and combating diseases	**33.58**	28.14
Total	**33.58**	28.14

(d) Rates & Taxes includes GST paid on stocks written off, issue of free samples/supplies, etc.

NOTE 34 : EARNINGS PER SHARE (EPS)

		Year ended March 31, 2020	Year ended March 31, 2019
(a)	Profit attributable to equity shareholders of company (₹ in million)	**2,460.99**	1,486.42
(b)	Weighted Average Number of Equity Shares outstanding @ ₹ 10/- each	**75,218,734**	74,617,172
	Earnings per share - Basic & Diluted* (a)/(b)(In ₹)	**32.72**	19.92

* There are no dilutive potential equity shares.

NOTE 35 : CONTINGENT LIABILITIES AND COMMITMENTS

A. CONTINGENT LIABILITIES

₹ in million

		As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debts			
i)	Indirect tax matters	**126.01**	167.00
ii)	Direct tax matters	**18.04**	23.98
iii)	Other claims	**3.49**	33.99

Indirect tax contingencies

The Company has outstanding disputes with Indirect tax authorities mainly relating to treatment of characterizations and classification of certain items.

Direct tax contingencies

The Company has outstanding dispute with Direct tax authorities mainly relating to tax treatment of certain expenses claimed as deductions, computation or allowances.

Other claims

The Company has outstanding disputes from various other statues, which is consolidated for disclosure as the value is not material.

These demands are being contested by the Company based on the management evaluation and advice of consultants as appropriate. In respect of above matters, future cash outflows are determinable only on receipt of judgments, which are pending at various authorities and the Company's rights for future appeals. The Company does not expect the outcome of these claims to have a material adverse effect on its financial position.

B. CAPITAL AND OTHER COMMITMENTS

₹ in million

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for; (net of advance of ₹97.55 million (March 31, 2019 - ₹165.99 million)	**532.33**	404.94

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 36 : SEGMENT INFORMATION

Operating Segment:

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and assessing performance. Information reported to the chief operating decision maker (CODM) for the assessment of segment performance focuses on the types of products and services delivered or provided. The Company's CODM is the Board of the Company.

The Company has only one reportable primary segment, viz. 'Bearings and Components'. Accordingly, no separate disclosure of segment information has been made.

Entitywide disclosures

a) The revenue from major products and services of the Company are as given below:

Details of products sold / services rendered ₹ in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products		
i) Bearings	**10,076.21**	9,543.08
ii) Components	**4,754.91**	5,847.80
iii) Bearing accessories	**508.02**	544.24
Total Sale of products	**15,339.14**	15,935.12
Details of services rendered		
i) Maintenance and refurbishment services	**612.02**	497.15
ii) Others	**47.17**	30.89
	659.19	528.04

b) Geographical revenue is allocated based on the location of the customers. Information regarding geographical revenue is as follows:

₹ in million

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Sale of products and services		
India	**12,202.66**	12,716.51
Outside India		
- USA	**2,080.57**	2,236.68
- Others	**1,894.28**	1,691.15
	3,974.85	3,927.83
Total	**16,177.51**	16,644.33

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 36 : SEGMENT INFORMATION (Contd.)

Geographical non-current assets (other than financial instruments and deferred tax assets) are allocated based on the location of the assets. Non-current assets includes, Property plant & equipment, right of use assets, capital work in progress, goodwill & other intangible assets). Information regarding geographical non-current assets is as follows:

₹ in million

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current assets other than financial assets		
India	9,241.52	8,897.29
Outside India	-	-
Total	9,241.52	8,897.29

c) Revenue from one of the customer group amounted to ₹4,007.68million (March 31, 2019 : ₹4,007.17million) arising from sale of products & services.

NOTE 37 :UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of unhedged foreign currency exposure as at the reporting date

	Particulars	Currency	As at March 31, 2020		As at March 31, 2019	
			Amount in Foreign Currency (in million)	Value (₹ in million)	Amount in Foreign Currency (in million)	Value (₹ in million)
a)	Trade Receivables	USD	**13.03**	**964.59**	16.14	1,091.17
		EURO	**0.05**	**4.05**	0.03	2.32
b)	Trade Payables and capital creditors	USD	**13.63**	**1,044.68**	18.10	1,266.82
		EURO	**0.19**	**16.42**	0.14	11.20
		GBP	**0.00**	**0.01**	0.01	0.83
		JPY	**0.70**	**0.49**	1.58	1.00
c)	EEFC Bank account	USD	**0.18**	**13.33**	0.25	16.63

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 38 : RELATED PARTY DISCLOSURE:

Related parties where control exists :

Holding Company – Timken Singapore PTE. Limited

Ultimate Holding Company – The Timken Company, US

Other related parties with whom transactions have taken place during the year :

Fellow subsidiaries 1) The Timken Corporation, US. 2)Timken Industrial Services LLC,US. 3) Timken UK Limited. 4) Timken Do Brasil COM.E.IND.LTDA. 5) Timken Korea LLC. 6) Timken South Africa (PTY) Limited. 7) Timken Romania, SA. 8) Yantai Timken Company Limited. 9) Australian Timken Proprietary Limited. 10) Timken Polska, SP z.o.o. 11) Timken (China) Investment Co.Ltd.. 12) Timken Wuxi Bearings Co Ltd - China. 13) Timken (Shanghai) Distribution & Sales Co. Ltd - China. 14) Timken Engineering and Research India Pvt. Ltd. 15) Timken DE Mexico S A DE CV. 16) Timken Canada Holdings III, ULC. 17) MPB Corporation. 18) Timken Gears & Services Inc. 19) Timken (Chengdu) Aerospace and Precision Products Co Ltd. 20) Timken XEMC(Hunan) Bearings Co. Ltd. 21) Timken SMO LLC. 22) Bearing Inspection Inc 23) Timken Italia SRL 24) Timken PWP SRL (Romania). 25) CONE DRIVE OPERATIONS INC 26) Timken UWC LLC

