TIMKEN

Soumitra Hazra
Company Secretary
& Chief - Compliance

T 91-80-4005 3131
soumitra.hazra@timken.com

CERTIFIED COPY OF THE RESOLUTIONS DATED 9 APRIL 2013 PASSED BY THE SECURITIES ISSUANCE COMMITTEE OF THE BOARD OF DIRECTORS

Approval of Prospectus

"**RESOLVED THAT** the Prospectus in respect of the institutional placement of 4,265,134 equity shares of face value of Rs. 10 each of the Company ("**Equity Shares**"), offered under Chapter VIII-A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, at an issue price of Rs. 120 per Equity Share, circulated to the members of the Securities Issuance Committee and duly initialled by the Company Secretary & Chief - Compliance for the purpose of identification be and is hereby approved and adopted for the aforesaid Issue and containing requisite information prescribed by applicable laws and regulation, and any of Mr. Sanjay Koul, Managing Director. Mr. R. Ramesh, Business Controller – India and Mr. Soumitra Hazra, Company Secretary & Chief – Compliance be and are hereby jointly and severally authorised on date and deliver the same to the Registrar of Companies, Karnataka at Bengaluru, the Securities and Exchange Board of India, the National Stock Exchange of India Limited, BSE Limited and such other authorities or persons as may be required."

CERTIFIED TRUE COPY
For TIMKEN INDIA LIMITED
Soumitra Hazra
(SOUMITRA HAZRA)
Company Secretary
& Chief - Compliance

Stronger. Commitment. Stronger. Value. Stronger. Worldwide. Stronger. Together. | Stronger. By Design.

PROSPECTUS
Dated April 9, 2013

TIMKEN

TIMKEN INDIA LIMITED

*Our Company was incorporated as Tata Timken Limited on June 15, 1987 as a public limited company under the Companies Act, 1956 (the "**Companies Act**") and was granted a certificate of incorporation by the Registrar of Companies, Kolkata. Subsequently, the name of our Company was changed to Timken India Limited and a fresh certificate of incorporation dated July 2, 1999 was issued by the Registrar of Companies, Bihar with corporate identity number L29130KA1996PLC048230.*

Issue of 4,265,134 equity shares of face value of ₹ 10 each (the "**Equity Shares**") of Timken India Limited (the "**Company**"), at the Issue Price (as defined in "***Definitions and Abbreviations***") of ₹ 120 per Equity Share aggregating to ₹ 511.82 million (the "**Issue**").

THE ISSUE AND THE DISTRIBUTION OF THIS PROSPECTUS (THE "PROSPECTUS") IS BEING MADE IN RELIANCE ON CHAPTER VIII-A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (THE "SEBI REGULATIONS"). THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO ANY PERSON OR CLASS OF INVESTORS OTHER THAN QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS") WITHIN OR OUTSIDE INDIA.

ISSUE ONLY TO QUALIFIED INSTITUTIONAL BUYERS

The Issue is being made through the Institutional Placement Programme, wherein at least 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds (as defined in "***Definitions and Abbreviations***") and Insurance Companies (as defined in "***Definitions and Abbreviations***"), subject to valid ASBA Applications (as defined in "***Definitions and Abbreviations***") being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. QIBs may participate in the Issue only through an application supported by blocked amount ("**ASBA**") providing details about the ASBA Account (as defined in "***Definitions and Abbreviations***") which will be blocked by a Self Certified Syndicate Bank as defined in "***Definitions and Abbreviations***". For details, see "***Issue Procedure***".

This Prospectus has not been reviewed or approved by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the National Stock Exchange of India Limited (the "**NSE**"), the BSE Limited (the "**BSE**", together with the NSE, the "**Stock Exchanges**") and is intended only for use by QIBs. A copy of the Red Herring Prospectus has been delivered to the Stock Exchanges and SEBI and for registration to the Registrar of Companies, Bengaluru, Karnataka (the "**RoC**"). Copies of this Prospectus have been filed with the Stock Exchanges, SEBI and delivered for registration to the RoC. This Prospectus will only be circulated or distributed to QIBs, and will not constitute an offer to any other person or class of investors in India or any other jurisdiction. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Prospectus.

The Equity Shares of our Company are listed and traded on the Stock Exchanges. The Equity Shares offered in the Issue are securities of our Company of the same class and in all respects uniform as the Equity Shares listed and traded on the Stock Exchanges. In-principle approvals under Clause 24(a) of the Equity Listing Agreement (as in "***Definitions and Abbreviations***") for listing of the Equity Shares offered in the Issue have been received from the Stock Exchanges. Applications will be made to the Stock Exchanges for obtaining listing and trading approvals for the Equity Shares offered through the Red Herring Prospectus and this Prospectus. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares offered in the Issue to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of our Company or of our Equity Shares.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" BEFORE MAKING AN INVESTMENT DECISION IN THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE RED HERRING PROSPECTUS AND THIS PROSPECTUS.

Invitations, offers and issuances of the Equity Shares offered in the Issue shall only be made pursuant to the Red Herring Prospectus, this Prospectus together with the ASBA Applications and Confirmation of Allocation Notes. Please see "***Issue Procedure***". The distribution of this Prospectus or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their subscription of the Equity Shares offered in the Issue is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Prospectus, agrees to observe the foregoing restrictions and make no copies of this Prospectus or any documents referred to in this Prospectus.

The information on the website of our Company or any website directly or indirectly linked to the website of our Company, other than the Red Herring Prospectus and this Prospectus, does not form part of this Prospectus and prospective investors should not rely on such information contained in, or available through, any such website.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or under any state securities laws of the U.S., and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only to Qualified Institutional Buyers outside the United States in offshore transactions in reliance on Regulation S of the U.S. Securities Act ("Regulation S"). For further information, see "*Transfer Restrictions*" and "*Selling Restrictions*".

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
JM FINANCIAL	LINK INTIME INDIA PVT LTD
JM Financial Institutional Securities Private Limited 141, Maker Chambers III Nariman Point Mumbai – 400 021. Telephone: +91 22 6630 3030 Facsimile: +91 22 2204 7185 Email: lakshmi.lakshmanan@jmfl.com Website: www.jmfl.com Contact Person: Ms. Lakshmi Lakshmanan	**Link Intime India Private Limited** C-13, Pannalal Silk Mills Compound L.B.S. Marg Bhandup (West) Mumbai – 400 078. Telephone: +91 22 2596 7878 Facsimile: +91 22 2596 0329 Email: til.ipp@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Sachin Achar

ISSUE PROGRAMME*			
ISSUE OPENED ON	**April 3, 2013**	**ISSUE CLOSED ON**	**April 3, 2013**

* *Details of the Issue programme were disclosed in the Floor Price/ Price Band Announcement (as defined in "**Definitions and Abbreviations**") issued one day prior to the Issue Opening Date.*

TABLE OF CONTENTS

NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Prospectus and, having made all reasonable enquiries confirms that, this Prospectus contains all information with respect to our Company and the Equity Shares offered in the Issue that is material in the context of the Issue. The statements contained in this Prospectus relating to our Company and the Equity Shares are, in every material respect, true, accurate and not misleading. The opinions and intentions expressed in this Prospectus with regard to our Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to our Company and are based on reasonable assumptions. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Prospectus misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or JM Financial Institutional Securities Private Limited (the "**Book Running Lead Manager**"). The delivery of this Prospectus at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The distribution of this Prospectus and the Issue may be restricted by law in certain countries or jurisdictions. As such, this Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Company or the Book Running Lead Manager which would permit an offering of the Equity Shares offered in the Issue or distribution of this Prospectus in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares to be issued pursuant to the Issue may not be offered or sold, directly or indirectly, and neither this Prospectus nor any Issue materials in connection with the Equity Shares offered in the Issue may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

This Prospectus has been filed with SEBI and the Stock Exchanges and delivered to the RoC for registration, and has been displayed on the websites of the Stock Exchanges and our Company stating that it is in connection with the Institutional Placement Programme and that the offer is being made only to QIBs.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Prospectus as business, legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting, investment and related matters concerning the Issue. In addition, none of our Company, the Book Running Lead Manager is making any representation to any offeree or subscriber of the Equity Shares offered in the Issue regarding the legality of an investment in such Equity Shares by such subscriber or purchaser under applicable laws or regulations.

Each QIB subscribing to the Equity Shares offered in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VIII-A of the SEBI Regulations, and is not prohibited by SEBI or any other statutory authority from buying, subscribing to, selling or dealing in securities.

The information on our Company's website, except the Red Herring Prospectus, this Prospectus, or the website of the Book Running Lead Manager does not constitute nor form part of this Prospectus. Prospective investors should not rely on the information contained in, or available through such websites, except the Red Herring Prospectus and this Prospectus. This Prospectus contains summaries of terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

The Equity Shares offered in the Issue have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or the securities commission of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or under any state securities laws of the U.S., and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold outside the United States in offshore transactions in reliance on Regulation S. Prospective purchasers are hereby notified that the Company is relying on the exemption from the registration requirements of the Securities Act. The Equity Shares offered in the Issue are transferable only in accordance with the restrictions described in "***Transfer Restrictions***". All purchasers will be required to make the applicable representations set forth in "***Transfer Restrictions***".

REPRESENTATIONS BY INVESTORS

By subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company, the Book Running Lead Manager, as follows:

- You are a "QIB" (defined in "***Definitions and Abbreviations***"), having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares offered in the Issue that are Allotted to you in accordance with Chapter VIII-A of the SEBI Regulations;

- You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You are aware that this Prospectus has not been reviewed, verified or affirmed by SEBI, RBI, the Stock Exchanges or any other regulatory or listing authority, other than the RoC pursuant to applicable provisions of the Companies Act, and is intended only for use by QIBs;

- If you are Allotted the Equity Shares, you shall not, for a period of one year from the date of Allotment, sell such Equity Shares so acquired except on the Stock Exchanges;

- You are entitled to subscribe for the Equity Shares offered in the Issue under the laws of all relevant jurisdictions that apply to you and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in the Red Herring Prospectus and this Prospectus), and will honour such obligations;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Manager may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Manager have advised you not to rely in any way on any information that was provided to you at any such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material or price sensitive information relating to our Company and the Issue that was not made publicly available by our Company;

- Neither our Company nor the Book Running Lead Manager nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares offered in the Issue, be a client of the Book Running Lead Manager. Neither the Book Running Lead Manager nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to its or their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- All statements other than statements of historical facts included in the Red Herring Prospectus and this Prospectus, including those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our

Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Prospectus;

- You are aware of and understand that the Equity Shares to be issued pursuant to the Issue are being offered only to QIBs and are not being offered to the general public and the Allocation and Allotment shall be in accordance with the Basis of Allocation (as defined in "***Definitions and Abbreviations***"), Allotment Criteria and the CAN (as defined in "***Definitions and Abbreviations***"). See "***Issue Procedure***";

- You have read the Red Herring Prospectus and this Prospectus in its entirety, including in particular, "***Risk Factors***";

- In making your investment decision, you have (i) relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of our Company on a consolidated basis, the Equity Shares offered in the Issue and the terms of the Issue based solely on the information contained in the Red Herring Prospectus and this Prospectus and publicly available information about our Company and no other disclosure or representation by us or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, the effects of local laws, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares offered in the Issue, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares offered in the Issue (including the Issue and the use of proceeds from such Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Manager or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares offered in the Issue (including, in relation to the Issue and the use of proceeds from the Equity Shares offered in the Issue). You waive, and agree not to assert any claim against, any of our Company, the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares offered in the Issue or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor who is seeking to subscribe to the Equity Shares offered in the Issue for your own investment and not with intent to distribute such Equity Shares and have such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares offered in the Issue. You and any accounts for which you are subscribing to the Equity Shares offered in the Issue (i) are each able to bear the economic risk of the investment in the Equity Shares to be issued pursuant to the Issue, (ii) are able to sustain a complete loss on the investment in the Equity Shares to be issued pursuant to the Issue, (iii) have no need for liquidity with respect to the investment in the Equity Shares offered in the Issue, (iv) have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of subscribing to the Equity Shares offered in the Issue, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares offered in the Issue. You acknowledge that an investment in the Equity Shares offered in the Issue involves a high degree of risk and that such Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares offered in the Issue for your own investment and not with a view to resale or distribution;

- If you are acquiring the Equity Shares offered in the Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and make the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

- You are neither the Promoter (as defined in "***Definitions and Abbreviations***") nor a person related to the Promoter, either directly or indirectly, and your ASBA Application does not directly or indirectly represent the Promoter or the Promoter Group (as defined in "***Definitions and Abbreviations***") or persons related to the Promoter. For the purposes of this representation you will be deemed to be related to the Promoter if you have any rights under any shareholders' agreement or voting agreement entered into with the Promoter or persons related to the Promoter, any veto rights or any right to appoint any nominee director on the Board (as defined in "***Definitions and Abbreviations***"), other than the rights, if any, acquired in the capacity of a lender, not holding any Equity Shares;

- You have no right to withdraw your ASBA Application or revise downwards the price per Equity Share or the number of Equity Shares mentioned in your ASBA Application;

- You are eligible to apply for and hold the Equity Shares offered in the Issue, which are Allotted to you together with any Equity Shares held by you prior to the Issue. You confirm that your aggregate holding after the Allotment of the Equity Shares offered in the Issue shall not exceed the level permissible as per any applicable regulations;

- The ASBA Application submitted by you would not result in triggering a tender offer under the Takeover Regulations (as defined in "***Definitions and Abbreviations***");

- You understand that you, together with other QIBs that belong to the same group as you or are under common control as you, shall not be Allotted Equity Shares in excess of 25% of the aggregate number of Equity Shares Allotted. For the purposes of this representation:

  i. The expression 'belong to the same group' shall have the same meaning as 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act; and

  ii. The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations;

  For the meanings of the terms "companies under the same group" under sub-section (11) of Section 372 of the Companies Act and "control" under Regulation 2(1)(e) of the Takeover Regulations, see "***Issue Procedure***" ;

- You shall not undertake any trade in the Equity Shares issued pursuant to the Issue and credited to your Depository Participant (as defined in "***Definitions and Abbreviations***") account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Clause 24(a) of the Equity Listing Agreement, for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares issued pursuant to the Issue will be obtained in time, or at all. Our Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- By participating in the Issue, you confirm that you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Manager or our Company or any of their respective affiliates or any other person acting on their behalf and neither the Book Running Lead Manager, our Company nor any of their respective affiliates or other person acting on their behalf will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares offered in the Issue is contained in the Red Herring Prospectus and this Prospectus, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares offered in the Issue and neither the Book Running Lead Manager nor our Company will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- The Book Running Lead Manager does not have any obligation to purchase or acquire all or any part of the Equity Shares subscribed for by you or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Issue, the Red Herring Prospectus and this Prospectus;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares issued pursuant to the Issue on the Stock Exchanges;

- You agree to indemnify and hold our Company, the Book Running Lead Manager and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach or alleged breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in the Red Herring Prospectus and this Prospectus. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares issued pursuant to the Issue by, or on behalf of, the managed accounts;

- You agree to abide by the Basis of Allocation provided in the Red Herring Prospectus and this Prospectus, and the Allocation done in accordance with Basis of Allocation as overseen by the Stock Exchanges;

- You agree to provide additional documents as may be required by our Company and the Book Running Lead Manager for finalisation of the Basis of Allocation along with the Stock Exchanges. Our Company, the Book Running Lead Manager and their respective affiliates may rely on the accuracy of such documents provided by you;

- You have made, or been deemed to have made, as applicable, the representations and warranties set forth in "***Transfer Restrictions***" and "***Selling Restrictions***";

- You understand that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or under any state securities laws of the United States, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

- You are not within the United States, and you are acquiring the Equity Shares offered in the Issue in an offshore transaction meeting the requirements of Regulation S; and

- Our Company, the Book Running Lead Manager, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Manager on their own behalf and on behalf of our Company, and are irrevocable.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the FII Regulations, FIIs (as defined in "***Definitions and Abbreviations***") may issue or otherwise deal in offshore derivative instruments issued overseas against underlying securities, listed or proposed to be listed on any recognized stock exchange in India, such as the Equity Shares offered in the Issue (all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities subject to compliance with applicable 'know your client' requirements. FIIs shall also ensure that no further issue or transfer of any instrument referred to above is made by or on behalf of it to any person other than such entities regulated by an appropriate foreign regulatory authority. No sub-account of an FII is permitted to directly or indirectly issue P-Notes. P-Notes have not been and are not being offered, issued or sold pursuant to this Prospectus. The Red Herring Prospectus did not contain, and this Prospectus does not contain, any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company, the Book Running Lead Manager. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to the P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company, the Book Running Lead Manager. Our Company, the Book Running Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Manager do not constitute any obligations of or claims on the Book Running Lead Manager. Affiliates of the Book Running Lead Manager that are registered as FIIs may purchase, to the extent permissible under law, the Equity Shares offered in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE

As required, a copy of this Prospectus has been delivered to each of the Stock Exchanges and SEBI and for registration to the RoC. The Stock Exchanges, SEBI and the RoC do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Prospectus;

(2) warrant that the Equity Shares issued pursuant to the Issue will be listed or the Equity Shares will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, its Promoter, its management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that this Prospectus has been reviewed or approved by the Stock Exchanges or SEBI. Every person who desires to apply for or otherwise acquire any Equity Shares offered in the Issue may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges, SEBI and the RoC whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Prospectus, unless the context otherwise indicates or implies, references to ‘you’, ‘your’, ‘offeree’, ‘purchaser’, ‘subscriber’, ‘recipient’, ‘investors’, ‘prospective investors’ and ‘potential investor’ are to the prospective investors in the Issue, references to ‘the Company’ or ‘our Company’ are to Timken India Limited, and references to ‘we’, ‘us’ or ‘our’ are to Timken India Limited, unless otherwise specified.

In this Prospectus, all references to “Indian Rupees” “₹” and “Rs.” are to Indian Rupees.

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the next calendar year. Prior to the 15 month period ended March 31, 2012, the financial year of our Company used to commence from January 1 of each calendar year and end on December 31 of the same calendar year. Pursuant to a resolution of our Board dated August 5, 2011, the financial year of our Company was changed to commence from April 1 of a calendar year to March 31 of the next calendar year. Consequently, unless otherwise specified or if the context requires otherwise:

(i) all references to a particular ‘financial year’, ‘fiscal year’, ‘fiscal’, ‘FY’ for any period after March 31, 2012 are to the twelve months period ended on March 31 of such year;

(ii) all references to ‘the financial year ended March 31, 2012’, ‘fiscal year ended March 31, 2012’, ‘fiscal 2012’ or ‘FY’ 2012’ are to the 15 month period commencing on January 1, 2011 and ending on March 31, 2012; and

(iii) all references to a particular ‘financial year’, ‘fiscal year’, ‘fiscal’, ‘FY’ for any period prior to January 1, 2011 are to the twelve months period ended on December of such year.

Our Company publishes its financial statements in Indian Rupees. The reformatted financial statements of our Company, based on the audited financial statements of our Company as at and for the nine month period ended December 31, 2012, as at and for the 15 month period ended March 31, 2012, and as at and for each of the years ended December 31, 2010 and December 31, 2009 and financial and miscellaneous records, are included in this Prospectus and are referred to herein as the “Reformatted Audited Financial Statements”. These reformatted audited financial statements included herein have been prepared in accordance with the requirements of Revised Schedule VI (as defined in “***Definitions and Abbreviations***”). Unless otherwise indicated, all financial data in this Prospectus are derived from our Company’s reformatted audited financial statements. Our financial statements were prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards (“**IFRS**”) and U.S. GAAP and accordingly, the degree to which the Reformatted Audited Financial Statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s familiarity with the respective accounting policies. Our Company does not provide a reconciliation of its financial statements to IFRS or U.S. GAAP financial statements. See “***Risk Factors – Indian corporate and other disclosure and accounting standards differ from those observed in other jurisdictions such as U.S. GAAP and IFRS***”.

In this Prospectus, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to the business of our Company contained in this Prospectus consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which our Company competes. Unless stated otherwise, the statistical information included in this Prospectus relating to the industry in which our Company operates has been reproduced from various trade, industry and government publications and websites.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Company nor the Book Running Lead Manager have independently verified this data and do not make any representation regarding the accuracy of such data. Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither our Company nor the Book Running Lead Manager can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Prospectus that are not historical facts. These forward-looking statements contained in this Prospectus (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- Our ability to keep our sole manufacturing facility in Jamshedpur, Jharkhand, operational;
- Our ability to protect our leasehold rights on the land over which our sole existing manufacturing unit at Jamshedpur, Jharkhand is located and the land over which our repair centre at Raipur, Chhattisgarh, is being established;
- Increased cost of raw materials;
- Conditions affecting the industries in which our customers operate;
- Our continuing relationship with our key customers, including the Indian Railways;
- Support received from The Timken Company;
- Our ability to retain our management team and key personnel;
- Timely completion of our repair centre at Raipur, Chhattisgarh;
- Sales of taper roller bearings manufactured by us;
- The quality of our repair and reconditioning services;
- The performance of our third party distributors;
- Product liability claims or product recalls;
- Successful introduction of new products by us;
- Dilution of the "TIMKEN" brand in India or overseas;
- Successful implementation of our business strategies; and
- Foreign exchange rate fluctuations.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "***Risk Factors***", "***Industry Overview***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***". The forward-looking statements contained in this Prospectus are based on the beliefs of, as well as the assumptions made by, and information currently available to the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Prospectus or the respective dates indicated in this Prospectus, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public company incorporated under the laws of India. A majority of our Directors and senior management are residents of India. All our assets are located in India. As a result, it may be difficult for the investors to affect service of process upon our Company or such persons outside India or to enforce judgments obtained against such parties outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments and execution of a foreign judgment is provided for under Sections 13 and 44A respectively, of the Civil Procedure Code (as defined in "***Definitions and Abbreviations***") on a statutory basis.

Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Under Section 14 of the Civil Procedure Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; but such presumption may be displaced by proving want of jurisdiction.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code can be enforced in India (i) by instituting execution proceedings; or (ii) by instituting a suit on such judgment. Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court within the meaning of that section in any country or territory outside India which the Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards, even if such award is enforceable as a decree or judgement. Further, the execution of the foreign decree under Section 44A of the Civil Procedure Code in the event of any of the situations listed as exceptions under Section 13 of the Civil Procedure Code will be refused by the courts.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. Further, any judgment or award denominated in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgement.

EXCHANGE RATES

Fluctuations in the exchange rates between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information concerning exchange rates between the Rupee and the U.S. dollar for the periods indicated. Exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. On April 8, 2013, the exchange rate (RBI reference rate) was ₹ 54.72 to U.S. $1.00 (Source: http://*www.rbi.org.in*).

	Period End	**Average(1)**	**High**	**Low**
Twelve months ended March 31,	(₹ Per U.S.$1.00)			
2013	54.39	54.45	57.22	50.56
2012	51.16	47.95	54.24	43.95
2011	44.65	45.58	47.57	44.03
Quarter ended:				
March 31, 2013	54.39	54.17	55.33	52.97
December 31, 2012	54.78	54.14	55.70	51.62
September 30, 2012	52.70	55.24	56.38	52.70
June 30, 2012	56.31	54.22	57.22	50.56

(1) Average of the official rate for each working day of the relevant period.

(Source : *www.rbi.org.in*)

DEFINITIONS AND ABBREVIATIONS

This Prospectus uses the definitions and abbreviations set forth below which, unless otherwise specified, you should consider when reading the information contained herein. References to any legislation, act, regulation or statutory provision in this Prospectus shall be construed as reference to such term as amended, modified or re-enacted from time to time.

Company Related Terms

Term	Description
the "Company" or "our Company" or "we" or "us" or "our"	Timken India Limited, a public limited company incorporated under the Companies Act and having its registered office at 39-42, Electronic City, Phase II, Hosur Road, Bengaluru – 560 100, India.
Articles of Association or Articles	The Articles of Association of our Company, as amended from time to time.
Auditor	The statutory auditors of our Company, S R B C & CO LLP, Chartered Accountants.
Board or Board of Directors	The board of directors of our Company, including any duly authorised committee of the board of directors.
Directors	Directors on the Board, as may be appointed from time to time.
Equity Shares	Equity shares of face value of ₹ 10 each of our Company.
Promoter	The promoter of our Company, being Timken Singapore PTE Limited.
Promoter Group	Includes such persons and entities constituting the promoter group of our Company pursuant to Regulation 2 (1)(zb) of the SEBI Regulations.
Registered Office	39-42, Electronic City, Phase II, Hosur Road, Bengaluru – 560 100, India.
The Timken Company	The Timken Company, a company incorporated under the laws of Ohio, USA (as defined hereinafter).
Timken Entities	Related parties (as defined under Accounting Standard – 18: Related Party Disclosures issued by the ICAI and notified by the Companies (Accounting Standards) Rules, 2006, as amended) of our Company with respect to whom there have been transactions during the nine month period ended December 31, 2012, the 15 month period ended March 31, 2012 and the fiscal years ended December 31, 2010 and December 31, 2009, being, The Timken Company, Timken Singapore PTE Limited, Australian Timken Proprietary Limited, Jiangsu TWB Bearing Co Ltd., Nihon Timken K.K., Timken (China) Holding Company, Timken (Mauritius) Ltd., Timken (Shanghai) Distribution and Sales Co. Ltd., Timken Argentina S R L, Timken Bearing Services South Africa, Timken Canada LP, Timken de Mexico S A de CV, Timken Do Brasil COM.E.IND.LTDA, Timken Engineering and Research India Private Limited, Timken Gears and Services, Timken GmbH, TIMPL, Timken Italia S.r.l., Timken Korea LLC, Timken Polska, Timken Romania, Timken South Africa Limited, Timken UK Limited, Timken Wuxi Bearings Co. Ltd. and Yantai Timken Company Limited.
Timken Group	Our Company, The Timken Company, our Promoter, Australian Timken Proprietary Limited, Bearing Inspection Inc., FirstBridge (Shanghai) Trading Co., Ltd., Jiangsu TWB Bearing Co Ltd., MPB Corporation, Nihon Timken K.K., PTBridge (Hong Kong) Investment Limited, The Timken Corporation, Timken (Bermuda) LP, Timken (Chengdu) Aerospace and Precision Products Co. Ltd., Timken (China) Investment Co. Ltd., Timken (Gibraltar) 2 Limited, Timken (Gibraltar) Limited, Timken (Hong Kong) Holding Limited, Timken (Mauritius) Ltd., Timken (Shanghai) Distribution and Sales Co. Ltd., Timken Aerospace Transmission, LLC, Timken Alcor Aerospace Technologie, Inc., Timken Alloy Steel Europe Limited, Timken Argentina S R L, Timken Australia Holdings ULC, Timken Bearing Services South Africa, Timken Canada LP, Timken ceska republika, s.r.o., Timken de Mexico S A de CV, Timken de Venezuela C.A., Timken Do Brasil COM.E.IND.LTDA, Timken Engineering and Research India Private Limited, Timken Espana, S.L., Timken Europe, Timken Europe B.V., Timken Europe II B.V., Timken France SAS, Timken Gears and Services, Timken Global Treasury SARL, Timken GmbH, TIMPL, Timken Industries SAS, Timken IRB SA, Timken Italia S.r.l., Timken Korea LLC, Timken Luxembourg Holdings SARL, Timken Mexico Holdings LLC, Timken Polska SP.z.o.o., Timken Romania S.A., Timken Scandinavia A.B., Timken Servicios Administrativos S.A. De C.V., Timken South Africa Limited, Timken Super Precision Europa B.V., Timken UK Limited, Timken US LLC, Timken Wuxi Bearings Co. Ltd., TTC Asia Limited and Yantai Timken Company Limited.
TIMPL	Timken India Manufacturing Private Limited.

Issue Related Terms

Term	Description
Allocation or Allocated	Allocation of the Equity Shares offered in the Issue following the determination of the Issue Price to Applicants (as defined hereinafter) on the basis of the ASBA Applications submitted by them and in accordance with the Allotment Criteria.
Allotment or Allotted or Allot	Unless the context otherwise requires, the issue and allotment of the Equity Shares.
Allottees	QIBs to which the Equity Shares are Allotted.
Allotment Criteria	The method as finalised by our Company based on which the Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants, in this case being the proportionate method.
Applicant	A QIB that submits an ASBA Application in accordance with the provisions of the Red Herring Prospectus.
Application Amount	The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application.
ASBA /Application supported by blocked amount	An application by an Applicant, whether physical or electronic, offering to subscribe for the Equity Shares in the Issue at any price within the Price Band, including any upward revisions thereof, pursuant to the terms of the Red Herring Prospectus and which shall also be an authorisation to a Self Certified Syndicate Bank to block the Application Amount in the ASBA Account maintained with such Self Certified Syndicate Bank. The ASBA Application will also be considered as the application for Allotment for the purposes of the Red Herring Prospectus and this Prospectus. The price per Equity Share and the number of Equity Shares applied for under an ASBA Application may only be revised upwards and any downward revision in price per Equity Share and/or the number of Equity Shares applied for under an ASBA Application or withdrawal of the ASBA Application is not permitted.
ASBA Account	An account maintained with a Self Certified Syndicate Bank by the Applicant and specified in the ASBA Application for blocking the Application Amount.
Basis of Allocation	The basis on which Equity Shares offered in the Issue will be Allocated to successful Applicants in the Issue and the CAN will be dispatched, as described in "***Issue Procedure***".
Book Running Lead Manager	JM Financial Institutional Securities Private Limited.
CAN or Confirmation of Allocation Note	Note, advice or intimation sent to the Applicants who have been Allocated Equity Shares offered in the Issue, confirming the Allocation of Equity Shares to such Applicants after the determination of the Issue Price in terms of the Basis of Allocation approved by the Stock Exchanges, and shall constitute a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price.
Cap Price	The higher end of the Price Band, announced by our Company, above which the Issue Price will not be finalised and above which no ASBA Applications will be accepted, which was ₹ 120.
Demographic Details	The demographic details of an Applicant, including the address of the Applicant, the Applicants' ASBA Account details, and PAN (as defined hereinafter) as registered with the relevant Depository.
Designated Branches	Such branches of the Self Certified Syndicate Banks which shall collect the ASBA Applications and a list of which is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1361422891225.htm.
Designated Date	The date on which funds blocked by the Self Certified Syndicate Banks are transferred from the ASBA Accounts of the successful Applicants to the Public Issue Account or unblocked, as the case may be, after this Prospectus is delivered to the RoC for registration.
Floor Price	The price below which the Issue Price will not be finalised and the Equity Shares offered in the Issue shall not be Allotted. The Floor Price which was decided by our Company in consultation with the Book Running Lead Manager and was announced one day prior to the Issue Opening Date (as defined hereinafter) was ₹ 115. Any ASBA Application made at a price per Equity Share below the Floor Price will be rejected.
Floor Price / Price Band Announcement	The announcement of either the Floor Price or the Price Band, as the case may be, made by our Company one day prior to the Issue Opening Date.
Institutional Placement Programme or IPP	Institutional placement programme in which offer, allocation and allotment of equity shares is made under Chapter VIII-A of the SEBI Regulations.
Issue	The offer and issuance of 4,265,134 Equity Shares, to QIBs, pursuant to Chapter VIII-A of the SEBI Regulations.
Issue and Placement Agreement	The issue and placement agreement dated March 6, 2013, between our Company and the Book Running Lead Manager in relation to the Issue.
Issue Closing Date	The last date up to which the ASBA Applications were accepted, which date was announced along with the Floor Price/ Price Band Announcement.
Issue Opening Date	The date on which the Designated Branches and the Book Running Lead Manager (as defined hereinafter) started accepting the ASBA Applications, which date was announced along with

Term	Description
	the Floor Price/ Price Band Announcement.
Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates during which QIBs can submit their ASBA Applications to the Self Certified Syndicate Banks and the Book Running Lead Manager.
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants, and indicated in the CAN, which shall be equal to or greater than the Floor Price, or within the Price Band, as the case may be.
Issue Size	The aggregate size of the Issue, comprising of 4,265,134 Equity Shares, each Allotted at the Issue Price.
Partly Paid Up Shares	26,800 Equity Shares, which, as on the date of this Prospectus, are partly paid-up in respect of which an amount of ₹121,500 is classified as 'calls-in-arrears'.
Price Band	Price band, announced by our Company for the Issue, of a minimum price (Floor Price) and a maximum price (Cap Price), which was decided by our Company in consultation with the Book Running Lead Manager and which was announced one day prior to the Issue Opening Date. The Price Band for the Issue was a minimum price (Floor Price) of ₹ 115 per Equity Share and a maximum price (Cap Price) of ₹ 120 per Equity Share
Pricing Date	The date on which our Company in consultation with the Book Running Lead Manager finalised the Issue Price.
Prospectus	This prospectus dated April 9, 2013, delivered to the RoC for registration, in accordance with the provisions of the Companies Act, containing, *inter alia*, the Issue Size, the Issue Price and certain other information.
Public Issue Account	The account opened with the Public Issue Account Bank in terms of Section 73 of the Companies Act to receive monies from the ASBA Accounts on the Designated Date.
Public Issue Account Agreement	Public issue account agreement dated March 19, 2013 among our Company, the Book Running Lead Manager, the Registrar and the Public Issue Account Bank.
Public Issue Account Bank	The bank which is clearing member and registered with SEBI as a banker to the issue with whom the Public Issue Account will be opened and in this case being HDFC Bank Limited.
QIB or Qualified Institutional Buyer	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the SEBI Regulations.
Red Herring Prospectus	The red herring prospectus dated March 6, 2013, issued in accordance with the provisions of the Companies Act, which did not have complete particulars of the price at which the Equity Shares were offered in the Issue and the size of the Issue. The Red Herring Prospectus was filed with the RoC at least three days before the Issue Opening Date and has become the Prospectus upon delivery with the RoC for registration after the Pricing Date.
Registrar to the Issue	Link Intime India Private Limited.
Revision Form	The form used by the Applicants, to modify the number of Equity Shares applied for or the price per Equity Share in any of their ASBA Applications or any previous Revision Form(s). Applicants are not allowed to revise downwards the price per Equity Share or the number of Equity Shares applied for.
Revised Schedule VI	Schedule VI of the Companies Act, as amended by the Notification S.O. 447(E) dated February 28, 2011 issued by the MCA (as defined hereinafter).
Self Certified Syndicate Bank(s) or SCSB(s)	A banker to the issue registered with SEBI, which offers the facility of ASBA and a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.
Specified City	Mumbai.
Stock Exchanges	NSE and BSE.
Syndicate ASBA Bidding Centres	Centre(s) in the Specified City where the Applicants can submit their ASBA Applications with the Book Running Lead Manager.
TRS or Transaction Registration Slip	The slip or document issued by the Book Running Lead Manager or an SCSB (only on demand), as the case may be, to the Applicant as proof of registration of its ASBA Application.
Working Day	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Issue Closing Date and listing of the Equity Shares offered pursuant to the Issue on the Stock Exchanges, "Working Days", shall mean all days excluding Sundays and bank holidays in Mumbai in accordance with the SEBI Circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010.

Conventional and General Terms

Term	Description
Alternative Investment Fund or AIF	Alternative Investment Fund as defined in and registered under SEBI AIF Regulations (as defined hereinafter).
BSE	BSE Limited.
CAGR	Compounded annual growth rate.
CCI	Competition Commission of India

Term	Description
CDSL	Central Depository Services (India) Limited.
Civil Procedure Code	Code of Civil Procedure, 1908.
Client ID	Beneficiary account identity.
Companies Accounting Standards Rules	Companies (Accounting Standards) Rules, 2006, as amended.
Companies Act	Companies Act, 1956
Companies Bill	Companies Bill, 2012
Competition Act	The Competition Act, 2002
Combination Regulation Provisions	Provisions under the Competition Act in relation to combinations notified by the GoI (as defined hereinafter) on March 4, 2011.
Delisting Regulations	Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
Depositories	NSDL (as defined hereinafter) and CDSL.
Depositories Act	Depositories Act, 1996.
Depository Participant or DP	A depository participant as defined under the Depositories Act.
DP ID	Depository participant identity.
EPS	Earnings per share, i.e., profit after tax for a fiscal year divided by the weighted average number of equity shares during the fiscal year.
Equity Listing Agreement	The equity listing agreements entered by our Company with each of the Stock Exchanges.
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder.
FDI	Foreign Direct Investment.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
FIIs	Foreign institutional investors (as defined under the FII Regulations) registered with SEBI.
FVCI or foreign venture capital investors	Foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI.
GDP	Gross Domestic Product.
GoI or Government	Government of India.
HUF	Hindu Undivided Family.
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
IT Act	Income Tax Act, 1961.
Indian GAAP	Generally Accepted Accounting Principles in India.
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
Insurance Company	An insurance company registered with the Insurance Regulatory and Development Authority in India.
Land Acquisition Bill	The Land Acquisition (Rehabilitation and Resettlement) Bill, 2011
Limited liability partnership	A limited liability partnership registered with the registrar of companies under the LLP Act.
LLP Act	Limited Liability Partnership Act, 2008.
MAT	Minimum Alternate Tax.
MoU	Memorandum of Understanding.
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Non-Resident	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
PAN	Permanent Account Number allotted under the IT Act.
RBI	Reserve Bank of India
Regulation S	Regulation S of the U.S. Securities Act.
RoC	Registrar of Companies, Karnataka
Rs./ ₹	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act (as defined hereinafter).
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
STT	Securities Transaction Tax.

Term	Description
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
U.S. or USA	The United States of America.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
VCF(s) or Venture capital funds	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be.

Industry specific terms

Term	Description
BDB Analysis Report	Report dated February 5, 2013 titled "Antifriction Bearings Industry in India", prepared by Business Development (Bureau) India Private Limited.
BHEL	Bharat Heavy Electricals Limited.
CENVAT	Central value added tax.
CVD	CENVAT credit of additional customs duty.
CRR	Cash reserve ratio.
CSO	Central Statistics Office of Ministry of Statistics and Program Implementation, GoI.
DEPB	Duty Entitlement Pass Book.
ERP	Enterprise Resource Planning.
ESI	Employees' State Insurance.
Fitch	Fitch Ratings Limited.
IIP	Index of Industrial Production.
IMF	International Monetary Fund.
IND AS	Indian Accounting Standards (Ind AS) 101.
ISO	International Organization for Standardization.
IST	Indian Standard Time.
LAF	Liquidity Adjustment Facility.
MCA	Ministry of Corporate Affairs, GoI.
Moody's	Moody's Investors Services Limited.
NDTL	Net demand and time liabilities.
OEM	Original equipment manufacturer.
OHSAS	Occupational Health and Safety Advisory Services.
PPP	Purchasing power parity.
SLM	Straight-line method.
Standard & Poor's	Standard and Poor's Rating Group.

SUMMARY OF THE ISSUE

This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, including in "***Risk Factors***", "***Use of Proceeds***", "***Placement***" and "***Issue Procedure***".

The following is a general summary of the terms of the Issue:

Issuer	Timken India Limited.
Issue Size	4,265,134 Equity Shares.
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants in terms of the Basis of Allocation, Allotment Criteria and the CAN. Please see "***Issue Procedure***".
Eligible Investors	QIBs.
Class of Equity Shares	The Equity Shares offered in the Issue are securities of our Company of the same class and in all respects uniform with the Equity Shares listed and traded on the Stock Exchanges. For further details, see "***Description of the Equity Shares***".
Equity Shares issued and outstanding immediately prior to the Issue	63,734,850 Equity Shares* * *(1) Includes the Partly Paid Up Shares.* *(2) An additional 15,150 Equity Shares have been kept in abeyance since March 31, 1998.*
Equity Shares issued and outstanding immediately after the Issue	67,999,984 Equity Shares* * *(1) Includes the Partly Paid Up Shares.* *(2) An additional 15,150 Equity Shares have been kept in abeyance since March 31, 1998.*
Price Band	The Price Band, as decided by our Company in consultation with the Book Running Lead Manager, which was announced one day prior to the Issue Opening Date. The Price Band for the Issue was a minimum price (Floor Price) of ₹ 115 per Equity Share and a maximum price (Cap Price) of ₹ 120 per Equity Share
Floor Price	The Floor Price, as decided by our Company in consultation with the Book Running Lead Manager, which was announced one day prior to the Issue Opening Date. The Floor Price was ₹ 115 per Equity Share.
Cap Price	The higher end of the Price Band, announced by our Company, above which the Issue Price will not be finalised and above which no ASBA Applications will be accepted, which was ₹ 120.
Listing	(i) Applications for in-principle approval, in terms of clause 24(a) of the Equity Listing Agreement, for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges; and (ii) the application for the final listing and trading approval will be made after Allotment.
Lock-up	Our Company will not, without the prior written consent of the Book Running Lead Manager, from the date of the Issue and Placement Agreement and for a period of up to 90 days from the date of Allotment, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a) or

	(b) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, provided however that the foregoing restrictions shall not be applicable to the Allotment pursuant to the terms of the Red Herring Prospectus and this Prospectus. The Promoter shall not, without the prior written consent of the Book Running Lead Manager, during the period commencing on the date of the Issue and Placement Agreement and ending 90 days after the date of Allotment (the "**Lock-up Period**"), directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise. The foregoing paragraph shall not apply to (a) any inter-se transfer of Equity Shares between us and any of The Timken Company and its direct and indirect subsidiaries (collectively the "**Permitted Timken Transferees**"), provided that the lock up shall continue for the remaining period with the relevant Permitted Timken Transferee and such Permitted Timken Transferee shall not be eligible to transfer such Equity Shares till the Lock-up Period set out herein has expired; (b) bona fide pledge of lock-up Equity Shares, as collateral for loans as per the normal commercial terms entered into, in the ordinary course of business of our Company, where any arrangement for any such encumbrance as collateral is undertaken with the prior written approval of the Book Running Lead Manager and (c) any sale, transfer or disposition of such Equity Shares by the undersigned only to the extent such sale, transfer or disposition is required by applicable Indian law, including compliance with minimum public shareholding requirements applicable to our Company.
Transferability Restrictions	The Equity Shares Allotted shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. Please see "***Transfer Restrictions***".
Closing	The Allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about April 10, 2013.
Use of Proceeds	Net proceeds of the Issue (after deduction of fees, commissions and expenses) are expected to total ₹ 470.65 million. Please see "***Use of Proceeds***".
Risk Factors	Please see "***Risk Factors***" for a discussion of factors you should consider before deciding whether to subscribe for the Equity Shares offered in the Issue.
Ranking	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum and the Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares (except the Partly Paid Up Shares), including rights in respect of voting. ASBA Applicants who are Allotted Equity Shares through the Issue will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Allotment of the Equity Shares issued, in compliance with the Companies Act, the Equity Listing Agreement and other applicable laws and regulations.
Security Codes for the Equity Shares	**ISIN:** INE325A01013 **BSE Code:** 522113 **NSE Code:** TIMKEN

SELECTED FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Reformatted Audited Financial Statements. You should refer to "***Reformatted Financial Statements***" for the complete Reformatted Audited Financial Statements and to the ***"Management's Discussion and Analysis of Financial Condition and Results of Operation***", included elsewhere in this Prospectus, for further discussion and analysis of the Reformatted Audited Financial Statements.

The financial information included in this Prospectus does not reflect the Company's results of operations, financial position and cash flows for the future and its past operating results are no guarantee of its future operating performance.

BALANCE SHEET AS AT DECEMBER 31, 2012; MARCH 31, 2012; DECEMBER 31, 2010 AND DECEMBER 31, 2009

			As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
EQUITY AND LIABILITIES						
a)	**SHAREHOLDERS' FUNDS**					
	(i)	Share Capital	637,227,000	637,226,000	637,209,000	637,207,500
	(ii)	Reserves & Surplus	2,785,108,288	2,494,032,488	3,168,685,274	2,658,111,424
			3,422,335,288	**3,131,258,488**	**3,805,894,274**	**3,295,318,924**
b)	**LONG-TERM LIABILITIES**					
	(i)	Long-term Liabilities	11,835,002	11,986,478	11,440,327	9,228,850
	(ii)	Long-term Provisions	33,494,860	30,918,310	84,205,550	18,658,270
			45,329,862	**42,904,788**	**95,645,877**	**27,887,120**
c)	**CURRENT LIABILITIES**					
	(i)	Short-term Borrowings	-	147,752,610	-	-
	(ii)	Trade Payables	843,739,755	973,882,764	738,931,011	458,834,330
	(iii)	Other current liabilities	288,182,149	246,472,112	196,910,907	85,684,202
	(iv)	Short-term provisions	68,591,588	64,723,598	65,685,423	36,872,012
			1,200,513,492	**1,432,831,084**	**1,001,527,341**	**581,390,544**
		Total	**4,668,178,642**	**4,606,994,360**	**4,903,067,492**	**3,904,596,588**
ASSETS						
d)	**NON-CURRENT ASSETS**					
	(i)	Fixed Assets				
		-Tangible assets	779,447,544	794,903,332	581,827,177	567,609,300
		-Intangible assets	1,193,667	1,641,292	-	-
		-Capital Work in Progress	253,340,256	102,248,752	24,733,790	106,991,224
	(ii)	Non-current Investments	300,000	300,000	300,000	300,000
	(iii)	Deferred tax assets (net)	39,792,970	26,937,107	36,632,912	4,494,484
	(iv)	Long-term loans and advances	189,788,727	137,625,632	85,860,661	73,508,091
			1,263,863,164	**1,063,656,115**	**729,354,540**	**752,903,099**
e)	**CURRENT ASSETS**					
	(i)	Current Investments	469,873,474	658,688,091	2,103,171,104	1,690,644,685
	(ii)	Inventories	1,537,642,437	1,475,829,135	1,052,772,709	672,688,724
	(iii)	Trade Receivables	1,132,335,778	1,093,537,755	822,724,725	507,256,149
	(iv)	Cash and Bank balances	93,583,156	117,806,961	31,427,605	75,439,439
	(v)	Short-term loans and advances	136,558,742	131,050,118	107,462,409	177,891,509
	(vi)	Other current assets	34,321,891	66,426,185	56,154,400	27,772,983
			3,404,315,478	**3,543,338,245**	**4,173,712,952**	**3,151,693,489**
		Total	**4,668,178,642**	**4,606,994,360**	**4,903,067,492**	**3,904,596,588**

STATEMENT OF PROFIT AND LOSS FOR THE 9 MONTHS PERIOD ENDED DECEMBER 31, 2012; 15 MONTHS PERIOD ENDED MARCH 31, 2012; YEAR ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009.

		9 months ended December 31, 2012 Rupees	15 months ended March 31, 2012 Rupees	Year ended December 31, 2010 Rupees	Year ended December 31, 2009 Rupees
INCOME					
a)	Revenue from operations (Gross)	5,514,618,001	8,910,397,587	5,037,159,219	3,409,852,629
	Less : Excise Duty Recovered	374,520,481	602,791,104	356,145,048	228,431,816
	Revenue from operations (Net)	5,140,097,520	8,307,606,483	4,681,014,171	3,181,420,813
b)	Other Income	44,095,971	203,344,976	138,739,094	123,975,878
	Total Revenue (I)	5,184,193,491	8,510,951,459	4,819,753,265	3,305,396,691
EXPENSES					
c)	Cost of raw material and components consumed	2,142,314,343	3,969,745,061	2,369,430,249	1,411,619,420
d)	Purchase of traded goods	1,188,175,885	1,124,002,470	262,767,395	81,886,836
e)	(Increase)/decrease in Stock of Finished goods, Traded goods and Work in Progress	(185,340,068)	(329,423,060)	(271,532,276)	121,716,235
f)	Excise duty and cess on stocks	21,407,473	46,032,070	50,182,920	(18,890,595)
g)	Employee Benefit expenses	385,288,201	612,775,547	453,322,183	284,951,026
h)	Other Expenses	1,103,757,449	1,821,176,447	1,104,710,614	867,188,929
	Total (II)	4,655,603,283	7,244,308,535	3,968,881,085	2,748,471,851
Earnings before interest, tax, depreciation and amortisation (I - II)		528,590,208	1,266,642,924	850,872,180	556,924,840
i)	Depreciation	104,141,125	148,656,795	112,454,730	103,401,628
j)	Amortisation expense	447,625	149,208	-	-
k)	Finance costs	8,447,370	12,217,506	8,906,048	4,200,481
Profit before tax & prior period items		415,554,088	1,105,619,415	729,511,402	449,322,731
l) Expenses Relating to prior period (net)		-	-	(16,029,050)	(219,840)
Profit before tax		415,554,088	1,105,619,415	713,482,352	449,102,891
m)	Tax Expenses				
	- Current Tax (year ended December 31, 2010 includes Rs.1,666,347 being provision for earlier years)	137,334,151	308,744,785	235,046,930	117,505,351
	- Deferred Tax	(12,855,863)	(9,695,805)	(32,138,428)	4,464,781
	- Fringe Benefit Tax	-	-	-	1,786,651
	Total Tax Expense	124,478,288	299,048,980	202,908,502	123,756,783
Profit after tax		**291,075,800**	**806,570,435**	**510,573,850**	**325,346,108**

CASH FLOW STATEMENT

		9 months period ended		15 months period ended		Year ended		Year ended	
		December 31, 2012		March 31, 2012		December 31, 2010		December 31, 2009	
		Rupees		Rupees		Rupees		Rupees	
A.	**Cash Flow from Operating Activities :**								
	Net Profit before Tax		415,554,088		1,105,619,415		713,482,352		449,102,891
	Adjustments for :								
	Depreciation	104,588,750		148,806,003		112,454,730		103,401,628	
	Interest income	(116,108)		(780,632)		(1,424,657)		(2,207,860)	
	Interest expense	8,447,370		12,217,506		8,906,048		4,200,481	
	Income from Investments	(11,334,600)		(60,528,316)		(24,018,842)		(78,819,817)	
	(Gain) / Loss on sale of assets (Net)	1,026,984		(162,026)		872,074		6,845,505	
	Provision for Doubtful debts / advances	-		-		1,195,570		9,842,851	
	Provision no longer required written back	(1,973,768)		(11,822,416)		(19,296,343)		(21,988,906)	
	Debts, Deposits & Advances written off	-		-		1,035,771		2,584,039	
	Unrealised foreign exchange loss / (gain)	3,475,973		4,392,000		(5,038,560)		(602,269)	
	Provision for Wealth Tax	-		130,000		255,000		-	
			104,114,601		92,252,119		74,940,791		23,255,652
	Operating Profit before Working Capital Changes		519,668,689		1,197,871,534		788,423,143		472,358,543
	Adjustments for movement in Working Capital:								
	Trade receivable, Loans and Advances & Other assets	(33,246,149)		(309,813,069)		(276,277,425)		310,951,522	
	Inventories	(61,813,303)		(423,056,426)		(380,083,985)		168,926,498	
	Liabilities and Provisions	(89,586,162)		205,216,589		497,545,074		(228,375,761)	
			(184,645,614)		(527,652,906)		(158,816,336)		251,502,259
	Cash Generated from Operations		335,023,075		670,218,628		629,606,807		723,860,802
	Direct Tax paid	(168,564,864)		(329,081,820)		(245,639,528)		(140,065,636)	
			(168,564,864)		(329,081,820)		(245,639,528)		(140,065,636)
	Net Cash from Operating Activities		**166,458,211**		**341,136,808**		**383,967,279**		**583,795,166**

CASH FLOW STATEMENT

		9 months period ended December 31, 2012	15 months period ended March 31, 2012	Year ended December 31, 2010	Year ended December 31, 2009
		Rupees	Rupees	Rupees	Rupees
B.	**Cash Flow from Investing Activities :**				
	Purchase of Fixed Assets including capital work in progress	(234,203,540)	(444,504,339)	(38,212,170)	(81,808,359)
	Sale of Fixed Assets	4,386	1,543,173	948,822	894,933
	Purchase of Investments	-	(720,886,529)	-	-
	Sale of Investments	131,334,600	661,414,847	328,067,485	908,575,269
	Interest received	116,108	780,632	1,424,657	2,207,860
	Net Cash from / (used in) Investing Activities	**(102,748,446)**	**(501,652,216)**	**292,228,794**	**829,869,703**
C.	**Cash Flow from Financing Activities :**				
	Interest paid	(8,331,449)	(9,241,777)	(3,634,345)	(4,200,481)
	Proceeds from short term loan	-	300,458,144	-	(37,429)
	Repayment of short-term loan during the period	(147,752,610)	(151,243,204)	-	-
	Interim and final dividend paid	-	(1,251,455,820)	-	-
	Tax on Dividend distribution	-	(206,787,721)	-	-
	Proceeds from Calls in arrears	1,000	17,000	1,500	-
	Net Cash used in Financing Activities	**(156,083,059)**	**(1,318,253,378)**	**(3,632,845)**	**(4,237,910)**
Net increase/(Decrease) in Cash and Cash equivalents		**(92,373,294)**	**(1,478,768,786)**	**672,563,228**	**1,409,426,959**
Cash and Cash equivalents - Opening Balance		**655,829,924**	**2,134,598,710**	**1,462,035,482**	**52,608,523**
Cash and Cash equivalents - Closing Balance *		**563,456,630**	**655,829,924**	**2,134,598,710**	**1,462,035,482**

* Includes dividend account balance as at December 31, 2012 - Rs.22,130,500 ; March 31, 2012 - Rs.22,979,680; December 31, 2010 - Rs. 0.00 and December 2009 - Rs. 0.00, which will be utilised only for the payment of dividend.

