TIMKEN

Soumitra Hazra
Company Secretary & Chief - Compliance
T 080 40053131
F 080 41362010
soumitra.hazra@timken.com

5 September, 2018

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 Sirs,

Sub: 31st Annual Report for financial year ended 2017-18

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attach herewith a copy of 31st Annual Report for the financial year ended 31 March, 2018 adopted by shareholders of the Company at 31st Annual General Meeting held on 10 August, 2018.

Kindly take this on record.

Thanking you,

Yours faithfully
For **TIMKEN INDIA LIMITED**

Soumitra Hazra

Soumitra Hazra
Company Secretary
& Chief- Compliance

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

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

TIMKEN INDIA LIMITED

31ST ANNUAL REPORT

2017-18

TIMKEN INDIA LIMITED

Board of Directors
(As on 21 May, 2018)

Chairman & Managing Director	Mr. Sanjay Koul
Directors	Mr. P. S. Dasgupta
	Mrs. Rupa Mahanty
	Mr. Bushen Lal Raina
	Mr. Ajay K Das
	Mr. Avishrant Keshava

Registered Office

CIN: L29130KA1996PLC048230
39-42, Electronic City,
Phase II, Hosur Road,
Bengaluru - 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 21 May, 2018)

Audit Committee

Chairman	Mr. P. S. Dasgupta
Members	Mr. Sanjay Koul
	Mrs. Rupa Mahanty
	Mr. Bushen Lal Raina

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. Bushen Lal Raina
	Mr. Ajay K Das

Corporate Social Responsibility Committee

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

Risk Management Committee

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

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Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to share with you an update on the overall performance of Timken India Limited ('Timken') in 2017-18.

The year under review had a decent volume and profit growth, making steady progress in transforming Timken into more customer focused. Our total income grew by appx 13% primarily due to increase in domestic sales by appx 16%. We were able to achieve this as a result of the execution of our strategy, our long-term and consistent focus on solving our customers' most challenging friction management and mechanical power transmission problems.

From an industry perspective, the Steel sector is expected to continue the growth chart and retain no. 2 position worldwide. Timken has been appointed to manage the Roll Shop CRM 2 for one of India's leading steel manufacturer, further enhancing our footprint in this industry.

We are continuously adding more channel footprint to penetrate the General MRO (maintenance, repair and operations) market and address regional gaps with value added services to meet customer demands at doorstep.

Further strengthening the 'Make-in-India' story, the newly built state-of-the-art advanced Rail facility at Jamshedpur is producing new lines for bearings and components, enhancing back-end supply chain capability and development of new sources.

Timken has won many other accolades in the areas of manufacturing excellence, quality, sustainable supplier, best safety, green building certificate, among others, details of which are given in this Annual Report.

For Timken, CSR is not a one-off project but constitutes a major part of our business philosophy. We have been associated with number of initiatives and have been able to demonstrate our commitment towards the sustainable development of our community.

Cost, Quality and Delivery remains our key assets to deliver sustainable business and earnings growth, thereby creating long-term value for our shareholders. We will continue to work with our stakeholders to propel strong yet sustainable growth.

Finally, I would like to thank our Associates for their consistent commitment, engagement and encouragement in our journey. We will continuously seek and strive to do good, act better, and do what is best for us and society at large.

Sincerely,

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Board's Report

To the Members,

The Board of Directors has pleasure in presenting the Thirty-first Annual Report of the Company for the year ended 31 March, 2018.

Financial Summary

(Rs./Million)

Particulars	Financial Year ended 31 March, 2018	Financial Year ended 31 March, 2017
Total Income	**12726**	11272
Less: Total Expenses	**(11329)**	(9890)
Profit before tax	**1397**	1382
Less: Tax expenses	**(477)**	(410)
Net Profit after tax (PAT)	**920**	972
Add: Other Comprehensive income	**7**	(11)
Total comprehensive income	**927**	961

The attached financial statements for the year ended 31 March, 2018 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.

During the financial year under review, total income grew by appx.13%, primarily due to increase in domestic sales by appx. 16% and export sales by appx. 5%. Expenditure on the other hand registered an increase of appx. 14% due to volume increase and inflationary pressure. There is no reportable exceptional item for the financial year 2017-18.

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 appx. 31% mainly due to increased volume of operation. The average number of inventory days registered a marginal increase from 114 days as on 31 March, 2017 to 120 days as on 31 March, 2018. The average number of days outstanding for domestic receivables registered decrease from 61 days as on 31 March, 2017 to 54 days as on 31 March, 2018 and that of export increased from 78 days as on 31 March, 2017 to 81 days as on 31 March, 2018.

Expansion Projects in Jamshedpur (Railway Bearing and TS capacity) became operational from August, 2017.

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

Merger of ABC Bearings Limited with the Company

The Board of Directors of the Company at its meeting held on 4 July, 2017, approved a Scheme of Amalgamation and Arrangement between ABC Bearings Limited and Timken India Limited and their respective shareholders and creditors. Subsequently, pursuant to an Order of the National Company Law Tribunal ('NCLT'), Bengaluru Bench, meetings of the shareholders and creditors were held on 1 February, 2018. At the said meetings, the proposed Scheme was approved by the shareholders and creditors and thereafter the Company has received approval of NCLT, Bengaluru Bench.

Post Balance Sheet event

Except, what has been stated in this report, there is no other 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, 2018 out of the profits of the Company for the year 2017-18 as against a dividend of Re 1/- per equity share of Rs. 10/- each fully-paid (10%) for the previous financial year 2016-17, disbursed on 28 August, 2017 which was declared at the 30th Annual General

Meeting ("AGM") of the Company held on 9 August, 2017. The dividend recommended by your Directors is subject to approval of the shareholders at the forthcoming AGM 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 3 August, 2018.

In terms of the relevant provisions of the Companies Act, 2013 (the "Act'), the unclaimed amount pertaining to interim dividend paid by the Company on 28 November, 2011, would be due for transfer to Investor Education and Protection Fund Account in January, 2019.

Board Meetings

Five Board Meetings were held during the financial year 2017-18. For details please refer Annexure - I.

In addition to the above, one meeting of the Independent Directors was also held on 5 February, 2018 without participation of Non-Independent Directors and Senior Managerial Personnel.

Directors and Key Managerial Personnel

The Board at its Meeting held on 5 February, 2018 appointed Mr. Bushen Lal Raina (DIN: 00182160) as an Additional Director and Independent Director of the Company w.e.f. 5 February, 2018 to hold office till the date of ensuing AGM. In this connection, the Company is in receipt of a Notice from a shareholder proposing the candidature of Mr. Raina for appointment as an Independent Director of the Company at forthcoming AGM to hold office for a period of five years i.e. upto 4 February, 2023.

In this connection, the Company has also received the following documents from Mr. Raina:

a. Consent to act as Director in form DIR-2,

b. Intimation in form DIR-8 and

c. Declaration of Independence

In terms of relevant provisions of law, the term of office of Mr. P S Dasgupta (DIN: 00012552) as an Independent Director will come to an end on 31 March, 2019. Based on recommendation of the Nomination and Remuneration Committee and outcome of performance evaluation, it is proposed to re-appoint him at the forthcoming AGM as an Independent Director of the Company for a further period of 5 years w.e.f. 1 April, 2019. In this connection, the Company is in receipt of a Notice from a shareholder proposing the candidature of Mr. Dasgupta for re-appointment as an Independent Director of the Company at forthcoming AGM to hold office for a further period of five years i.e. upto 31 March, 2024.

In this connection, the Company has also received the following documents from Mr. Dasgupta:

a. Consent to act as Director in form DIR-2,

b. Intimation in form DIR-8 and

c. Declaration of Independence

Mr. Ajay K Das (DIN: 02697466), Director of the Company is liable to retire by rotation and being eligible, offers himself for re-appointment at the 31st AGM.

During the year under review, Mr. Jai S Pathak (DIN: 00026416) resigned from the Directorship of the Company w.e.f. 10 November, 2017. The Board of Directors wishes to place on record its deep appreciation for the valuable contribution made by Mr. Pathak during his tenure as a Director of the Company.

There has not been any change in the Key Managerial Personnel during the year under review.

Annual Declarations from Independent Directors

The Company has received necessary declaration from all Independent Directors of the Company 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Audit Committee Meetings

Five Meetings of the Audit Committee were held during the financial year 2017-18. For details, please refer Annexure - I.

Recommendations of the Audit Committee to the Board of Directors

During the financial year 2017-18, 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 victimization 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 2017-18. 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. The Nomination and Remuneration Policy of the Company is disclosed on the Company's website - www.timken.com/en-in

Other Committees

For details, please refer 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 were approved and adopted by the Board of Directors of the Company.

Accordingly, the Board of Directors at its meeting held on 5 February, 2018 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 a whole and Committees thereof and submit the evaluation papers to the Company Secretary & Chief- Compliance for safe custody.

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. However, the Report and the Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company. The said information is also available for inspection at the Registered Office during working hours up to the date of the AGM.

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, and financial, market, and 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 2.69 crores on the CSR activities. CSR Policy (its implementation and development) and annual report on CSR activities is attached, marked as Annexure - IV. For CSR Committee composition, please refer to Annexure - I.

Statutory Audit

M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W10008), were appointed as the Statutory Auditors of the Company at 30th AGM held on 9 August, 2017 for a period of 5 years subject to ratification by members at every subsequent AGM held after 30th AGM. Due to recent changes in the provisions of the Act, the ratification of appointment of statutory auditors is no longer required at every AGM. Since in the resolution adopted at 30th AGM for the appointment of M/s Deloitte Haskins & Sells LLP, it was mentioned that ratification of such appointment would be considered at each subsequent AGM till 34th AGM, this matter is included in the Notice convening 31st AGM. Thereafter, this matter will not be included in the Notice in line with the Companies (Amendment) Act, 2017.

Secretarial Audit

M/s R Vijayakumar & Co., Practicing 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 2017-18 in terms of Section 204 of the Act and M/s R Vijayakumar & Co., has since submitted their 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 financial year 2018-19 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 31st AGM. The Cost Audit for 2017-18 is currently in progress and the Cost Auditors shall submit their report to the Company within 180 days from the closure of financial year 31 March, 2018 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 2016-17 was filed on 28 September, 2017 (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 transactions can be seen at www.timken.com/en-in. In terms of applicable provisions of laws, details of related party transactions in the financial year 2017-18 are given in financial statements.

Listing with Stock Exchanges

The Company confirms that it has paid the Annual Listing Fees for the financial year 2018-19 to National Stock Exchange of India Limited and BSE Limited where the Company's Shares are listed.

Extract of Annual Return

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 the Certificate by a Practicing Company Secretary 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 Earnings and Outgo

Sl. No	Particulars	Remarks	
(A)	**Conservation of energy:**		
	1. Steps taken / impact on conservation of energy	Plant power factor continued to be maintained at more than 0.97 levels. Plant has obtained certification for ISO 50001 in July 2017. Several Energy savings projects have been taken up for conservation of Energy and 50% of them had been successfully completed too.	
	2. Steps taken by the company for utilizing alternate sources of energy including waste generated	Jamshedpur Plant has initiated steps to implement 1.3 MW Solar Plant and bio gas plant for canteen waste.	
	3. Capital investment on energy conservation equipment	Rs. 34.58 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:	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.	
	a. Details of technology imported.	Manufacture of Tapered Roller Bearings	
	b. Year of import.	1991-92 onwards.	
	c. Whether the technology been fully absorbed	It is continuous process.	
	d. If not fully absorbed, areas where absorption has not taken place, and the reasons therefore.	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.	
	4. Expenditure incurred on Research and Development	The benefits of research facilities available with The Timken Company are extended to the Company on a continuing basis	
(C)	Foreign exchange earnings and Outgo	2017-18 (Rs./million)	2016-17 (Rs./million)
(i)	Foreign Exchange Earnings	3,467	3,293
(ii)	Foreign Exchange Outgo	3,348	2,491

Internal Financial Controls

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

Directors' Responsibility Statement

In pursuance of Section 134 (5) of the Act, the Directors hereby confirm that:

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

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis;

(e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Financial Performance of any Subsidiary / Associate/ Joint Venture Company

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

Details relating to Deposits

The Company has not accepted Deposits as defined in the Act and Rules framed thereunder during the financial year 2017-18 and no amount is due on account of principal or interest on deposits as on 31st March, 2018.

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 year under review, 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 complaint during the year 2017-18.

Disclosure regarding shares issued by the Company

Sweat Equity Share	The Company has not issued any Sweat Equity Share and therefore these disclosure norms are not applicable to the Company.
Shares with differential Rights	The Company has not issued any Share with differential rights and therefore these disclosure norms are not applicable to the Company.
Shares under Employees Stock Option Scheme	The Company does not have any employee stock option scheme and therefore these 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 these disclosure norms are not applicable to the Company.
Buy Back of Shares	The Company has not bought back any Equity Share and therefore these disclosure norms are not applicable to the Company.

Acknowledgment

The Directors acknowledge that the performance of the Company during the year 2017-18 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

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place : Bengaluru
Date : 21 May, 2018

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, 2018, five Board Meetings were held on 24 May, 2017; 4 July, 2017; 8 August, 2017; 10 November, 2017 and 5 February, 2018.

The Composition of Board along with attendance at the 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	2
Mr. Bushen Lal Raina** (DIN: 00182160)	Director	Non-Executive, Independent	1
Mrs. Rupa Mahanty (DIN: 06746148)	Director	Non-Executive, Independent	5
Mr. Ajay K Das (DIN: 02697466)	Director	Promoter Director Non-Executive, Non- Independent	2
Mr. Avishrant Keshava (DIN: 07292484)	CFO & Whole-time Director	Promoter Director Executive, Non-Independent	5

**resigned w.e.f. 10 November, 2017*

*** appointed w.e.f. 5 February, 2018*

Audit Committee

During the year ended 31 March, 2018, five Audit Committee Meetings were held on 24 May, 2017; 4 July, 2017; 8 August, 2017; 10 November, 2017 and 5 February, 2018.

The Composition of Audit Committee along with attendance at the 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	4
Mr. Sanjay Koul (DIN: 05159352)	Member	Promoter Director Executive, Non-Independent	5
Mr. Jai S. Pathak* (DIN: 00026416)	Member	Non-Executive, Independent	2
Mr. Bushen Lal Raina** (DIN: 00182160)	Member	Non-Executive, Independent	NA
Mrs. Rupa Mahanty (DIN: 06746148)	Member	Non-Executive, Independent	5

**resigned w.e.f. 10 November, 2017*

*** appointed w.e.f. 5 February, 2018*

Nomination and Remuneration Committee

During the year ended 31 March, 2018, one Meeting of the Nomination and Remuneration Committee was held on 5 February, 2018.

The Composition of Nomination and Remuneration Committee along with attendance at the Meeting is as follows:

Name of Directors	Designation	Category	Attendance
Mrs. Rupa Mahanty (DIN: 06746148)	Chairperson	Non-Executive, Independent	P
Mr. P S Dasgupta (DIN: 00012552)	Member	Non-Executive, Independent	P
Mr. Jai S. Pathak* (DIN: 00026416)	Member	Non-Executive, Independent	N.A.
Mr. Bushen Lal Raina** (DIN: 00182160)	Member	Non-Executive, Independent	N.A.
Mr. Ajay K Das (DIN: 02697466)	Member	Promoter Director Non-Executive, Non- Independent	P

**resigned w.e.f. 10 November, 2017*

*** appointed w.e.f. 5 February, 2018*

Stakeholders Relationship Committee

During the year ended 31 March, 2018, one Meeting of the Stakeholders Relationship Committee was held on 5 February, 2018 which was attended by all the Members of the Committee. Generally, approvals of the Committee are obtained through circular resolutions. Updates on Investors Services are 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, 2018, two meetings of the Corporate Social Responsibility Committee were held on 15 December, 2017 and 31 January, 2018 which were attended by all the members. Approvals of the Committee were also obtained through resolutions by way of circulation.

Composition - Mr. Sanjay Koul (Chairman), Mr. Bushen Lal Raina (Independent Director) and Mr. Avishrant Keshava (CFO & Whole-time Director).