Key management personnel

Chairman & Managing Director – Mr. Sanjay Koul

Whole time Director & Chief Financial Officer – Mr. Avishrant Keshava

Company Secretary & Chief of Compliance – Mr. Soumitra Hazra (till 25th September 2019)
– Mr. Mandar Vasmatkar (from 1st October 2019)

Non-executive director – Mr. P.S. Dasgupta

Non-executive director – Mrs. Rupa Mahanty (till 30th September 2019)
– Mrs. N S Rama(from 25th October 2019)

Non-executive director – Mr. Ajay Kumar Das (till 4th February 2020)

Non-executive director – Mr. Bushen Lal Raina

Non-executive director – Mr. Douglas Smith (from 7th February 2020)

Firms where a director is a Partner – M/s. New Delhi Law Offices

Trusts managed by the Company
– Timken India Provident Fund
– Timken India Gratuity Fund
– Timken India Superannuation Fund
– ABC Bearings Employees Gratuity Fund

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

₹ in million

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount for the year ended	Outstanding as at	Transaction Amount for the year ended	Outstanding as at
				March 31, 2020		March 31, 2019	
1	The Timken Company, US	Ultimate Holding Company	Purchase of goods	**452.05**	**118.35**	753.10	219.61
			Sale of Goods	**624.12**	**141.88**	786.83	144.49
			Expenses Receivable	**7.74**	**0.55**	9.07	7.60
			Expenses payable	**148.77**	**11.17**	133.03	11.27
			Agency Commission (Income)	**3.67**	**0.04**	3.16	0.10
			Royalty payable	**289.27**	**67.97**	313.69	274.11
2	Timken Singapore PTE. Limited	Holding Company	Sale of Goods	**322.21**	**13.34**	88.00	19.19
			Agency Commission (Income)	**20.68**	**1.28**	12.84	8.79
			Purchase of goods	**26.79**	**6.12**	21.28	9.21
			Expenses Receivable	**11.28**	**5.59**	12.67	8.39
			Dividend paid	**51.00**	**-**	51.00	51.00

Notes to financial statements as at and for the year ended March 31, 2020

₹ in million

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount for the year ended	Outstanding as at	Transaction Amount for the year ended	Outstanding as at
				March 31, 2020		March 31, 2019	
3	The Timken Corporation, US	Fellow Subsidiary	Purchase of goods	**667.11**	**201.61**	825.39	251.08
			Sale of Goods	**2,075.28**	**533.90**	2,149.11	615.73
			Purchase of Property, Plant & Equipment	**194.86**	**74.24**	60.83	4.12
			Agency Commission (Income)	**19.69**	**4.35**	12.35	1.47
4	Timken Industrial Services, LLC, US	Fellow Subsidiary	Sale of Goods	**-**	**-**	1.27	-
5	Timken UK Limited	Fellow Subsidiary	Sale of Goods	**74.97**	**13.49**	49.73	16.10
			Purchase of goods	**-**	**-**	0.83	-
			Expenses Payable	**0.73**	**0.79**	-	-
6	Timken Do Brasil COM.E.IND.LTDA	Fellow Subsidiary	Sale of Goods	**162.67**	**28.87**	221.27	44.90
			Purchase of goods	**1.02**	**0.02**	0.34	0.30
7	Timken Korea LLC	Fellow Subsidiary	Agency Commission (Expense)	**1.73**	**-**	5.16	0.45
8	Timken South Africa Limited	Fellow Subsidiary	Sale of Goods	**344.26**	**90.63**	209.51	14.07
			Purchase of goods	**34.15**	**12.09**	24.94	13.66
			Expenses Receivable	**-**	**-**	3.26	-
9	Timken Romania, SA	Fellow Subsidiary	Purchase of goods	**152.34**	**73.75**	200.58	52.16
			Expenses Paid	**-**	**-**	0.02	-
10	Yantai Timken Company Limited	Fellow Subsidiary	Purchase of goods	**215.52**	**62.02**	247.87	63.07
			Purchase of Property, Plant & Equipment	**25.24**	**4.65**	3.20	2.38
			Expenses Paid	**0.16**	**-**	0.01	-
			Sale of Goods	**25.69**	**30.77**	-	-
11	Australian Timken Proprietary Limited	Fellow Subsidiary	Sale of Goods	**89.26**	**5.28**	58.57	8.54
			Purchase of goods	**1.21**	**0.60**	3.00	0.35
			Expenses Receivable	**0.88**	**0.06**	0.83	0.07
12	Timken Polska SP z.o.o	Fellow Subsidiary	Purchase of goods	**56.04**	**16.19**	70.20	14.99
			Expenses Paid	**0.02**	**-**	-	-
			Purchase of Property, Plant & Equipment	**0.27**	**0.02**	-	-
13	Timken (China) Investment Co.Ltd.	Fellow Subsidiary	Expenses Paid	**0.05**	**-**	9.20	-
			Expenses Receivable	**0.01**	**-**	0.03	-
14	Timken Wuxi Bearings Co Ltd - China	Fellow Subsidiary	Purchase of goods	**1,002.29**	**367.73**	1,033.39	320.88
			Expenses Paid	**-**	**-**	0.00	-
			Expenses Receivable	**-**	**-**	0.46	-
			Sale of Goods	**3.19**	**0.14**	9.35	1.73
15	Timken (Shanghai) Distribution & Sales Co. Ltd - China	Fellow Subsidiary	Sale of Goods	**178.66**	**17.11**	177.46	17.97
			Purchase of Goods	**5.76**	**4.27**	7.93	9.64
16	MPB Corporation	Fellow Subsidiary	Agency Commission (Income)	**0.79**	**-**	0.03	0.04
17	Timken PWP SRL (Romania)	Fellow Subsidiary	Expenses Receivable	**0.43**	**-**	0.31	0.22
18	Timken Engineering and Research India Pvt. Ltd	Fellow Subsidiary	Expenses Receivable	**59.26**	**11.85**	63.75	12.76
			Expenses paid/ payable	**108.62**	**11.88**	104.72	8.74
			Purchase of goods	**833.75**	**38.84**	402.04	15.71
			Sale of Goods	**97.90**	**10.41**	158.17	41.65
			Sale of Property, Plant & Equipment	**1.25**	**-**	-	-
			Purchase of DEPB Licenses	**29.71**	**-**	83.90	-