RISK FACTORS

*An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding, you should read this section in conjunction with "**Our Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" as well as the other financial information contained in this Prospectus. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may adversely affect our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment.*

Unless the context requires otherwise, the financial information used in this section is derived from our Reformatted Audited Financial Statements. The words "our", "us" and "we" refer to Timken India Limited.

Risks relating to the business of our Company

We manufacture our products from our sole manufacturing facility in Jamshedpur, Jharkhand.

We manufacture taper roller bearings from our sole manufacturing facility in Jamshedpur, Jharkhand, which substantially caters to our domestic demand and export commitments. Any disruption on the supply of power, fire outages or industrial accidents at this unit could hamper or delay our ability to continue production. While in the past we have not encountered any stoppages at this facility, any disruption or suspension in the production process in the Jamshedpur facility can significantly impact our ability to service customer needs, which, in turn could trigger payment of contractual penalties and liquidated damages under our contracts with certain key customers and have a material adverse effect on our business, revenues, reputation, results of operation and financial condition.

Further, we employ a number of individuals and contract labourers at this facility. We entered into a wage settlement agreement with the Timken Workers Union on September 27, 2012. Although this agreement is in force until April 30, 2014, there can be no assurance that our employees at our Jamshedpur facility will not have demands that we may not be able to meet. Any disruption of work at this facility due to strikes, lockdowns and general labour unrest will also adversely impact our production process and materially affect our revenues and financial condition.

Increased cost of raw materials and, in particular, of steel may affect our business and results of operations.

The principal raw materials for our products are alloy steel bars, tubes and wire rods, which are purchased by our vendors from our approved list of global suppliers, in order to leverage The Timken Company's economies of scale. For further details, see "***Our Business – Raw Materials and Components***". The prices and supply of raw materials may depend on factors beyond our control, including economic conditions, exchange rates, competition, consumer demand, production levels, transportation costs and import duties. In the event that any of our suppliers of raw materials curtail, discontinue or delay their delivery of raw materials to us, we will be required to replace such suppliers. There can be no assurance that we will be able to replace such suppliers on commercially acceptable terms, or at all, which could adversely affect our production schedule, volumes and results of our operations. Further, if we are unable to pass such increased costs to our customers, this could have a material adverse effect on our financials, business and results of operations.

We do not own the land over which our sole existing manufacturing facility is located and the land on which our repair centre is being established.

Our manufacturing facility in Jamshedpur, Jharkhand is located on land sub-leased to us by Tata Steel Limited for a period extending till December 31, 2025, which may subsequently be renewed by mutual consent. For further details, see "***Our Business – Property***". Any loss of our leasehold rights on such land, including through actual or alleged non-compliance with the terms of our sub-lease arrangement, the termination of the sub-lease by Tata Steel Limited, or an inability to secure renewal thereof on commercially reasonable terms when it expires, would materially adversely impact our business and operations.

Furthermore, Tata Steel Limited has been granted rights over the land on which our Jamshedpur facility is located on leasehold basis by the Government of Jharkhand till December 31, 2025. We are unaware of the terms of such lease, including the termination provisions. Termination of the lease arrangement between Tata Steel Limited and the Government of Jharkhand, or a failure to renew the lease arrangement on terms acceptable to Tata Steel Limited, or at all, will unfavourably impact the sub-lease arrangement we enjoy, including, through an automatic termination of our sub-lease agreement with Tata Steel Limited (in the event of the termination of the lease arrangement between Tata Steel Limited and the Government of Jharkhand) and impair the ability of Tata Steel Limited to renew the sub-lease. Further, while rentals payable by us under the sub-lease agreement are fixed, any increase in the lease rent paid by Tata Steel Limited to the Government of Jharkhand may result in an increase in the lease rentals payable by us. This may result in the increase of our expenses and have a material adverse impact on our business and results of operations.

Additionally, our operations centre in Raipur, Chhattisgarh is being constructed on land that has leased by us for a term extending till November 21, 2042. Our lessors are entitled to terminate the lease agreement if lease rentals are unpaid for any period in excess of two months. If our lessors terminate this lease agreement, we may be compelled to shift to a new location for construction of this operations centre, involving significant relocation costs. Further, there can be no assurance that the arrangements that we enter into in respect of any new premises would be on terms and conditions similar to our current arrangement.

Our business is subject to conditions affecting our customers' businesses.

We supply our products across India to OEMs and end users in diverse industries such as rail, light vehicles, off-highway, heavy trucks and auto-aftermarket, industries classified as 'mobile industries', and heavy industries, industrial processes, gear drives, energy and industrial distribution, as segments within the 'process industries'. We also supply taper roller bearings to cater to the Timken Entities' requirements for their international customers in diverse industries such as railways, automotive and off-highway equipment. Consequently, our results of operations and performance are directly related to the conditions and factors affecting the industries in which our customers operate, including factors such as domestic and global vehicle production, the cyclical nature of consumer demand in certain sectors, changes in the demand in industrial production, commercial interest rates and general economic conditions. Any adverse changes in the industrial environment within which any of our customers operate could lead to reduction in demand for their finished products, which in turn will have a direct adverse impact on the demand of our products and thereby, have a significantly adverse impact on our revenue, business and results of operations.

A significant portion of our revenues arise from sales to the Indian Railways.

The Indian Railways is one of our major customers, and sales to the Indian Railways accounted for about 16.0%, 16.0%, 14.0% and 24.0% of our total revenue for the nine month period ended December 31, 2012, the 15 month period ended March 31, 2012 and the fiscal years ended December 31, 2010 and December 31, 2009, respectively. The loss of the Indian Railways as a customer will materially adversely impact our revenues, income and results of operations.

Furthermore, the Indian Railways is a State-owned public utility under the Ministry of Railways, GoI and consequently, its procedures on awarding contracts and purchase orders are subject to tender-policy changes, which may not always be in our favour. Any failure or delay by the Indian Railways in making payments to us would adversely affect our revenues, cash flows and results of operations. Additionally, government contracts are typically awarded to the lowest bidder, and in the event our competitors bid for contracts offering comparable product quality at lower rates, our market share and revenues could be substantially reduced. Furthermore, some of our supply contracts with the Indian Railways contain stringent contractual restrictions, including provisions stipulating (i) that contract prices include statutory levies such as CENVAT (which are otherwise chargeable separately); (ii) liquidated damages; (iii) the provision by us of a security deposit amounting to 10% the contract price subject to a limit of ₹ 2 million; and (iv) that the Indian Railways may increase or decrease the contract quantity by up to 30%. The costs of complying with such contractual stipulations can be significant, and if we are unable to pass on any of these additional costs to our other customers, our revenues, results of operation and financial condition could be adversely affected.

We rely significantly on strong support received by us from The Timken Company.

Our association with The Timken Company allows us to leverage on the Timken Group's considerable expertise in the friction management industry to develop and enhance our manufacturing capabilities, technical knowhow and production expertise. Further, our relationship with The Timken Company enables us to benefit from the Timken Group's global supply chain to meet customer demand for products that we do not manufacture in India. For the nine month period ended December 31, 2012, as well as the 15 month period ended March 31, 2012 and the fiscal years ended December 31, 2010 and December 31, 2009, 26.5%, 24.2%, 29.5% and 22.8%, respectively, of our total revenues was attributable to revenue from the sale of products and services (net of excise duty) to the Timken Entities. We also import taper roller bearings, spherical roller bearings, cylindrical roller bearings and specialty ball bearings from Timken Entities located outside India to supply to our customers. Furthermore, pursuant to our current arrangements with the Timken Group, we have the rights to utilise technology and intellectual property owned by The Timken Company, the "TIMKEN" logo and associated trademark and avail of marketing, after-sales and service engineering related services from other members of the Timken Group. Under the terms of the technology license agreement with The Timken Company dated April 6, 2011, we have a non-transferable, non-sub licensable and non-exclusive right to the technology owned by The Timken Company that The Timken Company deems necessary for the production of our products. In consideration for this license, we are required to pay to The Timken Company a monthly license fee equivalent to 3% of our net sales. This agreement is terminable, at the option of The Timken Company, if we cease to be an affiliate of The Timken Company or if any event causes The Timken Company to have concerns about our stability. For further information, see "***Our Business***".

Consequently, the strong support we receive from the Timken Group is vital for the success of our current business operations as well as our growth strategy and future business prospects. We cannot assure you that members of the Timken Group will continue to be a significant shareholder or otherwise an affiliate of ours. Any disruption, suspension or withdrawal of our existing arrangements with The Timken Company, either by breach by us of the terms and conditions of such arrangements, or otherwise may, hinder our access to technology, hamper our ability to use the "TIMKEN" logo and associated brand equity and materially adversely impact on our revenues. Any withdrawal by the Timken Group of its support to us and any initiation of the Timken Group of competing business interests in India could result in a significant decrease in our market share, and adversely affect our business, results of operation and financial condition. Further, any increase by The Timken Company in the license fees payable by us as per the terms of the technology license agreement may result in an increase in our operating expenses, affecting our financial condition.

The loss of any member of our management team and key personnel could have an adverse effect on our business and results of operations.

Our management and operating teams are fundamental to our success, profitable growth and implementation of our strategy. Some of the key members of the team have been in our Company for more than a decade. We invest significant resources in training for skill-enhancement of our employees. Our growth strategy continues to be to focus on attracting and retaining high quality talent and building our presence and consolidating our position as an employer of choice within the friction management industry in India. For further details see "***Our Business – Our Business Strategies***". Any failure to retain key members of our senior management team or to replace them with equally qualified individuals in the event of their departure could have a material adverse effect on our business, prospects, results of operations and financial condition.

Further, as our business continues to grow, we will need to recruit and train additional qualified personnel. Although we believe we have developed and continue to develop targeted compensation schemes designed to retain our management personnel and professionals, if the number of competitors in the Indian bearings and friction management industry increases, we may face difficulty in retaining and recruiting skilled employees. If we fail to attract and retain qualified personnel, our business prospects, results of operations and financial condition may be adversely affected.

Inability to complete our Raipur repair centre on time may adversely affect our growth strategy.

In order to expand our services portfolio, we are establishing a green-field operation centre in Raipur, Chhattisgarh for the repair of gearboxes largely used in steel, cement, power plants and marine industries. For further details, see "***Our Business***". Any delays in the development, implementation and completion of this facility, including regulatory delays in the construction and commissioning of the facility, may impair the implementation of our expansion strategy into the gear box maintenance segment and adversely affect our business prospects and financial condition.

Our revenues are significantly dependent upon sales of taper roller bearings.

Our core business is the manufacture of taper roller bearings. Consequently, our income is significantly dependent on sales of taper roller bearings manufactured by us and over the years, such sales have emerged the largest single contributor to our revenue and business.

Our continued reliance on sales of taper roller bearings for a significant portion of our revenue exposes us to risks, including the potential reduction in the demand for such bearings in the future; increased competition from domestic and international manufacturers; the invention of superior and cost-effective friction management technology; fluctuations in the price and availability of the raw materials; changes in regulations and import duties; and the cyclical nature of our customers' businesses. One or more such reasons may affect our revenues and income from sales of taper roller bearings and thereby adversely affect our business, profitability, cash flows and results of operations.

We do not have any definitive arrangements for the purchase from or supply of bearings to the Timken Entities.

We import taper roller bearings, spherical roller bearings, cylindrical roller bearings and specialty ball bearings from the Timken Entities to supply to our domestic customers. Further, we supply taper roller bearings to cater to the Timken Entities' international customers in diverse industries such as railways, automotive and off-highway equipment. For further details see "***Reformatted Financial Statements– Note 36 – Related Party Disclosure***" for transactions with related parties as defined under Accounting Standard – 18: Related Party Disclosures issued by the ICAI and notified by the Companies Accounting Standards Rules.

While our business and income is significantly dependent on imports and exports of bearings within the Timken Entities, we do not have any definitive framework agreements with any of the Timken Entities for either importing finished bearings for supply in domestic markets, or exporting taper roller bearings manufactured by us. We export and import bearings to and from Timken Entities located outside India on the basis of ad-hoc purchase orders. If the Timken Entities do not continue to source taper roller bearings manufactured by us or supply us with bearings and bearing accessories to cater to our domestic demand, we will not have recourse under any formal contractual arrangement and our revenues, results of operation and financial condition may be materially adversely affected. Further, in the absence of definitive arrangements, our Promoter or any of the Timken Entities could take decisions, including sourcing of products from other entities promoted by the Promoter in India such as Timken India Manufacturing Private Limited, that may not be in our or our other shareholders' best interests.

We do not own the "**TIMKEN*****" trademark and logo.***

We have been granted a non-exclusive, non-transferable and non-sub licensable right to use the trademarks owned or controlled by The Timken Company or any of its affiliates, including the "TIMKEN" logo in relation to the products manufactured and/or sold by our Company by virtue of a trademark license agreement with The Timken Company dated April 6, 2011, for an initial period of five years, renewable by mutual consent. Under the terms of this agreement, The Timken Company has the right to authorize the use of the trademarks that are licensed to the Company and the products in connection with which the trademarks are to be used. In consideration of this license, we are required to pay The Timken Company a monthly license fee equivalent to 1% of our net sales. This agreement may be terminated by The Timken Company at any point of time upon the occurrence of a number of events, including if the Company ceases to be an affiliate of The Timken Company, any breach of this agreement by us, any failure to meet quality control standards established from time to time by The Timken Company or liquidation and the commencement of legal proceedings against us. We cannot assure you that The Timken Company will renew the trademark license agreement after the expiry of its current term on terms similar to the current terms, or at all. In the event that our trademark licenses are not renewed, or terminated by The Timken Company, we will lose the ability to use the "TIMKEN" logo and trademark and leverage on its considerable brand value, which may have an adverse impact on our market share, business, profitability and results of operations. Further, any increase by The Timken Company in the license fees payable by us for the use of the "TIMKEN" trademark and logo may result in an increase in our operating expenses, thereby affecting our financial condition.

Inability to maintain the quality of our repair and reconditioning services may result in failure to retain some of our key customers.

We provide bearing reconditioning and repair, condition monitoring and reliability services for industrial and railway customers. Other services provided by us include maintenance and rework services for large industrial equipments used in the metal and energy sectors. We also provide on-site maintenance and servicing of steel mills for some of our key customers. For further details, see "***Our Business***".

We believe that the quality and consistency of the services provided by us to our customers is significantly instrumental in building customer reliance, which ensures that customers to whom we provide services remain committed to us to meet their requirements for bearings and friction management products. Any deficiency or lowering of the standards of our services may result in our customers utilizing the services of other service providers and using friction management produced or marketed by such service providers in the future which may result in decreased revenues, increased exposure to contractual liability and the reduction a number of our key customers for our bearings and friction management products.

We depend on third party distributors for a variety of our products.

Our products in the mobile and process industries are sold principally by our internal sales organisation as well as through our distribution network of 87 distributors out of which 50 distributors cater to the mobile industries and 37 distributors cater to the process industries, and their respective after markets.

Any delays or inefficiencies occasioned by our current or future distributors could adversely affect our operations or result in supply disruptions or lost sales opportunities. We cannot assure you that we will be successful in continuing to receive uninterrupted, high quality services from our current and future distributors for all of our products. Any disruption or inefficiencies in the operations of our distributors may adversely affect our brand value, business, results of operations and financial condition. Furthermore, in the event that any of our existing distributors terminate their existing arrangements with us, we may be unable to appoint substitutes in a timely manner and on terms and conditions commercially favourable to us, or at all, which may materially adversely affect our results of operations and financial condition.

We have a concentrated customer base.

Our five largest customers, other than the Timken Entities, accounted for about 40.0% of our net domestic sales and about 30.0% of our total revenue for the nine month period ended December 31, 2012. Further, 74.9 %, 68.9%, 74.7 %, and 72.9 % of our revenue from sale of products and services (net of excise duty) was from customers located in India who are not Timken Entities, while 23.9%, 30.7%, 25.0%, and 27.0% of our revenue from sale of products and services (net of excise duty) was from sales to Timken Entities, for the fiscal years ended December 31, 2009 December 31, 2010, for the 15 month period ended March 31, 2012 and for the nine month period ended December 31, 2012, respectively. Our exports are primarily to the Timken Entities.

We supply our products across India to OEMs and end users in diverse industries such as rail, light vehicles, off-highway, heavy trucks and auto-aftermarket, industries classified as 'mobile industries', and heavy industries, industrial processes, gear drives, energy and industrial distribution, as segments within the 'process industries'. We also supply taper roller bearings to cater to the Timken Entities' requirements for their international customers in diverse industries such as railways, automotive and off-highway equipments. Our major customers in India include BHEL, CMI FPE Limited, Dana India Private Limited, Escorts Limited, Esmech Equipment Private Limited, Indian Railways, JSW ISPAT Steel Limited, New Holland Fiat India Private Limited, Spicer India Limited, Tata Hitachi Construction Machinery Company Limited, Tata Steel Limited, Texmaco Rail & Engineering Limited and Titagarh Wagons Limited. The loss of a major customer and/or reduction in any of our key customers' sales, resulting in lower demand for our products and any material delay, cancellation or reduction of orders from any of our key customers would materially affect our business and financial condition. We expect to continue to depend on sales to our largest customers and loss of key customers could have a material adverse effect on our business, prospects, results of operations and financial condition.

Product liability claims and product recalls could harm our reputation, business, financial condition and results of operations.

We face inherent risks of exposure to product liability or recall claims in the event that our products fail to meet the requisite quality standards or are alleged to result in damages or losses to our customers. We face the risk of legal proceedings and product liability claims being brought by various entities, including consumers, distributors and government agencies for various reasons including for bearings and friction management products sold with manufacturing defects and for alleged shortcomings in services rendered by us.

While we currently maintain product liability insurance for certain of our products, we cannot assure you that such coverage will be adequate or that any losses will be adequately compensated by our insurers in the event of a product liability claim. A product recall or a product liability claim may adversely affect our reputation and brand image, as well as entail significant costs including litigation costs, which could adversely affect our reputation, business, results of operations and financial condition.

Failure to successfully introduce new products may hinder our expansion plans.

We depend substantially on the introduction of new, innovative bearing products and friction management processes to expand our operations and market share. In this regard, the benefits of technology and engineering facilities available with The Timken Company are extended to our Company on a continuing basis. Under the technology license agreement with The Timken Company dated April 6, 2011, our Company is permitted to use technology owned by The Timken Company, which the Timken Company, in its sole discretion, believes to be necessary for the production, distribution and service of the products manufactured and/or sold by our Company. In consideration of this license, we are required to pay to The Timken Company a monthly license fee equivalent to 3% of our net sales. Under the terms of the agreement, The Timken Company acquires a royalty-free, paid-up, non-exclusive global license to use any improvements developed by our Company to such technology. Further, The Timken Company provides us all reasonable assistance required by us for the use of such technology in the manufacture of our products. For further details, see "***Our Business – Technology Support***". If we are unable to introduce new and innovative products, we may lose our market share which may adversely affect the results of our operations and our financial condition.

We incur significant expenditure to introduce new products, and there is no assurance that they will be effective or well received. Moreover, to introduce new products, manufacturing processes and friction management solutions, we must take a number of steps, including obtaining required approvals and licenses and planning efficient marketing strategies. In the event we fail to successfully introduce new products and processes, we may not be able to recover the related costs and consequently, our business and results of operations results of operations could be adversely affected.

Any dilution of the "TIMKEN" brand in India or overseas can have a material adverse effect on our business and operations.

We believe that the "TIMKEN" brand is globally recognised, and our association with the brand earmarks us as a member of the Timken Group and offers us with significant branding strength to attract key customers. Consequently, our success depends on our ability to maintain the image of the "TIMKEN" brand for our existing products and effectively leverage on its brand image for new products and brand extensions. Decrease in product quality due to reasons beyond our control or allegations of product defects, even when false or unfounded, could tarnish the image of the "TIMKEN" brand and compel consumers to choose other products. In the event that (i) we are unable to leverage on the "TIMKEN" brand name for any reason, (ii) actions and incidences effected by other members of the Timken Group adversely affect the "TIMKEN" brand name, or (iii) customer complaints or adverse publicity from any other source damages the "TIMKEN" brand, our business, financial condition and results of operations may be adversely affected.

Our operations are hazardous and could expose us to the risk of liabilities, lost revenues and increased expenses.

Our manufacturing and servicing operations are subject to various hazards associated with the production of bearings, such as the use, handling, processing, storage and transportation of hazardous materials, as well as accidents such as leakage or spillages of chemicals. Any mishandling of hazardous chemical and poisonous substances could also lead to fatal accidents. Further, our employees also face hazardous conditions at various industrial sites where they provide on-site services. Such hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities. As a result of past or future operations, claims of injury by our employees may arise. Liabilities incurred as a result of these events have the potential to adversely impact our financial position. Further, events like these could also affect our reputation with our suppliers, customers, regulators, employees and the public. While we maintain general insurance against such liabilities, insurance proceeds may not be adequate to fully cover the substantial liabilities, lost revenues or increased expenses that we might incur.

Furthermore, some of our on-site maintenance contracts require us to pay penalties upon the occurrence of any fatal accident attributable to us, in additional to compensation under the Employees Compensation Act, 1923. Such contracts also require us to reimburse a portion of the medical expenses in the event of any injury sustained to our customers' workers during the course of our services. Any such fatal accidents and injuries sustained by workers of our customers to whom we provide on-site services could give rise to contractual liabilities, compensation and reimbursement of medical expenses, which, in turn may increase our operating expenses and adversely affect our financial condition.

We engage contract labour for carrying out certain of our operations.

In order to retain operational efficiencies, we engage independent contractors who in turn engage on-site contract labour for performance of certain of certain functions at our manufacturing unit in Jamshedpur, Jharkhand. Although we do not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition.

We will continue to be controlled by our Promoter after the completion of the Issue.

After the completion of the Issue, Timken Singapore PTE Limited., our Promoter, will directly hold 75% of our outstanding Equity Share capital. As a result, our Promoter will continue to exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. Our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. We cannot assure you that our Promoter will act to resolve any conflicts of interest in favour of the Company or its other minority shareholders. By exercising its control, our Promoter could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

The implementation of our business strategies may be delayed or unsuccessful.

The success of our business will depend on our ability to effectively implement our strategies. Our growth strategy includes enhancing our market share and profitability in certain sectors in the mobile and process industries, increasing our cost efficiencies and expanding our after markets business and continue to retain our senior management. This growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. Further, as we expand the scope of and diversify our operations, we may not be able to manage our business effectively, which could result in delays, increased costs and adversely affect the quality of our products, projects and reputation. Even if we have successfully executed our strategies in the past, there can be no assurance that we will be able to continue to do so on time, within budget and to customers' satisfaction. In taking these and any other such initiatives, we face risks and uncertainties, including that:

- we may not be able to develop, acquire and promote additional successful bearing products and friction management solutions, and the acceptance by, and sales of the new bearings products and friction management solutions to our customers may not materialize as we anticipate;

- we may not be able to source funds needed to operate an expanded business and meet our debt service obligations and guarantees;

- we could incur cost overruns;

- we may not be able to obtain or install production equipment on time or to our satisfaction due to unforeseen and unavoidable circumstances;

- we may not be able to source a constant supply of quality raw materials for our products;

- we may face difficulties in recruiting, training and retaining sufficient skilled technical, marketing, management and other personnel;
- we may be unable to manage customer expectations;
- we may be unable to develop adequate internal administrative functions and systems and controls, particularly financial, operational, communications and other internal systems; and
- our marketing strategies for the new bearings products or friction management solutions or business services may be less effective than planned and may fail to effectively reach the targeted consumer base.

Our inability to manage our business and implement our strategies could adversely affect our business, results of operations and financial condition.

Our Company and our Directors (as representatives of our Company) are currently involved in a criminal proceeding.

The Inspector of Legal Metrology, Chandrapur has filed a criminal complaint dated May 4, 2011 against our Company and our Directors (as representatives of our Company) for alleged violation of provisions of the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Packaged Commodities) Rules, 1977. For details, see "***Legal Proceedings – Litigation against our Company – Criminal Proceedings***". An adverse outcome of this proceeding could have an adverse effect on our business, reputation, prospects and financial condition.

We are subject to risks arising from exchange rate fluctuations.

We are exposed to risks related to exchange rate fluctuations since we report our results in Indian rupees but import taper roller bearings, spherical roller bearings, cylindrical roller bearings and specialty ball bearings from Timken Entities located outside India to supply to our customers in India, and purchase raw materials from vendors who source such raw material through imports from approved foreign suppliers and have to pay in foreign currencies for such products. As a result, changes in currency exchange rates may affect our results of operations including, in situations where there is a time lag between an order and the import of the ordered product. As at December 31, 2012, we did not have any hedging arrangements with respect to our foreign exchange exposure.

In the event there is any devaluation of the Indian rupee in respect of any of the foreign currencies that we are currently exposed to, the Indian rupee equivalent of our capital expenditure incurred in foreign currencies may increase significantly. Any such devaluation may also increase our raw material costs, in the event any increases in the Indian rupee equivalent of the costs incurred by our vendors for sourcing raw materials are passed on to us. Even if we were to hedge such risks using various mechanisms, such measures may prove to be inadequate. Further, if we are unable to pass on the costs of foreign exchange variances to our domestic customers, or offset such losses through the export of our products to Timken Entities located outside India, our operating costs, revenues and results of operations may be adversely affected.

Our current insurance coverage may not protect us from all forms of losses and liabilities associated with our business.

We obtain specialized insurance for manufacturing risks and third party liabilities. We maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business at reinstatement values. Our significant insurance policies consist of coverage for risks relating to physical loss or damage. Loss or damage to our materials and property are generally covered by "all risks" insurance. Under our general public liability insurance policy, we are indemnified against any legal liability to pay damages for third party claims arising out of bodily injury or property damage caused by any of our products. We maintain a standard fire and special perils policy, which covers loss and damage due to fire and similar perils. We also have a consequential loss (fire) insurance policy covering loss of profit due to fire and similar perils at our Jamshedpur facility. For further details, see "***Our Business – Insurance***".

However, there may be various types of risks and losses for which we are not insured or may be inadequately insured, such as for the loss of business and environmental liabilities, in light of the fact that such losses are either uninsurable or not insurable at commercially acceptable terms. For example, our directors and officers policy does not cover any claim arising in connection with any public offering of securities by us. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of such business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, nor that we have taken out sufficient insurance to cover all material losses. Should an uninsured loss or a loss in excess of insured limits occur, we could incur liabilities or losses or lose the anticipated future income derived from the manufacturing activities conducted by us, while remaining obligated for any indebtedness or other financial obligations related to our business. Any such loss could result in substantial liabilities to us or adversely affect our ability to replace property or capital equipment that is destroyed or damaged, and our productive capacity may diminish thus adversely affecting the results of our operations and our financial condition.

Failure to obtain or retain certain approvals and licenses required in the ordinary course of business may adversely affect our operations.

We require certain approvals, licenses, registrations and permissions for operating our business and particularly for our operations at our manufacturing unit in Jamshedpur, Jharkhand and for setting up of our repair centre at Raipur, Chhattisgarh, including the license to establish and run a factory under the Factories Act, environmental clearances, approvals under state pollution control boards and authorisations for the storage and handling of hazardous wastes, some of which may have expired and for which we may have either applied or are in the process of making an application for obtaining the approval or its renewal. These include the consent to operate issued by the Jharkhand State Pollution Control Board, issued under the provisions of the Air Act, 1981 and the Water Act, 1974 (expired on June 30, 2010), the authorisation for the collection, reception, treatment, storage and disposal of hazardous waste, under the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (expired on September 30, 2012), license for storage of liquefied petroleum gas, license for storage of liquid nitrogen at the Jamshedpur Facility (both expired on March 31, 2013, contract labour license to work in the establishment of JSW Steel Limited (expired on April 9, 2013) and the license of the Jamshedpur Facility, issued under the Factories Act, 1948 (expired on December 31, 2012).

Further, we have not obtained registration under the Employees State Insurance Act, 1948. While we believe that we are not required to obtain such registration, we are subject to a claim in this regard from certain of our employees, which is pending before the Assistant Regional Director, Employees State Insurance Corporation, Kolkata. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, our business may be adversely affected. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditure. If we fail to comply with such conditions or a regulator claims we have not complied with these conditions, our business, prospects, financial condition and results of operations may be adversely affected.

We are subject to certain restrictive covenants in relation to the credit facilities we have availed of from the State Bank of India.

There are certain restrictive covenants in terms of our agreement with the State Bank of India ("**SBI**") for availment of certain working capital credit facilities. Such restrictive covenants include:

- obtaining prior written consent from SBI to, among other things, change our alter our capital structure, alter the shareholding of our Directors, our Promoter and principal shareholders, effect any scheme of amalgamation or reconstruction, implement schemes of expansion, resort to borrowings from lenders apart from SBI; create any charge on the properties secured for availment of this facility; take up allied lines of business or manufacture, declare dividends or distributions of profits in circumstances where loan instalments are not being paid regularly, enlarge the scope of our manufacturing/ trading activities, withdraw or allow to be withdrawn monies brought in by our Promoter and its directors, invest monies by way of deposits, loans or the share capital in circumstances where loan monies are due to SBI and obtain credit facilities from any bank or other financial institution;

- ensuring the properties charged as security for the facilities are insured for full market value against certain risks;

- making long term arrangements for a steady and regular source of raw materials as may be required for our business; and

- effecting certain other transactions outside of the ordinary course of business.

Further, in terms of this loan agreement, SBI also has the right to appoint a nominee director on our Board.

If we fail to meet our debt service obligations or comply with the covenants in our agreements, our lender could declare us in default and accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Our failure to meet our obligations under our current financing arrangement with SBI could have an adverse effect on our business, financial condition, cash flows and results of operations.

Some of our issued Equity Shares are partly paid up and some of our issued Equity Shares have been kept in abeyance.

As on the date of this Prospectus, 26,800 Equity Shares that have been issued by us are partly paid-up and over which Equity Shares, an amount of ₹121,500 is classified as '*calls-in-arrears*' (the "**Partly Paid Up Shares**"). For details, see "***Market Price Information***". Further, we have issued 15,150 Equity Shares, which have been kept in abeyance since March 31, 1998.

We have, in the past, and continue to enter into related party transactions.

We have, in the past entered into, and continue to enter into various transactions with related parties. For further details, see "***Reformatted Financial Statements***" for transactions with related parties as defined under Accounting Standard – 18: Related Party Disclosures issued by the ICAI and notified by the Companies Accounting Standards Rules and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***". While we comply with Indian accounting and regulatory standards in entering into related party transactions, these standards may not be comparable with standards of other countries, such as the United Kingdom or the United States. For example, Indian regulatory standards do not require independent valuations or approvals from disinterested shareholders with respect to significant related party transactions. There can be no assurance that we have not entered into similar transactions that, individually or in aggregate, in the event that obligations owed to it are not met, would not adversely affect its financial condition and results of operations.

While we believe that all such transactions have been conducted on an arms-length basis and contain commercially reasonable terms, there can be no assurance that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and/or will not have an adverse effect on our profitability, results of operations and financial condition. Further, while we undertake an annual review of our transfer pricing policies and believe the transfer pricing policies of the Company are in accordance with the 'arms-length' standard required under applicable law, there can be no assurance that we will not face claims from regulatory authorities for our past or future related party transactions.

Any change in the extant laws and guidelines in relation to transfer pricing may adversely affect our financial condition.

The Timken Intercompany Transfer Pricing Policy governs the manner in which transactions pertaining to, *inter alia*, sales of tangible products, services (including marketing and selling services), asset transfers between affiliates and use of intangible property are carried out between us and other members of the Timken Group. This policy is in line with the provisions of the IT Act. For further details, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations***".

Any adverse change in the Indian regulatory framework governing transfer pricing may adversely affect our results of operations. Significantly, there have been reports in the media that the GoI is proposing to amend extant Indian regulations governing transfer pricing, including norms relating to transfer pricing of intangible assets, safe harbour rules, risk assessment and tax treaty issues relating to tradeable permits. While changes in such aspects of the current taxation framework in India have not come into force yet, there can be no assurances that such changes, if implemented, will not materially adversely affect our business, results of operation and financial condition.

Our contingent liabilities may adversely affect our financial condition.

As at March 31, 2012 and December 31, 2012, we had contingent liabilities which are set out below:

(in ₹ million)

	December 31, 2012	March 31, 2012
A. Demands raised by sales tax/ income tax/ excise authorities		
Demand of sales tax for non-availability/ non-consideration by assessing officer of various sales tax declaration forms	18.12	238.85
Demand of sales tax on account of non-deduction of various allowances and consequent enhancement of gross turnover	12.88	2.02
Demand of sales tax on method of valuation of goods	1.22	1.22
Demand of income tax due to disallowance of certain business expenses and incentives by the assessing officer.	74.78	74.78
Denial of CENVAT credit of service tax on outward transportation of goods beyond the place of removal	1.44	1.44
Demand of service tax consequent to change in service classification	21.10	18.03
B. Other claims against our Company not acknowledged as debts		
Demand towards ESI contribution on employees at Kolkata office of the Company. Our Company has contested on the applicability of ESI for such employees and the issue is pending before the Assistant Regional Director, ESI Corporation, Kolkata	2.00	2.00
Demands arising out of suits filed by shareholders on account of short/ non-refund of application money for which shares have not been allotted and/ or non-receipt of share certificates etc. Our Company's appeals against these issues are pending before relevant district forums/ state commission/ civil courts	0.51	0.51
Claims for recovery arising out of suit filed by a contractor before the Calcutta High Court	5.80	5.80

In the event that any or all of these contingent liabilities were to materialise, our business, financial condition and results of operations could be materially adversely affected. For further information on such contingent liabilities as defined under Accounting Standard 29: Provisions, Contingent Liabilities and Contingent Assets, issued by the ICAI and notified by the Companies Accounting Standards Rules, see "***Reformatted Financial Statements***".

We are involved in certain legal proceedings, any adverse developments which could adversely affect our business, financial condition and results of operations.

There are outstanding legal proceedings against us that are incidental to our business and operations, including certain criminal proceedings pending against us. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defence or prosecution. Further, an adverse judgment in any of these proceedings could have an adverse impact on our business, financial condition and results of operations. For further details, see "***Legal Proceedings***".

Environmental, health, employee and safety laws and regulations may result in an increase of our costs and a decrease in our profits.

Our business operations are subject to national and state environmental laws and regulations. These laws govern the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of solid and hazardous substances and waste and the extent of employee exposure to hazardous substances that may be used in or result from our businesses. We are also subject to laws and regulations governing relationships with employees for minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees, contract labour and work permits. Compliance with these laws and regulations require significant capital and other expenditures that we have incurred in the past and will continue to incur in the future.

It is possible that environmental laws in India may become significantly more stringent in the future. Our existing Jamshedpur manufacturing facility, as well as our green-field operations service centre in Raipur (once set up), are inherently at risk of environmental damage, which could subject us to liability in the future from the discharge of pollutants in the environment, inadequate waste disposal or the improper handling of hazardous materials. If any of these facilities are shut down by regulators, we may continue to incur costs to comply with environmental regulations, appealing any decision to close our facilities and paying labour and other costs, while not generating any revenues or manufacturing any products from such facilities.

We may face labour disruptions that would interfere with our operations.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for employee removal and dispute resolution and imposes financial obligations to employers. As on December 31, 2012, a high percentage of our employees are members of labour unions. It may be difficult for us to introduce or maintain flexible labour policies and we may be subject to labour unrest, which may delay or disrupt our operations.

In the event of labour unrest resulting in a work stoppage, slowdown or strike, our manufacturing facility may not be able to continue operations at normal levels, or at all. While we believe that we maintain good relationship with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force which may adversely affect our business. Further, significant suppliers or distributors that we use may experience strikes, work stoppages or other industrial action in the future. Any such event could disrupt our operations, possibly for significant periods of time, result in increased wages and a consequent upsizing of our operating expenses and other costs and have an adverse effect on our business, results of operations or financial condition.

Increased competition in the bearings and friction management industry could result in a reduction in our market share.

The Indian friction management industry is very competitive and we believe that such competition will continue and is likely to increase in the future. We face competition from other Indian manufacturers and importers. Further, the friction management industry in India may experience consolidation and investment by international companies, resulting in the emergence of stronger competitors. Our principal competitors are Indian manufacturers, including SKF India Limited, FAG Bearings India Limited and National Engineering Industries Limited. For further details, see "***Our Business – Competition***".

We may also face competition from new entrants who may have more flexibility in responding to changing business and economic conditions. We believe that competition in our businesses can be based on, among other things, pricing, innovation, perceived value, brand recognition, promotional activities, advertising, special events, new product introductions and other activities. It is difficult for us to predict the timing and scale of our competitors' actions in these areas. We expect competition to continue to be intense as our existing competitors expand their operations and introduce new products. Our failure to compete effectively, including any delay in responding to changes in the industry and market, together with increased spending on advertising, may affect the competitiveness of our products, which may result in a decline in our revenues and profitability.

Our Promoter is an investment company wholly owned by The Timken Company.

Our Promoter, Timken Singapore PTE Limited. is a holding company, wholly owned by The Timken Company, and in the business of making investments in various subsidiary companies, joint ventures and companies promoted by it. Consequently, our business and operations are substantially influenced and controlled by The Timken Company through our Promoter. Indian regulators have, in the past, expressed their reservations about multi-tiered group structures such as ours, and there can be no assurance that our holding structure will continue to pass regulatory scrutiny. For instance, the RBI had, in August 2007, released a consultative paper expressing its concerns over multi-layered company structures involving intermediate holding companies, stating that such structures are not ideal from the purview of investors. In the event Indian regulators introduce stringent compliance measures designed to curtail or regulate multi-layered group structures, our compliance costs may increase, thereby leading to increase in our operating expenses. Further, in the event that the costs of compliance for our existing group structure under any future regulatory framework are not commercially viable, we may be constrained to restructure and reorganise our holding structure which, in addition to increasing our operating expenses, may result in fluctuations of the prices of our Equity Shares.

We have not entered into any definitive agreements to use the net proceeds of the Issue.

We intend to use the net proceeds of the Issue primarily towards our long term capital requirements, working capital requirements and general corporate purposes. In view of the requirements of our business and the dynamic nature of the industry, our Company may have to revise its business plans from time to time and consequently the fund requirements of our Company may also change. Accordingly, as of the date of this Prospectus, we have not entered into any definitive or binding agreement for any of the proposed utilisation of the net proceeds of the Issue. For further details, see "***Use of Proceeds***". Subject to complying with policies established by our Board, we will have significant flexibility in the manner in which we invest these proceeds for the short term.

Some of our records relating to forms filed with the RoC required under the provisions of the Companies Act are not traceable.

We are unable to trace copies of a few forms that we have filed with the relevant Registrar of Companies. While we believe that these forms were filed in a timely manner, we have not been able to trace copies of such relevant documents from our records and also from the relevant Registrar of Companies. Further, we received a notice from the cost- audit department of the MCA on February 12, 2013 in relation to the non-submission of a form by our cost auditor, on their appointment. We responded to the notice pursuant to a letter dated February 19, 2013, and have not received further communication from the MCA in this regard, as of the date of this Prospectus. We cannot assure you that these form filings will be available in the future or that it will not be subject to any penalty imposed by any regulatory authority in this respect.

Risks relating to India and other general risks

A slowdown in economic growth in India and other countries in which we operate could cause our business to suffer.

Our results of operations and financial condition are dependent on, and have been adversely affected by, conditions in financial markets in the global economy, and, particularly in India and the other countries in which we operate.

The GDP growth rate of India decelerated to 6.5 % in the 12 month period ended March 31, 2012 compared with 8.4% growth in the 12 month period ended March 31, 2011. (*Source: Centre for Monitoring Indian Economy, November 2012*). According to the RBI's Third Quarter Review of Monetary Policy 2011-2013, the baseline projection of GDP growth rate from the 12 month period ended March 31, 2012 to the 12 month period ended March 31, 2013 was revised downwards from 5.8% to 5.5% and the actual GDP for the second quarter of 12 month period ended March 31, 2013 was 5.3%. The CSO has, pursuant to a press release dated February 28, 2013, estimated that the growth rate in GDP in the third quarter of the twelve month period ended March 31, 2013 is 4.5%, as compared to the third quarter of the twelve month period ended March 31, 2012 (*Source: Press release dated February 28, 2013 on "Estimates of Gross Domestic Product for the Third Quarter (October – December) 2012-13" released by the Ministry of Statistics and Programme Implementation, GoI*).

The uneven global recovery reflects several underlying issues and consequent risks. First, despite indications of a gathering recovery momentum, the U.S. economy remains dependent on the extension and expansion of monetary and fiscal stimulus in the form of the continuation of near-zero interest rates, quantitative easing and tax reliefs, raising questions on the sustainability of such policy approach and the impact of the eventual unwinding and reversal of these stimuli. In the second half of 2011, the global financial markets experienced significant volatility as a result of, among other things, the downgrading by Standard and Poor's Rating Group, a division of McGraw-Hill Companies, Inc. ("**Standard & Poor's**") of the long-term sovereign credit rating of the United States to "AA+" from "AAA" on August 5, 2011. On July 13, 2011, Moody's Investors Services Limited ("**Moody's**") placed the U.S. government under review for a possible credit downgrade, and on August 2, 2011, Moody's Investors Services Limited confirmed the U.S. government's existing sovereign rating, but stated that the rating outlook is negative. On July 10, 2012, Fitch Ratings Ltd ("**Fitch**") affirmed its existing sovereign rating and outlook of the U.S. government. Should a further downgrade of the sovereign credit ratings of the U.S. government occur, it is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade. Instruments of this nature are widely used as collateral by financial institutions to meet their day-to-day cash flows in the short-term debt market.

In Europe, especially the Eurozone, large budget deficits and rising public debts have triggered sovereign debt finance crises that resulted in the bailouts of Greece, Ireland, Portugal and Spain and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Moreover, in January 2012, Standard & Poor's downgraded the sovereign ratings of various European Union countries and entities, including France, Austria and the European Financial Stability Facility.

Japan has also experienced deflationary pressure since the early 1990s, made worse by the devastating earthquake and tsunami of March 2011 and the consequent damage to its nuclear industry. In emerging and developing economies, particularly China, India, Brazil and Russia, risks to macroeconomic and financial stability have arisen from the influx of short-term capital, excessive currency movements and pressures on general and asset price inflation. These have necessitated further policy tightening, introduction of liquidity management measures and imposition of some forms of capital controls.

The resulting economic pressure on the economies in which we operate, a general lack of confidence in the financial markets and fears of a further worsening of the economy have affected and may continue to affect the economic conditions in such countries. We cannot assure you that the markets in which we operate will undergo a full, timely and sustainable recovery. The economic turmoil may continue or take place in the future, adversely affect our business, results of operations and financial condition.

Political instability or changes in the GoI could adversely affect economic conditions in India generally and our business, prospects, financial condition and results of operations.

The GoI has traditionally exercised, and continues to exercise, significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or social developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalization and financial sector reforms. However, the rate of economic liberalization could change and we cannot assure you that such policies will be continued. A change in the government or in the government's future policies could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations.

Indian corporate and other disclosure and accounting standards differ from those observed in other jurisdictions such as U.S. GAAP and IFRS.

Our financial statements are prepared in accordance with Indian GAAP, which differs in significant respects from U.S. GAAP and IFRS. As a result, our financial statements and reported earnings could be significantly different from those which would be reported under U.S. GAAP or IFRS, which may be material to your consideration of the financial information prepared and presented in this Prospectus. You should rely on your own examination of our Company, the terms of the Issue and the financial information contained in this Prospectus.

Our business may be adversely affected by competition laws in India.

The Competition Act, 2002 (the "**Competition Act**"), was enacted for the purpose of preventing practices having an appreciable adverse effect on competition in India, and has mandated the Competition Commission of India (the "**CCI**") to regulate such anti-competitive practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India are void and may result in substantial penalties. Any agreement among competitors which directly or indirectly determines purchase or sale prices, directly or indirectly results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. Further, the Competition Act prohibits the abuse of dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and may be punished. If we or any of our employees is penalised under the Competition Act, our business may be adversely affected.

On March 4, 2011, the Government of India notified and brought into force the provisions under the Competition Act in relation to combinations (the "**Combination Regulation Provisions**") with effect from June 1, 2011. The Combination Regulation Provisions require that acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, shall be mandatorily notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, which sets out the mechanism for implementation of the Combination Regulation Provisions under the Competition Act. The manner in which the Competition Act and the CCI affect the business environment in India may adversely affect our business, financial condition and results of operations.

Our transition to the use of the IFRS converged Indian Accounting Standards may adversely affect our financial condition and results of operations.

We currently prepare our annual and interim financial statements under Indian GAAP. Public companies in India, including us, may be required to prepare annual and interim financial statements under a variation of IFRS. The ICAI has released a near-final version of the Indian Accounting Standards (Ind AS) 101 "First-time Adoption of Indian Accounting Standards" ("**IND AS**") on January 1, 2012. On February 25, 2011, the Ministry of Corporate Affairs, GoI ("**MCA**"), notified that the IND AS will be implemented in a phased manner and stated that the date of implementation of IND AS will be notified by the MCA at a later date. As of date, there is no significant body of established practice on which to draw from in forming judgments regarding the implementation and application of IND AS. Additionally, IND AS has fundamental differences with IFRS and as a result, financial statements prepared under IND AS may be substantially different from financial statements prepared under IFRS. As we adopt IND AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as Indian companies begin to prepare IND AS financial statements. The adoption of IND AS by us and any failure to successfully adopt IND AS in accordance with the prescribed timelines could have an adverse effect on our financial condition and results of operations.

The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition.

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, tsunamis, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations or financial condition. The spread of pandemic diseases, or the occurrence of natural disasters, in India or the international markets in which we export our products, could restrict the level of economic activities generally or slow down or disrupt our business activities, which could in turn adversely affect our business, financial condition and results of operations.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may adversely affect consumer confidence and the Indian and worldwide financial markets. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about regional stability. India has also experienced civil disturbances due to adverse social, economic and political events in India, which could continue in the future. The materialization of any of these risks could adversely affect investors' perceptions of India and Indian companies, our business and results of operations.

Any downgrade of credit ratings of India or Indian companies may adversely affect our ability to raise debt financing.

India's sovereign foreign currency long-term debt is currently rated (i) "BBB-"(negative) by Standard & Poor's, (ii) "BBB-" (negative) by Fitch and (iii) "Baa3" (stable) by Moody's. Between April and June 2012, Standard and Poor's and Fitch each downgraded India's sovereign credit outlook from "stable" to "negative," citing the absence, or inadequacy, of domestic reforms. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

No assurance can be given that Standard & Poor's, Fitch, Moody's or any other statistical rating organization will not further downgrade the credit ratings of India. Any such downgrade would result in India's sovereign debt rating being rated speculative grade, which could adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our project expenditure plans, business and financial performance.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.

According to a report released by RBI, India's foreign exchange reserves amounted to over US$ 287.6 billion as of July 6, 2012. Foreign exchange reserves have declined recently and may have adversely affected the valuation of the Rupee. Further declines in foreign exchange reserves could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our future financial performance and the market price of the Equity Shares.

Investors may be adversely affected due to retrospective tax law changes made by the GoI affecting us.

Certain recent changes to the Income Tax Act provide that income arising directly or indirectly through the sale of a capital asset of an offshore company, including shares, will be subject to tax in India, if such shares derive indirectly or directly their value substantially from assets located in India. The term "substantially" has not been defined under the Income Tax Act and therefore, the applicability and implications of these changes are largely unclear. Further, the Union Budget 2013 – 2014 has been presented before the Parliament of India on February 28, 2013 and there can be no assurances that the fiscal proposals to be introduced pursuant to the Finance Bill for the 12 month period ended March 31, 2014 to be passed by the Parliament of India will be beneficial to our business and financial condition. Due to such changes, investors may be subject to Indian income taxes on the income arising directly or indirectly through the sale of the Equity Shares. In the past, there have been instances where changes in the Income Tax Act have been made retrospectively and to that extent, there cannot be an assurance that such retrospective changes will not happen again.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, regulations of our Board of Directors and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as our shareholders than as shareholders of a corporation in another jurisdiction.

Companies operating in India are subject to a variety of central and state government taxes and surcharges. Any increase in tax rates could adversely affect our business and results of operations.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For instance, a new direct tax code is expected to be tabled in the Indian Parliament for legislation in 2013. In addition, a new goods and services tax regime is expected to be introduced in next fiscal year, and the scope of the service tax is proposed to be enlarged. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 32.45%. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Any additional tax exposures could adversely affect our business and results of operations.

Risks in relation to the Equity Shares

After the Issue, our Equity Shares may experience price and volume fluctuations.

The price of our Equity Shares may fluctuate after the Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in, and changing perceptions concerning the industries in which we operate, adverse media reports on us, changes in the estimates of our performance or recommendations by financial analysts and significant developments in India's economic liberalization, deregulation policies and fiscal regulations. Further, the price at which the Equity Shares issued pursuant to the Issue are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to the Issue.

Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in certain other economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced events that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar events occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

There are restrictions on daily movements in the price of our Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Our Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Equity Shares circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform our Company of the percentage limit of the circuit breaker from time to time, and may change it without its knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot make any assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

There may be less information available about companies listed on Indian stock exchanges than companies listed on stock exchanges in other countries.

There may be less publicly available information about companies listed on Indian stock exchanges, including us, than is regularly disclosed by companies listed on stock exchanges in other countries. There is also a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in those markets, and that of markets in certain other economies. In India, while there are certain regulations and guidelines on disclosure requirements, insider trading and other matters, there may be less publicly available information about Indian companies than is regularly made available by public companies in many certain other countries. As a result, you may have access to less information about our business, results of operations and financial condition, and those of our competitors that are listed on the Indian stock exchanges, on an ongoing basis, than you may in the case of companies subject to the reporting requirements of certain other countries.

You may be restricted in your ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of your ownership position.

Under the Companies Act, a company incorporated in India must offer its holders of shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the shares which are voted on the resolution, or unless we have obtained government approval to issue without such special resolution, subject to votes being cast in favor of the proposal exceeding the votes cast against such proposal. However, if the law of the jurisdiction you are in does not permit you to exercise your pre-emptive rights without us filing an offering document or registration statement with the applicable authority in the jurisdiction you are in, you will be unable to exercise your pre-emptive rights unless we make such a filing. If we elect not to make such a filing, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian would receive upon the sale of such securities, if any, and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interest in us would be reduced.

Land is subject to compulsory acquisition by the government and compensation in lieu of such acquisition may be inadequate. Further, the proposed Land Acquisition, Rehabilitation and Resettlement Bill, 2011 if enacted, may materially and adversely affect our business.

The Land Acquisition, Rehabilitation and Resettlement Bill, 2011 (the "**Land Acquisition Bill**") was introduced before the Indian Parliament to govern processes in relation to land acquisition in India. The Land Acquisition Bill has not been approved in the Parliament session in December 2012, and there is currently uncertainty on whether it will be enacted in its current form, or amended, or enacted at all. The Land Acquisition Bill incorporates additional restrictions on land acquisition (for instance, there are restrictions on the acquisition of certain types of agricultural land) and includes provisions relating to the compensation, rehabilitation and resettlement of affected persons. Further, the Land Acquisition Bill proposes that it will apply to all cases of land acquisition where before the date of commencement of this legislation, a notification under Section 4 of the Land Acquisition Act, 1894 was issued but the award under Section 11 of the Land Acquisition Act, 1894 has not been made. In such cases, land acquisition proceedings under the Land Acquisition Act, 1894 will be considered lapsed upon the commencement of this legislation. The Land Acquisition Bill also imposes other restrictions, for example, no change from the purpose or related purposes for which the land is originally acquired is permitted and no change of ownership of the acquiring entity is permitted without obtaining specific permission from the appropriate Government. If the Land Acquisition Bill is enacted in its current form, we may be required to comply with its provisions regarding compensation and rehabilitation with retrospective effect in relation to our existing land acquisition proceedings which have commenced under the Land Acquisition Act, 1894 and also in relation to the land acquisitions that we make in the future. This may increase our cost of acquisition of land which could materially and adversely affect our business, financial condition and results of operations.