Risk Management Committee

During the year ended 31 March, 2018, 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

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place : Bengaluru
Date : 21 May, 2018

Annexure - II

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 Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

- Stock Options:

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

6. Membership of the Committee

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

7. Chairperson

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

8. Frequency of meetings

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

9. Committee members' interests

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

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

10. Secretary

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

11. Voting

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

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

12. Minutes of Committee meeting

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

For and on behalf of the Board of Directors

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place : Bengaluru
Date : 21 May, 2018

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
(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% - 9%
(iii)	the percentage increase in the median remuneration of employees in the financial year;	7%
(iv)	the number of permanent employees on the rolls of company;	814 as on 31st March 2018 (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: 7%, Managers: 9%. 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

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place : Bengaluru
Date : 21 May, 2018

Annexure - IV

CORPORATE SOCIAL RESPONSIBILTY-CSR

1.	**A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**	Timken makes the world a better place through a combination of volunteer efforts, community leadership and financial support. 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 endeavor to find out ways to bring a stronger community. 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: ● 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.**	As on 31 March, 2018 : Mr. Sanjay Koul - Chairman Mr. Bushen Lal Raina - Member Mr. Avishrant Keshava - Member
3	**Average net profit of the company for last three financial years**	Rs. 1,34,09,70,552
4.	**Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)**	Rs. 2,68,19,411
5.	**Details of CSR spent during the financial year:**	
a.	**Total amount to be spent for the financial year;**	Rs. 2,68,19,411
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	Towards financial support for professional training centre in Vijaynagar, Karnataka by subscribing to Bronze Partnership	Promoting Sports	Vijayanagar, Karnataka	25,00,000	25,00,000	50,00,000	Implementing Agency
2	Financial support for procurement of water tanker for free water distribution to neighbouring villages and schools	Safe Drinking Water	Bengaluru	24,00,000	24,00,000	24,00,000	Implementing Agency
3	Financial support for installation of portable solar power devices to provide electricity to remote villages in the Himachal Pradesh region	Environmental sustainability	Himachal Pradesh	58,85,004	58,85,000	58,85,000	Implementing Agency
4	Financial support towards construction of part of proposed dialysis centre (1st floor) and procurement dialysis machines, beds and other related equipments to provide dialysis facility to patients of economically weaker sections at affordable cost	Preventive healthcare	Bengaluru	1,15,56,000	1,15,00,000	1,15,00,000	Implementing Agency
5	Financial support for procurement Mobile Medicare Unit to provide health check-ups to elderly beneficiaries, communities who cannot afford medical care and rarely have access to health services		Bengaluru	14,39,100	14,39,090	14,39,090	Implementing Agency
6	Financial Support towards part financing of procurement of blankets and distribution to needy people		Delhi, Jamshedpur, J&K and Uttarakhand	31,00,000	31,00,000	31,00,000	Implementing Agency
	TOTAL			**2,68,80,104**	**2,68,24,090**	**2,93,24,090**	

*In addition, the Company has spent a sum of Rs. 1,12,350 for carrying background checks and due diligence while identifying 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

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Place : Bengaluru
Date : 21 May, 2018

Annexure - IV (Contd.)

CORPORATE SOCIAL RESPONSIBILITY POLICY

OF

TIMKEN INDIA LIMITED

1. CONTENTS

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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 Company[1] of the Company or by a third party.

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

5. GUIDELINES FOR CHOOSING A CSR PARTNER

1. CSR Partner shall be either a registered trust or a registered society under the applicable laws or a company incorporated under Section 8 of the Act with an established track record of 3 years in undertaking activities in the focus areas in which the Company intends to carry out CSR activities.
2. 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: Two members or 1/3rd of total strength, whichever is greater.

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

Annexure - V

Form No. MR-3

Secretarial Audit Report

For the Financial year ended 31 March, 2018

[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 31 March 2018 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 31 March, 2018 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 and the rules made hereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   (a) 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 Disclosures 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.

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

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. Acquisition of ABC Bearings Limited Pursuant to Sections 230 to 232 of the Companies Act, 2013: The Board of Directors at their meeting held on 04 July 2017 considered the proposal of acquiring ABC Bearings Limited ("Transferor Company") and approved the proposal of entering into the agreement(s) with the Transferor Company and the scheme of amalgamation and arrangement. Pursuant to the order dated 14 Dec 2017 of Hon'ble National Company Law Tribunal, Bangalore, separate meetings of the shareholders and the unsecured creditors were held on 01 Feb 2018 for approving the scheme of amalgamation and arrangement between the Company and the Transferor Company. The shareholders and unsecured creditors of the Company approved the resolution with requisite majority.

R Vijaykumar & Co.,
R Vijayakumar
Practicing Company Secretary
FCS No. 6418; C P No.8667

21 May 2018
Bangalore

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 are 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.

R Vijaykumar & Co.,
R Vijayakumar
Practicing Company Secretary
FCS No. 6418; C P No.8667

21 May 2018
Bangalore

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, 2018, 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 or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Timken Singapore PTE Limited (Holding Company)	Sale of Goods - 85.26 Agency Commission (Income) - 10.73 Purchase of Goods - 16.92 Expenses Receivable - 10.39 Dividend Paid - 51.00	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.	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.
Timken Engineering and Research-India Pvt Ltd (Fellow Subsidiary of the same holding Company)	Expenses Receivable - 51.82 Expenses Payable - 95.80 Purchase of Goods - 534.47 Sale of Goods - 210.36 Sale of Property, Plant & Equipment- 8.53 Purchase of Property, Plant & Equipment - 2.76 Purchase of DEPB licenses - 67.71				
Gibson, Dunn & Crutcher LLP (Firm where a director is a Partner)	Expense Paid / Payable - 5.36	Referrals/requests based on merit - as and when required.			
New Delhi Law Offices (Firm where a director is a Partner)	Expense Paid / Payable - 0.91	Referrals/requests based on merit - as and when required.			
Mr. Sanjay Koul	Short-term employment benefits - 27.12 Post employment benefits - 0.67 Other long-term benefits - 0.54 Sitting Fees paid - 0.04 Expanses paid - 0.12	5 Years from the date of appointment / re-appointment as Managing Director	As approved by the shareholders at the AGM		
Mr. Avishrant Keshava	Short-term employment benefits - 6.65 Post employment benefits - 0.20 Other long-term benefits - 0.16 Expanses paid - 0.12	5 Years from the date of appointment as Whole-time Director	As approved by the shareholders at the AGM		
Mr. PS Dasgupta	Sitting Fees paid - 0.45	Ongoing	As per the rules of the Company		
Mrs. Rupa Mahanty	Sitting fees paid - 0.58 Reimbursement of expenses paid - 0.15				
Mr. Jai S Pathak	Sitting Fees paid - 0.18				
Mr. Bushen Lal Raina	Sitting Fees paid - 0.05				
Mr. Soumitra Hazra	Short-term employment benefits - 4.36 Post employment benefits - 0.22 Other long-term benefits - 0.18 Scrutinizer fees paid - 0.02 Expanses paid - 0.01				

For and on behalf of the Board of Directors

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Bengaluru
21 May, 2018

Annexure - VII

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 March, 2018

[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, Bengaluru - 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	93.48

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	6,393,213	0	6,393,213	9.40	6,358,015	0	6,358,015	9.35	(-)0.05
(b) Banks/FI	24,622	260	24,882	0.04	15,358	260	15,618	0.02	(-)0.02
(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)	59,461	0	59,461	0.09	3256	0	3,256	0.00	(-)0.09
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
(i) Others (Specify) a) Foreign Portfolio Investors	1,061,405	0	1,061,405	1.56	1,550,547	0	1,550,547	2.28	(+)0.72
b) Alternate Investment Fund	0	0	0	0	16732	0	16732	0.03	(+)0.03
Sub-Total (B)(1)	**7,538,701**	**260**	**7,538,961**	**11.09**	**7,943,908**	**260**	**7,944,168**	**11.68**	**(+)0.59**

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	1429660	11367	1441027	2.12	1623336	11217	1634553	2.40	(+)0.28
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	4840308	2338531	7178839	10.55	4393566	2222881	6616447	9.74	(-)0.81
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	509143	0	509143	0.75	514882	0	514882	0.76	(+)0.01
(C) Others (Specify)									
1 NRI	304975	1189	306164	0.45	237906	3135	241041	0.35	(-)0.10
2 Clearing Member	20012	0	20012	0.03	43055	0	43055	0.06	(+)0.03
3 OCB	0	0	0	0	0	0	0	0	0.00
4 Trust	5850	0	5850	0.01	5850	0	5850	0.01	0.00
5 Foreign Fortfolio Investor	0	0	0	0	0	0	0	0	0.00
Sub-Total (B)(2)	**7109948**	**2351087**	**9461035**	**13.91**	**6818595**	**2237233**	**9055828**	**13.32**	**(-)0.59**
Total Shareholding of Public = (B) (1) + (B) (2)	**14648649**	**2351347**	**16999996**	**25.00**	**14762503**	**2237493**	**16999996**	**25.00**	**0.00**
TOTAL (A)+(B)	**65648637**	**2351347**	**67999984**	**100.00**	**65762491**	**2237493**	**67999984**	**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)	**65648637**	**2351347**	**67999984**	**100.00**	**65762491**	**2237493**	**67999984**	**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	01/04/2017	1450012	2.13	1450012	2.13
	At the end of the year	31/03/2018	-	-	1450012	2.13
2.	**MOTILAL OSWAL MOST FOCUSED MIDCAP30 FUND**					
	At the beginning of the year	01/04/2017	647960	0.95	647960	0.95
	Increase - Buy	02/06/2017	7541	0.01	655501	0.96
	Increase - Buy	25/08/2017	29499	0.04	685000	1.01
	Increase - Buy	01/09/2017	15000	0.02	700000	1.03
	Increase - Buy	15/09/2017	7995	0.01	707995	1.04

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	22/09/2017	22005	0.03	730000	1.07
	Increase - Buy	29/09/2017	17000	0.03	747000	1.10
	Increase - Buy	06/10/2017	4000	0.01	751000	1.10
	Increase - Buy	20/10/2017	9000	0.01	760000	1.12
	Increase - Buy	27/10/2017	10000	0.01	770000	1.13
	Increase - Buy	31/10/2017	10000	0.01	780000	1.15
	Increase - Buy	17/11/2017	9000	0.01	789000	1.16
	Decrease- Sale	24/11/2017	41104	0.06	747896	1.10
	Decrease- Sale	01/12/2017	403	0.00	747493	1.10
	Decrease- Sale	08/12/2017	77493	0.11	670000	0.99
	Increase - Buy	09/02/2018	9105	0.01	679105	1.00
	Increase - Buy	23/02/2018	10895	0.02	690000	1.01
	Increase - Buy	02/03/2018	10000	0.01	700000	1.03
	At the end of the year	31/03/2018	-	-	700000	1.03
3.	**HDFC STANDARD LIFE INSURANCE COMPANY LIMITED**					
	At the beginning of the year	01/04/2017	524901	0.77	524901	0.77
	Increase - Buy	07/04/2017	21278	0.03	546179	0.80
	Decrease- Sale	14/04/2017	319	0.00	545860	0.80
	Decrease- Sale	21/04/2017	84	0.00	545776	0.80
	Increase - Buy	19/05/2017	4224	0.01	550000	0.81
	Decrease- Sale	19/05/2017	550000	0.81	0	0
	At the end of the year	31/03/2018	-	-	0	0
4.	**SUNDARAM MUTUAL FUND A/C SUNDARAM SMILE FUND**					
	At the beginning of the year	01/04/2017	457892	0.67	457892	0.67
	Decrease- Sale	02/06/2017	1496	0.00	456396	0.67
	Decrease- Sale	09/06/2017	1396	0.00	455000	0.67
	Decrease- Sale	22/12/2017	5000	0.01	450000	0.66
	Decrease- Sale	12/01/2018	4327	0.01	445673	0.66
	At the end of the year	31/03/2018	-	-	445673	0.66

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
5.	**CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EMERGING EQUITIES**					
	At the beginning of the year	01/04/2017	390382	0.57	390382	0.57
	Decrease- Sale	14/04/2017	20000	0.03	370382	0.54
	Decrease- Sale	19/05/2017	8149	0.01	362233	0.53
	Decrease- Sale	09/06/2017	30000	0.04	332233	0.49
	Decrease- Sale	07/07/2017	15000	0.02	317233	0.47
	Increase - Buy	06/10/2017	23879	0.04	341112	0.50
	Decrease- Sale	08/12/2017	16112	0.02	325000	0.48
	Increase - Buy	12/01/2018	32624	0.05	357624	0.53
	At the end of the year	31/03/2018	-	-	357624	0.53
6.	**L AND T MUTUAL FUND TRUSTEE LTD.- L AND T TAX ADVANTAGE FUND**					
	At the beginning of the year	01/04/2017	321307	0.47	321307	0.47
	Decrease- Sale	26/05/2017	3672	0.01	317635	0.47
	Decrease- Sale	02/06/2017	35606	0.05	282029	0.41
	Decrease- Sale	09/06/2017	16000	0.02	266029	0.39
	Decrease- Sale	18/08/2017	50000	0.07	216029	0.32
	Decrease- Sale	30/03/2018	98487	0.14	117542	0.17
	At the end of the year	31/03/2018	-	-	117542	0.17
7.	**SBI INFRASTRUCTURE FUND**					
	At the beginning of the year	01/04/2017	300000	0.44	300000	0.44
	At the end of the year	31/03/2018	-	-	300000	0.44
8.	**L AND T MUTUAL FUND TRUSTEE LIMITED - L & T BUSINESS CYCLES FUND**					
	At the beginning of the year	01/04/2017	286986	0.42	286986	0.42
	At the end of the year	31/03/2018	-	-	286986	0.42
9.	**UTI - MNC FUND**					
	At the beginning of the year	01/04/2017	217290	0.32	217290	0.32
	At the end of the year	31/03/2018	-	-	217290	0.32

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
10.	**UTI- TRANSPORTATION AND LOGISTICS FUND**					
	At the beginning of the year	01/04/2017	194842	0.29	194842	0.29
	At the end of the year	31/03/2018	-	-	194842	0.29
11.	**HDFC STANDARD LIFE INSURANCE COMPANY LIMITED**					
	At the beginning of the year	01/04/2017	0	0.00	0	0.00
	Increase - Buy	26/05/2017	550000	0.81	550000	0.81
	Decrease- Sale	07/07/2017	28645	0.04	521355	0.77
	Increase - Buy	21/07/2017	3645	0.01	525000	0.77
	Increase - Buy	18/08/2017	50000	0.07	575000	0.85
	Decrease- Sale	19/01/2018	25000	0.04	550000	0.81
	Increase - Buy	02/02/2018	26032	0.04	576032	0.85
	Increase - Buy	09/02/2018	4424	0.01	580456	0.85
	Increase - Buy	16/02/2018	2111	0.00	582567	0.86
	Increase - Buy	23/02/2018	40473	0.06	623040	0.92
	Increase - Buy	02/03/2018	1960	0.00	625000	0.92
	Increase - Buy	09/03/2018	52429	0.08	677429	1.00
	Increase - Buy	16/03/2018	177	0.00	677606	1.00
	Increase - Buy	23/03/2018	22394	0.03	700000	1.03
	At the end of the year	31/03/2018	-	-	700000	1.03
12.	**RELIANCE CAPITAL TRUSTEE CO. LTD.- A/C RELIANCE SMALL CAP FUND**					
	At the beginning of the year	01/04/2017	0	0.00	0	0.00
	Increase - Buy	09/02/2018	83051	0.12	83051	0.12
	Increase - Buy	23/02/2018	1720	0.00	84771	0.12
	Increase - Buy	02/03/2018	4930	0.01	89701	0.13
	Increase - Buy	30/03/2018	371225	0.55	460926	0.68
	At the end of the year	31/03/2018	-	-	460926	0.68
13	**L AND T MUTUAL FUND TRUSTEE LTD.- L AND MID CAP FUND**					
	At the beginning of the Year	01/04/2017	154107	0.23	154107	0.23
	Increase - Buy	07/07/2017	31793	0.05	185900	0.27
	Increase - Buy	09/02/2018	10000	0.01	195900	0.29
	At the end of the year	31/03/2018	-	-	195900	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	1	0.00
	b) Change during the Year	No Change			
	c) At the end of the Year	-	-	1	0.00
2.	**Ajay Kumar Das**				
	a) At the Beginning of the Year	16	0	16	0.00
	b) Change during the Year	No Change			
	c) At the end of the Year	-	-	16	0.00
3.	**Soumitra Hazra**				
	a) At the Beginning of the Year	3	0	3	0.00
	b) Change during the Year	No Change			
	c) At the end of the Year	-	-	3	0.00
4.	**Avishrant Keshava**				
	a) At the Beginning of the Year	2	0	2	0.00
	b) Change during the Year	No Change			
	c) At the end of the Year	-	-	2	0.00
5.	**Bushen Lal Raina**				
	a) At the Beginning of the Year	150	0	150	0.00
	b) Change during the Year	No Change			
	c) At the end of the Year	-	-	150	0.00

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	-	83,986,116	22,584,987	106,571,103
ii) Interest due but not paid	-	-	1,763,636	1,763,636
iii) Interest accrued but not due	-	-		
Total (i+ii+iii)	**-**	**83,986,116**	**24,348,623**	**108,334,739**
Change in Indebtedness during the financial year				
Addition	-	509,175,663	4,893,095	514,068,758
Reduction	-	433,780,265	1,947,651	435,727,916
Net Change	**-**	**75,395,398**	**2,945,444**	**78,340,842**
Indebtedness at the end of the financial year				
i) Principal Amount	-	159,381,513	25,235,987	184,617,500
ii) Interest due but not paid	-	-	2,058,080	2,058,080
iii) Interest accrued but not due	-	-		
Total (i+ii+iii)	**-**	**159,381,513**	**27,294,067**	**186,675,580**

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in 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	19,428,877.00	5,064,381.00	24,493,258.00
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	3,314,563.00	457,807.00	3,772,370.00
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission			
	- as % of profit	–	–	–
	- others, specify…	–	–	–
5	Others, please specify	–	–	–
	Total (A)	**22,743,440.00**	**5,522,188.00**	**28,265,628.00**
	Ceiling as per the Act			1,43,174,693.00

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

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
3.	Independent Directors	**P S Dasgupta**	**Jai S Pathak***	**Rupa Mahanty**	**Bushen Lal Raina****	
	● Fee for attending board / committee meetings ● Commission ● Others, please specify	450,000	180,000	580,000.00	50,000	1,260,000
	Total (1)	**450,000**	**180,000**	**580,000.00**	**50,000**	**1,260,000**
4.	Other Non-Executive Directors	**Ajay K Das**	**–**	**–**	-	**Total Amount**
	● Fee for attending board / committee meetings ● Commission ● Others, please specify	Nil	–	–	Nil	
	Total (2)	**0**	**0**	**0**	**0**	**0**
	Total (B) = (1)+(2)	**450,000**	**180,000**	**580,000.00**	**50,000**	**1,260,000**
	Total Managerial Remuneration*	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act					14,317,469

* resigned w.e.f. 10 November, 2017

** appointed w.e.f. 5 February, 2018

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	-	4,229,968.00	-	4,229,968.00
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	79,948.00	-	79,948.00
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option		–		–
3	Sweat Equity		–		–
4	Commission - as % of profit - others, specify…		–		–
5	Others, please specify		–		–
	Total (A)	**-**	**4,309,916.00**	**-**	**4,309,916.00**

* Please refer to Part A

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Bengaluru
21 May, 2018

Annexure - VIII

Management Discussion And Analysis

Bearing Industry Structure and Development

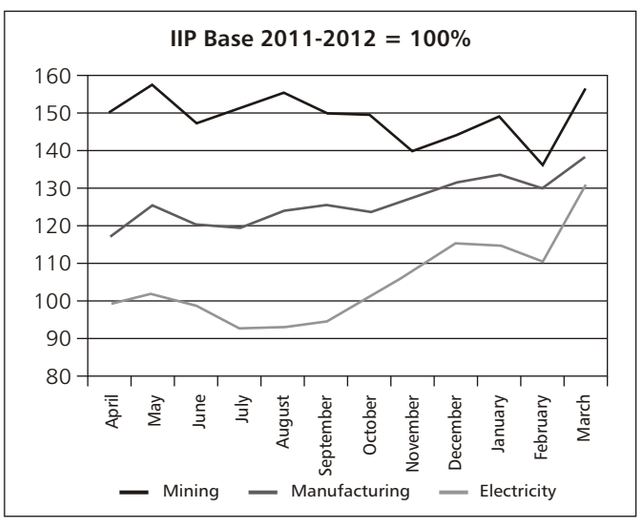
The estimated market size of anti-friction bearings in India is about INR 105 billion. The automotive sector accounts for about 47% of the demand and balance is to the industrial sector. Performance of your Company depends on the industry growth, investments and policy changes within these sectors.