Notes to financial statements as at and for the year ended March 31, 2020

₹ in million

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount for the year ended	Outstanding as at	Transaction Amount for the year ended	Outstanding as at
				March 31, 2020		March 31, 2019	
19	Timken DE Mexico S A DE CV	Fellow Subsidiary	Purchase of goods Sale of Goods	- 8.05	- 2.83	0.49 89.08	1.08 3.34
20	Timken Canada Holdings III, ULC	Fellow Subsidiary	Purchase of goods Sale of Goods	0.46 0.75	- -	0.13 1.99	0.12 0.15
21	Timken Gears and Services Inc.	Fellow Subsidiary	Expenses paid/ payable Purchase of Goods Royalty paid/ payable Sale of Property, Plant & Equipment Sale of Goods	- - 0.74 49.85 0.61	- - - - -	0.59 0.08 0.41 - 4.49	0.07 - 0.22 - 4.37
22	Timken (Chengdu) Aerospace and Precision Products Co., Ltd.	Fellow Subsidiary	Purchase of Goods	0.91	0.01	1.69	0.66
23	Timken XEMC (Hunan) Bearings Co., Ltd	Fellow Subsidiary	Purchase of Goods	1.63	-	7.71	5.98
24	Timken SMO LLC	Fellow Subsidiary	Agency Commission (Income)	1.00	0.18	0.50	0.13
25	Bearing Inspections INC	Fellow Subsidiary	Agency Commission (Income)	1.35	0.65	1.85	0.91
26	Timken Italia S R L	Fellow Subsidiary	Sale of Goods Purchase of Goods Expenses Receivable	0.04 - 0.47	- - -	2.34 1.46 0.22	- - 0.22
27	Cone Drive Operations INC	Fellow Subsidiary	Purchase of Property, Plant & Equipment	0.64	-	-	-
28	Timken UWC LLC	Fellow Subsidiary	Sale of Goods	0.04	-	-	-
29	Timken India Provident Fund	Trust managed by the Company	Provident fund expense	13.81	-	4.82	-
30	Timken India Gratuity Fund	Trust managed by the Company	Gratuity fund expense	17.20	-	-	-
31	Timken India Superannuation Fund	Trust managed by the Company	Super Annuation fund expense	35.75	-	32.30	-
32	ABC Bearings Employees Gratuity Fund	Trust managed by the Company	Gratuity fund expense	4.33	-	6.24	6.10
33	New Delhi Law Offices	Firm where a director is a Partner	Expenses Paid	2.02	-	1.07	-
34	P S Dasgupta	Key Management Personnel	Sitting fees paid	0.31	-	0.45	-
35	Rupa Mahanty	Key Management Personnel	Sitting fees paid Expenses Paid	0.18 -	- -	0.49 0.07	- -
36	Bushen Lal Raina	Key Management Personnel	Sitting fees paid Expenses Paid	0.49 -	- -	0.45 0.02	- -
37	N S Rama	Key Management Personnel	Sitting fees paid	0.27	-	-	-
38	Sanjay Koul	Key Management Personnel	Short-term employee benefits Post-employment benefits Other long-term benefits Expenses paid	30.43 0.81 0.64 -	1.56 - - -	34.60 0.74 0.59 0.07	1.55 - - -

Notes to financial statements as at and for the year ended March 31, 2020

₹ in million

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount for the year ended	Outstanding as at	Transaction Amount for the year ended	Outstanding as at
				March 31, 2020		March 31, 2019	
39	Avishrant Keshava	Key Management Personnel	Short-term employee benefits	**7.76**	**0.29**	7.52	0.31
			Post-employment benefits	**0.28**	**-**	0.24	-
			Other long-term benefits	**0.22**	**-**	0.19	-
			Expenses paid	**-**	**-**	0.02	-
40	Soumitra Hazra	Key Management Personnel	Short-term employee benefits	**2.63**	**-**	4.84	0.21
			Post-employment benefits	**0.12**	**-**	0.23	-
			Other long-term benefits	**0.10**	**-**	0.18	-
			Expenses paid	**0.00**	**-**	0.00	-
41	Mandar Vasmatkar	Key Management Personnel	Short-term employee benefits	**1.33**	**0.10**	-	-
			Post-employment benefits	**0.06**	**-**	-	-
			Other long-term benefits	**0.05**	**-**	-	-
			Sitting fees paid	**-**	**-**	-	-