Economic developments and volatility in securities markets in other countries may cause the price of our Equity Shares to decline.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

Any future equity issuance may dilute your shareholding and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us may lead to the dilution of your shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of our Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Under the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"), listed companies are required to maintain public shareholding of at least 25.0% of their issued share capital. Pursuant to the Securities Contracts (Regulation) (Amendment) Rules, 2010, notified on June 4, 2010 and the notification of the Ministry of Finance, Government of India dated August 9, 2010, the SCRR was amended to define public shareholding to refer to persons other than a company's promoter and promoter group and subsidiaries and associates, and excluding shares held by a custodian against which depository receipts have been issued overseas. We are required to increase our public shareholding to at least 25.0% of our issued share capital within three years of the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010. Failure to comply with the minimum public shareholding provision would require us to delist our Equity Shares and may result in penal action being taken against us and our Promoter. In the event that the Issue is undersubscribed, we may not be able to meet these requirements and to meet such requirements, our Promoter may sell or we may issue Equity Shares in the future.

You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction. The securities transaction tax will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of our Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. For further details, see the section titled "***Statement of Tax Benefits***".

An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of the Allotment of the Equity Shares.

Pursuant to the SEBI Regulations, for a period of 12 months from the date of the Allotment of Equity Shares, QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the Stock Exchanges and may not enter into any off-market trading in respect of these Equity Shares. We cannot assure you that these restrictions will not have an adverse effect on the price of the Equity Shares.

We cannot assure you that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all, which may restrict your ability to dispose of the Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted by the BSE and the NSE until after the Equity Shares offered in the Issue have been Allotted. In addition, we are required to deliver this Prospectus to the RoC for registration under the applicable provisions of the Companies Act and the SEBI Regulations. We cannot assure you that the RoC will register this Prospectus in a timely manner, or at all. Such approval will require all other relevant documents authorising the issuance of the Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining such approval would restrict your ability to dispose of your Equity Shares.

We cannot predict the effect on our business of the proposed enactment of the Companies Bill, 2012 in India

In December 2012, the Companies Bill, 2012 ("**Companies Bill**") was tabled before and passed by the lower house of the Indian Parliament. The Companies Bill provides, *inter alia*, for significant changes to the regulatory framework governing the issue of capital by companies, corporate governance and corporate social responsibility. The Companies Bill has not yet been tabled before the upper house of the Indian Parliament. The Companies Bill will require the approval of the upper house of the Indian Parliament, as well as the approval of the President of India and publication in the Official Gazette before becoming law. There is therefore no certainty that the Companies Bill will be passed in its current form, or at all. Our business and operations may be adversely affected and subject to regulatory uncertainty if the legislation is enacted. We have not determined the impact of this legislation on our business.

Investors may not be able to enforce a judgment of a foreign court against us or our management.

The enforcement of civil liabilities by overseas investors in our Equity Shares, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be adversely affected by the fact that we are incorporated under the laws of the Republic of India and all of our executive officers and directors reside in India. Nearly all of our assets and the assets of our executive officers and directors are located in India. As a result, it may be difficult to enforce the service of process upon us and any of these persons outside of India or to enforce outside of India, judgments obtained against us and these persons in courts outside of India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code on a statutory basis. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be in reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii)where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Procedure Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

The suit must be brought in India within 3 years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there are considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment.

MARKET PRICE INFORMATION

As of the date of this Prospectus, 63,734,850 Equity Shares of our Company were issued and outstanding, including the Partly Paid Up Shares. An additional 15,150 Equity Shares have been kept in abeyance since March 31, 1998. The Equity Shares are listed on the Stock Exchanges. Our Equity Shares have been listed since 1991 on the BSE and since 2007 on the NSE, respectively. Our Equity Shares were delisted from the Calcutta Stock Exchange Association Limited in 2008. Further, our Company made an application on July 15, 2005 for de-listing its Equity Shares from the Magadh Stock Exchange Association Limited. The Magadh Stock Exchange Association Limited was de-recognised pursuant to an order passed by the SEBI on August 30, 2007. Accordingly, no market price information for our Company on the Magadh Stock Exchange Association Limited is provided herein. The closing prices of the Equity Shares on the Stock Exchanges on April 8, 2013 was ₹ 150.40 per Equity Share on BSE and ₹ 150.00 per Equity Share on NSE.

The table set forth below indicates the high, low and average prices of the Equity Shares and the volume of trading activity for the specified periods.

1. The high, low and average market prices of the Equity Shares for the periods indicated are as below:

BSE											
12 month period ending March 31,	**Date of High**	**High (₹)(1)**	**Volume on date of High (No. of Equity Shares)(2)**	**Volume on date of High (In ₹ million)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Volume on date of Low (In ₹ million)**	**Average (₹)(3)**	**Volume during the period (No. of Equity Shares)**	**Volume during the period (In ₹ million)**
2011	January 3, 2011	211.20	1,246,620	254.46	April 1, 2010	104.90	19,049	1.99	155.61	84,713,384	13,630.55
2012	July 12, 2011	251.75	2,043,451	514.75	December 20, 2011	163.80	7,683	1.26	209.00	38,056,012	8,402.18
2013	April 16, 2012	263.85	513,313	133.58	March 22, 2013	131.20	28,154	3.72	197.01	18,314,977	3872.85

(Source: www.bseindia.com)

NSE											
12 month period ending March 31,	**Date of High**	**High (₹)(1)**	**Volume on date of High (No. of Equity Shares)(2)**	**Volume on date of High (In ₹ million)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Volume on date of Low (In ₹ million)**	**Average (₹)(3)**	**Volume during the period (No. of Equity Shares)**	**Volume during the period (In ₹ million)**
2011	January 3, 2011	211.20	1,213,844	248.06	April 1, 2010	104.30	24,104	2.51	155.62	51,446,582	8,830.11
2012	July 12, 2011	253.20	4,141,331	1,045.52	December 19, 2011	164.25	26,225	4.30	209.01	72,824,767	16,155.07
2013	April 16, 2012	263.30	1,009,272	261.97	March 22, 2013	131.05	63,071	8.36	196.96	37,397,085	7,827.53

(Source: www.nseindia.com)

Notes:

(1) High, low and average prices are of the daily closing prices.
(2) In case of two days with the same closing price, the date with the higher volume, in terms of number of Equity Shares, has been considered.
(3) Average price represents the average of the daily closing prices of each day for each year presented.

2. Monthly high, low and average market prices and trading volumes on the Stock Exchanges for the six months preceding the date of delivery of this Prospectus to the RoC for registration:

BSE											
Month	**Date of high**	**High (₹) (1)**	**Volume on date of high (No. of Equity Shares) (2)**	**Volume on date of High (In ₹ million)**	**Date of low**	**Low (₹)**	**Volume on date of low (No. of Equity Shares)**	**Volume on date of Low (In ₹ million)**	**Average (₹) (3)**	**Volume during the period (No. of Equity Shares)**	**Volume during the period (In ₹ million)**
March, 2013	March 1, 2013	152.65	5,359	0.82	March 22, 2013	131.20	28,154	3.72	141.65	1,738,315	254.75
February 2013	February 1, 2013	180.80	3,091	0.56	February 28, 2013	152.95	8,207	1.28	167.32	206,134	34.76
January 2013	January 3, 2013	205.85	69,756	14.47	January 31, 2013	180.85	9,591	1.74	194.18	581,818	115.87
December 2012	December 3, 2012	197.85	22,481	4.47	December 12, 2012	187.25	16,940	3.17	192.12	784,545	151.23
November 2012	November 8, 2012	208.65	65,662	13.69	November 22, 2012	193.30	17,757	3.45	199.29	548,157	110.46
October 2012	October 09, 2012	214.45	186,028	39.81	October 31, 2012	192.65	20,767	4.02	203.67	1,605,856	336.21

(Source: www.bseindia.com)

NSE											
Month	**Date of high**	**High (₹) (1)**	**Volume on date of high (No. of Equity Shares) (2)**	**Volume on date of High (In ₹ million)**	**Date of low**	**Low (₹)**	**Volume on date of low (No. of Equity Shares)**	**Volume on date of Low (In ₹ million)**	**Average (₹) (3)**	**Volume during the period (No. of Equity Shares)**	**Volume during the period (In ₹ million)**
March, 2013	March 1, 2013	153.00	12,410	1.91	March 22, 2013	131.05	63,071	8.36	141.57	4,486,791	656.84
February 2013	February 1, 2013	180.70	12,510	2.27	February 28, 2013	152.95	21,726	3.38	167.23	522,188	88.24
January 2013	January 3, 2013	206.60	280,823	58.39	January 31, 2013	180.95	28,833	5.23	194.08	1,542,241	308.22
December 2012	December 3, 2012	197.45	51,300	10.19	December 12, 2012	187.15	61,383	11.51	192.14	1,810,108	349.17
November 2012	November 8, 2012	209.40	151,975	31.70	November 22, 2012	193.15	50,942	9.88	199.29	1,240,606	250.22
October 2012	October 4, 2012	214.40	881,808	191.11	October 30, 2012	192.95	41,853	8.13	203.53	3,245,967	681.68

(Source: www.nseindia.com)

Notes:

(1) High, low and average prices are of the daily closing prices.
(2) In case of two days with the same closing price, the date with the higher volume, in terms of number of Equity Shares has been considered.
(3) Average Price represents the average of the daily closing prices of each day for each month presented.

3. The market price of our Equity Shares on January 15, 2013, the first working day following the meeting of our Board approving the Issue was:

Date	**BSE**					
	Open	**High**	**Low**	**Close**	**Volume (No. of Equity Shares)**	**Volume (in ₹ million)**
January 15, 2013	193.10	195.90	192.05	193.30	27,580	5.35

(Source: www.bseindia.com)

Date	**NSE**					
	Open	**High**	**Low**	**Close**	**Volume (No. of Equity Shares)**	**Volume (In ₹ million)**
January 15, 2013	193.75	196.00	191.10	193.35	46,790	9.07

(Source: www.nseindia.com)

USE OF PROCEEDS

The total proceeds of the Issue will be ₹ 511.82 million. After deducting fees and expenses of approximately ₹ 41.17 million, the net proceeds of the Issue will be approximately ₹ 470.65 million.

Subject to compliance with applicable laws and regulations, we intend to use the net proceeds of the Issue primarily towards our long term capital requirements, working capital requirements, general corporate purposes and any other purposes as may be permissible under applicable law. In view of the requirements of our business and the dynamic nature of the industry, our Company may have to revise its business plans from time to time and consequently the fund requirements of our Company may also change.

Subject to the supervision of the Audit Committee and our Board as required under the provisions of the Equity Listing Agreement, the management of our Company will have flexibility in deploying the proceeds received by our Company from the Issue. Pending utilisation of the net proceeds of the Issue as described above, our Company intends to temporarily invest the funds in interest bearing instruments including deposits with banks and investments in mutual funds.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation and total debt, as of December 31, 2012 and as adjusted to give effect to the Issue. This table should be read in conjunction with "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and our financial information contained in "***Reformatted Financial Statements***".

(In ₹ million)

	As of December 31, 2012	As adjusted for the Issue
Shareholders' funds		
Equity share capital*	637.23	679.88
Reserves and surplus	2,785.11	3,254.27
Total shareholders' funds (A)	**3,422.34**	**3,934.16**
Total Borrowings (B)	0.00	0.00
Total (A+B)	**3,422.34**	**3,934.16**

* *(1) Includes the Partly Paid Up Shares.*
(2) An additional 15,150 Equity Shares have been kept in abeyance since March 31, 1998.

Notes:

There will be no further issue of Equity Shares whether by way of public issue, issue of bonus shares, preferential allotment, rights issue, qualified institutions placement or in any other manner during the period commencing from the date of registering the Red Herring Prospectus with the RoC until the Equity Shares offered in the Issue have been listed on the Stock Exchanges or the Application Amounts are refunded, as the case may be, including on account of , refusal of the listing of such Equity Shares by the Stock Exchanges.

DIVIDENDS

Subject to the provisions of the Companies Act, our Company may declare dividend as recommended by the Board. Subject to the provisions of the Companies Act, the shareholders of our Company may, through a general meeting, declare dividend to be paid to the members of our Company. Subject to the provisions of the Companies Act, the quantum of dividend to be declared by the Directors for any period shall be recommended by the Directors on a policy that ensures that our Company retains not more than 65% of its annual net profits after tax, which would include the transfer of 10% of the profits to reserves as required by the Companies Act, provided that the policy may be changed with the consent of the Board.

Our Company has a dividend policy which lays down the relevant factors to be considered by the Board while deciding the quantum of dividend to be paid, which includes, *inter alia*, our Company's current and projected financial strength, evaluation of the tax implication to the shareholders, renovation/modernisation of existing facilities, major repairs and maintenance, likelihood of requirement of contingent liabilities, acquisition or disposal of assets and other current or future requirements for capital expenditure.

The dividend paid by our Company in the last three Fiscals is as provided below:

Particulars	**Fiscal year ended December 31, 2009**	**Fiscal year ended December 31, 2010**	**15 month period ended March 31, 2012**
Face value per Equity Share (in ₹)	10	10	10
Dividend (in ₹ Million)*	-	-	1,274.44
Dividend per equity share (in ₹)	-	-	20
Dividend rate (% to paid up capital)	-	-	200%

* *Excluding corporate dividend tax*

The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future. Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based upon, and should be read in conjunction with, our Reformatted Audited Financial Statements.

Our fiscal year ends on March 31 of each year. Prior to the 15 month period ended March 31, 2012, the fiscal year of our Company used to commence from January 1 of each calendar year and end on December 31 of the same calendar year.

*References to the financial statements as of and for the nine month period ended December 31, 2012 are to the financial statements for that period, presented in accordance with the format prescribed under the revised Schedule VI (the "**Revised Schedule VI**") pursuant to Notification S.O. 447(E) dated 28 February 2011 issued by the Ministry of Corporate Affairs, Government of India. Financial information relating to the 15 month period ended March 31, 2012 and the fiscal years ended December 31, 2010 and 2009 has been reclassified in accordance with the Revised Schedule VI.*

*The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding such risks and uncertainties, see "**Risk Factors**".*

Overview

We are one of the leading manufacturers of taper roller bearings and certain components of taper roller bearings in India. (Source: *BDB Analysis Report*) We also import taper roller bearings, spherical roller bearings, cylindrical roller bearings and specialty ball bearings from Timken Entities located outside India, to supply to our customers. Further, we represent The Timken Company in India for business development activities in emerging markets for its products.

We were formed as a joint venture between Tata Steel Limited and The Timken Company, who we believe are associated with trust and quality across key industries which use our bearings for demanding applications**.** The Timken Company has being recognised, in the year 2009, as one of "The 100 Most Trustworthy Companies" in the world (Source*: www.forbes.com*) and has a globally recognised brand name.

We have over 25 years of experience of operating in India. We supply our products across India to original equipment manufacturers ("**OEMs**") and end users in diverse industries such as rail, light vehicles, off-highway, heavy trucks and auto-aftermarket, industries classified as 'mobile industries', and heavy industries, industrial processes, gear drives, energy and industrial distribution, as segments within the 'process industries'. We also supply taper roller bearings to cater to the Timken Entities' requirements for their international customers in diverse industries such as railways, automotive and off-highway equipments.

Our After-Market Services Business, as defined in "***Our Business – Overview***", includes bearing reconditioning and repair, condition monitoring and reliability services for industrial and railway customers. We also provide maintenance and refurbishment services to large industrial equipments used in the metal and energy sectors. We represent The Timken Company for business development in markets such as the aerospace and wind energy segments, as well as for non-bearing products such as chains and couplings in India.

We have a manufacturing facility with cellular manufacturing process located at Jamshedpur, Jharkhand. As on March 31, 2012, this facility had an installed capacity of 4,000,000 units and 370,000 units of standard roller bearings and special roller bearings (including components), respectively. The cellular manufacturing process provides us the flexibility of manufacturing any part of our products at short lead time. This facility has been recognised for its quality and safety standards and is BS OHSAS 18001:2007, ISO 14001: 2004, ISO 9001:2008 and ISO/TS 16949 certified, besides being recognised by Association of American Railroads.

In order to expand our services portfolio, we are establishing a green-field operation centre in Raipur, Chhattisgarh for repair of gearboxes largely used in steel, cement, power plants and marine industries. We believe that this facility will enable us to strengthen our After-Market Services Business. This facility is currently being developed and the total capital work-in-progress towards this facility as at December 31, 2012 was ₹ 11.00 million.

We believe that we have long-term and stable relationships developed over the years with our key suppliers of raw materials and our key customers. Some of our key suppliers are Sanyo Steel Company Limited, Mahindra Sanyo Special Steel Private Limited, Rolex Rings Private Limited, Harsha Engineers Limited, Omni Auto Limited and JMT Auto Limited. We have a dedicated and specialised distribution network pan-India and servicing our customers. Our major customers in India include BHEL, CMI FPE Limited, Dana India Private Limited, Escorts Limited, Esmech Equipment Private Limited, Indian Railways, JSW ISPAT Steel Limited, New Holland Fiat India Private Limited, Spicer India Limited, Tata Hitachi Construction Machinery Company Limited, Tata Steel Limited, Texmaco Rail & Engineering Limited and Titagarh Wagons Limited. Internationally, we supply certain of our products to the Timken Entities.

Our Company's vision is to improve our customers' performance globally by applying our knowledge of friction management and power transmission to deliver unparalleled value and innovation. Our core business values of ethics and integrity, innovation, quality and independence help us pursuing our Company's vision.

Our total revenue for the fiscal years ended December 31, 2009, December 31, 2010, for the 15 month period ended March 31, 2012 and for the nine month period ended December 31, 2012 was ₹ 3,305.40 million, ₹ 4,819.75 million, ₹ 8,510.95 million and ₹ 5,184.19 million, respectively. Our profit after tax for the fiscal years ended December 31, 2009, December 31, 2010, the 15 month period ended March 31, 2012 and the nine month period ended December 31, 2012 was ₹ 325.35 million, ₹ 510.57 million, ₹ 806.57 million and ₹ 291.08 million, respectively.

For the fiscal years ended December 31, 2009, December 31, 2010, for the 15 month period ended March 31, 2012 and for the nine month period ended December 31, 2012, 74.9%, 68.9%, 74.7% and 72.9% of our revenue from sale of products and services (net of excise duty), respectively, was from customers located in India who are not Timken Entities, while 23.9%, 30.7%, 25.0% and 27.0% of our revenue from sale of products and services (net of excise duty), respectively, was from sales to Timken Entities.

Basis of Preparation

The reformatted audited financial statements as at and for the nine month period ended December 31, 2012, as at and for the 15 month period ended March 31, 2012 and as at and for the fiscal years ended December 31, 2010 and December 31, 2009 have been prepared on the basis of audited financial statements for the respective periods. All figures in the Reformatted Audited Financial Statements are based on a) the audited financial statements for the respective periods on which the auditors have issued their opinions dated February 20, 2013, May 2, 2012, February 10, 2011 and February 16, 2010, respectively, and any event subsequent to the said dates have not been considered or adjusted; b) other financial and other records of the Company, to the extent considered necessary, for the presentation of the reformatted statements under the requirements of the Revised Schedule VI. These financial statements were prepared in accordance with the applicable accounting standards notified by the Companies Accounting Standards Rules and the relevant provisions of the Companies Act. These financial statements were prepared under the historical cost convention on an accrual basis. Figures have been regrouped/ rearranged, based on other financial and other records of our Company, to conform to the requirements of Revised Schedule VI as the audited accounts were prepared on the basis of erstwhile Schedule VI of the Companies Act.

These Reformatted Audited Financial Statements have been prepared only in connection with the Red Herring Prospectus and this Prospectus. The accounting policies are consistent for all the periods as specified above.

In accordance with the provisions of the Listing Agreement, on February 12, 2013, we published the reviewed financial results of our Company for the quarter ended December 31, 2012 (the "**December 2012 Reviewed Financial Results**"). On account of the fact that the December 2012 Reviewed Financial Results are unaudited, they are not comparable to results for the nine month period ended December 31, 2012 included in our reformatted audited financial statements as of and for the nine month period ended December 31, 2012 forming part of the Red Herring Prospectus and this Prospectus and investors should not rely on the December 2012 Reviewed Financial Results for making any investment decisions.

Factors Affecting Our Results of Operations

Our results of operations and financial condition are affected by a number of factors, including the following, which are of particular importance:

Relationship with the Timken Group

We supply taper roller bearings to cater to the Timken Entities' international customers in diverse industries such as railways, automotive and off-highway equipment. We also import taper roller bearings, spherical roller bearings, cylindrical roller bearings and specialty ball bearings from Timken Entities located outside India, to supply to our customers. We represent The Timken Company in India for business development activities in emerging markets for its products. For transactions with related parties as defined under Accounting Standard – 18: Related Party Disclosures issued by the ICAI and notified by the Companies Accounting Standards Rules, see "***Reformatted Financial Statements– Note 36 – Related Party Disclosure***".

Pursuant to a technology license agreement dated April 6, 2011, our Company is permitted to use technology owned by The Timken Company, including all intellectual property relating to designs, product specifications, methods of manufacturing, service methods and techniques. We pay The Timken Company annual license fee aggregating to 4% of the net sales of our products manufactured in India, including a license fee of 3% of our net sales on a monthly basis, pursuant to the technology license agreement and 1% of our net sales on a monthly basis pursuant to a trademark license agreement entered into between our Company and The Timken Company. These payments are made on a quarterly basis.

We also have a 'Timken Intercompany Transfer Pricing Policy' which governs the manner in which transactions pertaining to, inter alia, sales of tangible products, services (including sales and marketing services, service engineering and administrative services), asset transfers including the transfer of existing and new equipment and the use of intangible property are carried out between our Company and other members of the Timken Group**.** We undertake an annual review of our transfer pricing policies and believe the transfer pricing policies of the Company are in accordance with the 'arms-length' standard required under applicable law.

Our Promoter is part of the Timken Group and holds, as on February 22, 2013, 80.02% of our pre-Issue issued and outstanding Equity Shares. Consequently, our relationship with the Timken Group in general, and The Timken Company in particular, is vital for the success of our current business operations, reputation, financial condition as well as our growth strategy, expansion plans and future business prospects.

Cost of raw materials

The principal raw materials for our products are alloy steel bars, tubes and wire rods, which are purchased by our vendors from our approved list of global suppliers, in order to leverage The Timken Company's economies of scale. Further, most of our input materials such as rings and cages are procured from our domestic vendors. Our costs of raw materials and components are the most significant portion of our total expenditure. Other items in cost of sales include purchase of traded goods, (increase)/decrease in stock of finished goods, traded goods and work-in-progress, excise duty and employee benefit expenses. Our cost of raw materials, components and trading goods, comprising of cost of raw materials and components consumed, purchase of traded goods, (increase)/decrease in stock of finished goods, traded goods and work-in-progress and excise duty and cess on stocks, comprised 61.1%, 56.5%, 50.0% and 48.3% of our total revenue for the nine month period ended December 31, 2012, the 15 month period ended March 31, 2012, and the fiscal years ended December 31, 2010 and December 31, 2009, respectively.

Customer base and sales to our major customers

We supply our bearing products to OEMs in India and export them in terms of the global requirements of the Timken Entities. Our five largest customers, other than the Timken Entities, accounted for about 40.0% of our net domestic sales and about 30.0% of our total revenue in the nine month period ended December 31, 2012. Our major customers in India include BHEL, CMI FPE Limited, Dana India Private Limited, Escorts Limited, Esmech Equipment Private Limited, Indian Railways, JSW ISPAT Steel Limited, New Holland Fiat India Private Limited, Spicer India Limited, Tata Hitachi Construction Machinery Company Limited, Tata Steel Limited, Texmaco Rail & Engineering Limited and Titagarh Wagons Limited.

Market conditions affecting the industries we cater to

Our revenues are primarily derived from our sales of products to our OEM and end-user customers. Given our focus on the mobile and process industries, our operations are affected by general trends in these industries. For instance, the automotive market comprising of two wheelers, cars commercial vehicles and tractors, defence etc, is catered mainly by taper roller bearings, deep groove ball bearings and hub bearing units, which contributes to around 48% of the total bearing market in India. (Source: *BDB Analysis Report*) Further, the industrial market includes segments such as industrial drives, energy, railways, steel, mining, pulp and paper and cement and is catered by spherical roller bearings, cylindrical roller bearings, slewing bearings, etc, which contributes to around 52% of the total bearing market in India. (Source: *BDB Analysis Report*) Thus, the market conditions for these market segments is key to our business operations and results of operations. For a more detailed discussion of the Indian bearings market, see "***Industry Overview***".

Our Significant Accounting Policies

(i) Basis of Preparation

See, "*—Basis of Preparation*".

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(iii) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to our Company and the revenue can be reliably measured.

a) Sale of Goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery to the customers. Excise duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

b) Income from Services

Revenue from agency commission and maintenance and service contracts are recognized as and when services are rendered. Export incentives under the Duty Entitlement Pass Book ("**DEPB**"), status-holder incentive scheme and duty drawback scheme are recognized as and when there is no significant uncertainty in realization / utilization of such incentives. Profit on sale of investment is recorded on transfer of title from our Company and is determined as the difference between the sale price and carrying value of the investment. Revenue from dividend income is recognized when the right to receive payment is established by the balance sheet date. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss. Claims raised on suppliers and customers are recognized on acceptance of such claims by the respective suppliers and customers.

(iv) Tangible and Intangible Assets

Tangible assets are stated as cost of acquisition less accumulated depreciation and impairment loss (if any). Cost of acquisition includes duties (net of CENVAT), taxes, incidental expenses and erection/ commissioning expenses. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

(v) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, in hand, cheques in hand, remittances in transit and short-term investments with an original maturity of three months or less.

(vi) Foreign Currency Translations

(a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) Exchange Differences

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(d) Forward Exchange Contracts not intended for trading or speculation purpose

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(vii) Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares: Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress and finished goods: Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Trading goods: Lower of cost and net realizable value. Cost 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.

(viii) Retirement Benefits

a) Gratuity is administered through an approved benefit fund. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

b) The liability on account of long term compensated absences and death benefit scheme due to the employees are provided for on the basis of an actuarial valuation on projected unit credit method at the end of each financial year.

c) Retirement benefits in the form of provident fund and superannuation/ pension schemes are charged to the statement of profit and loss of the year when the contribution to the respective funds are accrued. Interest shortfall, if any, on provident fund are provided for based on year-end actuarial valuation on projected unit credit method.

d) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

e) The long-term and short term classification of gratuity, death benefit scheme and provident fund liabilities is based on the actuarial valuations. The liability on account of long term compensated absences is classified as current as per our Company's policy since our Company does not have an unconditional right to defer the same beyond one year from the date of the financial statements.

(ix) Excise Duty

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying at the manufacturing locations as on the balance sheet date.

(x) Leases

(a) Assets taken on lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(b) Assets given on lease

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the profit and loss account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the statement of profit and loss. Initial direct cost, such as legal and professional cost is recognized immediately in the statement of profit and loss.

(xi) Income Taxes

Tax expense comprises current and deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the IT Act enacted in India. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date. Our Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

(xii) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current Investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair market value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of long-term investments.

(xiii) Borrowing Costs

a) Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalized as part of the cost of that asset till the time it is ready to put to use.

b) All other borrowing costs are recognized as expenditure during the period in which these are incurred. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

(xiv) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(xv) Contingent Liabilities

No provision is made for liabilities which are contingent in nature, unless it is probable that future events will confirm that a liability is incurred as at the balance sheet date and a reasonable estimate of the resulting loss can be made. However, all known, material contingent liabilities are disclosed by way of separate notes.

(xvi) Impairment

(a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(b) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(xvii) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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.

(xviii) ***Segment Reporting Policies***

Identification of segments: Our Company's business includes manufacture and sale of bearings and related components and providing services in connection with or incidental to such sales. This is the only reportable business segment which is also the primary reportable segment.

Secondary reportable segments are based on geographical location of customers. The geographical segments have been disclosed based on revenues within India and outside India.

Allocation of common costs: Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Segment Policies: Our Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of our Company as a whole.

(xix) As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, our Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, our Company does not include depreciation and amortisation expense, finance costs and tax expense.

Our Results of Operations

Unless otherwise specified or if the context requires otherwise: (i) all references to a particular fiscal year for period after March 31, 2012 are to the twelve months period ended on March 31 of such year; (ii) all references to the fiscal year ended March 31, 2012 are to the 15 month period commencing on January 1, 2011 and ending on March 31, 2012; and (iii) all references to a particular fiscal year for any period prior to January 1, 2011 are to the twelve months period ended on December of such year. Our historical financial performance may not be considered as indicative of future financial performance.

The table below summarizes our results of operations, including as a percentage of total revenue, for the periods indicated:

(In ₹ million, except %)

	Nine month period ended December 31, 2012	**% of total revenue**	**15 month period ended March 31, 2012**	**% of total revenue**	**Fiscal year ended December 31, 2010**	**% of total revenue**	**Fiscal year ended December 31, 2009**	**% of total revenue**
Income								
Revenue from operations (Gross)	5,514.62	106.3	8,910.40	104.7	5,037.16	104.5	3,409.85	103.1
Less: Excise Duty Recovered	374.52	7.2	602.79	7.1	356.15	7.4	228.43	6.9
Revenue from operations (Net)	5,140.10	99.1	8,307.61	97.6	4,681.01	97.1	3,181.42	96.2
Other Income	44.09	0.9	203.34	2.4	138.74	2.9	123.97	3.8
Total Revenue (I)	**5,184.19**	**100.0**	**8,510.95**	**100.0**	**4,819.75**	**100.0**	**3,305.39**	**100.0**
Expenses								
Cost of raw material and components consumed	2,142.31	41.3	3,969.75	46.7	2,369.43	49.2	1,411.62	42.7
Purchase of traded goods	1,188.17	22.9	1,124.00	13.2	262.77	5.5	81.89	2.5
(Increase)/decrease in Stock of Finished goods, Traded goods and Work in Progress	(185.34)	(3.5)	(329.42)	(3.9)	(271.53)	(5.6)	121.72	3.7
Excise duty and cess on stocks	21.41	0.4	46.03	0.5	50.18	1.1	(18.89)	(0.5)
Employee Benefit expenses	385.29	7.4	612.78	7.2	453.32	9.4	284.95	8.6
Other Expenses	1,103.76	21.3	1,821.18	21.4	1,104.71	22.9	867.19	26.2
Total (II)	**4,655.60**	**89.8**	**7,244.31**	**85.1**	**3,968.88**	**82.3**	**2,748.47**	**83.2**
Earnings before interest, tax, depreciation and amortisation (I - II)	**528.59**	**10.2**	**1,266.64**	**14.9**	**850.87**	**17.7**	**556.92**	**16.8**
Depreciation	104.14	2.0	148.65	1.8	112.45	2.4	103.40	3.1
Amortization expense	0.45	0.0	0.15	0.0	-	-	-	-
Finance costs	8.45	0.2	12.22	0.1	8.91	0.2	4.2	0.1
Profit before tax and prior	**415.55**	**8.0**	**1,105.62**	**13.0**	**729.51**	**15.1**	**449.32**	**13.6**

	Nine month period ended December 31, 2012	% of total revenue	15 month period ended March 31, 2012	% of total revenue	Fiscal year ended December 31, 2010	% of total revenue	Fiscal year ended December 31, 2009	% of total revenue
period items								
Expenses relating to prior period (net)	**-**	**-**	**-**	**-**	**(16.03)**	**(0.3)**	**(0.22)**	**(0.1)**
Tax Expenses								
Current Tax (year ended December 31, 2010 includes ₹ 1,666,347 being provision for earlier years)	137.33	2.6	308.74	3.6	235.05	4.9	117.51	3.6
Deferred Tax	(12.85)	(0.2)	(9.69)	(0.1)	(32.14)	(0.7)	4.46	0.1
Fringe Benefit Tax	-	-	-	-	-	-	1.78	0.0
Total Tax Expense	124.48	2.4	299.05	3.5	202.91	4.2	123.75	3.7
Profit after tax	**291.07**	**5.6**	**806.57**	**9.5**	**510.57**	**10.6**	**325.35**	**9.8**

Key Components of our Income Statement

Income

Our revenue from operations comprise of (a) revenue from operations, and (b) other operating revenue. The following table sets out our income from operations and total revenue for the periods described below:

(In ₹ million, except %)

	Nine month period ended December 31, 2012	% of total revenue	15 month period ended March 31, 2012	% of total revenue	Fiscal year ended December 31, 2010	% of total revenue	Fiscal year ended December 31, 2009	% of total revenue
Revenue from operations (Gross)	5,514.62	106.3	8,910.40	104.7	5,037.16	104.5	3,409.85	103.1
Less: Excise Duty Recovered	374.52	7.2	602.79	7.1	356.15	7.4	228.43	6.9
Revenue from operations (Net)	5,140.10	99.1	8,307.61	97.6	4,681.01	97.1	3,181.42	96.2
Other Income	44.09	0.9	203.34	2.4	138.74	2.9	123.97	3.8
Total Revenue (I)	5,184.19	100.0	8,510.95	100.0	4,819.75	100.0	3,305.39	100.0

Revenue from operations

Our revenue from operations comprises of income from sale of our products and the services that we render. Our other operating revenues are pursuant to income from operating lease rentals and the export incentives received by us on account of the DEPB which enables us to import raw materials free of customs duty. The following table sets forth certain information relating to our revenue from operations for the periods described therein:

(In ₹ million, except %)

	Nine month period ended December 31, 2012	% of total revenue	15 month period ended March 31, 2012	% of total revenue	Fiscal year ended December 31, 2010	% of total revenue	Fiscal year ended December 31, 2009	% of total revenue
Revenue from operations								
Sale of Products	5,202.91	100.4	8,477.84	99.6	4,789.31	99.3	3,199.23	96.8
Sale of Services	245.08	4.7	339.69	4.0	196.20	4.1	189.59	5.7
Other operating revenue								
Operating lease rentals	22.63	0.4	15.89	0.2	0.00	0.0	0.0	0.0
Export incentives	44.00	0.8	76.98	0.9	51.65	1.1	21.03	0.6
Revenue from operations (Gross)	5,514.62	106.3	8,910.40	104.7	5,037.16	104.5	3,409.85	103.1
Less: Excise duty	374.52	7.2	602.79	7.1	356.15	7.4	228.43	6.9
Revenue from operations (Net)	5,140.10	99.1	8,307.61	97.6	4,681.01	97.1	3,181.42	96.2

The finished and traded goods sold by us comprise of bearings, components and bearings accessories. Our income from the services rendered by us relates to, *inter alia*, the maintenance and refurbishment services and the agency commission received by us.

Other income

Our other income comprise of foreign exchange gains, net provisions no longer required to be written back, dividends from current investments, profit on sale of long term investments, interest income, insurance income, gain on sale of fixed assets and other miscellaneous income. The following table sets forth certain information relating to our other income for the periods described therein:

(₹ in million, except %)

	Nine month period ended December 31, 2012	% of total revenue	15 month period ended March 31, 2012	% of total revenue	Fiscal year ended December 31, 2010	% of total revenue	Fiscal year ended December 31, 2009	% of total revenue
Foreign exchange gain (net)	-	-	-	-	2.42	0.1	10.69	0.3
Excess provisions no longer required written back	1.97	0.0	11.82	0.1	19.30	0.4	17.03	0.5
Dividend from current investments – non trade	26.89	0.5	114.67	1.3	85.04	1.8	46.02	1.4
Profit on sale of long term investments – non trade	11.33	0.2	60.53	0.7	24.02	0.5	32.80	1.0
Interest income – on advances to vendors	0.12	0.1	0.78	0.1	1.42	0.0	2.21	0.1
Insurance income	-	-	-	-	0.01	0.0	6.22	0.2
Gain on sale of fixed assets (net)	-	-	0.16	0.0	-	-	-	-
Miscellaneous income	3.78	0.1	15.38	0.2	6.53	0.1	9.00	0.3

Expenses

The following table shows our total expenses, excluding depreciation, amortization expense and finance costs, for the periods described therein:

(₹ in million, except %)

	Nine month period ended December 31, 2012	% of total revenue	15 month period ended March 31, 2012	% of total revenue	Fiscal year ended December 31, 2010	% of total revenue	Fiscal year ended December 31, 2009	% of total revenue
Cost of raw material and components consumed	2,142.31	41.3	3,969.75	46.7	2,369.43	49.2	1,411.62	42.7
Purchase of traded goods	1,188.17	22.9	1,124.00	13.2	262.77	5.5	81.89	2.5
(Increase)/decrease in Stock of Finished goods, Traded goods and Work in Progress	(185.34)	(3.5)	(329.42)	(3.9)	(271.53)	(5.6)	121.72	3.7
Excise duty and cess on stocks	21.41	0.4	46.03	0.5	50.18	1.1	(18.89)	(0.5)
Employee Benefit expenses	385.29	7.4	612.78	7.2	453.32	9.4	284.95	8.6
Other Expenses	1,103.76	21.3	1,821.18	21.4	1,104.71	22.9	867.19	26.2

Our expenses consist primarily of cost of raw materials and components consumed by us in our manufacturing process. Further, our expenses also consist of purchase of traded goods, increase or decrease, as applicable, in stock of finished goods, traded goods and work in progress, excise duty and cess of stocks, employee benefit expenses and other expenses. Also, we incur expenses on depreciation, amortization, financing and taxes.

Cost of raw materials and components, purchase of traded goods, (increase)/decrease in stock of finished goods, traded goods and work in progress and excise duty and cess on stock:

Our cost of raw materials and components comprises of steel, rings and components and accessories consumed by us. See, "***– Our Significant Accounting Policies – Inventories***". It also includes purchase of traded goods, (increase)/decrease in stock of finished goods, traded goods and work in progress and excise duty and cess on stock. These expenses accounted for 61.1%, 56.5%, 50.0% and 48.3% of our total revenue for the nine months period ended December 31, 2012, the 15 month period ended March 31, 2012 and the fiscal years ended December 31, 2010 and December 31, 2009, respectively. We expect our cost of raw materials, components and purchase of traded goods to be a major portion of our expenditure.

Employee benefit expenses:

Employee benefit expenses comprise of salaries, wages and bonus, contribution to provident funds and other funds, and staff welfare expenses. Employee benefit expenses accounted for 7.4%, 7.2%, 9.4% and 8.6% of our total revenue for the nine month period ended December 31, 2012, the 15 month period ended March 31, 2012 and the fiscal years ended December 31, 2010 and December 31, 2009, respectively.

Other expenses:

The other expenses incurred by us comprise of consumption of stores and spares, power, repairs to buildings, repairs to machineries, repairs others, royalty, rent, rates and taxes, insurance, commission, cash discount, traveling, subcontracting charges, legal and professional fees, inter-company service charges, networking and ERP expenses, foreign exchange loss (net), carriage and handling, excise duty expenses (less recovery), irrecoverable debtors written off, provision for doubtful debts, deposits and advances and other expenses. Our other expenses accounted for 21.3%, 21.4%, 22.9% and 26.2% of our total revenue for the nine month period ended December 31, 2012, the 15 month period ended March 31, 2012, and the fiscal years ended December 31, 2010 and December 31, 2009, respectively.

Depreciation and amortization expenses:

Depreciation and amortization is provided under straight line method as per the useful life of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act whichever is higher.

Finance Costs:

Our finance costs comprise of interest on short term loans from banks and interests other than loan. Finance costs accounted for 0.2%, 0.1%, 0.2% and 0.1% of our total revenue for the nine month period ended December 31, 2012, the 15 month period ended March 31, 2012 and the fiscal years ended December 31, 2010 and December 31, 2009, respectively.

***Tax expenses*:**

Tax expense comprises current and deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the IT Act enacted in India. See, "***– Our Significant Accounting Policies – Income Taxes***". For a summary of tax benefits available to us, see "***Statement of Tax Benefits***".

Nine month period ended December 31, 2012

Income

Revenue from operations

Our gross revenue from the sale of products and services for the nine month period ended December 31, 2012 amounted to ₹ 5,447.98 million.

a) *Sale of products:* Our gross revenue from sale of products was ₹ 5,202.91 million for the nine month period ended December 31, 2012.

b) *Sale of services:* Revenue from sale of services was ₹ 245.08 million for the nine month period ended December 31, 2012.

(ii) Other operating revenue

Our other operating revenue for the nine month period ended December 31, 2012 amounted to ₹ 66.63 million, representing 1.2% of our total revenue.

a) *Operating lease rental:* Revenue from operating lease rental was ₹ 22.63 million, representing 0.4% of our total revenue, for the nine month period ended December 31, 2012.

b) *Export incentives:* Revenue from export incentives was ₹ 44.00 million, representing 0.8% of our total revenue, for the nine month period ended December 31, 2012.

Thus, our gross revenue from operations for the nine month period ended December 31, 2012 was ₹ 5,514.62 million. We recovered excise duty of ₹ 374.52 million and hence our net revenue from operations of ₹ 5,140.10 million.

Other income

Our other income for the nine month period ended December 31, 2012 was ₹ 44.09 million, representing 0.9% of our total revenue. Other income primarily consisted of excess provisions no longer required to be written back of ₹ 1.97 million, dividend from current investments – non trade of ₹ 26.89 million, profit on sale of long term investments – non-trade of ₹ 11.33 million, interest income on advances to vendors of ₹ 0.12 million and miscellaneous income of ₹ 3.78 million.

Thus, our total revenue for the nine month period ended December 31, 2012 was ₹ 5,184.19 million, comprising net revenue from operations of ₹ 5,140.10 million and other income amounting to ₹ 44.09 million.

Expenses

Our total expenses, including depreciation, amortization expenses and finance costs was ₹ 4,768.64 million for the nine month period ended December 31, 2012, representing 92.0% of our total revenue.

Cost of raw materials and components, purchase of traded goods, (increase)/decrease in stock of finished goods, traded goods and work in progress and excise duty and cess on stock:

Our cost of raw material and components consumed, purchase of traded goods, (increase)/ decrease of finished goods, traded goods and work-in-progress and excise duty and cess on stock, amounted to ₹ 3,166.56 million for the nine month period ended December 31, 2012, representing 61.1% of our total revenue.

Employee benefit expenses

Employee benefit expenses were ₹ 385.29 million for the nine month period ended December 31, 2012, representing 7.4% of our total revenue.

Other expenses

Other expenses amounted to ₹ 1,103.76 million for the nine month period ended December 31, 2012, representing 21.3% of our total revenue.

Profit before tax

As a result of the foregoing, profits before taxation was ₹ 415.55 million, which represented 8.0% of our total revenue for the nine month period ended December 31, 2012.

Tax expenses

Our total tax expenses amounted to ₹ 124.48 million, which represented 2.4% of our total revenue for the nine month period ended December 31, 2012.

Profit after tax

As a result of the foregoing, profits after taxation was ₹ 291.07 million, which represented 5.6% of our total revenue for the nine month period ended December 31, 2012.

15 month period ended March 31, 2012

The 15 month period ended March 31, 2012 is not comparable with the fiscal year ended December 31, 2010 which was a 12 month period.

Income

Revenue from operations

Our gross revenue from the sale of products and services for the 15 month period ended March 31, 2012 amounted to ₹ 8,817.52 million.

a) *Sale of products:* Revenue from sale of products was ₹ 8,477.84 million for the 15 month period ended March 31, 2012.

b) *Sale of Services:* Revenue from sale of services was ₹ 339.69 million for the 15 month period ended March 31, 2012.

Other operating revenue

Our other operating revenue for the 15 month period ended March 31, 2012 amounted to ₹ 92.87 million, representing 1.1% of our total revenue.

a) *Operating lease rental:* Revenue from operating lease rental was ₹ 15.89 million, representing 0.2% of our total revenue, for the 15 month period ended March 31, 2012.

b) *Export incentives:* Revenue from export incentives was ₹ 76.99 million, representing 0.9% of our total revenue, for the 15 month period ended March 31, 2012.

Thus, our gross revenue from operations for the 15 month period ended March 31, 2012 was ₹ 8,910.40 million. We recovered excise duty of ₹ 602.79 million and hence our net revenue from operations was ₹ 8,307.61 million.

Other income

Our other income for the 15 month period ended March 31, 2012 was ₹ 203.34 million, representing 2.4% of our total revenue. Other income primarily consisted of excess provisions no longer required to be written back of ₹ 11.82 million, dividends from current investments – non trade of ₹ 114.67 million, profit on sale of long term investments – non trade of ₹ 60.53 million, interest income on advances to vendors of ₹ 0.78 million, net gain on sale of fixed assets amounting to ₹ 0.16 million and miscellaneous income of ₹ 15.38 million.

Thus, our total revenue for the 15 month period ended March 31, 2012 was ₹ 8,510.95 million, comprising net revenue from operations of ₹ 8,307.61 million and other income amounting to ₹ 203.34 million.

Expenses

Our total expenses, including depreciation, amortization expenses and finance costs was ₹ 7,405.33 million for the 15 month period ended March 31, 2012, representing 87.0% of our total revenue.

Cost of raw material and components consumed, purchase of traded good, (increase)/decrease in stock of finished goods, traded goods and work in progress and excise duty and cess on stock

Our cost of raw material and components consumed, purchase of traded goods, (increase)/ decrease of finished goods, traded goods and work-in-progress and excise duty and cess on stock, amounted to ₹ 4,810.36 million for the 15 month period ended March 31, 2012, representing 56.5% of our total revenue.

Employee benefit expenses

Employee benefit expenses were ₹ 612.78 million for the 15 month period ended March 31, 2012, representing 7.2% of our total revenue.

Other expenses

Other expenses amounted to ₹ 1,821.18 million for the 15 month period ended March 31, 2012, representing 21.4% of our total revenue.

Profit before tax

As a result of the foregoing, profits before taxation was ₹ 1,105.62 million, which represented 13.0% of our total revenue for the 15 month period ended March 31, 2012.

Tax expenses

Our total tax expenses amounted to ₹ 299.05 million, which represented 3.5% of our total revenue for the 15 month period ended March 31, 2012.

Profit after tax

As a result of the foregoing, profit after taxation was ₹ 806.57 million, which represented 9.5% of our total revenue for the 15 month period ended March 31, 2012.

Comparison of our Results of Operations

Fiscal year ended December 31, 2010 compared to fiscal year ended December 31, 2009

Income

Revenue from operations

Our gross revenue from sale of our products and services increased by 47.1% from ₹ 3,388.82 million in the fiscal year ended December 31, 2009 to ₹ 4,985.51 million in the fiscal year ended December 31, 2010.

a) *Sale of products:* Our revenue from sale of products increased by 49.7% from ₹ 3,199.23 million in the fiscal year ended December 31, 2009 to ₹ 4,789.31 million in the fiscal year ended December 31, 2010.

b) *Sale of Services:* Our revenue from sale of services increased by 3.5% from ₹ 189.59 million in the fiscal year ended December 31, 2009 to ₹ 196.20 million in the fiscal year ended December 31, 2010.

The increase in revenue from sale of product and services (net of excise duty) was due to increase in sale of products and services (net of excise duty) to customers located outside India by 82.4 % and to customers located within India by 34.5 %.

Other operating revenue

Our other operating revenue increased by 145.6% from ₹ 21.03 million in the fiscal year ended December 31, 2009 to ₹ 51.65 million in the fiscal year ended December 31, 2010 primarily due to the increase in the incentives received by us on account of increased exports.

Due to the above reasons, our net revenue from operations increased by 47.1% from ₹ 3,181.42 million in the fiscal year ended December 31, 2009 to ₹ 4,681.01 million in the fiscal year ended December 31, 2010. However, recoveries of excise duty increased by 55.9% from ₹ 228.43 million in the fiscal year ended December 31, 2009 to ₹ 356.15 million in the fiscal year ended December 31, 2010. This was on account of increase in our domestic sales during the said period.

Other income

Our other income increased by 11.9% from ₹ 123.97 million in the fiscal year ended December 31, 2009 to ₹ 138.74 million in the fiscal year ended December 31, 2010 primarily due to higher dividend income from investments and profits from sale of long term investments, which, in turn, was partially set-off by lower foreign exchange gains.

Thus, our total revenue increased by 45.8% from ₹ 3,305.39 million in the fiscal year ended December 31, 2009 to ₹ 4,819.75 million in the fiscal year ended December 31, 2010.

Expenses

Our total expenses, including depreciation, amortization expenses and finance costs increased by 43.2% from ₹ 2,856.07 million in the year ended December 31, 2009 to ₹ 4,090.24 million in the year ended December 31, 2010.

Cost of raw material and components consumed, purchase of traded good, (increase)/decrease in stock of finished goods, traded goods and work in progress and excise duty and cess on stock

Our cost of raw material and components consumed, purchase of traded goods, (increase)/ decrease of finished goods, traded goods and work-in-progress and excise duty and cess on stock, increased by 51.0% from ₹ 1,596.33 million in the fiscal year ended December 31, 2009 to ₹ 2,410.85 million in the fiscal year ended December 31, 2010 primarily due to higher production so as to cater to increased demand from domestic and export markets.

Employee benefit expenses

Employee benefit expenses increased by 59.1% from ₹ 284.95 million in the fiscal year ended December 31, 2009 to ₹ 453.32 million in the fiscal year ended December 31, 2010 on account of higher variable pay to our employees.

Other expenses

Other expenses increased by 27.4% from ₹ 867.19 million in the fiscal year ended December 31, 2009 to ₹ 1,104.71 million in the fiscal year ended December 31, 2010 in line with our increase in revenue.

Profit before tax

As a result of the foregoing, profits before taxation and prior period items increased by 62.4% from ₹ 449.32 million in the fiscal year ended December 31, 2009 to ₹ 729.51 million in the fiscal year ended December 31, 2010.

Expenses relating to prior period (net)

Our expenses relating to prior period increased by 7,191.2% from ₹ 0.22 million in the fiscal year ended December 31, 2009 to ₹ 16.03 million in the fiscal year ended December 31, 2010 on account of change in the estimate of one of the actuarial assumptions used in previous actuarial valuation.

Tax expenses

Our total tax expenses increased by 64.0% from ₹ 123.75 million in the fiscal year ended December 31, 2009 to ₹ 202.91 million in the fiscal year ended December 31, 2010 on account of higher profits during the said period.

Profit after tax

As a result of the foregoing, profits after taxation increased by 56.9% from ₹ 325.35 million in the fiscal year ended December 31, 2009 to ₹ 510.57 million in the fiscal year ended December 31, 2010.

Financial Condition, Liquidity and Capital Resources

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate equity and debt financing and loans and to convert into cash those assets that are no longer required to meet existing strategic and financial objectives. Therefore, liquidity cannot be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service and other commitments.

We have historically financed our capital requirements primarily through funds generated from our operations. We believe that we will have sufficient capital resources from our operations and net proceeds of the Issue to meet our capital requirements for at least the next 12 months.

Cash Flow Data

The following table sets forth certain information about our cash flows for the periods indicated.

(In ₹ million)

	Nine month period ended December 31, 2012	15 month period ended March 31, 2012	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2009
Particulars				
Net cash from operating activities	166.46	341.14	383.97	583.80
Net cash from/ (used in) investing activities	(102.75)	(501.65)	292.23	829.87
Net cash used in financing activities	(156.08)	(1,318.25)	(3.63)	(4.24)
Cash and cash equivalents at the end of each year/ period	563.46	655.83	2,134.60	1,462.04

Nine month period ended December 31, 2012

As at December 31, 2012, we had cash and cash equivalents of ₹ 563.46 million.

Our net profit before taxation was ₹ 415.55 million in the nine month period ended December 31, 2012. This amount was adjusted for depreciation of ₹ 104.59 million, ₹ 0.12 million on account of interest income, interest expense of ₹ 8.4 million, ₹ 11.33 million on account of income from investments, net loss on sale of assets of ₹ 1.03 million, ₹ 1.97 million on account of provision no longer required written back and unrealized foreign exchange loss of ₹ 3.48 million. Thus, the operating profit before working capital changes was ₹ 519.67 million. Adjustments for movement in working capital comprised of ₹ 33.25 million on account of increase in trade receivable, loans and advances and other assets, ₹ 61.81 million on account of increase in inventories and ₹ 89.59 million towards decrease in liabilities and provisions. Thus, cash generated from operations amounted to ₹ 335.02 million. The direct tax paid amounted to ₹ 168.56 million. Thus, the net cash from operating activities was ₹ 166.46 million for the nine month period ended December 31, 2012.

