

9 August, 2017

The Secretary
The National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,
G-Block, Bandra- Kurla Complex,
Bandra (E), Mumbai- 400 051

Scrip Code- TIMKEN

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai- 400 001

Scrip Code- 522113

Dear Sir,

Sub: 30th Annual Report for the financial year 2016-17

Please note that 30th Annual General Meeting (AGM) of the members of the Company was held today at 10.00 AM at Tangerine Conference Hall, Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase – I, Bangalore – 560100.

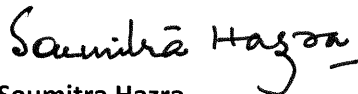
In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we enclose herewith 30th Annual Report of the Company for the financial year 2016-17 adopted by the shareholders of the Company at 30th AGM.

Kindly request you to take this on record.

Thanking you,

Yours faithfully

For **TIMKEN INDIA LIMITED**



Soumitra Hazra
Company Secretary
& Chief- Compliance

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

A close-up, high-contrast photograph of a metallic gear or mechanical component, showing sharp edges and reflective surfaces. The image is oriented vertically, with the gear's teeth pointing towards the top left. The background is a soft, out-of-focus light blue and white.

TIMKEN INDIA LIMITED

2016-17

30th ANNUAL REPORT

TIMKEN INDIA LIMITED

Board of Directors

(As on 24 May, 2017)

| | |
|---|-----------------------|
| Chairman & Managing Director | Mr. Sanjay Koul |
| Directors | Mr. P. S. Dasgupta |
| | Mr. Jai. S. Pathak |
| | Mrs. Rupa Mahanty |
| | Mr. Ajay K Das |
| | Mr. Avishrant Keshava |

Registered Office

CIN: L29130KA1996PLC048230
 39-42, Electronic City,
 Phase II, Hosur Road,
 Bangalore - 560 100
 Tel. No. 080 - 41362000
 Fax No. 080 - 41362010
 E-mail : soumitra.hazra@timken.com
 Website: www.timken.com/en-in

Committees of the Board

(As on 24 May, 2017)

Audit Committee

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

Stakeholders Relationship Committee

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

Nomination and Remuneration Committee

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

Corporate Social Responsibility Committee

| | |
|-----------------|-----------------------|
| Chairman | Mr. Sanjay Koul |
| Members | Mr. Jai S. Pathak |
| | 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,

On behalf of the Board of Directors, it is my privilege to present the 30th Annual Report and the financial statements of Timken India Limited for the year ended 31 March, 2017. Being able to produce good results under favourable conditions is always an expected norm. However, producing strong results in times of uncertainty is evidence both of a successful business strategy and a highly effective management team.

It has been a year with many rewarding moments, as well as some challenges. I am overwhelmed to share that Timken's annual total income grew from Rs. 11154 million to Rs. 11272 million.

This year, we had an organic growth, where we challenged the market and maintained our market share. We have had a better performance than in the past several years, as we repositioned our portfolio, particularly in the mobile markets.

We launched the digitization campaign in automotive aftermarket, Timken Connect, a channel loyalty program which enables us to closely track the secondary sales in key markets & channel marketing efforts to improve sales in the segment.

Strengthening the 'Make in India' footprint, investments were made in Jamshedpur to augment the existing Rail bearing capacity & TRB capacity to cater to increasing local & global demand.

Jamshedpur Plant was awarded the International Railway Industry Standard (IRIS) certification, making Timken as the only MNC bearing manufacturing company in India to have both AAR & IRIS certification. This enables Timken India to export Rail products even to European Rail Market.

With more than a century of expertise in tapered roller bearing, the Timken group is transforming into a wider solutions provider across the mechanical power transmissions space over the last decade. The group's acquisitions have added global capabilities like launching new products and services. This has helped us to penetrate into the Indian market.

With change everywhere, we continued to execute our strategy to improve customer advocacy, drive value from our core business and build pathways to future growth. The implementation of Goods & Services Tax (GST) is expected to facilitate ease of doing business & provide a stimulus to the investments and growth in core segments. With this, we see a positive outlook for the M&HCV with new norms in place.

We firmly believe business and society can strengthen each other, when they are integrated in mutually reinforcing partnerships. Hence, we are consistently expanding our CSR outreach to facilitate inclusive growth and community development. In the last year, Timken India has honed its CSR programmes to focus on the areas of greatest need across: healthcare and education.

As always, our people remain our most vital and valuable resource. They allow us to win in the marketplace by bringing to life the know-how, innovation and global teamwork that create value for customers. We thank them as well as our directors, shareholders and customers for their confidence in the Company and in our path ahead.

Sincerely,

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Board's Report

To the Members,

The Board of Directors has pleasure in presenting the Thirtieth Annual Report of the Company for the year ended 31 March, 2017.

Financial Summary

(Rs./Million)

| Particulars | Financial Year ended 31 March, 2017 | Financial Year ended 31 March, 2016 |
|--|--|--|
| Total Income | 11272 | 11154 |
| Total Expenditure | (9890) | (9708) |
| Profit before exceptional item and tax | 1382 | 1446 |
| Less :Exceptional item | - | (30) |
| Profit before tax | 1382 | 1416 |
| Less: Tax expenses | 410 | (498) |
| Net Profit after tax (PAT) | 972 | 918 |
| Other Comprehensive income | (11) | 0.6 |
| Total comprehensive income | 961 | 919 |
| Add: Profit brought forward from previous year | 3925 | 3006 |
| Less: Appropriation | | |
| - Dividend including dividend distribution tax paid in 2016-17 | (83) | - |
| - Transfer to General Reserve | - | - |
| Balance carried forward | 4803 | 3925 |

The attached financial statements for the year ended 31 March, 2017 have been prepared in accordance with Indian Accounting Standards ("Ind-AS") consequent to the notification of the Companies (Indian Accounting Standards) Rules, 2015 issued by the Ministry of Corporate Affairs. These are the first Ind-AS financial statements of the Company, wherein the Company has restated its balance sheet as at 1 April, 2015 and financial statements for the year ended and as at 31 March, 2016 are also as per Ind-AS.

During the financial year under review, total Income grew by approx 1%, primarily due to increase in domestic sales by 5%. However, export sales registered a fall of 8% because of rate and mix variance. Expenditure on the other hand registered an increase of 2% due to inflationary pressure. Exceptional item represents net loss arising out of fire at third party service provider's warehouse reported last year. There is no reportable exceptional item for the year 2016-17.

Finance

The Company continues to remain debt free and generated adequate cash flow to meet its working capital needs. Pending investment of such funds in growth opportunities, it was temporarily parked in debt based schemes offered by various mutual funds. Working capital was managed well. Value of inventory in absolute terms went up by 1% while the average number of inventory days registered a marginal increase from 106 days as on 31 March, 2016 to 114 days as on 31 March, 2017. Similarly, receivables at the year end also registered a marginal increase compared to that of previous year. The average number of days outstanding for domestic receivables registered a marginal increase from 60 days as on 31 March, 2016 to 61 days as on 31 March, 2017 and that of export increased from 68 days as on 31 March, 2016 to 78 days as on 31 March, 2017.

Expansion Projects in Jamshedpur

Capacity Expansion of Railway Bearings :

In order to meet the rising global and domestic demands, the Company has embarked upon a capacity expansion programme for Railway Bearings at its Jamshedpur Plant. This new Rail facility has been completed and new grind lines within facility are being made operational from FY17-18. This facility has been accredited with Silver rating by IGBC council. So far, the Company has spent a sum of Rs. 1169 million.

TS capacity expansion:

This project involves expansion of Tapered Roller Bearings 0-8" finishing capacity at Jamshedpur through expansion of new cup, cone and roller capacity. Cone & two cups lines are being made operational. The installations of 2nd Cone line are expected to be completed by June, 2017. So far, the Company has spent a sum of Rs. 450 million.

The progress of both these projects has been satisfactory.

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

Post Balance Sheet event

There is no reportable event comprising material changes and commitment between the date of the financial year end and the date of this report affecting financial position of the Company.

Dividend

Your Directors are pleased to recommend a dividend of Re 1/- per equity share of Rs. 10/- each fully-paid (10%) for the year ended 31 March, 2017 out of the profits of the Company for the year 2016-17 as against a total dividend of Re 1/- per equity share of Rs. 10/- each fully-paid (10%) for the previous financial year 2015-16, disbursed as final dividend on 28 August, 2016 which was declared at the 29th Annual General Meeting of the Company held on 10 August, 2016. The dividend recommended by your Directors is subject to approval of the shareholders at the forthcoming Annual General Meeting and if approved will be paid to those shareholders or beneficial owners for dematerialized shares whose names will appear on the Register of Members of the Company or the list of beneficial owners to be provided by the depositories as at the close of business on 2 August, 2017.

Board Meetings

Five Board meetings were held during the financial year 2016-17. For details please refer Annexure - I.

In addition to the above, one meeting of the Independent Directors was also held on 2 February, 2017 without participation of Non-Independent Directors and Senior Managerial Personnel. This meeting was attended by all the Independent Directors of the Company.

Directors and Key Managerial Personnel

During the year under review, there was no change in Board of Directors and Key Managerial Personnel. However, the Board at its meeting held on 24 May, 2017, approved re-appointment of Mr. Sanjay Koul (DIN: 05159352) as Managing Director for further period of 5 years effective from 26 October, 2017 under the designation 'Chairman & Managing Director' subject to approval of the members at 30th Annual General Meeting. In this connection, Company is in receipt from Mr. Koul:

- a. Consent to act as Managing Director in form DIR-2, and
- b. Intimation in form DIR-8.

Mr. Avishrant Keshava (DIN: 07292484), Whole-time Director of the Company is liable to retire by rotation and being eligible, offers himself for re-appointment at the 30th Annual General Meeting.

Annual Declarations from Independent Directors

The Company has received necessary declaration from all Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 (the 'Act') confirming that each of them has met with the criteria of independence laid down in Section 149(6) of the Act and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Audit Committee Meetings

Four Meetings of the Audit Committee were held during the financial year 2016-17. For details, please refer Annexure - I.

Recommendations of the Audit Committee to the Board of Directors

During the financial year 2016-17, the Board of Directors of the Company accepted all the recommendations put forward to it by the Audit Committee of the Board.

Vigil Mechanism

The Company has adopted a Whistle Blower Policy in terms of which the Directors and Associates of the Company have access to "The Timken Helpline", a toll free phone number that any Associate can call, if he has any concern or question, which he is not willing to discuss face to face with his Supervisor, Manager or a member of the Human Resource Team or Senior Management. This Helpline is available around the clock, every day. No call tracing or recording devices are ever used and if the Associate so wishes, he may remain completely anonymous. In terms of the said Policy, Associates of the Company have also got direct access to the Chairman of the Audit Committee to report matters of exceptional nature.

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

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

Nomination and Remuneration Committee

One Meeting of the Nomination and Remuneration Committee was held during the financial year 2016-17. For details, please refer Annexure - I.

Nomination and Remuneration Policy

Based on the 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 the criteria for determining qualifications, positive attributes and independence of a director. For details please refer Annexure - II.

Other Committees

For details, please refer to Annexure - I.

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

The Nomination and Remuneration Committee of the Board had recommended criteria for evaluation of performance of the Independent Directors, Board of Directors as a whole, various Committees of the Board and individual Directors which was approved and adopted by the Board of Directors of the Company.

Accordingly, the Board of Directors at its meeting held on 2 February, 2017 carried out performance evaluation of all Directors, Board of Directors as a whole and Committees thereof. The methodology of evaluation was discussed and each Director was requested to record his/her evaluation of the other Directors, Board as whole and Committees thereof and submit to the Chairperson of the Nomination and Remuneration Committee in terms of the criteria finalised earlier. The record of performance evaluation of the Chairperson of the Nomination and Remuneration Committee was sent to the Chairman & Managing Director of the Company.

Ratio of Remuneration

Pursuant to Section 197(12) of the Act read with Rule 5(1) of 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.

Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during business hours and any member interested in obtaining such information may write to the Company Secretary & Chief - Compliance and the same will be furnished on request.

Risk Management Policy

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

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

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

After going through the above exercise, the Company's Risk Matrix has been finalized and was reviewed at the year-end by the India Leadership Team and Risk Management Committee members and reviewed at least once in a year by the Board of Directors of the Company. During the year under review, risk profile of the Company did not undergo any change.

Corporate Social Responsibility

During the year, the Company spent Rs 2,20,84,000/- on the 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. S. R. Batliboi & Co., LLP, Chartered Accountants (Registration No. 301003E/E300005), were appointed as the Statutory Auditors of the Company at 27th Annual General Meeting to hold office from the conclusion of 27th Annual General Meeting up to conclusion of 30th Annual General Meeting. In view of provisions of Section 139 of the Companies Act, 2013 and rules framed thereunder, relating to mandatory rotation of Statutory Auditors, the Company is required to appoint new Statutory Auditors.

The Board has identified M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W10008) to be the Statutory Auditors of the Company and recommend their appointment at ensuing Annual General Meeting for a period of five years commencing from the conclusion of the 30th Annual General Meeting till the conclusion of 35th Annual General Meeting (subject to ratification of the appointment by the members at every subsequent Annual General Meeting held after 30th Annual General Meeting).

Secretarial Audit

Mr. R Vijayakumar, Practising Company Secretary (FCS 6418 & COP 8667), Bangalore was appointed by the Board of Directors as the Secretarial Auditor to carry out Secretarial Audit for financial year 2016-17 in terms of Section 204 of the Act and Mr. R Vijayakumar has since submitted his report, a copy of which is annexed to this report marked as Annexure - V.

Cost Audit

Based on the recommendation of the Audit Committee, the Board of Directors has re-appointed M/s. Shome & Banerjee, Cost Accountants (F000001), Kolkata to audit the cost accounts for the year 2017-18 and pursuant to Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to them requires ratification by the shareholders. The proposal for ratification of remuneration payable to the Cost Auditors has been included in the Notice convening the ensuing Annual General Meeting. M/s. Shome & Banerjee, Cost Accountants (F000001), Kolkata were re-appointed to audit the cost accounts of the Company for the year 2016-17. The Cost Auditors shall submit their report to the Company within 180 days from the closure of financial year 31 March, 2017 and the Company shall submit the said report to the Central Government within 30 days from the date of receipt from the Cost Auditors. The Cost Audit Report for the year 2015-16 was filed on 17 September, 2016 (within the stipulated due date).

Qualifications in Audit Reports

The reports issued by the Statutory Auditors, the Secretarial Auditor and the Cost Auditors during the year do not contain any qualification, reservation or adverse remark or disclaimer. 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 into 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 material 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 transaction 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 the Annual Listing Fees for the financial year 2017-18 to National Stock Exchange of India Limited and BSE Limited where the Company's Shares are listed.

Extract of Annual Return

As required pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in Form No. MGT - 9 is attached as a part of this Report marked as Annexure - VII.

Other Reports/Annexures

Pursuant to Listing Regulations and other applicable laws, the following reports form part of this report:

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

Conservation of Energy, Technology Absorption and Foreign Exchange Outgo

| Sl. No | Particulars | Remarks | |
|--------|--|--|-----------------------|
| (A) | Conservation of energy: 1. Steps taken / impact on conservation of energy 2. Steps taken by the company for utilizing alternate sources of energy including waste generated 3. Capital investment on energy conservation equipment | Plant power factor continued to be maintained at more than 0.97 levels. New Rail Building has been designed and executed to maximise energy conservation in line with the Indian Green Building Certification. It has facilities like Variable Speed Drive in Air Handling Unit (AHU), Coolant Filtration. Installation of LED lights in New Rail Building Not Applicable Rs. 376.33 lakhs | |
| (B) | Technology absorption: 1. Efforts, in brief, made towards technology absorption. 2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. 3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: ➤ Details of technology imported. ➤ Year of import. ➤ Whether the technology been fully absorbed ➤ If not fully absorbed, areas where absorption has not taken place, and the reasons therefore. 4. Expenditure incurred on Research and Development | Under the Collaboration Agreement, technology update is released from The Timken Company which is transferred to the shop floor instructions. Any improvement in the technology / process is part of this continuous update and this is being regularly monitored by The Timken Company personnel. It has helped in development of Indian sources for products which has reduced cost and time. Manufacture of Tapered Roller Bearings 1991-92 onwards. It is being gradually absorbed and is continuous process. Ongoing in the areas of machining, heat treatment and finishing to make further improvements in the manufacturing process, product quality and production output in Jamshedpur and in Raipur it is in process of developing roller manufacturing for industrial bearing repair through Indian source. 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 | 2016-17 (Rs./million) | 2015-16 (Rs./million) |
| (i) | Foreign Exchange Earnings | 3,293 | 3,612 |
| (ii) | Foreign Exchange Outgo | 2,491 | 2,484 |

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 Companies Act, 2013, the Directors hereby confirm that:

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

- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Financial Performance of any Subsidiary / Associate/ Joint Venture Company

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

Details relating to Deposits

The Company has not accepted Deposit as defined in the Act and Rules framed thereunder, during the financial year 2016-17.

Particulars of Loans, Guarantees or Investments

The Company has duly complied with the provision 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 the conditions of the service. During the financial year 2016-17, the Company has not given any guarantee or extended any securities in connection with any loan.

Significant and/or material orders passed by the Regulators

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

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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set-up to redress complaints received regarding sexual harassment. The Company has not received any sexual harassment complaints during the year 2016-17.

Disclosure regarding shares issued by the Company

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

Acknowledgment

The Directors acknowledge that the performance of the Company during the year 2016-17 could be made possible only with the collective contribution and excellent performance of the Associates both in terms of operational parameters and also at the market place. The Directors express their appreciation for the support received from the Associates of the Company, Shareholders, Vendors, Customers and other Stakeholders.

For and on behalf of the Board of Directors

Place : Bangalore
Date : 24 May, 2017

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

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, 2017, five Board Meetings were held on 20 May, 2016; 10 August, 2016; 9 September, 2016; 28 November, 2016 and 2 February, 2017.

The Composition of Board 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 | 5 |
| Mr. P S Dasgupta (DIN: 00012552) | Director | Non-Executive, Independent | 4 |
| Mr. Jai S. Pathak (DIN: 00026416) | Director | Non-Executive, Independent | 5 |
| Mrs. Rupa Mahanty (DIN: 06746148) | Director | Non-Executive, Independent | 5 |
| Mr. Ajay K Das (DIN: 02697466) | Director | Promoter Director Non-Executive, Non- Independent | 1 |
| Mr. Avishrant Keshava (DIN: 07292484) | CFO & Whole-time Director | Promoter Director Executive, Non-Independent | 5 |

Audit Committee

During the year ended 31 March, 2017, four Audit Committee Meetings were held on 20 May, 2016; 9 September, 2016; 28 November, 2016 and 2 February, 2017.

The Composition of 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. Jai S. Pathak (DIN: 00026416) | Member | Non-Executive, Independent | 4 |
| Mrs. Rupa Mahanty (DIN: 06746148) | Member | Non-Executive, Independent | 4 |

Nomination and Remuneration Committee

During the year ended 31 March, 2017, one Meeting of Nomination and Remuneration Committee was held on 2 February, 2017 which was attended by all the Members of the Committee except Mr. Ajay K Das (DIN:02697466).

The Composition of Nomination and Remuneration Committee is as follows:

| Name of Directors | Designation | Category |
|--------------------------------------|-------------|--|
| Mrs. Rupa Mahanty (DIN: 06746148) | Chairperson | Non-Executive, Independent |
| Mr. P S Dasgupta (DIN: 00012552) | Member | Non-Executive, Independent |
| Mr. Jai S. Pathak (DIN: 00026416) | Member | Non-Executive, Independent |
| Mr. Ajay K Das (DIN: 02697466) | Member | Promoter Director Non-Executive, Non- Independent |

Stakeholders Relationship Committee

During the year ended 31 March, 2017, one Meeting of Stakeholders Relationship Committee was held on 2 February, 2017 which was attended by all the Members of the Committee except Mr. Ajay K Das (DIN:02697466). Generally, approvals of the Committee are obtained through circular resolution. Updation on Investors Services is also communicated through circulation of reports at regular intervals.

The Composition of Stakeholders Relationship Committee is as follows:

| Name of Directors | Designation | Category |
|--------------------------------------|--------------------|--|
| Mrs. Rupa Mahanty (DIN: 06746148) | Chairperson | Non-Executive, Independent |
| Mr. Sanjay Koul (DIN: 05159352) | Member | Promoter Director Executive, Non-Independent |
| Mr. Ajay K Das (DIN: 02697466) | Member | Promoter Director Non-Executive, Non- Independent |

Corporate Social Responsibility Committee

During the year ended 31 March, 2017, no meeting was required to be held. Approvals of the Committee were obtained through resolution by way of circulation.

Composition - Mr. Sanjay Koul (Chairman), Mr. Jai S Pathak and Mr. Avishrant Keshava.

Risk Management Committee

During the year ended 31 March, 2017, no meeting was required to be held. Approval of the Committee whenever required was obtained through electronic mails.

Composition - Mr. Sanjay Koul (Chairman), Mr. Avishrant Keshava and Mr. S Sivaramakrishnan.

For and on behalf of the Board of Directors

Place : Bangalore
Date : 24 May, 2017

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

TIMKEN INDIA LIMITED
(CIN: L29130KA1996PLC048230)
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 Clause 49 under the Listing Agreement. The Key objectives of the Committee would be:

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

2. Definitions

- 2.1 **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2 **Board** means Board of Directors of the Company.
- 2.3 **Committee** means the Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board
- 2.4 **Directors** mean Directors of the Company.
- 2.5 **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013
- 2.6 **Key Managerial Personnel** means:
- Chief Executive Officer or the Managing Director or the Manager;
 - Whole-time director;
 - Chief Financial Officer;
 - Company Secretary; and
 - Such other officer as may be prescribed.
- 2.7 **Senior Management** means personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

3. Roles of the Committee

The Committee shall:

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

- Oversee the formulation and implementation of ESOP Schemes, its administration, supervision, and formulating detailed terms and conditions in accordance with SEBI Guidelines

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

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

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

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

Personal specifications:

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

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

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

Disqualifications for Appointment of Directors

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

Term/ Tenure

Managing Director/ Whole-time Director:

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

Independent Director:

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

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

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

Evaluation

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

Removal

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

Retirement

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

Board Diversity

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

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

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

Remuneration to Non- Executive/ Independent Director:

- **Remuneration/ Commission:**

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

- **Sitting Fees:**

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

- **Stock Options:**

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

6. Membership of the Committee

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

7. Chairperson

- Chairperson of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 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.

Annexure - III

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

| | |
|---|--|
| (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 : 1:25 Employee to WTD Ratio : 1:7 Employee to CS Ratio : 1:7 |
| (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; | 7% |
| (iii) the percentage increase in the median remuneration of employees in the financial year; | 10% |
| (iv) the number of permanent employees on the rolls of company; | 717 as on 31 st March 2017 (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; | Employees: 10%, Managers: 11%. There have been no exceptions made, all hikes were made as per 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

Place : Bangalore
Date : 24 May, 2017

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

CORPORATE SOCIAL RESPONSIBILITY-CSR

| | | | | | | | |
|--------|--|--|--|---|---|---|---|
| 1. | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. | | <p>Timken makes the world a better place through a combination of volunteer efforts, community leadership and financial support. Strengthening our communities is important not only to the communities where we operate, but also to the employees in those communities and to the ongoing success of the Company. The Company's CSR vision includes (i) Consult with local communities to identify needs (ii) Partnering with organizations of repute including NGOs, approved educational institutions and (iii) Continuously endeavour to find out ways to bring a stronger community.</p> <p>The Company wishes to focus the corporate resources on programs and agencies that (i) Promote lifelong learning through education; (ii) Work collaboratively to deliver health and human services; and (iii) Foster innovative ways to build a strong community. In terms of the CSR Policy of the Company, the following areas have been identified:</p> <ul style="list-style-type: none"> • Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation and making available safe drinking water • Promoting education including special education, employment enhancing vocational skills among children, women, elderly and the differently abled and livelihood enhancement project • Contribution or funds provided to technology incubators located within academic institutions approved by the Govt. 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. 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. | | <p>As on 31 March, 2017 :</p> <p>Mr. Sanjay Koul - Chairman Mr. Jai S Pathak - Member Mr. Avishrant Keshava - Member</p> | | | | |
| 3 | Average net profit of the company for last three financial years | | Rs. 110,38,94,200 | | | | |
| 4. | Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) | | Rs. 2,20,77,884 | | | | |
| 5. | Details of CSR spent during the financial year: | | | | | | |
| a. | Total amount to be spent for the financial year; | | Rs. 2,20,77,884 | | | | |
| 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 | For treatment of thalassemia patients | Preventive healthcare | Jamshedpur | 10,64,000 | 5,00,000 | 12,00,000 | Implementing Agency |
| 2 | Support for procurement of Audiometre, an equipment to determine the type of hearing impairment | Preventive healthcare | Jamshedpur | | 5,64,000 | 5,64,000 | Implementing Agency |
| 3 | Procurement and donation of benches and desks for students of school | Promoting Education | Jamshedpur | 1,87,50,000 | 4,20,000 | 4,20,000 | Direct |
| 4 | Towards part financing of construction of a solar heated rammed earth eco training centre building (consisting of boys hostel and dining room) and conducting skill development course during the construction of building | Promoting Education | Ladakh | | 97,00,000 | 97,00,000 | Direct |
| 5 | Financial support for construction of new classrooms and renovation of existing infrastructures | Promoting Education | Hensal, Jharkhand | | 84,00,000 | 84,00,000 | Implementing Agency |
| 6 | Support to Indian Institute of Sport by subscribing to Bronz Membership | Promoting Sports | Vijayanagar, Karnataka | 25,00,000 | 25,00,000 | 25,00,000 | Implementing Agency |
| | TOTAL | | | 2,23,14,000 | 2,20,84,000* | 2,27,84,000 | |

*In addition, the Company has spent a sum of Rs 80,321 for carrying background checks and due diligence while indentifying Implementing Agencies for CSR Spend.

| | | |
|----|--|--|
| 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

Place : Bangalore
Date : 24 May, 2017

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Annexure - IV (Contd.)