₹ in million

Total of payments made to key managerial personnel	Nature of transactions	Transaction Amount for the year ended	Outstanding as at	Transaction Amount for the year ended	Outstanding as at
		March 31, 2020		March 31, 2019	
	Sitting fees paid	**1.25**	**-**	1.39	-
	Short-term employee benefits	**42.15**	**1.94**	46.95	2.07
	Post-employment benefits	**1.26**	**-**	1.20	-
	Other long-term benefits	**1.01**	**-**	0.96	-
	Other fees Paid	**-**	**-**	-	-
	Expenses Paid	**0.00**	**-**	0.18	-
Total		**45.67**	**1.94**	50.68	2.07

Notes to financial statements as at and for the year ended March 31, 2020

NOTE 39 : CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in million

	As at March 31, 2020	As at March 31, 2019
Financial Assets		
Break up of financial assets carried at amortised cost		
Loans - Non-current (Note 8)	**64.36**	62.91
Trade receivables (Note 11)	**2,958.15**	3,053.99
Cash and Bank balances (Note 12A & 12B)	**4,167.20**	239.97
Loans - Current (Note 13)	**2.67**	1.31
Other Current Financial Assets (Note 14)	**20.58**	39.31
Total financial assets carried at amortised cost	**7,212.96**	3,397.49
Break up of financial assets at fair value through profit or loss		
Investments (Note 7A & 7B)		
Non-current	**0.30**	0.30
Current	**131.66**	1,757.24
Total financial assets carried at fair value through profit or loss	**131.96**	1,757.54
Financial Liabilities		
Break up of financial liabilities carried at amortised cost		
Other Non-current Financial Liabilities (Note 18B)	**248.79**	201.39
Non-current lease liabilities (Note 18A)	**23.32**	-
Short term Borrowings (Note 21)	**199.57**	230.80
Trade payables (Note 22)	**2,139.00**	2,334.97
Current lease liabilities (Note 18A)	**13.50**	-
Other Current Financial Liabilities (Note 23)	**110.22**	82.68
Total financial liabilities carried at amortised cost	**2,734.40**	2,849.84

The management has assessed that the carrying values of the Financial Assets and Liabilities at amortised cost approximate their fair value largely due to their short-term maturities of these instruments.

NOTE 40A : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial assets include trade & other receivables, and cash & cash equivalents that derives directly from its operations. The Company's principal financial liabilities comprise trade & other payables and short term borrowings. The main purpose of majority of these financial liabilities is to manage working capital of the Company.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The below note explains the sources of risk which the Company is exposed to and how the entity manage the risk :

Risk	Exposure arising from	Measurement	Risk Management
1. Credit Risk	Trade Receivable, Cash and cash equivalents, other financial assets, loans & deposits	Ageing Analysis Financial Analysis Credit information on need basis	1. Review of credit limits and credit lock, secured mode of payments 2. Diversification of Short term investments
2. Market Risk			
i. Commodity risk	Movement in prices of commodities mainly steel	Sensitivity Analysis	1. Price negotiation and productivity improvement, expanding vendor base 2. Negotiation with customers for significant changes
ii. Foreign currency risk	Financial assets and liabilities denominated in other than functional currency	Sensitivity Analysis	1. Periodical review of exposure limits 2. Natural hedging
iii. Interest rate risk	Security deposit from distributors	Sensitivity Analysis	Periodical reset of interest linked to market
3. Liquidity Risk	Trade Payable, Security deposits from distributors and other financial liabilities	Maturity date analysis Rolling cash flow forecasts	1. Preparing and monitoring forecast of cash flows 2. Maintaining optimum cash and cash equivalents 3. Availability of sanctioned credit lines and borrowing facilities

Notes to financial statements as at and for the year ended March 31, 2020

(Contd.)

1. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, primarily cash & cash equivalents.

i. Trade receivables

Customer credit risk is managed in accordance with the Company's established policy, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored through credit lock and release effectively manage the exposure.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets disclosed in Note 11. The Company does not hold any collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as most of its external customers (other than related party customers) are established players in their industry or are distributors/ dealers against which the Company holds security deposit as its policy and operate in largely independent markets. All the related party receivables are from various Timken group companies where there is a minimal default risk.

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered related credit information for its customer, that's available in public domain to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

ii. Cash and Cash equivalents and Other financial assets

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made for short-term in liquid funds of rated mutual funds and deposit with banks. Investments and Bank deposits are reviewed by the Board of Directors on a quarterly basis

Credit risk arising from short term liquid fund investments, cash and cash equivalents and other balances with banks is limited and no collaterals are held against these because the counterparties are banks and recognised financial institutions. None of the financial instruments of the Company result in material exposure of credit risk as at March 31, 2020.

Other financial assets mainly include, loans and security deposits given, other receivables. There are no indications that defaults in payment obligations would occur in respect of these financial assets.

2. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to different types of market risks. For the Company, the market risk is the possibility of changes in foreign currency exchange rates and commodity prices which may affect the value of the Company's financial assets, liabilities or expected future cash flows.

i. Commodity Risk

Commodity risk for the Company is mainly related to fluctuations in steel prices which drives the prices of steel bars, tubes and wire rods. Since, steel is the primary input materials for making of rings, rollers and cages, which are used in manufacturing the final products , any fluctuation in steel prices can lead to drop in operating margin. Most of these input materials are procured from approved vendors and subject to price negotiations. In order to mitigate the risk associated with raw material and components prices, the Company manages its procurement through productivity improvements, expanding vendor base and constant pricing negotiation with vendors. The Company renegotiates the prices with its customers in case there is more than normal deviation in the prices of its major raw materials. Additionally, the processes and policies related to such risks are reviewed and controlled by senior management team.