For the nine month period ended December 31, 2012, the net cash used in investing activities was ₹ 102.75 million. This was primarily on account of ₹ 234.20 million used for purchase of fixed assets including capital work-in-progress, ₹ 131.33 million received from sale of investments and ₹ 0.12 million from interest received.

For the nine month period ended December 31, 2012, the net cash used in financing activities was ₹ 156.08 million. This was on account of ₹ 8.33 million used for interest payments and ₹ 147.75 million used for repayment of unsecured short term loans from bank during this period.

15 month period ended March 31, 2012

As at March 31, 2012, we had cash and cash equivalents of ₹ 655.83 million.

Our net profit before taxation was ₹ 1,105.62 million in the 15 month period ended March 31, 2012. This amount was adjusted for depreciation of ₹ 148.81 million, ₹ 0.78 million on account of interest income, interest expense of ₹ 12.22 million, ₹ 60.53 million on account of income from investments, net gain on sale of assets of ₹ 0.16 million, ₹ 11.82 million on account provision no longer required written back, unrealized foreign exchange loss of ₹ 4.39 million and provision for wealth tax of ₹ 0.13 million. Thus, the operating profit before working capital changes was ₹ 1,197.87 million. Adjustments for movement in working capital comprised of ₹ 309.81 million on account of increase in trade receivable, loans and advances and other assets, ₹ 423.06 million on account of increase in inventories and ₹ 205.22 million towards increase in liabilities and provisions. Thus, cash generated from operations amounted to ₹ 670.22 million. The direct tax paid amounted to ₹ 329.08 million. Thus, the net cash from operating activities was ₹ 341.14 million for the 15 month period ended March 31, 2012.

For the 15 month period ended March 31, 2012, the net cash used in investing activities was ₹ 501.65 million. This was on account of ₹ 444.50 million used for purchase of fixed assets including capital work-in-progress, ₹ 1.54 million from the sale of fixed assets, ₹ 720.89 million used for purchase of investments, ₹ 661.41 million from sale of investments and ₹ 0.78 million from interest received.

For the 15 month period ended March 31, 2012, the net cash used in financing activities was ₹ 1,318.25 million. This was on account of ₹ 9.24 million used for interest payments, ₹ 300.46 million from proceeds from short term loans, ₹ 151.24 million used for repayments during this period, ₹ 1,251.46 million used for payment of interim and final dividend, ₹ 206.79 million used for payment of tax on dividend distribution and ₹ 0.02 million from proceeds from calls in arrears.

Fiscal year ended December 31, 2010

As at December 31, 2010, we had cash and cash equivalents of ₹ 2,134.60 million.

Our net profit before taxation was ₹ 713.48 million in the fiscal year ended December 31, 2010. This amount was adjusted for depreciation of ₹ 112.45 million, ₹ 1.42 million on account of interest income, interest expense of ₹ 8.91 million, ₹ 24.02 million on account of income from investments, net loss on sale of assets of ₹ 0.87 million, ₹ 1.20 million on account of provision for doubtful debts and advances, ₹ 19.30 million on account of provision no longer required written back, debts, deposits and advances written-off of ₹ 1.04 million, unrealized foreign exchange gain of ₹ 5.04 million and provision for wealth tax of ₹ 0.26 million.

Thus, the operating profit before working capital changes was ₹ 788.42 million. Adjustments for movement in working capital comprised of ₹ 276.28 million on account of increase in trade receivable, loans and advances and other assets, ₹ 380.08 million on account of increase in inventories and ₹ 497.55 million towards increase in liabilities and provisions. Thus, cash generated from operations amounted to ₹ 629.61 million. The direct tax paid amounted to ₹ 245.64 million. Thus, the net cash from operating activities was ₹ 383.97 million for the fiscal year ended December 31, 2010.

For the fiscal year ended December 31, 2010, the net cash generated from investing activities was ₹ 292.23 million. This was primarily on account of ₹ 38.21 million used for purchase of fixed assets including capital work-in-progress, ₹ 0.95 million generated from the sale of fixed assets, ₹ 328.07 million generated from sale of investments and ₹ 1.42 million from interest received.

For the fiscal year ended December 31, 2010, the net cash used in financing activities was ₹ 3.63 million. This was on account of ₹ 3.63 million used for interest payments and negligible amount from proceeds from calls in arrears.

Fiscal year ended December 31, 2009

As at December 31, 2009, we had cash and cash equivalents of ₹ 1,462.04 million.

Our net profit before taxation was ₹ 449.10 million in the fiscal year ended December 31, 2010. This amount was adjusted for depreciation of ₹ 103.40 million, ₹ 2.21 million on account of interest income, interest expense of ₹ 4.20 million, ₹ 78.82 million on account of income from investments, net loss on sale of assets of ₹ 6.85 million, ₹ 9.84 million on account of provision for doubtful debts and advances, ₹ 21.99 million on account of provision no longer required written back, debts, deposits and advances written-off of ₹ 2.58 million and unrealized foreign exchange gain of ₹ 0.60 million.

Thus, the operating profit before working capital changes was ₹ 472.36 million. Adjustments for movement in working capital comprised of ₹ 310.95 million towards decrease in trade receivable, loans and advances and other assets, ₹ 168.93 million towards reduction in inventories and ₹ 228.38 million on account of decrease in liabilities and provisions. Thus, cash generated from operations amounted to ₹ 723.86 million. The direct tax paid amounted to ₹ 140.07 million. Thus, the net cash from operating activities was ₹ 583.80 million for the fiscal year ended December 31, 2009.

For the fiscal year ended December 31, 2009, the net cash generated from investing activities was ₹ 829.87 million. This was primarily on account of ₹ 81.81 million used for purchase of fixed assets including capital work-in-progress, ₹ 0.89 million generated from the sale of fixed assets, ₹ 908.58 million generated from sale of investments and ₹ 2.21 million from interest received.

For the fiscal year ended December 31, 2009, the net cash used in financing activities was ₹ 4.24 million. This was on account of ₹ 4.20 million used for interest payments and ₹ 0.04 million used towards short term loans.

Investments

We hold equity shares of an unlisted company and we have investments in units in mutual funds. Our total non-current investment was ₹ 0.30 million as of each of December 31, 2012, March 31, 2012, December 31, 2010 and December 31, 2009. Further, our total current investment was ₹ 469.87 million as of December 31, 2012, ₹ 658.69 million as of March 31, 2012, ₹ 2,103.17 million as of December 31, 2010 and ₹ 1,690.64 million as of December 31, 2009.

Capital expenditure

Capital expenditures represent expenditure incurred for roller line expansions, normal maintenance expenditures, rail and cone line expansions and the setting up of our facility at Raipur. In the nine month period ended December 31, 2012, our purchase of fixed assets was ₹ 240.81 million which was primarily used for roller line improvement, rail expansion and gear service expansions.

In the 15 month period ended March 31, 2012, our purchase of fixed assets was ₹ 435.12 million primarily towards roller line expansion and grind line expansion. In the fiscal year ended December 31, 2010, our purchase of fixed assets was ₹ 44.90 million mainly towards grind line and roller line improvement. Further, in the fiscal year ended December 31, 2009, our purchase of fixed assets was ₹ 81.81 million which was primarily utilized for development of a new cone line.

Indebtedness

We had a short term loan from bank – unsecured of ₹ 147.75 million which was outstanding as at March 31, 2012. This was repayable on expiry of six months from the date of origination, November 29, 2011. We had borrowings of ₹ 0.00 as at December 31, 2012, December 31, 2010 and December 31, 2009.

Contingent liabilities

The following table provides our contingent liabilities not provided as of the following dates:

(₹ in million)

	December 31, 2012	March 31, 2012	December 31, 2010	December 31, 2009
A. Demands raised by sales tax/ income tax/ excise authorities				
Demand of sales tax for non-availability/ non-consideration by assessing officer of various sales tax declaration forms	18.12	238.85	225.22	224.27
Demand of sales tax on account of non-deduction of various allowances and consequent enhancement of gross turnover	12.88	2.02	2.02	5.86
Demand of sales tax on method of valuation of goods	1.22	1.22	1.22	1.22
Demand for denial of input credit	0.00	0.00	2.43	0.00
Demand of additional income tax due to non-consideration of TDS certificates by the assessing officer.	0.00	0.00	0.00	1.48
Demand of income tax due to disallowance of certain business expenses and incentives by the assessing officer.	74.78	74.78	73.71	85.25
Demand of excise duty on CVD credit for imported components of railway bearings.	0.00	0.00	5.25	5.25
Denial of CENVAT credit of service tax on outward transportation of goods beyond the place of removal	1.44	1.44	1.44	0.00
Demand of service tax consequent to change in service classification	21.10	18.03	0.00	0.00
B. Other claims against our Company not acknowledged as debts				
Demand towards ESI contribution on employees	2.00	2.00	0.61	0.61

	December 31, 2012	March 31, 2012	December 31, 2010	December 31, 2009
at Kolkata office of the Company. Our Company has contested on the applicability of ESI for such employees and the issue is pending before the Assistant Regional Director, ESI Corporation, Kolkata				
Demands arising out of suits filed by shareholders on account of short / non-refund of application money for which shares have not been allotted and / or non-receipt of share certificates etc. Our Company's appeals against these issues are pending before relevant district forums / state commission / civil courts	0.51	0.51	0.51	0.51
Claims for recovery arising out of suit filed by a contractor before the Calcutta High Court	5.80	5.80	5.80	5.80

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties, including with our affiliates and certain members of our senior management on an arm's length basis. For details of our related party transactions, see "***Reformatted Financial Statements– Note 36 – Related Party Disclosure***" for transactions with related parties as defined under Accounting Standard – 18: Related Party Disclosures issued by the ICAI and notified by the Companies Accounting Standards Rules and "***—Factors Affecting Our Results of Operations – Relationship with the Timken Group***" and for associated risks, see "***Risk Factors – We rely significantly on strong support received by us from The Timken Company***".

Derivative instruments and unhedged foreign currency exposure

We did not hedge our trade receivables as of the nine month period ended December 31, 2012 and the 15 month period ended March 31, 2012. Our hedge of trade receivables denominated in foreign currencies was ₹ 72.96 million as of the fiscal year ended December 31, 2010 and ₹ 48.25 million as of the fiscal year ended December 31, 2009. For further details, including in relation to the particulars of unhedged foreign currency exposures as required to be disclosed by the Announcement on Disclosures regarding Derivative Instruments issued by ICAI, see "***Reformatted Financial Statements – Note 31 – Derivative Instruments and Unhedged Foreign Currency Exposure***".

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap or other hedging transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Significant developments after December 31, 2012 that may affect our future results of operations

No circumstances other than those disclosed in this Prospectus have arisen since December 31, 2012 which materially affect or are likely to affect, the trading and profitability of our Company, or the value of our assets or our ability to pay material liabilities within the next 12 months.

Quantitative and qualitative disclosure about market risk

Foreign exchange risk

Our expenditure in foreign currency include inter-company service billings and reimbursement of expenses, and purchase of products for resale in India. Our earnings in foreign currency, include (a) earnings from our exports, and (b) agency commission. We face foreign exchange risk in respect of currency mismatches between our income and our expenditures, which we seek to manage as much as possible by matching income currency to expenditure currency at the operating entity level, and currency translation for the purpose of preparing our financial statements.

Credit risk

We are subject to the risk that our counterparties under various financial or customer agreements will not meet their obligations. Our credit risk exposure relates to our operating activities and our financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The credit worthiness of our customers is evaluated on a regular basis based on their past performance. Our internal systems recognize the credit limits of our customers, which do not allow invoicing for additional products to such customers whose credit limits are exceeded.

For other risks pertaining to our business, see "***Risk Factors***".

INDUSTRY OVERVIEW

The following information includes extracts from publicly available information, data and statistics derived from reports prepared by third party consultants, including the BDB Analysis Report and private publications, as well as other sources, which have not been prepared or independently verified by the Company, the Book Running Lead Manager or any of their respective affiliates or advisors. Such information, data and statistics may be approximations or may use rounded numbers. Certain data has been reclassified for the purpose of presentation and much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution.

Global Economic Overview

The International Monetary Fund's ("**IMF**") most recent global economic outlook update (January 2013) stated that the economic conditions improved modestly in the third quarter of the 12 month period ended March 31, 2012 with global growth increasing to about 3%. The main sources of acceleration were emerging market economies, where activity picked up broadly as expected, and the United States, where growth was on the upside. Bond spreads in the euro area periphery declined, while prices for many risky assets, notably equities, rose globally. Capital flows to emerging markets remained strong. Global financial conditions improved further in the fourth quarter of the 12 month period ended March 31, 2012. However, a broad set of indicators for global industrial production and trade suggests that global growth did not strengthen further.

The third-quarter uptick in global growth was partly due to temporary factors, including increased inventory accumulation (mainly in the United States). It also masked old and new areas of weakness. Activity in the Euro area periphery was even softer than expected, with some signs of stronger spillovers of that weakness to the Euro area core. Growth in emerging market and developing economies is on track to build to 5.5% in 2013. Nevertheless, growth is not projected to rebound to the high rates recorded in 2010–11. Supportive policies have underpinned much of the recent acceleration in activity in many economies. But weakness in advanced economies will weigh on external demand, as well as on the terms of trade of commodity exporters, given the assumption of lower commodity prices in 2013. Moreover, the space for further policy easing has diminished, while supply bottlenecks and policy uncertainty have hampered growth in some economies (for example, Brazil, India). *(Source: IMF - World Economic Outlook Update January 2013)*

India is the fourth largest economy in the world after the European Union, the United States and China with an estimated gross domestic product ("**GDP**") of approximately US$ 4.735 trillion in the 12 month period ended March 31, 2012, on a purchasing power parity ("**PPP**") basis, *(Source: CIA World Factbook)*. According to the Central Statistics Office of Ministry of Statistics and Program Implementation ("**CSO**"), India's GDP grew at a rate of 6.5% in the 12 months ended March 31, 2012 (*Source: Press Note dated May 31, 2012, Press Information Bureau, GoI*). The IMF's GDP forecast estimates of advance and emerging economies are summarised below:

	Year over Year (percentage change)			
	2011	**2012**	**2013 (projected)**	**2014 (projected)**
World Output	3.9	3.2	3.5	4.1
Advanced Economies	1.6	1.3	1.4	2.2
US	1.8	2.3	2.0	3.0
Euro Area	1.4	(0.4)	(0.2)	1.0
Japan	(0.6)	2.0	1.2	0.7
Emerging and developing economies	6.3	5.1	5.5	5.9
China	9.3	7.8	8.2	8.5
India	7.9	4.5	5.9	6.4
Russia	4.3	3.6	3.7	3.8
Brazil	2.7	1.0	3.5	4.0

(Source: IMF- World Economic Outlook Update January 2013)

Indian Economy Overview

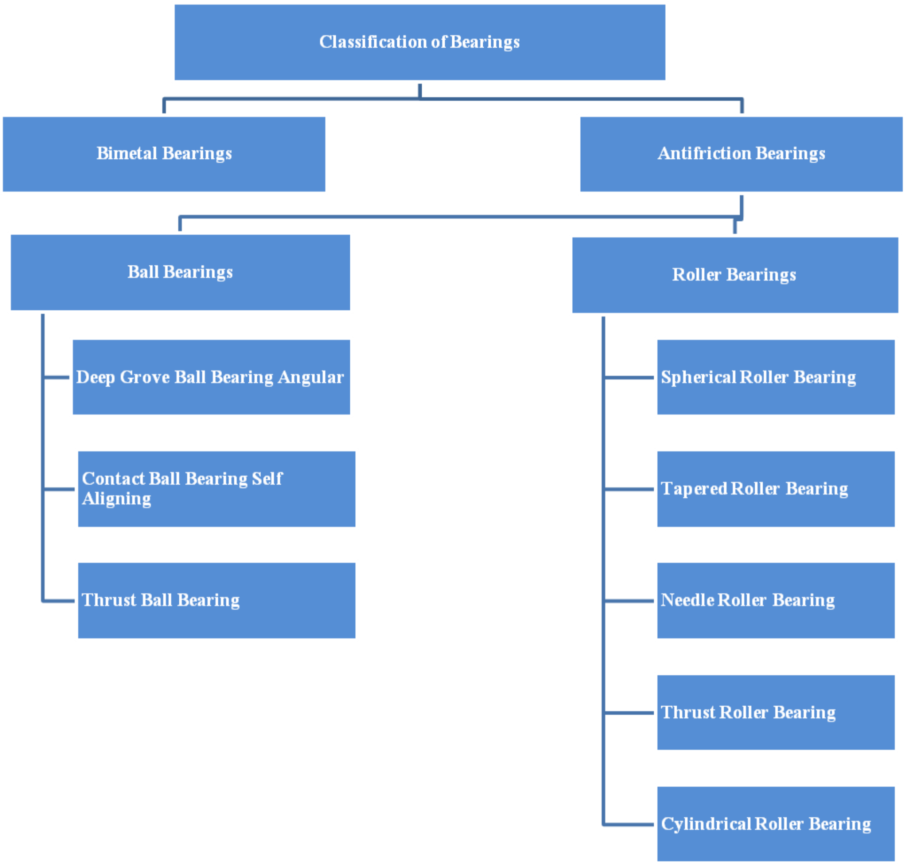
As per the Estimates of Gross Domestic Product by Economic Activity, quarterly GDP at factor cost at constant (2004-05) prices for second quarter of the 12 month period ended March 31, 2013 is estimated at ₹ 12,939,220 million as against ₹ 12,289,820 million in the second quarter of the 12 month period ended March 31, 2012, showing a growth rate of 5.3% over the corresponding quarter of previous year released by the CSO on November 30, 2012. Further, the CSO has, pursuant to a press release dated February 28, 2013, estimated that the growth rate in GDP in the third quarter of the twelve month period ended March 31, 2013 is 4.5%, as compared to the third quarter of the twelve month period ended March 31, 2012 (*Source: Press release dated February 28, 2013 on "Estimates of Gross Domestic Product for the Third Quarter (October – December) 2012-13" released by the Ministry of Statistics and Programme Implementation, GoI*).

On January 29, 2013, the RBI reduced the policy repo rate under the liquidity adjustment facility ("**LAF**") by 25 basis points from 8.0% to 7.75%. Further, the reverse repo rate under the LAF, determined with a spread of 100 basis points below the repo rate, stands adjusted to 6.75%. The RBI has also reduced the cash reserve ratio ("**CRR**") of scheduled banks by 25 basis points from 4.25% to 4.0% of their net demand and time liabilities ("**NDTL**") effective the fortnight beginning February 9, 2013. As a result of this reduction in the CRR, around ₹ 180,000 million of primary liquidity is expected to be injected into the banking system. *(Source: Third Quarter Review of Monetary Policy 2012-13; RBI Press Release dated January 29, 2013)*

The Indian antifriction bearings industry

Product classification

A bearing is a machine element used in rotating parts of most machines. Bearings permit smooth low friction rotary or linear movement between two surfaces and employ either a sliding or a rolling action. Bearings can be broadly classified into (a) Bimetal and (b) Antifriction bearings. The chart below provides a break-up of the principle products lines under each type of bearings.



(*Source: BDB Analysis Report*)

Bimetal bearings are also known as engine bearings. Such bearings are primarily used in engines of automobiles or machines to reduce the friction between the moving parts of the engine crankshaft or associated support surfaces. Antifriction bearings minimize friction by removing any possible sliding between bearing surfaces and replacing all contacts with rolling interfaces. Antifriction bearings are grouped by the shape of the rolling element and call be classified into (a) Ball bearings; and (b) Roller bearings. Roller bearings can be further classified into tapered roller bearings, cylindrical roller bearings, needle roller bearings, thrust bearing bearings, spherical roller bearings and other special application bearings.

There are variations within each type of antifriction bearings detailed above and only the most commonly used forms are as detailed below:

Ball bearings: A ball bearing is a type of rolling – element bearing that uses balls to maintain the separation between the bearing races. The purpose of a ball bearing is to reduce rotational friction and support radial and axial loads. Ball bearings tend to have lower load capacity for their size than other kinds of rolling – element bearings due to the smaller contact area between the balls and races.

Taper roller bearings: Taper roller bearings consist of two main units: a cup and a cone. The cup is on the outer race while the cone consists of an inner race, the separator and compliment of taper rollers. The taper rollers are guided by the high load on the inner race. The taper roller bearings are manufactured with interchangeable cups and cone on the shaft separately. These bearings are capable of carrying both radial and axial loads and permit fine adjustment for end play. Greater care is required to ensure the proper alignment of bearings and maintenance of proper axial clearance is essential to avoid bearing failure. Due to more development in the design of the taper roller bearings, these are also available with two rows and four rows.

Cylindrical roller bearings: For cylindrical roller bearings the rollers race tracks are essentially cylindrical, however they may be ground slightly curved in order to achieve thereby small degree of flexibility. These rollers are guided between two lips on either the inner race or the outer race. Other types provided with no lip, one lip or two lips, according to the function which the bearing has to perform.

Cylindrical roller bearings have a line contact with the races. Due to line contact the cylindrical roller bearings have a very high radial load carrying capacity as compared to ball bearings of the same size. Due to their separable design, cylindrical roller bearings are more convenient for mountings than ball bearings.

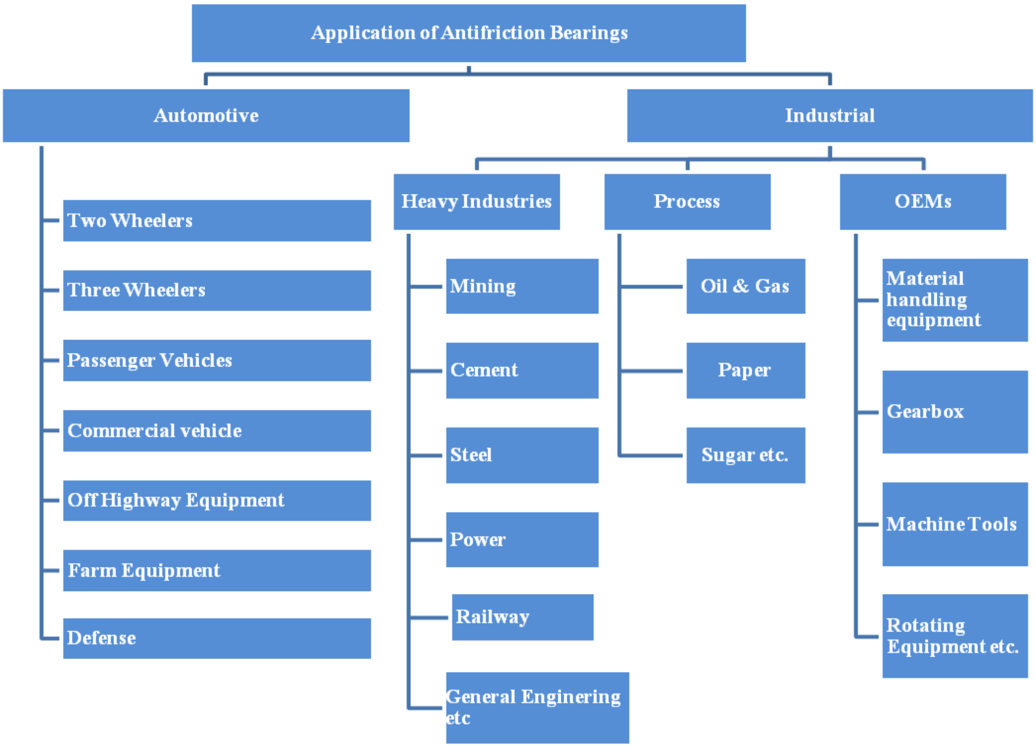
Spherical roller bearings: Spherical roller bearings consist of spherical outer race and inner race with two tracks, a cage, and a complement of spherical shaped rollers. Just like double row self aligning ball bearings, they are not sensitive to misalignment and they can adjust themselves to shaft deflections. The designs of spherical roller bearings permit radial load and heavy thrust load in either direction.

Provided below is a table detailing the principal applications for antifriction bearings and major players involved therein.

Type of bearing	**Tapered roller bearings**	**Cylindrical roller bearings**	**Spherical roller bearings**	**Needle roller bearings**	**Thrust roller bearings**
Application	Vehicle front wheels, differential and pinion configurations, conveyor rolls, machine tool spindles, trailer wheels	Cement and coal pulverizers, pumps, compressors, gear boxes, centrifuges, mining equipment, transmissions	Gearboxes, casters, aggregates, heavy stationary, industrial conveyor systems, industrial fans	Transmissions, transfer cases, engines and valve trains, steering and braking systems, axle supports, outboard engines, power tools, copiers	Classifiers, extruders, oil well swivels, pumps, pulp refiners, machine tools
Major players	SKF India Limited, FAG Bearings Limited, National Engineering Industries Limited, Timken India Limited, ABC Bearings Limited.	National Engineering Industries Limited, SKF India Limited, FAG Bearings Limited, NRB Bearings.	SKF India Limited, FAG Bearings Limited, National Engineering Industries Limited	INA Bearings Limited, SKF Bearings Limited, NRB Bearings.	SKF India Limited, FAG Bearings Limited, Timken India Limited

(*Source: BDB Analysis Report*)

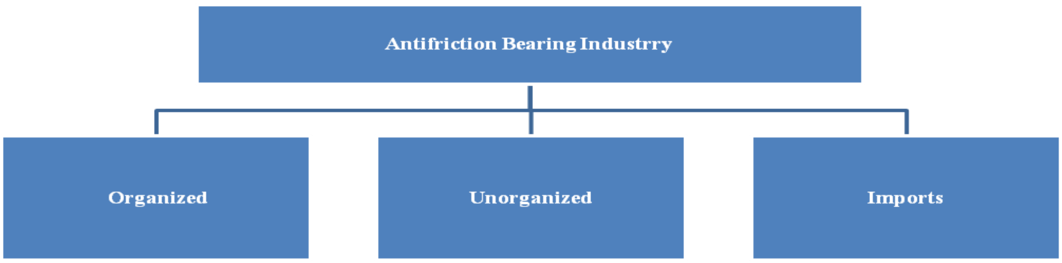
Bearings are used primarily on automotive and industrial user segments. The following chart provides a brief break-up of the industry lines where bearings are utilised:



(*Source: BDB Analysis Report*)

Structure of the bearings industry

The structure of the bearings industry in India may be divided based on the sourcing of antifriction bearings to user segments. They are (a) organized manufacturers; (b) unorganized manufacturers; and (c) imports (by organized manufacturers or importers). (*Source: BDB Analysis Report*) The chart below provides a summary structure of the bearings industry in India.



(*Source: BDB Analysis Report*)

<u>*Organised manufacturers*</u>: Companies in organised sector primarily cater to the OEMs which are predominantly automotive, railway and other industrial users. Most Indian manufacturers in the organized sector have entered into collaboration agreements for supply of complete process know how as well as supply of major manufacturing machinery. International collaboration gives the industry an access to assistance for process know-how, product development, tool design, production control techniques etc. A number of global bearing manufacturers have established their units in India through joint ventures or 100% ownership. (*Source: BDB Analysis Report*)

<u>*Unorganised manufacturers*</u>: Unorganized antifriction bearing manufacturers are primarily concentrated in Rajasthan and Gujarat. Some unorganised manufacturers are also present in New Delhi, Punjab, Gujarat and Maharashtra. This segment includes small scale manufacturers and manufacturers of spurious bearings. These manufacturers have strong regional presence and majorly cater to the needs of the replacement markets in industrial and automotive aftermarkets.

Imports: Import of antifriction bearings is another major source catering to the Indian demand from the automotive and industrial sectors. Organized bearing manufacturers and traders import ball bearings as well as roller bearings to India. Imports are majorly from countries like Germany, Japan, China, Singapore, Sweden, France and Italy. There are two forms of imports of bearings currently prevalent in India: (i) through official channels generally representing the specialized or super precision bearings not manufactured in India; and (ii) import channels, generally catering to the aftermarket demand.

The demand for bearings is fulfilled by two ways, namely (a) OEMs and (b) aftermarkets (i.e. replacement).

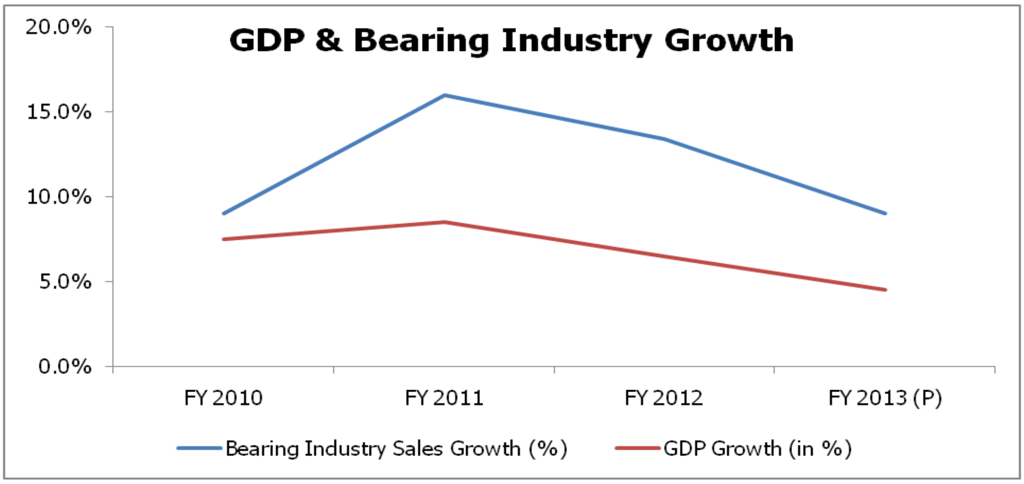
Industry size

The Indian bearings market for the 12 month period ended March 31, 2012 is estimated to be around ₹ 94 billion to ₹ 95 billion, out of which

(i) Domestically manufactured bearings contribute to the 62%, whereas imports contribute to about 38% of the total industry demand; and

(ii) Bearings manufactured in India by organized sector units contribute to around 46% of the total industry sales and unorganized units contribute to around 16% and the rest are from imports. (*Source: BDB Analysis Report)*

The chart below provides a snapshot of the growth trends in the bearings industry vis-à-vis GDP growth.



(*Source: BDB Analysis Report*)

The demand for bearings has a strong correlation to the growth in the manufacturing sector. In line with the slowdown in the Indian economy, the demand for bearings has also witnessed a slowdown for the 12 month periods ended March 31, 2012 and March 31, 2013. (*Source: BDB Analysis Report*)

Industry overview based on bearings industry lines

The Indian bearings industry can be broadly divided into the automotive and industrial segments.

The automotive segment, comprising of two wheelers, cars, commercial vehicles and tractors, defence etc, is catered primarily by taper roller bearings, deep groove ball bearings and hub bearing units. The industrial markets segment comprises industry lines such as industrial drives, energy, railways, steel, mining, pulp, paper and cement etc. This segment is catered by spherical roller bearings, cylindrical roller bearings, slewing bearings, etc. (*Source: BDB Analysis Report*)

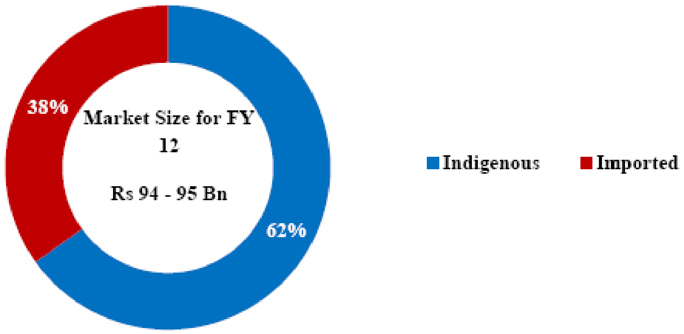
Owing to changing market dynamics, end user industries are looking for achieving higher energy and resource efficiency, improved productivity, minimized maintenance and optimized design for long life and reliability of products and machinery. This along with concentrated efforts by organized companies had led to reduction in the share of supply of bearings from the unorganised sector in India over the last four to five years. (*Source: BDB Analysis Report*)

Market segmentation

The estimated total market size for antifriction bearings in India is around ₹ 94 billion - ₹ 95 billion, including imports for the 12 month period ended March 31, 2012. Export of bearings from India is valued at ₹ 9.26 billion for the 12 month period ended March 31, 2012 (*Source: BDB Analysis Report*). Large sized companies export the bearings to countries like Germany, Nigeria, Saudi Arabia, Italy, Singapore and the United States. (*Source: BDB Analysis Report*)

Segmentation based on the source of bearings

Indigenous bearings are those which are manufactured and sold in India. Imports of bearings are majorly contributed by large dimension bearings or product ranges which are not currently manufactured in India. Import of bearings is from countries like Germany, Japan, the United States, China, Sweden, Slovakia, France and Italy. It is estimated that there shall be gradual decline in imports in the coming years as indigenous bearing suppliers are planning to manufacture the product range in India. The chart below provides a break-up of the market size of the bearings market based on indigenous and imported bearings.

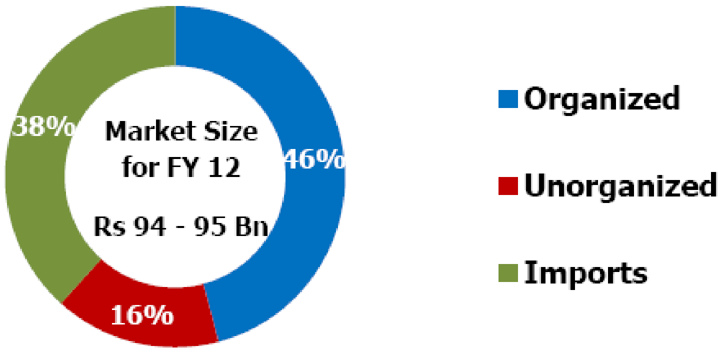


(*Source: BDB Analysis Report*)

Segmentation based on types of supply

Bearings manufactured by organized players in India majorly cater to the demand of OEMs and contribute to 46% *(₹43.5 billion)* of the total bearings industry which is valued at around ₹ 94 billion - ₹ 95 billion for the 12 month period ended March 31, 2012. (*Source: BDB Analysis Report*) Unorganized players who mainly serve the demand of the aftermarkets contribute to around 16% of the total market while the rest is through imports. In last 5 years, the contribution of unorganized players has decreased due to ramping up of production and retail aftermarket strategy by the organized suppliers. The contribution of imports to the India market has remained steady over last five years. (*Source: BDB Analysis Report*).

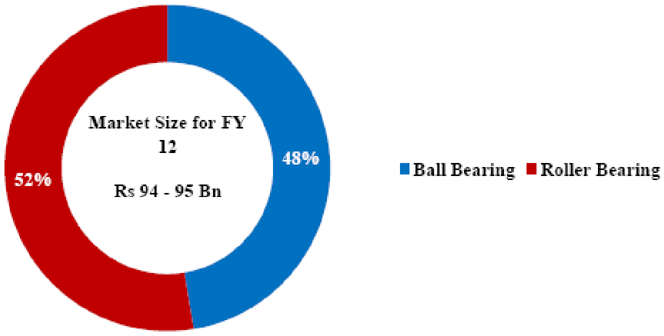
The chart below provides a break-up of the market size of the bearings market based on bearings manufactured by organised players, unorganised players and sourced through imports.



(*Source: BDB Analysis Report*)

Segmentation based on types of bearings

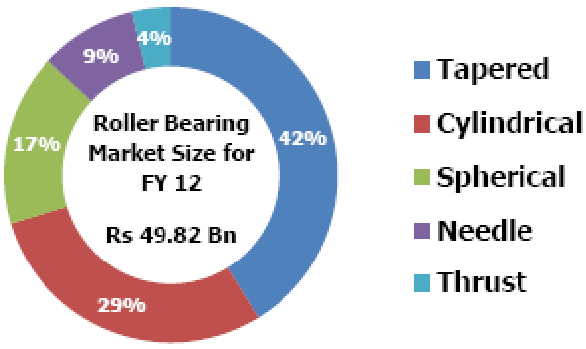
The roller bearings market is valued at ₹ 49.82 billion which contributes around 52% to the total market while ball bearings contribute to 48% of the total market. Over a period of time, the roller bearings market has grown at a higher rate compared to ball bearings due to growth in the industries like automobile, industrial machinery, material handling etc. Roller bearings contribute almost 60 - 65% of the total imported bearings. (*Source: BDB Analysis Report*) In future, majority of the manufacturers are planning to start production of large diameter roller bearings in India to supply customers locally. The chart below provides a break-up of the market size of the bearings market based on the types of bearings.



(*Source: BDB Analysis Report*)

Market size segmentation of roller bearings

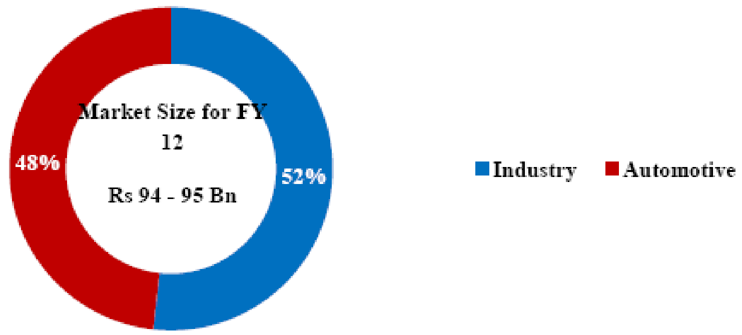
Tapered roller bearings are majorly used in automobiles, machine tools, conveyor rolls etc and contribute to around 42% of the total roller bearings market which is valued at ₹ 49.82 billion. The chart below provides a break-up of the market size of the taper roller bearings.



(*Source: BDB Analysis Report*)

Segmentation based on user-segments

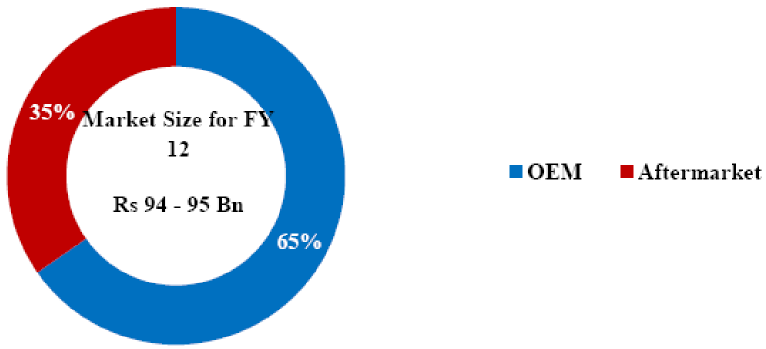
The industrial market is larger than the automobile market in value terms. For the 12 month period ended March 31, 2012, the industrial segment contributed to around 52% of the total bearings market valued at around ₹ 94 billion - ₹ 95 billion for the 12 month period ended March 31, 2012. (*Source: BDB Analysis Report*) In the automotive segment, passenger vehicles are a major contributor to the growth of the bearings industry. In the industrial segment, heavy machinery, steel, energy, cement, railways and mining sectors shall drive the bearings market. The industrial segment is expected to see a slightly higher growth when compared to the automotive sector in the next five years. The chart below provides a break-up of the market size of the bearings market based on market share of the industrial and automotive segments.



(*Source: BDB Analysis Report*)

Segmentation based on the type of demand

Bearings are majorly purchased by OEMs for new equipment. For the 12 month period ended March 31, 2012, the requirement for bearings by OEMs is valued to be around ₹ 62 billion which is 65% of the total bearings market share and served primarily by organized players. Aftermarket requirement for bearings is valued at ₹ 31 billion which is around 35% of the total bearings market and is primarily fulfilled by unorganized suppliers. (*Source: BDB Analysis Report*)



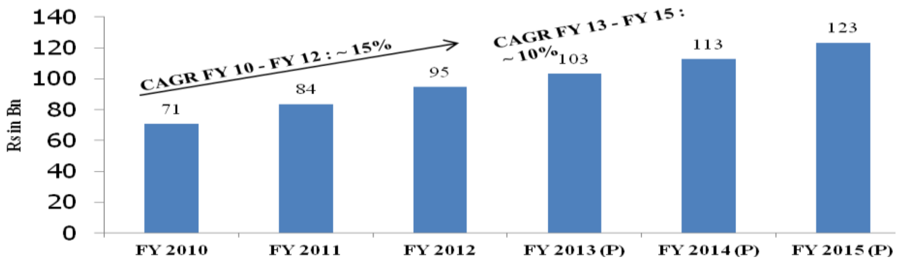
(*Source: BDB Analysis Report*)

Threats to the bearings industry

The unorganised bearings market affects both manufacturers and end users in terms of downtime for customers and defaming the brand of organised manufacturers. Cheap import of bearings at lower prices is perceived to be a serious threat to Indian manufacturers. Volatility in the domestic steel prices can also be threatening to the bearing industry which is the basic material for bearings. (*Source: BDB Analysis Report*)

Issues pertaining to fuel linkages, land acquisition and environmental clearances have delayed several large power projects and has led to suboptimal operations for existing power plants. Further, Sharp depreciation of the Indian Rupee, continues to impact the performance and profitability of industrial companies. (*Source: BDB Analysis Report*)

Future outlook



(*Source: BDB Analysis Report*)

The bearings industry is expected to grow in the coming years, aided by demand from the user industries like automobile and industrial machinery. Further, the replacement demand from both the segments is also expected to bode well for the bearings industry. (*Source: BDB Analysis Report*)

In last 5 years, GDP has seen growth rate ("**CAGR**") of 7.5% which has also witnessed growth in the bearings industry. Bearings also have a direct correlation with the growth of the automotive industry and industrial segments which primarily includes steel, power, railways, cement etc. Over the long term in next four to five years, the bearings industry shall witness growth as the automotive industry is expected to grow at a CAGR of around 9 - 10% and the industrial segment at 10 – 11% wherein process industries segments such as metal, paper, sugar, mining, cement, petroleum, power, transport, agriculture or wind are poised for rapid growth with CAGR of 10 - 12% for next 5 years. The demand from the railways, another important market segment, clocked steady growth during last three years. Indian Railways has plans to complete work on the Western and Eastern freight corridors in the 12th Five Year Plan. The construction equipment industry is also expected to witness continued growth due to the high thrust on infrastructure. (*Source: BDB Analysis Report*)

The table below provides anticipated growth for the automotive and industrial segments from the 12 month period ended March 31, 2013 till the 12 month period ended March 31, 2017.

Growth trends	**Automotive segment**				**Industrial segment**			
	Two wheelers	**Three wheelers**	**Passenger vehicles**	**Commercial Vehicles**	**Mining**	**Steel**	**Power equipment**	**Railways**
CAGR Fiscal 13 – Fiscal 17	10%	8%	9%	8%	8%	9%	12%	12%

(*Source: BDB Analysis Report*)

OUR BUSINESS

Unless otherwise stated, references in this section to the "Company" or "our Company", "we", "our" or "us" are to Timken India Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Reformatted Audited Financial Statements. This section should be read together with the sections titled "Risk Factors", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the next calendar year. Prior to the 15 month period ended March 31, 2012, the financial year of our Company used to commence from January 1 of each calendar year and end on December 31 of the same calendar year.

Overview

We are one of the leading manufacturers of taper roller bearings and certain components of taper roller bearings in India. (Source: *BDB Analysis Report*) We also import taper roller bearings, spherical roller bearings, cylindrical roller bearings and specialty ball bearings from Timken Entities located outside India, to supply to our customers. Further, we represent The Timken Company in India for business development activities in emerging markets for its products.

We were formed as a joint venture between Tata Steel Limited and The Timken Company, who we believe are associated with trust and quality across key industries which use our bearings for demanding applications**.** The Timken Company has being recognised, in the year 2009, as one of "The 100 Most Trustworthy Companies" in the world (Source*: www.forbes.com*) and has a globally recognised brand name.

We have over 25 years of experience of operating in India. We supply our products across India to OEMs and end users in diverse industries such as rail, light vehicles, off-highway, heavy trucks and auto-aftermarket, industries classified as 'mobile industries', and heavy industries, industrial processes, gear drives, energy and industrial distribution, as segments within the 'process industries'. We also export taper roller bearings to cater to the Timken Entities' requirements for their international customers in diverse industries such as railways, automotive and off-highway equipments.

In addition, we provide bearing reconditioning and repair, condition monitoring and reliability services for industrial and railway customers. We also provide maintenance and refurbishment services to large industrial equipments used in the metal and energy sectors ("**After-Market Services Business**"). We represent The Timken Company for business development in markets such as the aerospace and wind energy segments, as well as for non-bearing products such as chains and couplings in India.

We have a manufacturing facility with cellular manufacturing process located at Jamshedpur, Jharkhand. As on March 31, 2012, this facility had an installed capacity of 4,000,000 units and 370,000 units of standard roller bearings and special roller bearings (including components), respectively. The cellular manufacturing process provides us the flexibility of manufacturing any part of our products at short lead time. This facility has been recognised for its quality and safety standards and is BS OHSAS 18001:2007, ISO 14001: 2004, ISO 9001:2008 and ISO/TS 16949 certified, besides being recognised by Association of American Railroads.

In order to expand our services portfolio, we are establishing a green-field operation centre in Raipur, Chhattisgarh for repair of gearboxes largely used in steel, cement, power plants and marine industries. We believe that this facility will enable us to strengthen our After-Market Services Business. This facility is currently being developed and the total capital work-in-progress towards this facility as at December 31, 2012 was ₹ 11.00 million.

We believe that we have long-term and stable relationships developed over the years with our key suppliers of raw materials and our key customers. Some of our key suppliers are Sanyo Steel Company Limited, Mahindra Sanyo Special Steel Private Limited, Rolex Rings Private Limited, Harsha Engineers Limited, Omni Auto Limited and JMT Auto Limited. We have a dedicated and specialised distribution network pan-India and servicing our customers. Our major customers in India include BHEL, CMI FPE Limited, Dana India Private Limited, Escorts Limited, Esmech Equipment Private Limited, Indian Railways, JSW ISPAT Steel Limited, New Holland Fiat India Private Limited, Spicer India Limited, Tata Hitachi Construction Machinery Company Limited, Tata Steel Limited, Texmaco Rail & Engineering Limited and Titagarh Wagons Limited. Internationally, we supply certain of our products to the Timken Entities.

Our Company's vision is to improve our customers' performance globally by applying our knowledge of friction management and power transmission to deliver unparalleled value and innovation. Our core business values of ethics and integrity, innovation, quality and independence help us pursuing our Company's vision.

Our total revenue for the fiscal years ended December 31, 2009, December 31, 2010, the 15 month period ended March 31, 2012 and the nine month period ended December 31, 2012 was ₹ 3,305.40 million, ₹ 4,819.75 million, ₹ 8,510.95 million and ₹ 5,184.19 million, respectively. Our profit after tax for the fiscal years ended December 31, 2009, December 31, 2010, the 15 month period ended March 31, 2012 and the nine month period ended December 31, 2012 was ₹ 325.35 million, ₹ 510.57 million, ₹ 806.57 million and ₹ 291.08 million, respectively.

For the fiscal years ended December 31, 2009, December 31, 2010, for the 15 month period ended March 31, 2012 and for the nine month period ended December 31, 2012, 74.9%, 68.9%, 74.7% and 72.9% of our revenue from sale of products and services (net of excise duty), respectively, was from customers located in India who are not Timken Entities, while 23.9%, 30.7%, 25.0% and 27.0% of our revenue from sale of products and services (net of excise duty), respectively, was from sales to Timken Entities.

The Timken Company

We are part of the Timken Group. The flagship company of the Timken Group is The Timken Company, founded over 100 years ago by Henry Timken, who received two patents on the design of a tapered roller bearing. Having its headquarters at Canton, Ohio, The Timken Company is a leader in the bearings industry which applies its deep knowledge of materials, friction management and mechanical power transmission to improve the reliability and efficiency of industrial machinery and equipment all around the world. It manufactures and manages global supply chains for multiple product lines including anti-friction bearings, mechanical power transmission solutions, engineered steel and related precision steel components.

The Timken Company has over 19,000 employees globally and is listed on the NYSE with a market capitalization of USD 5.51 billion as on February 19, 2013. Its net sales amounted to USD 5.0 billion in the calendar year 2012. The Timken Company serves diverse markets such as aerospace, mining, railroads, construction, automotive (including trucks), energy, wind sectors and other after-market sectors. The products supplied by The Timken Company to the mobile industries, process industries aerospace and defence sectors and steel industries contributed 33.6%, 26.8%, 7.0% and 32.6% of its revenue, respectively, during the calendar year 2012.

The Timken Company has operations approximately in 30 countries. During the calendar year 2012, sales of The Timken Company's products in Europe/ Middle East/ Africa, Asia-Pacific regions, United States, Canada/ Mexico and South America contributed 11.9%, 10.9%, 68.6%, 5.5% and 3.1% of its revenue, respectively.

Our Strengths

We believe the following are our competitive strengths:

Strong parentage and relationship with the Timken Group

The Timken Company is a Fortune 500 company and has been recognised by Forbes as one of "100 Most Trustworthy Companies" in the year 2009, in an annual survey identifying the 100 businesses on American Exchanges with the most transparent and conservative accounting practices. It has been also rated as one of the "World's Most Ethical Companies" in 2013 by the Ethisphere Institute. It operates in approximately 30 countries and has been in the friction management business for over 100 years. It has an established brand name and has been recognised by Superbrands. The Timken Company currently holds over 350 patents for manufacturing bearing and associated components. We believe that being part of the Timken Group and the associated right to use the trademark and logo of "TIMKEN", offers our Company significant branding strength to attract key customers.

We believe our relationship with The Timken Company and the Timken Group enables us to benefit from the Timken Group's global supply chain to meet customer demand for products that we do not manufacture in India. For the nine month period ended December 31, 2012, 26.5% of our total revenues was attributable to the revenue from sales of products or services (net of excise duty) to the Timken Entities.

The Timken Group provides us with access to management talent and professionals with deep industry knowledge. The acquisitions of The Timken Company in various new and diverse businesses globally, provide us a platform to launch new products and services in India. Pursuant to a technology license agreement dated April 6, 2011 entered into between our Company and The Timken Company, our Company is permitted to use technology owned by The Timken Company, specifically, intellectual property relating to designs, product specifications, methods of manufacturing, service methods and techniques that The Timken Company deems necessary for the manufacture and sale of our products. Further, pursuant to a master services agreement entered between members of the Timken Group, we may seek administrative, sales and marketing, after-sales and service engineering related services from the members of the Timken Group as and when required.

Further, we have entered into a trademark license agreement with The Timken Company pursuant to which we have a non-transferable, non-sub licensable and non-exclusive right to use the trademarks owned or controlled by The Timken Company. Pursuant to a representative agreement, we also market certain products and services of the Timken Group in India.

We believe that this strong relationship with The Timken Company is a significant advantage, and that our Company will continue to benefit from its global presence, brand name and support in the future.

Leading taper roller bearings manufacturer and service provider in India

We are one of the leading manufacturers of taper roller bearings and certain components of taper roller bearings in India (Source: *BDB Analysis Report*). We offer an extensive line of taper roller bearings which are available to customers across India. We believe our taper roller bearings are uniquely designed with customized geometries and engineered surfaces to provide engineering solutions for harsh and critical applications.

Our global products portfolio is tailor made for certain OEMs so as to meet their specific requirements. The cellular manufacturing process provides us with flexibility of manufacturing smaller volumes of products at short notice. The facility deals with cleaner case carburized steel, using precision-grinding and heat treatment technology, to deliver a long lasting product. This facility also has an innovation centre for detailed analysis, testing, metallurgy and development of new products. It is equipped for business systems development providing global infrastructure support and a network for our After-Market Services Business. It also leverages from The Timken Group's technology centre in Bengaluru which enables it to maintain its expertise in technological know-how pursuant to the technology license agreement entered between our Company and The Timken Company.

In addition, our After-Market Services Business includes our 'MILLTEC' services business entailing on-site maintenance and servicing of steel mills for some of our key customers. The on-site programmes are suited for the recertification, reclaiming and reconditioning processes which enable us to identify customer requirements and provide customised solutions. We also provide an off-site bearing servicing and refurbishment service particularly for rail and large size bearings. We believe this enables us to establish a long-term relationship with the customer throughout the life cycle of the product and we believe it aids in establishing customer loyalty.

We also provide on-site and off-site customer training programmes using mobile DTS van and in- training modules which enables us to provide customised solutions leading to customer retention.

We believe that with our diversified product portfolio and technological know-how, we are well positioned to take advantage of new geographical and product market opportunities.