**CORPORATE SOCIAL RESPONSIBILITY POLICY
OF
TIMKEN INDIA LIMITED**

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| |
|--|
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| IMPLEMENTATION OF CSR ACTIVITIES |
| GUIDELINES FOR CHOOSING A CSR PARTNER |
| CSR EXPENDITURE |
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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 impact.

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 protection 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 |

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 Company¹ of the Company or by a third party.

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

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. CSR Partner should have complied with the applicable laws and no notice for non-compliance under any applicable laws should have been received from any authorities.
3. The CSR Committee shall discuss the CSR Policy and the objectives of the Company in this regard with the proposed CSR Partners.
4. The Company shall procure a detailed project report from the shortlisted CSR Partners regarding the course of action that they intend to undertake, if chosen to implement a particular CSR activity on behalf of the Company.

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

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. If the Board consists of only two directors, then two directors will form CSR Committee.

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

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

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

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

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

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

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

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) recommend CSR Partners, to the Board and procure their approval before engaging the CSR Partner(s) to carry out the CSR activities on behalf of the Company. The CSR Partners recommended to the Board shall be selected in accordance with the guidelines mentioned in this Policy;
- (v) allocate budget to each of the CSR activities and the CSR Partners;
- (vi) undertake all necessary steps to implement the CSR activities in accordance with the implementation schedule, as approved by the Board;
- (vii) monitor the CSR activities in such manner as prescribed in this Policy;
- (viii) update the Board from time to time on the progress of the CSR activities along with a report on the amount allocated for such activity, amount utilised, amount unspent, if any, additional funds required, if any and expenditure incurred;
- (ix) produce an annual CSR Report containing details of expenditure along with a report on the amount allocated, amount utilised, amount unspent, if any, additional funds required, if any and expenditure incurred;
- (x) ensure that the CSR activities do not benefit the Company or its employees and their families.

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 | 4. Mr. Gouri Shankar Roy |
| 2. Mr. Avishrant Keshava | 5. Mr. Soumitra Hazra |
| 3. Mr. C Sakthivel | 6. Ms. Diksha Charan Naik |

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

- (ii) The Core CSR Group shall procure not later than 7 days from the end of each month from each of the CSR Partners, a monthly status report detailing the utilization of the funds, CSR activities carried out, reasons for deviation from the implementation schedule, if any, corrective measures taken in this regard, requirement of additional funds, if any, along with the reasons for such escalations.
- (iii) The CSR Committee shall provide its comments and submit such report to the Board within a reasonable time period.
- (iv) The CSR Committee shall procure pictures, videos and stories from the CSR Partners on the completed and on-going 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 on-going 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 (Rs.) | Amount spent on the projects or Programs Subhead : (1) Direct expenditure on projects or programs. (2) Overheads: (Rs.) | Cumulative expenditure upto to the reporting Period (Rs.) | Amount spent Direct or through Implementing agency |
| | | | | | | | |
| | 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

Form No. MR-3**Secretarial Audit Report**

For the Financial year ended 31 March, 2017

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

To
The Members
Timken India Limited

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2017 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) SEBI (Prohibition of Insider Trading) Regulations, 2015;
 - (c) SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
 - (d) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

I have also examined compliance with the applicable clauses of the following 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 further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director 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.

TIMKEN INDIA LIMITED

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. During the year under Audit, no dissenting views were found in the minutes.

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

I further report that during the audit period, the Company has carried out the following specific event / action that have major bearing on the Company's affairs in pursuance of the above referred laws.

1. At the AGM held on 10 August 2016, the Shareholders passed resolutions in respect of material related party contracts / arrangements / transactions by the Company with
 - (a) The Timken Company;
 - (b) The Timken Corporation and
 - (c) Timken Engineering and Research - India Pvt. Ltd.

24 May, 2017
Bangalore

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

To
The members
Timken India Limited

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

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

24 May, 2017
Bangalore

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

Annexure - VI

FORM NO. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act 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, 2017, there were no contracts or arrangements or transactions entered into by the Company which were not on arm's length basis. | | | | | |
| 2. Details of material contracts or arrangement or transactions at arm's length basis | | | | | |
| Name(s) of the related party and nature of relationship | Nature of contracts / arrangements / transactions - (Value in Rs./ Millions) | Duration of the contracts / arrangements / transactions | Salient terms of the contracts or arrangements 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 - | Purchase and sale of goods/ fixed assets on the basis of purchase orders raised by the buyer - ongoing in nature. Agency commission income/ expenditure - pursuant to a Representative Agreement - ongoing in nature. Expenses receivable and payable - pursuant to Service Agreement - ongoing in nature. Lease rental - pursuant to an agreement - ongoing in nature | 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 have been adjusted against billing, wherever applicable. |
| | Agency Commission (Income) - | | | | |
| | Purchase of Goods - | | | | |
| | Expenses Receivable - | | | | |
| | Expenses Payable - | | | | |
| Timken Engineering Research-India Pvt Ltd (fellow Subsidiary of the same holding Company) | Dividend Paid - | Representative Agreement - ongoing in nature. Expenses receivable and payable - pursuant to Service Agreement - ongoing in nature. Lease rental - pursuant to an agreement - ongoing in nature | 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 have been adjusted against billing, wherever applicable. |
| | Expenses Receivable - | | | | |
| | Expenses Payable - | | | | |
| | Purchase of goods - | | | | |
| | Sale of goods - | | | | |
| Gibson, Dunn & Crutcher LLP (Firm where a director is a Partner) | Lease rental - | Representative Agreement - ongoing in nature. Expenses receivable and payable - pursuant to Service Agreement - ongoing in nature. Lease rental - pursuant to an agreement - ongoing in nature | 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 have been adjusted against billing, wherever applicable. |
| | Purchase of Property, Plant & Equipment - | | | | |
| | Purchase of DEPB licence - | | | | |
| | Expense Paid / Payable - | | | | |
| | Expense Paid - | | | | |
| New Delhi Law Offices (Firm where a director is a Partner) | Expense Paid - | Referrals/requests based on merit - as and when required. Referrals/requests based on merit - as and when required. 5 Years from the date of appointment as Director | As approved by the shareholders at the AGM | As approved by the shareholders at the AGM | As approved by the shareholders at the AGM |
| | Short-term employment benefits - | | | | |
| | Post employment benefits - | | | | |
| | Other long-term benefits - | | | | |
| | Expenses paid - | | | | |
| Mr. Sanjay Koul | Short-term employment benefits - | 5 Years from the date of appointment as Director | As approved by the shareholders at the AGM | As approved by the shareholders at the AGM | As approved by the shareholders at the AGM |
| | Post employment benefits - | | | | |
| | Other long-term benefits - | | | | |
| | Expenses paid - | | | | |
| | Expenses paid - | | | | |
| Mr. Avishrant Keshava | Short-term employment benefits - | 5 Years from the date of appointment as Director | As approved by the shareholders at the AGM | As approved by the shareholders at the AGM | As approved by the shareholders at the AGM |
| | Post employment benefits - | | | | |
| | Other long-term benefits - | | | | |
| | Expenses paid - | | | | |
| | Expenses paid - | | | | |
| Mr. PS Dasgupta | Sitting Fees paid - | Ongoing | As per the rules of the Company | As per the rules of the Company | As per the rules of the Company |
| | Sitting fees paid - | | | | |
| | Expenses paid - | | | | |
| | Expenses paid - | | | | |
| | Expenses paid - | | | | |
| Mrs. Rupa Mahanty | Sitting Fees paid - | Ongoing | As per the rules of the Company | As per the rules of the Company | As per the rules of the Company |
| | Sitting fees paid - | | | | |
| | Expenses paid - | | | | |
| | Expenses paid - | | | | |
| | Expenses paid - | | | | |
| Mr. Jai S Pathak | Short-term employment benefits - | Ongoing | As per the rules of the Company | As per the rules of the Company | As per the rules of the Company |
| | Post employment benefits - | | | | |
| | Other long-term benefits - | | | | |
| | Expenses paid - | | | | |
| | Expenses paid - | | | | |
| Mr. Soumitra Hazra | Short-term employment benefits - | Ongoing | As per the rules of the Company | As per the rules of the Company | As per the rules of the Company |
| | Post employment benefits - | | | | |
| | Other long-term benefits - | | | | |
| | Expenses paid - | | | | |
| | Expenses paid - | | | | |

For and on behalf of the Board of Directors

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Bangalore
24 May, 2017

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 March, 2017

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

I. REGISTRATION AND OTHER DETAILS:

| | | |
|----|---|---|
| 1. | CIN | L29130KA1996PLC048230 |
| 2. | Registration Date | 15 June, 1987 |
| 3. | Name of the Company | Timken India Limited |
| 4. | Category / Sub-Category of the Company | Company Limited by Share/Indian Non-Government Company |
| 5. | Address of the Registered office and contact details | 39-42, Electronic City, Phase II, Hosur Road, Bangalore - 560 100 Tel. No. 080 - 41362000 Fax No. 080-41362010 e-mail: soumitra.hazra@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 (P) Limited P-22, Bondel Road, Kolkata - 700 019 Tel. No. 033 - 40116700, 40116725, 40116729 Fax No. 033 - 4011 6739 E-mail: rta@cbmsl.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

| Sl. No | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1 | Bearings and Components & Accessories | 2814 | 94.70 |

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 | 75% | 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. | 50,999,988 | 0 | 50,999,988 | 75.00 | 50,999,988 | 0 | 50,999,988 | 75.00 | 0.00 |
| (d) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| (e) Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Sub-Total (A) (2) | 50,999,988 | 0 | 50,999,988 | 75.00 | 50,999,988 | 0 | 50,999,988 | 75.00 | 0.00 |
| Total Shareholding of Promoter = (A) (1) + (A) (2) | 50,999,988 | 0 | 50,999,988 | 75.00 | 50,999,988 | 0 | 50,999,988 | 75.00 | 0.00 |
| (B) Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| (a) Mutual Funds | 6,266,121 | 0 | 6,266,121 | 9.22 | 6,393,213 | 0 | 6,393,213 | 9.40 | (+)0.18 |
| (b) Banks/FI | 8,085 | 260 | 8,345 | 0.01 | 24,622 | 260 | 24,882 | 0.04 | (+)0.03 |
| (c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| (d) State Govt (s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| (e) Venture Capital funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| (f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| (g) Foreign Institutional Investors (FII) | 398,868 | 0 | 398,868 | 0.59 | 59,461 | 0 | 59,461 | 0.09 | (-)0.50 |
| (h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| (i) Others (Specify) Foreign Portfolio Investors | 805,079 | 0 | 805,079 | 1.18 | 1,061,405 | 0 | 1,061,405 | 1.56 | (+)0.38 |
| Sub-Total (B)(1) | 7,478,153 | 260 | 7,478,413 | 11.00 | 7,538,701 | 260 | 7,538,961 | 11.09 | (+)0.09 |

| 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 | 805127 | 11567 | 816694 | 1.20 | 1429660 | 11367 | 1441027 | 2.12 | (+)0.92 |
| ii. Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| (b) individuals | | | | | | | | | |
| i. Individual shareholders holding nominal share capital up to Rs. 1 lakh | 5,341,202 | 2,411,721 | 7,752,923 | 11.40 | 4,840,308 | 233,8531 | 7,178,839 | 10.55 | (-)0.85 |
| ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 577,715 | 0 | 577,715 | 0.85 | 509,143 | 0 | 509,143 | 0.75 | (-)0.10 |
| (C) Others (Specify) | | | | | | | | | |
| 1 NRI | 321,097 | 1443 | 322,540 | 0.47 | 304,975 | 1,189 | 306,164 | 0.45 | (-)0.02 |
| 2 Clearing Member | 50,611 | 0 | 50,611 | 0.08 | 20,012 | 0 | 20,012 | 0.03 | (-)0.05 |
| 3 OCB | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| 4 Trust | 1,100 | 0 | 1,100 | 0.00 | 5,850 | 0 | 5,850 | 0.01 | (+)0.01 |
| 5 Foreign Portfolio Investor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Sub-Total (B)(2) | 7,096,852 | 2,424,731 | 9,521,583 | 14.00 | 7,109,948 | 2,351,087 | 9,461,035 | 13.91 | (-)0.09 |
| Total Shareholding of Public = (B) (1) + (B) (2) | 14,575,005 | 2,424,991 | 16,999,996 | 25.00 | 14,648,649 | 2,351,347 | 16,999,996 | 25.00 | 0.00 |
| TOTAL (A)+(B) | 65,574,993 | 2,424,991 | 67,999,984 | 100.00 | 65,648,637 | 2,351,347 | 67,999,984 | 100.00 | 0.00 |
| C. Shares held by custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Grand Total (A+B+C) | 65,574,993 | 2,424,991 | 67,999,984 | 100.00 | 65,648,637 | 2,351,347 | 67,999,984 | 100.00 | 0.00 |

(ii) Shareholding of Promoters:

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

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

| Sl. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Timken Singapore Pte. Ltd | | | | |
| | At the beginning of the year | 50,999,988 | 75.00 | 50,999,988 | 75.00 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No change | | | |
| | At the End of the year | - | - | 50,999,988 | 75.00 |

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

| Sl. No. | For Each of the Top 10 Shareholders | 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. | SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP | | | | | |
| | At the beginning of the year | 01/04/2016 | 1450012 | 2.13 | 1450012 | 2.13 |
| | At the end of the year | 31/03/2017 | - | - | 1450012 | 2.13 |
| 2. | FRANKLIN INDIA SMALLER COMPANIES FUND | | | | | |
| | At the beginning of the year | 01/04/2016 | 791922 | 1.16 | 791922 | 1.16 |
| | Decrease- Sale | 22/04/2016 | 100000 | 0.15 | 691922 | 1.02 |
| | Decrease- Sale | 22/07/2016 | 2660 | 0 | 689262 | 1.01 |
| | Decrease- Sale | 03/08/2016 | 705 | 0 | 688557 | 1.01 |
| | Decrease- Sale | 28/10/2016 | 10000 | 0.01 | 678557 | 1.00 |
| | Decrease- Sale | 04/11/2016 | 325000 | 0.48 | 353557 | 0.52 |
| | Decrease- Sale | 30/12/2016 | 90607 | 0.13 | 262950 | 0.39 |
| | Decrease- Sale | 06/01/2017 | 4393 | 0.01 | 258557 | 0.38 |
| | Decrease- Sale | 20/01/2017 | 16259 | 0.02 | 242298 | 0.36 |

| 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 |
| | Decrease- Sale | 27/01/2017 | 83741 | 0.12 | 158557 | 0.23 |
| | Decrease- Sale | 17/02/2017 | 132883 | 0.20 | 25674 | 0.04 |
| | Decrease- Sale | 24/02/2017 | 3876 | 0.01 | 21798 | 0.03 |
| | Decrease- Sale | 24/02/2017 | 21798 | 0.03 | 0 | 0 |
| | At the end of the year | 31/03/2017 | - | - | 0 | 0 |
| 3. | FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA HIGH GROWTH COMPANIES FUND | | | | | |
| | At the beginning of the year | 01/04/2016 | 650000 | 0.96 | 650000 | 0.96 |
| | Decrease- Sale | 22/04/2016 | 75000 | 0.11 | 575000 | 0.85 |
| | Decrease- Sale | 13/05/2016 | 25000 | 0.04 | 550000 | 0.81 |
| | Decrease- Sale | 03/06/2016 | 50000 | 0.07 | 500000 | 0.74 |
| | Decrease- Sale | 30/06/2016 | 1016 | 0 | 498984 | 0.73 |
| | Decrease- Sale | 01/07/2016 | 48984 | 0.07 | 450000 | 0.66 |
| | Decrease- Sale | 22/07/2016 | 23924 | 0.04 | 426076 | 0.63 |
| | Decrease- Sale | 03/08/2016 | 6349 | 0.01 | 419727 | 0.62 |
| | Decrease- Sale | 31/12/2016 | 19727 | 0.03 | 400000 | 0.59 |
| | Decrease- Sale | 06/01/2017 | 200000 | 0.29 | 200000 | 0.29 |
| | Decrease- Sale | 03/02/2017 | 8498 | 0.01 | 191502 | 0.28 |
| | Decrease- Sale | 10/02/2017 | 139575 | 0.21 | 51927 | 0.08 |
| | Decrease- Sale | 10/02/2017 | 51927 | 0.08 | 0 | 0 |
| | At the end of the year | 31/03/2017 | - | - | 0 | 0 |
| 4. | SUNDARAM MUTUAL FUND A/C SUNDARAM SMILE FUND | | | | | |
| | At the beginning of the year | 01/04/2016 | 457892 | 0.67 | 457892 | 0.67 |
| | At the end of the year | 31/03/2017 | - | - | 457892 | 0.67 |
| 5. | L AND T MUTUAL FUND TRUSTEE LTD.- L AND T TAX ADVANTAGE FUND | | | | | |
| | At the beginning of the year | 01/04/2016 | 321307 | 0.47 | 321307 | 0.47 |
| | At the end of the year | 31/03/2017 | - | - | 321307 | 0.47 |
| 6. | CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EMERGING EQUITIES | | | | | |
| | At the beginning of the year | 01/04/2016 | 269802 | 0.40 | 269802 | 0.40 |
| | Increase - Buy | 08/04/2016 | 10000 | 0.01 | 279802 | 0.41 |
| | Increase - Buy | 22/04/2016 | 63 | 0 | 279865 | 0.41 |
| | Increase - Buy | 20/05/2016 | 25000 | 0.04 | 304865 | 0.45 |
| | Increase - Buy | 11/11/2016 | 8449 | 0.01 | 313314 | 0.46 |
| | Increase - Buy | 18/11/2016 | 8369 | 0.01 | 321683 | 0.47 |
| | Increase - Buy | 25/11/2016 | 48699 | 0.07 | 370382 | 0.54 |
| | Increase - Buy | 23/12/2016 | 20000 | 0.03 | 390382 | 0.57 |
| | At the end of the year | 31/03/2017 | - | - | 390382 | 0.57 |
| 7. | CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EQUITY TAX SAVER | | | | | |
| | At the beginning of the year | 01/04/2016 | 252634 | 0.37 | 252634 | 0.37 |
| | Decrease- Sale | 13/05/2016 | 25000 | 0.04 | 227634 | 0.33 |
| | Decrease- Sale | 05/08/2016 | 2671 | 0 | 224963 | 0.33 |
| | Decrease- Sale | 25/11/2016 | 24963 | 0.04 | 200000 | 0.29 |
| | Decrease- Sale | 23/12/2016 | 45000 | 0.07 | 155000 | 0.23 |
| | At the end of the year | 31/03/2017 | - | - | 155000 | 0.23 |

| 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 |
| 8. | KOTAK INFINITY FUND | | | | | |
| | At the beginning of the year | 01/04/2016 | 238860 | 0.35 | 238860 | 0.35 |
| | Increase - Buy | 08/04/2016 | 3118 | 0.00 | 241978 | 0.36 |
| | Increase - Buy | 03/06/2016 | 2203 | 0.00 | 244181 | 0.36 |
| | Decrease- Sale | 22/07/2016 | 9884 | 0.01 | 234297 | 0.35 |
| | Decrease- Sale | 29/07/2016 | 4686 | 0.01 | 229611 | 0.34 |
| | Decrease- Sale | 12/08/2016 | 1433 | 0.00 | 228178 | 0.34 |
| | Decrease- Sale | 19/08/2016 | 3030 | 0.00 | 225148 | 0.33 |
| | Decrease- Sale | 26/08/2016 | 1870 | 0.00 | 223278 | 0.33 |
| | Decrease- Sale | 02/09/2016 | 12758 | 0.02 | 210520 | 0.31 |
| | Decrease- Sale | 09/09/2016 | 24747 | 0.04 | 185773 | 0.27 |
| | Increase - Buy | 07/10/2016 | 13187 | 0.02 | 198960 | 0.29 |
| | Decrease- Sale | 21/10/2016 | 7958 | 0.01 | 191002 | 0.28 |
| | Decrease- Sale | 04/11/2016 | 10505 | 0.01 | 180497 | 0.27 |
| | Decrease- Sale | 25/11/2016 | 38463 | 0.06 | 142034 | 0.21 |
| | Decrease- Sale | 16/12/2016 | 2540 | 0.00 | 139494 | 0.21 |
| | Increase - Buy | 06/01/2017 | 1000 | 0.00 | 140494 | 0.21 |
| | Decrease- Sale | 13/01/2017 | 115335 | 0.17 | 25159 | 0.04 |
| | Decrease- Sale | 20/01/2017 | 4255 | 0.01 | 20904 | 0.03 |
| | Decrease- Sale | 03/02/2017 | 2469 | 0.00 | 18435 | 0.03 |
| | Increase - Buy | 31/03/2017 | 2863 | 0.00 | 21298 | 0.03 |
| | At the end of the year | 31/03/2017 | - | - | 21298 | 0.03 |
| 9. | UTI-MNC FUND | | | | | |
| | At the beginning of the year | 01/04/2016 | 217290 | 0.32 | 217290 | 0.32 |
| | At the end of the year | 31/03/2017 | - | - | 217290 | 0.32 |
| 10. | THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMPANY | | | | | |
| | At the beginning of the year | 01/04/2016 | 190272 | 0.28 | 190272 | 0.28 |
| | Increase - Buy | 27/05/2016 | 1384 | 0.00 | 191656 | 0.28 |
| | Increase - Buy | 03/06/2016 | 1323 | 0.00 | 192979 | 0.28 |
| | Increase - Buy | 17/06/2016 | 887 | 0.00 | 193866 | 0.28 |
| | Decrease- Sale | 09/12/2016 | 1752 | 0.00 | 192114 | 0.28 |
| | Decrease- Sale | 17/03/2017 | 1395 | 0.00 | 190719 | 0.28 |
| | Decrease- Sale | 24/03/2017 | 4507 | 0.01 | 186212 | 0.27 |
| | At the end of the year | 31/03/2017 | - | - | 186212 | 0.27 |
| 11. | MOTILAL OSWAL MOST FOCUSED MIDCAP30 FUND | | | | | |
| | At the beginning of the year | 01/04/2016 | 0 | 0.00 | 0 | 0.00 |
| | Increase - Buy | 15/04/2016 | 46008 | 0.07 | 46008 | 0.07 |
| | Increase - Buy | 22/04/2016 | 255241 | 0.38 | 301249 | 0.45 |
| | Increase - Buy | 29/04/2016 | 6907 | 0.00 | 308156 | 0.45 |
| | Increase - Buy | 06/05/2016 | 20320 | 0.03 | 328476 | 0.48 |
| | Increase - Buy | 13/05/2016 | 7278 | 0.01 | 335754 | 0.49 |
| | Increase - Buy | 20/05/2016 | 18076 | 0.03 | 353830 | 0.52 |
| | Increase - Buy | 27/05/2016 | 6604 | 0.01 | 360434 | 0.53 |
| | Increase - Buy | 03/06/2016 | 8452 | 0.01 | 368886 | 0.54 |
| | Increase - Buy | 10/06/2016 | 51564 | 0.08 | 420450 | 0.62 |
| | Increase - Buy | 17/06/2016 | 219 | 0.00 | 420669 | 0.62 |

| 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 | 24/06/2016 | 10879 | 0.02 | 431548 | 0.63 |
| | Increase - Buy | 30/06/2016 | 3556 | 0.01 | 435104 | 0.64 |
| | Decrease- Sale | 15/07/2016 | 3826 | 0.01 | 431278 | 0.63 |
| | Increase - Buy | 22/07/2016 | 10000 | 0.01 | 441278 | 0.65 |
| | Increase - Buy | 29/07/2016 | 25000 | 0.04 | 466278 | 0.69 |
| | Increase - Buy | 03/08/2016 | 25945 | 0.04 | 492223 | 0.72 |
| | Increase - Buy | 02/09/2016 | 10000 | 0.01 | 502223 | 0.74 |
| | Increase - Buy | 30/09/2016 | 5000 | 0.01 | 507223 | 0.75 |
| | Increase - Buy | 07/10/2016 | 3574 | 0.01 | 510797 | 0.75 |
| | Increase - Buy | 21/10/2016 | 6653 | 0.01 | 517450 | 0.76 |
| | Increase - Buy | 28/10/2016 | 20000 | 0.03 | 537450 | 0.79 |
| | Increase - Buy | 02/12/2016 | 1174 | 0.00 | 538624 | 0.79 |
| | Increase - Buy | 09/12/2016 | 31892 | 0.05 | 570516 | 0.84 |
| | Increase - Buy | 16/12/2016 | 11411 | 0.02 | 581927 | 0.86 |
| | Increase - Buy | 23/12/2016 | 7654 | 0.01 | 589581 | 0.87 |
| | Increase - Buy | 30/12/2016 | 39612 | 0.06 | 629193 | 0.93 |
| | Increase - Buy | 06/01/2017 | 18767 | 0.03 | 647960 | 0.95 |
| | At the end of the year | 31/03/2017 | - | - | 647960 | 0.95 |
| 12. | HDFC STANDARD LIFE INSURANCE COMPANY LIMITED | | | | | |
| | At the beginning of the year | 01/04/2016 | 0 | 0 | 0 | 0.00 |
| | Increase - Buy | 08/07/2016 | 65112 | 0.10 | 65112 | 0.10 |
| | Increase - Buy | 15/07/2016 | 21644 | 0.03 | 86756 | 0.13 |
| | Increase - Buy | 22/07/2016 | 8399 | 0.01 | 95155 | 0.14 |
| | Increase - Buy | 19/08/2016 | 2389 | 0.00 | 97544 | 0.14 |
| | Increase - Buy | 09/09/2016 | 2456 | 0.00 | 100000 | 0.15 |
| | Increase - Buy | 04/11/2016 | 398813 | 0.59 | 498813 | 0.73 |
| | Increase - Buy | 11/11/2016 | 1187 | 0.00 | 500000 | 0.74 |
| | Increase - Buy | 17/03/2017 | 3198 | 0.00 | 503198 | 0.74 |
| | Increase - Buy | 31/03/2017 | 21703 | 0.03 | 524901 | 0.77 |
| | At the end of the year | 31/03/2017 | - | - | 524901 | 0.77 |
| 13 | SBI INFRASTRUCTURE FUND | | | | | |
| | At the beginning of the year | 01/04/2016 | 0 | 0 | 0 | 0 |
| | Increase - Buy | 06/01/2017 | 150000 | 0.22 | 150000 | 0.22 |
| | Increase - Buy | 17/02/2017 | 150000 | 0.22 | 300000 | 0.44 |
| | At the end of the year | 31/03/2017 | - | - | 300000 | 0.44 |
| 14 | L&T MUTUAL FUND TRUSTEE LIMITED - L&T BUSINESS CYCLES FUND | | | | | |
| | At the beginning of the year | 01/04/2016 | 0 | 0 | 0 | 0 |
| | Increase - Buy | 23/12/2016 | 25000 | 0.04 | 25000 | 0.04 |
| | Increase - Buy | 30/12/2016 | 10908 | 0.02 | 35908 | 0.05 |
| | Increase - Buy | 06/01/2017 | 251078 | 0.37 | 286986 | 0.42 |
| | At the end of the year | 31/03/2017 | - | - | 286986 | 0.42 |
| 15 | UTI TRANSPORTATION AND LOGISTICS FUND | | | | | |
| | At the beginning of the year | 01/04/2016 | 142277 | 0.21 | 142277 | 0.21 |
| | Increase - Buy | 23/12/2016 | 2565 | 0.00 | 144842 | 0.21 |
| | Increase - Buy | 27/01/2017 | 50000 | 0.07 | 194842 | 0.29 |
| | At the end of the year | 31/03/2017 | | | 194842 | 0.29 |