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The risk of fluctuations in foreign currency exchange rates on its financial liabilities including trade and other payables etc., which are mainly in US Dollars are mitigated through the natural hedge alignment, as Company's export sales are predominantly in US dollars and such economic exposure through trade and other receivables in US dollars provide natural alignment. Hence, a reasonable variation in the Foreign exchange rate would not have much impact on the profit or loss / equity of the Company. Net foreign currency exposure also reviewed by the Board of Directors on a quarterly basis.

Notes to financial statements as at and for the year ended March 31, 2020

(Contd.)

Foreign currency sensitivity analysis

The Company is exposed to the currencies USD, EURO, GBP and JPY on account of outstanding receivables (+) and payables (-). The Company's net exposure to foreign currency risk at the end of the reporting period expressed in respective currencies given below.

₹ in million

Currency	As at March 31, 2020	As at March 31, 2019
USD	**(0.42)**	(1.71)
EURO	**(0.14)**	(0.11)
GBP	**(0.00)**	(0.01)
JPY	**(0.70)**	(1.58)

The following table details the Company's sensitivity to a 10% increase and decrease in INR against the USD, EURO, GBP and JPY. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit or equity where the INR weakens 10% against the relevant currency. For a 10% strengthening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive.

₹ in million

Particulars	As at March 31, 2020		As at March 31, 2019	
	Profit & Loss	Equity	Profit & Loss	Equity
USD	**(3.19)**	**(3.19)**	(11.97)	(11.97)
EURO	**(1.22)**	**(1.22)**	(0.88)	(0.88)
GBP	**(0.00)**	**(0.00)**	(0.08)	(0.08)
JPY	**(0.05)**	**(0.05)**	(0.10)	(0.10)
Total	**(4.46)**	**(4.46)**	(13.03)	(13.03)

iii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risks arises primarily from security deposits from distributors. The Company has taken interest earning security deposits from the distributors as disclosed in note No.23. An increase / decrease of 1% of interest rate, the profit for the year ended March 31,2020 would decrease / increase by ₹0.30 million (Year ending March 31,2019 ₹0.28 million)

3. Liquidity risk

Liquidity risk is defined as a risk that the Company will not be able to meet its obligations on time or at a reasonable price. An effective liquidity risk management takes into consideration in maintaining optimum level of cash and cash equivalents and the availability of funding through an credit facilities at a reasonable cost to meet the obligation when due. The Company's treasury department drives the liquidity, funding as well as settlement management. Additionally, the processes and policies related to such risks are reviewed and controlled by senior management team. Management continuously reviews the actual cash flows and forecasts the expected cash flows to monitor the liquidity position. The Company has large investments and deposits either in short term liquid funds or in bank deposits, which can be converted to cash at a very short notice and hence carry negligible liquidity risk. All the current financial liabilities of the Company are due to be paid with in twelve months from the date from the Balance sheet date. All non-current financial liabilities are due to be paid in more than twelve months from the Balance sheet date. However the interest component of all the non-current financial liabilities if any will be payable as and when due, which may be with in twelve months from the date of Balance sheet date.

Fair values

₹ in million

(i) Class wise fair value of the Company's financial instruments:	As at March 31, 2020	As at March 31, 2019
Investments (unquoted) in Equity shares	**0.30**	0.30
Investments (unquoted) in mutual funds	**131.66**	1,757.24

Notes to financial statements as at and for the year ended March 31, 2020

(Contd.)

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets

₹ in million

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020:			
Assets measured at fair value:			
Investments in mutual funds	131.66	-	-
Investment in equity shares	-	-	0.30
Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:			
Assets measured at fair value:			
Investments in mutual funds	1,757.24	-	-
Investment in equity shares	-	-	0.30

a) The Fair value for investments in mutual funds have been determined based on the NAV of the respective funds as on balance sheet date.

b) The Company has determined the carrying value of the investment as its fair value in the absence of any available fair value for its non-current investment which is carried at cost.

NOTE 40 B : CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maximise the shareholder value. For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The Company's objective when managing capital are to :

(i) Safeguard their ability to continue as a going concern, so that the Company maximise shareholder value and provide benefits for other stakeholders and

(ii) Maintain an optimal capital structure to reduce the weighted average cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or sell non-core assets to reduce debts.

The Company is not subject to any externally imposed capital requirements. The Company is a Zero debt Company with no long-term borrowings. The debt as shown in the financial statements as defined in note no. 21 is on account of bill discounted with bank.

₹ in million

	Note Reference Number	As at March 31, 2020	As at March 31, 2019
Total Debt	21	**199.57**	230.80
Total Equity	16 and 17	**15,766.73**	13,407.43
Debt to Equity %		**1.27%**	1.72%

NOTE 41 : 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 specific employee group 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, 2020. 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.

Notes to financial statements as at and for the year ended March 31, 2020

(Contd.)

As per Ind AS "Employee Benefits" (Ind AS - 19), the disclosures of Employee Benefits as defined in the Standard are given below:

Profit and Loss account :