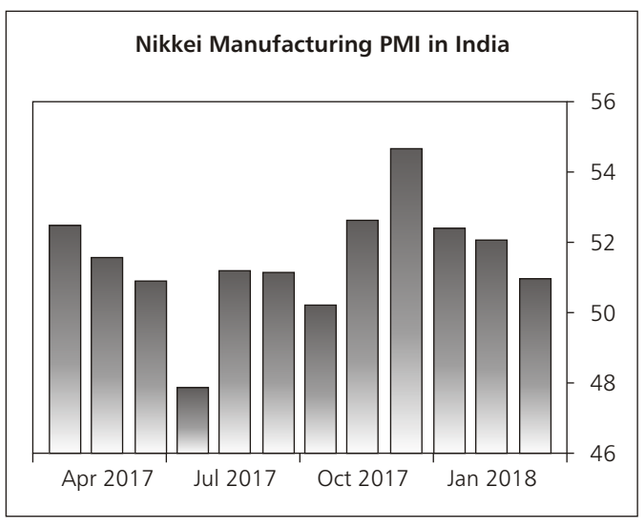
The Gross Domestic Product (GDP) at constant market prices for the financial year 2017-18 is estimated at Rs. 130 Trillion. It is estimated to grow at 6.6 per cent according to CSO compared to 7.1 per cent in 2016-17 and 8.2 per cent in 2015-16. The consumption is mostly driven by the government and the capital formation has slowed down compared to previous year.

(y-o-y %)	FY 16-17 (PE)	FY 17-18 (AE)
GDP @ market prices	7.1	6.6
GVA @ basic prices	6.6	6.1
Manufacturing	7.9	4.6
Private Consumption	7.3	6.1
Govt. Consumption	12.2	10.9
Gross Fixed Cap Formation	10.1	7.6
Exports	5.0	4.4
Imports	4.0	9.9

Source: CSO

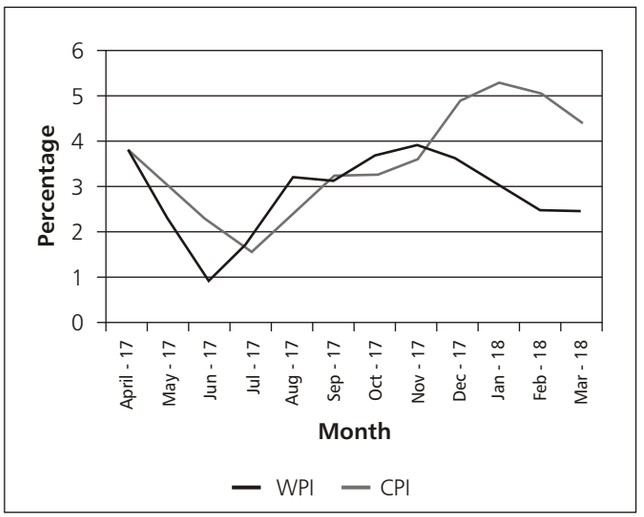
The Index of Industrial Production for the Mining and Manufacturing has improved over last few months whereas Electricity had shown downward trend in February, but it recovered well in March. The cumulative growth during April'17-March'18 has been 2.3%, 4.5% and 5.4% respectively over the corresponding period of previous year.

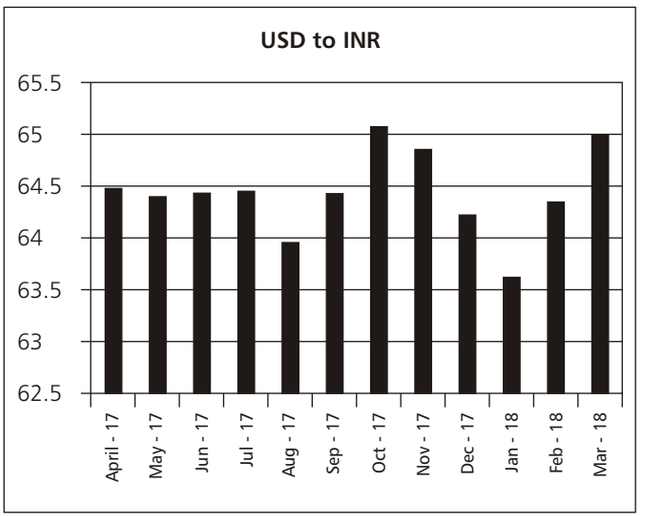




The Nikkei Manufacturing PMI for India has mostly seen expansion/growth except July'17 (when GST was implemented). Recent readings pointed to the weakest expansion in manufacturing sector since Oct'17 and employment rate fell for the first time in eight months.

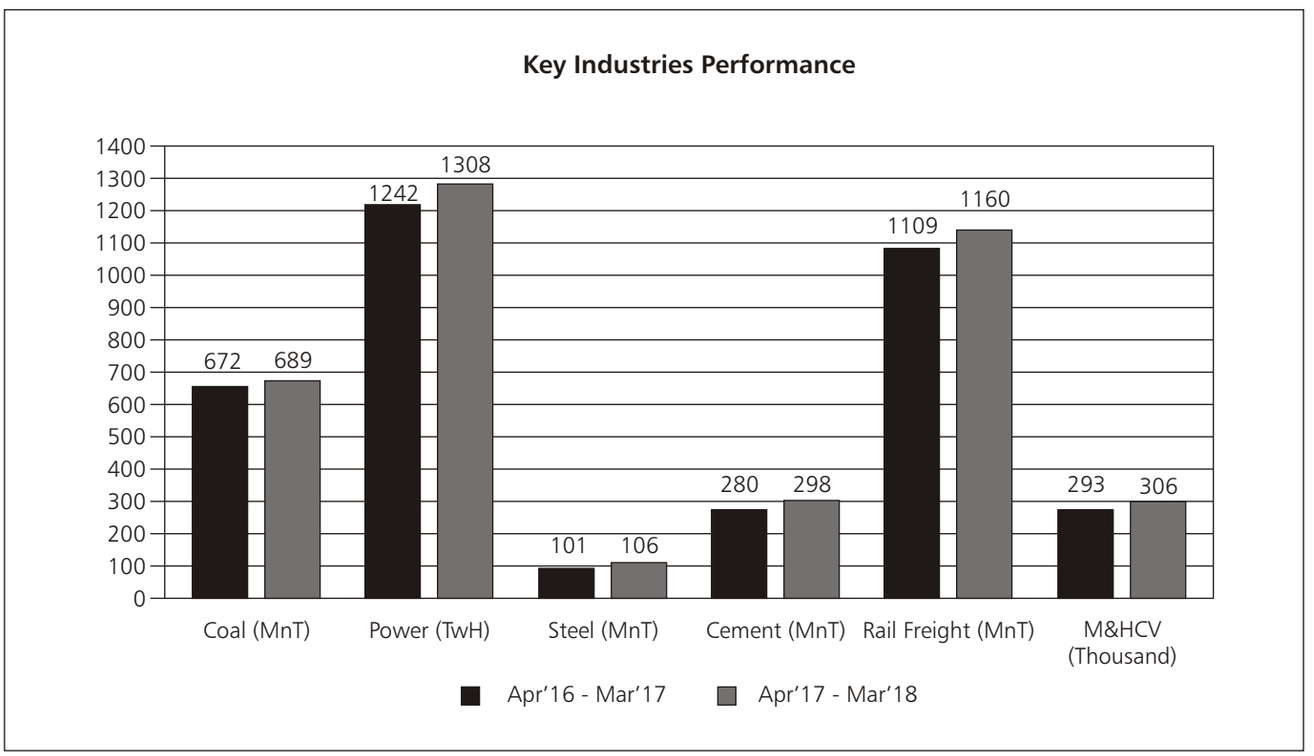
The rate of inflation for wholesale price index eased out at 2.47% in month of March'18; however, the consumer price index reached highest 5.28% in the month of Jan'18 and closed at 4.44% in Mar'18. The Reserve Bank of India revised the interest rate once during the period in August'17 from 6.25% to 6.0% and thereafter, has remained the same.





In terms of exchange rates against USD, Indian Rupee was steady in first few months but then fluctuated due to various internal and external factors. It has been depreciating for Jan-Mar'18. This affects most to bearing industry as about 40% of anti-friction bearing demand in India is met via imports.

While Government has focus on Renewable Power, India is still mostly dependent on coal based power-generation contributing 197GW (57% of total generation). While the issues related to linkages are solved, coal shortage is still affecting the efficacy of power projects in the country. Coal mining grew to 689MnT but still significantly lower than target of 1,000MnT by 2020. With reducing tariff on Power, the wind based capacity addition was only 1.7GW current year compared to 5.5GW year before and way below target of 10GW. Steel industry has seen revival and posted healthy growth of 4.9 per cent YoY at 106MnT and bagged second position in world crude steel production. Domestic cement production during the year was at 298MnT with a growth of 6.4 per cent driven by housing demand and infrastructure push.



Movement of goods shows the pulse of an economy. The Indian Railways transported over 1,160 MnT of freight between Apr'17-Mar'18 and recorded the highest-ever for the financial year. While the Medium & Heavy Commercial Vehicles (M&HCVs) production grew by just 4 per cent on 12 month period, the sales have grown by 19 per cent. The regulation related to the vehicle scrapping policy and emission norms is one of the drivers.

Business Review

The Timken Company, parent of your Company is one of the leading Bearing and Mechanical Power Transmission Company across the world and has been recognized as one of the world's most ethical companies by the Ethisphere Institute for the 8th straight year. Timken India Limited, established nearly three decades ago, has been growing and expanding footprints, customer base and products & services offerings in India. Your company has state-of-the-art tapered roller bearing manufacturing plant in Jamshedpur and Industrial Service Center in Raipur manufacturing, overhauling and upgrading Gearbox and system assemblies.

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

Your Company believes in strategy to investing for future and get ready for the growth opportunity. One of the major initiatives is expanding through inorganic route and in July'17 your Company, entered into a definitive agreement to acquire ABC Bearings Ltd (subject to necessary approvals), a manufacturer of tapered and cylindrical roller bearings and industrial bearings including spherical roller bearings and slewing rings. ABC Bearings recorded sales of INR 1917 Mn in FY17-18. The company typically serves Commercial Vehicle and Agriculture market in India and is listed on the BSE, with its registered office in Mumbai and have manufacturing facilities in Bharuch, Gujarat, and Dehradun, Uttarakhand. The merger is going through approval procedures. The opportunity provides additional capacity, desired product portfolio manufacturing footprint and leadership in tapered roller bearing for key markets.

Further strengthening "Make-in-India" story, your Company has inaugurated newly built state-of-the-art advanced Rail facility at Jamshedpur in addition to new lines for bearings and components, enhancing back-end supply chain capability and development of new sources.

Partnering with customer to bring efficiency and enhance performance has been constant endeavor of MILLTEC® program. It provides round-the-clock customized service management of a steel mill's roll shop to minimize operational problems and downtime. Your Company operates at 13 sites and further expanding to cost-per-ton management contracts which fulfills the entire steel plant equipment's requirements.

Following are some key achievements and awards received by Timken India:

- Best safety award from JSW, Bellary MILLTEC site
- Sustainability Award from Mahindra and Mahindra
- Sustainable supplier award from TATA motors
- Quality Focus , responsiveness and cost efficiency award from Spicer India
- Platinum award for Delivery by Automotive Axles
- Hallmark International Railway Industry Standard (IRIS) certification highly valued by global rail customers
- Winner of Kaizen and Poka-yoke competition in Confederation of Indian Industries
- Silver certificate of merit for manufacturing excellence by Frost & Sullivan & FICCI
- Energy Management Certification- ISO 50001:2001 for Jamshedpur Plant
- Indian Green Building Council - IGBC , Silver rating for our Jamshedpur Expansion project
- Commitment for learning and development for driving business excellence by BML Munjal awards
- Award for Responsible Business citizen and Indo US trade Driver for the year from IACC

During the financial year under review, total Income grew by appx 13% primarily due to increase in domestic sales by appx 16% and export sales by appx 5%. Expenditure on the other hand registered an increase of appx 14% due to volume increase and inflationary pressure.

Opportunities, Threats and Outlook

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

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

The year of 2018-19, government is expecting monsoon forecast meeting long term average hence the tractor demand likely to be positive. Construction activities and Cement consumption is expected to grow on the back of increased spends on roads and railways, push towards affordable housing by central government and implementation of RERA. Steel sector is expected to continue the growth chart and retain no.2 position worldwide amongst consolidation of Non-Performing Assets. Power generation is supposed to be going through challenges while the demand grows. The stalled projects in Wind and significantly lower tariffs have put operational pressures on coal based power generation. The new energy policy which phase out about 30GW of old plants likely to take time for replacements. Upgrades of Rail network, introducing new range of locomotives and faster travels create new growth opportunities. For Medium and Heavy Commercial Vehicles, the lever depends on implementation of BS-IV compliant vehicles and scraps policy as well as how early can the OEMs catch-up with the requirements.

Major overhaul of taxation system with implementation of Goods and Service Tax in July'17 last year had certain teething issues and impact on the business but going forward it has become business enabler. While the small-medium scale businesses are impacted and still recovering, further reforms like e-way bill are speeding up the business volume and ease of doing business.

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

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

Metal components are one of the key raw materials of our products. Prices and supply of raw materials may depend on factors beyond our control, including economic conditions, exchange rates, competition, consumer demand, production levels, transportation costs and import duties. Recent increase in input costs and depreciation of INR against global currency has severely impacted the costs of goods.

Internal Control 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 Pricewaterhousecooper Private Limited - Internal Auditors and the findings of these audits are reported to the Audit Committee of the Board. 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 comment 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.

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 statues and incidental factors.

For and on behalf of the Board of Directors

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Bengaluru
21 May, 2018

Annexure - IX

Corporate Governance Report

Company's philosophy on code of governance

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

The Vision Statement of the Company expresses its aspiration to be the global leader in bearings and mechanical power transmission, continually improving performance, reliability and efficiency. This, it is believed, will help the Company in maximizing the shareholders' value.

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

Towards achieving these objectives, the Company has put in place a number of systems to ensure transparency in decision-making, empowerment at different levels, accountability and integrity. These systems are continuously monitored and fine-tuned so as to bring them in line with the changing requirements under various laws including 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 number of Independent Directors is 50% of the total number of Directors. The number of Non-Executive Directors is more than 50% of the total number of Directors. The Company has a Woman Director on its Board of Directors.

The details about Directors on the Board, their attendance at the Board Meetings held during the year ended 31 March, 2018 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, 2018	Whether attended AGM held on 9 August, 2017	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	2	5
Mr. Jai S. Pathak[(1)] (DIN: 00026416)	Non-Executive, Independent	2	Yes	1	–	–
Mr. Bushen Lal Raina[(2)] (DIN:00182160)	Non-Executive, Independent	1	NA	–	–	–
Mrs. Rupa Mahanty (DIN: 06746148)	Non-Executive, Independent	5	Yes	–	–	–
Mr. Ajay K Das (DIN: 02697466)	Promoter Director Non-Executive, Non-Independent	2	Yes	–	–	–
Mr. Avishrant Keshava (DIN: 07292484)	Promoter Director Executive, Non-Independent	5	Yes	–	–	–

(1) *resigned w.e.f 10 November, 2017*

(2) *appointed w.e.f. 5 February, 2018*

* *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.

During the financial year ended 31 March, 2018, five Board Meetings were held on 24 May, 2017, 4 July, 2017, 8 August, 2017, 10 November, 2017 and 5 February, 2018 and the gap between two consecutive meetings did not exceed 120 days.