(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 | 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 | 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 | 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 | 2 | 0.00 |

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

V. INDEBTEDNESS:

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

| | Secured Loans excluding deposits | Unsecured Loans* | Deposits** | Total Indebtedness |
|--|----------------------------------|-------------------|-------------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 0 | 43,098,008 | 20,394,987 | 63,492,995 |
| ii) Interest due but not paid | 0 | 0 | 1,254,468 | 1,254,468 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 0 | 43,098,008 | 21,649,455 | 64,747,463 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 0 | 448,665,312 | 4,412,412 | 453,077,724 |
| Reduction | 0 | 407,777,204 | 1,713,244 | 409,490,448 |
| Net Change | 0 | 40,888,108 | 2,699,168 | 43,587,276 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 0 | 83,986,116 | 22,584,987 | 106,571,103 |
| ii) Interest due but not paid | 0 | 0 | 1,763,636 | 1,763,636 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 0 | 83,986,116 | 24,348,623 | 108,334,739 |

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:*A. Remuneration to Managing Director, Whole-time Directors and/or Manager:*

(Amount in Rs.)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | Total Amount |
|---------|---|--------------------------------|--------------------------------------|--------------------|
| | | 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 | 1,42,00,156 | 3,619,048 | 17,819,204 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | 5,241,754 | 238,917 | 5,480,671 |
| (c) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 7,431 | 2,171 | 9,602 |
| 2 | Stock Option | – | – | – |
| 3 | Sweat Equity | – | – | – |
| 4 | Commission | | | |
| | - as % of profit | – | – | – |
| | - others, specify... | – | – | – |
| 5 | Others, please specify | – | – | – |
| | Total (A) | 1,94,49,341 | 38,60,136 | 2,33,09,477 |
| | Ceiling as per the Act | | | 14,05,48,938 |

B. Remuneration to other Directors:

(Amount in Rs.)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---------|--|-------------------|----------------|----------------|---------------------|
| | | Jai S Pathak | P S Dasgupta | Rupa Mahanty | |
| 3. | Independent Directors | | | | |
| | <ul style="list-style-type: none"> • Fee for attending board / committee meetings • Commission • Others, please specify | 3,35,000 | 310,000 | 375,000 | 1,020,000 |
| | Total (1) | 3,35,000 | 310,000 | 375,000 | 1,020,000 |
| 4. | Other Non-Executive Directors | Ajay K Das | – | – | Total Amount |
| | <ul style="list-style-type: none"> • Fee for attending board / committee meetings • Commission • Others, please specify | Nil | – | – | Nil |
| | Total (2) | Nil | – | – | Nil |
| | Total (B) = (1)+(2) | 3,35,000 | 310,000 | 375,000 | 1,020,000 |
| | Total Managerial Remuneration* | Nil | Nil | Nil | Nil |
| | Overall Ceiling as per the Act | – | – | – | 1,40,54,894 |

*The Company pays sitting fees of Rs. 50,000 (Previously Rs. 15,000) for attending each Board Meeting and Rs. 40,000 (Previously Rs. 10,000) for attending each Committee Meeting to its Independent Directors. This payment is not considered while computing the ceiling for Managerial Remuneration under the Companies Act, 2013.

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|---|--------------------------|-------------------|------|------------------|
| | | CEO* | Company Secretary | CFO* | Total |
| 1 | Gross Salary | | | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 34,99,604 | - | 34,99,604 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | 73,580 | - | 73,580 |
| (c) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | 4,857 | - | 4,857 |
| 2 | Stock Option | | - | | - |
| 3 | Sweat Equity | | - | | - |
| 4 | Commission - as % of profit - others, specify... | | - | | - |
| 5 | Others, please specify | | - | | - |
| | Total (A) | - | 35,78,041 | | 35,78,041 |

* Please refer to Part A

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Bangalore
24 May, 2017Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Management Discussion And Analysis

Bearing Industry Structure and Development

The current size of anti-friction bearings market in India is approximately INR 100 billion. It is estimated that around 40% of demand is catered through imports. The automotive sector accounts for approximately 45-48% of the bearing demand and the rest is consumed by the industrial sector.

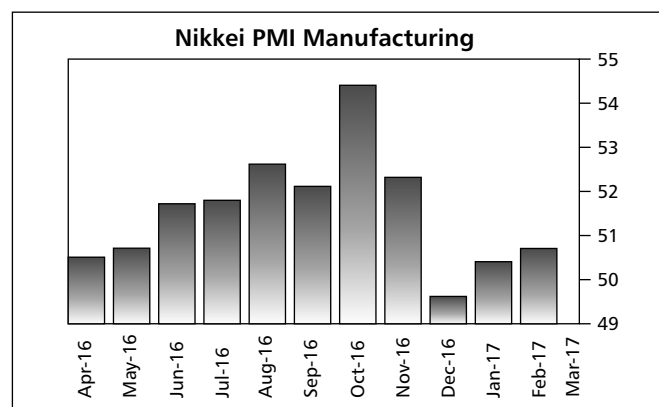
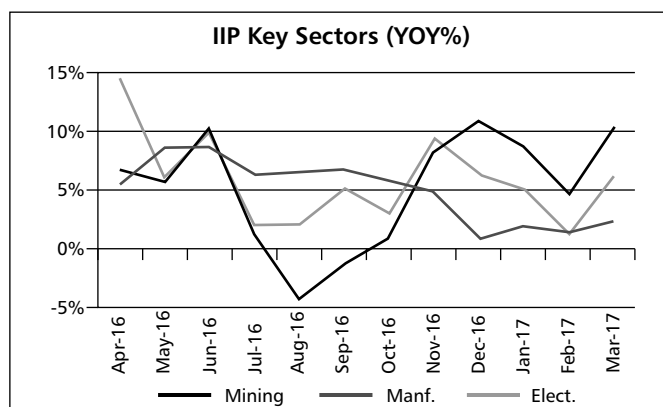
In 2016 the global economy continued to face restrained growth due to low commodity prices. IMF pegged global economic growth at 3.1% in 2016 with expectations to recover to 3.4% in 2017.

Based on data published by Ministry of Statistics, FY16-17 posted moderate growth over last year, still India remained one of the fastest growing economy in the world. The moderation was primarily due to lower investments, sluggish industry demand and de-monetization impact on certain sectors. The growth is primarily led by government consumption.

| (y-o-y %) | FY 16-17 (Revised estimate) | FY 17-18 (Advanced estimate) |
|---------------------|-----------------------------|------------------------------|
| GDP @ market prices | 7.9 | 7.1 |
| GVA @ basic prices | 7.2 | 7.0 |
| Private Consumption | 7.3 | 7.2 |
| Govt. Consumption | 2.9 | 17 |
| Fixed Investment | 6.1 | 0.6 |
| Exports | -5.4 | 2.3 |
| Imports | -5.9 | -1.2 |

Source: CSO, Jan'17, other sources

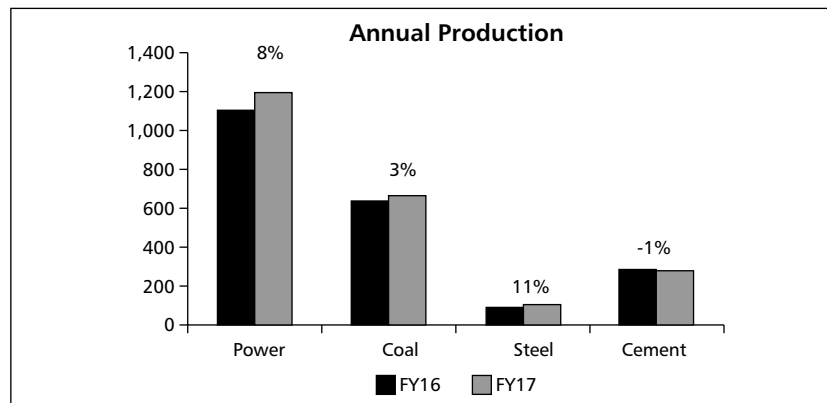
Your company's performance largely depends on the demand & growth of manufacturing and core infrastructure sectors in India. FY16-17 witnessed ups and downs across sectors. On a cumulative basis, factory output for the period April'16-Feb'17 grew only by 0.6 per cent (2.7 per cent growth same period over a year ago).



Source: IIP - CSO; PMI - IHS, Markit

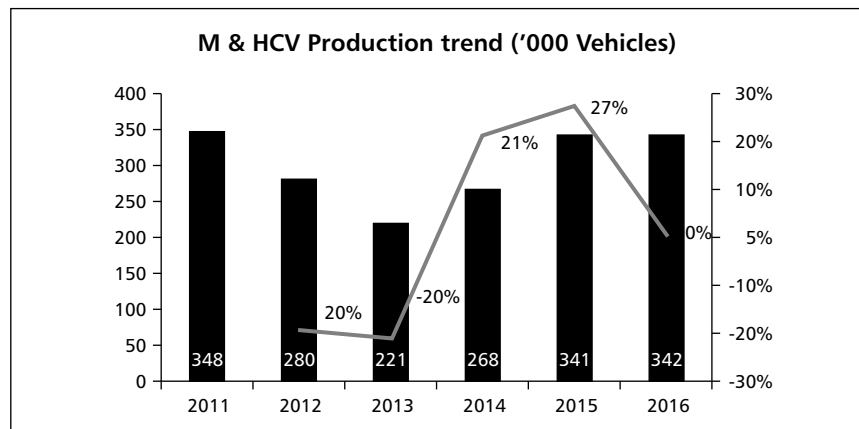
NIKKEI's PMI data for manufacturing for the FY16-17 shows expansion. As per the report, it was majorly driven by domestic demand & good export order book despite the short slump during the demonetization period.

Overall, the coal based power stations have come out of the fuel shortages scenario and steel industry recovered from the stress and posted healthy growth, largely due to government policy decisions. Demand for cement remained lower due to slow housing demand and limited participation by private players for infrastructure projects.



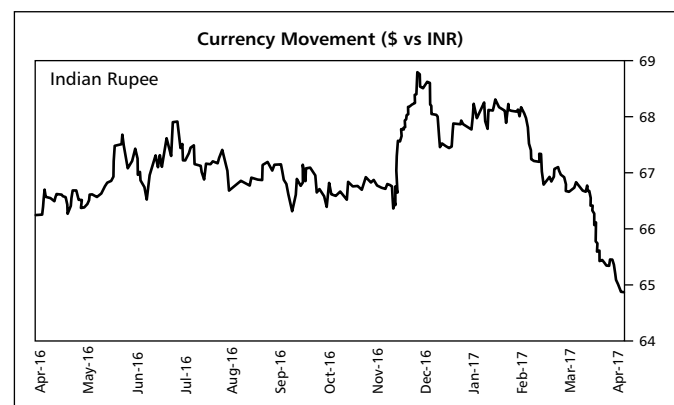
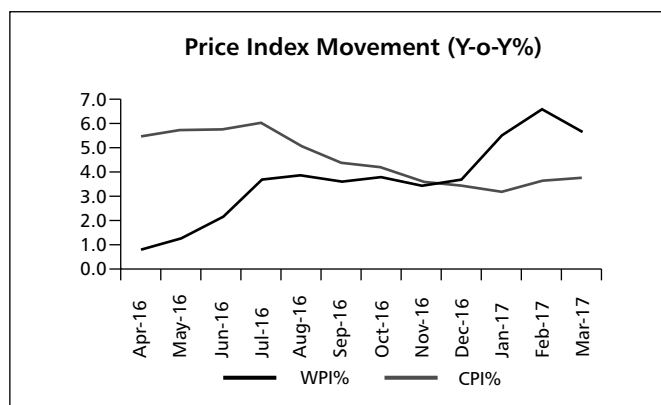
Production Volumes: Coal, Steel, Cement - Million Tons; Power- Billion units

M&HCV segment recorded a flat year in production & sales in FY16-17. The muted demand this year was primarily attributed to weak replacement led demand, demonetisation, & lower than expected pre-buying before BSIV implementation. Demand generation is expected to be higher in FY16-17 with the roll out of GST & also stricter implementation of NGT guidelines for scrapping older vehicles.



The tractor market showed a very positive growth trend FY16-17 at 18.30 percent as compared to FY15-16

The inflation (Wholesale Price Index) saw an uptick in FY16-17 as against the same period last year. This was primarily driven by the increase in the prices of food products & also due to continued hardening of the global crude prices.



In terms of exchange rates against USD, Indian Rupee remained flat for first half of FY16-17, however it has shown appreciation during the FY16-17 from 66.4 (Apr'16) to 65.3 (Mar'17).

Business Review

Your Company is one of the leading manufacturers of tapered roller bearings and components in India with manufacturing facility at Jamshedpur. The extended services footprint in Raipur with The Timken Company - Philadelphia Gears capability focuses on manufacturing new and upgraded industrial gearboxes, re-build of journal, chock, bearing and gearboxes. The demand for other types of bearings is met by sourcing these from other Timken Company plants globally. The complete offering in the area of Mechanical Power Transmission like belts, industrial chains and augurs, couplings and housed units is supported by acquisition of capabilities around the globe like Carlisle, Drives, Revolve, QM and recently added EDT, Lovejoy Inc & Torsion control products.

With constant endeavours to provide value offering to customers, your company works along with partnering customer operations and maintenance program to bring efficiency and enhance performance. Onsite MILLTEC® program provides around-the-clock management of a steel mill's roll shop to minimize operational problems and downtime. MILLTEC® continues to add value creation at its customer sites with mini-MILLTEC sites as well as per-ton management contracts which expands the supply scope for the entire shop-floor.

A digitization campaign in automotive aftermarket, Timken Connect - channel loyalty program integrates sales intelligence to channelize various schemes and also to establish product authenticity in the field. This enables your Company to closely track the secondary sales in key markets & channel marketing efforts to improve sales in the segment.

Following are some key achievements at Company's Jamshedpur and Raipur facility:

- Strengthening the 'Make in India' footprint, investments were made in Jamshedpur to augment the existing rail bearing capacity & TRB capacities to cater to increasing local & global demand. The expansion for rail has been awarded with a silver rating from the Indian Green Building Council (IGBC) demonstrating Timken's commitment for sustainability since the stage of project inception.
- Jamshedpur Plant was also awarded International Railway Industry Standard (IRIS) certification. This accolades Timken as the only MNC bearing manufacturing company in India to have both AAR & IRIS certification. This enables the Company to export rail products even to European Rail Market.
- Zero LTA/OSHAS Recordable rate during FY16-17.
- Raipur facility achieved certification for ISO 9001-2008 during FY16-17.
- Jamshedpur plant was rated as 'Low Risk' for Safety Practises by FM Global.

Your Company won the Golden Peacock Award - viewed amongst the top awards in India and regarded as a pinnacle of corporate excellence worldwide; also your Company was bestowed with manufacturing excellence award from Indo American Chamber of Commerce.

During the financial year under review, total Income grew by approx 1%, primarily due to increase in domestic sales by 5%. However, export sales registered a fall of 8% because of rate and mix variance. Expenditure on the other hand registered an increase of 2% due to inflationary pressure. Exceptional item represents net loss arising out of fire at third party service provider's warehouse reported last year. There is no reportable exceptional item for the year 2016-17.

Opportunities, Threats and Outlook

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

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

In terms of threat, any adverse changes in the industrial environment or government 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. Low quality counterfeit or spurious products pose bigger risk to the end users and threat to the superior manufacturer. Efforts are being taken by manufacturrs to educate customers on the importance of using genuine high quality bearings and 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 has severely impacted the costs of goods. This cost increase may not be fully recovered from the customer due to challenging and competitive environment.

The implementation of Goods & Services Tax (GST) is expected to have mixed response on demand in short term, over period, it will facilitate ease of doing business & provide a stimulus to the investments and growth in core segments.

The core sector growth largely depends on kick-start of economy from private sector consumption and investments. Your company sees positive outlook for the M&HCV with new norms in place. Government focus on high-speed rail and metro expansion projects provides new opportunities in Rail segment. Expecting normal monsoon and increase in minimum selling price, agriculture - tractor demand may be positive. Cement sector may be sluggish due to unutilized capacity and consolidation in space may witness some growth due to government push for affordable housing and infrastructure projects. Power sector policy is more focusing on renewable sources - this will impact the coal based demand at the same time will provide opportunity in wind segment. Steel sector is expecting investments to catch-up the consumption demand.

Internal Control Systems

The various internal control systems operating in the Company are working satisfactorily. The adequacy and effectiveness of these systems is continuously examined by the M/s Price Waterhouse & Co. Bangalore LLP - Internal Auditors and the findings of these audits are reported to the Audit Committee of the Board and also to the Board of Directors. The adequacy of the internal control system has also been examined by the Statutory Auditors and the Audit Department of The Timken Company, USA and the Company has not received any major adverse comments from them on the adequacy of the internal control systems.

HR Front

During the financial year under review, the Company did not witness any adverse development on the HR/IR front. The relationship between the Associates of the Company and the Management remains congenial all through-out the year. The Company employed 717 Associates as on 31 March, 2017.

Cautionary Statement:

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

For and on behalf of the Board of Directors

Bangalore
24 May, 2017

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

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 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 of 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 numbers of Independent Directors are 50% of the total number of Directors. The numbers of Non-Executive Directors are 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, 2017 and also at the last Annual General Meeting, the number of directorships and committee memberships held by them in other companies are given below:

| Name | Category | No. of Board Meetings attended during the financial year ended 31 March, 2017 | Whether attended AGM held on 10 August, 2016 | 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 | 5 | Yes | — | — | — |
| Mr. P S Dasgupta (DIN: 00012552) | Non-Executive, Independent | 4 | Yes | 16 | 1 | 5 |
| Mr. Jai S. Pathak (DIN: 00026416) | Non-Executive, Independent | 5 | Yes | 1 | — | — |
| Mrs. Rupa Mahanty (DIN: 06746148) | Non-Executive, Independent | 5 | Yes | — | — | — |
| Mr. Ajay K Das (DIN: 02697466) | Promoter Director Non-Executive, Non-Independent | 1 | Yes | — | — | — |
| Mr. Avishrant Keshava (DIN: 07292484) | Promoter Director Executive, Non-Independent | 5 | Yes | — | — | — |

* excluding companies registered or incorporated outside India.

** 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 Company. The Company is in receipt of declarations under Section 149(7) of the Companies Act, 2013 from all the Independent Directors.

The tenure of the Independent Directors of the Company is within the time limit prescribed under the Companies Act, 2013 and clarifications/circulars issued by the Ministry of Corporate Affairs in this regard from time to time. 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 the terms and conditions of the appointment of Independent Directors on its website www.timken.com/en-in.

Five Board Meetings were held as per details given below during the financial year ended 31 March, 2017 and the gap between two consecutive meetings did not exceed 120 days.

- 1) 20 May, 2016
- 2) 10 August, 2016
- 3) 9 September, 2016
- 4) 28 November, 2016 and
- 5) 2 February, 2017

One meeting of the Independent Directors without participation of Non-Independent Directors and any management personnel was also held on 2 February, 2017.

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

Disclosure of relationship between Directors inter-se

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

Non-executive Directors' Shareholding

Except Mr. P S Dasgupta and Mr. Ajay K Das, no other Non-Executive Director holds any Equity Shares of the Company. Mr. Dasgupta holds 1 Equity Share and Mr. Das holds 16 Equity shares of the Company. The Company has not issued any convertible instrument.

Familiarization Program

During the year under review, two technical sessions were arranged on 10 August, 2016 as a part of familiarisation programme. The details of which are as follows:

1. Corporate Strategy Overview
2. Preparing for Goods and Services Tax
 - Overview of GST
 - Current state of play
 - Recent developments
 - GST impact
 - Preparing for GST

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. The Audit Committee mandatorily reviewed the information prescribed in Schedule II, Part C -B of Listing Regulations. The Audit Committee also acts in accordance with terms of reference prescribed under Section 177 of the Companies Act, 2013.

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, 2017. Mr. Dasgupta, Chairman of the Audit Committee, was present at the Twenty-ninth Annual General Meeting of the Company held on 10 August, 2016.

Four Audit Committee Meetings were held as per details given below during the financial year ended 31 March, 2017:

- 1) 20 May, 2016
- 2) 9 September, 2016
- 3) 28 November, 2016 and
- 4) 2 February, 2017

During the year ended 31 March, 2017, the composition of the Audit Committee and the details of meetings attended by the members thereof were as follows:

| Name of the Members | Category | No. of Meetings attended |
|------------------------------|---|--------------------------|
| Mr. P S Dasgupta Chairman | Non-Executive Independent | 3 |
| Mr. Sanjay Koul Member | Promoter Director Executive Non-Independent | 4 |
| Mr. Jai S. Pathak Member | Non-Executive Independent | 4 |
| Mrs. Rupa Mahanty Member | Non-Executive Independent | 4 |

Audit Committee Meetings were also attended by the representatives of M/s Pricewaterhouse & Co. Bangalore LLP, as Internal Auditors and M/s S.R. Batliboi & Co. LLP as Statutory Auditors. As required under law, Company Secretary & Chief - Compliance acted as the Secretary of the Audit Committee.

Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is as per what is described in Part D(A) of the 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, 2017, one meeting of the Nomination and Remuneration Committee was held on 2 February, 2017.

During the year ended 31 March, 2017, the composition of Nomination and Remuneration Committee and details of meeting attended by members thereof were as follows:

| Name of the Members | Category | Attendance (2 February, 2017) |
|----------------------------------|----------------------------------|-------------------------------|
| Mrs. Rupa Mahanty Chairperson | Non-Executive Independent | Yes |
| Mr. P S Dasgupta Member | Non-Executive Independent | Yes |
| Mr. Jai S. Pathak Member | Non-Executive Independent | Yes |
| Mr. Ajay K Das Member | Non-Executive Non-Independent | No |

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 the 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 and the same forms the basis to determine whether to extend or continue the tenure of the Independent Directors.

Remuneration of Directors

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

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 the executive directors on the Board of Directors of the Company, after obtaining the requisite approvals. As per practices consistently followed by the Company, Performance Incentives (variable component) were based on the performance criteria laid down at the beginning of the year broadly taking into account the profit targets set for the year under review.