Net employee benefit expense (recognised in Employee Cost) ₹ in million

		Gratuity fund		Employee Death Benefit scheme		Provident fund	
		For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
I)	**Expenses recognised in the Statement of Profit & Loss**						
1)	Current service cost	**21.19**	19.76	**0.51**	0.57	**-**	-
2)	Interest cost	**0.63**	(1.06)	**1.36**	1.53	**1.39**	1.09
3)	Expected return on plan assets	**0.22**	-	**-**	-	**-**	-
4)	Immediate recognition of (gains)/losses other long term employee benefits plans	**-**	-	**-**	-	**-**	3.43
5)	**Total Expenses (disclosed part of Contribution to provident and other funds in note 30)**	**22.04**	18.70	**1.87**	2.10	**1.39**	4.52
	Expense recognised in OCI						
6)	Net remeasurement (gain) / loss recognised in the year	**12.52**	(3.22)	**1.40**	(1.43)	**(4.75)**	-
7)	**Total Expense**	**34.56**	15.48	**3.27**	0.67	**(3.36)**	4.52
II)	**Net Asset/ (Liability) recognised in the Balance Sheet**						
1)	Present Values of Defined Benefit Obligation	**413.44**	361.44	**20.54**	19.95	**15.68**	19.03
2)	Fair value of Plan Assets	**378.89**	338.15	**-**	-	**-**	-
3)	**Net Asset/ (Liability)**	**(34.55)**	(23.29)	**(20.54)**	(19.95)	**(15.68)**	(19.03)
III)	**Change in Obligation during the year**						
1)	Present Value of Defined Benefit Obligation at the beginning of the year	**361.44**	284.28	**19.96**	21.62	**19.72**	14.51
2)	Current service cost/ Plan amendments	**21.19**	19.76	**0.51**	0.57	**-**	-
3)	Acquisitions (Credits) /cost	**-**	110.05	**-**	-	**-**	-
4)	Interest Cost	**25.83**	24.55	**1.36**	1.53	**1.39**	1.09
5)	Benefit Paid	**(16.49)**	(76.83)	**(2.68)**	(2.32)	**-**	-
6)	Net changes to other reported provisions	**-**	-	**-**	-	**0.11**	0.69
7)	**Remeasurement (Gain)/ Losses**						
	Arising from the change in experience	**(1.20)**	(4.44)	**0.67**	(1.57)	**(4.75)**	(1.20)
	Arising from the change in financial assumptions	**22.67**	4.06	**0.72**	0.13	**-**	4.63
	Total	**21.47**	(0.37)	**1.39**	(1.44)	**(4.75)**	3.43
8)	**Present Values of Defined Benefit Obligation at the end of the year (disclosed in Provisions in note 19)**	**413.44**	361.44	**20.54**	19.95	**16.47**	19.72
IV)	**Change in the Fair Value of Plan Assets**						
1)	Plan assets at the beginning of the year	**338.16**	276.31	**-**	-	**-**	-
2)	Expected return on plan assets	**24.98**	25.61	**-**	-	**-**	-
3)	Contribution by employer	**23.29**	7.21	**-**	-	**-**	-
4)	Actual benefit paid	**(16.49)**	(76.83)	**-**	-	**-**	-
5)	Return of Plan Assets greater/ (lesser) than discount rate	**8.96**	2.85	**-**	-	**-**	-
6)	Remeasurement (Gain)/ Losses	**-**	-	**-**	-	**-**	-
7)	Acquisition adjustments	**-**	103.00	**-**	-	**-**	-
8)	**Plan Asset at the end of the year**	**378.90**	338.16	**-**	-	**-**	-

V) In FY 2020-21, the Company expects to contribute ₹ 34.55 million (2019-20: ₹ 23.29 million) to gratuity fund.

Notes to financial statements as at and for the year ended March 31, 2020

(Contd.)

VI) Actuarial Assumptions

	Gratuity fund		Employee Death Benefit scheme		Provident fund	
	For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
1) Discount Rate	**6.40%**	7.30%	**6.40%**	7.30%	**6.40%**	7.30%
2) Expected rate of return on plan asset	**8.50%**	8.90%	**NA**	NA	**8.30%**	8.65%
3) Mortality	**IALM (2006-2008) (modified) Ult**	IALM (2006-2008) (modified) Ult	**IALM (2006-2008) (modified) Ult**	IALM (2006-2008) (modified) Ult	**NA**	NA
4) Average attained age (years)	**41**	40	**52**	51	**NA**	NA
5) Average past service (years)	**14**	14	**26**	25	**NA**	NA
6) Employee Turnover Rate	**0.1% - 0.5%**	0.1% - 0.5%	**0.1% - 0.5%**	0.1% - 0.5%	**NA**	NA
7) Rate of escalation in salary (per annum)	**8.00%**	8.00%	**8.00%**	8.00%		

Actuarial Assumptions for leave encashment

	Leave encashment	
	For the year ended March 31, 2020	For the year ended March 31, 2019
1) Discount Rate	**6.40%**	7.50%
2) Rate of escalation in salary (per annum)	**8.00%**	8.00%
3) Mortality	**IALM (2006-2008) (modified) Ult**	IALM (2006-2008) (modified) Ult
4) Withdrawal rate	**Officers: 10% Non-officers: Ages : Rate 20 - 25 : 0.50%, 26 - 30 : 0.30%, 31 - 35 : 0.20%, 36 - 50 : 0.10%, 51 - 55 : 0.20%, 56 - 60 : 0.30%**	Officers: 10% Non-officers: Ages : Rate 20 - 25 : 0.50%, 26 - 30 : 0.30%, 31 - 35 : 0.20%, 36 - 50 : 0.10%, 51 - 55 : 0.20%, 56 - 60 : 0.30%

	Gratuity fund		Employee Death Benefit scheme		Provident fund	
	For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
VII) Maturity Profile of the defined benefit obligation Weighted avergae duration of the defined benefit obligation	**7 years**	7 years	**7 years**	7 years	**7 years**	7 years
Not later than 1 year	**26.92**	24.93	**4.57**	4.34	**NA**	NA
Later than 1 year and not later than 5 years	**176.26**	144.10	**17.97**	17.55	**NA**	NA
More than 5 years	**334.29**	313.48	**9.18**	9.99	**NA**	NA

The estimates of rate of escalation in salary considered in actuarial valuation taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

Each year, the Board of Trustees reviews the level of funding in the Gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy.