Stable customer base

We supply our bearing products to OEMs in India and export them in terms of the global requirements of the Timken Entities. Our five largest customers, other than the Timken Entities, accounted for about 40.0% of our net domestic sales and about 30.0% of our total revenue for the nine month period ended December 31, 2012. Our major customers in India include BHEL, CMI FPE Limited, Dana India Private Limited, Escorts Limited, Esmech Equipment Private Limited, Indian Railways, JSW ISPAT Steel Limited, New Holland Fiat India Private Limited, Spicer India Limited, Tata Hitachi Construction Machinery Company Limited, Tata Steel Limited, Texmaco Rail & Engineering Limited and Titagarh Wagons Limited. Our relationships with our customers ensure that we are constantly in communication with them and enable our products to meet their exacting specifications. We believe that the strength of our relationships with our customers is attributable to our consistent performance over long periods and the emphasis that we place on catering to our customers needs, supplemented with our access to technology.

Well qualified management team and strong governance

Manufacturing of bearings and our After-Market Services Business requires a trained management team and highly qualified workforce. Our management team and workforce has more than two decades of experience in the bearing industry. We believe that a motivated and empowered employee base, competitive pay scales and progressive retention policies is the key to our competitive advantage. We have a strong focus on employee development, an exciting work culture, empowerment and competitive compensation policies. We believe that the skills and diversity of our employees give us the flexibility to adapt to the future needs of our business. Further, the Standards of Business Ethics Policy as adopted by The Timken Company and applicable to its subsidiaries, requires the business of our Company to be conducted according to the highest standards of integrity and ethics with due regard to all applicable laws.

Our Board is committed to implementing best practices of corporate governance and achieving a high level of transparency, with a focus on investors' best interests and the maximisation of shareholder value. Our Board and management periodically review our internal policies and business practices and have been instrumental in building our reputation in the bearing sector in India. We believe that our strong business practices and reputation in the bearing industry enable us to meet the expectations of our customers.

Our Business Strategies

The Timken Company, as part of its global strategy of delivering value to its shareholders, continuously endeavours to (a) apply its knowledge of metallurgy, friction management and mechanical power transmission to create unique solutions used in demanding application, (b) differentiate its businesses and its products, thereby offering a broad array of mechanical power transmission components, high-performance steel and related solutions and services, (c) expand its reach, extend its knowledge, products, services and channels to meet the requirements of its customers globally, and (d) perform with excellence, deliver exceptional results with a passion for superior execution.

In furtherance to The Timken Company's global strategies, the following are the key elements of our business strategy:

Enhance market share and profitability in chosen sectors

Our Company's vision is to improve our customers' performance globally by applying our knowledge of friction management and power transmission to deliver unparalleled value and innovation. We intend to be focussed on high performance applications and accordingly, we have identified sectors in the mobile and process industries such as railway, aerospace, power generation, metal, mining, construction, wind energy, paper, medium and heavy commercial vehicles, agricultural equipment, cement and aerospace as the key markets for the supply of our products. We intend to enhance our market share and profitability in the sectors we have chosen, such as rail, aerospace and power generation, by applying our ability to design customised products, knowledge, expertise and experience to provide value added services and products to our customers.

The Indian Railways is the largest rail network in Asia and the world's second largest under one management (Source: *http://www.indianrailways.gov.in/railwayboard/view_section.jsp?lang=0&id=0,1,261*). We believe that the Indian Railways is taking steps towards indigenization and modernisation of both the passenger and freight segments of its business. In the freight segment, the Ministry of Railways, Government of India, set up a special purpose vehicle, the Dedicated Freight Corridor Corporation of India in 2006 to complete a dedicated freight corridor by 2017 (Source: *http://dfccil.org/DFCC/Projects/Project%20 Funding*). The wagons to be used, in the dedicated freight corridors, are expected to require high load-bearing applications. In the passenger segment, the modernisation of the coaches by Indian Railways is underway (Source: *www.indianrailways.gov.in/railwayboard/.../Main_Report_Vol_I.pdf*). We expect that significant numbers of taper rolling bearings, which we currently produce, will be required for such coaches and wagons.

We believe that the Indian aerospace sector is a growing sector with substantial opportunities. The Timken Company has significant presence in the aerospace sector globally. The Timken Company has secured a purchase order with Hindustan Aeronautics Limited for supply of bearings for the production of their helicopters. Although our role is currently limited to acting as agents of The Timken Company in this regards, we intend to leverage the capability of The Timken Company to establish ourselves in the Indian aerospace sector.

We believe that the demand for electrical energy in India has been growing at the faster rate and shall increase at higher growth rate to match with the projected growth of the Indian economy. The electrical energy demand for 2021 - 22 has been estimated as 1915 Tera Watt Hours and peak electric demand of 298 Giga Watts (Source: *17th Electric Power Survey of India, Central Electricity Authority*). We believe that the average capacity of power generating mills is increasing and these require high-performance bearings. Power generation mills are also expected to require periodical maintenance and replacement of bearings to maximise capacity utilisation. We intend to leverage this opportunity for our products and services portfolio. We further believe that entry of multinational power generation equipment manufacturing companies into India (who may be customers of The Timken Company) has the potential to increase our customer base in India.

Enhance cost efficiency

Our management places emphasis on cost control and improving operating efficiencies. Alloy steel, being one of the primary raw materials required for bearings, is purchased by our vendors from our approved list of global suppliers in order to leverage The Timken Company's economics of scale. Further, most of our input materials such as rings and cages are procured from our domestic vendors. Our senior management invests efforts in developing local sources for quality raw materials, in order to optimise costs and delivery. Given issues of fluctuation in the commodity prices and the costs towards importing raw materials, we are exploring several mitigating measures including local sourcing of raw materials.

Further, we intend to leverage our global supply chain to enhance volumes of bearings and other friction management products to our customers and thereby benefitting from economies of scale. With our endeavours to service our customers with a wider product range, we intend to attract better pricing from our suppliers, thereby optimising our costs.

Expand our After-Market Services Business

We have been offering repair and after-sales services to our customers for over 10 years. Our After-Market Services Business includes our 'MILLTEC' services business entailing on-site maintenance and servicing of steel mills for some of our key customers. We are committed to working closely with our customers from the early stages of design and product development to engineering and manufacturing. We believe this allows us to anticipate and develop solutions and provide value-added services to our customers at each stage of the process. We intend to use our experience of 'MILLTEC' services business in the steel industry by replicating this in the other core sectors we service such as cement, power generation and wind energy.

We intend to enhance our After-Market Services Business through organic and inorganic growth. We intend to include maintenance and servicing of large gear boxes and power transmission components within our services portfolio for which we are establishing a green-field operation centre in Raipur, Chhattisgarh. We believe this facility will enable us to strengthen our After-Market Services Business.

Retention of senior management

Our management and operating teams are fundamental to our success, profitable growth and implementation of our strategy. The key members of our team have been in our Company for more than a decade. We invest significant resources in training for skill-enhancement of our employees. We intend to continue to focus on attracting and retaining high quality talent. In particular, we plan to continue to further build our presence and consolidate our position as an employer of choice within the friction management industry in India. We have also developed and will continue to develop targeted compensation schemes designed to retain our management personnel and professionals. As part of a multinational conglomerate, we provide global opportunities to our personnel to move within the Timken Group and benefit from international experience and exposure.

Our Products

We manufacture taper roller bearings and certain components of taper roller bearings in India. Taper roller bearings help in absorption of both radial and axial load combinations. For this reason, taper roller bearings are preferred solutions for reducing friction in applications such as wheels, gear boxes and power transmitting shafts.

We also import taper roller bearings, spherical roller bearings, cylindrical roller bearings and specialty ball bearings from the Timken Entities, to supply to our customers in India.

We also supply a wide array of friction management products such lubricants, seals, bearing maintenance tools, condition monitoring equipments and other accessories to improve the operation of our customers' machinery and equipments in India on behalf of other Timken Entities.

Our products are used by OEMs and end-users in diverse industries such as rail, light vehicles, off-highway, heavy trucks and auto-aftermarket, industries classified as 'mobile industries', and heavy industries, industrial processes, gear drives, energy and industrial distribution, as segments within the 'process industries'.

The following table provides an overview of our product portfolio:

Market segment	Product portfolio
Mobile Industries	
Trucks and buses	○ Taper roller bearings ○ Lubricants
Freight and passenger rails	○ Taper roller bearings ○ Housings ○ Seals ○ Lubricants
Off-highway equipments, agricultural tractors	○ Taper roller bearings ○ Spherical roller bearings
Process Industries	
Metals industries, mines, cement plants	○ Taper roller bearings ○ Spherical roller bearings ○ Cylindrical roller bearings ○ Lubricants ○ Seals ○ Condition monitoring equipments and other accessories*
Power generation plants, wind mills, oil and gas plants	○ Taper roller bearings ○ Spherical roller bearings
Gear drives	○ Taper roller bearings ○ Spherical roller bearings ○ Cylindrical roller bearings
Pulp and paper industries, food and beverages industries	○ Taper roller bearings

These products are supplied by us on behalf of The Timken Company in India

We manufacture single-row tapered roller bearings in sizes ranging from 35 mm (1.38 inches) bore to 140 mm (5.60 inches) bore. The application of our products in the mobile industries include axles, transmissions, wheel-ends and engines, locomotives, passenger coaches and wagons. The application of our products in the process industries are as follows:

- Metal industries: Casters, flat products and long products;
- Mines: Shovels, draglines, haul trucks, loaders, crushing, screening and material handling;
- Cement plants: Vertical rolling mills, crushing, screening and material handling;
- Power generation plants: Pulverizer, bowl mills, pumps and material handling;
- Wind mills: Main shaft and gear boxes;
- Oil and Gas plants: Top drives, mud pumps, crown/ travelling blocks, rotary tables and compressors;
- Gear drives: Industrial and planetary gear boxes, geared motors and fans;
- Pulp and paper industries: Chippers/ debarkers, forming/ press dryer and calendar;
- Food and beverages industries: Material handling, peelers/ dicers, sorting equipment and drives.

Besides supplying our bearings to OEMs and end users in India, we also export taper roller bearings to cater to the Timken Entities' requirement for their international customers in diverse industries such as railways, automotive and construction equipment.

Our total revenue from sale of products and services for each of the nine month period ended December 31, 2012, the 15 month period ended March 31, 2012, and the fiscal years ended December 31, 2010 and December 31, 2009 based on the location of our customers in India and outside India is set forth below:

(In ₹ million)

Segment	Nine month period ended December 31, 2012	15 month period ended March 31, 2012	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2009
Sale of products and services in India	3,730.39	6,161.28	3,190.27	2,371.40
Sale of products and services outside India	1,343.07	2,053.45	1,439.10	788.99
Total	**5,073.46**	**8,214.73**	**4,629.36**	**3,160.39**

Our products are sold through the following channels:

- Domestic sales:
  - *Institutional:* includes OEMs and government bodies such as Indian Railways; and
  - *Replacement (after-market):* includes dealers and distribution networks.
- Exports: includes various Timken Entities.

Our Company's products are sold principally by our own internal sales organizations and also through our pan-India distribution network of 87 distributors out of which 50 distributors cater to the mobile industries and 37 distributors cater to the process industries, and their respective after markets.

Further, pursuant to a representative agreement dated October 30, 2009 entered among our Company, Timken India Manufacturing Private Limited ("**TIMPL**") and certain other members of the Timken Group, we market certain products and services of the Timken Group in India. Our Company receives a commission between 5% to 10% of the net invoice value of the products and services directly sold by the other Timken Entities to customers in the areas in which our Company has primary sales and marketing responsibility.

Our Production

Manufacturing Unit in Jamshedpur, Jharkhand

Our manufacturing facility in Jamshedpur, Jharkhand follows the cellular manufacturing process. The cellular manufacturing process provides us the flexibility of manufacturing any part of our products at short notice and delivered within a short lead time. We also manufacture rollers for captive consumption as well as to meet the requirements of the Timken Entities. We are in the process of expanding our infrastructure in this facility to enhance our roller production capacity.

Besides having capabilities in manufacturing and refurbishment of anti-friction bearings, this facility also has capabilities for detailed analysis, testing, metallurgy and launch of new products. This plant also houses a bearing repair facility for our After-Market Services Business. Bearing repair and remanufacture typically involves inspection of bearings and, if required, replacing non-usable components.

As of March 31, 2012, the facility in Jamshedpur had an installed capacity of 4,000,000 units and 370,000 units of standard roller bearings (including components) and special roller bearings (including components), respectively. This facility has been recognised for its quality and safety standards and is BS OHSAS 18001:2007, ISO 14001: 2004, ISO 9001:2008 and ISO/TS 16949 certified, besides being recognised by Association of American Railroads.

Technology Support

The Timken Group operates a network of technology centres across the global, including one in Bengaluru, to support its customers. This network of centres develops and delivers innovative friction management and mechanical power transmission solutions and technical services. The benefits of technology and engineering facilities available with The Timken Company are extended to our Company on a continuing basis. Under a technology license agreement dated April 6, 2011 with The Timken Company, our Company is permitted to use technology owned by The Timken Company, which the Timken Company, in its sole discretion, believes to be necessary for the production, distribution and service of the products manufactured and/or sold by our Company. In consideration of this license, we are required to pay to The Timken Company a monthly license fee equivalent to 3% of our net sales. Under the terms of the agreement, The Timken Company acquires a royalty-free, paid-up, non-exclusive global license to use any improvements developed by our Company to such technology. Further, The Timken Company provides us all reasonable assistance required by us for the use of such technology in the manufacture of our products.

Pursuant to the technology license agreement, we leverage the Timken Group's technology centre in Bengaluru as well as The Timken Company's technological expertise. We use application engineering, manufacturing advancement and material/ metallurgical support from this technology centre. This helps us in our manufacturing processes including, raw material testing, analytical research, reverse engineering and product validation and reliability studies.

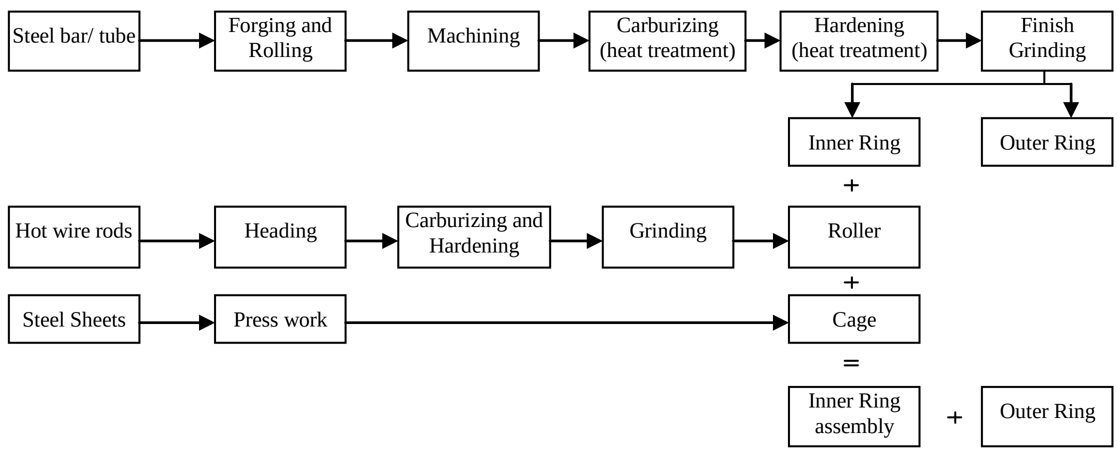
Further, we have entered into a master services agreement with the other members of the Timken Group, with effect from January 1, 2009. Under the terms of the master services agreement, our Company receives certain services from the other members of the Timken Group. In consideration for such services, our Company is required to pay compensation to the service provider, as determined for different services under the terms of the master services agreement.

Production Process

Taper roller bearings consist of four basic components. These are the cone (inner ring), the cup (outer ring), tapered rollers, and a cage (roller retainer). Under normal operating conditions, the cone, cup and rollers carry the load while the cage retains the rollers. The cone, rollers and cage are referred to as the 'cone assembly' and this is usually separable from the cup facilitating assembly.

Stages of Production

Typically, taper roller bearing manufacturing consists of the processes of forging, turning, heat treatment, grinding, and assembly. The production process may be diagrammatically explained in the following manner:



i) *Rings*

a) Forging and Machining

The production process commences with the forging of alloy steel bar stock into inner and outer bearing rings. This process is commonly referred to as 'ring forgings'. The forged rings are then machined into the required part shape. This phase is referred to as ring machining.

b) Heat Treatment

Before the rings can be ground they need to be heat treated to provide the proper hardness, wear and fatigue resistance. At this stage, the parts are 'case carburized' and hardened thereafter. Case hardened treatment refers to surface hardening combined with a relatively soft core.

c) Grinding

After heat treatment, the hardened material is then made to undergo the process of grinding which is an abrasive machining process that uses a grinding wheel as the cutting tool. Rings are face ground, race ground, inner diameter ground, and the raceways honed to give the finished part dimension and tolerance. Concentricity, roundness, and runout requirements are also checked at this time for class and precision requirements.

ii) Rollers

The production of rollers commences with heading of the roller from wire rods made of alloy steel. Subsequent thereto, headed rollers are case carburized and hardened, similar to rings, so as to derive the required hardness. The roller hard stock is then ground to profile and final specifications.

iii) Cages

We procure finished cages from our globally approved suppliers manufactured to our design and specifications.

iv) Assembly and packing

We assemble rings, rollers and cages for our final product. Finished races and rolling elements are cleaned ultrasonically before assembly. Semi-automatic assembly line is used to assemble and package the bearing according to customer orders. Packing process is carried out in controlled environmental conditions conducive to bearing assembly. Rust prevention preservatives are applied to each bearing before packing for enhancing the shelf life.

Pursuant to a memorandum of agreement dated May 9, 2011 between our Company and TIMPL, certain of our bearings components are manufactured by TIMPL on a contract manufacturing basis.

Our Sales and Distribution

We believe that the spread and reach of our distribution system is a significant strength of our business because it allows us to market and sell our products across India and globally. Our Company's products in the mobile and process industries are sold principally by our internal sales organisation as well as through our pan-India distribution network of 87 distributors out of which 50 distributors cater to the mobile industries and 37 distributors cater to the process industries, and their respective after markets.

Few distributors have their retail channel and offices in more than one location. We constantly look to expand our reach of and hence appoint new distributors. Pursuant to our standard distributor agreements, we typically appoint our distributors on a non-exclusive basis who sell our products. Our Company has the sole right to set prices and other terms and conditions for supply of our products to distributors which prices are subject to change with a prior written notice.

Our Company has established regional warehouses across India, located in Chennai, Mysore, Pune, Gurgaon and Jamshedpur. Products are stocked and invoiced from these facilities to provide 'just-in-time' deliveries to OEMs and the end-users. Our sales and distribution system is managed through four regional offices in New Delhi, Pune, Bengaluru and Kolkata which are supported by our distribution and logistics footprint. We coordinate with our distributors that help to create brand awareness and adequate customer pull and dealer push to promote our bearings. We have a dedicated team working at the end-user level creating the necessary demand for our products and services.

Customers

Our major customers in India include BHEL, CMI FPE Limited, Dana India Private Limited, Escorts Limited, Esmech Equipment Private Limited, Indian Railways, JSW ISPAT Steel Limited, New Holland Fiat India Private Limited, Spicer India Limited, Tata Hitachi Construction Machinery Company Limited, Tata Steel Limited, Texmaco Rail & Engineering Limited and Titagarh Wagons Limited. Typically, our customers have standard set of terms and conditions which govern the framework of their business relationship, including termination and other general provisions. These general terms and conditions are typically agreed as a pre-condition of engaging in business with a particular customer. OEMs may have a single global supplier of bearings for their equipment models or choose different suppliers in different geographies or for different parts of their equipments.

Raw Materials and Components

The principal raw materials used by us to manufacture taper roller bearings are alloy steel bars, tubes and wire rods. Other important components that we use in the bearing manufacturing process include rings, cages and rollers.

The principal raw materials for our products are alloy steel bars, tubes and wire rods, which are purchased by our vendors from our approved list of global suppliers, in order to leverage The Timken Company's economies of scale. Most of our input materials such as rings and cages are procured from our domestic vendors. We purchase most raw materials in required quantities from our qualified global supplier base and all procurement is governed by long-term contracts which are subject to periodic price negotiations based on commodity price movements. Some of our key suppliers are Sanyo Steel Company Limited, Mahindra Sanyo Special Steel Private Limited, Rolex Rings Private Limited, Harsha Engineers Limited, Omni Auto Limited and JMT Auto Limited.

Raw materials costs have increased substantially in recent years driven by the sharp increase in cost of inputs to steel, including alloying elements such nickel and molybdenum. In each of the nine month period ended December 31, 2012, the 15 month period ended March 31, 2012 and the fiscal years ended December 31, 2010 and December 31, 2009, cost of raw material and components consumed constituted 41.3%, 46.6%, 49.2% and 42.7% of our total revenue, respectively. The currency fluctuation has had a significant impact on steel prices over the last few years.

The table below provides a description of the costs of our raw materials and components consumed for each of the nine month period ended December 31, 2012, the 15 month period ended March 31, 2012 and the fiscal years ended December 31, 2010 and December 31, 2009:

(In ₹ million)

Raw material/ component	Nine month period ended December 31, 2012	15 month period ended March 31, 2012	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2009
Steel	66.00	171.76	146.12	60.97
Rings	785.00	1,444.96	970.73	768.07
Components and accessories*	1,291.32	2,353.03	1,252.58	582.58

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

Our After-Market Services Business

For the nine month period ended December 31, 2012, the 15 month period ended March 31, 2012 and the fiscal years ended December 31, 2010 and December 31, 2009, 3.6%, 2.9%, 2.7% and 3.9% of our total revenue, respectively, was attributable to the After-Market Services Business, excluding the cost of material content supplied as part of our services.

Repair Services

Bearing repair and remanufacture typically involves inspection of bearings and, if required, replacing non-usable components. This provides the customers a quick, reliable and cost effective solution. Properly trained and experienced personnel involved in routine inspections serve as the first line in deciding if a bearing needs repair. Our repair services focus on early detection of a problem through routine checks, preventive and predictive maintenance and vibration analysis.

Refurbishment Services

Once a product is received by our repair service centre, all such bearings undergo a thorough mechanised cleaning process. The bearings are then disassembled in a controlled environment using modern jigs and fixtures. During disassembly, our trained master technicians record the bearing information, the critical dimension of the bearings, as well as record the roundness of the major race components, the actual internal clearances and tag with unique identifiers. A detailed inspection of all the bearing components is performed and findings are recorded. The initial inspection includes assessing major damage and problems, such as fractures, pitting or bluing due to heat damage. Components are also examined to determine the scope of work required to return them to a like-new condition.

Once the damage is assessed, required refurbishment is undertaken in a controlled environment, including replacement of certain components, if required, bringing the said bearing back to normal specifications.

On-site services

A wide range of onsite repair services are offered by us. In general, onsite programs are suited for recertification, reclaiming or reconditioning processes. Further, special features may be added on-site to existing or new bearing assemblies to enhance performance or upgrade to our most recent product designs. In addition, our After-Market Services Business includes our 'MILLTEC' services business entailing on-site maintenance and servicing of steel mills for some of our key customers. Our team of experts undertake assembling, disassembling, maintenance, repair, overhauling and other related activities in relation to roll-chock bearing assemblies in steel rolling mills. We are currently operating out of the facilities of certain of our customers, including Tata Steel, JSW Steel and Essar Steel for maintaining their roll bearings and steel mill rolls. Our knowledge of bearings, steel and grinding provides a reliable operation at customers' shop floor and ensure smooth running of their steel mills.

In order to expand our services portfolio, we are establishing a green-field operation centre in Raipur, Chhattisgarh for the repair of gearboxes largely used in steel, cement, power plants and marine industries. We believe that this facility will enable us to strengthen our After-Market Services Business. In this regard, our Company has entered into a lease with individual lessors for a period of 30 years from November, 2012. This facility is currently being developed and is likely to be operational from Fiscal 2014.

Our Competition

The Indian friction management industry is very competitive and we expect competition to continue and likely to increase in the future. We face competition from other Indian manufacturers and importers. Further, the friction management industry in India may experience consolidation and investment by international companies, resulting in the emergence of stronger competitors. Our principal competitors are Indian manufacturers, including SKF India Limited, FAG Bearings India Limited and National Engineering Industries Limited.

Insurance

We obtain specialized insurance for manufacturing risks and third party liabilities. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business at reinstatement values. Our significant insurance policies consist of coverage for risks relating to physical loss or damage. Loss or damage to our materials and property are generally covered by "all risks" insurance. Under our general public liability insurance policy, we are indemnified against any legal liability to pay damages for third party claims arising out of bodily injury or property damage caused by any of our products. We maintain a standard fire and special perils policy, which covers loss and damage due to fire and similar perils. We also have a consequential loss (fire) insurance policy covering loss of profit due to fire and similar perils at our Jamshedpur plant.

We also maintain a group health insurance policy for our permanent employees and their dependent family members. Further, we also maintain an insurance policy for claims made against the directors and officers of our Company. In addition, our Company maintains various marine inland transit insurance policies that cover loss or damage to products and machineries purchased within India from suppliers while in transit to our plants by railway, sea, courier, road or air, and marine open transit insurance policies that cover loss or damage to products and machineries imported from other countries while in transit to our facilities.

Our Employees

We believe that a well-trained, motivated and satisfied employee base is key to our competitive advantage. As of December 31, 2012, we employed 620 full-time employees.

Health, Safety and Environment

Our human resource management division has overall responsibility for employee health and safety. Educating employees about safety programs, increasing awareness about our health and safety policies and conducting formal safety training form part of our employee health and safety program. Our facility at Jamshedpur, Jharkhand has been recognised for its quality and safety standards and is BS OHSAS 18001:2007, ISO 14001: 2004, ISO 9001:2008 and ISO/TS 16949 certified.

Environmental requirements imposed by governmental authorities will continue to have an effect on us and our operations. We require certain approvals, licenses, registrations and permissions for operating our business and particularly for our operations at our facilities, including the license to establish and run a factory under the Factories Act, environmental clearances, approvals under state pollution control boards and authorisations for the storage and handling of hazardous wastes. We believe that we have complied, and will continue to comply materially with all applicable environmental laws rules and regulations. For risks in this regard, see "***Risk Factors – Failure to obtain or retain certain approvals and licenses required in the ordinary course of business may adversely affect our operations***".

Property

Our Company has taken on lease its registered office which is located at 39-42, Electronic City, Phase II, Hosur Road, Bengaluru 560100, Karnataka from Timken Engineering and Research India (Private) Limited, a member of the Timken Group. Further, our manufacturing unit in Jamshedpur, Jharkhand is situated on premises sub-leased from Tata Steel Limited which is valid upto December 31, 2025. With respect to our upcoming facility located at Raipur, Chhattisgarh, we have entered into a lease with individual lessors for a period of 30 years from November, 2012.

Intellectual Property

The Timken Group owns a number of U.S. and foreign patents, trademarks and licenses relating to certain products. Under the technology license agreement with The Timken Company, our Company is provided with non-transferable, non-sub-licensable and non-exclusive right to use, develop and enjoy The Timken Company' technology, including all patents, know-how and other proprietary information relating to designs, product specification, methods of manufacture, material specifications, service methods in relation to our products.

The brand and trademarks "TIMKEN" which includes the associated logo, as appearing on the cover page of this Prospectus, is licensed to us by The Timken Company. Under the terms of a trademark license agreement dated April 6, 2011, we have a non-transferable, non-sub licensable and non-exclusive right to use the trademarks owned or controlled by The Timken Company or any of its affiliates, including the "TIMKEN" brand for the marketing, distribution and service of the products manufactured and/or sold by our Company. Further, The Timken Company has the right to determine (a) the trademarks that are to be licensed to us and (b) the products in connection with which the trademarks are to be used. In consideration of this license, we are required to pay to The Timken Company a monthly license fee equivalent to 1% of our net sales. The trademark license agreement is valid for a period of five years from March 15, 2011, automatically renewable for a further period of five years therefrom.

Awards and recognition

Our manufacturing facility at Jamshedpur, Jharkhand is BS OHSAS 18001:2007, ISO 14001: 2004, ISO 9001:2008 and ISO/TS 16949 certified, besides being recognised by Association of American Railroads for meeting their quality assurance requirements. Further, we have, in the past been awarded for our operations including a special award in 2004 by Frost & Sullivan for excellence in manufacturing.

Business Ethics Policy

Our Company's 'Standards of Business Ethics Policy - Code of Conduct' is the foundation of our outstanding reputation for integrity, ethics and respect for the law. This policy contains the moral and ethical standards by which each associate, officer and Director of our Company is to conduct the business activities of our Company with due regard for all applicable laws. All of our associates, officers and Directors are expected to be familiar with the laws, rules and regulations applicable to their areas of responsibility and are expected to comply fully with all applicable laws and regulations and the policies of the Company. Further, our Company is, *inter alia*, committed to dealing fairly and honestly with its customers, suppliers and competitors, providing equal employment opportunity and ensuring timely, accurate and full disclosure to the public and to regulatory authorities.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Our Articles of Association provide that our Board shall have a minimum of five and a maximum number of 10 Directors. As of the date of this Prospectus, our Company has six Directors. Our Company may, subject to the provisions of the Articles of Association and the Companies Act, alter the minimum or the maximum number of Directors by approval of its shareholders, subject to approval of the Government, if the increase is beyond the maximum permissible limits under its Articles of Association as first registered.

Not less than two-thirds of the total number of Directors shall be elected Directors who are liable to retire by rotation. At each of our Company's annual general meetings, one-third of the Directors for the time being who are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office. The Managing Director is not liable to retire by rotation. A retiring Director is eligible for re-election. The Articles of Association permit certain banks and financial institutions to appoint not more than two Directors to our Board, who will not be required to retire by rotation, at the option of the financial institution, while any loan amount remains outstanding to them from our Company. The quorum for meetings of the Board is one-third of the total number of Directors, or two Directors, whichever is higher.

Our Company's Directors are not required to hold any Equity Shares to qualify to be a Director.

The following table provides information about our Company's current Directors as of the date of this Prospectus:

Name, DIN Term and Nationality	Age (Years)	Designation
Mr. James Ronald Menning **DIN**: 03298620 **Term**: Liable to retire by rotation	53	Chairman, non-executive, non-independent Director
Mr. Sanjay Koul **DIN**: 05159352 **Term**: Five years from October 26, 2012, subject to approval of shareholders.	48	Managing Director
Mr. Deepak Rastogi **DIN**: 02317869 **Term**: Liable to retire by rotation	45	Non-executive, non-independent Director
Mr. Jai Swarup Pathak **DIN**: 00026416 **Term**: Liable to retire by rotation	54	Non-executive, Independent Director
Mr. Priya Shankar Dasgupta **DIN**: 00012552 **Term**: Liable to retire by rotation	57	Non-executive, Independent Director
Mr. Niroop Mahanty **DIN**: 00335331 **Term**: Liable to retire by rotation	63	Non-executive, Independent Director

Brief Profile of the Directors

Mr. James Ronald Menning has been a Director of our Company since 2010 and is the Chairman of the Board. He holds a Bachelor's degree in Arts (business administration) from Wittenberg University, Springfield, Ohio and a Master's degree in business administration from the University of Akron, United States. He currently holds the post of senior vice president – Asia Pacific for Timken Company. Presently based in Shanghai, he is responsible for the development and implementation of our Company's growth strategy in Asia.

Mr. Sanjay Koul is the Managing Director of our Company and has been a Director in our Company since 2012. He holds a Bachelor's degree in mechanical engineering from Birla Institute of Technology and Science, Pilani and a Master's degree in business administration from Xavier Labour Relations Institute, Jamshedpur. He has also completed the EDGE executive development program for senior Timken group leaders from the Darden School of Business, University of Virginia. He was previously national sales manager for our Company's railway business, Plant Manager at our Jamshedpur manufacturing unit, general manager of Asia's supply chain and director of manufacturing and supply chain for our Company's business in Asia.

Mr. Deepak Rastogi has been a Director in our Company since 2011. He is a chartered accountant by profession and holds a Masters' degree in business administration from S. P. Jain Institute of Management & Research, Mumbai. He is the chief financial officer (Asia) of The Timken Company. He is responsible for implementation of growth strategies and creation of lean infrastructure for our Company's growth and expansion.

Mr. Jai Swarup Pathak has been a Director in our Company since 2000. He holds a Bachelor's degree (Honours) in history from Delhi University, a Bachelor's degree in jurisprudence from Oxford University, United Kingdom, a Master's degree in international studies from Jawaharlal Nehru University, New Delhi and Master's degree in arts from Oxford University. He has also acquired a Masters degree in Law from the University of Virginia. He is presently a partner at Gibson, Dunn & Crutcher, a law firm.

Mr. Priya Shankar Dasgupta has been a Director in our Company since 1987. He holds a Bachelor's degree in law from Faculty of Law in Delhi University and a Bachelor's degree (honours) in economics from the University of Delhi. He is the founding partner of New Delhi Law Offices and has been practising law since 1978. He specializes in structuring and negotiation of joint ventures and foreign collaborations.

Mr. Niroop Mahanty has been a Director in our Company since 2003. He is presently a partner at RM Associates, a consultancy firm dealing with human resource development.

Borrowing Powers of the Board

In terms of the Articles of Association, the Board may, from time to time, at its discretion raise or borrow any sum or sums of money for the purposes of our Company and subject to the provisions of the Companies Act may secure payment or repayment of the same in such manner and terms as prescribed by the Board. The shareholders of our Company have, by way of a resolution passed at the AGM held on September 23, 1993 pursuant to provisions of Section 293(1)(d) of the Companies Act, authorised our Board to borrow amounts up to an aggregate amount of ₹ 1,500 million at any given time.

Shareholding of Directors

Except for Mr. Priya Shankar Dasgupta who holds one Equity Share, none of our Directors hold any Equity Shares as on December 31, 2012.

Compensation of the Directors

Executive Directors

The Remuneration Committee by its resolution dated October 25, 2012, approved the following remuneration and terms and conditions of Mr. Sanjay Koul:

Particulars	Amount/Details
Salary and allowance	₹ 5,67,584 per month (inclusive of basic pay of ₹ 2, 09,648 and special allowance of ₹ 3,57,900) which may be increased based on a periodic performance review, subject to an upper limit of ₹ 700,000 per month.
Performance incentive	As per the rules of our Company
Perquisites	i. Company leased accommodation. ii. Free use of telephone facility at residence. iii. Free use of Company car with driver. iv. Medical facilities as per rules of Company. v. Club membership of one club in Jamshedpur and Bengaluru. vi. Free passage for self and family from present place of residence to

Particulars	Amount/Details
	the place of work. vii. One month of current base pay at the time of relocation. viii. Leave- accrual and encashment as per the rules of our Company. ix. Leave travel concession as per the rule of our Company. x. Company's contribution to provident fund/ pension fund/ employee deposit linked insurance/ group insurance/ superannuation fund etc. xi. Gratuity and superannuation benefits as per the rules of our Company.

Mr. Sanjay Koul, our only Executive Director, joined our Company on October 26, 2012 and hence did not receive any compensation for the 15 month period ended March 31, 2012.

Non-Executive Directors

The following tables set forth compensation paid by our Company to its Non-Executive Directors for the 15 month period ended March 31, 2012.

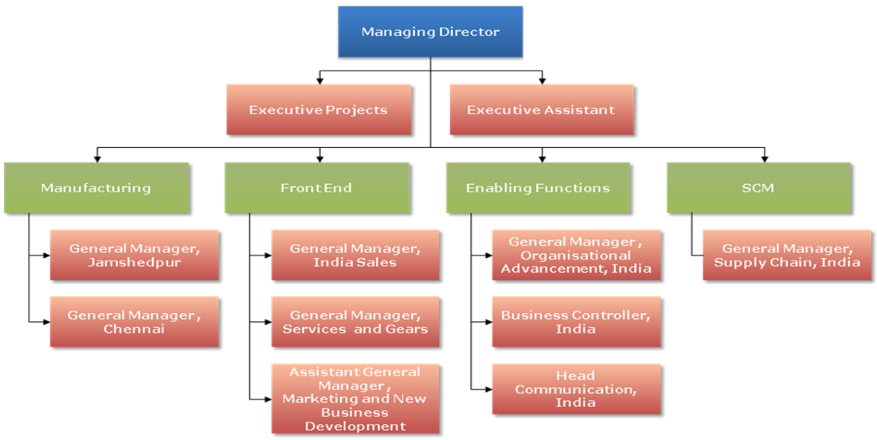
(In ₹million)

Name	Sitting Fees
Mr. James Ronald Menning	0.00
Mr. Niroop Mahanty	0.13
Mr. Jai Swarup Pathak	0.10
Mr. Priya Shankar Dasgupta	0.10
Mr. Deepak Rastogi	0.00

Prohibition by SEBI or other Governmental authorities

None of the Promoters, persons in control of the Company or our Directors, or the companies with which they are or were associated as promoters, directors or persons in control have been debarred from accessing the capital market under any order or direction passed by SEBI.

Organisation Structure



Senior Management

The members of the senior management of our Company are as follows:

Mr. Amit Kumar Das, is the General Manager, Organisational Advancement, of our Company. Prior to joining our Company in 2012, he worked at Asian Paints Limited, Allergan Singapore Pte. Limited and Atul Limited. He holds a Bachelor's degree in science and law and a Master's degree in labour welfare from the Gujarat University, a diploma in human resource development from the All India Institute of Management Studies and a Master's degree in business administration from the National Institute of Business Management. Further he has participated in the 'Programme for Performance Management on Competitive Advantage' from the Indian Institute of Management ("**IIM**"), Ahmedabad.

Mr. A. V. Kiran Kumar is the General Manager (Chennai, Operations) of our Company. Prior to joining our Company in 1990, he worked at Tata Steel Limited. He holds a Bachelor's degree in mechanical engineering from Regional Engineering College, Warangal and has completed an executive programme in business management from IIM, Calcutta.

Mr. R. Ramesh is the Business Controller (India) of our Company. Prior to joining our Company in 2011, he worked at ABB Global Industries and Services Limited, Alstom Power India Limited and Reliance Infocomm Limited. He is a qualified chartered accountant and a qualified cost accountant.

Ms. Regina Vasudevan is the Head- Communications (India) of our Company. Prior to joining our Company in 2007, she worked at Bosch India Limited, Titan Industries Limited and Kuwaiti Engineers Office. She holds a Bachelor's degree in arts from Mumbai University, Master's degree in psychology from Mumbai University and post graduation diploma in marketing management from Indira Gandhi National Open University ("**IGNOU**").

Mr. Gouri Shankar Roy is the Assistant General Manager, (Lean Manufacturing), of our Company. He holds a Bachelor's degree in mechanical engineering from Muzaffarpur Institute of Technology and a post graduate diploma in business administration from Symbiosis Center for Distance Learning, Pune.

Mr. Ranjan Sen is the General Manger, Sales (India) of our Company. Prior to joining our Company in 2010, he worked at NRB Bearings Limited. He has holds a Bachelor's degree in mechanical engineering from Jadavpur University and completed his post graduation in general management from IIM, Calcutta.

Mr. Srinivasan Sarangapani is the General Manager, Supply Chain Management (India), of our Company. Prior to joining our Company in 2010, he worked at GENPACT, India. He holds a Bachelor's degree in mechanical engineering from Thiagarajan College of Engineering, Madurai, Master's degree in business administration from IGNOU and a post graduate diploma in global strategic management from ICFAI University.

Mr. Shyamal Gupta is the General Manager (Services) of our Company. Prior to joining our Company in 2008, he worked at Vickers Systems International Limited. He holds a Bachelor's degree in mechanical engineering from the Indian Institute of Technology, Kharagpur and a post graduate diploma in management in transportation studies from IIM, Bangalore.

Each of the aforesaid members of our senior management is a permanent employee of our Company.

Shareholding of Senior Management

None of the members of our senior management holds any Equity Shares as on December 31, 2012.

Corporate Governance

Our Company complies with its applicable corporate governance requirements, including the requirements such as constitution of the Board and committees thereof under the Equity Listing Agreement.

Currently, our Board consists of six Directors out of which three are independent Directors. Our corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and proper constitution of committees of the Board. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Committees of the Board

As of the date of this Prospectus, there are five Board level committees in our Company, which have been constituted and which function in accordance with the relevant provisions of the Companies Act and the Equity Listing Agreement, namely: (i) the Audit Committee; (ii) the Remuneration Committee and (iii) the Investors Grievance Committee, (iv) the Committee of the Board and (v) the Securities Issuance Committee.

The members of the aforesaid committees as of the date of this Prospectus are:

Committee	Members
Audit Committee	Mr. Priya Shankar Dasgupta, Mr. Niroop Mahanty, Mr. Jai Swarup Pathak, Mr. Deepak Rastogi
Remuneration Committee	Mr. Niroop Mahanty, Mr. Priya Shankar Dasgupta, Mr. Jai Swarup Pathak
Investor Grievance Committee	Mr. Niroop Mahanty, Mr Sanjay Koul, Mr. Deepak Rastogi

Committee	Members
Committee of the Board	Mr. Niroop Mahanty, Mr. Sanjay Koul, Mr. Deepak Rastogi
Securities Issuance Committee	Mr. James Ronald Menning, Mr. Sanjay Koul, Mr. Deepak Rastogi

Interest of Directors and Senior Management

Except for the transactions with key management personnel as per Accounting Standard – 18: Related Party Disclosures issued by the ICAI and notified by the Companies Accounting Standards Rules as stated in "***Reformatted Financial Statements– Note 36 – Related Party Disclosure***, and to the extent of shareholding in our Company and remuneration and benefits to which they are entitled as per their terms of appointment, the Directors do not have any other interest in our Company or its business. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to them, their relatives, dependents, companies, firms, HUF or trusts, in which they are interested as directors, members, partners, karta and/or trustees. All the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares and any other benefit arising out of such holding and transactions with the companies with which they are associated as directors or members. Our non-executive Directors may also be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board or a committee of the Board.

The senior management of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them or their dependants in our Company, if any.

PRINCIPAL SHAREHOLDERS

The Promoter of our Company is Timken Singapore PTE Limited.

Out of our total issued Equity Shares, 50,999,988 fully paid-up Equity Shares were held by The Timken Company till October 4, 2010. On October 5, 2010, these Equity Shares were transferred to Timken (Mauritius) Limited and were held by Timken (Mauritius) Limited till March 25, 2012. On March 26, 2012, such Equity Shares were transferred by Timken (Mauritius) Limited to our Promoter.

As of the date of this Prospectus, 63,734,850 Equity Shares of our Company are issued and outstanding, including the Partly Paid Up Shares. An additional 15,150 Equity Shares have been kept in abeyance since March 31, 1998.

The shareholding pattern of our Company as of March 31, 2013 is as indicated in the table below:

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialised Form	Total Shareholding as a % of total No. of Equity Shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Equity Shares	As a % of Total No. of Equity Shares
Shareholding of Promoter and Promoter Group								
Indian								
(a)	Individuals / Hindu Undivided Family	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
	Sub Total (A)(1)	-	-	-	-	-	-	-
Foreign								
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	1	5,09,99,988	5,09,99,988	80.02	80.02	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-
	Sub-Total (A)(2)	1	5,09,99,988	5,09,99,988	80.02	80.02	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	**1**	**5,09,99,988**	**5,09,99,988**	**80.02**	**80.02**	**-**	**-**
Public Shareholding								
Institutions								
(a)	Mutual Funds / UTI	9	8,11,374	8,11,374	1.27	1.27	-	-
(b)	Financial Institutions / Banks	11	28,621	28,361	0.05	0.05	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialised Form	Total Shareholding as a % of total No. of Equity Shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Equity Shares	As a % of Total No. of Equity Shares
(f)	Foreign Institutional Investors	10	3,84,534	3,84,534	0.60	0.60	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Qualified Foreign Investors	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-
	Sub Total (B)(1)	**30**	**12,24,529**	**12,24,269**	**1.92**	**1.92**	**NA**	**NA**
Non-Institutions								
(a)	Bodies Corporate	725	14,98,152	14,86,735	2.35	2.35	-	-
(b)	Individuals							
i.	Individual shareholders holding nominal share capital up to ₹ 1 lakh.	55,582	86,74,347	59,81,773	13.61	13.61	-	-
ii.	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	32	10,43,128	10,43,128	1.64	1.64	-	-
(c)	Qualified Foreign Investor	-	-	-	-	-	-	-
(d)	Any Other (specify)							
i.	Non-Resident Individuals	286	1,82,492	1,81,049	0.29	0.29	-	-
ii.	Trusts	3	3,850	3,850	0.00	0.00	-	-
ii.	Clearing Members	155	1,08,364	1,08,364	0.17	0.17	-	-
	Sub-Total (B)(2)	**56,783**	**1,15,10,333**	**88,04,899**	**18.06**	**18.06**	**NA**	**NA**
	Total Public Shareholding (B) = (B)(1) + (B)(2)	**56,813**	**1,27,34,862**	**1,00,29,168**	**19.98**	**19.98**	**NA**	**NA**
	Total (A) + (B)	**56,814**	**6,37,34,850**	**6,10,29,156**	**100.00**	**100.00**	**NA**	**NA**
Shares held by Custodians and against which Depository Receipts have been issued								
(1)	**Promoter and Promoter group**	-	-	-	-	-	-	-
(2)	**Public**	-	-	-	-	-	-	-
	Total shares held by custodians and against which depository receipts have been issued (C)	-	-	-	-	-	-	-
	Grand Total (A)+(B)+(C)	**56,814**	**6,37,34,850**	**6,10,29,156**	**100.00**	**100.00**	**NA**	**NA**

The shareholding of persons belonging to the category "Promoter and Promoter Group" as of March 31, 2013 is detailed in the table below:

Name of the Shareholder	Details of Equity Shares held	
	No. of Equity Shares held	As a % of total
Timken Singapore PTE Limited.	50,999,988	80.02

ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares offered in the Issue. Our Company and the Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. This section applies to all Applicants. The Applicants are advised to inform themselves of any restrictions or limitations that may be applicable to them. Please see "**Selling Restrictions**" and "**Transfer Restrictions**". Applicants are advised to make their independent investigations and ensure that their applications do not exceed the Issue Size or the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

Authority for the Issue

The Issue was authorised and approved by the Board of Directors through a resolution dated January 14, 2013 and by the shareholders of our Company through a special resolution dated February 20, 2013.

Our Company has applied for and received in-principle approvals from each of the Stock Exchanges on March 5, 2013 under Clause 24(a) of the Equity Listing Agreement for listing of the Equity Shares offered in the Issue on the Stock Exchanges. The Company has also delivered a copy of the Red Herring Prospectus and this Prospectus to SEBI and the Stock Exchanges and for registration to the RoC.

Prohibition by SEBI or Other Governmental Authorities

Our Company, its Promoter, the members of the Promoter Group, the Directors and the persons in control of our Company have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoter, the Directors or the persons in control of our Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Restrictions on Issue Size

In terms of Regulation 91I of the SEBI Regulations, the aggregate of all tranches of the Issue undertaken by our Company cannot result in an increase in the public shareholding in our Company by more than 10% or such lesser percentage as may be required for our Company to achieve the required minimum public shareholding. Based on the Issue Size of 4,265,134 Equity Shares, the increase in public shareholding of our Company shall be 5.02%.

Who can Apply

The Issue is being made only to QIBs, being the following:

- mutual funds, venture capital funds, AIFs and FVCIs registered with SEBI;
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- public financial institutions, as defined in Section 4A of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- Insurance Companies;
- multilateral and bilateral development financial institutions;
- provident funds with minimum corpus of ₹ 250 million;

- pension funds with minimum corpus of ₹ 250 million;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the GoI published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India; and
- insurance funds set up and managed by the Department of Posts, India.

No single FII can hold more than 10% of the post Issue paid-up capital of our Company. In respect of an FII investing in the Equity Shares offered in the Issue on behalf of its eligible sub-accounts, the investment on behalf of each eligible sub-account shall not exceed 10% of our Company's total paid-up capital. **The aggregate FII holding in our Company cannot exceed 24% of the total paid-up capital of our Company.**

Note: Eligible sub-accounts of an FII, other than sub-accounts which are foreign corporates or foreign individuals, will need to submit separate ASBA Applications. FIIs or sub-accounts of FIIs, are required to indicate the SEBI FII/sub-account registration number in the ASBA Applications.

No Allotment shall be made, either directly or indirectly, to any QIB being a Promoter or any person related to the Promoter. QIBs which have all or any of the following rights shall be deemed to be persons related to Promoter:

a) rights under a shareholders' agreement or voting agreement entered into with our Promoter or persons related to our Promoter;

b) veto rights; or

c) right to appoint any nominee director on the Board.

Provided that a QIB which does not hold any Equity Shares and which has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoter.

Applicants are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Applicants are advised to ensure that the number of Equity Shares for which they have provided ASBA Applications does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus. Further, Applicants are required to satisfy themselves that their ASBA Applications would not result in triggering a tender offer under the Takeover Regulations.

A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to receipt of valid ASBA Applications at or above the Issue Price, provided that if this portion or any part thereof to be Allocated and Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. For further details, please see "- ***Basis of Allocation*****".**

Affiliates or associates of the Book Running Lead Manager who are QIBs may participate in the Issue in compliance with applicable laws.

No person connected with the Issue shall offer any incentive, direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Applicant for making an ASBA Application.

Number of Allottees

The Equity Shares offered in the Issue will not be Allotted to less than 10 Allottees.

As provided in the SEBI Regulations, no single Allottee shall be Allotted more than 25% of the aggregate number of the Equity Shares to be Allotted in the Issue.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of the foregoing.

i. The expression 'belong to the same group' shall have the same meaning as 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act:

Section 372(11) of the Companies Act - "*For the purposes of this section, a body corporate shall be deemed to be in the same group as the investing company-*

(a) *if the body corporate is the managing agent of the investing company; or*

(b) *if the body corporate and the investing company should, in virtue of subsection (1B) of section 370, be deemed to be under the same management*."

Under Section 370(1B) of the Companies Act, two bodies corporate are deemed to be under the same management if any of the following conditions are satisfied:

(a) The managing agent, secretaries and treasurers, managing director or manager of one body corporate is the managing agent, secretary or treasurer, managing director or manager of the other body corporate or a partner in a firm acting as the managing agents or secretaries and treasurers of the other body corporate or a director of a private company acting as managing agent or secretaries and treasurers of the other body corporate;

(b) A majority of the directors of the one body corporate constitute or at any time within the immediately preceding six months have constituted a majority of the directors on the board of the other body corporate;

(c) Not less than one-third of the total voting power with respect to any matter relating to each of the two bodies corporate is exercised or controlled by the same individual or body corporate;

(d) The holding company of one body corporate is under the same management as the other body corporate within the meaning of (a), (b) or (c) above; and

(e) One of more directors of one body corporate hold, either by themselves or together with their relatives, the majority of the shares in the other body corporate.

ii. The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations:

Regulation 2(1)(e) of the Takeover Regulations – *"control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:*

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position."

Minimum Application Size

Each ASBA Application is required to be for such number of Equity Shares and at such price per Equity Share that the minimum Application exceeds ₹ 200,000.

Information for the Applicants

(a) Only ASBA mode of payment can be used by QIBs to participate in the Issue.

(b) Our Company, in consultation with the Book Running Lead Manager, will decide the Floor Price or the Price Band for the Issue, which shall be announced at least one day prior to the Issue Opening Date.

(c) Our Company will publish the Issue Opening Date and the Issue Closing Date in the Floor Price/ Price Band Announcement. The Issue Period shall be for a minimum of one Working Day and shall not exceed two Working Days.

(d) Our Company had filed the Red Herring Prospectus with the RoC at least three Working Days before the Issue Opening Date.

(e) Once a duly filled in ASBA Application is submitted by an Applicant, such ASBA Application constitutes an irrevocable offer and cannot be withdrawn. In addition, the price per Equity Share and/or the number of Equity Shares applied for in an ASBA Application cannot be revised downwards.

(f) Our Company shall open the Public Issue Account with the Public Issue Account Bank in terms of Section 73 of the Companies Act to receive monies on the Designated Date from the ASBA Accounts.

(g) Upon the receipt of the ASBA Applications, our Company, after the closure of the Issue, shall determine the Issue Price and the number of Equity Shares to be issued at the Issue Price, in consultation with the Book Running Lead Manager and in accordance with the Allotment Criteria. Upon finalisation of the Basis of Allocation in consultation with the Stock Exchanges, our Company will issue CANs to the successful Applicants. The dispatch of the CANs shall be deemed a valid, binding and irrevocable agreement on the part of the Applicant to subscribe to such number of Equity Shares as mentioned in their respective CANs at the Issue Price indicated in such CAN. The CAN shall contain details such as the number of Equity Shares Allocated to the Applicant and the Issue Price.

(h) Our Company shall ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the Stock Exchanges is within 12 Working Days of the Issue Closing Date.