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 2016-17

Non-Executive Directors

| Name of the Director | Sitting Fees (Rs.) |
|----------------------|--------------------|
| Mr. Jai S. Pathak | 3,35,000 |
| Mr. P. S. Dasgupta | 3,10,000 |
| Mrs. Rupa Mahanty | 3,75,000 |
| Mr. Ajay K Das | Nil |

Executive Directors

(In Rupees)

| Name of the Director | Salary & Allowances | Perquisites | Performance Incentive | Stock Options |
|-----------------------|---------------------|-------------|-----------------------|---------------|
| Mr. Sanjay Koul | 1,15,80,960 | 65,00,581 | 21,10,657 | NIL |
| Mr. Keshava Avishrant | 33,67,548 | 6,46,840 | 3,87,741 | NIL |

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

Stakeholders Relationship Committee

The 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 of shares, issue of duplicate/ new certificates, etc.

During the year ended 31 March 2017, one meeting of the Stakeholders Relationship Committee was held on 2 February, 2017.

TIMKEN INDIA LIMITED

During the year ended 31 March, 2017, the composition of the Stakeholders Relationship Committee and details of meeting attended by the members thereof were as follows:

| Name of the Members | Category | Attendance (2 February, 2017) |
|----------------------------------|----------------------------------|-------------------------------|
| Mrs. Rupa Mahanty Chairperson | Non-Executive Independent | Yes |
| Mr. Sanjay Koul Member | Executive Non-Independent | Yes |
| Mr. Ajay K Das Member | Non-Executive Non-Independent | No |

As required under law, Company Secretary & Chief - Compliance acted as the Secretary of the Stakeholders Relationship Committee. Mr. Soumitra Hazra, Company Secretary & Chief-Compliance is Compliance Officer under Listing Regulations.

Generally, approval of the members of Stakeholders Relationship Committee is obtained through circular resolution for effecting registration of transfer of shares, 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.

The status on investors' queries/complaints during the financial year ended on 31 March, 2017 is given below:

| No. | Particulars | Q1 | Q2 | Q3 | Q4 | Total |
|-----|---|-----|-----|-----|-----|-------|
| 1. | Number of shareholders' complaints received so far | 104 | 180 | 176 | 162 | 622 |
| 2. | Number not solved to the satisfaction of shareholders | 0 | 0 | 0 | 0 | 0 |
| 3. | Number of pending complaints | 0 | 0 | 0 | 0 | 0 |

General Body Meetings

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

| Year | Location | Date | Day | Time | No. of Special Resolutions |
|---------|---|-----------------|-----------|-------|----------------------------|
| 2013-14 | Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100 | 13 August, 2014 | Wednesday | 10 am | 3 |
| 2014-15 | Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100 | 12 August, 2015 | Wednesday | 10 am | 3 |
| 2015-16 | Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100 | 10 August, 2016 | Wednesday | 10 am | — |

Note: No Special Resolution was required to be passed in 2015-16 through Postal Ballot.

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.

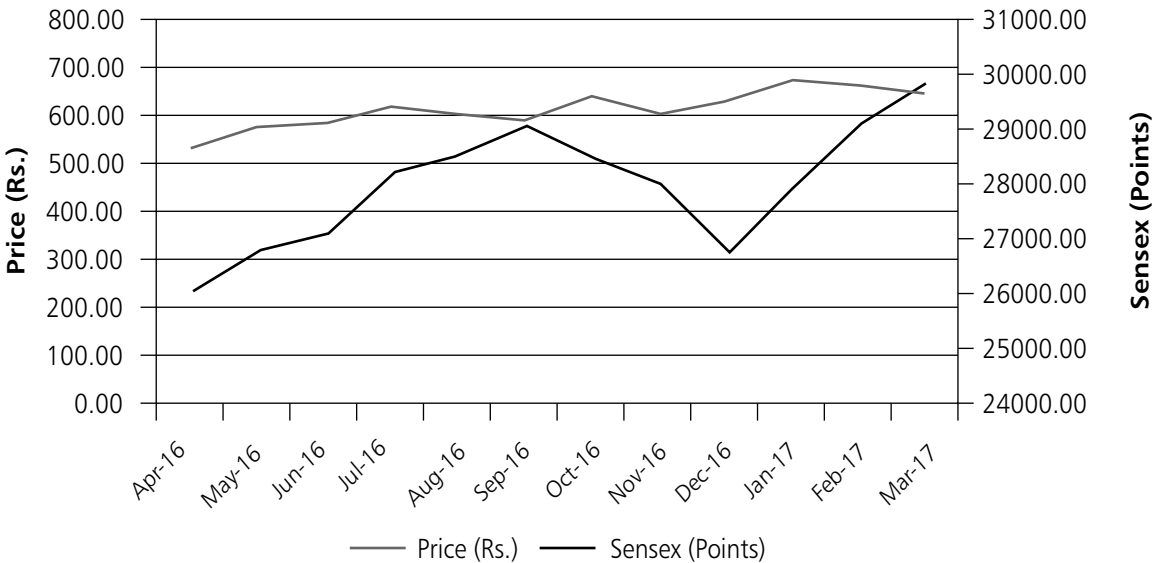
Quarterly results were published in Economic Times (English) and Samyukta Karnataka (Kannada).

The financial results were also displayed on the Company's website at www.timken.com/en-in

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

General Shareholders Information

| | | | | |
|----|--|---|--|--|
| 1. | AGM | 9 August, 2017, 10AM at Tangerine Conference Hall, Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100 | | |
| 2. | Financial Calendar | The financial year covers - 1 April, 2016 to 31 March, 2017. | | |
| 3. | Dividend Payment Date | - | | |
| 4. | 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 | Equity Shares of the Company are presently listed on the following Stock Exchanges: The National Stock Exchange of India Limited | | |

| | | | | | |
|-----|--|---|----------|----------|--------|
| 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 the BSE Sensex is given below: | | | |
| | <div></div> | | | | |
| 8. | Securities are suspended from trading | Not Applicable | | | |
| 9. | Registrars & Share Transfer Agent | C B Management Services (P) Limited P-22, Bondel Road, Kolkata - 700 019 Phone No. 033 40116700 | | | |
| 10. | Share Transfer System | Requests for registration of transfer of shares held in physical form may be lodged with C B Management Services (P) Limited at Kolkata or may also be sent to Company Secretary & Chief - Compliance at the Registered Office of the Company at Bangalore. All valid requests for registration of transfer are normally processed within 10 - 12 days from the date of receipt of the documents, if the same are complete in all respect. A Committee of the Board under the title "Stakeholders Relationship Committee" has been entrusted with the authority, <i>inter alia</i> , to approve registration of transfer of shares. | | | |
| 11. | Distribution of Share holding | The distribution of shareholding as on 31 March, 2017 is given below : | | | |
| | | Range (Rs.) | Accounts | Shares | % |
| | | 1 – 5000 | 50570 | 5485252 | 8.07 |
| | | 5001 – 10000 | 1008 | 764346 | 1.12 |
| | | 10001 – 20000 | 404 | 588574 | 0.87 |
| | | 20001 – 30000 | 109 | 278756 | 0.41 |
| | | 30001 – 40000 | 49 | 173723 | 0.25 |
| | | 40001 – 50000 | 43 | 201811 | 0.30 |
| | | 50001 – 100000 | 70 | 537031 | 0.79 |
| | | 100001 and above | 95 | 59970491 | 88.19 |
| | | | 52348 | 67999984 | 100.00 |

| | | | | | |
|---|---|--|--|---|---|
| 12. | Dematerialisation of Shares and liquidity | The Company has arrangements with National Securities Depositories Ltd. (NSDL) as well the Central Depository Services (India) Ltd. (CDSL) for Demat facility. As on 31 March, 2017, 96.54% of the Company's Equity Share Capital is dematerialized. The Equity shares of the Company are listed as aforesaid and are regularly traded on BSE and NSE, Mumbai. | | | |
| 13. | Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity | Nil | | | |
| 14. | Commodity price risk or foreign exchange risk and hedging activities | Not Applicable | | | |
| 15. | Plant location | The Company's Plants are located at : <ul style="list-style-type: none">● Bara, P.O. Agrico, Jamshedpur – 831 009.● 1403/4 G. E. Road, Sy. No. 46 and 1403/5, Raipur, Chhattisgarh - 490 042. | | | |
| 15. | Address for correspondence | Investor related queries may be addressed to the following addresses : <table><tr><td>Company Secretary & Chief – Compliance Timken India Limited 39-42, Electronic City, Phase II, Hosur Road, Bangalore – 560 100 Tel. No. 080 – 40053131 Fax No. 080 – 41362010 e-mail: soumitra.hazra@timken.com</td><td>C B Management Services (P) Limited P-22, Bondel Road Kolkata – 700 019 Tel. No. 033 – 40116700, 40116725, 40116729 e-mail: rta@cbmsl.com</td></tr></table> | | Company Secretary & Chief – Compliance Timken India Limited 39-42, Electronic City, Phase II, Hosur Road, Bangalore – 560 100 Tel. No. 080 – 40053131 Fax No. 080 – 41362010 e-mail: soumitra.hazra@timken.com | C B Management Services (P) Limited P-22, Bondel Road Kolkata – 700 019 Tel. No. 033 – 40116700, 40116725, 40116729 e-mail: rta@cbmsl.com |
| Company Secretary & Chief – Compliance Timken India Limited 39-42, Electronic City, Phase II, Hosur Road, Bangalore – 560 100 Tel. No. 080 – 40053131 Fax No. 080 – 41362010 e-mail: soumitra.hazra@timken.com | C B Management Services (P) Limited P-22, Bondel Road Kolkata – 700 019 Tel. No. 033 – 40116700, 40116725, 40116729 e-mail: rta@cbmsl.com | | | | |

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 2016-17. Senior management personnel have declared that during the year ended 31 March, 2017, the Company did not enter into transaction in which they had personal interest.

Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchange / SEBI or any statutory authority on any matters related to capital markets during the last three years - NIL.

The Company has adopted a Whistle Blower Policy in terms of which the Directors and Associates of the Company have access to "The Timken Helpline", a toll free phone number that any associate can call, if he has any concern or question, which he is not willing to discuss face to face with his Supervisor, Manager or a Member of the Human Resource Team or Senior Management. This Helpline is available around the clock, every day. No call tracing or recording devices are ever used and if the Associate so wishes, he may remain completely anonymous. In terms of the said policy, associates of the Company have got direct access to the Chairman of the Audit Committee to report matters of exceptional nature.

The Company follows the open door policy and adequate safeguards have been provided against 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 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 <http://www.timken.com/wp-content/uploads/2016/10/RELATED-PARTY-TRANSACTIONS-POLICY.pdf>

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:

- A. Chairman of the Board - The Chairman of the Board of Directors being Executive Director under the designation Chairman & Managing Director, these provisions are not applicable.

- B. 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.
- C. Audit Qualification - The Auditors' Report on the Company's financial statements does not contain any qualification.
- D. Separate posts of Chairperson and Chief Executive Officer - Currently the posts of Chairman and Chief Executive Office are held by the same person designated as Chairman & Managing Director.
- E. Reporting of Internal Auditor - Pricewaterhouse & Co. Bangalore LLP was the Internal Auditors for 2016-17 and during the tenure, they reported to the Audit Committee of the Board.

For and on behalf of the Board of Directors

Bangalore
24 May, 2017

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Auditors' Certificate

To
The Members of Timken India Limited

We have examined the compliance of conditions of corporate governance by Timken India Limited, for the year ended on March 31, 2017, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Per Kamal Agarwal

Partner
Membership Number: 058652

Place : Bangalore
Date : May 24 , 2017

Annexure - X**Declaration in terms of Schedule V (D) of Listing Regulations - Code of Conduct**

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

I confirm that the Company has received from the Senior Management Team of the Company and from the members of the Board of Directors a declaration of compliance with the code for the financial year ended 31 March, 2017.

For the purpose of this declaration, Senior Management Team means members of management one level below the executive directors as on 31 March, 2017.

For and on behalf of the Board of Directors

Bangalore
24 May, 2017

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

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, Bangalore 560100 |
| 4. | Website | www.timken.com/india |
| 5. | E-mail id | soumitra.hazra@timken.com |
| 6. | Financial Year reported | 2016-17 |
| 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. Raipur 3. Bangalore 4. Delhi 5. Kolkata 6. Pune |
| 10. | Markets served by the Company Local/State / National /International | Local, State, National and International |

SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | | |
|----|---|---|
| 1. | Paid up Capital (INR) | 679.89 M |
| 2. | Total Turnover (INR) | 11,272 M |
| 3. | Total profit after taxes (INR) | 972 M* |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 2.27% (with respect to 3 above) |
| 5. | List of activities in which expenditure in 4 above has been incurred: | The areas in which the above expenditure has been incurred includes Preventive Healthcare, Promoting Education and Promotion of Sports. |

* 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. At present, the number of entities which directly or indirectly participate in the above initiatives is estimated to be less than 30%. |

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 and 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 and 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 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | |
| 1 | Do you have a policy/ policies for.. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| 4 | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| 5 | Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| 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? | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| 8 | Does the Company have in-house structure to implement the policy/ policies. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| 10 | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| (b) | If answer to the question at serial number1 against any principle, is 'No', please explain why: (Tick up to 2 options) | | | | | | | | | | |
| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | |
| 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? | Yes. The Company publishes Business Responsibility Report annually and can be seen at www.timken.com/en-in . | | | | | | | | | |

SECTION E: PRINCIPLE-WISE PERFORMANCE

| Principle 1 | | |
|-------------|--|--|
| 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 the 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. | Nil |
| Principle 2 | | |
| 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 the 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 remanufacturing and repair, we provide customers with an environmentally friendly way to improve the return on their bearing investment. Our remanufacturing 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): (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? | Please refer to comments above |
| 3 | Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so. | Yes 56%, our Jamshedpur Plant procures rings / rollers and heat treatment services through best suppliers based around Jamshedpur. |
| 4 | Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors? | Yes. In India we are focusing more on localization and procuring maximum possible within the 100 Km Region of the location. 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. During the year, local sources have been added for sourcing of roller wire. Efforts are on to add one more heat treatment facility for local supply. |
| 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 Plant is a 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 | | | |
|-------------|--|--|--|
| 1. | Please indicate the Total number of employees | 717 as on 31 March, 2017 | |
| 2. | Please indicate the Total number of employees hired on temporary/contractual/casual basis. | 359 | |
| 3. | Please indicate the Number of permanent women employees. | 15 | |
| 4. | Please indicate the Number of permanent employees with disabilities | 0 | |
| 5. | Do you have an employee association that is recognized by management | There is an employee union in Jamshedpur for operators | |
| 6. | What percentage of your permanent employees is members of this recognized employee association? | 36.12% | |
| 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. | Nil | |
| | 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 | - | - |
| | 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 | 100% in all locations for safety training, skill training is on need basis | |
| | (b) Permanent Women Employees | As mentioned above | |
| | (c) Casual/Temporary/Contractual Employees | As mentioned above | |
| | (d) Employees with Disabilities | Not applicable | |

| Principle 4 | | | |
|-------------|--|--|--|
| 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 | The Company's manufacturing facilities are located at Jamshedpur and Raipur which are inhabited by people belonging to economically weaker section of the society. The Company endeavours to focus on providing educational support and preventive healthcare to them. | |

| Principle 5 | | | |
|-------------|---|---|--|
| 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 the 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 | |

TIMKEN INDIA LIMITED

| | | |
|--------------------|--|--|
| Principle 6 | | |
| 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. | Link to our global web site for global citizenship. http://www.timken.com/EN-US/ABOUT/CITIZENSHIP/Pages/default.aspx |
| 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? | As of now, we are not filing any environmental compliance reports. |
| 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. | Yes. We pursued our expansion project at Jamshedpur in compliance with IGBC guidelines and achieved silver rating certification for this project. |
| 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. | Zero |
| Principle 7 | | |
| 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 c. Ball and Roller Bearing Manufacturers Association |
| 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 at the time of finalisation of union/local budgets, to ensure ease of doing business in India through removal of complicated regulations, drive against spurious products etc. |
| Principle 8 | | |
| 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, <i>inter-alia</i> , for providing healthcare facilities and promoting education and sports. |
| 2. | Are the programmes/projects undertaken through in-house team/ own foundation/ external NGO/ government structures/any other organization? | Programmes run by NGO's and service providers directly are being supported. |
| 3. | Have you done any impact assessment of your initiative? | Is being done. |
| 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 to 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. | Not applicable. |
| Principle 9 | | |
| 1. | What percentage of customer complaints/ consumer cases are pending as on the end of financial year | Nil |
| 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) | Yes, 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. | No |
| 4. | Did your company carry out any consumer survey/ consumer satisfaction trends? | Yes |

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 Ltd will target dividend pay outs 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 Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Timken India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) 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 Ind AS financial statements - Refer Note 18 and Note 33 to the Ind AS 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. As per books of accounts of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during this period.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal

Partner

Membership Number: 058652

Place of Signature: Bangalore

Date: May 24, 2017

Annexure 1 referred to in paragraph 1 of the section on “Report on other legal and regulatory requirements” of our report of even date**To The Members of Timken India Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act, 2013 in respect of investments made have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Company's products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, done a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

| Name of the Statute | Nature of Dues | Amount (Rs. in million) | Amount Paid under Protest (Rs. in million) | Period to which the amount relates | Forum where dispute is pending |
|------------------------------|---|-------------------------|--|--|--|
| Income Tax Act, 1961 | Income Tax Demands | 38.53 | - | Assessment year 2002-03, 2005-06 to 2007-08 | Income Tax Appellate Tribunal |
| | | 101.51 | 24.73 | Assessment year 1998-99, 2004-05, 2008-09 to 2014-15 | Commissioner of Income Tax (Appeals), Jamshedpur |
| Various State Sales Tax Acts | Demand relating to non-submission of local forms and other documents/ dispute related to VAT credit/dispute relating to classification of goods | 147.71 | 5.32 | 1994-95 to 2013-14 | Various Appellate Authorities |

| Name of the Statute | Nature of Dues | Amount (Rs. in million) | Amount Paid under Protest (Rs. in million) | Period to which the amount relates | Forum where dispute is pending |
|--------------------------|----------------------|-------------------------|--|------------------------------------|--|
| Finance Act, 1994 | Service Tax demands | 28.17 | 6.93 | 2003-04 to 2012-13 | Central Excise and Service Tax Appellate Tribunal, Kolkata |
| Central Excise Act, 1944 | Excise duty demands | 3.27 | 0.36 | 2008-09 to 2010-11 | Various CESTAT |
| Customs Act, 1962 | Custom duty demands* | 5.34 | - | 2006-07 and 2007-08 | High Court, Ranchi |

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

- (viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. The Company did not have any outstanding debentures or dues to financial institutions or Government during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration paid / provided during the year is within the limits specified under section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal

Partner

Membership Number: 058652

Place of Signature: Bangalore

Date: May 24, 2017

ANNEXURE 2 - REFERRED TO IN PARAGRAPH 2 (f) OF THE SECTION ON "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Report on the Internal Financial Controls 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, 2017 in conjunction with our audit of the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 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, 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, 2017, 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.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner

Membership Number: 058652

Place of Signature: Bangalore
Date: May 24, 2017

Balance Sheet as at March 31, 2017

₹ in million

| Particulars | Note No. | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|----------|----------------------------|----------------------------|---------------------------|
| ASSETS | | | | |
| Non-current Assets | | | | |
| (a) Property, plant and equipment | 3 | 2,305.83 | 1,367.97 | 1,059.95 |
| (b) Capital Work-in-Progress | | 581.26 | 210.14 | 268.12 |
| (c) Intangible Assets | 4 | 0.38 | 3.70 | 8.62 |
| (d) Intangible assets under development | | - | 0.47 | - |
| (e) Financial assets | | | | |
| (i) Investments | 5 A | 0.30 | 0.30 | 0.30 |
| (ii) Trade receivables | 10 | 14.10 | 8.52 | 5.69 |
| (iii) Loans | 6 | 30.54 | 27.73 | 26.31 |
| (f) Deferred tax assets (Net) | 7 | 32.24 | 34.43 | 40.60 |
| (g) Other Non-current assets | 8 | 268.29 | 366.06 | 204.37 |
| | | 3,232.94 | 2,019.32 | 1,613.96 |
| Current Assets | | | | |
| (a) Inventories | 9 | 1,880.28 | 1,859.36 | 1,674.60 |
| (b) Financial assets | | | | |
| (i) Investments | 5 B | 905.51 | 383.55 | 166.47 |
| (ii) Trade receivables | 10 | 1,920.68 | 1,929.47 | 1,732.60 |
| (iii) Cash and cash equivalents | 11 | 146.59 | 298.14 | 201.21 |
| (iv) Bank balances other than (iii) above | 11 | 36.86 | 35.68 | 35.99 |
| (v) Loans | 12 | 1.40 | 1.81 | 1.71 |
| (vi) Other current financial assets | 13 | 52.99 | 71.52 | 12.91 |
| (c) Other current assets | 14 | 549.73 | 424.28 | 411.57 |
| | | 5,494.04 | 5,003.81 | 4,237.06 |
| Total Assets | | 8,726.98 | 7,023.13 | 5,851.02 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity Share Capital | 15 | 679.89 | 679.89 | 679.88 |
| (b) Other Equity | 16 | 5,498.80 | 4,620.41 | 3,701.66 |
| Total Equity | | 6,178.69 | 5,300.30 | 4,381.54 |
| LIABILITIES | | | | |
| Non-current Liabilities | | | | |
| (a) Long term provisions | 17 | 34.41 | 30.38 | 27.01 |
| (b) Other non-current liabilities | 18 | 182.95 | 18.23 | - |
| | | 217.36 | 48.61 | 27.01 |
| Current Liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Short term borrowings | 19 | 83.99 | 43.10 | 25.16 |
| (ii) Trade payables | 20 | 1,494.33 | 1,129.95 | 859.57 |
| (iii) Other Current Financial Liabilities | 21 | 374.00 | 169.84 | 225.98 |
| (b) Other Current Liabilities | 22 | 118.04 | 122.96 | 138.23 |
| (c) Short-term Provisions | 17 | 260.57 | 208.37 | 193.53 |
| | | 2,330.93 | 1,674.22 | 1,442.47 |
| Total Liabilities | | 2,548.29 | 1,722.83 | 1,469.48 |
| Total Equity and Liabilities | | 8,726.98 | 7,023.13 | 5,851.02 |

See accompanying notes to the Financial Statements

2.1 to 46

As per our report of even date

For S R BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Per KAMAL AGARWAL

Partner

Membership No. 058652

Bangalore, May 24, 2017

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

Sanjay Koul

Chairman,

Managing Director & CEO

DIN - 05159352

Avishrant Keshava

Business Controller,

CFO & Whole-time Director

DIN - 07292484

Soumitra Hazra

Company Secretary & Chief - Compliance

Bangalore, May 24, 2017

Statement of Profit and Loss for the year ended March 31, 2017

₹ in million

| Particulars | Note No. | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|----------|--------------------------------------|--------------------------------------|
| I. Revenue | | | |
| Revenue from Operations | 23 | 11,172.18 | 11,096.63 |
| Other Income | 24 | 99.22 | 58.17 |
| Total Income (I) | | 11,271.40 | 11,154.80 |
| II. Expenses | | | |
| Cost of Materials Consumed | 25 | 3,347.46 | 3,750.89 |
| Purchase of Traded Goods | | 2,823.54 | 2,769.85 |
| Changes in Inventories of Finished Goods, Traded Goods and Work-in-progress | 26 | 33.86 | (217.06) |
| Excise Duty on movement in stock of Finished goods | | 34.71 | 10.92 |
| Excise duty on sale of goods | | 610.43 | 588.34 |
| Employee Benefits Expense | 27 | 737.16 | 681.76 |
| Finance costs | 28 | 8.37 | 9.19 |
| Depreciation and amortisation expense | 29 | 288.89 | 224.69 |
| Other Expenses | 30 | 2,005.20 | 1,889.69 |
| Total Expenses (II) | | 9,889.62 | 9,708.27 |
| III. Profit before Exceptional Item and Tax | | 1,381.78 | 1,446.53 |
| IV. Exceptional Item | 31 | - | 30.09 |
| V. Profit before tax for the year (III- IV) | | 1,381.78 | 1,416.44 |
| VI. Tax expense: | | | |
| (1) Current tax charge [includes reversal of ₹ 17.35 million (2015-16 - charge of ₹ 5.74 million) relating to earlier years] | | 407.62 | 492.14 |
| (2) Deferred tax | | 2.19 | 6.17 |
| Total Tax Expenses | | 409.81 | 498.31 |
| VII. Profit for the year (V - VI) | | 971.97 | 918.13 |
| VIII. 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 | | (17.36) | 0.95 |
| (ii) Income tax effect on above | | 6.01 | (0.33) |
| Other comprehensive income for the year, net of tax | | (11.35) | 0.62 |
| IX. Total Comprehensive Income for the year (VII + VIII) | | 960.62 | 918.75 |
| X. Earnings per equity share - In ₹: Basic & Diluted (Nominal value ₹ 10 per share (PY ₹ 10 per share)) | 32 | 14.30 | 13.50 |

See accompanying notes to the Financial Statements

2.1 to 46

As per our report of even date

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

For S R BATLIBOI & Co. LLPChartered Accountants
ICAI Firm Registration No. 301003E/E300005**Per KAMAL AGARWAL**Partner
Membership No. 058652
Bangalore, May 24, 2017**Sanjay Koul**Chairman,
Managing Director & CEO
DIN - 05159352**Avishrant Keshava**Business Controller,
CFO & Whole-time Director
DIN - 07292484**Soumitra Hazra**Company Secretary & Chief - Compliance
Bangalore, May 24, 2017

Statement of Changes in Equity for the years ended March 31, 2017 and March 31, 2016

A) Equity Share Capital (also refer note 15)

₹ in million

| | Subscribed and Fully Paid-up | | Subscribed and partly paid-up | | Total Equity share capital |
|--|------------------------------|---------------|-------------------------------|-------------|----------------------------|
| | No. of Shares | Amount | No. of Shares | Amount | Amount |
| As at April 1, 2015 | 67,974,784 | 679.75 | 25,200 | 0.13 | 679.88 |
| Receipt of calls in arrears (refer note (a) below) | 400 | 0.01 | (400) | (0.00) | 0.01 |
| As at March 31, 2016 | 67,975,184 | 679.76 | 24,800 | 0.13 | 679.89 |
| Receipt of calls in arrears (refer note (a) below) | 600 | 0.00 | (600) | (0.00) | 0.00 |
| As at March 31, 2017 | 67,975,784 | 679.76 | 24,200 | 0.13 | 679.89 |

B) Other Equity (also refer note 16)

₹ in million

| | Reserves and Surplus | | | Total |
|---|----------------------------|----------------------------|--|-----------------|
| | Capital Redemption Reserve | Securities Premium Account | Retained earnings (refer note (b) below) | |
| Balance as at April 1, 2015 | 260.00 | 435.52 | 3,006.14 | 3,701.66 |
| Profit for the year | - | - | 918.13 | 918.13 |
| Other comprehensive income for the year, net of tax | - | - | 0.62 | 0.62 |
| Total comprehensive income for the year | - | - | 918.75 | 918.75 |
| Balance as at March 31, 2016 | 260.00 | 435.52 | 3,924.89 | 4,620.41 |
| Profit for the year | - | - | 971.97 | 971.97 |
| Other comprehensive (loss) for the year, net of tax | - | - | (11.35) | (11.35) |
| Total comprehensive income for the year | - | - | 960.62 | 960.62 |
| Equity Dividend for the year 2015-16 | - | - | (68.00) | (68.00) |
| Tax on Equity Dividend | - | - | (14.23) | (14.23) |
| Balance as at March 31, 2017 | 260.00 | 435.52 | 4,803.28 | 5,498.80 |

Notes:

- (a) Calls in arrears of ₹ 2,000 and ₹ 1,500 in respect of 400 shares and 600 shares were received during the year 2015-16 and 2016-17 respectively. Consequently fully paid up share capital have increased by ₹ 4,000 and ₹ 6,000 and partly paid up share capital have decreased by ₹ 2,000 and ₹ 4,500 respectively during the year 2015-16 and 2016-17.
- (b) Balance in General Reserve amounting to ₹ 239.28 million and ₹ 239.28 million as on April 1, 2015 and March 31, 2016 respectively has been re- classified with Retained Earnings.