Notes to financial statements as at and for the year ended March 31, 2020

(Contd.)

VIII) Amounts for the current and previous two periods are as follows: (₹ in million)

	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
1. Gratuity			
Defined Benefit Obligation	**413.44**	361.44	284.28
Plan Assets	**378.90**	338.15	276.31
Surplus/ (Deficit)	**(34.55)**	(23.29)	(7.97)
Experience (Gain)/ loss adjustment on plan liabilities	**(1.20)**	(4.44)	(4.19)
Experience (Gain)/ loss adjustment on plan assets	**-**	-	-

The Board of Trustees of Timken India Limited Provident Fund have decided to shift the management of Provident Fund to Employees Provident Fund Organisation managed by its Regional office at Jamshedpur with effect from April 1, 2018. Consequently, the Company deposits provident fund dues to the Regional Providend Fund Commissioner, Jamshedpur, Jharkhand.

NOTE 42 : GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

A quantitative sensitivity analysis for significant assumption are as shown below:

a) Gratuity (Funded) ₹ in million

	March 31, 2020		March 31, 2019	
	Discount rate		Discount rate	
	1% increase (₹)	1% decrease (₹)	1% increase (₹)	1% decrease (₹)
Impact on defined benefit obligation (Increase/ (decrease))	**(25.46)**	**28.38**	(22.93)	25.56

₹ in million

	March 31, 2020		March 31, 2019	
	Salary Growth		Salary Growth	
	1% increase (₹)	1% decrease (₹)	1% increase (₹)	1% decrease (₹)
Impact on defined benefit obligation (Increase/ (decrease))	**26.48**	**(24.25)**	23.88	(21.87)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

b) EMPLOYEE DEATH BENEFIT SCHEME (Unfunded) ₹ in million

	March 31, 2020		March 31, 2019	
	Discount rate		Discount rate	
	1% increase (₹)	1% decrease (₹)	1% increase (₹)	1% decrease (₹)
Impact on employee death benefits obligation (Increase/ (decrease))	**(0.63)**	**0.67**	(0.66)	0.70

₹ in million

	March 31, 2020		March 31, 2019	
	Salary Growth		Salary Growth	
	1% increase (₹)	1% decrease (₹)	1% increase (₹)	1% decrease (₹)
Impact on employee death benefits obligation (Increase/ (decrease))	**0.50**	**(0.47)**	0.54	(0.51)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Notes to financial statements as at and for the year ended March 31, 2020

c) Provident fund (Funded)

₹ in million

	March 31, 2020		March 31, 2019	
	Expected return on plan assets		Expected return on plan assets	
	0.5% increase	**0.5% decrease**	0.5% increase	0.5% decrease
Impact on defined benefits obligation (Increase/ (decrease))	**(29.69)**	**50.89**	(19.03)	39.90

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

NOTE 43 : PREVIOUS PERIOD COMPARATIVES

Previous year figures have been regrouped or reclassified wherever necessary to conform to current year's grouping or classification.

Signatures to Note 1-43 of the financial statements

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W – 100018)
Sd/-
Sathya P. Koushik
Partner
Membership No. 206920
Place: Bengaluru
Date: June 5, 2020

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

Sd/-
Sanjay Koul
Chairman,
Managing Director & CEO
DIN: 05159352

Sd/-
Avishrant Keshava
Business Controller - India,
CFO & Whole-time Director
DIN: 07292484

Sd/-
Mandar Vasmatkar
Company Secretary & Chief - Compliance
Bengaluru, June 5, 2020

FIVE YEARS AT A GLANCE

	Year Ended 31.03.2020	Year Ended 31.03.2019	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2016
Production					
(i) Standard Roller Brgs (Equiv. Nos.)	**7,025,064**	9,880,017	3,604,852	2,539,487	2,081,949
(ii) Special Roller Bearings (Equiv. Nos.)	**3,249,041**	2,633,311	1,557,281	1,430,235	2,332,444
(iii) Components (Equiv.Nos.)	**4,970,738**	6,788,528	7,239,907	4,445,118	4,307,909
Rs/Millions					
Profit & Loss Account					
(i) NET Income (inlcudes other Income)					
(a) Domestic	**12,430**	12,879	9,260	7,978	7,543
(b) Export	**3,975**	3,928	3,467	3,293	3,612
Total (a+b)	**16,405**	16,807	12,726	11,271	11,155
(ii) EBITDA	**3,860**	3,049	1,841	1,679	1,680
(iii) Profit after Exceptional items before Tax	**3,064**	2,238	1,397	1,382	1,416
(iv) Profit After Tax	**2,461**	1,486	920	972	918
Balance Sheet					
(i) Gross Block (includes CWIP)	**8,468**	8,485	5,947	5,390	3,796
(ii) Net Block	**4,575**	6,133	2,511	2,306	1,372
(iii) Net Current Asset	**7,568**	5,658	4,067	3,118	3,330
(iv) Capital Employed	**16,918**	14,654	7,376	6,396	5,349
(v) Beginning Invested Capital (BIC)	**14,296**	7,262	6,308	5,343	4,410
(vi) Total Debt	**200**	231	159	84	43
(vii) Equity	**15,767**	13,407	7,023	6,179	5,300
Other Comparative Data					
(i) PAT to Net Sales (%)	**15%**	9%	7%	9%	8%
(ii) EBIT / BIC (%)	**27%**	42%	29%	31%	38%
(iii) Return on Net Worth (%)	**16%**	11%	13%	16%	17%
(iv) E.P.S (Rs)	**32.72**	19.92	13.53	14.30	13.50
(v) Total Debt to Total Equity (%)	**1.27%**	1.72%	2.27%	1.36%	0.81%
(vi) Total Debt to Total Capital (%)	**1.18%**	1.58%	2.16%	1.31%	0.81%
(vii) Fixed Asset Turnover (times)	**3.59**	2.74	5.07	4.89	8.13
(viii) Working Capital Turnover (times)	**2.17**	2.97	3.13	3.62	3.35
(ix) Current Ratio (times)	**3.65**	2.83	2.69	2.31	2.99
(x) Interest Cover (times)	**140**	173	151	201	183
(xi) Net sales/Employee (Rs/millions)	**13**	14	16	16	18

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.