(i) Our Company or the Book Running Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Applicants are advised to apprise themselves of the status of the receipt of the listing and trading approvals from the Stock Exchanges or our Company.

(j) Our Company will issue a statutory advertisement after the registration of this Prospectus with the RoC in terms of Regulation 66 of the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a regional newspaper in Bengaluru, each with wide circulation.

(k) In case of a Mutual Fund, a separate ASBA Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such ASBA Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple ASBA Applications, provided that the ASBA Applications clearly indicate the scheme concerned for which it has been made. No Mutual Fund scheme can invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. Further, no single Mutual Fund shall be Allocated and Allotted more than 25% of the aggregate number of the Equity Shares Allotted in the Issue.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company has, after registering the Red Herring Prospectus with the RoC, published a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a regional newspaper in Bengaluru, each with wide circulation.

ASBA Application and Revision Form

The ASBA Application and the Revision Form shall be in the form prescribed by SEBI pursuant to the circular dated September 27, 2011, to the extent applicable to the Issue.

By making an application for the Equity Shares offered in the Issue through an ASBA Application, an Applicant will be deemed to have made the representations, warranties and agreements made under "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***".

SCSBs would be entitled to a processing fee of ₹ 25 per valid ASBA Application collected by the Book Running Lead Manager in the Specified City and submitted to the SCSBs. No selling commission is payable in respect of ASBA Applications procured in the Issue.

Method and Process of Bidding

(a) ASBA Applications will be available with the SCSBs, the Book Running Lead Manager (only in the Specified City) and at the Registered Office of our Company. Electronic ASBA Applications will be available for download on the website of the Stock Exchanges and the Designated Branches of the SCSBs.

(b) Any eligible Applicant may obtain a copy of the Red Herring Prospectus and the ASBA Applications from the Registered Office of our Company.

(c) Applicants should approach the Designated Branches of the SCSBs or the Book Running Lead Manager (only in the Specified City) to submit their ASBA Applications.

(d) Applicants may submit their ASBA Applications, and / or the Revision Forms, during the Issue Period to (i) the Book Running Lead Manager in the Specified City; (ii) the Designated Branches of the SCSBs where the ASBA Account is maintained; or (iii) in electronic form to the SCSBs with whom the ASBA Account is maintained, in the event that such SCSB offers such a facility. For details, the Applicants should contact the SCSBs where the ASBA Account is maintained. The SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or through any secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

(e) ASBA Applications submitted directly to the SCSBs should bear the stamp of the SCSBs and the ASBA Application submitted to the Book Running Lead Manager in the Specified City should bear the stamp of the Book Running Lead Manager.

(f) For ASBA Applications submitted to the Book Running Lead Manager in the Specified City, the Book Running Lead Manager shall upload the details of the ASBA Application onto the electronic bidding system of the Stock Exchanges and deposit a schedule (containing certain information including the ASBA Application number and the Application Amount) along with the ASBA Application with the relevant branch of the SCSB, named by such SCSB to accept such ASBA Applications from the Book Running Lead Manager in such Specified City. The relevant branch of the SCSB shall block an amount equal to the Application Amount specified in the ASBA Application in the ASBA Account.

(g) The Applicant should mention its PAN allotted under the IT Act in the ASBA Application. Any ASBA Application without the PAN is liable to be rejected. Applicants should not submit the GIR number instead of the PAN as the ASBA Application is liable to be rejected on this ground.

(h) The Registrar to the Issue shall validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depository records and the complete reconciliation of the final certificates received from the SCSBs with the electronic details of the ASBA Applications.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the Book Running Lead Manager / SCSBs do not match with the DP ID, Client ID and PAN available in the database of Depositories, the ASBA Application is liable to be rejected.

(i) Each ASBA Application will give the Applicant the option to indicate up to three prices within the Price Band, and specify the demand (i.e., the number of Equity Shares applied for at each such price). The number of Equity Shares applied for by an Applicant within the Price Band, will be considered for Allocation and Allotment in accordance with the Basis of Allocation. The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application shall be blocked in the ASBA Account of such Applicant. After determination of the Issue Price, the maximum number of Equity Shares applied for by an Applicant at or above the Issue Price will be considered for Allocation and the rest of the options will become automatically invalid.

(j) The Applicant cannot submit another ASBA Application after one ASBA Application has been submitted to the SCSBs or the Book Running Lead Manager. Submission of a second ASBA Application to either the same or to another SCSBs or the Book Running Lead Manager will be treated as multiple ASBA Applications and is liable to be rejected either before entering the required details of the ASBA Application into the electronic bidding system, or at any point of time prior to the Allotment of the Equity Shares offered in the Issue. However, the Applicant can revise upwards the price per Equity Share or the number of Equity Shares applied for through the Revision Form, the procedure for which is detailed under the paragraph titled "- ***Revision of ASBA Applications***".

(k) Upon the receipt of an ASBA Application from the Applicant, in physical mode, the Designated Branches of the SCSBs shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading details of the ASBA Application on the electronic bidding system of the Stock Exchanges.

(l) If sufficient funds are not available in the ASBA Account, the Designated Branches of the SCSBs shall reject such ASBA Application and shall not upload the details of the ASBA Application on the electronic bidding system of the Stock Exchanges.

(m) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application and will enter the details of the ASBA Application into the electronic bidding system and generate a TRS for each price and demand option. It is the Applicant's responsibility to obtain the TRS from the Book Running Lead Manager or the Designated Branches of the SCSBs. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(n) SCSBs making ASBA Applications on their own account using the ASBA facility are required to have a separate account in their own name with any other SEBI registered SCSB. Such account should be used solely for the purpose of making applications in public issues and clear demarcated funds should be available in such account for ASBA Applications.

(o) The Application Amount shall remain blocked in the ASBA Account until the finalisation of the Basis of Allocation, the dispatch of the CAN and consequent transfer of the Application Amount for the Allotted Equity Shares to the Public Issue Account from the ASBA Accounts, or alternatively, until the withdrawal of the Issue or the rejection of the ASBA Application, as the case may be. Once the Basis of Allocation is finalised and the CAN is dispatched, the Registrar to the Issue shall send an appropriate request to the SCSBs to unblock the relevant ASBA Accounts and to transfer the amount due on the Equity Shares to be Allotted to the successful Applicants to the Public Issue Account on the Designated Date.

(p) In case our Company withdraws or cancels the Issue, the Registrar to the Issue shall give instructions to the SCSBs to unblock the Application Amounts in the relevant ASBA Accounts of the Applicants within one day of receipt of such instruction. Our Company shall also inform the Stock Exchanges of such cancellation or withdrawal.

Electronic Registration of ASBA Applications

(a) The Stock Exchanges will offer an electronic facility for registering details under the ASBA Applications for the Issue. This facility will be available with the Book Running Lead Manager and their authorised agents and the SCSBs during the Issue Period. The Book Running Lead Manager and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of details under the ASBA Applications, subject to the condition that they will subsequently upload the off-line data file into the electronic facilities offered by the Stock Exchanges. The Book Running Lead Manager and the SCSBs will register the ASBA Applications received, using the electronic bidding system of the Stock Exchanges. On the Issue Closing Date, the of the Book Running Lead Manager and the Designated Branches of the SCSBs shall upload the details under the ASBA Applications on the electronic bidding system of the Stock Exchanges till such time as may be permitted by the Stock Exchanges.

(b) With respect to details under the ASBA Applications submitted to the Book Running Lead Manager at the Specified City, the Book Running Lead Manager shall enter the following details in the electronic bidding system of the Stock Exchanges:

- ASBA Application number;
- PAN;
- DP ID and Client ID number of the beneficiary account of the Applicant;

- Application Amount;
- ASBA Account number (not compulsory);
- Category of the Applicant;
- Numbers of Equity Shares applied for;
- Price per Equity Share;
- Bank code for the SCSB where the ASBA Account is maintained; and
- Name of the Specified City.

(c) With respect to details under the ASBA Applications submitted to the SCSBs, the SCSBs shall enter the following details in the electronic bidding system of the Stock Exchanges:

- ASBA Application number;
- PAN;
- DP ID and Client ID number of the beneficiary account of the Applicant;
- Application Amount;
- ASBA Account number;
- Category of the Applicant;
- Numbers of Equity Shares applied for; and
- Price per Equity Share.

(d) A TRS will be generated when the ASBA Application is registered for each price and demand option. The registration of the ASBA Application by the Book Running Lead Manager or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be Allocated/Allotted either by the Book Running Lead Manager or our Company.

(e) The Book Running Lead Manager and the SCSBs may undertake modification of selected fields in the details under the ASBA Application already uploaded within one Working Day from the Issue Closing Date.

(f) Neither our Company nor the Registrar to the Issue shall be responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the ASBA Applications accepted by the Book Running Lead Manager or the SCSBs, (ii) the details under the ASBA Applications uploaded by the Book Running Lead Manager or the SCSBs, or (iii) the ASBA Applications accepted but not uploaded by the Book Running Lead Manager or the SCSBs.

(g) The SCSBs shall be responsible for any acts, mistakes, errors or omissions and commissions in relation to (i) the ASBA Applications accepted by them, (ii) the details under the ASBA Applications uploaded by them, (iii) the ASBA Applications accepted but details not uploaded by them, and (iv) the ASBA Applications accepted and details uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for ASBA Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account, and that clear demarcated funds are available in the blocked ASBA Account, and can be transferred to the Public Issue Account on the Designated Date.

(h) The permission given by the Stock Exchanges to use its network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Book Running Lead Manager or the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares offered in the Issue will be listed or will continue to be listed on the Stock Exchanges.

(i) The aggregate demand in relation to ASBA Applications registered shall be displayed by Stock Exchanges without disclosing the price.

(j) Only those ASBA Applications details of which are uploaded on the electronic bidding system of the Stock Exchanges shall be considered for the Allocation and Allotment. The Book Running Lead Manager and the SCSBs will be given up to one Working Day after the Issue Closing Date to verify the DP ID and Client ID uploaded on the electronic bidding system of the Stock Exchanges during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchanges and will reconcile and validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depositories records. In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such ASBA Applications are liable to be rejected.

(k) The details of the ASBA Applications uploaded on the electronic bidding system of the Stock Exchanges shall be considered as final and Allocation and Allotment will be based on such details.

Revision of ASBA Applications

(a) During the Issue Period, any Applicant who has submitted an ASBA Application may revise upwards the number of Equity Shares applied for and/or the price per Equity Shares within the Price Band, using the printed Revision Form, which is a part of the ASBA Application. **An ASBA Application cannot be withdrawn and the price per Equity Share and/or the number of Equity Shares applied for cannot be revised downwards**.

(b) Upward revisions can be made in both the desired number of Equity Shares and the price per Equity Share by using the Revision Form.

(c) The Applicant can make this upward revision any number of times during the Issue Period. However, for any revision(s) in the ASBA Application, the Applicants will have to use the services of the Book Running Lead Manager or the SCSB through whom such Applicant had placed the original ASBA Application. Applicants are advised to retain copies of the blank Revision Form and any revision in the ASBA Application must be made only in such Revision Form or copies thereof.

(d) Apart from mentioning the revised options in the Revision Form, the Applicant must also mention the details of all the options in his or her ASBA Application or earlier Revision Form. For example, if an Applicant has applied for three options in the ASBA Application and such Applicant is changing only one of the options in the Revision Form, the Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Book Running Lead Manager and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

(e) In case of revision of the number of Equity Shares and/or the price per Equity Share, the relevant SCSB shall block the additional Application Amount in the ASBA Account of such Applicant. The Registrar to the Issue will reconcile the ASBA Application data and consider the revised ASBA Application data for preparing the Basis of Allocation.

(f) When an Applicant revises its ASBA Application, it should surrender the earlier TRS and request for a revised TRS from the Book Running Lead Manager or the SCSB as proof of it having revised the previous ASBA Application.

Allocation

(a) Allocation to FIIs and FVCIs, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(b) A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to valid ASBA Applications being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs.

(c) The Equity Shares will be Allotted to at least 10 Allottees under the Issue. As provided in the SEBI Regulations, no single Allottee shall be Allotted more than 25% of the aggregate number of the Equity Shares Allotted in the Issue. See "- ***Number of Allottees***".

Price Discovery

(a) Based on the demand for the Equity Shares offered in the Issue generated at various price levels, our Company, in consultation with the Book Running Lead Manager, shall finalise the Issue Price.

(b) The Issue Price shall be the price within the Price Band. The Equity Shares offered in the Issue shall be Allocated and Allotted at the Issue Price.

RoC Filing

Our Company has delivered a copy of the updated Red Herring Prospectus for registration to the RoC in accordance with the applicable law, which has been termed as the 'Prospectus'. The Prospectus contains details of the Issue and is complete in all material respects.

Allotment Criteria

The Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants as per the proportionate method.

Basis of Allocation

- ASBA Applications received at or above the Issue Price shall be grouped together to determine the total demand for the Equity Shares offered in the Issue. The Allocation and Allotment to all successful Applicants will be made at the Issue Price finalised by our Company, in consultation with the Book Running Lead Manager.

- The Allocation shall be undertaken in the following manner:

  (a) In the first instance, Allocation shall be made to Mutual Funds and Insurance Companies for a minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue as follows:

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then subject to valid ASBA Applications received at or above the Issue Price, Allocation to Mutual Funds and Insurance Companies shall be made on a proportionate basis at the Issue Price for up to 25% of the aggregate number of Equity Shares to be Allotted in the Issue. For the method of proportionate Basis of Allocation, see "***– Proportionate Method***" below.

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies is equal to or less than 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then all Mutual Funds and Insurance Companies shall get full Allocation at the Issue Price to the extent of valid ASBA Applications received at or above the Issue Price.

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then the additional demand from Mutual Funds and Insurance Companies after Allocation of 25% of the aggregate number of Equity Shares to be Allotted in the Issue, shall be aggregated with the demand from other QIBs applying in the Issue.

    - In the event subscription from Mutual Funds and Insurance Companies is below 25%

of the aggregate number of Equity Shares to be Allotted in the Issue and if any Equity Shares offered in the Issue that are available for the Allocation in the Mutual Funds and Insurance Company category remain unsubscribed, such Equity Shares shall be available for Allocation to other QIBs as set out in paragraph (b) below.

(b) In the second instance, Allocation to the remaining Applicants shall be determined as follows:

- All Applicants who have submitted valid ASBA Applications at or above the Issue Price shall be Allocated Equity Shares offered in the Issue at the Issue Price on a proportionate basis, until the Equity Shares offered in the Issue representing up to 75% of the Issue Size or such number of Equity Shares offered in the Issue as may remain after Allocation to Mutual Funds and Insurance Companies are exhausted. For the method of proportionate Basis of Allocation, see "***– Proportionate Method***" below.

- Mutual Funds and Insurance Companies, who have received Allocation as per paragraph (a) above, for less than the number of Equity Shares applied for by them, are eligible to receive Equity Shares on a proportionate basis along with the other QIBs. For the purpose of Allocation to Mutual Funds and Insurance Companies in this category, quantity of Equity Shares applied for in the Issue less the Equity Shares Allocated as per (a) above shall be considered for Allocation.

- In the event subscription from Mutual Funds and Insurance Companies pursuant to paragraph (a) above is below 25% of the aggregate number of Equity Shares to be Allotted in the Issue, such portion which remains unsubscribed would be included for Allocation along with the other QIBs on a proportionate basis.

Proportionate Method

The Allocation and Allotment shall be made on a proportionate basis as explained below:

(a) The number of Equity Shares applied for in the Issue at or above the Issue Price shall first be aggregated.

(b) The number of Equity Shares to be Allocated to the successful Applicants will be calculated on a proportionate basis, which is total number of Equity Shares applied for by each Applicant (subject to the maximum limit of 25% of the aggregate number of Equity Shares to be Allotted) multiplied by the inverse of the over-subscription ratio, where over-subscription ratio means the ratio of the total number of Equity Shares applied for in the Issue and the remaining number of Equity Shares offered in the Issue that are available for Allocation.

(c) If the determination of proportionate Allocation to an Applicant is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allocation and Allotment to all Applicants would be arrived at after such rounding off.

THE DECISION OF OUR COMPANY AND THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION AND ALLOTMENT SHALL BE BINDING ON ALL APPLICANTS.

Issuance of the CAN

(a) Upon approval of the Basis of Allocation by the Stock Exchanges and the dispatch of the CAN, the Registrar to the Issue shall send to the Book Running Lead Manager a list of the Applicants who have been Allocated Equity Shares in the Issue.

(b) Our Company will then issue CANs to the Applicants who have been Allocated Equity Shares in the Issue.

(c) The dispatch of CANs shall be deemed a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price.

(d) On the basis of the approved Basis of Allocation, our Company shall pass necessary corporate action for Allotment of Equity Shares in the Issue.

Advertisement under Regulation 66 of the SEBI Regulations

Our Company will issue a statutory advertisement after the delivery of this Prospectus with the RoC for registration, in terms of Regulation 66 of the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a regional newspaper in Bengaluru, each with wide circulation. Any material updates between the date of the Red Herring Prospectus and the date of the Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares offered in the Issue

(a) Our Company will ensure that (i) the Allotment of Equity Shares offered in the Issue; and (ii) credit to the successful Applicant's depository account will be completed within 12 Working Days of the Issue Closing Date.

(b) In accordance with the SEBI Regulations, Equity Shares offered in the Issue will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted in the Issue as per the provisions of the Companies Act and the Depositories Act.

(d) The Equity Shares will be Allotted to at least 10 Allottees under the Issue. As provided in the SEBI Regulations, no single Allottee shall be Allotted more than 25% of the aggregate number of the Equity Shares Allotted in the Issue. See "***- Number of Allottees***".

Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

GENERAL INSTRUCTIONS

(a) Check if you are eligible to apply;

(b) Ensure that the price per Equity Share you have included in the ASBA Applications is a price per Equity Share within the Price Band;

(c) Do not apply for or revise the prices indicated in the ASBA Application to a price higher than the Cap Price, if applicable;

(d) Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares in the Issue will be in the dematerialised form only;

(e) Ensure that the ASBA Applications are submitted either to the Book Running Lead Manager (only in the Specified City) or at a Designated Branch of the SCSB where the Applicant or the person whose ASBA Account will be utilised by the Applicant for bidding has an ASBA Account;

(f) If you are an SCSB and are making an ASBA Application on your own account, ensure that the ASBA Application is made through an ASBA Account in your own name held with any other SCSB and that such ASBA Account is used solely for the purposes of applying in public issues and clear demarcated funds are available for blocking in such ASBA Account;

(g) Ensure that the ASBA Application is signed by the ASBA Account holder(s) or an authorised signatory on behalf of the ASBA Account holder, in case the Applicant is not the ASBA Account holder in accordance with the instructions contained in the ASBA Application. Ensure that you have mentioned the correct ASBA Account number in the ASBA Application;

(h) Ensure that the ASBA Application is completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Application or in the Revision Form. Applicants should note that the Book Running Lead Manager and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible ASBA Applications or Revision Forms;

(i) Ensure that you request for and receive a TRS for each of the options applied for in the ASBA Application;

(j) Ensure that you have funds equal at least to the Application Amount in your ASBA Account maintained with the SCSB before submitting the ASBA Application to the respective Designated Branch of the SCSB or the Book Running Lead Manager in the Specified City;

(k) Submit revised ASBA Applications to the same member of the Book Running Lead Manager/SCSB through whom the original ASBA Application was placed and obtain a revised TRS;

(l) Ensure that the Demographic Details (as defined hereinafter) are updated, true and correct in all respects;

(m) Ensure that the name given in the ASBA Application is exactly the same as the name in which the beneficiary account is held with the Depository Participant;

(n) Ensure that the DP ID, the Client ID and the PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the Book Running Lead Manager match with the DP ID, Client ID and PAN available in the Depository database;

(o) Ensure that you use the ASBA Application bearing the stamp of the relevant SCSB and/or the Designated Branch of the SCSB and/or the Book Running Lead Manager (except in case of electronic ASBA Applications);

(p) Applicants bidding through the Book Running Lead Manager should ensure that the ASBA Application is submitted to the Book Running Lead Manager only in the Specified City and that the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has named at least one branch in the Specified City for the Book Running Lead Manager to deposit the ASBA Applications;

(q) Ensure that in case of ASBA Applications made under power of attorney, relevant documents are submitted;

(r) Ensure that ASBA Applications submitted by QIBs resident outside India should be in compliance with applicable foreign and Indian laws;

(s) Ensure that the ASBA Application is signed by the account holder(s) or an authorised signatory on behalf of the account holder, in case the Applicant is not the account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Application;

(t) Ensure that you have correctly signed the authorisation/undertaking box in the ASBA Application, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the ASBA Application;

(u) ASBA Applications made on a repatriation basis shall be in the name of FIIs or FVCIs;

(v) Do not fill up the ASBA Application such that the number of Equity Shares applied for exceeds the investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and

(w) Information provided by the Applicants will be uploaded on the electronic bidding system of the Stock Exchanges by the Book Running Lead Manager and the SCSBs, as the case may be, and the electronic data will be used to make Allocation and Allotment. Please ensure that the details are correct and legible.

Applicant's PAN, Depository Account and ASBA Account Details

Applicants should note that on the basis of PAN of the Applicants, DP ID and Client ID entered into the electronic bidding system of the Stock Exchanges by the Book Running Lead Manager or SCSBs, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants' ASBA Account details, and PAN registered with the Depository (the "Demographic Details"). These Demographic Details would be used for processing, including identifying ASBA Applications to be rejected on technical grounds and unblocking of ASBA Account. Hence, Applicants are advised to

immediately update their Demographic Details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in unblocking of the ASBA Account at the Applicants sole risk and none of the Book Running Lead Manager, the Registrar to the Issue, the SCSBs or our Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the ASBA Application.

The Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs. The Demographic Details given by Applicants in the ASBA Application would not be used for any other purpose by the Registrar to the Issue.

By signing the ASBA Application, the Applicant would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

The CAN will be mailed at the address of the Applicant as per the Demographic Details received from the Depositories or the email address provided by the Applicant in the ASBA Application. Applicants may note that delivery of the CAN may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Please note that any such delay shall be at such Applicant's sole risk and none of our Company, Book Running Lead Manager or the Registrar to the Issue shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the parameters, namely, PAN of the Applicant, the DP ID and Client ID, then such ASBA Application is liable to be rejected.

ASBA Applications made under Power of Attorney

In case of ASBA Applications made pursuant to a power of attorney or by FIIs, Mutual Funds, VCFs, FVCIs, AIFs, Insurance Companies and provident funds with a minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the ASBA Application.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to ASBA Applications by FIIs, Mutual Funds, VCFs, FVCI's and AIFs a certified copy of their SEBI registration certificate must be lodged along with the ASBA Application.

(b) With respect to ASBA Applications by Insurance Companies, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the ASBA Application.

(c) With respect to ASBA Applications made by provident funds with a minimum corpus of ₹ 250 million and pension funds (subject to applicable law and in accordance with their constitutional documents) with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the ASBA Application.

PAYMENT INSTRUCTIONS

Payment mechanism for Applicants

The Applicants shall specify the ASBA Account number in the ASBA Application. The SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the ASBA Application and each Applicant or the ASBA Account holder shall be deemed to have agreed to block such amount. In case of upward revision of the number of Equity Shares applied for or the price per Equity Share, the SCSB shall block additional Application Amount in the ASBA Account of such Applicant and the Applicants or the account holder shall be deemed to have agreed to block such amount.

The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allocation in the Issue, dispatch of the CAN and consequent transfer of the Application Amount to the Public Issue Account, until rejection of the ASBA Applications or until withdrawal of the Issue, as the case may be. In the event of rejection of the ASBA Application or for unsuccessful or partially successful ASBA Applications, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account and the same shall be acted upon by the SCSB concerned within one Working Day of receipt of such instruction.

OTHER INSTRUCTIONS

Multiple Applications

An Applicant should submit only one (and not more than one) ASBA Application.

In case of a Mutual Fund, a separate ASBA Application may be made in respect of each scheme of the Mutual Fund and such ASBA Applications in respect of over one scheme of the Mutual Fund will not be treated as multiple ASBA Applications provided that the ASBA Applications clearly indicate the scheme concerned for which the ASBA Application has been made.

After submitting an ASBA Application, an Applicant cannot submit another ASBA Application, to either the same or another Designated Branch of the SCSB or the Book Running Lead Manager. Submission of a second ASBA Applications in such manner will be deemed a multiple ASBA Application and is liable to be rejected. However, the Applicants may revise their ASBA Application through the Revision Form, the procedure for which is described in "***Revision of ASBA Applications***".

Copies of ASBA Applications with the same PAN details shall be treated as multiple ASBA Applications and are liable to be rejected.

Our Company, in consultation with the Book Running Lead Manager, reserves the right to reject, in its absolute discretion, all or all except one of such multiple ASBA Application(s) in any or all categories.

1. All ASBA Applications will be checked for common PAN as per the records of Depository. For Applicants other than Mutual Funds and FII sub-accounts, ASBA Applications bearing the same PAN will be treated as multiple ASBA Applications and will be rejected.

2. For ASBA Applications from Mutual Funds and FII sub-accounts which were submitted under the same PAN, the ASBA Applications will be scrutinised for DP ID and Client ID. In case applications bear the same DP ID and Client ID, these will be treated as multiple applications.

The Registrar to the Issue will obtain, from the depositories, details of the Applicant's address based on the DP ID and Client ID provided in the ASBA Applications.

REJECTION OF ASBA APPLICATIONS

Our Company has a right to reject the ASBA Applications based on technical grounds. The Designated Branches of the SCSBs shall have the right to reject ASBA Applications if at the time of blocking the Application Amount in the Applicant's ASBA Account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Applicant's ASBA Account maintained with the SCSB.

Grounds for Technical Rejections

Applicants are advised to note that ASBA Applications are liable to be rejected *inter alia* on the following technical grounds and for any other reasons after assigning reason for such rejection in writing:

(a) ASBA Applications other than by QIBs.

(b) Incomplete ASBA Application. For instance, ASBA Application not having details of the ASBA Account to be blocked or not containing the authorisations for blocking the Application Amount in the ASBA Account specified in the ASBA Application;

(c) The amount mentioned in ASBA Application does not tally with the amount payable for the value of the Equity Shares applied for;

(d) PAN not mentioned in the ASBA Application;

(e) ASBA Applications not having details of the Applicant's Depository account;

(f) ASBA Applications made at a price per Equity Share within the Price Band;

(g) ASBA Application by Applicants whose demat account have been "suspended for credit" pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(h) Multiple ASBA Applications as explained in the Red Herring Prospectus. See "- ***Other Instructions – Multiple ASBA Applications***";

(i) ASBA Applications are not delivered by the Applicants within the time prescribed as per the ASBA Applications, the Floor Price / Price Band Announcement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the ASBA Applications;

(j) In case no matching or corresponding record is available with the Depositories that matches the DP ID and the Client ID;

(k) Inadequate funds in the ASBA Account to block the Application Amount specified in the ASBA Application at the time of blocking such Application Amount in the ASBA Account;

(l) ASBA Application submitted by Applicants to the Book Running Lead Manager at locations other than the Specified City;

(m) ASBA Applications, details of which are not uploaded on the electronic bidding system of the Stock Exchanges;

(n) ASBA Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(o) ASBA Applications by SCSBs in their own name, which are not made through separate ASBA Accounts maintained in the name of such SCSB Applicants with a different SCSB.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

The Allotment of Equity Shares in the Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

Applicants can seek Allotment only in dematerialised mode. ASBA Applications from any Applicant without relevant details of its depository account are liable to be rejected.

(a) An Applicant applying for Equity Shares in the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the ASBA Application.

(b) Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant as provided in the ASBA Application.

(c) Names in the ASBA Application or Revision Form should be identical to those appearing in the account details in the Depository.

(d) The Applicant is responsible for the correctness of its Demographic Details given in the ASBA Application vis-à-vis those with its Depository Participant.

(e) The trading of the Equity Shares issued pursuant to the Issue of our Company would be in dematerialised form only for all Applicants in the demat segment of the Stock Exchanges.

(f) Non transferable CAN will be directly sent to the Applicants.

Our Company or the Book Running Lead Manager will not be responsible or liable for the delay in the credit of the Equity Shares Allotted in the Issue due to errors in the ASBA Application or otherwise on part of the Applicants.

Communications

All future communications in connection with ASBA Applications made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the Applicant, ASBA Application number, the Applicants' Depository Account details, number of Equity Shares applied for, date of the ASBA Application, name and address of the Book Running Lead Manager or the Designated Branch of the SCSBs where the ASBA Application was submitted and ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants can contact the Registrar to the Issue in case of any pre-Issue or post- Issue related problems such as non-receipt of the CAN, credit of Allotted Equity Shares in the respective beneficiary accounts etc. In case of ASBA Applications submitted with the Designated Branches of the SCSBs, Applicants can contact the Designated Branches of the SCSBs.

UNBLOCKING THE FUNDS

The Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date and the same shall be acted upon by the SCSBs within one Working Day of receipt of such instruction.

DISPOSAL OF ASBA APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

Our Company shall take all steps to ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the Stock Exchanges is within 12 Working Days of the Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges, the SEBI Regulations and other applicable laws, our Company further undertakes that:

(a) Allotment of Equity Shares in the Issue shall be made only in dematerialised form within 12 Working Days of the Issue Closing Date;

(b) Instructions for unblocking of the Applicant's ASBA Account shall be made within 12 Working Days from the Issue Closing Date; and

(c) Our Company shall pay interest at 15% per annum for any delay, if Allotment is not made, funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications are not unblocked and/or demat credits are not made to investors within the 12 Working Days.

IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"*Any person who:*

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

***shall be punishable with imprisonment for a term which may extend to five years.*"**

Issue Programme

ISSUE OPENED ON	April 3, 2013
ISSUE CLOSED ON	April 3, 2013

Details of the Issue programme were disclosed in the Floor Price/ Price Band Announcement one day prior to the Issue Opening Date.

ASBA Applications and any revision in the ASBA Applications shall be accepted and uploaded only between 10 a.m. (Indian Standard Time, "**IST**") and 5 p.m. IST during the Issue Period as mentioned above by the Book Running Lead Manager at the Syndicate ASBA Bidding Centres and the Designated Branches of SCSBs as mentioned on the ASBA Application.

Withdrawal of the Issue

Our Company reserves the right to withdraw the Issue at any stage prior to Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published. The Registrar to the Issue, shall issue instructions to the SCSBs to unblock the ASBA Accounts of the Applicants within one day of receipt of such instructions. Our Company shall also inform the Stock Exchanges of such withdrawal.

PLACEMENT

Issue and Placement Agreement

The Book Running Lead Manager has entered into the Issue and Placement Agreement with the Company, pursuant to which the Book Running Lead Manager has agreed to manage the Issue and use reasonable efforts to procure subscription for Equity Shares to be placed with the QIBs, pursuant to Chapter VIII-A of the SEBI Regulations.

The Issue and Placement Agreement contains customary representations and warranties, as well as indemnities from the Company and is subject to termination in accordance with the terms contained therein.

The Company has received in-principle approvals from the Stock Exchanges under Clause 24(a) of the Equity Listing Agreement to list the Equity Shares being offered in the Issue on the Stock Exchanges. After Allotment of the Equity Shares, applications shall be made to list the Equity Shares and admit them to trading on the Stock Exchanges. The Issue is subject to obtaining (i) the final approval of the RoC after this Prospectus is delivered to the RoC for registration; and (ii) final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after the Allotment.

In connection with the Issue, the Book Running Lead Manager (or its affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and issuance of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes. See "***Offshore Derivative Instruments***".

From time to time, the Book Running Lead Manager and certain of its affiliates have provided and continue to provide commercial and investment banking services, particularly acting as an underwriter or lead manager, to us or our affiliates for which they have received and may in the future receive compensation.

Lock-up

Our Company will not, without the prior written consent of the Book Running Lead Manager, from the date of the Issue and Placement Agreement and for a period of up to 90 days from the date of Allotment, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, provided however that the foregoing restrictions shall not be applicable to the Allotment pursuant to the terms of the Red Herring Prospectus and this Prospectus.

The Promoter shall not, without the prior written consent of the Book Running Lead Manager, during the period commencing on the date of the Issue and Placement Agreement and ending 90 days after the date of Allotment (the "**Lock-up Period**"), directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise.

The foregoing paragraph shall not apply to (a) any inter-se transfer of Equity Shares between us and any of The Timken Company and its direct and indirect subsidiaries (collectively the "**Permitted Timken Transferees**"), provided that the lock up shall continue for the remaining period with the relevant Permitted Timken Transferee and such Permitted Timken Transferee shall not be eligible to transfer such Equity Shares till the Lock-up Period set out herein has expired; (b) bona fide pledge of lock-up Equity Shares, as collateral for loans as per the normal commercial terms entered into, in the ordinary course of business of our Company, where any arrangement for any such encumbrance as collateral is undertaken with the prior written approval of the Book Running Lead Manager and (c) any sale, transfer or disposition of such Equity Shares by the undersigned only to the extent such sale, transfer or disposition is required by applicable Indian law, including compliance with minimum public shareholding requirements applicable to our Company.

Inter-se Allocation of Responsibilities of the Book Running Lead Manager

Since JM Financial Institutional Securities Private Limited is sole Book Running Lead Manager, it shall be responsible for all Issue-related activities.

SELLING RESTRICTIONS

The distribution of this Prospectus or any material related to the Issue and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Prospectus or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Prospectus may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Prospectus or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

General

No action has been taken or will be taken by the Company or the Book Running Lead Manager that would permit a public offering of the Equity Shares to occur in any jurisdiction except India, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of this Prospectus, any offering materials and any advertisements in connection with the offering of the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI Regulations. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described in "***Notice to Investors***", "***Representations by Investors***" and "***Transfer Restrictions***".

India. This Prospectus does not constitute an offer or an invitation or solicitation of an offer to any person or class of investors other than QIBs, in terms of applicable Indian laws and regulations.

Australia. This Prospectus is not a disclosure document under Chapter 6D of the Corporations Act 2001 (the "**Australian Corporations Act**"), has not been lodged with the Australian Securities & Investments Commission and does not purport to include the information required of a disclosure document under the Australian Corporations Act. (i) The offer of Equity Shares under this Prospectus is only made to persons to whom it is lawful to offer Equity Shares without disclosure to investors under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in Section 708 of the Australian Corporations Act; (ii) this Prospectus is made available in Australia to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (ii) above and agrees not to sell or offer for sale within Australia any Equity Share sold to the offeree within 12 months after their transfer to the offeree under this Prospectus.

Bahrain. All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Prospectus has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Prospectus will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved this Prospectus or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

Cayman Islands. No offer or invitation to purchase Equity Shares may be made to the public in the Cayman Islands.

European Economic Area (including Liechtenstein, Iceland and Norway). In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), an offer may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant

Member State (the "**Relevant Implementation Date**"), make an offer of Equity Shares to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than €50,000,000, as show in its last annual consolidated accounts;

- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Global Coordinators and the Book Running Lead Managers for any such offer; or

- in any other circumstances which do not require the publication of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

provided that no such offer of Equity Shares shall result in a requirement for the publication by our Company or the Book Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means, of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Hong Kong. No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal agent; or to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32) of Hong Kong. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to the Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan. The offering of the Equity Shares has not been and will not be registered under the Financial Instruments and Exchange Law of Japan, as amended (the "**Financial Instruments and Exchange Law**"). No Equity Shares have been offered or sold, and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and otherwise in compliance with the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial ordinances of Japan.

Korea. The Equity Shares have not been registered under the Korean Securities and Exchange Law, and the Equity Shares acquired in connection with the distribution contemplated hereby may not be offered or sold, directly or indirectly, in Korea or to or for the account of any resident thereof, except as otherwise permitted by applicable Korean laws and regulations, including, without limitation, the Korean Securities and Exchange Law and the Foreign Exchange Transaction Laws.

Kuwait. The Equity Shares have not been authorized or licensed for offering, marketing or sale in the State of Kuwait. The distribution of this Prospectus and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia. No approval of the Securities Commission of Malaysia has been or will be obtained in connection with the offer and sale of the Equity Shares in Malaysia nor will any prospectus or other offering material or document in connection with the offer and sale of the Equity Shares be registered with the Securities Commission of Malaysia. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia.

Mauritius. The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Prospectus nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Prospectus does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand. This Prospectus is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Prospectus is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Prospectus, each investor represents and warrants that if they receive this Prospectus in New Zealand they are a Habitual Investor and they will not disclose this Prospectus to any person who is not also a Habitual Investor.

Oman. This Prospectus and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in this Prospectus will not take place inside Oman. This Prospectus is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar. The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the state of Qatar in a manner that would constitute a public offering. This Prospectus has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Prospectus is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than recipient thereof.

Saudi Arabia. This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Prospectus, you should consult an authorized financial adviser.

Singapore. The Book Running Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Book Running Lead Manager has represented and agreed that it has not offered or sold any Equity Shares issued pursuant to the Issue or caused such Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell such Equity Shares issued pursuant to the Issue or cause such Equity Shares to be made the subject of an invitation for subscription or purchase, and have not circulated or distributed, nor will they circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Equity Shares issued pursuant to the Issue, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 by a relevant person which is:

(a) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation to the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except:

i. to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

ii. where no consideration is or will be given for the transfer;

iii. where the transfer is by operation of law; or

iv. as specified in Section 276(7) of the SFA.

Switzerland. This Prospectus does not constitute an issue prospectus pursuant to Art. 652a of the Swiss Code of Obligations. The Equity Shares will not be listed on the SWX Swiss Exchange, and therefore, this Prospectus does not comply with the disclosure standards of the Listing Rules of the SWX Swiss Exchange. Accordingly, the Equity Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors, which do not subscribe the Shares with a view to distribution to the public. The investors will be individually approached by the Book Running Lead Manager. This Prospectus is personal to each offeree and does not constitute an offer to any other person. This Prospectus may only be used by those persons to whom it has been handed out in connection with the offer described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of the Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

United Arab Emirates. This Prospectus is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (the "**UAE**"). The Equity Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange. The Issue, the Equity Shares and interests therein do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise. This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Equity Shares may not be offered or sold directly or indirectly to the public in the UAE.

By receiving this Prospectus, the person or entity to whom the Prospectus has been issued understands, acknowledges and agrees that the Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the Dubai International Financial Centre other than in compliance with laws applicable in the Dubai International Financial Centre, governing the issue, offering or sale of securities. The Dubai Financial Services Authority has not approved this Prospectus nor taken steps to verify the information set out in it, and has no responsibility for it.

United Kingdom. The Book Running Lead Manager has represented and agreed that it:

i. is a person who is a qualified investor within the meaning of Section 86(7) of the Financial Services and Markets Act 2000 (the "**FSMA**"), being an investor whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business;

ii. has not offered or sold and will not offer or sell the Equity Shares other than to persons who are qualified investors within the meaning of Section 86(7) of the FSMA or who it reasonably expects will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Equity Shares would otherwise constitute a contravention of Section 19 of the FSMA by us;

iii. has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to it; and

iv. has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

United States of America. The Equity Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S. The Equity Shares have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered in, sold in the United States. Terms used in this paragraph have the meaning given to them by Regulation S. Each purchaser of the Equity Shares will be deemed to have made the representations, agreements and acknowledgments as described under the section titled "***Transfer Restrictions***".

TRANSFER RESTRICTIONS

The Equity Shares being Allotted shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. In addition to the above, allotments made to QIBs, including FVCIs, VCFs and AIFs in the Issue, may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. Accordingly, purchasers are advised to consult their own legal counsel prior to making any offer, re-sale, pledge or transfer of the Equity Shares.

Subject to the foregoing, by accepting this Prospectus and purchasing any Equity Shares under the Issue, you are deemed to have represented, warranted, acknowledged and agreed with our Company and the Book Running Lead Manager as follows:

- you are purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S and you agree that you will not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;

- you are authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that such Equity Shares have not been and will not be registered under the U.S. Securities Act;

- you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S); and

- our Company and the Book Running Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the Book Running Lead Manager on your own behalf and on behalf of our Company, and (b) to our Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify our Company.

Any resale or other transfer or attempted resale or other transfer, made other than in compliance with the above stated restrictions will not be recognized by our Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI, the BSE and the NSE, and has not been prepared or independently verified by our Company, the Book Running Lead Manager or any of their respective affiliates or advisors.

India has a long history of organised securities trading. In 1875, the first Indian stock exchange was established in Mumbai.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Stock Exchange Division, under the SCRA and the SCRR. On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. Further, various rules, bye-laws and regulations of Indian stock exchanges also regulate the recognition of the stock exchanges and provide for the qualifications for membership thereof and the manner in which contracts are entered into, settled and enforced between members.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and other intermediaries, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authorities.

Most of the stock exchanges have their own governing board for self regulation. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the equity listing agreements of the respective stock exchanges. The governing body of each recognised stock exchange is empowered to suspend or withdraw admission to dealings in a listed security for breach of or non compliance with any conditions under such equity listing agreement or for any other reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend such equity listing agreements and the bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the "**Delisting Regulations**") in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25% and have been given a period of three years to comply with such requirement.

Pursuant to a notification dated January 30, 2012 and circulars dated February 1, 2012 and August 29, 2012, SEBI has introduced new mechanisms for listed Indian companies and their controlling shareholders to meet minimum public shareholding requirements, i.e., (i) the institutional placement programme; (ii) an offer for sale (secondary offering) by the promoters and promoter group through the relevant stock exchange; (iii) rights issue to public shareholders, with promoters and members of the promoter group foregoing their rights entitlement, and (iv) bonus issues to public shareholders, with promoters and members of the promoter group foregoing their bonus entitlement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. It was the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchange of India.

As of January 31, 2013, the BSE had 1,391 members, comprising 209 individual members, 1,152 Indian companies and 30 FIIs. Only a member of the BSE has the right to trade in the stocks listed on the BSE. As of January 31, 2013 there were 5,195 listed companies trading on the BSE (excluding permitted companies). The estimated market capitalisation of stocks trading on the BSE was ₹ 70,246 billion as on January 31, 2013. In January 2013, the average daily equity turnover on the BSE was ₹ 24.6 billion. As of January 31, 2013, the BSE had 15,738 trader work stations spread over 238 cities.

NSE

The NSE was established by financial institutions and banks to provide nationwide on-line satellite-linked screen-based trading facilities with electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchange of India. The NSE was recognised as a stock exchange in April 1993 and commenced operations in the wholesale debt market segment in June 1994.

The average daily turnover for January, 2013 was ₹128 billion. The NSE launched the NSE 50 index, now known as S&P CNX NIFTY and the Mid-cap Index. As of January 31, 2013 the NSE had 1,664 companies listed and market capitalisation of approximately ₹ 68,587 billion. The NSE has a wide network in major metropolitan cities and has a screen based trading and a central monitoring system.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the BSE and the NSE occurs from Monday through Friday, from 9.15 a.m. to 3.30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. to 9.15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in cash and derivatives segments) subject to the condition that (i) the trading hours are between 9 a.m. and 5 p.m.; and (ii) the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (BOLT) facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. NSE also provides on-line trading facilities through a fully automated screen based trading system called 'National Exchange for Automated Trading' (NEAT).

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover being the Takeover Regulations. Since our Company is an Indian listed company, the provisions of the Takeover Regulations apply to our Company.

Insider Trading Regulations

The Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, promoters, persons who form a part of the promoter group and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information of the company.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, which among other things provide regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

DESCRIPTION OF THE EQUITY SHARES

The following is a summary of some of the provisions contained in, and is qualified in its entirety by, our Company's Memorandum and Articles, the Companies Act, the SCRA and other related Indian regulations. Prospective investors are urged to read our Company's Memorandum and Articles carefully, and consult with their advisers, as to our Company's Memorandum and Articles and applicable Indian law, and not this summary, governing the rights of the holders of the Equity Shares.

Authorised Capital

The authorised share capital of our Company is ₹ 1,010.00 million divided into 7,50,00,000 Equity Shares of ₹ 10 each and 26,00,000- 9% cumulative redeemable preference shares of ₹ 100 each.

Articles of Association

Our Company is governed by its Articles.

Dividends

Under the Companies Act, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the members, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. Subject to certain conditions specified under Section 205 of the Companies Act, no dividend can be declared or paid by a company for any financial year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous financial year(s) arrived at as laid down by the Companies Act and remaining undistributed, or out of both.

However, the board of directors is not obligated to recommend a dividend. The decision of the Board of Directors and shareholders of our Company may depend on a number of factors, including but not limited to, our Company's profits, capital requirements and overall financial condition.

No unpaid or unclaimed dividend shall be forfeited unless the claim thereto becomes barred by law. Our Company shall comply with the provisions of Section 205A read with Section 205C of the Companies Act and the Articles of our Company in respect of unpaid or unclaimed dividend. In addition, as permitted by the Articles, the Board may from time to time pay to the members of our Company such interim dividends as appear to them to be justified by the profits of our Company.

Subject to the provisions of the Companies Act, the quantum of dividend to be declared by the Directors for any period shall be recommended by the Directors on a policy that ensures that our Company retains not more than 65% of its annual net profits after tax, which would include the transfer of 10% of the profits to reserves as required by the Companies Act, provided that the policy may be changed with the consent of the Board.

Subject to applicable provisions of the FEMA, all dividends and other distributions declared and payable on the Equity Shares may be paid by our Company to the holder thereof in Indian Rupees and may be converted into foreign currency and freely transferred out of India without the necessity of obtaining any governmental or regulatory authorisation or approval in the India or any political subdivision or taxing authority thereof.

The Equity Shares issued pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of our Company except the Partly Paid Equity Shares, in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Profits and Further Issue

Any general meeting may upon the recommendation of the Board, resolve that any money, investments or other assets forming part of the undivided profits of our Company standing to the credit of any of our Company's reserve accounts or to the credit of the profit and loss account or any capital redemption reserve account or in the hands of our Company and unavailable for dividend or representing premium received on the issue of shares and standing to the credit of the profit and loss account or any capital redemption reserve account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same, if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized funds shall not be paid in cash but shall be applied subject to certain conditions, towards (i) paying either at par any unissued shares of the Company which shall be allowed and distributed as fully paid up to and amongst such members, or (ii) paying up any amount for the time being remaining un-paid or any shares held by such members, or (iii) towards paying up partly in the manner specified in (i) above and partly in manner (ii) above.

Alteration of Share Capital

Our Company's issued share capital may be increased by, *inter alia*, creation of new shares. Subject to any special rights or privileges attached to any share capital of our Company, and to the provisions of the Companies Act, new shares or any unclassified shares may be issued upon such terms and conditions and with such rights and privileges as a general meeting resolving upon the creation of such shares may direct. Except as provided by the conditions of the Issue, any capital raised by the creation of new shares shall be considered part of the then existing capital of our Company and shall be subject to the provisions of payment of dividends, calls and instalments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

As per the Articles, if, owing to any inequality in the number of new shares to be issued, and the number of shares held by members entitled to have the offer of such new shares, any difficulty arise in the apportionment of such new shares or any of the amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or/by our Company in general meeting, be determined by the Board.

Subject to provisions of the Companies Act, our Company may also from time to time by ordinary resolution consolidate and divide all or any of its capital into Equity Shares of larger amounts than its existing Equity Shares or sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum. Further, our Company may convert all or any of its fully paid paid-up Equity Shares into stock and re-convert that stock into fully paid-up equity shares of any denomination and cancel the Equity Shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the shares so cancelled. Our Company may, from time to time, by special resolution reduce its capital with and subject to any incidental authorization and consent required by law.

Pre-emptive Rights

When it is proposed to increase the subscribed capital of our Company, where at any time after the expiry of two years from the formation of our Company or at any time after the expiry of one year from the allotment of shares in our Company made for the first time after its formation, whichever is earlier, such Equity Shares shall be offered to the existing shareholders in proportion to the to the capital paid up on those shares at that date.

Further, new Equity Shares may be offered to any person whether or not those persons include existing shareholders, either if a special resolution to that effect is passed by the shareholders of our Company in a general meeting, or where a simple majority of shareholders present and voting have passed the resolution and the permission of the Government has been obtained.

Preference Shares

Our Company may issue preference shares which are liable to be redeemed subject to provisions of the Companies Act.

General Meetings of Shareholders

Our Company must hold its annual general meeting within six months after the expiry of each financial year, provided that not more than 15 months shall elapse between the date of the previous annual general meeting and the next, unless extended by the Registrar of Companies at the request of our Company for any special reason for a period not exceeding three months.

Written notices convening a meeting setting out the date, place, hour and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders entitled to vote at an annual general meeting, and from shareholders holding not less than 95% of the paid-up capital of the company, at any other meeting. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

A listed company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum of association, the issuing of shares with differential voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares under the Section 77A(1) of the Companies Act, giving loans or extending guarantee or providing security in excess of the limits prescribed under Section 372A(1) of the Companies Act, is required to obtain the resolution passed by means of a postal ballot instead of transacting such business in the company's general meeting. A notice to all the shareholders is required to be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Such postal ballot includes procedure for voting by electronic mode.

Voting Rights

Every member present in person and entitled to vote shall have one vote on a show of hands and every member present as a duly authorised representative of a body corporate being a holder of equity share shall be entitled to one vote.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles. Subject to the provisions of the Companies Act, the instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or if such appointer is a body corporate, under his common seal or the hand of its officer or attorney, duly authorised. Further, the instrument appointing the proxy is required to be deposited at the office of our Company not less than forty eight hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by our Company at the office before the vote is taken. Further no member shall be entitled to exercise any voting right personally or by proxy at any meeting of our Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid in regard to which our Company has exercised any right of lien.

Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. For the purpose of determining the shareholders the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times

Annual Report and Financial Results

The annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about the company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of the company.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI, which provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into tripartite agreements for such depository services with NSDL and CDSL.

Under the Equity Listing Agreements, in respect of transfer of Equity Shares, in the event our Company does not effect transfer of Equity Shares within fifteen days or where our Company fails to communicate to the transferee any valid objection to the transfer within the stipulated time period of fifteen days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares of our Company are freely transferable. Further, in terms of the Articles, any person, entitled to a share by transmission shall, subject to the provisions of the Companies Act, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share..

Liquidation Rights

Under the Articles of our Company, the liquidator on any winding-up (whether voluntary or otherwise) may, with the sanction of a special resolution, divide among the contributors in specie or kind, any part of the assets of our Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the appropriate sanction, shall think fit.

STATEMENT OF TAX BENEFITS

To,

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

Dear Sirs,

Statement of possible tax benefits available to the company and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to Timken India Limited ('the Company') and the shareholders of the Company under the Income-tax Act, 1961 ('Act') amended by Finance Bill 2012, and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute/Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed statement, prepared by the Company, are not exhaustive and the preparation of the contents stated is the responsibility of the Company's Management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our report is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

We do not express any opinion or provide any assurance as to whether:

i. the Company or its shareholders will continue to obtain these benefits in future; or
ii. the conditions prescribed for availing the benefits have been / would be met with.

This report is intended solely for your information and the contents of the Statement in entirety are also intended for the inclusion in the Red Herring Prospectus and Prospectus in connection with the proposed Institutional Placement (IPP) of the Company. The report is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S R B C & CO
Chartered Accountants
Firm Registration Number: 324982E

per Kamal Agarwal
Partner
Membership No.: 058652

Place: Kolkata
Date: February 27, 2013

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO TIMKEN INDIA LIMITED AND ITS SHAREHOLDERS

The information provided below sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

*The Indian Finance Minister has released the revised Direct Taxes Code Bill, 2010 ("**DTC Bill**") on 30 August 2010. The DTC Bill seeks to replace the existing Income Tax Act, 1961. The government's intention is to make the DTC Bill effective from 1 April 2013. The DTC Bill after undergoing changes upon receipt of comments and representations from various stakeholders and approval from Union Cabinet has been placed before the parliamentary standing committee. It is possible that the current provisions of the DTC Bill may undergo amendments based on the outcome of the recommendations of the parliamentary standing committee. Accordingly, it is currently unclear what effect the DTC Bill would have on investors after its enactment.*

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

For these purposes, 'non-resident' means a person who is not a resident in India. For purposes of the Income Tax Act, 1961, ("**IT Act**") an individual is considered to be a resident of India during any financial year if he satisfies at least one of the following basic conditions:

(a) He is in India in the previous year for a period of 182 days or more; or

(b) He is in India for a period of 60 days or more during the previous year and 365 days or more during the four years immediately preceding previous year.

However, by virtue of Explanation (a) to section 6(1) of the IT Act, the period of 60 days as referred in clause (b) above has been extended to 182 days in the following cases:

(i) an Indian citizen or a person of Indian origin living abroad who visits India; or

(ii) an Indian citizen who leaves India for the purposes of employment outside India in any previous year or leaves India as a member of the crew of an Indian ship.