See accompanying notes 2.1 to 46 forming part of the Financial Statements.

As per our report of even date

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

For S R BATLIBOI & Co. LLP

Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

Per KAMAL AGARWAL

Partner
Membership No. 058652
Bangalore, May 24, 2017

Sanjay Koul

Chairman,
Managing Director & CEO
DIN - 05159352

Avishrant Keshava

Business Controller,
CFO & Whole-time Director
DIN - 07292484

Soumitra Hazra

Company Secretary & Chief - Compliance
Bangalore, May 24, 2017

Cash Flow Statement for the year ended March 31, 2017

₹ in million

| | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|--|------------------------------|------------|------------------------------|----------|
| A. Cash Flow from Operating Activities : | | | | |
| Net Profit before tax | 1,381.78 | | 1,416.44 | |
| Adjustments to reconcile profit before tax to net cash flows : | | | | |
| Depreciation and amortisation | 288.89 | | 224.69 | |
| Interest income | (10.15) | | (4.68) | |
| Interest expense | 8.37 | | 9.19 | |
| Dividend Income | (36.47) | | (20.70) | |
| (Profit) on sale of Property, Plant & Equipment (Net) | (0.89) | | (3.04) | |
| Provision for Doubtful debts / advances | 23.82 | | 10.81 | |
| Provision no longer required written back | (25.80) | | (5.40) | |
| Deffered government grants | (3.64) | | (0.11) | |
| Unrealised foreign exchange loss / (gain) | (9.88) | | 40.78 | |
| Exceptional item | - | | 30.09 | |
| | | 234.25 | | 281.63 |
| Operating Profit before Working Capital Changes | | 1,616.03 | | 1,698.07 |
| Adjustments for movement in Working Capital: | | | | |
| (Increase) in Trade receivable, Loans and Deposit, Current & non-current financial assets & Other current & non-current assets | (63.24) | | (459.29) | |
| (Increase) in Inventories | (20.92) | | (184.77) | |
| Increase in Trade payable, Current & non-current liabilities and Provisions | 506.11 | | 423.44 | |
| | | 421.95 | | (220.62) |
| Cash Generated from Operations | | 2,037.98 | | 1,477.45 |
| Direct Taxes paid (net of refund) | | (396.11) | | (508.94) |
| Cash flow from operating activities before exceptional items | | 1,641.87 | | 968.51 |
| Claims received towards loss due to fire - Exceptional item | | - | | 45.98 |
| Net Cash from Operating Activities (A) | | 1,641.87 | | 1,014.49 |
| B. Cash Flow from Investing Activities : | | | | |
| Purchase of Property, Plant & Equipment including capital work in progress and capital advances | | (1,309.82) | | (665.02) |
| Proceeds from Sale of Property, Plant & Equipment | | 4.28 | | 3.38 |
| Dividend received | | 36.47 | | 20.70 |
| Interest received | | 8.14 | | 2.09 |
| Investments in bank deposits (having original maturity of more than three months) | | - | | (50.00) |
| Redemption/ maturity of bank deposits (having original maturity of more than three months) | | 10.00 | | 20.00 |
| Net Cash used in Investing Activities (B) | | (1,250.93) | | (668.85) |

Cash Flow Statement for the year ended March 31, 2017

₹ in million

| | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|--|------------------------------|-----------------|------------------------------|---------------|
| C. Cash Flow from Financing Activities : | | | | |
| Interest paid | | (5.72) | | (4.65) |
| Proceeds from short term borrowings | | 83.99 | | 17.94 |
| Repayment of short term borrowings | | (43.10) | | - |
| Dividend paid | | (68.00) | | - |
| Tax on dividend distribution | | (14.23) | | - |
| Proceeds from Calls in arrears (refer note (a) below) | | 0.00 | | 0.00 |
| Net Cash (used in)/ from Financing Activities (C) | | (47.06) | | 13.29 |
| Net Increase in Cash and Cash equivalents (A + B + C) | | 343.88 | | 358.93 |
| Cash and Cash equivalents - Opening Balance | | 749.56 | | 390.63 |
| Cash and Cash equivalents - Closing Balance (refer note (a) below) | | 1,093.44 | | 749.56 |

(a) Calls in arrears of ₹ 1,500 (2015-16 - ₹ 2,000) have been received during the year.

(b) Includes balance in unpaid dividend accounts ₹ 36.86 million (₹ 35.68 million) which can be utilised only for the payment of dividends.

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 :

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| Cash on hand and balances with banks (refer. Note 11) | 183.45 | 333.82 |
| Short term Investments (refer Note 5B) | 905.51 | 383.55 |
| Cash & Cash equivalents | 1,088.96 | 717.37 |
| Effect of exchange differences on cash & cash equivalents held in foreign currency | 4.48 | 32.19 |
| Cash and cash equivalents | 1,093.44 | 749.56 |

See accompanying notes 2.1 to 46 forming part of the Financial Statements

As per our report of even date

For S R BATLIBOI & Co. LLP

Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

Per KAMAL AGARWAL

Partner
Membership No. 058652
Bangalore, May 24, 2017

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

Sanjay Koul

Chairman,
Managing Director & CEO
DIN - 05159352

Avishrant Keshava

Business Controller,
CFO & Whole-time Director
DIN - 07292484

Soumitra Hazra

Company Secretary & Chief - Compliance
Bangalore, May 24, 2017

Notes to financial statements as at and for the year ended March 31, 2017

1. CORPORATE INFORMATION

Timken India Limited ('the Company') is a public company domiciled in India. It was incorporated on 15th June 1987 under the provisions of the erstwhile Company's Act, 1956. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at 39-42, Electronic City, Phase II, Hosur Road, Bangalore - 560 100. The Company is primarily into manufacture and distribution of tapered roller bearings, components and accessories for the automotive sector and the railway industry. It also provides maintenance contract services and refurbishment services. The Company's primary bearing and components manufacturing plant is located at Jamshedpur in Jharkhand. It also has a gear box repairing facility at Raipur, where it provides repair and maintenance services of industrial gear boxes.

These financial statements were authorised for issue in accordance with a resolution of the Directors on May 24, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and compliance with Ind AS

- (i) For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards ("Ind-AS") consequent to the notification of The Companies (Indian Accounting Standards) Rules, 2015 (the Rules) issued by the MCA. These are the first Ind-AS financial statements of the Company, wherein the Company has restated its Balance Sheet as at April 1, 2015 (the date of transition) and financial statements for the year ended and as at March 31, 2016 also as per Ind-AS.

- (ii) The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with Ind-AS reflect conditions at April 1, 2015 and as of March 31, 2016.
- (iii) In accordance with Ind-AS 101, the Company has presented reconciliations of Shareholders' equity under Previous GAAP and Ind-AS as at March 31, 2016, and April 1, 2015 and of the Profit after Tax as per Previous GAAP and Total Comprehensive Income under Ind-AS for the year ended March 31, 2016.

Basis of measurement

These Ind-AS Financial Statements have been prepared on a going concern basis using historical cost convention, except for certain investments measured at fair value and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind-AS (refer accounting policies for financial instruments and employee benefits).

Functional and presentation currency

These Ind-AS Financial Statements are prepared in Indian Rupee which is the Company's functional and presentation currency.

2.1 Summary of significant accounting policies

a) Property, Plant and equipment

Property, Plant and Equipment is stated at cost of acquisition less accumulated depreciation and impairment losses, if any.

Cost comprises the purchase price, duties (net of cenvat), taxes, incidental expenses and erection / commissioning expenses which are directly attributable in bringing the asset to its working condition for the intended use. The 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).

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

Gains or losses arising from de-recognition of property, plant & equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Notes to financial statements as at and for the year ended March 31, 2017

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

Depreciation on items of Property, Plant & Equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components of an asset are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principle asset.

The Company has used the following useful economic lives to provide depreciation on its property, plant & equipment.

| | Useful economic life (years) |
|----------------------|------------------------------|
| Factory Buildings | 6-30 |
| Furniture & Fixtures | 10 |
| Plant & Equipment | 3-15 |
| Computers | 3-6 |
| Vehicles | 8 |
| Office Equipment | 5 |

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 residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The Company's intangible assets constitutes software which has finite useful economic lives and these are amortised on a straight line basis, over their useful life of 3 years. The amortisation period and the amortisation method are reviewed at the end of each reporting period.

(c) Impairment of property, plant and equipment and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external or internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price of assets and their 'value in use'. The estimated future cash flows are discounted to their present value using pre-tax discount rates and risks specific to the asset.

(d) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Asset related Government grants are treated as deferred income and released to the statement of profit and loss over the expected useful lives of the assets concerned.

(e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, sales taxes and other indirect taxes, excluding excise duty. Excise duty is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) are not received by the Company on its own account; rather, these are taxes collected on sales or value added to the commodity, by the seller, on behalf of the Government. Similarly, the Company collects service tax on rendering of services, on behalf of the Government and therefore, it is not an economic benefit flowing to the Company. Hence, these are excluded from revenue.

Notes to financial statements as at and for the year ended March 31, 2017

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery to the customers.

Income from Services

Revenue from agency commission and maintenance and service contracts are recognized pro-rata over the period of the contract as and when services are rendered, in terms of the relevant contracts.

Export Incentive Income

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

Dividends

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

Interest income

Interest income is recognized 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 the 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.

f) Foreign Currency Translations

In the financial statements of the Company, transactions in foreign currencies are translated into the functional currency at the exchange rates ruling at the date of the transaction. Foreign currency monetary items 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 statement of profit and loss.

g) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

| | |
|--|---|
| Raw materials, components, stores and spares | These are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. 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 realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis. |
| Trading goods | Valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. |

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

Notes to financial statements as at and for the year ended March 31, 2017

h) Employee benefits

(A) Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits 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 recognized as an expense as the related service is rendered by employees.

(B) Post-employment benefits

The Company operates the following post-employment schemes:

- i) 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.
- ii) The liability on account of long term compensated absences and death benefit scheme due to the employees are provided for on the basis of an actuarial valuation on projected unit credit method at the end of each financial year.
- iii) Retirement benefits in the form of Provident Fund and Superannuation / Pension Schemes are charged to the statement of profit & loss of the year when an employee renders the related service. Interest shortfall, if any, on Provident Fund, which is managed through a private trust, is provided for based on year-end actuarial valuation on projected unit credit method.
- iv) 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 or loss in subsequent periods.

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
- v) The long-term and short term classification of gratuity, death benefit scheme and provident fund liabilities is based on the actuarial valuations. The obligation for compensated absences are classified as current liabilities in the balance sheet as the Company does not have an unconditional legal and contractual right to defer settlement for a period beyond twelve months after the reporting date.

i) Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating lease.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Notes to financial statements as at and for the year ended March 31, 2017

j) Taxes

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act. Management periodically evaluates positions taken in the tax returns with vis-a-vis position taken in books of account which are subject to interpretation and creates provisions where appropriate.

Deferred tax

Deferred tax is recognised on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet 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 tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

k) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

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.

l) Contingent liabilities

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

m) Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit or loss before OCI 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.

n) Segment Reporting

The Company is in the business of manufacturing, trading and providing services for Anti-friction bearings and mechanical power transmission products for mobile (automobile & railways) and process industries. The Company reviews its performance with reference to the above industry sectors. As per Ind-AS 108: Operating Segments, due to similar nature of products, production process and distribution process these have been aggregated as single operating segment of anti-friction bearings and mechanical power transmission products.

o) Cash Flow Statement

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Notes to financial statements as at and for the year ended March 31, 2017

p) 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 liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash & Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if they are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets comprising investments are measured at fair value through profit or loss.

Impairment of financial assets

In accordance with Ind AS 109: Financial Instruments, the Company recognizes impairment loss allowance on trade receivables based on historically observed default rates. Impairment loss allowance recognized during the year is charged to Statement of Profit and Loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Offsetting of financial instruments

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

q) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind-AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS-7, 'Statement of cash flows'. The amendments are applicable from April 1, 2017.

Amendment to Ind-AS 7:

The amendment to Ind-AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and their effect on the financial statements.

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

₹ in million

| | Buildings | Plant & Equipment (refer note (b)) | Office Equipment | Computers | Furniture & Fixtures | Vehicles | Total |
|---|---------------|---------------------------------------|---------------------|--------------|-------------------------|-------------|-----------------|
| GROSS BLOCK | | | | | | | |
| As at April 1, 2015 (refer note (a)) | 179.29 | 846.40 | 11.70 | 14.01 | 4.99 | 3.56 | 1,059.95 |
| Additions | 8.22 | 497.03 | 1.13 | 19.45 | 2.31 | - | 528.14 |
| Deductions | - | (0.26) | - | (0.09) | (0.06) | - | (0.41) |
| As at March 31, 2016 | 187.51 | 1,343.17 | 12.83 | 33.37 | 7.24 | 3.56 | 1,587.68 |
| Additions | 169.92 | 1,028.55 | 11.40 | 9.65 | 3.46 | 3.56 | 1,226.54 |
| Deductions | - | (3.58) | - | - | - | - | (3.58) |
| As at March 31, 2017 | 357.43 | 2,368.14 | 24.23 | 43.02 | 10.70 | 7.12 | 2,810.64 |
| ACCUMULATED DEPRECIATION | | | | | | | |
| As at April 1, 2015 (refer note (a)) | - | - | - | - | - | - | - |
| Charge for the year | 11.20 | 191.88 | 6.67 | 8.00 | 1.17 | 0.85 | 219.77 |
| Deductions | - | (0.02) | - | (0.02) | (0.02) | - | (0.06) |
| As at March 31, 2016 | 11.20 | 191.86 | 6.67 | 7.98 | 1.15 | 0.85 | 219.71 |
| Charge for the year | 10.63 | 258.93 | 1.55 | 12.03 | 1.17 | 0.79 | 285.10 |
| Deductions | - | - | - | - | - | - | - |
| As at March 31, 2017 | 21.83 | 450.79 | 8.22 | 20.01 | 2.32 | 1.64 | 504.81 |
| NET BLOCK | | | | | | | |
| As at April 1, 2015 | 179.29 | 846.40 | 11.70 | 14.01 | 4.99 | 3.56 | 1,059.95 |
| As at March 31, 2016 | 176.31 | 1,151.31 | 6.16 | 25.39 | 6.09 | 2.71 | 1,367.97 |
| As at March 31, 2017 | 335.60 | 1,917.35 | 16.01 | 23.01 | 8.38 | 5.48 | 2,305.83 |

- (a) The Company has adopted the exemption under Ind AS 101 and has considered previous GAAP carrying amount as the deemed cost for the Opening Balance sheet as at April 1, 2015. Also refer note 46.

Accordingly the Gross block of each class of Property, plant and equipment has been netted off with their respective accumulated depreciation balances as at April 1, 2015 under Previous GAAP to arrive at the deemed cost for the purpose of opening Ind AS balance sheet.

₹ in million

| As per Previous GAAP | Buildings | Plant & Equipment - including Tools | Office Equipment | Computers | Furniture & Fixtures | Vehicles |
|--|-----------|---|---------------------|-----------|-------------------------|----------|
| Gross block as at April 1, 2015. | 284.67 | 2,619.68 | 37.78 | 62.97 | 22.74 | 13.06 |
| Accumulated depreciation as at April 1, 2015. | 105.38 | 1,773.28 | 26.08 | 48.96 | 17.75 | 9.50 |
| Deemed cost as at April 1, 2015 | 179.29 | 846.40 | 11.70 | 14.01 | 4.99 | 3.56 |

Notes to financial statements as at and for the year ended March 31, 2017

(b) Includes plant & equipment given on operating lease as follows. ₹ in million

| Details | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--------------------------|----------------------|----------------------|---------------------|
| Gross Book value | - | 301.39 | 301.09 |
| Accumulated Depreciation | - | 155.21 | 112.70 |
| Net Book value | - | 146.18 | 188.39 |

The contract manufacturing agreement as well as the lease agreement between the Company and Timken Engineering Research India Private Limited (TERI) for the lease of above Plant and equipment has been discontinued in the current year.

(c) Details of Expenditure on New/ Expansion Projects (Pending Allocation and included in Capital work in progress)

₹ in million

| Details | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| Travel Expenses | 4.81 | - |
| Staff welfare | 0.14 | - |
| Salaries, Wages & Bonus | 1.82 | - |
| Insurance Charges | 0.71 | - |
| Legal & Professional Charges | 0.28 | - |
| Rates and Taxes | 0.58 | - |
| Others | 0.17 | - |
| Electricity Charges | 1.74 | - |
| | 10.25 | - |
| Less : Allocated to Property, Plant & Equipment during the year | (6.96) | - |
| | 3.29 | - |

NOTE 4 : INTANGIBLE ASSETS

₹ in million

| | Computer Softwares | Total |
|---------------------------------|--------------------|-------------|
| GROSS BLOCK | | |
| As at April 1, 2015 | 8.62 | 8.62 |
| As at March 31, 2016 | 8.62 | 8.62 |
| Additions | 0.47 | 0.47 |
| Deductions | - | - |
| As at March 31, 2017 | 9.09 | 9.09 |
| ACCUMULATED AMORTISATION | | |
| As at April 1, 2015 | - | - |
| Charge for the year | 4.92 | 4.92 |
| As at March 31, 2016 | 4.92 | 4.92 |
| Charge for the year | 3.79 | 3.79 |
| As at March 31, 2017 | 8.71 | 8.71 |
| NET BLOCK | | |
| As at April 1, 2015 | 8.62 | 8.62 |
| As at March 31, 2016 | 3.70 | 3.70 |
| As at March 31, 2017 | 0.38 | 0.38 |

The Gross block of Intangibles has been netted off with their respective accumulated depreciation balances as at April 1, 2015 under Previous GAAP to arrive at the deemed cost for the purpose of opening Ind AS balance sheet. Also refer note 46.

₹ in million

| As per Previous GAAP | Computer Softwares |
|---|--------------------|
| Gross block as at April 1, 2015. | 16.57 |
| Accumulated depreciation as at April 1, 2015. | 7.95 |
| Deemed cost as at April 1, 2015 | 8.62 |

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 5 A : NON-CURRENT INVESTMENTS (Unquoted)

| | Face Value | Holdings as at March 31, 2017 | | Holdings as at March 31, 2016 | | Holdings as at April 1, 2015 | |
|--|------------|----------------------------------|--------------|----------------------------------|--------------|---------------------------------|--------------|
| | | Nos | ₹ in million | Nos | ₹ in million | Nos | ₹ in million |
| At fair value through profit and loss | | | | | | | |
| Equity Shares fully paid up | | | | | | | |
| Nicco Jubilee Park Limited | ₹ 10 each | 30,000 | 0.30 | 30,000 | 0.30 | 30,000 | 0.30 |
| Total | | | 0.30 | | 0.30 | | 0.30 |

NOTE 5 B : CURRENT INVESTMENTS (Unquoted)

| | Face Value ₹ per unit | Holdings as at March 31, 2017 | | Holdings as at March 31, 2016 | | Holdings as at April 1, 2015 | |
|---|--------------------------|----------------------------------|---------------|----------------------------------|---------------|---------------------------------|---------------|
| | | Nos | ₹ in million | Nos | ₹ in million | Nos | ₹ in million |
| At fair value through profit and loss | | | | | | | |
| Investments in Mutual Funds | | | | | | | |
| Birla Sun Life Cash Plus - Daily Dividend - Regular Plan | 100 | 2,312,424 | 231.69 | 943,078 | 94.49 | - | - |
| Tata Liquid Super High Investment Fund - DDR | 1,000 | - | - | - | - | 18,367 | 20.47 |
| DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend | 1,000 | 234,895 | 235.09 | 202,654 | 202.82 | 74,738 | 74.78 |
| Reliance Liquid Fund - Cash - Daily Dividend Option - CPDD | 1,000 | 75,576 | 84.20 | 1,464 | 1.63 | 36,923 | 41.14 |
| SBI PLF - Reg.Plan - Daily Dividend | 1,000 | 139,969 | 140.42 | 84,334 | 84.61 | 29,984 | 30.08 |
| HDFC Liquid Fund Regular - DDR | 1,000 | 111,438 | 113.65 | - | - | - | - |
| ICICI Pru Liquid Plan - DDR | 100 | 1,003,632 | 100.46 | - | - | - | - |
| Total | | | 905.51 | | 383.55 | | 166.47 |

Refer note 39A for determination of fair values of investments.

NOTE 6: LOANS (Non current) (at amortised cost)

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|----------------------------|---------------------------------|-------------------------|------------------------|
| Security Deposits | | | |
| Unsecured, considered good | 30.16 | 27.07 | 24.84 |
| Loans to employees | | | |
| Unsecured, considered good | 0.38 | 0.66 | 1.47 |
| | 30.54 | 27.73 | 26.31 |

6.1: Loans to Employees includes:

- (a) ₹ Nil (March 31, 2016 - ₹ 0.21 million ; April 1, 2015 - ₹ 0.72 million) given to Directors of the Company.
(b) ₹ Nil (March 31, 2016 - ₹ 0.01 million ; April 1, 2015 - ₹ 0.14 million) given to other officers of the Company.

Refer note 39A for credit risk exposure on security deposits.