One meeting of the Independent Directors without participation of Non-Independent Directors and any management personnel was also held on 5 February, 2018.

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 Director *inter-se*.

Non-executive Directors' Shareholding

Mr. P S Dasgupta holds 1 equity share, Mr. Ajay K Das holds 16 equity shares and Mr. Bushen Lal Raina holds 154 equity shares of the Company. Mrs. Rupa Mahanty does not hold any shares of the Company. The Company has not issued any convertible instrument.

Familiarization Program

During the year under review, a technical session was conducted for the Independent Directors on 10 November, 2017 as a part of familiarisation programme. The details of which are as follows:

- India Team - driven by a strong leadership team
- India - A Land of Opportunities
- Building a $10 Trillion Economy
- Looking Forward - Human Development, Institutional Development and enablers
- Mega Trends Creating Opportunities for Timken - Sustainability & Efficiency (Urbanization, Infrastructure development, population growth and energy)
- Antifriction bearing market ~$1.Bn
- Manufacturing footprint
- Competitive Position - Timken with ABC, Schaeffler, SKF and NRB
- Timken in India - Milestone
- Improving Timken Shareholder Value
  - Three Strategic Pillars for 2020
  - Increase business penetration
  - For Timken Global - a major sourcing destination for product and service
  - Create infrastructure to export wide range of commodities
- Monetize Timken India Limited market cap
- ABC Bearing acquisitions - including status & update

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

Audit Committee

The Audit Committee enjoys all the powers as mentioned in Regulation 18 (2) (c) of Listing Regulations. The role of the Audit Committee is as per what is stated in Part C (A) of Schedule II of Listing Regulations read with Section 177 of the Companies Act, 2017 and Rules framed thereunder. The Audit Committee mandatorily reviewed the information prescribed in Schedule II, Part C (B) of Listing Regulations at each of its meeting.

The Company has complied with all the requirements of Regulation 18(1) of Listing Regulations relating to composition of the Audit Committee. Mr. P S Dasgupta, an Independent, Non-executive Director acted as the Chairman of the Audit Committee during the year ended 31 March, 2018. Mr. Dasgupta, as Chairman of the Audit Committee, was present at the Thirtieth Annual General Meeting of the Company held on 9 August, 2017.

During the financial year ended 31 March, 2018, five Audit Committee Meetings were held on 24 May, 2017, 4 July, 2017, 8 August, 2017, 10 November, 2017 and 5 February, 2018.

During the year ended 31 March, 2018, the composition of the Audit Committee and the details of meetings attended by the members thereof were as follows:

Name of the Members	Category	No. of Meetings attended
Mr. P S Dasgupta Chairman	Non-Executive Independent	4
Mr. Sanjay Koul Member	Promoter Director Executive Non-Independent	5
Mr. Jai S. Pathak* Member	Non-Executive Independent	2
Mr. Bushen Lal Raina** Member	Non-Executive Independent	NA
Mrs. Rupa Mahanty Member	Non-Executive Independent	5

** resigned w.e.f 10 November, 2017*

***appointed w.e.f. 5 February, 2018*

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

Nomination and Remuneration Committee

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, 2018, one meeting of the Nomination and Remuneration Committee was held on 5 February, 2018.

During the year ended 31 March, 2018, the composition of the Nomination and Remuneration Committee and details of meeting attended by members thereof were as follows:

Name of the Members	Category	Attendance (5 February, 2018)
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	NA
Mr. Bushen Lal Raina** Member	Non-Executive Independent	NA
Mr. Ajay K Das Member	Non-Executive Non-Independent	Yes

** resigned w.e.f 10 November, 2017*

***appointed w.e.f. 5 February, 2018*

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 2017-18

Non-Executive Directors

Name of the Director	Sitting Fees (Rs.)
Mr. P. S. Dasgupta	450,000
Mr. Jai S. Pathak*	180,000
Mrs. Rupa Mahanty	580,000
Mr. Ajay K Das	-
Mr. Bushen Lal Raina**	50,000

** resigned w.e.f. 10 November, 2017*
***appointed w.e.f. 5 February, 2018*

Executive Directors

(In Rupees)

Name of the Director	Salary & Allowances	Perquisites	Performance Incentive	Stock Options
Mr. Sanjay Koul	13,883,491	8,166,244	6,276,686	NIL
Mr. Avishrant Keshava	4,216,498	1,481,927	1,314,514	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 2018, one meeting of the Stakeholders Relationship Committee was held on 5 February, 2018.

During the year ended 31 March, 2018, 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 (5 February, 2018)
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	Yes

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 resolutions 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, 2018 is given below:

No.	Particulars	Q1	Q2	Q3	Q4	Total as on 31.3.2018
1.	Number of shareholders' complaints received so far	172	236	215	229	852
2.	Number not solved to the satisfaction of shareholders	0	0	0	0	0
3.	Number of pending complaints	0	0	1*	0	0

**Since resolved in Q4.*

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
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	–
2016-17	Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100	9 August, 2017	Wednesday	10 am	–

Note: No Special Resolution was required to be passed in 2017-18 through Postal Ballot. However, for approving the Scheme of Amalgamation between ABC Bearings Limited and Timken India Limited and their respective shareholders and creditors, approval of the

members representing majority in number and holding not less than 3/4th shares was obtained inter-alia through postal ballot as per the order of NCLT Bengaluru Bench. A summary of voting through e-voting, postal ballot and poll at such meeting is given below:

Particulars	Remote E-Voting		Postal Ballot		Polling at the Meeting		Consolidated Voting Results			
	No. of Members Voted	No. of Valid votes cast	No. of Members Voted	No. of Valid votes cast	No. of Member/ Proxy Voted	No. of Valid votes cast	Total No. of Members Voted	% of Members voted	Total No. of Votes cast	% of total number of valid votes cast
Voted in favour of the Resolution	210	5,54,57,119	66	8,500	68	2,78,656	344	98.85	5,57,44,275	99.99
Voted against the Resolution	3	363	1	4	0	0	4	1.15	367	0.01
Total Votes	213	5,54,57,482	67	8,504	68	2,78,656	348	100	5,57,44,642	100
Invalid Votes	-	-	-	-	-	-	-	-	-	-

As per NCLT order, Mr. Soumitra Hazra acted as a scrutinizer for postal ballot process.

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).

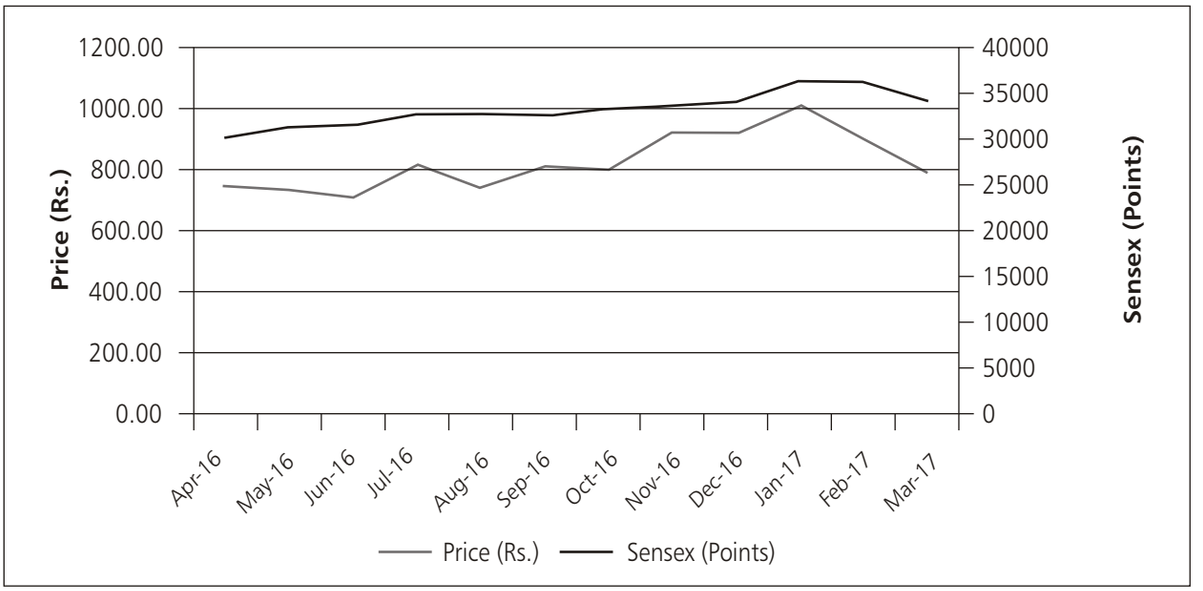
The financial results were also displayed on the Company's website at www.timken.com/en-in. Official press release or presentation made to investors is available on Company's website.

General Shareholders Information

1.	AGM	10 August, 2018, 10.00 AM at Tangerine Conference Hall, Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bengaluru - 560 100
2.	Financial Calendar	The financial year covers - 1 April, 2017 to 31 March, 2018.
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 "Exchange Plaza" Bandra Kurla Complex Bandra (E), Mumbai - 400 051 BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 The Company has paid annual listing fees to the above Stock Exchanges for the year 2018-19. Steps have been taken to get the Equity Share delisted from Magadh Stock Exchange.
5.	Stock Code	522113 (BSE), TIMKEN (NSE)
6.	Market Price Data	Monthly High/Low of Market Prices of the Company's Equity Shares, traded on the BSE Limited, Mumbai during the financial year ended 31 March, 2018: (*source : www.bseindia.com*)

Month	High (Rs.)	Low (Rs.)
April 2017	747.45	630.00
May 2017	737.45	661.25
June 2017	712.45	647.20
July 2017	815.40	661.00
August 2017	736.80	666.05
September 2017	818.85	702.00
October 2017	798.00	749.25
November 2017	921.65	767.10
December 2017	915.60	851.00
January 2018	1008.00	870.00
February 2018	903.00	776.00
March 2018	789.00	680.00

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:



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, *inter-alia*, to approve registration of transfer of shares. Further as per SEBI notification No SEBI/LAD-NRO/GN/2018/24 dated 8th June 2018 no sale or purchase of share will be allowed in physical form w.e.f 180 days from the date of publication of the said notification in the official gazette.
11.	Distribution of Share holding	The distribution of shareholding as on 31st March,2018 is given below:

Range (Rs.)	Accounts	Shares	%
1 – 5000	50453	5267505	7.75
5001 – 10000	834	631616	0.93
10001 – 20000	361	524324	0.77
20001 – 30000	93	236487	0.35
30001 – 40000	44	155993	0.23
40001 – 50000	28	132162	0.19
50001 – 100000	59	436558	0.64
100001 and above	97	60615339	89.14
	51969	**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, 2018, 96.71% 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	Reference - Notes No. 36 to Accounts	
15.	Plant location	The Company's Plants are located at : ● 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 :	
		Company Secretary & Chief – Compliance Timken India Limited 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	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 2017-18. Senior management personnel have declared that during the year ended 31 March, 2018, 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 material related party transactions is disclosed on the website of the Company and can be seen at: https://www.timken.com/en-in/investors/policies/ .

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

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 2017-18 and during the tenure, they reported to the Audit Committee of the Board.

For and on behalf of the Board of Directors

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Bengaluru
21 May, 2018

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members of Timken India Limited

I have examined all the relevant records of Timken India Limited ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (LODR) Regulations, 2015 for the financial year ended 31st March 2018. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Regulations, 2015.

R Vijaykumar & Co.,
R Vijayakumar, Practicing Company Secretary
FCS No. 6418; C P No.8667

21 May 2018
Bangalore

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, 2018.

For the purpose of this declaration, Senior Management Team means members of management one level below the executive directors as on 31 March, 2018.

For and on behalf of the Board of Directors

Sanjay Koul
Chairman & Managing Director
DIN: 05159352

Bengaluru
21 May, 2018

Annexure - XI

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L29130KA1996PLC048230
2.	Name of the Company	Timken India Limited
3.	Registered address	39-42, Electronic City, Phase II, Hosur Road, Bengaluru - 560 100
4.	Website	www.timken.com/en-in
5.	E-mail id	soumitra.hazra@timken.com
6.	Financial Year reported	2017-18
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. Bengaluru 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)	12726 M
3.	Total profit after taxes (INR)	920 M*
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.92% (with respect to 3 above)
5.	List of activities in which expenditure in 4 above has been incurred:	(1) Preventive Healthcare, (2) Environmental Sustainability, (3) Safe Drinking Water, (4) 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 number1against 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?		Company Publish Business Responsibility Report as part of Annual Report and it can be accessed at the website of the Company at http://www.timken.com/en-in								

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1		
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 pending as on year end.	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 environments 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):		Energy consumption : 6% reduction per equivalent bearings produced. Water consumption : 12% reduction per equivalent bearings produced.
	(a)	Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?	
	(b)	Reduction during usage by consumers (energy, water) has been achieved since the previous year?	
3	Does the company have procedures in place for sustainable sourcing (including transportation)?		Yes
	(a)	If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	63%, 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?		Yes. In India we are focusing more on localization and procuring maximum possible within the 100 Km Region of the location.
	(a)	If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	As a part of our lean supply chain concept, we encourage our local sources to develop their capacity and capability continually. The Company also does handholding with suppliers in such cases. During the year, local source was added for 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		814 as on 31 March, 2018	
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.		344	
3.	Please indicate the Number of permanent women employees.		18	
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?		31.29%	
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

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. The Company at its Jamshedpur Plant has done a transition to ISO 14001 : 2015 and also obtained certification of ISO 50001 for energy management.
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 guideline and achieved silver rating certification for this project. Several initiatives are being taken for energy efficiency.
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
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)	No

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, inter-alia, for providing healthcare facilities, promoting sports, environmental sustainability and safe drinking water.
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?	We regularly review projects undertaken by us and seek feedback from those who are benefitted.
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 case is pending as on 31st March, 2018
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes

Annexure - XII

DIVIDEND DISTRIBUTION POLICY

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

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

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

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

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

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

   ii. Evaluation of the tax implications to shareholders;

   iii. Renovation/ Modernisation of existing facilities;

   iv. Major Repairs & Maintenance;

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

   vi. Acquisition or disposal of assets;

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

E. Dividend declaration:

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

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

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

Independent Auditor's Report

To the Members of Timken India Limited

Report on the Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Timken India Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS 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 the 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 obtained by us 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 aforesaid 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total 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 Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with 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;

      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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sathya P. Koushik
Partner
(Membership No. 206920)

Bengaluru, May 21, 2018
SK/HSM/2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Timken India Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sathya P. Koushik
Partner
(Membership No. 206920)

Bengaluru, May 21, 2018
SK/HSM/2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

(c) According to the information and explanations given to us and based on the examination of lease agreement, we report that in respect of building constructed on leased land, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

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

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

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits.

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

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, , Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax , cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rs. in million)	Amount Unpaid (Rs. in million)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2002-03 and 2008-09 to 2014-15	112.81	88.08
		Commissioner of Income Tax (Appeals)	1998-89 and 2004-05	12.62	12.62
Various State Sales Tax Acts	Various Sales Tax	Various Appellate Authoritiess	1994-95 to 2014-15	150.58	145.20

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rs. in million)	Amount Unpaid (Rs. in million)
Finance Act, 1994	Service Tax	Central Excise and Service Tax Appellate Tribunal	2003-04 to 2012-13	26.35	19.62
		Additional Commissioner/ Deputy Commissioner of Central Excise and Service Tax		1.82	1.62
Central Excise Act, 1944	Excise duty	Central Excise and Service Tax Appellate Tribunal	2008-09 to 2010-11	3.27	2.91
Customs Act, 1962	Custom duty*	High Court	2007-08	5.34	5.34

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

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

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

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

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

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

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

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

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

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

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

Sathya P. Koushik
Partner
(Membership No. 206920)

Bengaluru, May 21, 2018
SK/HSM/2018

Balance Sheet as at March 31, 2018

₹ in million

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current Assets			
(a) Property, plant and equipment	3	**2,509.81**	2,305.83
(b) Capital work-in-progress		**538.28**	581.26
(c) Intangible assets	4	**1.18**	0.38
(d) Financial assets			
(i) Investments	5 A	**0.30**	0.30
(ii) Trade receivables	10	**21.81**	14.10
(iii) Loans	6	**33.29**	30.54
(e) Deferred tax assets (Net)	7	**-**	32.24
(f) Other non-current assets	8	**204.28**	313.62
		3,308.95	3,278.27
Current Assets			
(a) Inventories	9	**2,454.48**	1,880.28
(b) Financial assets			
(i) Investments	5 B	**551.74**	905.51
(ii) Trade receivables	10	**2,231.79**	1,920.68
(iii) Cash and cash equivalents	11	**229.97**	146.59
(iv) Bank balances other than (iii) above	11	**37.78**	36.86
(v) Loans	12	**0.92**	1.40
(vi) Other financial assets	13	**27.37**	52.99
(c) Other current assets	14	**945.77**	549.73
		6,479.82	5,494.04
Total Assets		**9,788.77**	8,772.31
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	**679.89**	679.89
(b) Other equity	16	**6,343.42**	5,498.80
Total Equity		**7,023.31**	6,178.69
LIABILITIES			
Non-current Liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	17	**224.62**	182.95
(b) Provisions	18	**30.28**	34.41
(c) Deferred tax liabilities (Net)	7	**21.82**	-
		276.72	217.36
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	19	**159.38**	83.99
(ii) Trade payables	20	**1,965.69**	1,567.92
(iii) Other financial liabilities	21	**101.32**	300.41
(b) Other current liabilities	22	**74.34**	118.04
(c) Provisions	18	**130.49**	260.57
(d) Current tax liabilities	23	**57.52**	45.33
		2,488.74	2,376.26
Total Liabilities		**2,765.46**	2,593.62
Total Equity and Liabiltiies		**9,788.77**	8,772.31