A company is resident in India if it is formed and incorporated in accordance with the Companies Act, 1956 and has its registered office in India or the control and management of its affairs is situated wholly in India during the year. A firm, HUF or other association of persons is resident in India if the control and management of its affairs are wholly or partly situated within India during the relevant previous year. It is, however, treated as non-resident in India if the control and management of its affairs are situated wholly outside India.

The IT Act is revised by the Finance Act every fiscal year. The following is based on the provisions of Indian tax laws as of the date hereof, which are subject to change, possibly on a retroactive basis. This summary is not intended to constitute a complete analysis of the Indian tax consequences to any particular shareholders. Individual tax consequences of an investment in Equity Shares may vary for Non-Residents in various circumstances, and potential investors should therefore consult their own tax advisers as to the tax consequences of such purchase, ownership and disposition under the tax laws of India, the jurisdiction of their residence and any tax treaty between India and their country of residence.

As per the taxation laws in force, the tax benefits / consequences as applicable, to the Institutional Investors (not being individuals or HUFs) investing in the Equity Shares of the Company (on the assumption that the units are not held as stock-in-trade) are described below.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE IT ACT –

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the tax laws. Hence, the ability of the Company or its shareholders to avail the tax benefits is dependent upon fulfilling such conditions as may be prescribed under the relevant sections of the IT Act.

BENEFITS AVAILABLE TO THE COMPANY

1 Subject to compliance with certain conditions laid down in section 32 of the IT Act, the Company will be entitled to a deduction for depreciation:

a) In respect of buildings, machinery, plant or furniture being tangible assets (at the rates prescribed under Income Tax Rules, 1962 ('the Rules');
b) In respect of intangible assets being in the nature of knowhow, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired after 31st day of March, 1998 (at the rates prescribed under the Rules);
c) In respect of new plant or machinery which has been acquired and installed after 31st March, 2005 by a tax payer engaged in the business of manufacture or production of any article or thing, additional depreciation @ 20% of the actual cost of such new plant or machinery will be allowed as deduction.

2 Subject to compliance with certain conditions laid down in section 35(1)(iv) of the IT Act, the Company is entitled to claim as deduction the whole of capital expenditure, other than the expenditure incurred on the acquisition of any land, incurred on scientific research related to the business of the Company.

3 As per section 35DDA, the Company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement of an amount equal to $1/5^{th}$ of such expenses every year for a period of five years subject to conditions specified in that section.

4 The Company is eligible for amortization of preliminary expenses being the expenditure on public issue of shares under section 35D of the IT Act, subject to the fulfilment of the prescribed conditions and limits specified in the section. The said deduction is an amount equal to one-fifth of the said expenditure for each of the five successive previous years beginning from the year in which the business commences.

5 As per Section 80G, the Company will be eligible for deduction of an amount as specified in the Section in respect of donations to certain funds, charitable institutions, etc.

6 As per Section 80GGB, the Company will be eligible for deduction of any sum contributed by it to any political party or an electoral trust.

7 In case of loss under the head 'Profit and Gains from Business or Profession', it can be set-off against other income and the excess loss after set-off can be carried forward for set-off - against business income of the next eight Assessment Years.

8 As per the provisions of Section 72A, the Company is entitled to carry forward and set off of accumulated loss and unabsorbed depreciation allowance under amalgamation or demerger subject to fulfillment of certain conditions.

9 Minimum Alternate Tax ('MAT') is the tax payable by a company under section 115JB of the IT Act. MAT is payable by a company when the income-tax payable on the total income as computed under the I.T. Act is less than 18.5% (plus applicable Surcharge + Education and Secondary & Higher Education cess) of its book profit computed as per the method specified under section 115JB of the Act. MAT credit arises in the year in which the Company is required to pay tax under section 115JB of the IT Act (in case the same is higher than the tax under normal provisions of the IT Act). MAT credit is the difference between tax computed under section 115JB of the IT Act and the tax computed as per the normal provisions of the IT Act. MAT credit can be carried forward for 10 years immediately succeeding the assessment year in which the relevant MAT credit arises. The MAT credit can be utilized in the year in which the tax payable under the normal provisions of the IT Act is higher than the

tax payable under section 115JB of the IT Act. The utilisation of the same is available to the extent of the difference between the tax payable under the normal provisions of the IT Act and the tax payable under section 115JB of the IT Act.

10 As per section 71 read with section 74 of the I.T. Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

11 As per Section 71 read with Section 74, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, is allowed to be carried forward and set-off against subsequent years long term capital gains for subsequent eight assessment years.

12 The Finance Bill 2012 has proposed the enhancement of deduction of capital expenditure (other than land, goodwill or financial instruments) from 100% to 150% for the specified business [1] which commences its operation on or after 1 April 2012.

II BENEFITS AVAILABLE TO THE COMPANY AND PROSPECTIVE RESIDENT SHAREHOLDERS OTHER THAN DOMESTIC COMPANIES

DIVIDENDS EXEMPT UNDER SECTION 10(34) OF THE IT ACT

1 Any income by way of dividends (declared, distributed or paid on or after 1 April 2003) by a domestic company is exempt in the hands of the shareholders (Company/Individual), if the same is subject to dividend distribution tax as referred to in section 115-O of the IT Act, as per the provisions of section 10(34) of the IT Act.

2 The income chargeable under the head “Capital gains” shall be computed by deducting from the full value of consideration received on sale of securities or units, the cost of acquisition of the said securities or units and the expenditure incurred wholly and exclusively in connection with such sale. In case the full value of consideration is less than the cost of the acquisition and the expenditure incurred wholly and exclusively in connection with such transfer it would result in a capital loss. However, section 94(7) of the IT Act provides that the capital loss arising on account of sale/transfer of securities or units purchased up to three months prior to the record date and sold within three months after such date (in case of securities) or within a period of nine months after such date (in case of units), would be disallowed to the extent to which dividend on such securities or units are claimed as exempt by the shareholder.

INCOME FROM CAPITAL GAINS

2.1 Section 48 of the IT Act, categorises capital assets into two categories viz. Long Term Capital Assets and Short Term Capital Assets. If securities (such as shares, units etc) are held for a period of more than 12 months it is termed as a long term capital asset, otherwise as a short term capital asset. Any profit or loss arising on account of sale/transfer of such long term capital assets are termed as long term capital gains / loss and profit or loss arising on account of sale/transfer of short term capital assets is considered as short term capital gains / loss.

2.2 Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, the second proviso to section 48 of the IT Act, in respect of long term capital gains arising from transfer of shares of Indian Company, offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed annually.

2.3 Section 10(38) of the IT Act, exempts the long term capital gains arising on sale of equity shares in the Company where the sale transaction has been entered on a recognized stock exchange of India and has been liable to securities transaction tax. However, the income by way of long-term capital gain of the

[1] Specified business includes setting up and operating a cold chain facility, manufacturing of fertilizers in India, setting up and operating a warehousing facility for storage of agricultural produce.

company is taken into account in computing the book profit and income tax payable under section115JB of the IT Act.

2.4 The provisions of section 112 of the IT Act, permit taxing long term capital gains [which are not exempt under Section 10(38) of the IT Act] arising on transfer of shares in the Company at a rate of 20 percent (plus applicable surcharge and education cess) after considering indexation benefit. However, the share holder may opt for the tax on long term gains computed at the rate of 10 percent (plus applicable surcharge and education cess), if the tax on long term capital gains resulting on transfer of listed securities calculated at the rate of 20 percent (after indexation benefit) exceeds the tax on long term gains computed at the rate of 10 percent without considering indexation benefit.

2.5 The provisions of section 111A of the IT Act, prescribes for taxing the short-term capital gains arising from sale of equity shares in a Company at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.

2.6 Provisions of section 54EC of the IT Act exempts long-term capital gains [which are not exempt under section 10(38) of the IT Act] from being taxed to the extent such capital gains are invested in long term specified assets within a period of 6 months after the date of such transfer (presently, bonds issued by the National Highways Authority of India or the Rural Electrification Corporation Limited have been specified). Where only a part of the capital gains is so invested, the exemption is proportionately available. However, the investment in the specified assets is limited to Rs 5 million. The minimum holding period in the prescribed investment to remain eligible for the exemption is 3 years.

2.7 Subject to the conditions specified under the provisions of section 54F of the IT Act, long-term capital gains [which are not exempt from tax under section 10(38) of the IT Act] arising to an individual or a Hindu Undivided Family (‘HUF’) on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property, within a period of 3 years after the date of such transfer.

2.8 In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125 percent of the value payable by both the buyer and the seller (tax rate of 0.1% is proposed in the Finance Bill 2012). Further, the non-delivery based sale transactions are liable to tax @ 0.025 percent of the value payable by the seller.

3 With effect from Assessment Year 2009-2010, under section 36(1)(xv) of the I.T. Act, the STT paid in respect of taxable securities transactions entered into in the course of business is allowable as deduction if income is computed under the head ‘Profits or Gains of Business or Profession’.

III BENEFITS AVAILABLE TO CORPORATE RESIDENT SHAREHOLDERS (DOMESTIC COMPANIES).

DIVIDENDS EXEMPT UNDER SECTION 10(34) OF THE IT ACT

1 Any income by way of dividends (declared, distributed or paid on or after 1 April 2003) by a domestic company is exempt in the hands of the shareholders (Company/Individual), if the same is subject to dividend distribution tax as referred to in section 115-O of the IT Act, as per the provisions of section 10(34) of the IT Act.

2 The income chargeable under the head “Capital gains” shall be computed by deducting from the full value of consideration received on sale of securities or units, the cost of acquisition of the said securities or units and the expenditure incurred wholly and exclusively in connection with such sale. In case the full value of consideration is less than the cost of the acquisition and the expenditure incurred wholly and exclusively in connection with such transfer it would result in a capital loss. However, section 94(7) of the IT Act provides that the capital loss arising on account of sale /transfer of securities or units purchased up to three months prior to the record date and sold within three months after such

date (in case of securities) or within a period of nine months after such date (in case of units), would be disallowed to the extent to which dividend on such securities or units are claimed as exempt by the shareholder.

INCOME FROM CAPITAL GAINS

2.1 Section 48 of the IT Act, categorises capital assets into two categories viz. Long Term Capital Assets and Short Term Capital Assets. If securities (such as shares, units etc) are held for a period of more than 12 months it is termed as a long term capital asset, otherwise as a short term capital asset. Any profit or loss arising on account of sale/transfer of such long term capital assets are termed as long term capital gains / loss and profit or loss arising on account of sale/transfer of short term capital assets is considered as short term capital gains / loss.

2.2 Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, the second proviso to section 48 of the IT Act, in respect of long term capital gains arising from transfer of shares of Indian Company, offers a benefit by permitting substitution of cost of acquisition /improvement with the indexed cost of acquisition /improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed annually.

2.3 Section 10(38) of the IT Act, exempt the long term capital gains arising on sale of equity shares in the Company where the sale transaction has been entered into on a recognized stock exchange of India and has been liable to securities transaction tax, However, the income by way of long-term capital gain of the company is taken into account in computing the book profit and income tax payable under section 115JB of the IT Act.

2.4 The provisions of section 112 of the IT Act, permit taxing long term capital gains [which are not exempt under Section 10(38) of the IT Act] arising on transfer of shares in the Company at a rate of 20 percent (plus applicable surcharge and education cess) after considering indexation benefit. However, the share holder may opt for the tax on long term gains computed at the rate of 10 percent (plus applicable surcharge and education cess), if the tax on long term capital gains resulting on transfer of listed securities calculated at the rate of 20 percent (after indexation benefit) exceeds the tax on long term gains computed at the rate of 10 percent without considering indexation benefit.

2.5 The provisions of section 111A of the IT Act, prescribe for taxing the short-term capital gains arising from sale of equity share in a Company at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.

2.6 Provisions of section 54EC of the IT Act exempts long-term capital gains (which are not exempt under section 10(38) of the IT Act) from being taxed to the extent such capital gains are invested in long term specified assets within a period of 6 months after the date of such transfer (presently, bonds issued by the National Highways Authority of India or the Rural Electrification Corporation Limited have been specified). Where only a part of the capital gains is so invested, the exemption is proportionately available. However, the investment in specified asset is limited to Rs 5 million. The minimum holding period in the prescribed investments to remain eligible for the exemption is 3 years.

2.7 In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125 percent of the value payable by both the buyer and the seller (tax rate of 0.1% is proposed in the Finance Bill 2012). Further, the non-delivery based sale transactions are liable to tax @ 0.025 percent of the value payable by the seller.

IV BENEFITS AVAILABLE TO MUTUAL FUNDS

1 Provisions of section 10(23D) of the IT Act exempt the Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial

Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, from income tax on their income.

V BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS')

DIVIDENDS EXEMPT UNDER SECTION 10(34) OF THE IT ACT

1 Any income by way of dividends (declared, distributed or paid on or after 1 April 2003) by a domestic company is exempt in the hands of the shareholders (Company /Individual), if the same is subject to dividend distribution tax as referred to in section 115-O of the IT Act, as per the provisions of section 10(34) of the IT Act.

2 The income chargeable under the head "Capital gains" shall be computed by deducting from the full value of consideration received on sale of securities or units, the cost of acquisition of the said securities or units and the expenditure incurred wholly and exclusively in connection with such sale. In case the full value of consideration is less than the cost of the acquisition and the expenditure incurred wholly and exclusively in connection with such transfer, it would result in a capital loss. However, section 94(7) of the IT Act provides that the capital loss arising on account of sale/transfer of securities or units purchased up to three months prior to the record date and sold within three months after such date (in case of units) or within a period of nine months after such date (in case of units), would be disallowed to the extent to which dividend on such securities or units are claimed as exempt by the shareholder.

<<This space has been intentionally left blank>>

INCOME FROM CAPITAL GAINS

2.1 Provisions of section 115AD of the IT Act, provides for taxing income of FIIs arising from securities [other than income by way of dividends referred to in section 115(O) of the IT Act] at concessional rates, as follows:

Nature of income	Rate of tax (%)
Income in respect of securities (other than units referred to in section 115AB of the Act)	20
Long Term capital gains	10
Short term capital gains (other than short term capital gain referred to in section 111A of the Act)	30

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided under section 48 of the IT Act are not available to the FIIs.

2.2 Provisions of section 111A of the IT Act, prescribes for taxing the short-term capital gains arising from sale of equity share in the Company at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.

2.3 Provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act, as per section 90(2) of the Act; to the extent they are more beneficial to the FII.

2.4 Provisions of section 10(38) of the IT Act, exempt from tax the long term capital gains arising on sale of equity shares in the Company where the sale transaction has been entered on a recognized stock exchange of India and is liable to securities transaction tax.

2.5 Provisions of section 54EC of the IT Act exempts long-term capital gains [which are not exempt under section 10(38) of the IT Act] from being taxed to the extent such capital gains are invested in long term specified assets within a period of 6 months after the date of the transfer (presently, bonds issued by the National Highways Authority of India or the Rural Electrification Corporation Limited have been specified). Where only a part of the capital gains is so invested, the exemption is proportionately available. However, the investment in specified asset is limited to Rs 5 million. The minimum holding period prescribed to remain eligible for the exemption is 3 years.

2.6 In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125 percent of the value payable by both buyer and seller (tax rate of 0.1% is proposed in the Finance Bill 2012). (The non-delivery based sale transactions are liable to tax @ 0.025 percent of the value payable by the seller).

VI BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/FUNDS

1 Provisions of section 10(23FB) of the IT Act, exempts any income of Venture Capital companies/Funds (set up to raise funds for investment in venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, subject to conditions specified therein.

VII BENEFITS AVAILABLE TO NON-RESIDENTS / NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)

DIVIDENDS EXEMPT UNDER SECTION 10(34) OF THE IT ACT

1 Any income by way of dividends (declared, distributed or paid on or after 1 April 2003) by a domestic company is exempt in the hands of the shareholders (Company/Individual), if the same is subject to dividend distribution tax as referred to in section 115-O of the IT Act, as per the provisions of section 10(34) of the IT Act.

2 The income chargeable under the head “Capital gains” shall be computed by deducting from the full value of consideration received on sale of securities or units, the cost of acquisition of the said securities or units and the expenditure incurred wholly and exclusively in connection with such sale. In case the full value of consideration is less than the cost of the acquisition and the expenditure incurred wholly and exclusively in connection with such transfer than it will result in a capital loss. However, section 94(7) of the IT Act provides that the capital loss arising on account of sale/transfer of securities or units purchased up to three months prior to the record date and sold within three months after such date (in case of securities) or within a period of nine months after such date (in case of units), would be disallowed to the extent to which dividend on such securities or units are claimed as exempt by the shareholder.

INCOME FROM CAPITAL GAINS

2.1 In terms of first proviso to section 48 of the IT Act, in case of a non-resident, while computing the capital gains arising from transfer of shares in or debentures of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefit will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of shares.

2.2 Provisions of section 10(38) of the IT Act, exempt the long term capital gains arising on sale of equity shares in the Company where the sale transaction has been entered into on a recognized stock exchange of India and has been liable to securities transaction tax. However, the income by way of long-term capital gain of the company is taken into account in computing the book profit and income tax payable under section 115JB of the IT Act.

2.3 The provisions of section 112 of the IT Act, permit taxing long term capital gains [which are not exempt under Section 10(38) of the IT Act] arising on transfer of shares in the Company at a rate of 20 percent (plus applicable surcharge and education cess) after considering indexation benefit. However, the share holder may opt for the tax on long term gains computed at the rate of 10 percent (plus applicable surcharge and education cess), if the tax on indexed long term capital gains resulting on transfer of listed securities calculated at the rate of 20 percent (after indexation benefit) exceeds the tax on long term gains computed at the rate of 10 percent without considering indexation benefit. Further, as per section 112(1)(c)(iii) of the IT Act a concessional rate of tax @ 10% (without the benefit for indexation) for Non Residents who earn Long term capital gain on transfer of unlisted securities.

2.4 The provisions of section 111A of the IT Act, prescribes for taxing the short-term capital gains arising from sale of equity share in a Company at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short term capital gains arising from transfer of shares in a company other than those covered by Section 111A of the IT Act would be subject to tax as calculated under the normal provisions of the IT Act.

2.5 The provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the non-resident would prevail over the provisions of the IT Act, as per section 90(2) of the IT Act; to the extent they are more beneficial to the non-resident.

2.6 The provisions of section 54EC of the IT Act exempts long-term capital gains [which are not exempt under section 10(38) of the IT Act] from being taxed to the extent such capital gains are invested in long term specified assets within a period of 6 months after the date of such transfer (presently, bonds issued by the National Highways Authority of India or the Rural Electrification Corporation Limited have been specified). Where only a part of the capital gains is so invested, the exemption is proportionately available. However, the investment in specified asset is limited to Rs 5 million. The minimum holding period in the prescribed investments to remain eligible for the exemption is 3 years.

2.7 Subject to the conditions specified under the Provisions of section 54F of the IT Act, long-term capital gains (which are not exempt from tax under section 10(38) of the IT Act) arising to an individual or a HUF on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

2.8 Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. An individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which *inter alia* entitles them to the following benefits:

- **Under section 115E of the IT Act**, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a non-resident Indian, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

- **Under section 115F of the IT Act**, long-term capital gains [in cases not covered by section 10(38) of the IT Act] arising to a non-resident Indian from transfer of shares of the company, subscribed in convertible foreign exchange (in case not covered under Section 115E of the IT Act), shall be exempt from income tax, if the entire net consideration is reinvested in specified assets/saving certificates referred to in section 10(4B) within 6 months of the date of transfer. Where only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets/saving certificates are transferred or converted into money within 3 years from the date of their acquisition.

- **Under section 115G of the IT Act**, it shall not be necessary for a non-resident Indian to furnish his return of income under Section 139(1) if his income chargeable under the IT Act consists of only investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.

- **Under section 115I of the IT Act**, a Non-Resident Indian may elect not to be governed by the foregoing provisions for any assessment year by furnishing his return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

1 Investment in shares of companies are excluded from the definition of the term "asset" as given under section 2(ea) of the Wealth Tax act, 1957, and hence the shares held by the shareholders would not be liable to Wealth tax.

BENEFITS AVAILABLE UNDER THE GIFT TAX ACT

1 Gift tax is not leviable in respect of any gifts made on or after 1st October, 1998.

2 However, as per section 56(2)(vii)(c) of the IT Act, any individual or a HUF receives any shares or securities without consideration, the aggregate value of which exceeds Rs 50,000, than the whole of the aggregate fair market value of such shares and securities shall be chargeable to income-tax under the head "Income from other sources". However, if the consideration received is less than the aggregate fair market value of the shares and securities by an amount exceeding Rs 50,000, than the aggregate fair market value of such property as exceeds such consideration. However, this section will not be applicable if the shares and securities are received from any relative or on the occasion of marriage of the individual or under will or by way of inheritance etc.

3 As per section 56(2)(viia) of the IT Act, any company not being a company in which the public are substantially interested receives on or after 1 June 2010, any property being the shares of a company in which the public are substantially interested without consideration, the aggregate value of which exceeds Rs 50,000, than the whole of the aggregate fair market value of such shares and securities shall be chargeable to income-tax under the head "Income from other sources". However, if the consideration received is less than the aggregate fair market value of the shares and securities by an amount exceeding Rs 50,000, than the aggregate fair market value of such property as exceeds such consideration.

4 Further, as per section 56(2)(viib) of the IT Act, any company receives in the previous year, from any person being a resident, a consideration for issue shares that exceeds the face value of shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be chargeable to income tax under the head "income from other sources".

Notes:

1 The above Statement of Possible Direct Tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

2 The above Statement of Possible Direct Tax benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these

benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

3 This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect of the specific tax implications arising out of their participation in the issue.

4 In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident is resident.

LEGAL PROCEEDINGS

We are involved in various legal proceedings including, among others, income tax, central excise duty and service tax cases and criminal proceedings. Except as described below, we believe that we are not involved in any material legal proceedings, and in our opinion, no proceedings are threatened, which may have, or have had during the 12 months preceding the date of this Prospectus, a material adverse effect on our business, financial position, profitability or results of operations.

Litigation against our Company

A summary of litigation and disputes involving potential financial liability of ₹ 10 million and certain other litigation which we consider material, is as follows:

Criminal Proceedings

1. The Factory Inspector issued letter dated May 30, 2007 to our Company for alleged violation of provisions of the Factories Act, 1948 (the "**Factories Act**") and the Jharkhand Factories Rules, 1950 at our Company's Jamshedpur facility pursuant to an inspection of the factory. The alleged violation includes *inter alia* non-production of register required to be maintained under the Factories Act, not displaying working hours of the workmen in the office premises, improper operation of the canteen, discrepancies in awarding weekly leave and non-maintenance of register for annual leave of the workmen. Our Company filed a reply dated June 5, 2007. Subsequently, the Deputy Chief Factory Inspector ("**DCFI**") filed a criminal petition before the Chief Judicial Magistrate, East Singhbum. Our Company filed a writ petition before the High Court of Jharkhand to quash the criminal proceedings instituted by the DCFI. The High Court rejected the petition of our Company. The prosecution is currently ongoing.

2. Show cause notice dated November 22, 2010 was issued by the Inspector of Legal Metrology ("**Inspector**"), Chandrapur for alleged violation of provisions of the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Packaged Commodities) Rules, 1977. Our Company replied to the show cause notice vide letter dated April 11, 2011. The Inspector filed a criminal complaint dated May 4, 2011 before the Judicial Magistrate, First Class, Chandrapur against our Company and named the Directors (as representatives of our Company). The matter is currently pending.

Regulatory notices

1. We received a notice from the cost- audit department of the Ministry of Corporate Affairs, GoI (the "**MCA**") on February 12, 2013 in relation to the non-submission of a form by our cost auditor, on their appointment. We responded to the notice pursuant to a letter dated February 19, 2013, and have not received further communication from the MCA in this regard, as of the date of this Prospectus.

2. We have received a notice from the Deputy Inspector, Industrial Health and Safety, Department of Labour, Government of Chattisgarh on February 13, 2013 alleging violations of provisions of the Factories Act regarding obtaining approval for the construction of building at our Company's Raipur facility. We responded to the notice pursuant to a letter dated March 11, 2013, and have not received any further communication in this regard, as of the date of this Prospectus.

Income tax proceedings

1. Our Company has filed an appeal dated August 30, 2010 before the Income Tax Appellate Tribunal ("**ITAT**"), Ranchi bench against orders passed by the Commissioner of Income Tax (Appeals) ("**CIT Appeals**"), Jamshedpur partly allowing the order passed by the Commissioner of Income Tax ("**CIT**"), Kolkata for assessment year 2002-03 disallowing various expenses such as leave travel expenses, software expenses, disallowance for bad debt written off and disallowance for various deductions claimed by our Company and re-computation by the transfer pricing officer of the arm's length price of international transactions by our Company. The aggregate amount claimed is ₹ 23.93 million. The matter is currently pending.

2. Our Company has filed an appeal before the CIT Appeals, Jamshedpur on January 27, 2009 against the assessment order passed by the Joint CIT, Jamshedpur on December 31, 2008 for the assessment year 2005-06 disallowing various deductions claimed by our Company such as deduction under certain staff welfare scheme, deductions for provisions of warranty and other disallowances of similar nature including leave travel concessions and motor vehicle expenses. The assessment order also disallowed expenses paid to the Timken Company as TDS was not deducted on the payments made. The aggregate amount involved is ₹ 24.14 million. The matter is currently pending.

3. Our Company has filed an appeal and stay petition, both dated January 27, 2010, along with additional grounds of appeal on February 17, 2012 before the CIT Appeals, Jamshedpur against the assessment order passed by the Assistant CIT, Jamshedpur on December 30, 2009 for the assessment year 2006-07 disallowing various expenses such as deduction of bad debt, deduction under certain staff welfare schemes, deductions for provisions of warranty and other disallowances of similar nature. The aggregate amount involved is ₹ 16.12 million. The matter is currently pending.

4. Our Company had filed an appeal to the ITAT, Circuit Bench, Ranchi against the order of the CIT Appeals, Jamshedpur dated January 31, 2007 partly allowing the assessment order of the Assistant CIT, Circle 3, Jamshedpur dated March 31, 2006 for the assessment year 2003-2004. The assessment order disallowed various deductions including claims by our Company for exclusion of excise duty from the closing stock and charge back expenses. The amount claimed was ₹ 23.5 million and ₹ 23.8 million respectively. Further the assessing officer disallowed deductions claimed by our Company for utilisation of DEPB benefits. Pursuant to the order of the ITAT, Circuit Bench dated October 18, 2010, the amounts claimed under exclusion of excise duty from the closing stock of ₹ 23.5 million was remanded to assessing officer and charge back expense of ₹ 23.8 million was remanded to the CIT Appeals, for fresh assessment. These matters are currently pending reassessment.

Excise and service tax proceedings

1. The Commissioner of Central Excise and Service Tax ("**CESC**"), Jamshedpur has filed a show cause notice on April 24, 2009 in relation to alleged non-payment of central excise duty, education cess and higher education cess for the fiscal years 2004-05, 2005-06, 2006-07 and 2007-08. The aggregate amount claimed is ₹ 82.61 million. Our Company filed a reply to the notice on August 20, 2009. The matter is currently pending.

2. Our Company has filed an appeal and stay petition on May 12, 2012 before the Customs, Excise & Service Tax Appellate Tribunal ("**CESTAT**"), Kolkata against the order of the Commissioner of Central Excise & Service Tax ("**Commissioner**"), Jamshedpur dated January 27, 2010 arising out of the show cause notice issued by the Commissioner on October 17, 2008. The show cause notice relates to alleged non-payment of service tax along with educational cess on royalty, technology fee and technical know-how expense paid to Timken Company for the fiscal years 2003-04 and 2004-05. The aggregate amount involved is ₹ 16.99 million along with interest and penalty. The matter is currently pending.

3. Our Company has filed an appeal and stay petition on May 12, 2010 before the CESTAT, Kolkata against the order of the Commissioner, Jamshedpur dated January 27, 2010, as revised by the order dated April 8, 2010 arising out of the show cause notice issued by the Commissioner on January 15, 2008. The show cause notice relates to various grounds, inter alia, alleged contradiction in the amount of service tax paid for different taxable services, not obtaining the relevant service tax registrations for providing various services, alleged non-payment of service tax on the technical assistance fee paid for technical know-how received from the Timken Company, evasion of service tax by not obtaining service tax registration under 'franchise services' category for the period from July 2003 to December 2006. The aggregate amount involved is ₹ 24.41 million along with interest and penalty. The matter is currently pending.

Sales tax proceedings

1. Our Company filed an appeal and stay petition, both dated April 25, 2005 before the Joint Commissioner of Commercial Taxes (Appeals) ("**JCCT**"), Jamshedpur against the order dated March 18, 2005 passed by the assessing officer, Jamshedpur disallowing the entire claim of export sale on the ground that certain documents that were required to be submitted to claim the deduction were not

submitted for the fiscal year 2000-01. The JCCT has passed an order dated November 3, 2009 remanding the matter to the assessing officer. Subsequently, the assessing officer passed ex-parte order dated April 16, 2012 upholding the earlier assessment order for a total tax liability of ₹ 75.29 million. Our Company has filed a revision petition dated June 29, 2012 before the Commissioner of Commercial Taxes, Jharkhand against the ex-parte order passed by the assessing officer. The matter is currently pending.

2. Our Company filed an appeal before the JCCT, Jamshedpur against the order dated November 2, 2005 passed by the assessing officer enhancing the gross turnover claim of our Company for the fiscal year 2001-02. The assessing officer has also disallowed certain claims made by our Company on the ground that certain documents that were required to be submitted to claim the deduction were not submitted by our Company. The JCCT has passed an order dated June 27, 2009 remanding the matter to the assessing officer. The assessing officer has passed an ex-parte order dated April 16, 2012. Our Company has filed a revision petition dated June 29, 2012 before the CCT, Jharkhand against the ex-parte order passed by the assessing officer dated April 16, 2012. The aggregate amount in dispute is ₹ 10.82 million. The matter is currently pending.

3. Our Company has filed an appeal and stay petition, both dated March 12, 2009 before the JCCT, Jamshedpur against the order passed by the assessing officer partly disallowing the deduction claimed by our Company for fiscal year 2005-06 on the ground that certain documents that were required to be submitted to claim the deduction were not submitted by our Company. The aggregate amount involved is ₹ 64.62 million. The matter is currently pending.

4. Our Company has filed an appeal and stay petition, both dated August 28, 2009 against order dated July 30, 2009 passed by the Assistant Commissioner of Commercial Tax, JR Circle ("**ACCT**"), Jamshedpur. The order relates to disallowance for non-submission of certain documents that were required to be submitted for claiming deductions for the fiscal year 2006-07. The aggregate amount claimed is ₹ 113.78 million. The matter is currently pending.

5. Our Company has filed an appeal and stay petition, on July 14, 2010 against the order dated March 8, 2010 passed by the ACCT, Jamshedpur. The order relates to disallowances, disputed by our Company, of a total amount aggregating of ₹ 10.95 million, for non-submission of certain documents that were required to be submitted for claiming deductions for the fiscal year 2007-08.

6. Our Company has filed an appeal and stay petition dated October 31, 2011 against the order passed by the ACCT, Jamshedpur dated March 25, 2011. The order relates to disputed tax liability of an amount aggregating to ₹ 16.04 million, for non-submission of certain documents that were required to be submitted for claiming deductions for the fiscal year 2008-09. The matter is currently pending.

STATUTORY AUDITORS

S R B C & CO LLP, Chartered Accountants, statutory auditors of our Company, have audited our financial statements as of and for the nine months ended December 31, 2012. Effective April 1, 2013, S R B C & CO has converted into a limited liability partnership under the name S R B C & CO LLP pursuant to the LLP Act. The appointment of S R B C & CO as auditors of our Company continues to be in full force and effect in accordance with their terms, as if S R B C & CO LLP were named therein or were a party thereto instead of S R B C & CO pursuant to section 58(3) and section 58(4)(b) read with section 11 of Schedule 2 of the LLP Act.

M/s S. R. Batliboi & Co., Chartered Accountants have audited our financial statements as of and for each of the 15 month period ended March 31, 2012 and as of and for the years ended December 31, 2010 and December 31, 2009.

GENERAL INFORMATION

1. Our Company was incorporated in Kolkata on June 15, 1987 as Tata Timken Limited under the Companies Act. On July 2, 1999 the name of our Company was changed to Timken India Limited. The registered office of our Company was initially shifted from the State of West Bengal to the then State of Bihar (presently, the State of Jharkhand) pursuant to the order of the Company Law Board dated September 21, 1996 on December 12, 1996. Subsequently our registered office was shifted to Karnataka, pursuant to an order of the Company Law Board dated September 19, 2008, with effect from October 25, 2008. The registered office of our Company is situated at 39-42, Electronic City, Phase II, Hosur Road, Bengaluru – 560 100.

2. The Issue is being made to QIBs in reliance upon Chapter VIII-A of the SEBI Regulations.

3. The Issue has been authorised and approved by the Board of Directors through resolution dated January 14, 2013 and by our Company's shareholders through a special resolution dated February 20, 2013.

4. Our Company has received in-principle approvals under Clause 24(a) of the Equity Listing Agreement to list the Equity Shares being offered in the Issue on Stock Exchanges on March 5, 2013.

5. Our Company has obtained and will obtain necessary consents, approvals and authorisations required in connection with the Issue.

6. Except as disclosed in this Prospectus, there has been no material change in our Company's financial condition since December 31, 2012, the date of its latest reformatted audited financial statements.

7. Except as disclosed in this Prospectus, there are no legal or arbitration proceedings against or affecting our Company or its assets or revenues, nor is our Company aware of any pending or threatened legal or arbitration proceedings, which are, or might be, material in the context of the Issue.

8. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

9. **Consents**

   Consents in writing of: (a) the Directors and the legal advisors; (b) the Book Running Lead Manager, the Public Issue Account Bank and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus and this Prospectus with the RoC and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

   Further, S R B C & CO LLP, Chartered Accountants, statutory auditors of our Company have provided an examination report dated February 20, 2013 on the Reformatted Audited Financial Statements of our Company, based on the audited financial statements of our Company as at and for the nine month period ended December 31, 2012, as at and for the 15 month period ended March 31, 2012, and as at and for each of the years ended December 31, 2010 and December 31, 2009 and a report dated February 27, 2013 on the statement of tax benefits and have consented to the inclusion of such examination report and report on the statement of tax benefits in this Prospectus.

10. **Experts**

    The Company has received consent from S R B C & CO LLP, Chartered Accountants, statutory auditors of our Company to include their name as an expert under Section 58 of the Companies Act in this Prospectus in relation to the examination report dated February 20, 2013 on the Reformatted Audited Financial Statements of our Company and the report on the statement of tax benefits dated February 27, 2013 included in this Prospectus and such consent has not been withdrawn as of the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

    Effective April 1, 2013, S R B C & CO has converted into a limited liability partnership under the name S R B C & CO LLP pursuant to the LLP Act. The appointment of S R B C & CO as auditors of our Company continues to be in full force and effect in accordance with their terms, as if S R B C & CO LLP were named therein or were a party thereto instead of S R B C & CO pursuant to section 58(3) and section 58(4)(b) read with section 11 of Schedule 2 of the LLP Act.

11. **Company Secretary and Compliance Officer**

The Company Secretary and Compliance Officer of our Company is Mr. Soumitra Hazra. His contact details are as follows:

Mr. Soumitra Hazra
Timken India Limited,
39-42, Electronic City,
Phase II, Hosur Road,
Bengaluru – 560 100,
Karnataka
Tel: (+91) 80 4005 3131
Fax: (+91) 80 4005 3100
Email: soumitra.hazra@timken.com
Website: https://www.timken.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems related to Allotment, credit of Allotted Equity Shares in the respective beneficiary account or unblocking of funds in the ASBA Accounts.

12. **Price Information of Past Issues handled by Book Running Lead Manager**

The price information of past issues handled by Book Running Lead Manager to the Issue is as follows:

(a) Price information of past issues handled by Book Running Lead Manager to the Issue:

Sr. No.	Issue Name	Issue size (₹ Mn.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1	Future Ventures India Limited	7,500.0	10.00	May 10, 2011	9.50	8.30	(17.0%)	18,512.8	8.35	18,326.1	8.15	18,232.1	9.28	18,384.9
2	L&T Finance Holdings Limited	12,450.0	52.00(3)	August 12, 2011	51.00	49.95	(3.9%)	16,839.6	44.70	16,341.7	50.45	16,821.5	50.90	16,501.7
3	Tree House Education & Accessories Limited	1,120.6	135.00(4)	August 26, 2011	132.80	116.55	(13.7%)	15,848.8	119.20	16,713.3	137.40	16,876.5	172.30	16,051.1
4	Repco Home Finance Limited	2,702.3	172.00(5)	April 1, 2013	165.00	160.85	(6.5%)	18,864.75	NA	NA	NA	NA	NA	NA

Notes:

1. In case of reporting dates falling on a holiday, values for the trading day immediately following the holiday have been considered
2. Benchmark Index is BSE Sensex
3. Issue Price for eligible employees was ₹ 50.00 and Issue Price for anchor investors was ₹ 56.00
4. Issue Price for retail individual bidders was ₹ 129.00
5. Issue price for eligible employees was ₹156.00

(b) Summary statement of price information of past issues handled by Book Running Lead Manager to the Issue:

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Mn.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2011-2012	3	21,070.6	-	-	3	-	-	-	-	-	2	-	1	-
2012-2013	1	2,702.3	-	-	1	-	-	-	NA	NA	NA	NA	NA	NA
2013-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-

13. **Track record of past issues handled by Book Running Lead Manager**

For details regarding the track record of the Book Running Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please refer to the website of the Book Running Lead Manager at the following link:
http://www.jmfinancial.in/Track_Public_Issues/EquityDate.aspx?TrackFor=_Equity

REFORMATTED FINANCIAL STATEMENTS

EXAMINATION REPORT

To
The Board of Directors
Timken India Limited
39-42, Electronic City,
Phase – II, Hosur Road,
Bengaluru – 560 100,
India.

Dear Sirs,

1. We have examined the Reformatted Audited Financial Statements (the "Reformatted Statements") of Timken India Limited (the "Company") as at and for the nine months period ended December 31, 2012, fifteen months period ended March 31, 2012 and each of the years ended December 31, 2010 and 2009 annexed to this report for the purposes of inclusion in the Red Herring Prospectus and the Prospectus (the "Prospectuses") prepared by the Company in connection with the proposed Institutional Placement Programme ("IPP") (the "Offering") of its equity shares in accordance with the provisions of Chapter VIII-A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009, as amended from time to time (the "ICDR Regulations"). The preparation of these Reformatted Statements is the responsibility of the Company's management. Our responsibility is to report on such statements based on our procedures.

2. We have examined the Reformatted Statements, which has been prepared by the Company in accordance with, inter alia, the requirements of the Revised Schedule VI of the Companies Act,1956 (the "Act") based on the audited financial statements as defined in paragraphs 3(a) and 3(b) below, and approved by the Board of Directors, taking into consideration:

   a. the terms of our engagement agreed with you vide our engagement letter dated January 15, 2013, requesting us to carry out work on such financial information, proposed to be included in the Prospectuses of the Company in connection with the Offering; and

   b. The (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (the "ICAI").

3. The Reformatted Statements have been compiled by the Management from:

   a. the audited financial statements of the Company as at and for the nine months period ended December 31, 2012 approved by the Company in its Board meeting held on February 20, 2013 which have been audited by us and in respect of which we have issued an unqualified audit report;

   b. the audited financial statements of the Company as at and for the fifteen months period ended March 31, 2012, and as at and for each of the years ended December 31, 2010 and 2009 prepared in accordance with accounting principles generally accepted in India at the relevant time and originally approved by the Company in its shareholders' meetings held on July 19, 2012, April 21, 2011 and April 28, 2010, respectively, all of which have been audited by the Company's previous auditor, S.R.Batliboi & Co., in respect of which S.R.Batliboi & Co have issued unqualified audit reports dated May 2, 2012, February 10, 2011 and February 16, 2010 respectively and which have been relied upon by us; and

   c. other financial and miscellaneous records of the Company, to the extent considered necessary, for the presentation of the reformatted statements under the requirements of the Revised Schedule VI of the Act in relation to the fifteen months period ended March 31, 2012 and for the years ended December 31, 2010 and 2009.

4. In the presentation of the reformatted statements based on the financial statements as referred to in paragraph 3, no adjustments are required to be made for any events occurring subsequent to the dates of the audit reports specified herein.

5. As stated in our audit report referred to in paragraph 3.a. above, we conducted our audit in accordance with the auditing standards generally accepted in India to enable us to issue an opinion on the General Purpose Financial Statements as defined in "Framework for the Preparation & Presentation of Financial Statements" issued by ICAI. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

6. Our audit referred to in paragraph 3.a. above was carried out for the purpose of issuing opinion on the General Purpose Financial Statements taken as a whole. For none of the periods referred to in paragraph 3 above, did we perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.

7. We have not audited or reviewed any financial statements of the Company as of any date or for any period subsequent to December 31, 2012. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to December 31, 2012.

8. We have no responsibility to update our report for events and circumstances occurring after the date of this report.

9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

10. This report is intended solely for your information and for inclusion in the documents prepared in connection with the Offering and is not to be used, referred to or distributed for any other purpose, without our prior written consent.

For S R B C & CO
Firm Registration No.: 324982E
Chartered Accountants

per Kamal Agarwal
Partner
Membership No: 058562
Kolkata
February 20, 2013

TIMKEN INDIA LIMITED

REFORMATTED AUDITED BALANCE SHEET AS AT DECEMBER 31, 2012; MARCH 31, 2012; DECEMBER 31, 2010 AND DECEMBER 31, 2009

			Notes	As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
EQUITY AND LIABILITIES							
a)	**SHAREHOLDERS' FUNDS**						
	(i)	Share Capital	3	637,227,000	637,226,000	637,209,000	637,207,500
	(ii)	Reserves & Surplus	4	2,785,108,288	2,494,032,488	3,168,685,274	2,658,111,424
				3,422,335,288	**3,131,258,488**	**3,805,894,274**	**3,295,318,924**
b)	**LONG-TERM LIABILITIES**						
	(i)	Long-term Liabilities	5	11,835,002	11,986,478	11,440,327	9,228,850
	(ii)	Long-term Provisions	6	33,494,860	30,918,310	84,205,550	18,658,270
				45,329,862	**42,904,788**	**95,645,877**	**27,887,120**
c)	**CURRENT LIABILITIES**						
	(i)	Short-term Borrowings	7	-	147,752,610	-	-
	(ii)	Trade Payables	8	843,739,755	973,882,764	738,931,011	458,834,330
	(iii)	Other current liabilities	8	288,182,149	246,472,112	196,910,907	85,684,202
	(iv)	Short-term provisions	6	68,591,588	64,723,598	65,685,423	36,872,012
				1,200,513,492	**1,432,831,084**	**1,001,527,341**	**581,390,544**
		Total		**4,668,178,642**	**4,606,994,360**	**4,903,067,492**	**3,904,596,588**
ASSETS							
d)	**NON-CURRENT ASSETS**						
	(i)	Fixed Assets					
		-Tangible assets	9	779,447,544	794,903,332	581,827,177	567,609,300
		-Intangible assets	10	1,193,667	1,641,292	-	-
		-Capital Work in Progress		253,340,256	102,248,752	24,733,790	106,991,224
	(ii)	Non-current Investments	11A	300,000	300,000	300,000	300,000
	(iii)	Deferred tax assets (net)	12	39,792,970	26,937,107	36,632,912	4,494,484
	(iv)	Long-term loans and advances	13	189,788,727	137,625,632	85,860,661	73,508,091
				1,263,863,164	**1,063,656,115**	**729,354,540**	**752,903,099**
e)	**CURRENT ASSETS**						
	(i)	Current Investments	11B	469,873,474	658,688,091	2,103,171,104	1,690,644,685
	(ii)	Inventories	15	1,537,642,437	1,475,829,135	1,052,772,709	672,688,724
	(iii)	Trade Receivables	16	1,132,335,778	1,093,537,755	822,724,725	507,256,149
	(iv)	Cash and Bank balances	17	93,583,156	117,806,961	31,427,605	75,439,439
	(v)	Short-term loans and advances	13	136,558,742	131,050,118	107,462,409	177,891,509
	(vi)	Other current assets	14	34,321,891	66,426,185	56,154,400	27,772,983
				3,404,315,478	**3,543,338,245**	**4,173,712,952**	**3,151,693,489**
		Total		**4,668,178,642**	**4,606,994,360**	**4,903,067,492**	**3,904,596,588**
		Summary of significant accounting policies	2				

The accompanying notes are an integral part of the Reformatted audited financial statements

As per our examination report of even date

For and on behalf of the Board

For S R B C & CO
Firm Registration No. 324982E

Chartered Accountants

Per KAMAL AGARWAL
Partner
Membership No. 058652

Kolkata, February 20,2013

Sanjay Koul
Managing Director

James R. Menning
Chairman

Soumitra Hazra
Company Secretary &
Chief Compliance Officer
Bangalore, February 20,2013

TIMKEN INDIA LIMITED

REFORMATTED AUDITED STATEMENT OF PROFIT AND LOSS FOR THE 9 MONTHS PERIOD ENDED DECEMBER 31, 2012; 15 MONTHS PERIOD ENDED MARCH 31, 2012; YEAR ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009.

		Notes	9 months ended December 31, 2012 Rupees	15 months ended March 31, 2012 Rupees	Year ended December 31, 2010 Rupees	Year ended December 31, 2009 Rupees
INCOME						
a)	Revenue from operations (Gross)	18	5,514,618,001	8,910,397,587	5,037,159,219	3,409,852,629
	Less : Excise Duty Recovered		374,520,481	602,791,104	356,145,048	228,431,816
	Revenue from operations (Net)		5,140,097,520	8,307,606,483	4,681,014,171	3,181,420,813
b)	Other Income	19	44,095,971	203,344,976	138,739,094	123,975,878
	Total Revenue (I)		5,184,193,491	8,510,951,459	4,819,753,265	3,305,396,691
EXPENSES						
c)	Cost of raw material and components consumed	20	2,142,314,343	3,969,745,061	2,369,430,249	1,411,619,420
d)	Purchase of traded goods	21A	1,188,175,885	1,124,002,470	262,767,395	81,886,836
e)	(Increase)/decrease in Stock of Finished goods, Traded goods and Work in Progress	21B	(185,340,068)	(329,423,060)	(271,532,276)	121,716,235
f)	Excise duty and cess on stocks	37	21,407,473	46,032,070	50,182,920	(18,890,595)
g)	Employee Benefit expenses	22	385,288,201	612,775,547	453,322,183	284,951,026
h)	Other Expenses	23	1,103,757,449	1,821,176,447	1,104,710,614	867,188,929
	Total (II)		4,655,603,283	7,244,308,535	3,968,881,085	2,748,471,851
Earnings before interest, tax, depreciation and amortisation (I - II)			528,590,208	1,266,642,924	850,872,180	556,924,840
i)	Depreciation	9	104,141,125	148,656,795	112,454,730	103,401,628
j)	Amortisation expense	10	447,625	149,208	-	-
k)	Finance costs	24	8,447,370	12,217,506	8,906,048	4,200,481
Profit before tax & prior period items			415,554,088	1,105,619,415	729,511,402	449,322,731
l) Expenses Relating to prior period (net)		38	-	-	(16,029,050)	(219,840)
Profit before tax			415,554,088	1,105,619,415	713,482,352	449,102,891
m)	Tax Expenses					
	- Current Tax (year ended December 31, 2010 includes Rs.1,666,347 being provision for earlier years)		137,334,151	308,744,785	235,046,930	117,505,351
	- Deferred Tax		(12,855,863)	(9,695,805)	(32,138,428)	4,464,781
	- Fringe Benefit Tax		-	-	-	1,786,651
	Total Tax Expense		124,478,288	299,048,980	202,908,502	123,756,783
Profit after tax			**291,075,800**	**806,570,435**	**510,573,850**	**325,346,108**
n)	**EARNINGS PER SHARE - Basic & Diluted**	25	4.57	12.66	8.01	5.10
	Nominal value of shares Rs.10					
	Summary of significant accounting policies	2				

The accompanying notes are an integral part of the Reformatted audited financial statements

As per our examination report of even date

For and on behalf of the Board

For S R B C & CO
Firm Registration No. 324982E

Chartered Accountants

Per KAMAL AGARWAL
Partner
Membership No. 058652
Kolkata, February 20,2013

Sanjay Koul
Managing Director

James R. Menning
Chairman

Soumitra Hazra
Company Secretary & Chief Compliance Officer
Bangalore, February 20,2013

TIMKEN INDIA LIMITED

REFORMATTED AUDITED CASH FLOW STATEMENT

		9 months period ended December 31, 2012		15 months period ended March 31, 2012		Year ended December 31, 2010		Year ended December 31, 2009	
		Rupees		Rupees		Rupees		Rupees	
A.	**Cash Flow from Operating Activities :**								
	Net Profit before Tax		415,554,088		1,105,619,415		713,482,352		449,102,891
	Adjustments for :								
	Depreciation	104,588,750		148,806,003		112,454,730		103,401,628	
	Interest income	(116,108)		(780,632)		(1,424,657)		(2,207,860)	
	Interest expense	8,447,370		12,217,506		8,906,048		4,200,481	
	Income from Investments	(11,334,600)		(60,528,316)		(24,018,842)		(78,819,817)	
	(Gain) / Loss on sale of assets (Net)	1,026,984		(162,026)		872,074		6,845,505	
	Provision for Doubtful debts / advances	-		-		1,195,570		9,842,851	
	Provision no longer required written back	(1,973,768)		(11,822,416)		(19,296,343)		(21,988,906)	
	Debts, Deposits & Advances written off	-		-		1,035,771		2,584,039	
	Unrealised foreign exchange loss / (gain)	3,475,973		4,392,000		(5,038,560)		(602,269)	
	Provision for Wealth Tax	-		130,000		255,000		-	
			104,114,601		92,252,119		74,940,791		23,255,652
	Operating Profit before Working Capital Changes		519,668,689		1,197,871,534		788,423,143		472,358,543
	Adjustments for movement in Working Capital:								
	Trade receivable, Loans and Advances & Other assets	(33,246,149)		(309,813,069)		(276,277,425)		310,951,522	
	Inventories	(61,813,303)		(423,056,426)		(380,083,985)		168,926,498	
	Liabilities and Provisions	(89,586,162)		205,216,589		497,545,074		(228,375,761)	
			(184,645,614)		(527,652,906)		(158,816,336)		251,502,259
	Cash Generated from Operations		335,023,075		670,218,628		629,606,807		723,860,802
	Direct Tax paid	(168,564,864)		(329,081,820)		(245,639,528)		(140,065,636)	
			(168,564,864)		(329,081,820)		(245,639,528)		(140,065,636)
	Net Cash from Operating Activities		**166,458,211**		**341,136,808**		**383,967,279**		**583,795,166**

TIMKEN INDIA LIMITED

REFORMATTED AUDITED CASH FLOW STATEMENT

		9 months period ended December 31, 2012 Rupees	15 months period ended March 31, 2012 Rupees	Year ended December 31, 2010 Rupees	Year ended December 31, 2009 Rupees
B.	**Cash Flow from Investing Activities :**				
	Purchase of Fixed Assets including capital work in progress	(234,203,540)	(444,504,339)	(38,212,170)	(81,808,359)
	Sale of Fixed Assets	4,386	1,543,173	948,822	894,933
	Purchase of Investments	-	(720,886,529)	-	-
	Sale of Investments	131,334,600	661,414,847	328,067,485	908,575,269
	Interest received	116,108	780,632	1,424,657	2,207,860
	Net Cash from / (used in) Investing Activities	**(102,748,446)**	**(501,652,216)**	**292,228,794**	**829,869,703**
C.	**Cash Flow from Financing Activities :**				
	Interest paid	(8,331,449)	(9,241,777)	(3,634,345)	(4,200,481)
	Proceeds from short term loan	-	300,458,144	-	(37,429)
	Repayment of short-term loan during the period	(147,752,610)	(151,243,204)	-	-
	Interim and final dividend paid	-	(1,251,455,820)	-	-
	Tax on Dividend distribution	-	(206,787,721)	-	-
	Proceeds from Calls in arrears	1,000	17,000	1,500	-
	Net Cash used in Financing Activities	**(156,083,059)**	**(1,318,253,378)**	**(3,632,845)**	**(4,237,910)**
Net increase/(Decrease) in Cash and Cash equivalents		**(92,373,294)**	**(1,478,768,786)**	**672,563,228**	**1,409,426,959**
Cash and Cash equivalents - Opening Balance		**655,829,924**	**2,134,598,710**	**1,462,035,482**	**52,608,523**
Cash and Cash equivalents - Closing Balance *		**563,456,630**	**655,829,924**	**2,134,598,710**	**1,462,035,482**

Includes dividend account balance as at December 31, 2012 - Rs.22,130,500 ; March 31, 2012 - Rs.22,979,680 ; December 31, 2010 - Nil and December 2009 - Nil, which will be utilised only for the payment of dividend.