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 7 : DEFERRED TAX ASSETS

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Deferred Tax Assets | | | |
| - Disallowance u/s 43B and 40(a)(ia) of Income Tax Act, 1961 | 82.88 | 68.99 | 62.31 |
| - Provision for Doubtful Debts & Advances | 21.09 | 10.64 | 5.94 |
| - Others | 0.39 | 0.30 | 0.56 |
| Gross Deferred Tax Assets | 104.36 | 79.93 | 68.81 |
| Deferred Tax Liabilities | | | |
| - Arising out of temporary difference on depreciable assets. | (72.12) | (45.50) | (28.21) |
| Gross Deferred Tax Liabilities | (72.12) | (45.50) | (28.21) |
| Net Deferred Tax Assets | 32.24 | 34.43 | 40.60 |

Reconciliation of statutory rate of tax and effective rate of tax:

₹ in million

| | 2016-17 | 2015-16 |
|---|---------------|---------------|
| Profit before Tax (a) | 1,381.78 | 1,416.44 |
| Tax Expense (b) | 409.81 | 498.31 |
| Tax rate as a percentage of PBT (b)/(a) | 29.66% | 35.18% |
| At India's statutory income tax rate of 34.608% (31 March 2016: 34.608%) | 478.21 | 490.20 |
| Adjustments: | | |
| Non-deductible expenses for tax purposes | 7.40 | 8.13 |
| Dividend income - exempt for tax purposes | (12.49) | (7.16) |
| Allowances claimed under Income tax Act, 1961 | (43.07) | - |
| Tax impact of earlier years | (20.24) | 7.14 |
| At the effective income tax rate of 29.66% (31 March 2016: 35.18%) | 409.81 | 498.31 |
| Income tax expense reported in the statement of profit and loss | 409.81 | 498.31 |

NOTE 8 : OTHER NON-CURRENT ASSETS (Unsecured, considered good)

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| a) Capital Advances | 101.59 | 185.70 | 44.77 |
| b) Advances other than capital advances | | | |
| - Advance Income Tax (net of provision for taxation: ₹ 3,668.89 million (March 31, 2016 - ₹ 3,261.26 million; April 1, 2015 - ₹ 2,768.80 million)) | 159.88 | 165.29 | 148.81 |
| - Advances to Employees | - | 6.34 | - |
| c) Others | | | |
| Prepaid Expenses | 6.82 | 8.73 | 10.79 |
| | 268.29 | 366.06 | 204.37 |

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 9 : INVENTORIES

(Valued at lower of Cost and Net Realisable Value)

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| a) Raw materials and Components * (Refer Note 25) | 408.38 | 369.96 | 297.21 |
| b) Work - in - progress (Refer Note 26) | 306.82 | 249.77 | 206.50 |
| c) Finished stock* (Refer Note 26) | 500.86 | 593.31 | 525.53 |
| d) Traded Goods* (Refer Note 26) | 550.42 | 548.88 | 540.87 |
| e) Stores and Spares * | 113.80 | 97.44 | 104.49 |
| | 1,880.28 | 1,859.36 | 1,674.60 |
| * Including goods in transit : | | | |
| Raw Materials and Components | 172.70 | 152.63 | 103.73 |
| Stores & Spares | 15.34 | 5.11 | 4.83 |
| Finished Stock | 29.39 | 13.40 | 22.21 |
| Traded Goods | 154.22 | 146.68 | 133.76 |

NOTE 10 : TRADE RECEIVABLES

(at amortised cost)

₹ in million

| | Non-current | | | Current | | |
|--|----------------------------|----------------------------|---------------------------|----------------------------|----------------------------|---------------------------|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Trade receivables | | | | | | |
| Secured, considered Good | - | - | - | 17.93 | 10.07 | 7.02 |
| Unsecured, considered Good | 14.10 | 8.52 | 5.69 | 1,252.34 | 1,233.89 | 1,046.43 |
| - considered Doubtful | - | - | - | 56.36 | 26.51 | 13.28 |
| Trade Receivables from related parties | | | | | | |
| Unsecured, considered good | - | - | - | 652.40 | 687.69 | 681.13 |
| | 14.10 | 8.52 | 5.69 | 1,979.03 | 1,958.16 | 1,747.86 |
| Less: Allowance for Doubtful Debts in respect of trade receivables | | | | | | |
| Unsecured, considered Good | - | - | - | (1.99) | (2.18) | (1.98) |
| - considered Doubtful | - | - | - | (56.36) | (26.51) | (13.28) |
| | - | - | - | (58.35) | (28.69) | (15.26) |
| | 14.10 | 8.52 | 5.69 | 1,920.68 | 1,929.47 | 1,732.60 |

10.1 : Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

10.2 : The carrying amount of Trade receivables may be affected by the changes in the credit risk of the counterparties as well as the currency risk as explained in note 39A.

10.3 : No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 11 : CASH AND BANK BALANCES

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Cash and Cash Equivalents : | | | |
| a) Cheques on hand | - | 12.32 | 23.01 |
| b) Balance with Banks | | | |
| On Current Accounts | 103.44 | 218.46 | 101.32 |
| In Foreign Currency Account (EEFC) | 43.15 | 67.36 | 76.88 |
| Cash and Cash Equivalents | 146.59 | 298.14 | 201.21 |
| Other Bank Balances | | | |
| On unpaid dividend account - refer note (a) below | 36.86 | 35.68 | 35.99 |
| | 183.45 | 333.82 | 237.20 |

- (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.
- (b) The Company has not transacted in cash during the period November 8, 2016 to December 30, 2016 nor held any cash balance as at November 8, 2016 and December 30, 2016. Consequently, there are no details of Specified Bank Notes as envisaged in Notification G.S.R. 308(E) dated 30th March, 2017 to be furnished.

NOTE 12 : LOANS (Current) (at amortised cost)

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|----------------------------|-------------------------|-------------------------|------------------------|
| Loans to employees | | | |
| Unsecured, considered good | 1.40 | 1.81 | 1.71 |
| | 1.40 | 1.81 | 1.71 |

12.1 : Loans to Employees includes:

- (a) ₹ 0.21 million (March 31, 2016 - ₹ 0.51 million; April 1, 2015 - ₹ 0.51 million) given to Directors of the Company.
- (b) ₹ 0.01 million (March 31, 2016 - ₹ 0.13 million; April 1, 2015 - ₹ 0.13 million) given to other officers of the Company.

NOTE 13 : OTHER CURRENT FINANCIAL ASSETS (at amortised cost) (Unsecured, considered good)

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Deposits with banks as margin money against guarantees with more than 12 months maturity | 20.00 | 30.00 | - |
| Interest accrued on fixed deposit | 2.02 | 1.16 | - |
| Recoverable from Related parties | | | |
| Reimbursements receivable from related parties (refer note below) | 30.97 | 37.82 | 10.37 |
| Lease rent receivable | - | 2.54 | 2.54 |
| | 52.99 | 71.52 | 12.91 |

Note : Includes ₹ 22.54 million (March 31, 2016 ₹ 22.24 million) amount receivable from a fellow subsidiary, The Timken Corporation, being the insurance claim received by it under the global insurance arrangement towards the previous year's loss due to fire as explained in note 31.

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 14 : OTHER CURRENT ASSETS

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Advances other than Capital Advances | | | |
| Secured, considered good | - | 2.10 | 15.02 |
| Unsecured, considered good | 58.95 | 19.24 | 9.61 |
| Advances to Employees | 10.42 | 9.83 | 9.45 |
| Other Receivables : | | | |
| Balance with statutory authorities/ Government authorities | 284.61 | 264.31 | 266.25 |
| Prepaid expenses | 8.49 | 8.58 | 15.66 |
| Export Incentives receivable | 187.26 | 120.22 | 95.58 |
| | 549.73 | 424.28 | 411.57 |

NOTE 15 : SHARE CAPITAL

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|----------------------------|----------------------------|---------------------------|
| Authorised : | | | |
| 75,000,000 (March 31, 2016: 75,000,000; April 1, 2015: 75,000,000) Equity Shares of ₹ 10/- each | 750.00 | 750.00 | 750.00 |
| 2,600,000 (March 31, 2016: 2,600,000; April 1, 2015: 2,600,000) 9% Cumulative Redeemable Preference Shares of ₹100/- each | 260.00 | 260.00 | 260.00 |
| | 1,010.00 | 1,010.00 | 1,010.00 |
| Issued : | | | |
| 68,015,134 (March 31, 2016: 68,015,134; April 1, 2015: 68,015,134) Equity Shares of ₹10/- each | 680.15 | 680.15 | 680.15 |
| Subscribed and fully paid-up: | | | |
| 67,975,784 (March 31, 2016: 67,975,184; April 1, 2015: 67,974,784) Equity Shares of ₹ 10/- each fully paid-up | 679.76 | 679.75 | 679.75 |
| Subscribed and partly paid-up: | | | |
| 24,200 (March 31, 2016: 24,800; April 1, 2015: 25,200) Equity Shares of ₹ 10/- each | 0.24 | 0.25 | 0.25 |
| Less: Calls in Arrears - other than directors * | 0.11 0.13 | 0.11 0.14 | 0.12 0.13 |
| | 679.89 | 679.89 | 679.88 |

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, 2017 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, 2017

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

| | As at March 31, 2017 | | As at March 31, 2016 | |
|------------------------------------|----------------------|--------------|----------------------|--------------|
| | No. of Shares | ₹ in million | No. of Shares | ₹ in million |
| Equity Shares | | | | |
| At the beginning of the year | 67,999,984 | 679.89 | 67,999,984 | 679.88 |
| Calls in arrears | - | 0.00 | - | 0.01 |
| Outstanding at the end of the year | 67,999,984 | 679.89 | 67,999,984 | 679.89 |

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.

The Company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors of ₹ 1 per equity share (March 31, 2016 - ₹ 1 per equity share) is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Dividend for the year 2015-16 proposed by the Board and approved by the shareholders at the 29th Annual General Meeting during the year has been paid to the eligible shareholders.

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

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

| | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|----------------------|--------------|--------------------|----------------------|--------------|--------------------|---------------------|--------------|--------------------|
| | No. of Shares | ₹ in million | % of share holding | 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 | 510.00 | 75% | 50,999,988 | 510.00 | 75% | 50,999,988 | 510.00 | 75% |

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 happens to be 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 16 : OTHER EQUITY

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| a) Capital Redemption Reserve Capital Redemption Reserve created on redemption of preference shares in earlier years. | 260.00 | 260.00 | 260.00 |
| b) Securities Premium Account Premium received on equity shares issued are recognised in the Securities premium account | 435.52 | 435.52 | 435.52 |
| c) Retained Earnings (movements given below) Includes General Reserve and Surplus in Statement of Profit & Loss | 4,803.28 | 3,924.89 | 3,006.14 |
| Total - Other equity | 5,498.80 | 4,620.41 | 3,701.66 |

Movement in Retained Earnings

| | 2016 - 2017 | 2015 - 2016 |
|---|-----------------|-----------------|
| Opening Balance | 3,924.89 | 3,006.14 |
| Add: Profit for the year | 971.97 | 918.13 |
| Other Comprehensive income for the year | (11.35) | 0.62 |
| Less: Appropriations | | |
| Equity Dividend of ₹ 1 per equity share (March 31, 2016- Nil) | (68.00) | - |
| Tax on Equity Dividend | (14.23) | - |
| Closing Balance | 4,803.28 | 3,924.89 |

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 17 : PROVISIONS

₹ in million

| | Non-Current | | | Current | | |
|--|----------------------------|----------------------------|---------------------------|----------------------------|----------------------------|---------------------------|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Provision for Employee benefits : | | | | | | |
| Employees' Death Benefit Scheme (refer note 40) | 19.72 | 19.09 | 16.34 | 3.75 | 3.45 | 2.62 |
| Employees' Provident Fund (refer note 40) | 14.69 | 11.29 | 10.67 | 1.75 | 1.89 | 1.66 |
| Gratuity (refer note 40) | - | - | - | 30.24 | 9.50 | 24.51 |
| Compensated absences | - | - | - | 85.97 | 73.25 | 69.26 |
| Total (a) | 34.41 | 30.38 | 27.01 | 121.71 | 88.09 | 98.05 |
| Others : | | | | | | |
| Provision for Indirect taxes (refer note (a) below) | - | - | - | 136.21 | 119.08 | 94.42 |
| Provision for onerous contract (refer note (b) below) | - | - | - | 2.65 | 1.20 | 1.06 |
| Total (b) | - | - | - | 138.86 | 120.28 | 95.48 |
| Total (a+b) | 34.41 | 30.38 | 27.01 | 260.57 | 208.37 | 193.53 |

a) Provision for Indirect taxes

₹ in million

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|-----------------------------|-------------------------|-------------------------|
| Opening Balance | 119.08 | 94.42 |
| Additions during the year | 17.89 | 24.66 |
| Utilisation during the year | (0.76) | - |
| Closing Balance | 136.21 | 119.08 |

Provision for Indirect Taxes includes liabilities aggregating ₹ 303.37 million (March 31, 2016: ₹ 276.79 million; April 1, 2015: ₹ 221.69 million) towards customs duty on imports for various years. The Company has provided these liabilities based on the most recent assessments. Further, the management is of the view that this liability shall be payable only at the time of final assessment, pending which, the Company has also deposited ₹ 207.74 million (March 31, 2016: ₹ 191.02 million; April 1, 2015: ₹ 152.88 million) with customs authorities. The net provision is included in Provision for Indirect Taxes above.

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

b) Provision for onerous contract

₹ in million

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|-----------------------------|-------------------------|-------------------------|
| Opening Balance | 1.20 | 1.06 |
| Addition during the year | 2.65 | 1.20 |
| Utilisation during the year | (1.20) | (1.06) |
| Closing Balance | 2.65 | 1.20 |

c) There are also provisions against Income Tax claims amounting to ₹ 18.98 million (March 31, 2016: ₹ 18.98 million; April 1, 2015: ₹ 12.33 million) which is netted off with Advance Income Tax. Also refer note 8.

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 18 : OTHER NON-CURRENT LIABILITIES

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Government Grants | | | |
| Opening Balance | 18.23 | - | - |
| Received during the year | 168.36 | 18.34 | - |
| Released to the statement of profit and loss (refer note 24) | (3.64) | (0.11) | - |
| Closing Balance | 182.95 | 18.23 | - |

Government grants have been received for import of certain items of Property, Plant and Equipment and capital work in progress against import licences taken under export promotion capital goods scheme of Government of India. The Company has certain export obligations against such benefits availed which it would fulfill within the required time period under the scheme.

NOTE 19 : SHORT-TERM BORROWINGS (at amortised cost)

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Bills discounted with bank - Unsecured | 83.99 | 43.10 | 25.16 |
| | 83.99 | 43.10 | 25.16 |

Bills discounted with banks are with recourse to the Company with various maturity dates ranging from 1-3 months. Interest payable ranges between 9.55% to 12.75% p.a for overdue bill.

NOTE 20 : TRADE PAYABLES (at amortised cost)

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Trade Payables : | | | |
| i) Total outstanding dues of micro and small enterprises (refer note below) | 28.27 | 13.70 | 16.42 |
| ii) Total outstanding dues of creditors other than micro and small enterprises (for dues to related parties refer note 37) | 1,466.06 | 1,116.25 | 843.15 |
| Total Trade Payables | 1,494.33 | 1,129.95 | 859.57 |

Trade payables are non-interest bearing and are normally settled on 60-days terms.

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

₹ in million

| Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 | As at and Year ended March 31, 2017 | As at and Year ended March 31, 2016 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| Principal | 24.79 | 10.86 |
| Interest | 0.17 | 0.10 |
| The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | | |
| Principal | 199.90 | 195.80 |
| Interest | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006. | - | - |
| The amount of interest accrued for the year and remaining unpaid at the end of each accounting year; | 0.64 | 0.37 |
| 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. | 3.48 | 2.84 |

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 21 : OTHER CURRENT FINANCIAL LIABILITIES (at amortised cost)

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Security deposits received from Customers (refer note (a)) | 22.58 | 20.39 | 18.03 |
| Interest accrued on Security deposit from customers | 1.76 | 1.25 | 1.08 |
| Unpaid dividends (refer note (b)) | 36.86 | 35.68 | 35.99 |
| Capital creditors | 238.98 | 35.15 | 88.74 |
| Selling expenses | 73.59 | 76.43 | 71.81 |
| Customers claims | 0.23 | 0.94 | 10.33 |
| | 374.00 | 169.84 | 225.98 |

Notes:

- a) The above are interest bearing deposits (carrying interest @ 8% p.a.) accepted from dealers / distributors which are repayable only upon termination of the dealership / distributor agreement at 1 month notice by either party.
- b) Investor Education and Protection Fund will be credited by the amount of unpaid dividends as and when due.

NOTE 22 : OTHER CURRENT LIABILITIES

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--------------------------|-------------------------|-------------------------|------------------------|
| Taxes and duties payable | 104.14 | 115.58 | 131.20 |
| Advance from Customers | 13.90 | 7.38 | 7.03 |
| | 118.04 | 122.96 | 138.23 |

NOTE 23 : REVENUE FROM OPERATIONS

₹ in million

| | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Sale of Products | | |
| Sale of Goods* | 10,673.85 | 10,601.59 |
| Sale of Services | 364.88 | 354.64 |
| Other operating revenue | | |
| Operating Lease Rentals | 20.19 | 30.45 |
| Export incentives | 113.26 | 109.95 |
| Revenue from operations | 11,172.18 | 11,096.63 |

* Sale of goods includes excise duty collected from customers of ₹ 610.43 million (2015-16: ₹ 588.34 million). Excise duty on movement in stock of finished goods amounting to ₹ 34.70 million (2015-16: ₹ 10.92 million) has been considered as an expense in the statement of profit & loss.

NOTE 24 : OTHER INCOME

₹ in million

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Interest Income recognised on Financial assets, recognised at amortised cost | 10.15 | 4.68 |
| Dividend Income on current investments - non-trade (refer note (a)) | 36.47 | 20.70 |
| Profit on Sale of property, plant and equipment (Net) | 0.89 | 3.04 |
| Gain on foreign currency transaction and translation (net) | 18.39 | 20.60 |
| Excess liabilities/provisions no longer required written back | 25.80 | 5.40 |
| Government grants (refer note (b)) | 3.64 | 0.11 |
| Miscellaneous Income | 3.88 | 3.64 |
| | 99.22 | 58.17 |

- a) Includes fair value gain on current investments classified as fair value through profit and loss.
- b) Amortisation/ release of Government grants basis the useful life of related assets. For nature of Government grants refer note 18.

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 25 : COST OF RAW MATERIALS AND COMPONENTS CONSUMED

₹ in million

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Inventories at the beginning of the year | 369.96 | 297.21 |
| Add: Purchases | 3,385.88 | 3,823.64 |
| | 3,755.84 | 4,120.85 |
| Less: Inventories at the end of the year | 408.38 | 369.96 |
| Cost of raw materials and components consumed | 3,347.46 | 3,750.89 |

NOTE 26: (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS, TRADED GOODS AND WORK IN PROGRESS

₹ in million

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Opening Stock | | |
| Work in Progress | 249.77 | 206.50 |
| Finished Goods | 593.31 | 525.53 |
| Traded Goods | 548.88 | 540.87 |
| | 1,391.96 | 1,272.90 |
| Less : Closing Stock | | |
| Work in Progress | 306.82 | 249.77 |
| Finished Goods | 500.86 | 593.31 |
| Traded Goods | 550.42 | 548.88 |
| | 1,358.10 | 1,391.96 |
| Less : Loss of inventory due to fire shown as exceptional item (Refer note 31) | - | 98.00 |
| (Increase)/Decrease in Stock of Finished goods, Traded goods and Work in Progress | 33.86 | (217.06) |

During the year ended March 31, 2017, ₹ (10.88) million and year ended March 31, 2016, ₹ 27.64 million was recognised as an reversal / expense for inventories carried at net realisable value.

NOTE 27 : EMPLOYEE BENEFITS EXPENSE

₹ in million

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| i) Salaries, Wages and Bonus | 576.06 | 551.46 |
| ii) Contribution to provident and other funds | 53.22 | 44.83 |
| iii) Gratuity expense (note 40) | 13.43 | 13.16 |
| iv) Employee death benefit scheme expense (note 40) | 2.33 | 4.96 |
| v) Compensated absences | 18.51 | 10.16 |
| vi) Staff welfare expenses | 73.61 | 57.19 |
| | 737.16 | 681.76 |

NOTE 28 : FINANCE COST

₹ in million

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|-------------------|------------------------------|------------------------------|
| Interest Expenses | 8.37 | 9.19 |
| | 8.37 | 9.19 |

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 29: DEPRECIATION AND AMORTISATION EXPENSES

₹ in million

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Depreciation on Property, plant and equipment (note 3) | 285.10 | 219.77 |
| Amortisation of Intangible assets (note 4) | 3.79 | 4.92 |
| | 288.89 | 224.69 |

NOTE 30 : OTHER EXPENSES

₹ in million

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| a) Consumption of stores and spares | 385.92 | 391.40 |
| b) Power & Fuel | 185.20 | 170.85 |
| c) Repairs to Buildings | 9.36 | 4.38 |
| d) Repairs to Machineries | 75.25 | 75.90 |
| e) Repairs Others | 23.08 | 13.87 |
| f) Royalty | 213.33 | 222.38 |
| g) Rent | 52.29 | 54.22 |
| h) Rates and Taxes | 24.88 | 36.83 |
| i) Insurance | 8.49 | 8.25 |
| j) Commission (refer note (a)) | 84.06 | 77.54 |
| k) Travelling | 84.34 | 85.73 |
| l) Subcontracting charges | 195.03 | 156.84 |
| m) Legal & Professional Fees | 104.48 | 99.51 |
| n) Inter company Service Charges | 79.70 | 76.62 |
| o) Network & ERP Expenses | 52.79 | 59.86 |
| p) Carriage and Handling | 156.56 | 128.03 |
| q) CSR Expenditure (refer note (b)) | 22.08 | 17.00 |
| r) Provision for doubtful debts, deposits & advance | 23.82 | 10.81 |
| s) Excise Duty Expense (refer note (c)) | 5.98 | 2.98 |
| t) Other Expenses (refer note (d)) | 218.56 | 196.69 |
| | 2,005.20 | 1,889.69 |

Notes:

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

₹ in million

| (b) Details of CSR Expenditure. | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Gross amount required to be spent by the Company during the year | 22.08 | 16.89 |
| Amount spent (in cash) during the year : | | |
| i) Construction/acquisition of any asset | - | - |
| ii) On purposes of promotion of education and combating diseases | 22.08 | 17.00 |
| Total | 22.08 | 17.00 |

Notes to financial statements as at and for the year ended March 31, 2017

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

(d) Other Expenses include:

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Auditor's remuneration (exclusive of service tax) | | |
| As Auditors | | |
| - For Statutory Audit | 2.25 | 1.82 |
| - For Limited Reviews | 1.20 | 1.20 |
| - For Certifications | 0.21 | 0.20 |
| - For Travelling & out-of-pocket expenses | 0.64 | 0.28 |
| For Other Matters | | |
| - For Tax Audit | 0.75 | 0.60 |
| - For Group Reporting | 2.10 | 1.75 |
| - For Other Services | 1.80 | - |

NOTE 31 : EXCEPTIONAL ITEM

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|------------------|------------------------------|------------------------------|
| Loss due to Fire | - | 30.09 |
| | - | 30.09 |

During the previous year ended March 31, 2016, the Pune warehouse of the Company caught fire damaging all the Inventories and Plant & Equipment(WDV) worth ₹ 98.31 million. The Management had recovered an amount of ₹ 68.22 million (including ₹ 22.24 million receivable in respect of reimbursement from related party) against the loss. The remaining un-recoverable amount of ₹ 30.09 million, had been charged off and disclosed as an exceptional item in the previous year's financial statements.

NOTE 32 : EARNINGS PER SHARE (EPS)

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| (a) Profit after tax | 971.97 | 918.13 |
| (b) Net profit for calculation of basic and diluted EPS | 971.97 | 918.13 |
| (c) Weighted average number of equity shares outstanding @ ₹ 10/- each | 67,988,184 | 67,988,184 |
| Earnings per share - Basic & Diluted* (b)/(c) (In ₹) | 14.30 | 13.50 |

* There are no dilutive potential equity shares.

NOTE 33 : CONTINGENT LIABILITIES AND COMMITMENTS

A. CONTINGENT LIABILITIES

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Claims against the Company not acknowledged as debts | | | |
| i) Sales tax matters under dispute / appeal | 101.62 | 83.58 | 18.76 |
| ii) Income tax demands under appeal | 117.94 | 93.69 | 86.07 |
| iii) Excise and customs demand under dispute / appeal | 34.17 | 33.80 | 33.80 |
| iv) Other claims | 8.31 | 8.31 | 8.31 |

Based on the discussions with the solicitors and in view of the favourable decisions in similar cases on above matters, no provision there against is considered necessary.

B. CAPITAL AND OTHER COMMITMENTS

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Estimated amount of contracts remiaining to be executed on capital account and not provided for; (net of advance of ₹ 101.60 million (March 31, 2016 - ₹ 185.70 million; April 1, 2015 - ₹ 44.77 million) | 377.39 | 620.74 | 127.56 |

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 34 : LEASES

Assets taken on lease

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

The lease term is for various number of years and renewable for further periods as per the lease agreements at the option of the Company. There are no restrictions imposed by the lease arrangements. There are no subleases.

Leases which are non-cancellable in nature

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

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Within one year | 4.37 | 5.43 | 5.17 |
| After one year but not more than five years | 9.45 | 14.81 | 17.27 |
| More than five years | - | - | 2.97 |

₹ in million

The Company has paid ₹ 52.29 million (March 31, 2016: ₹ 54.22 million) towards lease rent during the year.

Other Leases

Lease of Land and Building

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

- The land lease is for a period of 30 years cancellable with six months prior notice and total lease payments during the lease term amounts to ₹ 239.18 million. The lease does not involve upfront payment and has terms of renewal and escalation clauses.
- The building lease is for a period of 7 years cancellable with six months prior notice and total lease payments during the lease term amounts to ₹ 95.26 million. The lease does not involve upfront payment and has terms of renewal and escalation clauses.