See accompanying notes to the Financial Statements 2.1 to 42

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sathya P. Koushik
Partner
Place: Bengaluru
Date: May 21, 2018

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
Bengaluru, May 21, 2018

Statement of Profit and Loss for the year ended March 31, 2018

₹ in million

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I. Revenue			
Revenue from Operations	24	**12,517.69**	11,172.18
Other Income	25	**208.39**	99.22
Total Income (I)		**12,726.08**	11,271.40
II. Expenses			
Cost of Materials Consumed	26	**5,490.43**	3,347.46
Purchase of Traded Goods		**2,324.23**	2,823.54
Changes in Inventories of Finished Goods, Traded Goods and Work-in-progress	27	**(403.95)**	33.86
Excise Duty on movement in stock of Finished goods		**(127.86)**	34.71
Excise duty on sale of goods		**177.63**	610.43
Employee Benefits Expense	28	**905.03**	737.16
Finance costs	29	**12.16**	8.37
Depreciation and amortisation expense	30	**431.38**	288.89
Other Expenses	31	**2,519.55**	2,005.20
Total Expenses (II)		**11,328.60**	9,889.62
III. Profit before tax for the year (I-II)		**1,397.48**	1,381.78
IV. Tax expense:			
(1) Current tax charge {includes net reversal of ₹ 1.45 million (March 31, 2017 - reversal of ₹ 17.35 million) relating to earlier years.}		**423.52**	407.62
(2) Deferred tax		**54.05**	2.19
Total Tax Expenses		**477.57**	409.81
V. Profit for the year (III - IV)		**919.91**	971.97
VI. Other Comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
(i) Re-measurement gains/(losses) on defined benefit plans (net)		**6.92**	(11.35)
Other comprehensive income for the year, net of tax		**6.92**	(11.35)
VII. Total Comprehensive Income for the year (V + VI)		**926.83**	960.62
VIII. Earnings per equity share (in ₹): Basic & Diluted (Nominal value ₹ Rs.10 per share (PY ₹ 10 per share))	32	**13.53**	14.30

See accompanying notes to the Financial Statements 2.1 to 42

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sathya P. Koushik
Partner
Place: Bengaluru
Date: May 21, 2018

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

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

Soumitra Hazra
Company Secretary & Chief - Compliance
Bengaluru, May 21, 2018

Statement of Changes in Equity for the years ended March 31, 2018

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 March 31, 2016	67,975,184	679.76	24,800	0.13	679.89
Receipt of calls in arrears	600	0.00	(600)	(0.00)	0.00
As at March 31, 2017	**67,975,784**	**679.76**	**24,200**	**0.13**	**679.89**
Receipt of calls in arrears (refer note (i))	300	0.00	(300)	(0.00)	0.00
As at March 31, 2018	**67,976,084**	**679.76**	**23,900**	**0.13**	**679.89**

(i) ₹ 0.0015 million (2016-17 - ₹ 0.0015 million) have been received during the year.

B) Other Equity (also refer note 16) ₹ in million

	Reserves and Surplus			Total
	Capital Redemption Reserve	Securities Premium Account	Retained earnings	
Balance as at March 31, 2016	260.00	435.52	3,924.89	4620.41
Profit for the year			971.97	971.97
Other comprehensive (loss) for the year, net of tax			(11.35)	(11.35)
Total comprehensive income			**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**
Profit for the year			919.91	919.91
Other comprehensive gain for the year, net of tax			6.92	6.92
Total comprehensive income for the year			**5,730.11**	**6,425.63**
Equity Dividend for the year 2016-17			(67.99)	(67.99)
Tax on Equity Dividend			(14.22)	(14.22)
Balance as at March 31, 2018	**260.00**	**435.52**	**5,647.90**	**6,343.42**

See accompanying note 2.1 to 42 forming part of the Financial Statements

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sathya P. Koushik
Partner
Place: Bengaluru
Date: May 21, 2018

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

Sanjay Koul
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Managing Director & CEO
DIN - 05159352

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

Soumitra Hazra
Company Secretary & Chief - Compliance
Bengaluru, May 21, 2018

Cash Flow Statement for the year ended March 31, 2018

₹ in million

		Year ended March 31, 2018		Year ended March 31, 2017	
A.	**Cash Flow from Operating Activities :**				
	Net Profit before tax		**1,397.48**		1,381.78
	Adjustments to reconcile profit before tax to net cash flows :				
	Depreciation and amortisation	**431.38**		288.89	
	Interest income	**(33.97)**		(10.15)	
	Interest expense	**12.16**		8.37	
	Dividend Income	**(31.24)**		(36.47)	
	(Profit) on sale of Property, Plant & Equipment (Net)	**(1.12)**		(0.89)	
	Provision for Doubtful debts / advances	**27.59**		23.82	
	Provision no longer required written back	**(110.38)**		(25.80)	
	Deferred government grants	**(25.79)**		(3.64)	
	Unrealised foreign exchange loss / (gain)	**21.25**		(9.88)	
			289.88		234.25
	Operating Profit before Working Capital Changes		**1,687.36**		1,616.03
	Changes in assets and liabilities				
	(Increase) / Decrease in Trade receivable	**(323.13)**		22.42	
	(Increase) in Loans & other financial assets and other assets	**(387.50)**		(85.66)	
	(Increase) in Inventories	**(574.20)**		(20.92)	
	Increase in Trade payable	**356.18**		437.96	
	Increase in Other financial liabilities, other liabilities & provisions	**9.59**		66.97	
			(919.06)		420.77
	Cash Generated from Operations		**768.30**		2,036.80
	Direct Taxes paid (net of refund)		**(378.39)**		(396.11)
	Net Cash from Operating Activities (A)		**389.91**		1,640.69
B.	**Cash Flow from Investing Activities :**				
	Purchase of Property, Plant & Equipment including capital work in progress and capital advances		**(724.04)**		(1,309.82)
	Proceeds from Sale of Property, Plant & Equipment		**9.91**		4.28
	Dividend received		**31.24**		36.47
	Interest received		**34.51**		8.14
	Redemption/ maturity of bank deposits (having original maturity of more than three months)		**10.00**		10.00
	Net Cash used in Investing Activities (B)		**(638.38)**		(1,250.93)

Cash Flow Statement for the year ended March 31, 2018

₹ in million

	Year ended March 31, 2018		Year ended March 31, 2017	
C. **Cash Flow from Financing Activities :**				
Interest paid		**(12.16)**		(5.72)
Proceeds from short term borrowings		**159.38**		83.99
Repayment of short term borrowings		**(83.99)**		(43.10)
Dividend paid		**(67.99)**		(68.00)
Tax on dividend distribution		**(14.22)**		(14.23)
Proceeds from Calls in arrears (refer note (a) below)		**0.00**		0.00
Net Cash (used in)/ from Financing Activities (C)		**(18.98)**		(47.06)
Net Increase /(decrease) in Cash and Cash equivalents (A+B+C)		**(267.45)**		342.70
Cash and Cash equivalents - Opening Balance		**1,052.10**		713.88
Effect of exchange difference on restatement of foreign currency cash and cash equivalents		**(2.94)**		(4.48)
Cash and Cash equivalents - Closing Balance		**781.71**		1,052.10

(a) Calls in arrears of ₹ 0.0015 million (2016-17 - ₹ 0.0015 million) have been received during the year.

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, 2018	As at March 31, 2017
Cash on hand and balances with banks (refer. note 11)	**229.97**	146.59
Short term Investments (refer note 5B)	**551.74**	905.51
Cash & Cash equivalents	**781.71**	1,052.10

See accompanying notes 2.1 to 42 forming part of the Financial Statements

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sathya P. Koushik
Partner
Place: Bengaluru
Date: May 21, 2018

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
Bengaluru, May 21, 2018

Notes to financial statements as at and for the year ended March 31, 2018

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, Electronics City, Phase II, Hosur Road, Bengaluru - 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 21, 2018.

The Company's Board of Directors at its meeting held on July 4, 2017 has approved a Scheme of Amalgamation and Arrangement amongst Timken India Limited, ABC Bearings Limited and their respective shareholders and creditors in terms of the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The parties are in the process of obtaining necessary approvals from various concerned authorities to give effect to the amalgamation.

2. BASIS OF PREPARATION AND PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements for the year ended March 31, 2018 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 Ministry of Corporate Affairs .

Basis of preparation and 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).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind-AS 17, and measurements that have some similarities to fair value but are not fair value, such as in value in use in Ind-AS 36.

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

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

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

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

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.

Notes to financial statements as at and for the year ended March 31, 2018

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.

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 principal 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	5-10
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 amount 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.

Notes to financial statements as at and for the year ended March 31, 2018

(d) Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

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

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

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

Under Ind-AS, import duty waivers for capital assets purchased under Export Promotion Credit Guarantee (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

(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) / goods and service tax (GST) 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 / GST 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.

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 a financial liability or a financial asset to their gross carrying amount.

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

Notes to financial statements as at and for the year ended March 31, 2018

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 transalation 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.

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.

Notes to financial statements as at and for the year ended March 31, 2018

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.

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.

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 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.

Notes to financial statements as at and for the year ended March 31, 2018

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) 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.

o) 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.

p) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement:

Financial assets and financial 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 of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

Subsequent measurement:

Financial assets at amortised cost

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

Financial Assets at fair value through other comprehensive Income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Notes to financial statements as at and for the year ended March 31, 2018

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

Financial liabilities

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Offsetting financial asset and financial liability

The company offsets a financial asset and a financial liability when the Company :

(a) currently has a legally enforceable right to set off the recognised amounts and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial liabilities

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

q) The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified Ind AS 115 "Revenue from Contracts with Customers" as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The said standard is applicable for the accounting periods beginning on or after April 1, 2018. The company is in the process of assessing the impact of the said standard on its financial statements.

2.2 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) **Useful lives of property, plant and equipment**

The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to financial statements as at and for the year ended March 31, 2018

b) **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.

c) **Litigations**

The Company is involved in certain direct tax and indirect tax disputes. Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation applicable to arrangements entered into by the Company. Due to the uncertainty associated with such tax items, it is possible that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

d) **Impairment of Trade receivables**

The recognition of impairment loss allowance on trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2.3 The Financial statements of the Company for the year ended 31 March 2017, were audited by S.R. Batliboi & Co. LLP (Firm's registration no: 301003E/E300005) the predecessor auditor.

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT ₹ in million

	Buildings	Plant & Equipment	Office Equipment	Computers	Furniture & Fixtures	Vehicles	Total
GROSS BLOCK							
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**
Additions	6.92	586.00	28.94	16.69	3.82	1.54	643.91
Deductions	(0.00)	(30.94)	(2.74)	(8.97)	(1.84)	(0.35)	(44.84)
As at March 31, 2018	**364.35**	**2,923.20**	**50.43**	**50.74**	**12.68**	**8.31**	**3,409.71**
ACCUMULATED DEPRECIATION							
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**
Charge for the year	18.81	394.19	1.19	15.05	1.31	0.59	431.14
Deductions	-	(22.44)	(2.49)	(8.97)	(1.80)	(0.35)	(36.05)
As at March 31, 2018	**40.64**	**822.54**	**6.92**	**26.09**	**1.83**	**1.88**	**899.90**
NET BLOCK							
As at March 31, 2017	**335.60**	**1,917.35**	**16.01**	**23.01**	**8.38**	**5.48**	**2,305.83**
As at March 31, 2018	**323.71**	**2,100.66**	**43.51**	**24.65**	**10.85**	**6.43**	**2,509.81**

NOTE 4 : INTANGIBLE ASSETS ₹ in million

	Computer Softwares	Total
GROSS BLOCK		
As at March 31, 2016	**8.62**	**8.62**
Additions	0.47	0.47
Deductions	-	-
As at March 31, 2017	**9.09**	**9.09**
Additions	1.04	1.04
Deductions	-	-
As at March 31, 2018	**10.13**	**10.13**
ACCUMULATED AMORTISATION		
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**
Charge for the year	0.24	0.24
As at March 31, 2018	**8.95**	**8.95**
NET BLOCK		
As at March 31, 2017	**0.38**	**0.38**
As at March 31, 2018	**1.18**	**1.18**

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 5 A : NON-CURRENT INVESTMENTS (Unquoted)

	Face Value	**Holdings as at March 31, 2018**		Holdings as at March 31, 2017	
		Nos	**₹ in million**	Nos	₹ in million
At fair value through profit and loss					
Trade (Unquoted)					
Equity Shares fully paid up					
Nicco Jubilee Park Limited	₹ 10 each	30,000	0.30	30,000	0.30
Total			**0.30**		**0.30**

NOTE 5 B : CURRENT INVESTMENTS (Unquoted)

	Face Value	**Holdings as at March 31, 2018**		Holdings as at March 31, 2017	
	₹ per unit	**Nos**	**₹ in million**	Nos	₹ in million
At fair value through profit and loss					
Unquoted Instruments					
Investments in Mutual Funds					
Birla Sun Life Cash Plus - Daily Dividend - Regular Plan	100	1,376,494	137.97	2,312,424	231.69
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	1,000	137,830	137.96	234,895	235.09
Reliance Liquid Fund - Cash - Daily Dividend Option - CPDD	1,000	-	-	75,576	84.20
SBI PLF - Reg.Plan - Daily Dividend	1,000	-	-	139,969	140.42
Axis Liquid Fund - Daily Dividend - Regular Plan	1,000	137,780	137.97	-	-
L & T Liquid Fund - Daily Dividend - Regular Plan	1,000	136,154	137.84	-	-
HDFC Liquid Fund Regular - DDR	1,000	-	-	111,438	113.65
ICICI Pru Liquid Plan - DDR	100	-	-	1,003,632	100.46
Total			**551.74**		**905.51**

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

NOTE 6: LOANS (Non current) (at amortised cost) ₹ in million

	As at March 31, 2018	As at March 31, 2017
Security Deposits		
Unsecured, considered good	**32.88**	30.16
Loans to employees		
Unsecured, considered good	**0.41**	0.38
	33.29	30.54

6.1: Loans to Employees includes:

(a) ₹ Nil (March 31, 2017 - ₹ Nil) given to Directors of the Company.

(b) ₹ Nil (March 31, 2016 - ₹ Nil) given to other officers of the Company.

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 7 : DEFERRED TAX ASSETS ₹ in million

	As at March 31, 2018	As at March 31, 2017
Deferred Tax Assets		
- Disallowance u/s 43B and 40(a)(ia) of Income Tax Act, 1961	**45.94**	82.88
- Provision for Doubtful Debts & Advances	**29.74**	21.09
- Others	**0.90**	0.39
Gross Deferred Tax Assets	**76.58**	104.36
Deferred Tax Liabilities		
- Arising out of temporary difference on depreciable assets.	**(98.40)**	(72.12)
Gross Deferred Tax Liabilities	**(98.40)**	(72.12)
Net Deferred Tax Assets/(Liabilities)	**(21.82)**	32.24

Reconciliation of statutory rate of tax and effective rate of tax: ₹ in million

	2017-18	2016-17
Profit before Tax (a)	**1,397.48**	1,381.78
Tax Expense (b)	**477.57**	409.81
Tax rate as a % of PBT (b)/(a)	**34.17%**	29.66%
At India's statutory income tax rate of 34.608% (31 March 2017: 34.608%)	**483.64**	478.21
Adjustments:		
Non-deductible expenses for tax purposes	**5.93**	7.40
Dividend income - exempt for tax purposes	**(10.80)**	(12.49)
Allowances claimed under Income tax Act, 1961	**-**	(43.07)
Tax impact of earlier years	**(1.20)**	(20.24)
At the effective income tax rate of 34.17% (31 March 2017: 29.66%)	**477.57**	409.81
Income tax expense reported in the statement of profit and loss	**477.57**	409.81

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

		As at March 31, 2018	As at March 31, 2017
a)	**Capital Advances**	**20.92**	101.59
b)	**Advances other than capital advances**		
	- Advance Income Tax	**172.27**	205.21
	- Advances to Employees	**6.02**	-
c)	**Others**		
	Prepaid Expenses	**5.07**	6.82
		204.28	313.62

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 9 : INVENTORIES

(Valued at lower of Cost and Net Realisable Value) ₹ in million

		As at March 31, 2018	As at March 31, 2017
a)	Raw materials and Components * (Refer Note 26)	**567.37**	408.38
b)	Work - in - progress (Refer Note 27)	**460.46**	306.82
c)	Finished stock* (Refer Note 27)	**582.51**	500.86
d)	Traded Goods* (Refer Note 27)	**719.08**	550.42
e)	Stores and Spares *	**125.06**	113.80
		2,454.48	1,880.28
*	Including goods in transit :		
	Raw Materials and Components	**250.81**	172.70
	Stores & Spares	**5.62**	15.34
	Finished Stock	**21.92**	29.39
	Traded Goods	**158.67**	154.22

NOTE 10 : TRADE RECEIVABLES

(at amortised cost) ₹ in million

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Trade receivables				
Secured, considered good	**-**	-	**13.38**	17.93
Unsecured, considered good	**21.81**	14.10	**2,218.41**	1,902.75
Unsecured, considered doubtful	**-**	-	**85.98**	58.86
	21.81	14.10	**2,317.77**	1,979.54
Less: Allowance for Doubtful trade receivables	**-**	-	**(85.98)**	(58.86)
	21.81	14.10	**2,231.79**	1,920.68

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.