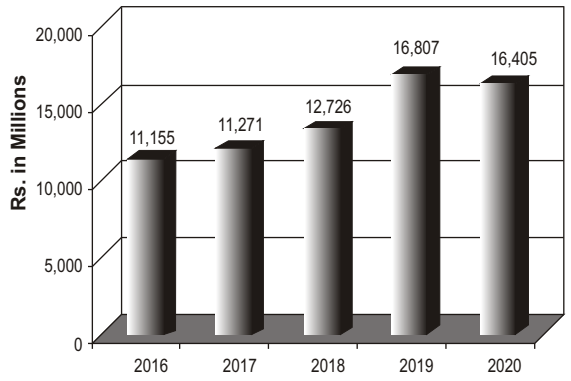
(iv) Fixed Asset Turnover is net sales divided by net fixed assets as at the end of the year.

(v) Working Capital Turnover is net sales divided by net current asset as at the end of the year.

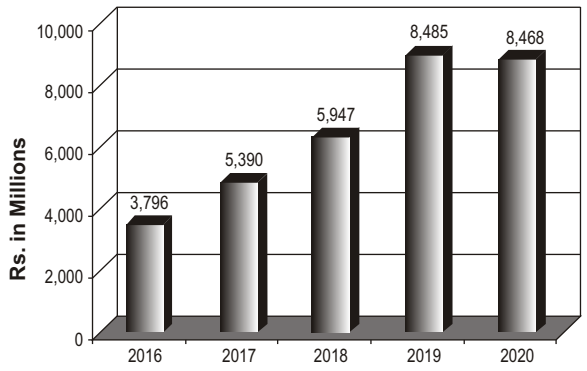
(vi) Current ratio is current assets divided by current liabilities including current portion of long term loans, if any, repayable within one year.

(vii) Interest Cover is profit before interest and taxation divided by net interest expenses.

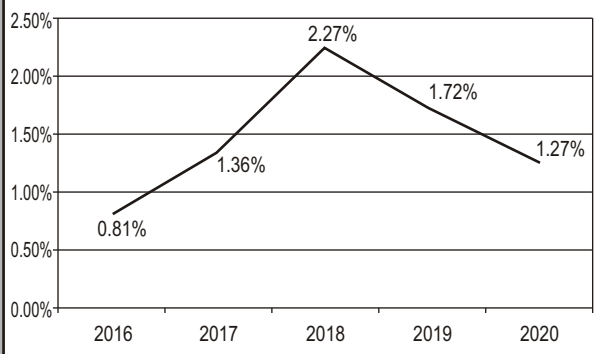
NET REVENUE



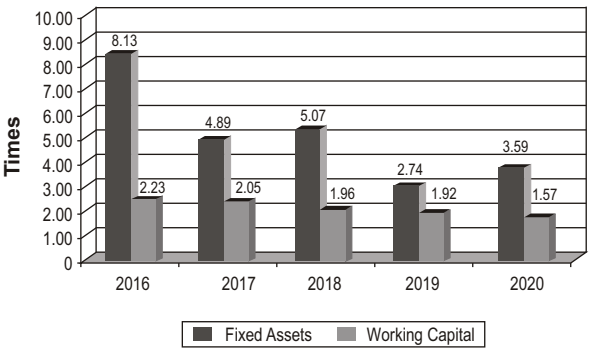
GROSS BLOCK



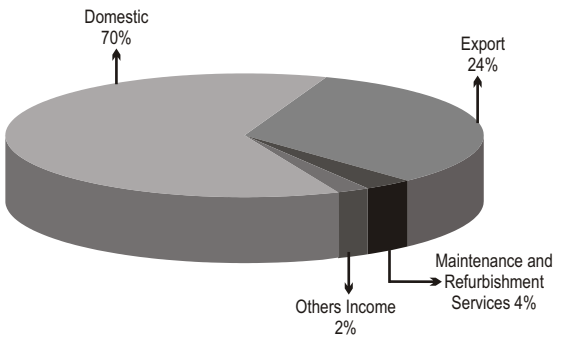
TOTAL DEBT : EQUITY



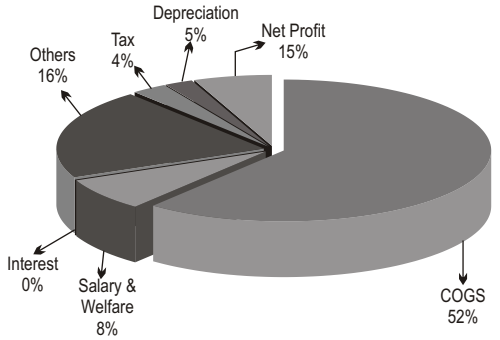
ASSET TURNOVER



HOW THE MONEY WAS EARNED



HOW THE MONEY WAS DISTRIBUTED



NOTES

TIMKEN

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P-22, Bondel Road, Kolkata - 700019.

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