NOTE 35 : SEGMENT INFORMATION

Operating Segment:

The Company has identified two Operating segments, viz. i) Mobile industry (Automotive and Railway) ii) Process industry. In accordance with the process followed by the Timken Group globally and the manner of review of performance by the management, these have been aggregated due to similar nature of products, production process and distribution process and hence no separate segment information is disclosed.

Entitywide disclosures

- 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, 2017 | For the year ended March 31, 2016 |
| Sale of products | | |
| i) Bearings | 4,844.65 | 4,922.63 |
| ii) Components | 5,405.06 | 5,341.82 |
| iii) Bearing accessories | 424.14 | 337.14 |
| Total Sale of products | 10,673.85 | 10,601.59 |
| Details of services rendered | | |
| i) Maintenance and refurbishment services | 325.34 | 322.73 |
| ii) Others | 39.54 | 31.91 |
| Total Sale of services | 364.88 | 354.64 |

Notes to financial statements as at and for the year ended March 31, 2017

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, 2017 | Year Ended March 31, 2016 |
|--------------------------------------|------------------------------|------------------------------|
| Sale of products and services | | |
| India | 7,879.00 | 7,484.65 |
| Outside India | | |
| - USA | 2,265.76 | 2,239.35 |
| - Others | 1,027.42 | 1,372.63 |
| Total Outside India | 3,293.18 | 3,611.98 |
| Total | 11,172.18 | 11,096.63 |

Geographical non-current assets (other than financial assets and deferred tax assets) are allocated based on the location of the assets. Information regarding geographical non-current assets is as follows:

₹ in million

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Non-current assets other than financial assets | | |
| India | 3,155.76 | 1,948.34 |
| Outside India | - | - |
| Total | 3,155.76 | 1,948.34 |

c) Revenue from one of the customer group amounted to ₹ 3,394.08 million (March 31, 2016 : ₹ 3,698.03 million) arising from sale of products & services.

NOTE 36 : UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of unhedged foreign currency exposure as at the reporting date

| Particulars | Currency | As at March 31, 2017 | | As at March 31, 2016 | |
|---|----------|----------------------------------|-----------------------|----------------------------------|-----------------------|
| | | Amount in Foreign Currency | Value ₹ in million | Amount in Foreign Currency | Value ₹ in million |
| a) Trade Receivables | USD | 10,239,303 | 651.42 | 10,663,087 | 692.99 |
| b) Trade Payables and capital creditors | USD | 14,885,672 | 980.67 | 9,002,637 | 605.97 |
| | EURO | 594,907 | 41.83 | 21,328 | 1.62 |
| | GBP | 810 | 0.07 | 2,044 | 0.20 |
| | JPY | 6,466,000 | 3.80 | 33,581,886 | 20.15 |
| | CHF | 1,025 | 0.07 | - | - |
| | USD | 678,174 | 43.15 | 1,036,523 | 67.36 |
| c) EEFC Bank account | USD | 678,174 | 43.15 | 1,036,523 | 67.36 |

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 37 : RELATED PARTY DISCLOSURE:

Related parties where control exists :

Holding Company – Timken Singapore PTE. Limited

Ultimate Holding Company – The Timken Company, USA

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

Fellow subsidiaries 1) The Timken Corporation, USA. 2) Timken Industrial Services, USA. 3) Timken UK Limited. 4) Timken Do Brasil COM.E.IND.LTDA. 5) Timken Korea LLC. 6) Timken South Africa Limited. 7) Timken Romania. 8) Yantai Timken Company Limited. 9) Australian Timken Proprietary Limited. 10) Timken Polska. 11) Timken (China) Investment Co.Ltd.. 12) Timken Wuxi 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 LP. 17) Timken Argentina S R L. 18) Timken Gears & Services Inc. 19) Timken Chengdu Aerospace. 20) Timken Aerospace. 21) Timken XEMC(Hunan) Bearings. 22) Timken ILS Limited. 23) Timken GMBH. 24) Timken SMO LLC. 25) Bearing Inspection Inc 26) Timken Italia SRL

Key management personnel

Chairman & Managing Director – Mr. Sanjay Koul
 Whole time Director & Chief Financial Officer – Mr. Avishrant Keshava (from 30th Sept 2015)
 Whole time Director & Chief Financial Officer – Mr. Ramesh Ramachandran (till 30th Sept 2015)
 Company Secretary & Chief - Compliance – Mr. Soumitra Hazra
 Non-executive director – Mr. P.S. Dasgupta
 Non-executive director – Mr. Jai S Pathak
 Non-executive director – Mrs. Rupa Mahanty.
 Non-executive director – Mr. Ajay Kumar Das.
 Firms where a director is a Partner – M/s.Gibson Dunn & Crutcher LLP
 – M/s. New Delhi Law Offices

Trusts managed by the Company

– Timken India Provident Fund
 – Timken India Gratuity Fund
 – Timken India Superannuation 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

| SI 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, 2017 | | March 31, 2016 | |
| 1 | The Timken Company, USA | Ultimate Holding Company | Purchase of goods | 304.89 | 118.55 | 295.09 | 64.67 |
| | | | Sale of Goods | 423.68 | 88.96 | 457.26 | 63.00 |
| | | | Expenses received/ receivable | 5.86 | 22.54 | 22.55 | 22.31 |
| | | | Expenses paid/ payable | 144.87 | 9.23 | 135.94 | 46.09 |
| | | | Agency Commission (Income) | 3.95 | 0.25 | 5.18 | 0.38 |
| | | | Royalty paid/ payable | 211.86 | 85.14 | 241.70 | 150.48 |
| 2 | Timken Singapore PTE. Limited | Holding Company | Sale of Goods | 36.27 | 5.71 | 42.25 | 2.33 |
| | | | Agency Commission (Income) | 18.29 | 2.09 | 8.22 | 2.09 |
| | | | Purchase of goods | 22.18 | 9.76 | 22.78 | 2.75 |
| | | | Expenses Receivable | 6.79 | 2.02 | 7.29 | 1.57 |
| | | | Expenses Payable | 0.33 | - | 1.16 | 0.74 |
| | | | Dividend paid | 51.00 | - | - | - |

Notes to financial statements as at and for the year ended March 31, 2017

₹ in million

| SI 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, 2017 | | March 31, 2016 | |
| 3 | The Timken Corporation, USA | Fellow Subsidiary | Purchase of goods Sale of Goods Purchase of Property, Plant & Equipment Expenses Receivable Expenses Payable Agency Commission (Income) | 496.13 2,217.80 525.65 0.62 0.04 11.76 | 198.10 406.03 145.59 - 0.04 0.30 | 608.01 2,153.36 192.72 0.23 - 10.65 | 126.34 441.19 6.60 0.06 - - |
| 4 | Timken Industrial Services, USA | Fellow Subsidiary | Purchase of goods | 1.95 | 1.90 | 0.79 | - |
| 5 | Timken UK Limited | Fellow Subsidiary | Sale of Goods Agency Commission (Income) | 23.41 (0.26) | 4.76 - | 23.10 2.17 | 5.66 0.26 |
| 6 | Timken Do Brasil COM.E.IND.LTDA | Fellow Subsidiary | Sale of Goods Purchase of goods Agency Commission (Expense) | 147.45 9.82 0.34 | 23.26 10.21 0.24 | 244.90 1.75 4.21 | 54.80 1.84 0.60 |
| 7 | Timken Korea LLC | Fellow Subsidiary | Agency Commission (Expense) | 0.33 | - | 0.15 | 0.13 |
| 8 | Timken South Africa Limited | Fellow Subsidiary | Sale of Goods Purchase of goods Purchase of Property, Plant & Equipment Expenses Paid Expenses Receivable | 99.75 7.68 10.52 - 0.15 | 27.99 3.46 10.53 - 0.01 | 85.96 3.14 - 0.10 0.02 | 10.52 3.09 - - - |
| 9 | Timken Romania | Fellow Subsidiary | Purchase of goods Expenses Paid Agency Commission (Income) | 118.91 0.03 - | 60.63 - - | 143.44 - 1.26 | 36.14 - 1.20 |
| 10 | Yantai Timken Company Limited | Fellow Subsidiary | Purchase of goods Purchase of Property, Plant & Equipment Expenses Payable Agency Commission (Income) Expenses Receivable Sale of Goods | 107.60 0.58 0.14 (0.03) 0.14 - | 25.09 1.82 0.02 - - - | 126.60 6.92 0.01 0.03 0.24 2.41 | 30.08 1.58 - - - 0.42 |
| 11 | Australian Timken Proprietary Limited | Fellow Subsidiary | Sale of Goods Purchase of goods | 109.28 6.71 | 32.76 4.52 | 69.55 4.22 | 9.25 2.36 |
| 12 | Timken Polska | Fellow Subsidiary | Purchase of goods Expenses Payable Purchase of Property, Plant & Equipment | 40.68 0.11 0.33 | 16.84 0.01 0.32 | 53.19 - - | 9.31 - - |
| 13 | Timken (China) Investment Co.Ltd. | Fellow Subsidiary | Expenses Payable Expenses Receivable | 1.46 0.14 | - - | 21.26 0.08 | 3.19 0.01 |
| 14 | Timken Wuxi Co Ltd - China | Fellow Subsidiary | Purchase of goods Expenses Payable Expenses Receivable Sale of Goods | 591.76 0.07 - 0.42 | 289.28 - 0.50 0.15 | 491.19 0.05 - 0.05 | 111.69 - 0.51 - |
| 15 | Timken (Shanghai) Distribution & Sales Co. Ltd - China | Fellow Subsidiary | Sale of Goods Expenses Payable Purchase of Goods | 74.76 - 7.83 | 25.77 - 4.54 | 214.81 0.45 16.02 | 11.81 0.31 2.13 |
| 16 | Timken Engineering and Research India Pvt. Ltd | Fellow Subsidiary | Expenses Receivable Expenses Payable Purchase of goods Sale of Goods Lease rental Purchase of Property, Plant & Equipment Purchase of DEPB Licenses | 56.67 104.09 1,206.18 148.36 20.19 24.98 77.82 | 5.22 14.89 54.86 6.74 - - 17.67 | 49.15 112.93 1,358.76 148.45 30.45 10.07 10.54 | 5.51 7.72 41.02 4.80 2.54 - 4.06 |

Notes to financial statements as at and for the year ended March 31, 2017

₹ in million

| SI 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, 2017 | | March 31, 2016 | |
| 17 | Timken DE Mexico S A DE CV | Fellow Subsidiary | Purchase of goods Sale of Goods | 3.06 110.50 | 0.59 28.97 | 2.04 249.78 | 0.51 65.96 |
| 18 | Timken Canada LP | Fellow Subsidiary | Purchase of goods Sale of Goods | 2.86 0.02 | 1.35 - | 1.85 - | 0.12 - |
| 19 | Timken Argentina S R L | Fellow Subsidiary | Sale of Goods | - | (0.04) | - | (0.04) |
| 20 | Timken Gears and Services Inc | Fellow Subsidiary | Expenses Payable Purchase of Goods Expenses Receivable Royalty Purchase of Property, Plant & Equipment | - 3.24 - 1.47 - | - 1.52 - 5.76 - | 3.96 0.28 0.19 3.00 - | 2.64 - - 4.28 0.04 |
| 21 | Timken Chengdu Aerospace | Fellow Subsidiary | Purchase of Goods | 0.42 | 0.05 | 1.63 | 0.06 |
| 22 | Timken Aerospace | Fellow Subsidiary | Purchase of Goods Agency Commission (Income) | - 2.00 | 2.20 0.45 | - 0.62 | 1.88 0.62 |
| 23 | Timken XEMC(Hunan) Bearings | Fellow Subsidiary | Purchase of Goods | 2.18 | 2.11 | 4.07 | 4.21 |
| 24 | Timken ILS Limited | Fellow Subsidiary | Purchase of Goods | - | - | 1.16 | - |
| 25 | Timken GMBH | Fellow Subsidiary | Expenses Payable | - | - | 0.16 | - |
| 26 | TIMKEN SMO LLC | Fellow Subsidiary | Agency Commission (Income) | 0.89 | 0.11 | 0.24 | 0.24 |
| 27 | BEARING INSPECTIONS INC | Fellow Subsidiary | Agency Commission (Income) | 0.64 | 0.25 | - | - |
| 28 | TIMKEN ITALIA S R L | Fellow Subsidiary | Sale of Goods | 0.72 | 0.05 | - | - |
| 29 | Timken India Provident Fund | Trust managed by the Company | Provident fund transaction | 72.62 | - | 63.51 | - |
| 30 | Timken India Gratuity Fund | Trust managed by the Company | Gratuity fund transaction | 9.50 | 30.24 | 24.51 | 9.50 |
| 31 | Timken India Superannuation Fund | Trust managed by the Company | Super Annuation fund expense | 24.69 | - | 23.06 | - |
| 32 | Gibson Dunn & Crutcher LLP | Firm where a director is a Partner | Expenses Paid/ Payable | 4.30 | - | 7.34 | 5.59 |
| 33 | New Delhi Law Offices | Firm where a director is a Partner | Expenses Paid | 0.71 | - | 2.26 | - |
| 34 | P S Dasgupta | Key Management Personnel | Sitting fees paid | 0.31 | - | 0.14 | - |
| 35 | Rupa Mahanty | Key Management Personnel | Sitting fees paid Expenses Paid | 0.38 0.12 | - - | 0.17 0.13 | - - |
| 36 | Jai S. Pathak | Key Management Personnel | Sitting fees paid | 0.34 | - | 0.12 | - |
| 37 | Sanjay Koul | Key Management Personnel | Short-term employee benefits Post-employment benefits Other long-term benefits Expenses Paid | 18.99 0.67 0.53 0.13 | 0.77 - - - | 18.61 0.61 0.49 0.15 | 0.55 - - - |

Notes to financial statements as at and for the year ended March 31, 2017

₹ in million

| SI 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, 2017 | | March 31, 2016 | |
| 38 | Ramesh Ramachandran | Key Management Personnel (till 30th Sept 2015) | Short-term employee benefits | - | - | 4.26 | - |
| | | | Post-employment benefits | - | - | 0.18 | - |
| | | | Other long-term benefits | - | - | 0.14 | - |
| | | | Expenses Paid | - | - | 0.14 | - |
| 39 | Avishrant Keshava | Key Management Personnel (from 30th Sept 2015) | Short-term employee benefits | 4.11 | 0.15 | 1.78 | 0.10 |
| | | | Post-employment benefits | 0.16 | - | 0.07 | - |
| | | | Other long-term benefits | 0.13 | - | 0.06 | - |
| | | | Expenses Paid | 0.02 | - | 0.01 | - |
| 40 | Soumitra Hazra | Key Management Personnel | Short-term employee benefits | 3.55 | 0.11 | 3.29 | 0.07 |
| | | | Post-employment benefits | 0.21 | - | 0.20 | - |
| | | | Other long-term benefits | 0.16 | - | 0.16 | - |
| | | | Expenses Paid | 0.01 | - | 0.02 | - |

₹ 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, 2017 | | March 31, 2016 | |
| | Sitting fees paid | 1.03 | - | 0.43 | - |
| | Short-term employee benefits | 26.65 | 1.03 | 27.94 | 0.72 |
| | Post-employment benefits | 1.04 | - | 1.06 | - |
| | Other long-term benefits | 0.82 | - | 0.85 | - |
| | Expenses Paid | 0.28 | - | 0.45 | - |
| Total | | 29.82 | 1.03 | 30.73 | 0.72 |

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 38 : CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in million

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Financial Assets | | | |
| Financial assets carried at amortised cost | | | |
| Loans - Non-current (Note 6) | 30.54 | 27.73 | 26.31 |
| Trade receivables (Note 10) | 1,934.78 | 1,937.99 | 1,738.29 |
| Cash and Bank balances (Note 11) | 183.45 | 333.82 | 237.20 |
| Loans - Current (Note 12) | 1.40 | 1.81 | 1.71 |
| Other Current Financial Assets (Note 13) | 52.99 | 71.52 | 12.91 |
| Total financial assets carried at amortised cost | 2,203.16 | 2,372.87 | 2,016.42 |
| Financial assets at fair value through profit or loss | | | |
| Investments (Note 5A & 5B) | | | |
| Non-current | 0.30 | 0.30 | 0.30 |
| Current | 905.51 | 383.55 | 166.47 |
| Total financial assets carried at fair value through profit or loss | 905.81 | 383.85 | 166.77 |
| Financial Liabilities | | | |
| Financial liabilities carried at amortised cost | | | |
| Short term Borrowings (Note 19) | 83.99 | 43.10 | 25.16 |
| Trade payables (Note 20) | 1,494.33 | 1,129.95 | 859.57 |
| Other Current Financial Liabilities (Note 21) | 374.00 | 169.84 | 225.98 |
| Total financial liabilities carried at amortised cost | 1,952.32 | 1,342.89 | 1,110.71 |

The management has assessed that the carrying amount of the Financial Assets/ Liabilities at amortised cost approximate their fair value largely due to their short-term nature.

NOTE 39A : Financial Risk Management Objectives and Policies

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

The Company is exposed to credit risk and market 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.

Credit risk

Credit risk is the risk that the 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 investments in mutual funds, security deposits, etc.

1. 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 an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

Notes to financial statements as at and for the year ended March 31, 2017

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 10. The Company does not hold any collateral as security for most of its customers. 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.

All the related party receivables are from various Timken group companies where there is a minimal default risk.

2. Investments

Credit risk from investments with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made only with approved funds. Credit limits for each fund is reviewed by the Company's Board of Directors on a quarterly basis, and may be updated throughout the year subject to approval of the Company's Audit Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through fund's potential failure to make payments. Investments are only made in securities with highest grade ratings hence the credit risk is considered as minimal.

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.

1. Commodity Risk

The principal raw materials for the Company products are alloy steel bars, tubes and wire rods, which are purchased by the Company's vendors from the approved list of global suppliers, in order to leverage The Timken Company's economies of scale. Most of the input materials such as rings and cages are procured from domestic vendors. Raw material procurement is subject to price negotiation.

In order to mitigate the risk associated with raw material and components prices, the Company manages its procurement through grading, sourcing of raw material and constant pricing negotiation with vendors. It renegotiates the prices with its customers in case there is more than normal deviation in the prices of its major raw materials.

2. 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/ equity of the Company.

Fair values

₹ in million

(i) Class wise fair value of the Company's financial instruments:

Investments (unquoted) in Equity shares

Investments (unquoted) in mutual funds

| March 31, 2017 | March 31, 2016 | April 1, 2015 |
|----------------|----------------|---------------|
| 0.30 | 0.30 | 0.30 |
| 905.51 | 383.55 | 166.47 |

Notes to financial statements as at and for the year ended March 31, 2017

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's financial 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, 2017: | | | |
| Assets measured at fair value: | | | |
| Investments in mutual funds | 905.51 | - | - |
| Investment in equity shares | - | - | 0.30 |
| Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2016 : | | | |
| Assets measured at fair value: | | | |
| Investments in mutual funds | 383.55 | - | - |
| Investment in equity shares | - | - | 0.30 |
| Quantitative disclosures fair value measurement hierarchy for assets as at April 1, 2015 : | | | |
| Assets measured at fair value: | | | |
| Investments in mutual funds | 166.47 | - | - |
| Investment in equity shares | - | - | 0.30 |

- a) The Fair value for investments in mutual funds has been determined based on the NAV of the respective funds as on the balance sheet date.
- b) The Company has determined the carrying value of the non-current investment as its fair value in the absence of any available observable inputs.

NOTE 39B: Capital management

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 primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company is not subject to any externally imposed capital requirements.

NOTE 40 : GRATUITY AND OTHER DEFINED BENEFIT PLANS

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

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

The Company has a separate Provident Fund Trust (funded) whereby, all the employees are entitled to benefits as per Provident Fund Act / Trust Deed. Any shortfall for the Trust is borne by the Company, hence the same is treated as a defined benefit scheme. The actuary has provided a valuation and determined the fund assets and obligations as at March 31, 2017. 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, 2017

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, 2017 | For the year ended March 31, 2016 | For the year ended March 31, 2017 | For the year ended March 31, 2016 | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| I) Expenses recognised in the Statement of Profit & Loss | | | | | | |
| 1) Current service cost | 13.06 | 12.20 | 0.65 | 0.69 | 0.75 | 1.18 |
| 2) Interest cost | 0.37 | 0.96 | 1.68 | 1.43 | 1.03 | 0.96 |
| 3) Total | 13.43 | 13.16 | 2.33 | 2.12 | 1.78 | 2.14 |
| 4) Net remeasurement (gain) / loss recognised in OCI | 16.80 | (3.79) | 0.56 | 2.84 | 1.47 | (1.28) |
| 5) Total Expense | 30.23 | 9.37 | 2.89 | 4.96 | 3.25 | 0.86 |
| II) Net Asset/ (Liability) recognised in the Balance Sheet | | | | | | |
| 1) Present Value of Defined Benefit Obligation | 269.25 | 222.23 | 23.47 | 22.54 | 16.44 | 13.19 |
| 2) Fair value of Plan Assets | 239.02 | 212.72 | - | - | - | - |
| 3) Net Asset/ (Liability) | (30.23) | (9.51) | (23.47) | (22.54) | (16.44) | (13.19) |
| III) Change in Obligation during the year | | | | | | |
| 1) Present Value of Defined Benefit Obligation at the beginning of the year | 222.23 | 198.99 | 22.54 | 18.96 | 13.19 | 12.33 |
| 2) Current service cost/ Plan amendments | 13.06 | 12.20 | 0.65 | 0.69 | 0.75 | 1.18 |
| 3) Acquisitions (Credits) /cost | 0.33 | - | - | - | - | - |
| 4) Interest Cost | 17.13 | 15.40 | 1.68 | 1.43 | 1.03 | 0.96 |
| 5) Benefit Paid | (5.28) | (3.16) | (1.96) | (1.39) | - | - |
| 6) Remeasurement (Gain)/ Losses | | | | | | |
| Arising from the change in experience | 5.67 | (1.93) | (0.17) | 2.85 | (0.60) | (1.28) |
| Arising from the change in financial assumptions | 16.11 | - | 0.73 | - | 2.07 | - |
| Total | 21.78 | (1.93) | 0.56 | 2.85 | 1.47 | (1.28) |
| 7) Present Value of Defined Benefit Obligation at the end of the year | 269.25 | 221.50 | 23.47 | 22.54 | 16.44 | 13.19 |
| IV) Change in the Fair Value of Plan Assets | | | | | | |
| 1) Plan assets at the beginning of the year | 212.72 | 174.48 | - | - | - | - |
| 2) Expected return on plan assets | 16.76 | 16.48 | - | - | - | - |
| 3) Contribution by employer | 9.50 | 24.51 | - | - | - | - |
| 4) Actual benefit paid | (5.28) | (3.16) | - | - | - | - |
| 5) Return of Plan Assets greater/ (lesser) than discount rate | 4.99 | - | - | - | - | - |
| 6) Remeasurement (Gain)/ Losses | - | (0.18) | - | - | - | - |
| 7) Acquisition adjustments | 0.33 | 0.59 | - | - | - | - |
| 8) Plan Asset at the end of the year | 239.02 | 212.72 | - | - | - | - |

V) In 2017-18, the Company expects to contribute ₹ 30 million (2016-17: ₹ 9.50 million) to gratuity fund.

Notes to financial statements as at and for the year ended March 31, 2017

VI) Actuarial Assumptions

₹ in million

| | Gratuity fund | | Employee Death Benefit scheme | | Provident fund | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2017 | For the year ended March 31, 2016 | For the year ended March 31, 2017 | For the year ended March 31, 2016 | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| 1) Discount Rate | 7.00% | 7.80% | 7.00% | 7.80% | 7.00% | 7.80% |
| 2) Expected rate of return on plan asset | 8.90% | 8.90% | NA | NA | 8.70% | 8.75% |
| 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) | 42 | 43 | 49 | 48 | NA | NA |
| 5) Average past service (years) | 15 | 16 | 23 | 21 | 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% | - | - |
| VII) Maturity Profile of the defined benefit obligation | | | | | | |
| Weighted average duration of the defined benefit obligation | 8 years | 9 years | 8 years | 11 years | 8 years | 9 years |
| Not later than 1 year | 16.24 | 12.92 | 3.58 | 3.58 | NA | NA |
| Later than 1 year and not later than 5 years | 80.46 | 67.77 | 15.54 | 15.54 | NA | NA |
| More than 5 years | 215.40 | 168.91 | 18.86 | 18.86 | NA | NA |

The estimates of rate of escalation in salary considered in actuarial valuation has 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.