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 11 : CASH AND BANK BALANCES

₹ in million

	As at March 31, 2018	As at March 31, 2017
Cash and Cash Equivalents :		
a) Cheques on hand	-	-
b) Balance with Banks		
On Current Accounts	**150.87**	103.44
In Foreign Currency Account (EEFC)	**79.10**	43.15
Cash and Cash Equivalents	**229.97**	146.59
Other Bank Balances		
On unpaid dividend account - refer note (a) below	**37.78**	36.86
	267.75	183.45

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

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

₹ in million

	As at March 31, 2018	As at March 31, 2017
Loans to employees		
Unsecured, considered good	**0.92**	1.40
	0.92	1.40

12.1 : Loans to Employees includes:

(a) ₹ Nil (March 31, 2017 - ₹ 0.21) given to Directors of the Company.

(b) ₹ Nil (March 31, 2017 - ₹ 0.01) 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, 2018	As at March 31, 2017
Deposits with banks as margin money against guarantees with more than 12 months maturity	**10.00**	20.00
Interest accrued on fixed deposit	**1.48**	2.02
Recoverable from Related parties		
Reimbursements receivable from related parties (refer note below)	**15.89**	30.97
	27.37	52.99

Note : Includes ₹ Nil (March 31, 2017 ₹ 22.54 million) amount receivable from a fellow subsidiary, The Timken Corporation, being the insurance claim received by it under the global insurance arrangement towards the prior year's loss due to fire.

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 14 : OTHER CURRENT ASSETS ₹ in million

Advances other than Capital Advances	**As at March 31, 2018**	As at March 31, 2017
Secured, considered good	**-**	-
Unsecured, considered good	**78.36**	58.95
Advances to Employees	**8.23**	10.42
Other Receivables :		
Balance with statutory authorities/ Government authorities	**678.43**	284.61
Prepaid expenses	**9.82**	8.49
Export Incentives receivable	**170.93**	187.26
	945.77	549.73

NOTE 15 : EQUITY SHARE CAPITAL ₹ in million

		As at March 31, 2018		As at March 31, 2017
Authorised :				
75,000,000 (March 31, 2017: 75,000,000) Equity Shares of ₹ 10/- each		**750.00**		750.00
2,600,000 (March 31, 2017: 2,600,000) 9% Cumulative Redeemable Preference Shares of ₹100/- each		**260.00**		260.00
		1,010.00		1,010.00
Issued :				
68,015,134 (March 31, 2017: 68,015,134) Equity Shares of ₹10/- each		**680.15**		680.15
Subscribed and fully paid-up:				
67,976,084 (March 31, 2017: 67,975,784) Equity Shares of ₹ 10/- each fully paid-up		**679.76**		679.76
Subscribed and partly paid-up:				
23,900 (March 31, 2017: 24,200) Equity Shares of ₹ 10/- each	**0.24**		0.24	
Less: Calls in Arrears - other than directors *	**0.11**	**0.13**	0.11	0.13
		679.89		679.89

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, 2018 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, 2018

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

	As at March 31, 2018		As at March 31, 2017	
Equity Shares	**No. of Shares**	**₹in million**	No. of Shares	₹ in million
At the beginning of the year	**67,999,984**	**679.89**	67,999,984	679.89
Calls in arrears (refer note (i) below)	**-**	**0.00**	-	0.00
Outstanding at the end of the year	**67,999,984**	**679.89**	67,999,984	679.89

(i) ₹ 0.0015 million (2016-17 - ₹ 0.0015 million) have been received during the year.

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, 2017 - ₹ 1 per equity share) is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Dividend for the year 2016-17 proposed by the Board and approved by the shareholders at the 30th 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, 2018			As at March 31, 2017		
	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%

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, US is the Ultimate Holding Company. No shares in the Company are held by any subsidiary or associates of the holding company or the Ultimate Holding Company.

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

NOTE 16 : OTHER EQUITY ₹ in million

		As at March 31, 2018	As at March 31, 2017
a)	**Capital Redemption Reserve**	**260.00**	260.00
	Capital Redemption Reserve created on redemption of preference shares in earlier years.		
b)	**Securities Premium Account**	**435.52**	435.52
	Premium received on equity shares issued are recognised in the Securities premium account		
c)	**Retained Earnings (refer (i) below)**		
	Surplus in Statement of Profit & Loss	**5,647.90**	4,803.28
Total - Other equity		**6,343.42**	5,498.80

(i) Movement in Retained Earnings ₹ in million

Opening Balance	**4,803.28**	3,924.89
Add: Profit for the year	**919.91**	971.97
Other Comprehensive income for the year	**6.92**	(11.35)
Less: Appropriations		
Equity Dividend of ₹ 1 per equity share (March 31, 2017- ₹ 1)	**(67.99)**	(68.00)
Tax on Equity Dividend	**(14.22)**	(14.23)
Closing Balance	**5,647.90**	4,803.28

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 17 : OTHER FINANCIAL LIABILITIES ₹ in million

Government Grants	**As at March 31, 2018**	As at March 31, 2017
Opening Balance	**182.95**	18.23
Received during the year	**67.46**	168.36
Released to the statement of profit and loss (refer note 25)	**(25.79)**	(3.64)
Closing Balance	**224.62**	182.95

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 18 : PROVISIONS ₹ in million

	Non-Current		**Current**	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Provision for Employee benefits :				
Employees' Death Benefit Scheme (refer note 40)	**17.47**	19.72	**4.15**	3.75
Employees' Provident Fund (refer note 40)	**12.81**	14.69	**1.70**	1.75
Gratuity (refer note 40)			**7.97**	30.24
Compensated absences	**-**	-	**85.70**	85.97
Total (a)	**30.28**	34.41	**99.52**	121.71
Others :				
Provision for Indirect taxes (refer note (a) below)			**30.68**	136.21
Other provisions			**0.29**	2.65
Total (b)	**-**	-	**30.97**	138.86
Total (a+b)	**30.28**	34.41	**130.49**	260.57

a) Provision for Indirect taxes ₹ in million

Particulars	**As at March 31, 2018**	As at March 31, 2017
Opening Balance	**136.21**	119.08
Additions during the year	**2.54**	17.89
Utilisation during the year	**-**	(0.76)
Reversal during the year	**(108.07)**	-
Closing Balance	**30.68**	136.21

Provision for Indirect Taxes includes liabilities aggregating ₹Nil (March 31, 2017: ₹303.37 million) towards customs duty on imports for various years. The Company has also deposited ₹Nil (March 31, 2017: ₹207.74 million) with customs authorities.

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

Notes to financial statements as at and for the year ended March 31, 2018

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

	As at March 31, 2018	As at March 31, 2017
Bills discounted with bank - Unsecured	**159.38**	83.99
	159.38	83.99

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

NOTE 20 : TRADE PAYABLES (at amortised cost) ₹ in million

	As at March 31, 2018	As at March 31, 2017
Trade Payables :		
i) Total outstanding dues of micro and small enterprises (refer note below)	**61.43**	28.27
ii) Total outstanding dues of creditors other than micro and small enterprises (for dues to related parties refer note 37)	**1,904.26**	1,539.65
Total Trade Payables	**1,965.69**	1,567.92

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, 2018**	As at and Year ended March 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	**61.43**	24.79
Interest	**0.28**	0.17
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.		
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.	**1.35**	0.47
The amount of interest accrued for the year and remaining unpaid at the end of each accounting year;	**5.11**	3.48
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.	**-**	-

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 21 : OTHER FINANICAL LIABILITIES (at amortised cost) ₹ in million

	As at March 31, 2018	As at March 31, 2017
Security deposits received from Customers (refer note (a))	**25.24**	22.58
Interest accrued on Security deposit from customers	**2.06**	1.76
Unpaid dividends (refer note (b))	**37.78**	36.86
Capital creditors	**36.24**	238.98
Customers claims	**-**	0.23
	101.32	300.41

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, 2018	As at March 31, 2017
Taxes and duties payable	**56.15**	104.14
Advance from Customers	**18.19**	13.90
	74.34	118.04

NOTE 23 : CURRENT TAX LIABILITIES ₹ in million

	As at March 31, 2018	As at March 31, 2017
Income tax payable	**57.52**	45.33
	57.52	45.33

NOTE 24 : REVENUE FROM OPERATIONS ₹ in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of Products		
Sale of Goods (Gross) *	**11,896.61**	10,673.85
Sale of Services	**448.04**	364.88
Other operating revenue		
Operating Lease Rentals	**-**	20.19
Export incentives	**173.04**	113.26
Revenue from operations	**12,517.69**	11,172.18

* Sale of goods includes excise duty collected from customers of ₹177.63 million upto 30th June 2017. (March 31, 2017: ₹610.43 million). The Government of India introduced the Goods and Service Tax (GST) with effect from July 01, 2017. GST is collected on behalf of the Government and no economic benefit flows to the entity ; consequently revenue for the post GST period is presented net of GST.

Excise duty on movement in stock of finished goods amounting to ₹127.86 million (March 31, 2017: ₹34.70 million) has been considered as an expense in the statement of profit & loss.

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 25 : OTHER INCOME ₹ in million

	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income recognised on Financial assets, recognised at amortised cost	**33.97**	10.15
Dividend Income on current investments - non-trade (refer note (a))	**31.24**	36.47
Profit on Sale of property, plant and equipment (Net)	**1.12**	0.89
Gain on foreign currency transaction and translation (net)	**-**	18.39
Excess liabilities/provisions no longer required written back	**110.38**	25.80
Government grants	**25.79**	3.64
Miscellaneous Income	**5.89**	3.88
	208.39	99.22

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

NOTE 26 : COST OF MATERIALS CONSUMED ₹ in million

	Year ended March 31, 2018	Year ended March 31, 2017
Inventories at the beginning of the year	**408.38**	369.96
Add: Purchases	**5,649.42**	3,385.88
	6,057.80	3,755.84
Less: Inventories at the end of the year	**567.37**	408.38
Cost of raw materials and components consumed	**5,490.43**	3,347.46

NOTE 27: (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS, TRADED GOODS AND WORK IN PROGRESS ₹ in million

	Year ended March 31, 2018	Year ended March 31, 2017
Opening 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 : Closing Stock		
Work in Progress	**460.46**	306.82
Finished Goods	**582.51**	500.86
Traded Goods	**719.08**	550.42
	1,762.05	1,358.10
(Increase)/Decrease in Stock of Finished goods, Traded goods and Work in Progress	**(403.95)**	33.86

During the year ended March 31, 2018, ₹13.54 million (₹10.88 million) was recognised as on reversal /expenses for inventories carried at net realisable value.

NOTE 28 : EMPLOYEE BENEFITS EXPENSE ₹ in million

		Year ended March 31, 2017	Year ended March 31, 2016
i)	Salaries, Wages and Bonus	**734.22**	576.06
ii)	Contribution to provident and other funds	**57.07**	53.22
iii)	Gratuity expense (note 40)	**16.80**	13.43
iv)	Employee death benefit scheme expense (note 40)	**2.23**	2.33
v)	Compensated absenses	**6.53**	18.51
vi)	Staff welfare expenses	**88.18**	73.61
		905.03	737.16

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 29 : FINANCE COST ₹ in million

	Year ended March 31, 2018	Year ended March 31, 2017
Interest Expenses	**12.16**	8.37
	12.16	8.37

NOTE 30: DEPRECIATION AND AMORTISATION EXPENSES ₹ in million

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on Property, plant and equipment (note 3)	**431.14**	285.10
Amortisation of Intangible assets (note 4)	**0.24**	3.79
	431.38	288.89

NOTE 31 : OTHER EXPENSES ₹ in million

		Year ended March 31, 2018	Year ended March 31, 2017
a)	Consumption of stores and spares	**607.72**	385.92
b)	Power & Fuel	**270.06**	185.20
c)	Repairs to Buildings	**15.29**	9.36
d)	Repairs to Machineries	**84.94**	75.25
e)	Repairs Others	**51.09**	23.08
f)	Royalty	**251.34**	213.33
g)	Rent	**49.02**	52.29
h)	Rates and Taxes	**14.85**	24.88
i)	Insurance	**9.01**	8.49
j)	Commission (refer note (a))	**153.16**	84.06
k)	Travelling	**83.71**	84.34
l)	Subcontracting charges	**217.86**	195.03
m)	Legal & Professional Fees (refer note (b))	**175.40**	113.43
n)	Inter company Service Charges	**61.75**	79.70
o)	Network & ERP Expenses	**40.95**	52.79
p)	Carriage and Handling	**198.96**	156.56
q)	CSR Expenditure (refer note (c))	**26.93**	22.08
r)	Provision for doubtful debts, deposits & advance	**27.59**	23.82
s)	Excise Duty Expense (refer note (d))	**5.33**	5.98
t)	Foreign Exchange Loss (net)	**18.22**	-
u)	Other Expenses	**156.37**	209.61
		2,519.55	2,005.20

Notes:

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

Notes to financial statements as at and for the year ended March 31, 2018

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

	Year ended March 31, 2018	Year ended March 31, 2017
Auditor's remuneration (exclusive of service tax/GST)		
As Auditors		
- For Statutory Audit	**2.00**	2.25
- For Limited Reviews*	**1.13**	1.20
- For Certifications	**-**	0.21
- For Travelling & out-of-pocket expenses	**-**	0.64
For Other Matters		
- For Tax Audit	**0.50**	0.75
- For US GAAP Reporting	**-**	2.10
- For Other Services	**-**	1.80
(* includes ₹ 0.4 million paid to predecessor auditors)		

(c) Corporate Social Responsbility

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

₹ in million

	Year ended March 31, 2018	Year ended March 31, 2017
Gross amount required to be spent by the Company during the year	**26.93**	22.08
Amount spent (in cash) during the year :		
i) Construction/acquisition of any asset	**-**	-
ii) On purposes of promotion of education and combating diseases	**26.93**	22.08

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

NOTE 32 : EARNINGS PER SHARE (EPS)

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Profit attributable to equity shareholders of company (₹ in million)	**919.91**	971.97
(b)	Weighted Average Number of Equity Shares outstanding @ ₹10/- each	**67,988,934**	67,988,784
	Earnings per share - Basic & Diluted* (b)/(c) (In ₹)	**13.53**	14.30

* There are no dilutive potential equity shares.

NOTE 33 : CONTINGENT LIABILITIES AND COMMITMENTS

A. CONTINGENT LIABILITIES ₹ in million

		As at March 31, 2018	As at March 31, 2017
	Claims against the Company not acknowledged as debts		
i)	Sales tax matters under dispute / appeal	**105.71**	101.62
ii)	Income tax demands under appeal	**109.10**	117.94
iii)	Excise and customs demand under dispute / appeal	**34.17**	34.17
iv)	Other claims	**5.89**	8.31

Based on the discussions with the solicitors and in view of the favourable decisions in similar cases on above matters, outflow of resources is considered not probable.

B. CAPITAL AND OTHER COMMITMENTS ₹ in million

	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for; (net of advance of ₹ 20.92 million (March 31, 2017 - ₹ 101.60 million)	**141.97**	377.39

Notes to financial statements as at and for the year ended March 31, 2018

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 :

₹ in million

	As at March 31, 2018	As at March 31, 2017
Within one year	**9.02**	4.37
After one year but not more than five years	**12.84**	9.45
More than five years	**-**	-

The Company has paid ₹49.02 million (March 31, 2017: ₹52.29 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:

a. 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.

b. 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:

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

The Company has identified two operating segments, viz. i) Mobile industry 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, distribution process and risks, hence considered as a single reportable segment and accordingly no separate segment information is disclosed.

Entitywide disclosures

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

Details of products sold / services rendered

₹ in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products		
i) Bearings	**5,431.49**	4,844.65
ii) Components	**5,911.12**	5,405.06
iii) Bearing accessories	**554.00**	424.14
Total Sale of products	**11,896.61**	10,673.85
Details of services rendered		
i) Maintenance and refurbishment services	**415.70**	325.34
ii) Others	**32.34**	39.54
	448.04	364.88

Notes to financial statements as at and for the year ended March 31, 2018

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, 2018	Year Ended March 31, 2017
Sale of products and services		
India	**9,051.13**	7,879.00
Outside India		
- USA	**1,932.50**	2,265.76
- Others	**1,534.06**	1,027.42
	3,466.56	3,293.18
Total	**12,517.69**	11,172.18

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, 2018	As at March 31, 2017
Non-current assets other than financial assets		
India	**3,253.55**	3,201.09
Outside India	**-**	-
Total	**3,253.55**	3,201.09

c) Revenue from one of the customer group amounted to ₹3637.04 million (March 31, 2017 : ₹ 3394.08 million) arising from sale of products & services.