VIII) Amounts for the current and previous two periods are as follows:

| | As at March 31, 2017 (₹ in million) | As at March 31, 2016 (₹ in million) | As at April 1, 2015 (₹ in million) |
|--|--|--|---------------------------------------|
| 1. Gratuity | | | |
| Defined Benefit Obligation | 269.25 | 222.23 | 198.99 |
| Plan Assets | 239.02 | 212.72 | 174.48 |
| Surplus/ (Deficit) | (30.23) | (9.51) | (24.51) |
| Experience (Gain)/ loss adjustment on plan liabilities | 5.68 | (1.93) | 24.70 |
| Experience (Gain)/ loss adjustment on plan assets | - | 0.18 | (10.64) |

Notes to financial statements as at and for the year ended March 31, 2017

NOTE 40 : GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

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

a) Gratuity (Funded)

₹ in million

| | March 31, 2017 | | March 31, 2016 | |
|--|----------------|--------------|----------------|--------------|
| | Discount rate | | Discount rate | |
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| | (19.92) | 22.37 | (16.94) | 19.08 |
| Impact on defined benefit obligation (Increase/ (decrease)) | | | | |
| | March 31, 2017 | | March 31, 2016 | |
| | Salary Growth | | Salary Growth | |
| | 1 % increase | 1 % decrease | 1 % increase | 1 % decrease |
| | 21.95 | (19.93) | N.A | N.A |
| Impact on defined benefit obligation (Increase/ (decrease)) | | | | |

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.

b) EMPLOYEE DEATH BENEFIT SCHEME (Unfunded)

₹ in million

| | March 31, 2017 | | March 31, 2016 | |
|--|----------------|--------------|----------------|--------------|
| | Discount rate | | Discount rate | |
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| | (0.90) | 0.97 | 0.89 | 0.96 |
| Impact on employee death benefits obligation (Increase/ (decrease)) | | | | |
| | March 31, 2017 | | March 31, 2016 | |
| | Salary Growth | | Salary Growth | |
| | 1 % increase | 1 % decrease | 1 % increase | 1 % decrease |
| | 0.73 | (0.69) | 0.72 | (0.67) |
| Impact on employee death benefits obligation (Increase/ (decrease)) | | | | |

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.

c) Provident fund (Funded)

₹ in million

| | March 31, 2017 | | March 31, 2016 | |
|--|--------------------------------|---------------|--------------------------------|---------------|
| | Expected return on plan assets | | Expected return on plan assets | |
| | 0.5% increase | 0.5% decrease | 0.5% increase | 0.5% decrease |
| | (16.44) | 36.99 | (13.19) | 31.22 |
| Impact on employee death benefits obligation (Increase/ (decrease)) | | | | |

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.

Notes to financial statements as at and for the year ended March 31, 2017

NOTE : 41 EFFECT OF IND-AS ADOPTION ON THE BALANCE SHEET AS AT MARCH 31, 2016

₹ in million

| | Footnote Reference Number | Previous GAAP | Effect of Transition to IND AS | As at March 31, 2016 |
|--|---------------------------------|------------------|--------------------------------------|----------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| (a) Property, plant and equipment | | | | |
| (i) Tangible assets | a | 1,351.62 | 16.35 | 1,367.97 |
| (ii) Intangible assets | | 3.70 | - | 3.70 |
| (b) Capital work-in-progress and Intangible assets under development | a | 208.73 | 1.88 | 210.61 |
| (c) Financial assets | | | | |
| - Non-current Investments | | 0.30 | - | 0.30 |
| - Trade receivables | d(vii) | - | 8.52 | 8.52 |
| - Non-current loans | b | 34.79 | (7.06) | 27.73 |
| (d) Deferred tax assets (net) | e | 32.66 | 1.77 | 34.43 |
| (e) Other non-current assets | b | 361.41 | 4.65 | 366.06 |
| | | 1,993.21 | 26.11 | 2,019.32 |
| Current assets | | | | |
| (a) Inventories | | 1,859.36 | - | 1,859.36 |
| (b) Financial assets | | | | |
| (i) Investments | | 383.55 | - | 383.55 |
| (ii) Trade receivables | c & d(vii) | 1,942.21 | (12.74) | 1,929.47 |
| (iii) Cash and cash equivalents | | 298.14 | - | 298.14 |
| (iv) Bank balances other than (iii) above | | 35.68 | - | 35.68 |
| (v) Loans | | 1.81 | - | 1.81 |
| (vi) Other current financial assets | | 71.52 | - | 71.52 |
| (c) Other current assets | b | 422.65 | 1.63 | 424.28 |
| | | 5,014.92 | (11.11) | 5,003.81 |
| Total Assets | | 7,008.13 | 15.00 | 7,023.13 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity Share capital | | 679.89 | - | 679.89 |
| (b) Other Equity | Equity Reco | 4,541.41 | 79.00 | 4,620.41 |
| Total Equity | | 5,221.30 | 79.00 | 5,300.30 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| (a) Long term provisions | d(viii) | 95.29 | (64.91) | 30.38 |
| (b) Other non-current liabilities | a & d(iv) | 20.39 | (2.16) | 18.23 |
| | | 115.68 | (67.07) | 48.61 |
| Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Short term borrowings | | 43.10 | - | 43.10 |
| (ii) Trade payables | | 1,129.95 | - | 1,129.95 |
| (iii) Other current financial liabilities | d(iv) | 149.45 | 20.39 | 169.84 |
| (b) Other current liabilities | | 122.96 | - | 122.96 |
| (c) Short-term provisions | f & d(viii) | 225.69 | (17.32) | 208.37 |
| | | 1,671.15 | 3.07 | 1,674.22 |
| Total Liabilities | | 1,786.83 | (64.00) | 1,722.83 |
| Total Equity and Liabilities | | 7,008.13 | 15.00 | 7,023.13 |

Notes to financial statements as at and for the year ended March 31, 2017

NOTE : 42 EFFECT OF IND AS ADOPTION ON THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

₹ in million

| | Footnote Reference Number | As per Previous GAAP | Effect of Transition to Ind AS | As per Ind AS |
|--|---------------------------------|-------------------------|--------------------------------------|------------------|
| INCOME | | | | |
| Revenue from operations (Gross) | d(iii), d(v) & d(vi) | 11,207.35 | (110.72) | 11,096.63 |
| Less : Excise duty recovered | d(v) | 588.34 | (588.34) | - |
| Revenue from operations (Net) | | 10,619.01 | 477.62 | 11,096.63 |
| Other Income | a & b | 56.62 | 1.55 | 58.17 |
| Total (I) | | 10,675.63 | 479.17 | 11,154.80 |
| EXPENSES | | | | |
| Cost of raw materials and components consumed | d(iii) | 3,754.27 | (3.38) | 3,750.89 |
| Purchase of traded goods | d(iii) | 2,838.39 | (68.54) | 2,769.85 |
| Increase in Stock of Finished goods, Traded goods and Work in Progress | | (217.06) | - | (217.06) |
| Excise duty on sale of goods | d(v) | - | 588.34 | 588.34 |
| Excise duty on movement in stock of finished goods | | 10.92 | - | 10.92 |
| Employee Benefits expense | d(ii) | 680.82 | 0.94 | 681.76 |
| Other Expenses | b, c, d(vi) | 1,926.50 | (36.81) | 1,889.69 |
| Total (II) | | 8,993.84 | 480.55 | 9,474.39 |
| Earnings before interest, tax, depreciation & amortisation and exceptional item | | 1,681.79 | (1.38) | 1,680.41 |
| Depreciation and Amortization expense | a | 224.58 | 0.11 | 224.69 |
| Finance costs | | 9.19 | - | 9.19 |
| Profit before Exceptional item & tax | | 1,448.02 | (1.49) | 1,446.53 |
| Exceptional items | | 30.09 | - | 30.09 |
| Profit after Exceptional item & before tax | | 1,417.93 | (1.49) | 1,416.44 |
| Tax Expenses | | | | |
| - Current Tax | | 492.47 | (0.33) | 492.14 |
| - Deferred Tax | e | 6.39 | (0.22) | 6.17 |
| Total Tax Expense | | 498.86 | (0.55) | 498.31 |
| Profit after tax | | 919.07 | (0.94) | 918.13 |
| Other comprehensive income (net of tax) | d(ii) | - | 0.62 | 0.62 |
| Total Comprehensive Income | | | | 918.75 |

Notes to financial statements as at and for the year ended March 31, 2017

NOTE : 43 EFFECT OF IND-AS ADOPTION ON THE BALANCE SHEET AS AT APRIL 1, 2015 (DATE OF TRANSITION)

₹ in million

| | Footnote Reference Number | As per Previous GAAP | Effect of Transition to Ind AS | As per Ind-AS |
|---|---------------------------------|----------------------------|--------------------------------------|------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| (a) Property, plant and equipment | | | | |
| (i) Tangible assets | | 1,059.95 | - | 1,059.95 |
| (ii) Intangible assets | | 8.62 | - | 8.62 |
| (b) Capital work-in-progress | | 268.12 | - | 268.12 |
| (c) Financial assets | | | | |
| - Non-current Investments | | 0.30 | - | 0.30 |
| - Trade receivables | d(vii) | - | 5.69 | 5.69 |
| - Non-current loans | b | 34.80 | (8.49) | 26.31 |
| (d) Deferred tax assets (net) | e | 39.06 | 1.54 | 40.60 |
| (e) Other non-current assets | b | 198.09 | 6.28 | 204.37 |
| | | 1,608.94 | 5.02 | 1,613.96 |
| Current assets | | | | |
| (a) Inventories | | 1,674.60 | - | 1,674.60 |
| (b) Financial assets | | | | |
| (i) Investments | | 166.47 | - | 166.47 |
| (ii) Trade receivables | c & d(vii) | 1,742.18 | (9.58) | 1,732.60 |
| (iii) Cash and cash equivalents | | 201.21 | - | 201.21 |
| (iv) Bank balances other than (iii) above | | 35.99 | - | 35.99 |
| (v) Loans | | 1.71 | - | 1.71 |
| (vi) Other current financial assets | | 12.91 | - | 12.91 |
| (d) Other current assets | b | 409.93 | 1.64 | 411.57 |
| | | 4,245.00 | (7.94) | 4,237.06 |
| Total Assets | | 5,853.94 | (2.92) | 5,851.02 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity Share capital | | 679.88 | - | 679.88 |
| (b) Other Equity | Equity Reco | 3,704.58 | (2.92) | 3,701.66 |
| Total Equity | | 4,384.46 | (2.92) | 4,381.54 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Other non-current financial liabilities | d(iv) | 18.03 | (18.03) | - |
| (b) Long term provisions | d(viii) | 88.38 | (61.37) | 27.01 |
| | | 106.41 | (79.40) | 27.01 |
| Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Short term borrowings | | 25.16 | - | 25.16 |
| (ii) Trade payables | | 859.57 | - | 859.57 |
| (iii) Other current financial liabilities | d(iv) | 207.95 | 18.03 | 225.98 |
| (b) Other current liabilities | | 138.23 | - | 138.23 |
| (c) Short-term provisions | d(viii) | 132.16 | 61.37 | 193.53 |
| | | 1,363.07 | 79.40 | 1,442.47 |
| Total Liabilities | | 1,469.48 | - | 1,469.48 |
| Total Equity and Liabilities | | 5,853.94 | (2.92) | 5,851.02 |

Notes to financial statements as at and for the year ended March 31, 2017

Note 44 : Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015

₹ in million

| Particulars | Footnote reference Number | As at March 31, 2016 (End of last period presented under previous GAAP) | As at April 1, 2015 (Date of Transition) |
|---|---------------------------|--|---|
| Total Equity(Shareholder's funds) under Previous GAAP | | 5,221.30 | 4,384.47 |
| Reversal of proposed dividend (including dividend distribution tax) | f | 82.23 | - |
| Discounting of Interest free Security deposit | b | (0.78) | (0.57) |
| Expected credit loss (net) on financial assets | c | (4.22) | (3.90) |
| Deferred tax impact of above adjustments | e | 1.77 | 1.54 |
| Total Adjustments to Equity | | 79.00 | (2.93) |
| Total Equity under Ind-AS | | 5,300.30 | 4,381.54 |

Footnotes to the reconciliation

a. Property, Plant & equipment

Under Indian GAAP Government grants in the form of exemption of duties on imported assets were netted off with the value of the respective cost of the assets. Upon adoption of Ind-AS, these Government grants are added to cost of respective assets and correspondingly held as deferred income to be released to the Statement of Profit & Loss over the useful life of such assets. There is no impact on the total equity and profits due to the said change.

b. Security Deposits

Under Indian GAAP, interest free security deposits were recorded at transaction value. Under Ind-AS, these financial assets have been recorded at their amortised cost with difference being recorded as pre-paid rent - to be amortised in the Statement of Profit and Loss over the period of lease.

c. Trade Receivables

Expected credit loss on trade receivables is recognised based on the trend of historical default rates upon adoption of Ind AS.

d. Re-classifications

The Company has done the following reclassifications as per the requirements of Ind AS:

- i) Assets/liabilities which do not meet the definition of a financial asset/liability have been reclassified to other asset/liability.
- ii) Re-Measurement gains/ losses on long term employee defined benefit plans are re-classified from profit and loss to other comprehensive income.
- iii) Company used to record sale of raw materials to its forgers and vendors made in the course of transit as sale and purchase of goods under the Indian GAAP. Upon adoption of Ind-AS such transactions are recorded on net basis since the Company does not have the intention to make profits on such transactions as these would only add to its processing costs.
- iv) Security Deposits received from customers have been re-classified from non-current liabilities to current financial liabilities as the Company does not have an unconditional right to defer settlement of the liability beyond twelve months after the reporting date.
- v) Excise duty collected on sales was earlier netted off with Revenue from operations under previous GAAP, now grossed up with sales and presented as an expense in accordance with Ind AS 18.
- vi) Cash Discount earlier grouped under other expenses is netted off with sales.
- vii) Retention money held by customers has been classified from current trade receivables to non-current trade receivables as it is not expected to be realized within twelve months after the reporting date.
- viii) Provision for compensated absences, which was hitherto classified into non-current/ current on the basis of actuarial valuation report has been entirely reclassified to current as the Company does not have an unconditional right to defer settlement of the liability beyond twelve months after the reporting date.

Notes to financial statements as at and for the year ended March 31, 2017

e. Deferred tax

The various transitional adjustments lead to temporary differences which the Company has accounted for. Deferred tax adjustments are recognised in correlation to the underlying transactions either in retained earnings or in the Statement of Profit & Loss.

f. Dividend

Under Indian GAAP, proposed final dividends including Dividend Distribution Taxes (DDT) are recognised as a liability in the period to which they relate, irrespective of when they are approved. Under Ind AS, such dividend is recognised as a liability when approved by shareholders.

g. Other comprehensive income

Ind-AS requires preparation of Statement of Other Comprehensive Income in addition to Statement of Profit and Loss.

NOTE 45 : Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions as described below that affect the reported amounts and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. For further details refer to Note 40.

b) Decommissioning cost

Decommissioning cost for leasehold land at Jamshedpur has not been recognized based on management 's decision that the Company will leave the leased property in as is condition at the expiry of the term of lease. As per the terms of the agreement, in such case the Company is not obligated for any decommissioning or site restoration activity.

NOTE 46 : First-time adoption of Ind AS

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied following exemptions:

- a) The Company has elected to continue with carrying value as recognised in its Indian GAAP Financial Statements of following items as deemed cost at the transition date, viz., 1 April 2015 in accordance with Ind-AS 101- First-time Adoption of Indian Accounting Standards.
 - i) Property Plant and Equipment
 - ii) Intangible Assets
- b) The Company has designated unquoted equity instruments and investments in mutual funds held at April 1, 2015 as fair value through profit or loss.

As per our report of even date

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

For S R BATLIBOI & Co. LLP

Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

Per KAMAL AGARWAL

Partner
Membership No. 058652
Bangalore, May 24, 2017

Sanjay Koul

Chairman,
Managing Director & CEO
DIN - 05159352

Avishrant Keshava

Business Controller,
CFO & Whole-time Director
DIN - 07292484

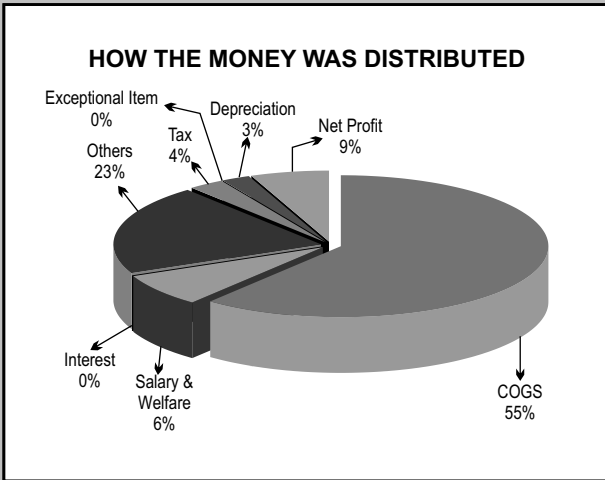
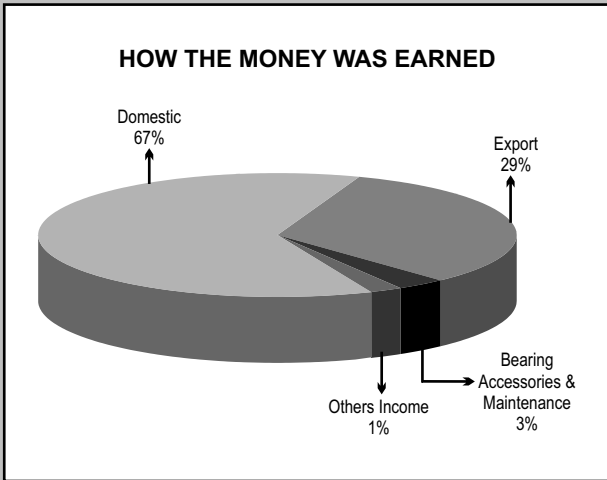
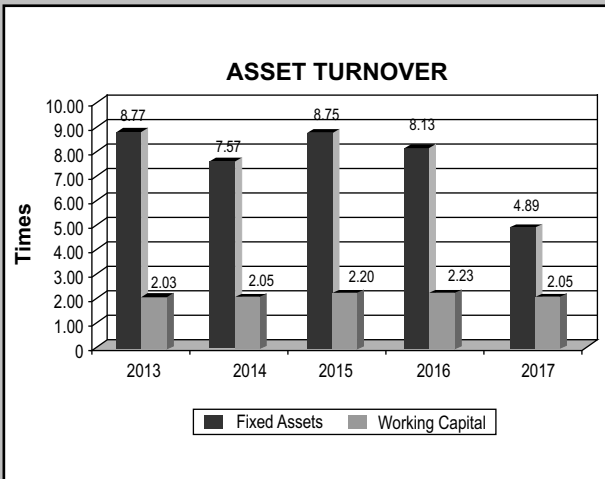
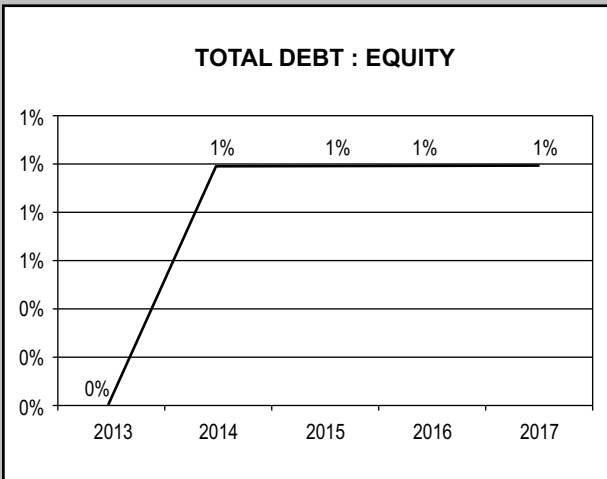
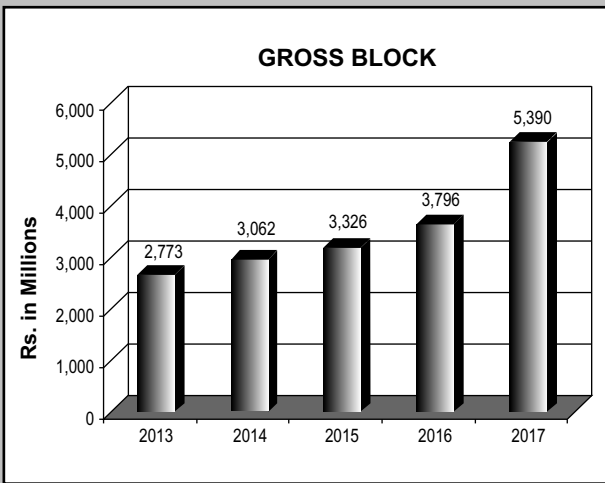
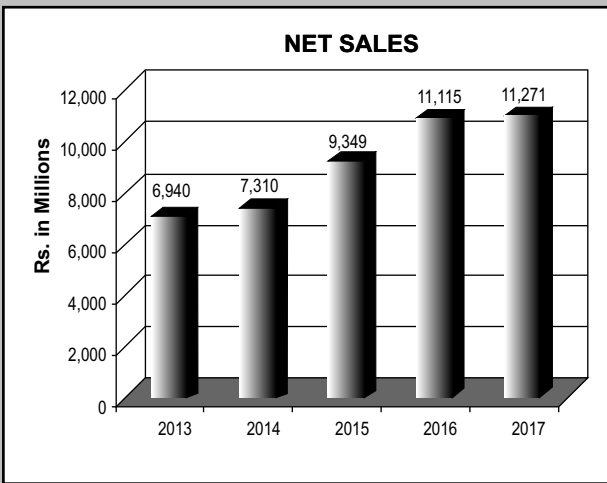
Soumitra Hazra

Company Secretary & Chief - Compliance
Bangalore, May 24, 2017

FIVE YEARS AT A GLANCE

| | Year Ended 31.03.2017 | Year Ended 31.03.2016 | Year Ended 31.03.2015 | Year Ended 31.03.2014 | Year Ended 31.03.2013 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Production | | | | | |
| (i) Standard Roller Brgs (Equiv. Nos.) | 2,539,487 | 2,081,949 | 2,137,317 | 1,777,388 | 1,662,962 |
| (ii) Special Roller Bearings (Equiv. Nos.) | 1,430,235 | 2,332,444 | 1,350,802 | 1,080,930 | 1,633,225 |
| (iii) Components (Equiv.Nos.) | 4,445,118 | 4,307,909 | 4,379,386 | 3,410,873 | 3,310,654 |
| Rs/Millions | | | | | |
| Profit & Loss Account | | | | | |
| (i) NET Income | | | | | |
| (a) Domestic | 7,978 | 7,543 | 5,933 | 4,930 | 5,136 |
| (b) Export | 3,293 | 3,612 | 3,416 | 2,379 | 1,804 |
| Total (a + b) | 11,271 | 11,155 | 9,349 | 7,310 | 6,940 |
| (ii) EBIT | 1,679 | 1,680 | 1,396 | 824 | 789 |
| (iii) Profit after Exceptional items before Tax | 1,382 | 1,416 | 1,223 | 657 | 637 |
| (iv) Profit After Tax | 972 | 918 | 807 | 448 | 442 |
| Balance Sheet | | | | | |
| (i) Gross Block (includes CWIP) | 5,390 | 3,796 | 3,326 | 3,062 | 2,773 |
| (ii) Net Block | 2,306 | 1,372 | 1,069 | 965 | 792 |
| (iii) Net Current Asset | 5,494 | 5,004 | 4,245 | 3,568 | 3,413 |
| (iv) Capital Employed | 6,230 | 5,309 | 4,371 | 3,811 | 3,371 |
| (v) Beginning Invested Capital (BIC) | 4,975 | 4,133 | 3,610 | 3,230 | 3,134 |
| (vi) Total Debt | 84 | 43 | 25 | 32 | - |
| (vii) Equity | 6,179 | 5,300 | 4,384 | 3,823 | 3,415 |
| Other Comparative Data | | | | | |
| (i) PAT to Net Sales (%) | 9% | 8% | 9% | 6% | 6% |
| (ii) EBIT / BIC (%) | 34% | 41% | 39% | 26% | 25% |
| (iii) Return on Net Worth (%) | 16% | 17% | 18% | 12% | 13% |
| (iv) E.P.S (Rs) | 14.30 | 13.50 | 11.87 | 6.60 | 6.94 |
| (v) Total Debt to Total Equity (%) | 1% | 1% | 1% | 1% | 0% |
| (vi) Total Debt to Total Capital (%) | 1% | 1% | 1% | 1% | 0% |
| (vii) Fixed Asset Turnover (times) | 4.89 | 8.13 | 8.75 | 7.57 | 8.77 |
| (viii) Working Capital Turnover (times) | 2.05 | 2.23 | 2.20 | 2.05 | 2.03 |
| (ix) Current Ratio (times) | 2.45 | 3.07 | 3.17 | 3.39 | 3.05 |
| (x) Interest Cover (times) | 201 | 183 | 243 | 93 | 61 |
| (xi) Net sales/Employee (Rs/millions) | 16 | 18 | 15 | 12 | 11 |

- Notes :** (i) EBIT/BIC i.e Beginning invested capital, a type of return on asset ratio, used internally to measure the company's performance. In broad terms, invested capital is total assets minus non interest-bearing current liabilities.
- (ii) Return on Net Worth is profit after tax divided by net worth as at the end of the year.
- (iii) Equity includes preference share capital net off accumulated losses and miscellaneous expenditure to the extent not written off.
- (iv) Fixed Asset Turnover is net sales divided by net fixed assets as at the end of the year.
- (v) Working Capital Turnover is net sales divided by net current asset as at the end of the year.
- (vi) Current ratio is current assets divided by current liabilities including current portion of long term loans, if any, repayable within one year.
- (vii) Interest Cover is profit before interest and taxation divided by net interest expenses.



NOTES

NOTES



TIMKEN

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