NOTE 36 :UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of unhedged foreign currency exposure as at the reporting date in million

Particulars	Currency	As at March 31, 2018		As at March 31, 2017	
		Amount in Foreign Currency	Value ₹	Amount in Foreign Currency	Value ₹
a) Trade Receivables	USD	**13.08**	**832.62**	10.24	651.42
b) Trade Payables and capital creditors	USD	**17.62**	**1,161.64**	14.89	980.67
	EURO	**0.03**	**2.30**	0.59	41.83
	GBP	**-**	**-**	0.00	0.07
	JPY	**0.12**	**0.07**	6.47	3.80
	CHF	**-**	**-**	0.00	0.07
c) EEFC Bank account	USD	**1.24**	**79.10**	0.68	43.15

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 37 : RELATED PARTY DISCLOSURE:

Related parties where control exists :

Holding Company – Timken Singapore PTE. Limited

Ultimate Holding Company – The Timken Company, US

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

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

Key management personnel

Chairman & Managing Director – Mr. Sanjay Koul

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

Company Secretary & Chief - Compliance – Mr. Soumitra Hazra

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

Non-executive director – Mr. Jai S Pathak (till 10th November 2017)

Non-executive director – Mrs. Rupa Mahanty

Non-executive director – Mr. Ajay Kumar Das

Non-executive director – Mr. Bushen Lal Raina (from 5th February 2018)

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

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount for the year ended	Outstanding as at	Transaction Amount for the year ended	Outstanding as at
				March 31, 2018		March 31, 2017	
1	The Timken Company, US	Ultimate Holding Company	Purchase of Goods	**631.11**	**205.28**	304.89	118.55
			Sale of Goods	**537.91**	**110.40**	423.68	88.96
			Expenses Received/ Receivable	**4.20**	**-**	5.86	22.54
			Expenses Payable	**129.47**	**10.19**	144.87	9.23
			Agency Commission (Income)	**6.03**	**0.71**	3.95	0.25
			Royalty Paid/ Payable	**249.92**	**227.98**	211.86	85.14
2	Timken Singapore PTE. Limited	Holding Company	Sale of Goods	**85.26**	**6.17**	36.27	5.71
			Agency Commission (Income)	**10.73**	**1.55**	18.29	2.09
			Purchase of Goods	**16.92**	**7.80**	22.18	9.76
			Expenses Receivable	**10.39**	**5.41**	6.79	2.02
			Expenses Paid	**-**	**-**	0.33	-
			Dividend Paid	**51.00**	**-**	51.00	-

Notes to financial statements as at and for the year ended March 31, 2018

₹ in million

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount for the year ended	Outstanding as at	Transaction Amount for the year ended	Outstanding as at
				March 31, 2018		March 31, 2017	
3	The Timken Corporation, US	Fellow Subsidiary	Purchase of Goods	**796.65**	**286.21**	496.13	198.10
			Sale of Goods	**1,857.98**	**328.81**	2,217.80	406.03
			Purchase of Property, Plant & Equipment	**88.94**	**14.26**	525.65	145.59
			Expenses Received	**0.69**	**-**	0.62	-
			Expenses Payable	**-**	**-**	0.04	0.04
			Agency Commission (Income)	**10.89**	**0.93**	11.76	0.30
4	Timken Industrial Services, LLC, US	Fellow Subsidiary	Purchase of Goods	**1.81**	**-**	1.95	1.90
			Sale of Goods	**0.31**	**0.29**	-	-
5	Timken UK Limited	Fellow Subsidiary	Sale of Goods	**57.58**	**9.18**	23.41	4.76
			Agency Commission (Income)	**-**	**-**	(0.26)	-
6	Timken Do Brasil COM.E.IND.LTDA	Fellow Subsidiary	Sale of Goods	**185.23**	**46.84**	147.45	23.26
			Purchase of Goods	**7.98**	**6.26**	9.82	10.21
			Agency Commission (Expense)	**0.00**	**-**	0.34	0.24
7	Timken Korea LLC	Fellow Subsidiary	Agency Commission (Expense)	**1.11**	**-**	0.33	-
8	Timken South Africa (PTY) Limited	Fellow Subsidiary	Sale of Goods	**274.81**	**60.40**	99.75	27.99
			Purchase of Goods	**4.74**	**6.70**	7.68	3.46
			Purchase of Property, Plant & Equipment	**0.05**	**0.15**	10.52	10.53
			Expenses Receivable	**0.14**	**0.14**	0.15	0.01
9	Timken Romania SA	Fellow Subsidiary	Purchase of Goods	**163.37**	**52.76**	118.91	60.63
			Expenses Paid	**0.47**	**-**	0.03	-
10	Yantai Timken Company Limited	Fellow Subsidiary	Purchase of Goods	**194.88**	**54.48**	107.60	25.09
			Purchase of Property, Plant & Equipment	**1.20**	**3.17**	0.58	1.82
			Expenses Payable	**-**	**-**	0.14	0.02
			Agency Commission (Income)	**-**	**-**	(0.03)	-
			Expenses Received/ Receivable	**0.06**	**0.06**	0.14	-
			Sale of Goods	**0.17**	**-**	-	-
11	Australian Timken Proprietary Limited	Fellow Subsidiary	Sale of Goods	**94.15**	**5.47**	109.28	32.76
			Purchase of Goods	**9.39**	**0.14**	6.71	4.52
			Expenses Receivable	**0.54**	**0.07**	-	-
12	Timken Polska SP z.o.o	Fellow Subsidiary	Purchase of Goods	**60.05**	**16.02**	40.68	16.84
			Expenses Payable	**-**	**-**	0.11	0.01
			Purchase of Property, Plant & Equipment	**2.70**	**2.78**	0.33	0.32
13	Timken (China) Investment Co.Ltd.	Fellow Subsidiary	Expenses Paid	**-**	**-**	1.46	-
			Expenses Receivable	**-**	**-**	0.14	-
14	Timken Wuxi Bearings Co Ltd - China	Fellow Subsidiary	Purchase of Goods	**959.98**	**197.25**	591.76	289.28
			Expenses Paid	**-**	**-**	0.07	-
			Expenses Receivable	**-**	**0.50**	-	0.50
			Sale of Goods	**4.13**	**1.18**	0.42	0.15
15	Timken (Shanghai) Distribution & Sales Co. Ltd - China	Fellow Subsidiary	Sale of Goods	**119.18**	**20.12**	74.76	25.77
			Purchase of Goods	**14.15**	**18.46**	7.83	4.54
16	Timken Engineering and Research India Pvt. Ltd	Fellow Subsidiary	Expenses Receivable	**51.82**	**9.59**	56.67	5.22
			Expenses Payable	**95.80**	**8.56**	104.09	14.89
			Purchase of Goods	**534.47**	**21.20**	1,206.18	54.86
			Sale of Goods	**210.36**	**6.36**	148.36	6.74
			Lease Rental	**-**	**-**	20.19	-
			Purchase of Property, Plant & Equipment	**2.76**	**-**	24.98	-
			Sale of Property, Plant & Equipment	**8.53**	**-**	-	-
			Purchase of DEPB Licenses	**67.71**	**7.60**	77.82	17.67

Notes to financial statements as at and for the year ended March 31, 2018

₹ in million

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount for the year ended	Outstanding as at	Transaction Amount for the year ended	Outstanding as at
				March 31, 2018		March 31, 2017	
17	Timken DE Mexico S A De CV	Fellow Subsidiary	Purchase of Goods	**0.18**	**0.60**	3.06	0.59
			Sale of Goods	**175.86**	**20.75**	110.50	28.97
18	Timken Canada Holdings III ULC	Fellow Subsidiary	Purchase of Goods	**0.03**	**0.11**	2.86	1.35
			Sale of Goods	**0.71**	**-**	0.02	-
19	Timken Argentina SRL	Fellow Subsidiary	Sale of Goods	**-**	**-**	-	(0.04)
20	Timken Gears and Services Inc.	Fellow Subsidiary	Expenses Payable	**7.85**	**1.32**	-	-
			Purchase of Goods	**-**	**-**	3.24	1.52
			Royalty Payable	**1.42**	**5.66**	1.47	5.76
21	Timken (Chengdu) Aerospace and Precision Products Co., Ltd.	Fellow Subsidiary	Purchase of Goods	**0.26**	**0.01**	0.42	0.05
22	Timken Aerospace Drive Systems, LLC	Fellow Subsidiary	Purchase of Goods	**-**	**-**	-	2.20
			Agency Commission (Income)	**0.27**	**0.11**	2.00	0.45
23	Timken XEMC(Hunan) Bearings Co., Ltd	Fellow Subsidiary	Purchase of Goods	**4.96**	**5.07**	2.18	2.11
24	Timken SMO LLC	Fellow Subsidiary	Agency Commission (Income)	**0.94**	**0.14**	0.89	0.11
25	Bearing Inspections INC	Fellow Subsidiary	Agency Commission (Income)	**1.82**	**0.80**	0.64	0.25
26	Timken Italia S R L	Fellow Subsidiary	Sale of Goods	**2.72**	**0.94**	0.72	0.05
			Purchase of Goods	**0.43**	**-**	-	-
27	Timken India Provident Fund	Trust managed by the Company	Provident fund Expense	**77.00**	**-**	72.62	-
28	Timken India Gratruity Fund	Trust managed by the Company	Gratuity fund Expense	**30.24**	**7.97**	9.50	30.24
29	Timken India Superannuation - Fund	Trust managed by the Company	Superannuation fund Expense	**28.06**	**-**	24.69	-
30	Gibson Dunn & Crutcher LLP	Firm where a director is a Partner	Expenses Paid	**5.36**	**-**	4.30	-
31	New Delhi Law Offices	Firm where a director is a Partner	Expenses Paid	**0.91**	**-**	0.71	-
32	P S Dasgupta	Key Management Personnel	Sitting fees Paid	**0.45**	**-**	0.31	-
33	Rupa Mahanty	Key Management Personnel	Sitting fees Paid	**0.58**	**-**	0.38	-
			Expenses Paid	**0.15**	**-**	0.12	-
34	Jai S. Pathak	Key Management Personnel (till 10th November 2017)	Sitting fees Paid	**0.18**	**-**	0.34	-
35	Bushen Lal Raina	Key Management Personnel (from 5th February 2018)	Sitting fees Paid	**0.05**	**-**	-	-
36	Sanjay Koul	Key Management Personnel	Short-term employee benefits	**27.12**	**1.36**	18.99	0.77
			Post-employment benefits	**0.67**	**-**	0.67	-
			Other long-term benefits	**0.54**	**-**	0.53	-
			Sitting fees Paid	**0.04**	**-**	-	-
			Expenses Paid	**0.12**	**-**	0.13	-

Notes to financial statements as at and for the year ended March 31, 2018

₹ in million

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount for the year ended	Outstanding as at	Transaction Amount for the year ended	Outstanding as at
				March 31, 2018		March 31, 2017	
37	Avishrant Keshava	Key Management Personnel	Short-term employee benefits	**6.65**	**0.28**	4.11	0.15
			Post-employment benefits	**0.20**	**-**	0.16	-
			Other long-term benefits	**0.16**	**-**	0.13	-
			Expenses Paid	**0.12**	**-**	0.02	-
38	Soumitra Hazra	Key Management Personnel	Short-term employee benefits	**4.36**	**0.19**	3.55	0.11
			Post-employment benefits	**0.22**	**-**	0.21	-
			Other long-term benefits	**0.18**	**-**	0.16	-
			Other fees Paid	**0.02**	**-**	-	-
			Expenses Paid	**0.01**	**-**	0.01	-

₹ 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, 2018		March 31, 2017	
	Sitting fees Paid	**1.24**	**-**	1.03	-
	Short-term employee benefits	**38.13**	**1.83**	26.65	1.03
	Post-employment benefits	**1.09**	**-**	1.04	-
	Other long-term benefits	**0.87**	**-**	0.82	-
	Other fees Paid	**0.02**	-	-	-
	Expenses Paid	**0.40**	**-**	0.28	-
Total		**41.75**	**1.83**	29.82	1.03

1. Related party relationships have been identified by the Management and relied upon by the auditors.

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 38 : CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in million

	As at March 31, 2018	As at March 31, 2017
Financial Assets		
Break up of financial assets carried at amortised cost		
Loans - Non-current (Note 6)	**33.29**	30.54
Trade receivables (Note 10)	**2,253.60**	1,934.78
Cash and Bank balances (Note 11)	**267.75**	183.45
Loans - Current (Note 12)	**0.92**	1.40
Other Current Financial Assets (Note 13)	**27.37**	52.99
Total financial assets carried at amortised cost	**2,582.93**	2,203.16
Break up of financial assets at fair value through profit or loss		
Investments (Note 5A & 5B)		
Non-current	**0.30**	0.30
Current	**551.74**	905.51
Total financial assets carried at fair value through profit or loss	**552.04**	905.81
Financial Liabilities		
Break up of financial liabilities carried at amortised cost		
Other Non-current Financial Liabilities (Note 17)	**224.62**	182.95
Short term Borrowings (Note 19)	**159.38**	83.99
Trade payables (Note 20)	**1,965.69**	1,567.92
Other Current Financial Liabilities (Note 21)	**101.32**	300.41
Total financial liabilties carried at amortised cost	**2,451.01**	2,135.27

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, and cash and cash equivalents that derives directly from its operations.

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

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, primarily 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 and any shipments to major customers are generally covered by letters of credit.

An impairment analysis is performed at each reporting date on an individual basis for major clients. 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. The Company evaluates the concentration of risk with respect to trade receivables as low, as most of its external customers (other than related party customers) are established players in their industry or are distributors/ dealers against which the Company holds security deposit as its policy and operate in largely independent markets.

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

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

Reconciliation of loss allowances provision - Trade receivables **₹ in million**

Particulars	Amount
Loss allowance on April 1, 2016	28.69
Change in loss allowance	30.17
Loss allowance on March 31, 2017	58.86
Change in loss allowance	27.12
Loss allowance on March 31, 2018	85.98

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 counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual 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 counterparty's potential failure to make payments. Investments are only made in securities with highest grade rating (AAA) or equivalent 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.

Foreign currency sensitivity analysis

The Company is exposed to the currencies USD, Euro, GBP, JPY and CHF on account of outstanding trade receivables and trade payables.

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the USD, Euro, GBP, JPY and CHF. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A negative number below indicates a decrease in profit or equity where the INR weakens 5% against the relevant currency. For a 5% strengthening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive.

₹ in million

Particulars	As at March 31, 2018	As at March 31, 2017
Impact on profit or loss for the year	**(15.09)**	(17.31)
Impact on total equity as at the end of the reporting period	**(15.09)**	(17.31)

Fair values ₹ in million

(i) Class wise fair value of the Company's financial instruments:	As at March 31, 2018	As at March 31, 2017
Investments (unquoted) in Equity shares	**0.30**	0.30
Investments (unquoted) in mutual funds	**551.74**	905.51

Notes to financial statements as at and for the year ended March 31, 2018

(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, 2018:			
Assets measured at fair value:			
Investments in mutual funds	**551.74**	-	-
Investment in equity shares	**-**	-	0.30
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

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

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

NOTE 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 POST-EMPLOYMENT BENEFIT PLANS

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

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

The Company has a separate Provident Fund Trust (funded) whereby, all the employees are entitled to benefits as per Provident Fund Act / Trust Deed. Any shortfall for the Trust is borne by the Company, hence the same is treated as a defined benefit scheme. The actuary has provided a valuation and determined the fund assets and obligations as at March 31, 2018. 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, 2018

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, 2018	For the year ended March 31, 2017	**For the year ended March 31, 2018**	For the year ended March 31, 2017	**For the year ended March 31, 2018**	For the year ended March 31, 2017
I)	**Expenses recognised in the Statement of Profit & Loss**						
1)	Current service cost	**15.62**	13.06	**0.66**	0.65	**1.29**	0.75
2)	Interest cost	**1.18**	0.37	**1.57**	1.68	**1.15**	1.03
3)	Total	**16.80**	13.43	**2.23**	2.33	**2.44**	1.78
4)	Net remeasurement (gain) / loss recognised in the year	**(8.64)**	16.80	**(1.94)**	0.56	**-**	-
5)	Total Expense	**8.16**	30.23	**0.29**	2.89	**2.44**	1.78
II)	**Net Asset/ (Liability) recognised in the Balance Sheet**						
1)	Present Values of Defined Benefit Obligation	**284.28**	269.25	**21.62**	23.47	**14.51**	16.44
2)	Fair value of Plan Assets	**276.31**	239.02	**-**	-	**-**	-
3)	Net Asset/ (Liability)	**(7.97)**	(30.23)	**(21.62)**	(23.47)	**(14.51)**	(16.44)
III)	**Change in Obligation during the year**						
1)	Present Value of Defined Benefit Obligation at the beginning of the year	**269.25**	222.23	**23.47**	22.54	**16.44**	13.19
2)	Current service cost/ Plan amendments	**15.62**	13.06	**0.66**	0.65	**1.29**	0.75
3)	Acquisitions (Credits) /cost	**0.35**	0.33	**-**	-	**-**	-
4)	Interest Cost	**20.72**	17.13	**1.56**	1.68	**1.15**	1.03
5)	Benefit Paid	**(7.07)**	(5.28)	**(2.13)**	(1.96)	**-**	-
6)	Remeasurement (Gain)/ Losses						
	Arising from the change in experience	**(4.19)**	5.67	**(1.43)**	(0.17)	**-**	-
	Arising from the change in financial assumptions	**(10.40)**	16.11	**(0.51)**	0.73	**-**	-
	Total	**(14.59)**	21.78	**(1.94)**	0.56	**-**	-
7)	Present Value of Defined Benefit Obligation at the end of the year	**284.28**	269.25	**21.62**	23.47	**18.88**	14.97
IV)	**Change in the Fair Value of Plan Assets**						
1)	Plan assets at the beginning of the year	**239.02**	212.72	**-**	-	**-**	-
2)	Expected return on plan assets	**19.54**	16.76	**-**	-	**-**	-
3)	Contribution by employer	**30.24**	9.50	**-**	-	**-**	-
4)	Actual benefit paid	**(7.07)**	(5.28)	**-**	-	**-**	-
5)	Return of Plan Assets greater/ (lesser) than discount rate	**(5.95)**	4.99	**-**	-	**-**	-
6)	Acquisition adjustments	**0.53**	0.33	**-**	-	**-**	-
7)	Plan Asset at the end of the year	**276.31**	239.02	**-**	-	**-**	-

V) In 2018-19, the Company expects to contribute ₹ 7.97 million (2017-18: ₹ 30.24 million) to gratuity fund.

Notes to financial statements as at and for the year ended March 31, 2018

VI) Actuarial Assumptions ₹ in million

	Gratuity fund		Employee Death Benefit scheme		Provident fund	
	For the year ended March 31, 2018	For the year ended March 31, 2017	**For the year ended March 31, 2018**	For the year ended March 31, 2017	**For the year ended March 31, 2018**	For the year ended March 31, 2017
1) Discount Rate	**7.50%**	7.00%	**7.50%**	7.00%	**7.50%**	7.00%
2) Expected rate of return on plan asset	**8.90%**	8.90%	**NA**	NA	**8.70%**	8.70%
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)	**40**	42	**50**	49	**NA**	NA
5) Average past service (years)	**14**	15	**24**	23	**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 avergae duration of the defined benefit obligation	**8 years**	8 years	**8 years**	8 years	**8 years**	8 years
Not later than 1 year	**17.20**	16.24	**4.31**	3.58	**NA**	NA
Later than 1 year and not later than 5 years	**101.01**	80.46	**17.83**	15.54	**NA**	NA
More than 5 years	**244.09**	215.40	**11.16**	18.86	**NA**	NA

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

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

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

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

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
1. Gratuity			
Defined Benefit Obligation	**284.28**	269.25	222.23
Plan Assets	**276.31**	239.02	212.72
Surplus/ (Deficit)	**(7.97)**	(30.23)	(9.51)
Experience (Gain)/ loss adjustment on plan liabilities	**(4.20)**	5.68	(1.93)
Experience (Gain)/ loss adjustment on plan assets	**-**	-	0.18

Notes to financial statements as at and for the year ended March 31, 2018

NOTE 41 : GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

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

a) Gratuity (Funded)

₹ in million

	March 31, 2018		March 31, 2017	
	Discount rate		Discount rate	
	1% increase	**1% decrease**	1% increase	1% decrease
Impact on defined benefit obligation (Increase/ (decrease))	**(19.18)**	**21.38**	(19.92)	22.37

₹ in million

	March 31, 2018		March 31, 2017	
	Salary Growth		Salary Growth	
	1 % increase	**1 % decrease**	1 % increase	1 % decrease
Impact on defined benefit obligation (Increase/ (decrease))	**21.09**	**(19.28)**	21.95	(19.93)

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

b) EMPLOYEE DEATH BENEFIT SCHEME (Unfunded)

₹ in million

	March 31, 2018		March 31, 2017	
	Discount rate		Discount rate	
	1% increase	**1% decrease**	1% increase	1% decrease
Impact on employee death benefits obligation (Increase/ (decrease))	**(0.96)**	**1.05**	(0.90)	0.97

₹ in million

	March 31, 2018		March 31, 2017	
	Salary Growth		Salary Growth	
	1 % increase	**1 % decrease**	1 % increase	1 % decrease
Impact on employee death benefits obligation (Increase/ (decrease))	**0.61**	**(0.57)**	0.73	(0.69)

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

c) Provident fund (Funded)

₹ in million

	March 31, 2018		March 31, 2017	
	Expected return on plan assets		Expected return on plan assets	
	0.5% increase	**0.5% decrease**	0.5% increase	0.5% decrease
Impact on employee death benefits obligation (Increase/ (decrease))	**(14.51)**	**35.21**	(16.44)	36.99

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, 2018

NOTE 42 : PREVIOUS PERIOD COMPARATIVES

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

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sathya P. Koushik
Partner
Place: Bengaluru
Date: May 21, 2018

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
Bengaluru, May 21, 2018

FIVE YEARS AT A GLANCE

	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2015	Year Ended 31.03.2014
Production					
(i) Standard Roller Brgs (Equiv. Nos.)	**3,604,852**	2,539,487	2,081,949	2,137,317	1,777,388
(ii) Special Roller Bearings (Equiv. Nos.)	**1,557,281**	1,430,235	2,332,444	1,350,802	1,080,930
(iii) Components (Equiv.Nos.)	**7,239,907**	4,445,118	4,307,909	4,379,386	3,410,873
Rs/Millions					
Profit & Loss Account					
(i) NET Income (includes other income)					
(a) Domestic	**9,260**	7,978	7,543	5,933	4,930
(b) Export	**3,467**	3,293	3,612	3,416	2,379
Total (a+b)	**12,726**	11,271	11,155	9,349	7,310
(ii) EBIT	**1,841**	1,679	1,680	1,396	824
(iii) Profit after Exceptional items before Tax	**1,397**	1,382	1,416	1,223	657
(iv) Profit After Tax	**920**	972	918	807	448
Balance Sheet					
(i) Gross Block (includes CWIP)	**5,947**	5,390	3,796	3,326	3,062
(ii) Net Block	**2,511**	2,306	1,372	1,069	965
(iii) Net Current Asset	**6,480**	5,494	5,004	4,245	3,568
(iv) Capital Employed	**7,300**	6,396	5,349	4,473	3,897
(v) Beginning Invested Capital (BIC)	**6,308**	5,343	4,410	3,856	3,415
(vi) Total Debt	**159**	84	43	25	32
(vii) Equity	**7,023**	6,179	5,300	4,384	3,823
Other Comparative Data					
(i) PAT to Net Sales (%)	**7%**	9%	8%	9%	6%
(ii) EBIT / BIC (%)	**29%**	31%	38%	36%	24%
(iii) Return on Net Worth (%)	**13%**	16%	17%	18%	12%
(iv) E.P.S (Rs)	**13.53**	14.30	13.50	11.87	6.60
(v) Total Debt to Total Equity (%)	**2%**	1%	1%	1%	1%
(vi) Total Debt to Total Capital (%)	**2%**	1%	1%	1%	1%
(vii) Fixed Asset Turnover (times)	**5.07**	4.89	8.13	8.75	7.57
(viii) Working Capital Turnover (times)	**1.96**	2.05	2.23	2.20	2.05
(ix) Current Ratio (times)	**2.60**	2.31	2.99	3.07	3.24
(x) Interest Cover (times)	**151**	201	183	243	93
(xi) Net sales/Employee (Rs/millions)	**16**	16	18	15	12

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.

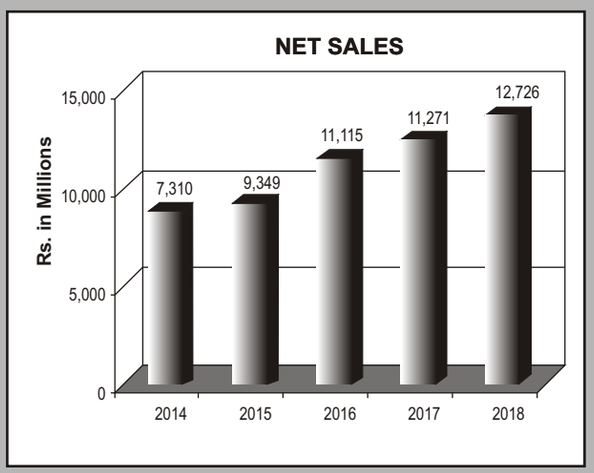
(iii) Equity includes preference share capital net off accumulated losses and miscellaneous expenditure to the extent not written off.

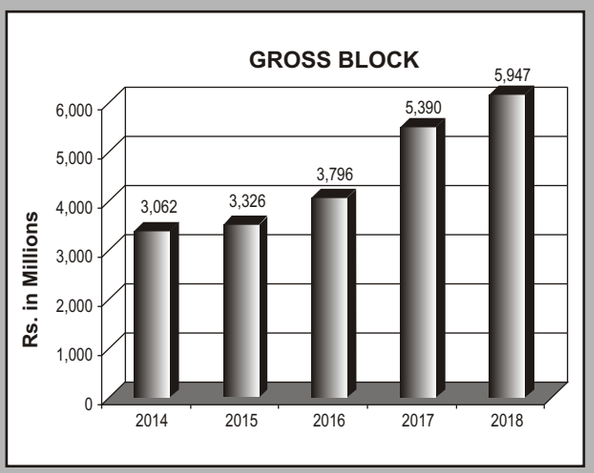
(iv) Fixed Asset Turnover is net sales divided by net fixed assets as at the end of the year.

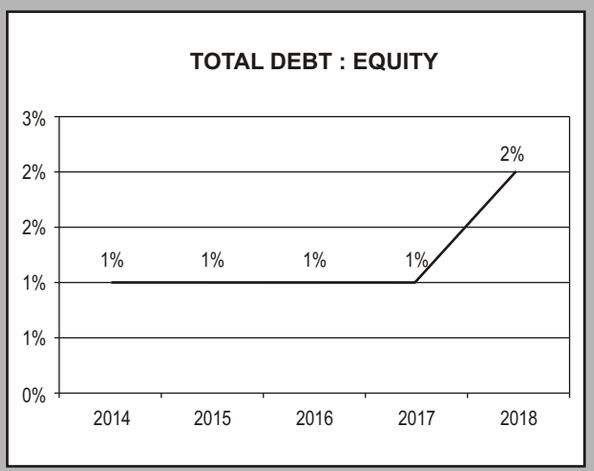
(v) Working Capital Turnover is net sales divided by net cuurent asset as at the end of the year.

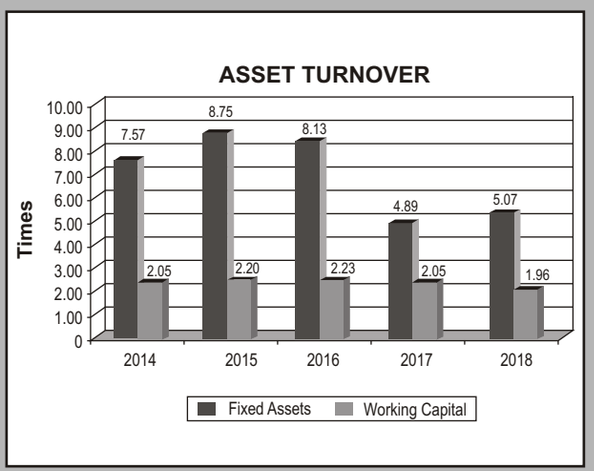
(vi) Current ratio is current assets divided by current liabilities including current portion of long term loans, if any, repayable within one year.

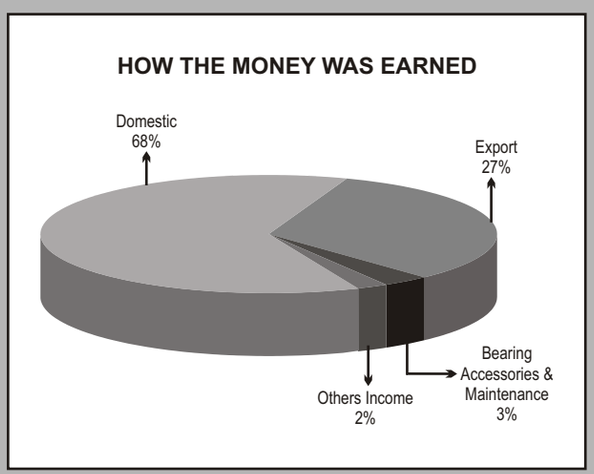
(vii) Interest Cover is profit before interest and taxation divided by net interest expenses.

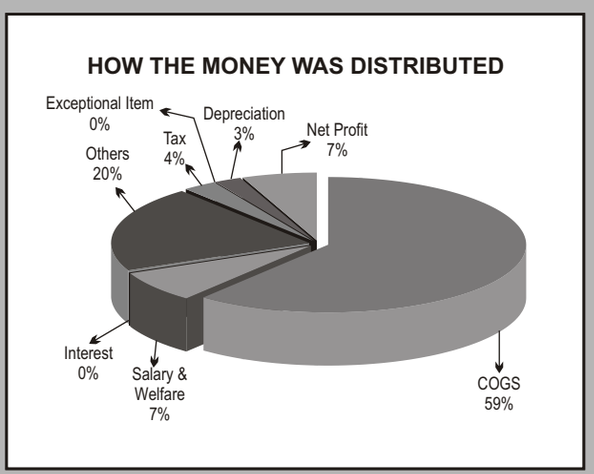

NET SALES
Rs. in Millions
15,000
10,000
5,000
0
7,310
9,349
11,115
11,271
12,726
2014
2015
2016
2017
2018

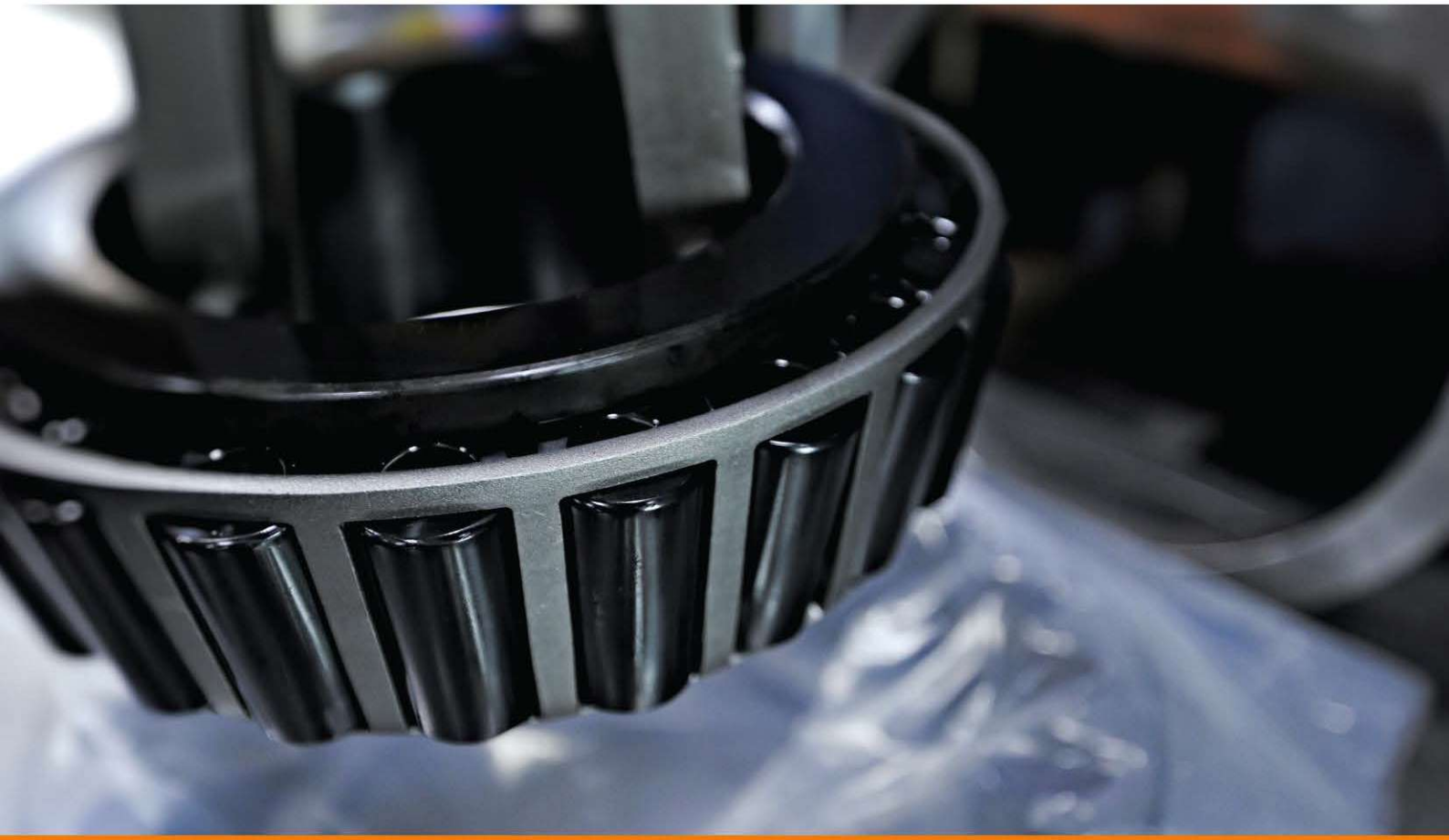

GROSS BLOCK
Rs. in Millions
6,000
5,000
4,000
3,000
2,000
1,000
0
3,062
3,326
3,796
5,390
5,947
2014
2015
2016
2017
2018


TOTAL DEBT : EQUITY
3%
2%
2%
1%
1%
0%
1%
1%
1%
1%
2%
2014
2015
2016
2017
2018


ASSET TURNOVER
Times
10.00
9.00
8.00
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0
7.57
2.05
8.75
2.20
8.13
2.23
4.89
2.05
5.07
1.96
2014
2015
2016
2017
2018
Fixed Assets
Working Capital


HOW THE MONEY WAS EARNED
Domestic
68%
Export
27%
Bearing
Accessories &
Maintenance
3%
Others Income
2%


HOW THE MONEY WAS DISTRIBUTED
Exceptional Item
0%
Depreciation
3%
Net Profit
7%
Tax
4%
Others
20%
Interest
0%
Salary &
Welfare
7%
COGS
59%



TIMKEN

Timken India Limited

39-42, Electronic City, Phase II, Hosur Road, Bangalore 560 100, Karnataka, India
Tel: +91(80)41362000

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

www.timken.com/en-in
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