Cash and cash equivalents consist of cash on hand, cheques in hand, balances with banks and short term investments with a maturity period of 90 days or less. Cash and cash equivalents included in the cash flow statement comprises of the following balance sheet amounts :

Cash on hand and balances with banks	93,583,156	117,806,961	31,427,605	75,439,439
(refer. Note 17)				
Short term Investments	469,873,474	538,688,091	2,103,171,105	1,386,596,043
(refer. Note 11)				
Cash & Cash equivalents	563,456,630	656,495,052	2,134,598,710	1,462,035,482

Effect of exchange differences on cash & cash equivalents held in foreign currency			-	(665,128)	-	-
Cash and cash equivalents			**563,456,630**	**655,829,924**	**2,134,598,710**	**1,462,035,482**

The accompanying notes are an integral part of the Reformatted audited financial statements

As per our examination report of even date

For and on behalf of the Board

For S R B C & CO
Firm Registration No. 324982E

Chartered Accountants

Sanjay Koul
Managing Director

James R. Menning
Chairman

Per KAMAL AGARWAL
Partner
Membership No. 058652

Kolkata, February 20,2013

Soumitra Hazra
Company Secretary & Chief Compliance Officer

Bangalore, February 20,2013

Notes to Reformatted audited financial statements

1. CORPORATE INFORMATION

Timken India Limited ('the Company') was incorporated on 15th June 1987. The Company is primarily into manufacture and trading of tapered roller bearings, components and accessories for the automotive sector and the railway industry. It also provides maintenance contract services and refurbishment services.

2. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Preparation

The reformatted audited financial statements as at and for the 9 months period ended December 31,2012 ;15 months period ended March 31, 2012 and as at and for the years ended December 31, 2010 and December 31, 2009 have been prepared on the basis of audited financial statements for the respective periods/years. All the figures in the Reformatted financial statements are extracted from the audited financial statements for the respective periods/years on which the auditors have issued their opinion dated February 20, 2013, May 2, 2012; February 10, 2011 and February 16, 2010 respectively and any event subsequent to the said dates have not been considered/ adjusted. These audited financial statements were prepared in accordance with the applicable accounting standards notified by the Companies' (Accounting Standards) Rules, 2006,(as amended) and the relevant provisions of the Companies Act, 1956. These audited financial statements were prepared under the historical cost convention on an accrual basis.

Figures have been regrouped/rearranged, based on other financial and other records of the Company, to conform to the Revised Schedule VI requirements as the audited accounts were prepared on the basis of erstwhile Schedule VI.

These reformatted financial statements have been prepared only in connection with the filing of an offer document with the stock exchanges in respect of the proposed offering of equity shares of Timken India Limited ("TIL" or the "Company") outside the United States of America ("United States") through an Institutional Placement Programme (IPP) (the "Offering") as defined and in accordance with the requirements set out in Chapter VIII-A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR") and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date.

The accounting policies are consistent for all the periods as specified above.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Notes to Reformatted audited financial statements

(iii) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery to the customers. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

Income from Services

Revenue from agency commission and maintenance and service contracts are recognized as and when services are rendered.

Export incentives under the Duty Entitlement Pass Book (DEPB), Status-holder incentive scheme and duty drawback scheme are recognized as and when there is no significant uncertainty in realization / utilization of such incentives.

Profit on sale of investment is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment.

Revenue from dividend income is recognized when the right to receive payment is established by the balance sheet date.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Claims raised on suppliers and customers are recognized on acceptance of such claims by the respective suppliers and customers.

(iv) Tangible and Intangible Assets

Tangible Assets are stated at cost of acquisition less accumulated depreciation and impairment loss (if any). Cost of acquisition includes duties (net of Cenvat), taxes, incidental expenses and erection / commissioning expenses. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Notes to Reformatted audited financial statements

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

(v) Cash & Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank in hand, cheques in hand, remittances in transit and short-term investments with an original maturity of three months or less.

(vi) Depreciation/ Amortization

Depreciation / amortization is provided under straight line method as per the useful life of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

	Rates (SLM)	Schedule XIV Rates (SLM)
Building	3.34%	3.34%

Furniture & Fixtures	10%	6.33%
Plant & Machineries (Including Tools)	5%,10%,20%	4.75%, 10.34%,11.31%
Computers	20%, 33.33%	16.21%
Vehicles	20%	9.5%
Office Equipment	20%	13.9%

Additions / deletions during the year are depreciated pro-rata from the date of such addition / deletion except assets costing below Rs.5,000 which are fully depreciated in the year they are put to use. Extra shift depreciation is calculated on actual shift basis in respect of each operating department.

Computer software is amortised in a straight line basis over a period of three years.

Notes to Reformatted audited financial statements

(vii) Foreign Currency Translations

(a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) Exchange Differences

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(d) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(viii) Inventories

Inventories are valued as follows :

Raw materials, components, stores and spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of

	finished goods includes excise duty. Cost is determined on a weighted average basis.
Trading goods	Lower of cost and net realizable value. Cost 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.

(ix) Retirement Benefits

a) Gratuity is administered through an approved benefit fund. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

b) The liability on account of long term compensated absences and death benefit scheme due to the employees are provided for on the basis of an actuarial valuation on projected unit credit method at the end of each financial year.

c) Retirement benefits in the form of Provident Fund and Superannuation / Pension Schemes are charged to the statement of profit & loss of the year when the contribution to the respective funds are accrued. Interest shortfall, if any, on Provident Fund are provided for based on year-end actuarial valuation on projected unit credit method.

d) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

e) The long-term and short term classification of Gratuity, death benefit scheme and provident fund liabilities is based on the actuarial valuations. The liability on account of long term compensated absences is classified as current as per the Company policy since the Company does not have an unconditional right to defer the same beyond one year from the date of the financial statements.

(x) Excise Duty

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying at the manufacturing locations as on the balance sheet date.

(xi) Leases

<u>Assets taken on lease</u>

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

<u>Assets given on lease</u>

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the profit and loss account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal and professional costs are recognized immediately in the Statement of Profit and Loss.

(xii) Income Taxes

Tax expense comprises current tax, deferred tax and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes- down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

(xiii) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current Investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost or fair market value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of long-term investments.

(xiv) Borrowing Costs

a) Borrowing costs that are directly attributable to the acquisition / construction of a qualifying asset are capitalized as part of the cost of that asset till the time it is ready to put to use.

b) All other borrowing costs are recognized as expenditure during the period in which these are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(xv) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(xvi) Contingent Liabilities

No provision is made for liabilities which are contingent in nature, unless it is probable that future events will confirm that a liability is incurred as at the balance sheet date and a reasonable estimate of the resulting loss can be made. However, all known, material contingent liabilities are disclosed by way of separate notes.

(xvii) Impairment

a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

b) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(xviii) Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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.

(xix) Segment Reporting Policies

Identification of segments:

The Company's business includes manufacture and sale of bearings and related components and providing services in connection with or incidental to such sales. This is the only reportable business segment which is also the primary reportable segment.

Secondary reportable segments are based on geographical location of customers. The geographical segments have been disclosed based on revenues within India and outside India.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Segment Policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(xx) As permitted by the Guidance Note on the Revised schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 3: SHARE CAPITAL

		As at December 31, 2012 Rupees		As at March 31, 2012 Rupees		As at December 31, 2010 Rupees		As at December 31, 2009 Rupees
Authorised :								
75,000,000 Equity Shares of Rs. 10 /- each		750,000,000		750,000,000		750,000,000		750,000,000
2,600,000 9% Cumulative Redeemable Preference Shares of Rs.100/- each		260,000,000		260,000,000		260,000,000		260,000,000
		1,010,000,000		1,010,000,000		1,010,000,000		1,010,000,000
Issued :								
63,750,000 Equity Shares of Rs.10/- each		637,500,000		637,500,000		637,500,000		637,500,000
Subscribed and Fully Paid-up:								
Equity Shares of Rs. 10 /- each fully paid-up December 31, 2012- 63,708,050, March 31, 2012 - 63,707,750; December 31, 2010 - 63,702,650; December 31, 2009 - 63,702,650		637,080,500		637,077,500		637,026,500		637,026,500
Subscribed and partly Paid-up:								
Equity Shares of Rs. 10 /- each December 31, 2012 - 26,800, March 31, 2012 - 27,100; December 31, 2010 - 32,200; December 31, 2009 - 32,200	268,000		271,000		322,000		322,000	
Less: Calls in Arrears - other than directors *****	121,500	146,500	122,500	148,500	139,500	182,500	141,000	181,000
		637,227,000		637,226,000		637,209,000		637,207,500

* - 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 9 months period ended December 2012, 15 months period ended March 31, 2012 and during the years ended December 31, 2010 and December 31, 2009 out of 15,150 shares of Rs. 10/- each kept in abeyance as at 31st March, 1998.

Notes to Reformatted audited financial statements

NOTE 3: SHARE CAPITAL

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

	December 31, 2012		March 31, 2012		December 31, 2010		December 31, 2009	
Equity Shares	No. of Shares	Rupees	No. of Shares	Rupees	No. of Shares	Rupees	No. of Shares	Rupees
At the beginning of the year	63,734,850	637,226,000	63,734,850	637,209,000	63,734,850	637,207,500	63,734,850	637,207,500
Outstanding at the end of the year	63,734,850	637,227,000	63,734,850	637,226,000	63,734,850	637,209,000	63,734,850	637,207,500

b **Terms/rights attached to equity shares**

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

The Company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the period ended March 31, 2012, the Company has paid dividend of Rs. 20 per share to the equity share holders.

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) below)**

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

	December 31, 2012			March 31, 2012			December 31, 2010			December 31, 2009		
	No. of Shares	**Amount in Rs.**	**% of share holding**	**No. of Shares**	**Amount in Rs.**	**% of share holding**	**No. of Shares**	**Amount in Rs.**	**% of share holding**	**No. of Shares**	**Amount in Rs.**	**% of share holding**
Timken Singapore PTE Limited, the holding company												
50,999,988 equity shares of Rs. 10 each fully paid	50,999,988	509,999,880	80.02%	50,999,988	509,999,880	80.02%	-	-	-	-	-	-
Timken (Mauritius) Limited, the holding company upto March 25, 2012												
50,999,988 equity shares of Rs. 10 each fully paid	-	-	-	-	-	-	50,999,988	509,999,880	80.02%	-	-	-
The Timken Company, USA, the holding company upto October 4, 2010	-	-	-	-	-	-	-	-	-	50,999,988	509,999,880	80.02%
50,999,988 equity shares of Rs. 10 each fully paid												

Note

(i) Out of the total shares issued, 50,999,988 fully paid-up Equity shares of Rs. 10/- each were held by The Timken Company, USA till 4th October 2010.

On 5th October 2010, such shares were transferred to Timken (Mauritius), Limited. Consequent thereto, Timken (Mauritius) Limited is the Holding Company as at 31st December 2010. These shares were held by Timken (Mauritius) Limited till 25th March 2012.

On 26th March 2012, such shares were transferred to Timken Singapore PTE Limited. Consequent thereto, Timken Singapore PTE Limited is the Holding Company as at 31st March 2012 and thereafter. The Timken Company, USA continues to be the Ultimate Holding Company.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 4: RESERVES & SURPLUS

		As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
a)	**Capital Redemption Reserve**	**260,000,000**	**260,000,000**	**260,000,000**	**260,000,000**
b)	**General Reserve**				
	Opening balance	80,657,043	-	-	-
	Add: amount transferred from surplus balance				
	in the statement of profit and loss	-	80,657,043	-	-
	Closing Balance	**80,657,043**	**80,657,043**	**-**	**-**
c)	**Surplus in the statement of profit and loss**				
	Opening balance	2,153,375,445	2,908,685,274	2,398,111,424	2,072,765,316
	Add: Profit for the year / period	291,075,800	806,570,435	510,573,850	325,346,108
	Less: Appropriations				
	Interim and final Dividend (Rs. 20 per share)	-	1,274,435,500	-	-
	(refer note below)				
	Tax on Dividend	-	206,787,721	-	-
	Transfer to general reserve	-	80,657,043	-	-
	Total appropriations	-	1,561,880,264	-	-
	Net Surplus in the statement of profit and loss	**2,444,451,245**	**2,153,375,445**	**2,908,685,274**	**2,398,111,424**
	Total reserves and surplus	**2,785,108,288**	**2,494,032,488**	**3,168,685,274**	**2,658,111,424**
	Note - Net dividend remitted in foreign currency				
		9 months period	**15 months period**	**Year ended**	**Year ended**
	Particulars	**Dec 31,2012**	**March 31,2012**	**Dec 31,2010**	**Dec 31,2009**
	No. of non resident shareholders to whom such payment was made	Nil	1	Nil	Nil
	Number of equity shares held by them on which dividend was due	Nil	50,999,988	Nil	Nil
	Amount remitted (USD 19,596,537)	Nil	1,019,999,760	Nil	Nil
	Year to which the dividend relates	Nil	2011-12	Nil	Nil

NOTE 5: LONG-TERM LIABILITIES

	As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Deposit from Customers	11,835,002	11,986,478	11,440,327	9,228,850
Total	11,835,002	11,986,478	11,440,327	9,228,850

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

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 6: PROVISIONS

	Long-term				Short-term			
	As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees	As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Provision for Gratuity (Refer note 28)	-	-	76,863,000	7,998,570	-	-	-	-
Provision for Employees' Death Benefit Scheme (Refer note 28)	16,390,680	14,339,790	5,044,960	8,447,930	1,478,050	1,724,710	1,323,920	1,704,590
Provision for Employees' Provident Fund (Refer note 28)	17,104,180	16,578,520	2,297,590	2,211,770	1,675,090	1,525,810	4,591,090	773,450
Provision for Compensated absences	-	-	-	-	51,032,399	49,107,899	46,992,450	29,049,729
Provision for Indirect taxes*	-	-	-	-	14,406,049	12,365,179	12,777,963	5,344,243
	33,494,860	**30,918,310**	**84,205,550**	**18,658,270**	**68,591,588**	**64,723,598**	**65,685,423**	**36,872,012**

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

Particulars	As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Opening Balance	12,365,179	12,777,963	5,344,243	-
Addition / (utilisation) during the year / period	2,040,870	(412,784)	7,433,720	5,344,243
Closing Balance	14,406,049	12,365,179	12,777,963	5,344,243

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

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 7: SHORT-TERM BORROWINGS

	As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Short term loans from bank - Unsecured*	-	147,752,610	-	-
	-	**147,752,610**	**-**	**-**

* These loans are repayable on expiry of six months from the date of origination i.e. November 29,2011 and carry an interest rate of LIBOR plus 2%.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 8: TRADE PAYABLES AND OTHER CURRENT LIABILITIES

		As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
a)	**Trade Payables :**				
	i) Due to Micro and Small Enterprises	11,446,359	20,912,882	2,357,446	397,296
	(refer note (i) below)				
	ii) Due to Other Creditors	832,293,396	952,969,882	736,573,565	458,437,034
	Total Trade Payables	**843,739,755**	**973,882,764**	**738,931,011**	**458,834,330**
b)	**Other Liabilities**				
i)	Advance from Customers	4,213,131	9,537,844	4,723,736	1,861,246
ii)	Interest accrued and due on				
	- Borrowings	-	281,338	-	-
	- Security deposit from customers	549,675	184,650	581,224	481,242
iii)	Investor Education and Protection Fund will be credited by following amounts (as and when due)				
	- Unpaid dividend	22,130,500	22,979,680	-	-
c)	**Other Payables**				
	- Taxes and duties payable (refer note (ii) below)	172,793,715	148,087,874	125,789,780	43,043,615
	- Customers claims	8,244,693	4,528,890	-	-
	- Provision for taxation	12,153,277	12,153,277	14,554,935	15,484,393
	(net of following advance income taxes -: December 2012 - Rs. 155,441,102 March 2012 - Rs. 155,441,102 December 2010 - Rs. 235,075,612 December 2009 - Rs. 497,560,861)				
	- Selling expenses	51,052,374	38,278,447	34,715,300	14,997,512
	- Capital creditors	17,044,784	10,440,112	16,545,932	9,816,194
	Total Other Liabilities	**288,182,149**	**246,472,112**	**196,910,907**	**85,684,202**
		1,131,921,904	**1,220,354,876**	**935,841,918**	**544,518,532**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE (i): Information in terms of section 22 of the Micro, Small and Medium Enterprises Development Act 2006:

	Details of dues to Micro and Small Enterprises as per MSMED Act, 2006	As at/ For the 9 months period Ended December 31, 2012 (Rupees)	As at/ For the 15 months period Ended March 31, 2012 (Rupees)	As at/ For the year Ended Dec 31, 2010 (Rupees)	As at/ For the Year Ended Dec 31, 2009 (Rupees)
	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Principal 10,418,404	Principal 20,000,848	Principal 2,051,033	Principal 297,435
		Interest Nil	Interest 7,210	Interest 5,352	Interest 20,748
	The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Principal - 13,984,487	Principal - 41,428,983	Principal - 7,124,016	Principal - 3,303,970
		Interest - Nil	Interest - Nil	Interest - Nil	Interest - Nil
	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.	115,921	598,411	Nil	Nil
	The amount of interest accrued for the year and remaining unpaid at the end of each accounting year;				
	F.Y ended 31-Dec-2012	115,921	-	-	-
	F.Y ended 31-Mar-2012	605,621	605,621	-	-
	F.Y ended 31-Dec-2010	206,552	206,552	206,552	-
	F.Y ended 31-Dec-2009	32,816	32,816	32,816	32,816
	F.Y ended 31-Dec-2008	67,045	67,045	67,045	67,045
	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	1,027,955	912,034	206,552	12,068

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE (ii)

The Company carries a liability as at December 2012 - Rs. 138,886,699; March 2012 - Rs 136,394,921; December 2010 - Rs.84,359,586 and December 2009 - Rs.54,949,922 being provision towards custom duty on imports for various years. The Company has made these provisions based on most recent assessments.

Further, the management is of the view that this liability shall be payable only at the time of final assessment.

Pending such final assessment, the Company has also deposited as at December 2012 - Rs. 95,405,246 ; March 2012 - Rs.90,646,461 ; December 2010 - Rs. 54,342,319 and December 2009 - Rs.42,007,525 with customs authorities. The net liability is included in other payable – taxes and duties payable above.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 9: TANGIBLE ASSETS

In Rupees

	Building	Plant & Machinery * (Including Tools)	Office Equipment	Computers	Furniture & Fixtures	Vehicles	Total
GROSS BLOCK (AT COST)							
At January 1, 2009	160,759,617	1,612,627,683	22,931,446	41,861,747	19,433,336	23,872,164	1,881,485,993
Additions	7,569,892	131,587,895	251,549	4,971,747	160,569	533,265	145,074,917
Deductions	(834,020)	(16,240,468)	(424,342)	(300,165)	(293,320)	(3,446,422)	(21,538,737)
At December 31, 2009	**167,495,489**	**1,727,975,110**	**22,758,653**	**46,533,329**	**19,300,585**	**20,959,007**	**2,005,022,173**
Additions	16,447,778	107,585,041	2,584,096	463,064	-	1,413,524	128,493,503
Deductions	-	(38,121,952)	(199,986)	-	(864,057)	(3,931,419)	(43,117,414)
At December 31, 2010	**183,943,267**	**1,797,438,199**	**25,142,763**	**46,996,393**	**18,436,528**	**18,441,112**	**2,090,398,262**
Additions	447,376	354,147,499	459,506	5,298,864	972,248	1,788,605	363,114,098
Deductions	-	(27,883,542)	(402,091)	(3,702,358)	-	(5,089,129)	(37,077,120)
At March 31, 2012	**184,390,643**	**2,123,702,156**	**25,200,178**	**48,592,899**	**19,408,776**	**15,140,588**	**2,416,435,240**
Additions	13,921,535	62,924,766	626,287	12,061,773	182,347	-	89,716,708
Deductions	-	(36,532,581)	(210,794)	-	-	(389,166)	(37,132,541)
At Dec 31, 2012	**198,312,178**	**2,150,094,341**	**25,615,671**	**60,654,672**	**19,591,123**	**14,751,422**	**2,469,019,407**
DEPRECIATION							
At January 1, 2009	65,443,988	1,218,542,691	16,322,458	23,121,458	12,021,132	12,357,817	1,347,809,544
Charge for the year	5,510,083	84,212,837	2,383,987	6,822,012	1,088,012	3,384,697	103,401,628
Deductions	(513,442)	(9,538,719)	(340,643)	(203,466)	(183,117)	(3,018,912)	(13,798,299)
At December 31, 2009	**70,440,629**	**1,293,216,809**	**18,365,802**	**29,740,004**	**12,926,027**	**12,723,602**	**1,437,412,873**
Charge for the year	5,767,067	94,105,786	2,071,406	6,304,498	1,010,598	3,195,375	112,454,730
Deductions	-	(37,328,255)	(173,086)	-	(338,526)	(3,456,651)	(41,296,518)
At December 31, 2010	**76,207,696**	**1,349,994,340**	**20,264,122**	**36,044,502**	**13,598,099**	**12,462,326**	**1,508,571,085**
Charge for the period	7,672,614	127,197,209	2,410,566	6,915,872	1,102,088	3,358,446	148,656,795
Deductions	-	(26,908,695)	(402,091)	(3,667,031)	-	(4,718,155)	(35,695,972)
At March 31, 2012	**83,880,310**	**1,450,282,854**	**22,272,597**	**39,293,343**	**14,700,187**	**11,102,617**	**1,621,531,908**
Charge for the period	4,723,285	92,059,281	935,408	4,076,180	701,998	1,644,973	104,141,125
Deductions	-	(35,501,210)	(210,794)	-	-	(389,166)	(36,101,170)
At December 31, 2012	**88,603,595**	**1,506,840,925**	**22,997,211**	**43,369,523**	**15,402,185**	**12,358,424**	**1,689,571,863**
NET BLOCK							
At December 31, 2009	**97,054,860**	**434,758,301**	**4,392,851**	**16,793,325**	**6,374,558**	**8,235,405**	**567,609,300**
At December 31, 2010	**107,735,571**	**447,443,859**	**4,878,641**	**10,951,891**	**4,838,429**	**5,978,786**	**581,827,177**
At March 31, 2012	**100,510,333**	**673,419,302**	**2,927,581**	**9,299,556**	**4,708,589**	**4,037,971**	**794,903,332**
At December 31, 2012	**109,708,583**	**643,253,416**	**2,618,460**	**17,285,149**	**4,188,938**	**2,392,998**	**779,447,544**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 9: TANGIBLE ASSETS (Cont'd)

* Plant & Machinery includes machinery given on operating lease as follows:

In Rupees

Details	As at December 31, 2012	As at March 31, 2012
Gross Book value	298,600,455	296,511,955
Accumulated Depreciation#	38,518,193	15,887,086
Net Book value	260,082,262	280,624,869

includes depreciation for the 9 months period Rs, 22,631,107; 15 months period - Rs. 15,887,086; as Dec 2010 - Nil ; as at Dec 2009 – Nil.

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

In Rupees

Details	As at December 31, 2012	As at March 31, 2012
Within one year	30,174,809	29,977,529
After one year but not more than five years	150,874,047	149,887,643
More than five years	70,407,888	104,921,350

The Company has received Rs. 22,631,107 (March -2012 Rs.15,887,086; Dec 2010 - Nil; Dec -2009 -Nil) as lease rentals.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 10: INTANGIBLE ASSETS

In Rupees

	Computer Software	Total
GROSS BLOCK (AT COST)		
At January 1, 2009	-	-
Additions	-	-
Deductions	-	-
At December 31, 2009	**-**	**-**
Additions	-	-
Deductions	-	-
At December 31, 2010	**-**	**-**
Additions	1,790,500	1,790,500
Deductions	-	-
At March 31, 2012	**1,790,500**	**1,790,500**
Additions	-	-
Deductions	-	-
At December 31, 2012	**1,790,500**	**1,790,500**
DEPRECIATION		
At January 1, 2009	-	-
Charge for the year	-	-
Deductions	-	-
At December 31, 2009	**-**	**-**
Charge for the year	-	-
Deductions	-	-
At December 31, 2010	**-**	**-**
Charge for the year	**149,208**	**149,208**
Deductions	-	-
At March 31, 2012	**149,208**	**149,208**
Charge for the year	**447,625**	**447,625**
Deductions	-	-
At December 31, 2012	**596,833**	**596,833**
NET BLOCK		
At December 31, 2009	**-**	**-**
At December 31, 2010	**-**	**-**
At March 31, 2012	**1,641,292**	**1,641,292**
At December 31, 2012	**1,193,667**	**1,193,667**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 11: INVESTMENTS

	Face Value	Holdings as at December 31, 2012		Holdings as at March 31, 2012		Holdings as at December 31, 2010		Holdings as at December 31, 2009	
	Rs	Nos	Rs	Nos	Rs	Nos	Rs	Nos	Rs
A : NON-CURRENT INVESTMENTS									
Non-Current Investments (at cost)									
Trade (Unquoted)									
Equity Shares fully paid up									
Nicco Jubilee Park Limited	10	30,000	300,000	30,000	300,000	30,000	300,000	30,000	300,000
Total - Non-current investment			**300,000**		**300,000**		**300,000**		**300,000**
B : CURRENT INVESTMENTS									
Current Investments (Non Trade)									
(At lower of cost and fair value unless stated otherwise)									
Quoted									
SBI Debt Fund Series - 367 Days-5-Growth	10	-	-	7,000,000	70,000,000	-	-	-	-
HSBC Fixed Term Series 81 - Growth - Tenure 370 Days	10	-	-	5,000,000	50,000,000	-	-	-	-
Kotak Quarterly Interval Plan Series 2 - Dividend	10	-	-	3,497,936	35,000,000	-	-	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan Institutional Dividend	10	-	-	6,025,029	60,250,290	-	-	-	-
DSP BlackRock FMP - Series 40 - 3M - Dividend Payout	10	-	-	5,504,400	55,043,998	-	-	-	-
Kotak FMP 13M Series 5 - Growth:26.04.10	10	-	-	-	-	-	-	13,025,494	130,254,940
SBI Debt Fund Series - 13 Months - 10 - Institutional Growth:23.04.10	10	-	-	-	-	-	-	5,000,000	50,000,000
BSL Fixed Term Plan - Series BK - Institutional - Growth:12.04.10	10	-	-	-	-	-	-	6,390,101	63,901,011
Reliance FHF - XII - Series 3 - Super Institutional - Growth :06.04.10	10	-	-	-	-	-	-	5,989,269	59,892,691
Total (A)			**-**		**270,294,288**		**-**		**304,048,642**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 11: INVESTMENTS…cont'd

	Face Value	Holdings as at December 31, 2012		Holdings as at March 31, 2012		Holdings as at December 31, 2010		Holdings as at December 31, 2009	
NOTE 11 B : CURRENT INVESTMENTS (Contd.)	**Rs**	**Nos**	**Rs**	**Nos**	**Rs**	**Nos**	**Rs**	**Nos**	**Rs**
Current Investments (Non Trade)									
(At lower of cost and fair value unless stated otherwise)									
Unquoted mutual funds									
Birla Sun Life Cash Plus - Institutional Prem. - DDR	100	601,548	60,272,081	1,015,854	101,783,512	-	-	-	-
Kotak Liquid (institutional Premium) - DDR	10	-	-	4,141,840	50,646,839	-	-	-	-
Tata Liquid Super High Investment Fund - DDR	1,000	71,587	79,784,983	133,862	149,192,332	-	-	-	-
Birla Sun Life Savings Fund - Inst. - Daily Dividend - Reinvestment	10	-	-	-	-	33,648,467	336,713,478	25,402,053	254,193,259
DSP BlackRock Floating Rate Fund - Institutional Plan - DDR	10	-	-	-	-	-	-	50,186	50,213,746
HDFC Cash Management Fund - Savings Plus Plan - Wholesale Plan - Dividend	10	-	-	-	-	-	-	21,571,480	216,394,297
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - DDR	10	8,222,589	83,855,606	-	-	-	-	4,121,326	41,546,673
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - DDR	10	-	-	-	-	36,651,513	367,669,655	-	-
ICICI Prudential Liquid Super Institutional Plan - DDR	100	-	-	-	-	1,674,800	167,517,857	-	-
ICICI Prudential Flexible Income Plan Premium - DDR	100	-	-	-	-	-	-	1,514,916	160,179,664
Kotak Floater Long Term - DDR	10	-	-	-	-	39,688,195	400,049,069	13,999,946	141,116,652
Reliance Money Manager Fund - Institutional - DDR	1,000	85,425	85,468,326	-	-	166,607	166,835,219	-	-
Reliance Liquidity Fund - DDR	10	-	-	8,672,689	86,771,120	-	-	-	-
Reliance Medium Term Fund - DDR	10	-	-	-	-	-	-	12,296,053	210,207,168
Reliance Monthly Interval Fund - Serie II, Institutional Dividend Plan	1,000	-	-	-	-	202,609	202,887,128	-	-

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 11: INVESTMENTS…cont'd

	Face Value	Holdings as at December 31, 2012		Holdings as at March 31, 2012		Holdings as at December 31, 2010		Holdings as at December 31, 2009	
NOTE 11 B : CURRENT INVESTMENTS (Contd.)	**Rs**	**Nos**	**Rs**	**Nos**	**Rs**	**Nos**	**Rs**	**Nos**	**Rs**
SBI - SHF - Ultra Short Term Fund - Institutional - DDR	10	110,064	110,422,122	-	-	14,708,753	147,175,784	-	-
Tata Floater Fund - DDR	10	-	-	-	-	31,320,789	314,322,914	22,412,114	224,919,014
UTI Treasury Advantage Fund - Institutional - DDR	1,000	-	-	-	-	-	-	87,803	87,825,570
IDFC Cash Fund - Plan C - DDR	1,000	50,058	50,070,356	-	-	-	-	-	-
Total (B)			**469,873,474**		**388,393,803**		**2,103,171,104**		**1,386,596,043**
Total (A+B)			**469,873,474**		**658,688,091**		**2,103,171,104**		**1,690,644,685**
Note -									
Aggregate amount of investments									
Quoted			-		270,294,288		-		304,048,642
Unquoted			469,873,474		388,393,803		2,103,171,104		1,386,896,043
Market Value of Quoted Investments			-		277,281,650		-		323,268,610

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 12: DEFERRED TAX ASSETS (NET)

	As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Deferred Tax Assets				
- Disallowance u/s 43B and 40(a)(ia) of Income Tax Act, 1961	52,993,533	40,661,979	53,331,694	20,812,308
- Provision for Doubtful Debts & Advances	2,768,359	3,621,353	5,667,733	7,222,044
Gross Deferred Tax Assets	55,761,892	44,283,332	58,999,427	28,034,352
Deferred Tax Liabilities				
- On difference in depreciation and other differences in block of fixed assets as per tax books and financial books	(15,968,922)	(17,346,225)	(22,366,515)	(23,539,868)
Gross Deferred Tax Liabilities	(15,968,922)	(17,346,225)	(22,366,515)	(23,539,868)
Net deferred Tax Assets	**39,792,970**	**26,937,107**	**36,632,912**	**4,494,484**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 13: LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

	Non-current				Current			
	As at December 31, 2012 Rupees	**As at March 31, 2012 Rupees**	**As at December 31, 2010 Rupees**	**As at December 31, 2009 Rupees**	**As at December 31, 2012 Rupees**	**As at March 31, 2012 Rupees**	**As at December 31, 2010 Rupees**	**As at December 31, 2009 Rupees**
Capital Advances	22,101,176	2,311,019	226,240	1,562,556	-	-	-	-
Security Deposits								
- Considered good	11,386,097	10,978,092	7,911,719	8,542,322	-	-	2,451,172	4,065,464
- Considered doubtful	-	-	1,594,402	-	-	-	-	-
	11,386,097	10,978,092	9,506,121	8,542,322	-	-	2,451,172	4,065,464
Provision for doubtful security deposit	-	-	(1,594,402)	-	-	-	-	-
	11,386,097	10,978,092	7,911,719	8,542,322	-	-	2,451,172	4,065,464
Loans and advances to employees (refer note (i) below)	353,103	4,501,935	48,295	20,000	9,726,810	6,693,698	9,770,423	619,734
Advances recoverable in cash or kind								
- Considered good	-	-	-	-	24,488,270	9,029,588	15,724,877	88,374,273
- Considered doubtful	-	-	-	-	-	-	-	100,000
	-	-	-	-	24,488,270	9,029,588	15,724,877	88,474,273
Provision for doubtful advances	-	-	-	-	-	-	-	(100,000)
	-	-	-	-	24,488,270	9,029,588	15,724,877	88,374,273
- Advance Income Tax	155,948,351	119,834,586	77,674,407	63,383,213	-	-	-	-
(net of provision for taxation : December 2012 - Rs.1,905,716,609 March 2012 - Rs.1,946,964,991 December 2010 - Rs.1,401,690,965 December 2009 - Rs. 898,325,738)								
- Prepaid Expenses	-	-	-	-	10,054,034	8,699,842	7,076,500	3,335,435
- Balance with statutory authorities/ Government authorities	-	-	-	-	88,261,838	91,655,370	72,439,437	81,496,603
- Surplus in Employee's Gratuity fund (refer note 28)	-	-	-	-	4,027,790	14,971,620	-	-
	189,788,727	137,625,632	85,860,661	73,508,091	136,558,742	131,050,118	107,462,409	177,891,509
Note (i) - Loans and advances to employee include								
- Dues from a Director	-	-	-	-	-	-	479,376	-
- Dues from an officer	-	-	-	-	-	-	88,590	32,583

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 14: Other Current Assets

	As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Other Receivable :				
Export incentive receivable	13,669,956	52,882,834	53,108,150	21,633,882
Reimbursements from related parties (refer note 36)	13,205,002	11,045,224	3,046,250	6,139,101
Lease rent receivable (from related party - refer note 36)	7,446,933	2,498,127	-	-
	34,321,891	**66,426,185**	**56,154,400**	**27,772,983**

NOTE 15: INVENTORIES

(Valued at lower of Cost or Net Realisable Value)

		As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
a)	Raw materials and Components *	218,492,522	335,781,669	269,717,426	174,697,381
b)	Stores and Spares *	99,803,309	106,040,928	78,471,805	64,940,141
c)	Work - in - progress	146,990,002	208,433,430	171,886,196	174,225,154
d)	Finished stock*	698,976,453	586,101,507	434,737,180	252,666,751
e)	Traded Goods*	373,380,151	239,471,601	97,960,102	6,159,297
		1,537,642,437	**1,475,829,135**	**1,052,772,709**	**672,688,724**
*	Including in transit :				
	Stores & Spares	1,320,724	6,794,858	3,476,350	2,008,738
	Raw Materials and Components	100,175,156	160,297,120	137,534,455	18,808,934
	Finished Stock	18,633,278	14,727,516	14,746,889	59,089,175
	Traded Goods	68,600,019	110,523,927	51,301,798	Nil

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 16: TRADE RECEIVABLES

			As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
a)	Outstanding for a period exceeding six months from the date they are due for payment					
	Secured and considered good		1,149,269	44,921	259,868	169,099
	Unsecured - considered good		20,440,454	1,965,995	825,338	3,325,326
	- considered doubtful		8,532,465	11,161,513	13,472,216	12,743,503
			30,122,188	13,172,429	14,557,422	16,237,928
	Provision for doubtful receivables		8,532,465	11,161,513	13,472,216	12,743,503
		A	21,589,723	2,010,916	1,085,206	3,494,425
b)	Other Receivables					

			As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
	Secured and considered good		6,294,891	6,878,303	7,037,451	4,490,694
	Unsecured - considered good		1,104,451,164	1,084,648,536	814,602,068	499,271,030
	- considered doubtful		-	-	1,995,865	5,249,534
			1,110,746,055	1,091,526,839	823,635,384	509,011,258
	Provision for doubtful receivable		-	-	1,995,865	5,249,534
		B	1,110,746,055	1,091,526,839	821,639,519	503,761,724
	Total	**A + B**	1,132,335,778	1,093,537,755	822,724,725	507,256,149

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 17: CASH AND BANK BALANCES

			As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Cash and Cash Equivalents :						
a)	Cash on Hand		54,969	124,072	90,422	65,239
b)	Cheques on hand		17,459,219	13,325,600	-	-
c)	Balance with Scheduled Banks					
		On Current Accounts	53,938,468	80,585,746	31,337,183	75,374,200
		In Foreign Currency Account	-	791,863	-	-
		On unpaid dividend account	22,130,500	22,979,680	-	-
			93,583,156	117,806,961	31,427,605	75,439,439

Notes:

i) Balance with scheduled banks on unpaid dividend account represents monies that can be utilised only to pay dividend to equity shareholders against share warrants issued to them.

ii) Short-term investments with a maturity period of 90 days or less have been considered as part of cash and cash equivalent in the cash flow statement. However since these investments are in mutual funds and are not bank balances, these have not been included as a part of the cash and bank balances.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 18: REVENUE FROM OPERATIONS

			9 months ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
	Revenue from operations					
	i)	Sale of Products	5,202,907,123	8,477,835,301	4,789,309,165	3,199,231,051
	ii)	Sale of Services	245,077,277	339,689,526	196,199,823	189,587,606
	Other operating revenue					
	i)	Operating lease rentals	22,631,107	15,887,086	-	-
	ii)	Export incentives	44,002,494	76,985,674	51,650,231	21,033,972
	Revenue from operations (Gross)		5,514,618,001	8,910,397,587	5,037,159,219	3,409,852,629
	Less: Excise duty		374,520,481	602,791,104	356,145,048	228,431,816
	Revenue from operations (Net)		**5,140,097,520**	**8,307,606,483**	**4,681,014,171**	**3,181,420,813**
	Details of products sold / services rendered					
			9 months ended Dec 31, 2012	**15 months ended**	**Year ended Dec 31, 2010**	**Year ended Dec 31, 2009**

			9 months ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
				Mar 31, 2012		
	Finished goods sold (Net of excise duty)		**Rupees**	**Rupees**	**Rupees**	**Rupees**
	i	Bearings	2,066,658,101	3,708,446,803	2,264,886,793	1,728,770,113
	ii	Components	1,723,692,425	2,904,956,816	1,875,950,540	1,018,008,619
	iii	Bearing accessories	47,138,039	83,240,418	74,988,263	45,742,761
			3,837,488,565	**6,696,644,037**	**4,215,825,596**	**2,792,521,493**
	Traded goods sold					
	I	Bearings	284,641,600	385,912,731	41,804,278	32,381,962
	ii	Components	605,664,427	709,018,828	129,164,479	80,970,194
	iii	Bearing accessories	100,592,050	83,468,601	46,369,764	64,925,586
			990,898,077	**1,178,400,160**	**217,338,521**	**178,277,742**
	Details of services rendered					
	I	Maintenance and refurbishment services	188,932,831	247,563,169	129,412,303	129,893,984
	ii	Agency commission	47,356,664	79,554,201	58,447,709	52,195,046
	iii	Others	8,787,782	12,572,156	8,339,811	7,498,576
			245,077,277	**339,689,526**	**196,199,823**	**189,587,606**

Note: The Company is entitled to export benefits under the Status Holder Incentive Scheme of the Exim Policy whereby such benefits can be utilised to import capital goods without payment of customs duty. The Company has not recognised this benefit amounting to Rs.29,043,593 due to uncertainty of utlisation of such benefits within the stipulated validity period.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 19: OTHER INCOME

			9 months ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
	i)	Foreign exchange gain (net)	-	-	2,415,940	10,690,922
	ii)	Excess provisions no longer required written back	1,973,768	11,822,416	19,296,343	17,033,499
		(including provision for doubtful debts written back Dec 2012: Rs 1,717,251, March 2012: 1,291,250)				
	iii)	Dividend from current investments - Non Trade	26,894,158	114,672,463	85,044,486	46,017,251
	iv)	Profit on sale of long term investments - Non Trade	11,334,600	60,528,316	24,018,842	32,802,566
	v)	Interest income - on advances to vendors	116,108	780,632	1,424,657	2,207,860
	vi)	Insurance Income	-	-	11,770	6,225,409
	vii)	Gain on sale of fixed assets(Net)	-	162,026	-	-
	viii)	Miscellaneous income	3,777,337	15,379,123	6,527,056	8,998,371
			44,095,971	**203,344,976**	**138,739,094**	**123,975,878**

Timken India Limited

Notes to Reformatted audited financial statements

NOTE 20: COST OF RAWMATERIAL AND COMPONENTS CONSUMED

	9 months ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
Inventory at the beginning of the period/year	335,781,669	269,717,426	174,697,381	211,220,701
Add: Purchases	2,025,025,196	4,035,809,304	2,464,450,294	1,375,096,100
	2,360,806,865	4,305,526,730	2,639,147,675	1,586,316,801
Less: Inventory at the end of the period/year	218,492,522	335,781,669	269,717,426	174,697,381
Cost of raw material and components consumed	**2,142,314,343**	**3,969,745,061**	**2,369,430,249**	**1,411,619,420**
Details of raw materials and components consumed				
	Rupees	**Rupees**	**Rupees**	**Rupees**
Steel	65,995,150	171,763,771	146,115,130	60,970,026
Rings	785,001,945	1,444,956,082	970,734,447	768,065,564
Components and accessories*	1,291,317,248	2,353,025,208	1,252,580,672	582,583,830
Total	**2,142,314,343**	**3,969,745,061**	**2,369,430,249**	**1,411,619,420**

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

Details of raw materials and components Inventory				
	Rupees	**Rupees**	**Rupees**	**Rupees**
Steel	9,308,835	8,027,070	28,186,976	36,076,013
Rings	12,322,885	37,166,949	31,634,130	73,464,741
Components and accessories*	196,860,802	290,587,650	209,896,320	65,156,627
Total	**218,492,522**	**335,781,669**	**269,717,426**	**174,697,381**

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

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 21 A: DETAILS OF PURCHASE OF TRADED GOODS

	9 months Ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
Bearings	361,220,760	316,627,738	46,389,512	3,685,226
Components	745,824,405	735,558,925	173,510,803	22,874,230
Other bearing accessories	81,130,720	71,815,807	42,867,080	55,327,380
Total	**1,188,175,885**	**1,124,002,470**	**262,767,395**	**81,886,836**

NOTE 21 B: (INCREASE)/ DECREASE IN STOCK OF FINISHED GOODS, TRADED GOODS AND WORK IN PROGRESS

	9 months Ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
Opening Stock				
Work in Progress	208,433,430	171,886,196	174,225,154	70,327,934
Finished Goods	586,101,507	434,737,180	252,666,751	484,439,503

	9 months Ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
Traded Goods	239,471,601	97,960,102	6,159,297	-
	1,034,006,538	704,583,478	433,051,202	554,767,437
Less : Closing Stock				
Work in Progress	146,990,002	208,433,430	171,886,196	174,225,154
Finished Goods	698,976,453	586,101,507	434,737,180	252,666,751
Traded Goods	373,380,151	239,471,601	97,960,102	6,159,297
	1,219,346,606	1,034,006,538	704,583,478	433,051,202
(Increase)/decrease in stock of				
Work in Progress	61,443,428	(36,547,234)	2,338,958	(103,897,220)
Finished Goods	(112,874,946)	(151,364,327)	(182,070,429)	231,772,752
Traded Goods	(133,908,550)	(141,511,499)	(91,800,805)	(6,159,297)
	(185,340,068)	**(329,423,060)**	**(271,532,276)**	**121,716,235**
Details of Inventory - Traded goods	**Dec 31,2012**	**March 31,2012**	**Dec 31,2010**	**Dec 31,2009**
	Rupees	**Rupees**	**Rupees**	**Rupees**
Bearings	88,986,969	48,608,322	24,123,373	-
Components	275,552,884	183,042,749	65,335,690	290,545
Other bearing accessories	8,840,298	7,820,530	8,501,039	5,868,752
Total	**373,380,151**	**239,471,601**	**97,960,102**	**6,159,297**
Details of Inventory - Work-In-Progress				
Bearings	58,234,608	57,909,450	44,894,201	33,549,870
Components	88,405,979	146,655,214	126,247,357	138,841,085
Other bearing accessories	349,415	3,868,766	744,638	1,834,199
Total	**146,990,002**	**208,433,430**	**171,886,196**	**174,225,154**
Details of Inventory - Finished Goods	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Bearings	410,087,641	315,843,353	271,026,410	116,754,798
Components	285,256,402	262,245,502	160,242,962	129,141,111
Other bearing accessories	3,632,410	8,012,652	3,467,808	6,770,842
Total	**698,976,453**	**586,101,507**	**434,737,180**	**252,666,751**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 22: EMPLOYEE BENEFIT EXPENSES

		9 months ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
i)	Salaries, Wages and Bonus	311,498,158	494,200,219	337,453,285	242,941,843
ii)	Contribution to provident funds and other funds	37,432,750	51,333,644	84,804,266	18,576,815
iii)	Staff welfare expenses	36,357,293	67,241,684	31,064,632	23,432,368
		385,288,201	**612,775,547**	**453,322,183**	**284,951,026**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 23: OTHER EXPENSES

		9 months ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
a)	Consumption of stores and spares	198,597,590	350,608,227	262,641,620	192,660,488
b)	Power	57,483,070	98,311,128	77,239,477	62,255,945
c)	Repairs to Buildings	4,805,840	22,936,138	20,134,362	7,674,999
d)	Repairs to Machineries	45,745,048	82,988,712	39,799,336	14,269,045
e)	Repairs Others	13,102,055	14,697,755	8,366,032	6,717,190
f)	Royalty	113,924,954	205,644,542	100,314,006	69,048,342
g)	Rent	18,084,112	28,653,876	20,091,845	21,916,384
h)	Rates and Taxes	18,382,257	21,398,408	16,220,248	7,781,816
i)	Insurance	3,845,330	5,850,494	6,020,761	6,127,687
j)	Commission	66,175,527	124,192,604	78,118,170	50,233,757
k)	Cash Discount	17,378,945	30,969,709	12,632,986	3,739,756
l)	Travelling	66,658,599	99,869,612	56,880,747	46,139,949
m)	Subcontracting charges	93,622,027	116,354,547	64,491,505	77,709,291
n)	Legal & Professional Fees	61,884,965	110,897,106	64,824,853	71,158,130
o)	Inter company Service Charges	95,993,647	125,654,662	78,481,104	28,226,329
p)	Network & ERP Expenses	35,460,136	47,571,165	38,690,392	33,365,417
q)	Foreign exchange loss (net)	11,652,103	65,011,059	-	-
r)	Carriage and Handling	37,342,157	61,770,967	34,218,578	28,324,479
s)	Excise Duty Expense #	1,647,069	1,495,920	5,636,367	(208,553)
t)	Irrecoverable debtors written off	911,780	2,917,220	2,974,964	12,823,196
	Less: Adjusted against opening provision	(911,780)	(2,917,220)	(1,939,193)	(10,239,157)
		-	-	1,035,771	2,584,039
u)	Provision for doubtful debts, deposits & advances	-	-	1,195,570	9,842,851
v)	Other Expenses *	141,972,018	206,299,816	117,676,884	127,621,588
		1,103,757,449	**1,821,176,447**	**1,104,710,614**	**867,188,929**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 23: OTHER EXPENSES…cont'd

		9 months ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
* Other Expenses Includes					
i	Auditor's remuneration *				
	As Auditors				
	- For Statutory Audit	-	1,675,000	1,500,000	1,550,000
	- For Limited Reviews	1,300,000	1,600,000	1,200,000	1,350,000
	- For Corporate Governance certificate	-	60,000	60,000	84,700
	- For Travelling & out-of-pocket expenses	139,345	215,922	292,307	Nil
	For Other Matters				
	- For Tax Audit	-	1,000,000	900,000	500,000
	- For US GAAP Reporting	500,000	500,000	400,000	525,000
	- For Other Services	112,360	270,300	195,200	245,000
ii	Directors fees	235,000	335,000	310,000	165,000
iii	Loss on disposal / discarding of assets(net)	1,026,984	Nil	872,073	6,845,505
#	Excise duty Expenses	1,647,069	1,495,920	5,636,367	291,653
	less - Recovery	-	-	-	500,206
		1,647,069	1,495,920	5,636,367	(208,553)

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

NOTE 24: FINANCE COST

	9 months ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
Interest on short term loans from bank	-	1,962,414	-	-
Interest other than loan	8,447,370	10,255,092	8,906,048	4,200,481
	8,447,370	**12,217,506**	**8,906,048**	**4,200,481**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 25: EARNING PER SHARE (EPS)

	9 months ended Dec 31, 2012 Rupees	15 months ended Mar 31, 2012 Rupees	Year ended Dec 31, 2010 Rupees	Year ended Dec 31, 2009 Rupees
Profit after tax	291,075,800	806,570,435	510,573,850	325,346,108
Net profit for calculation of basic and diluted EPS	291,075,800	806,570,435	510,573,850	325,346,108
Weighted Average No. of Equity Shares @ Rs. 10/- each	63,734,850	63,734,850	63,734,850	63,734,850
Earnings per share - Basic & Diluted	**4.57***	**12.66***	**8.01**	**5.10**

*** Not annualised**

NOTE 26: LEASES

(i) **Asset taken on lease**

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

The lease term is for various number of years and renewable for further periods as per the lease agreements at the option of the company. In few lease agreements, escalation clauses are present consequent to which straight lining of lease rental is done and accounted for accordingly. There are no restrictions imposed by the lease arrangements. There are no subleases.

Lease which are non-cancellable in nature

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

	As at December 31, 2012	As at March 31, 2012	As at December 31, 2010	As at December 31, 2009
With in one year	6,971,571	10,565,856	5,735,000	1,575,000
After one year but not more than five years	1,920,000	8,875,107	14,490,000	2,625,000
More than five years	Nil	Nil	Nil	Nil
The Company has paid towards lease rent :				
9 months ended December 2012 - Rs. 18,084,112				
15 months ended March 2012 - Rs. 28,653,876				
Year ended December - 2010 - Rs. 20,091,845				
Year ended December - 2009 - Rs. 21,916,384				

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 27: Segment Information

Business Segment:

The Company has reviewed the disclosure of business segment wise information and is of the view that it manufactures bearings and related components which is a single business segment in accordance with AS-17, Segment Reporting. Accordingly, no separate business segment information is furnished herewith.

Geographical segments:

Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets.

The following tables present revenue, expenditure and certain asset information regarding the company's geographical segments:

Secondary Segment - Geographical	9 months period Ended Dec 31, 2012 Rupees	15 months period Ended Mar 31, 2012 Rupees	Year Ended Dec 31, 2010 Rupees	Year Ended Dec 31, 2009 Rupees
Sale of products and services by Geographical Market				
India	3,730,390,221	6,161,282,498	3,190,266,601	2,371,399,927
Outside India	1,343,073,698	2,053,451,225	1,439,097,339	788,986,914
Total	**5,073,463,919**	**8,214,733,723**	**4,629,363,940**	**3,160,386,841**
Carrying amount of segment assets				
India	3,529,692,798	3,460,138,167	2,346,813,827	3,680,463,735
Outside India	472,571,048	336,567,518	338,475,241	156,255,155

Secondary Segment - Geographical	9 months period Ended Dec 31, 2012 Rupees	15 months period Ended Mar 31, 2012 Rupees	Year Ended Dec 31, 2010 Rupees	Year Ended Dec 31, 2009 Rupees
Total	**4,002,263,846**	**3,796,705,685**	**2,685,289,068**	**3,836,718,890**
Purchase of Fixed Assets				
India	240,808,213	435,122,353	44,899,753	81,808,359
Outside India	-	-	-	-
Total	**240,808,213**	**435,122,353**	**44,899,753**	**81,808,359**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

Note 28 - Disclosures as per Revised Accounting Standard -15

Gratuity and other post-employment benefit plans:

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

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

The Company has a separate Provident Fund Trust (funded) whereby, all the employees are entitled to benefits as per Provident Fund Act / Trust Deed. Any shortfall for the Trust is borne by the Company, hence the same is treated as a defined benefit scheme.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss:

Net employee benefit expense (recognised in Employee Cost)

	GRATUITY FUND (FUNDED)				EMPLOYEE DEATH BENEFIT SCHEME (UNFUNDED)				PROVIDENT FUND (FUNDED)			
	31-Dec-12	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**	**31-Dec-12**	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**	**31-Dec-12**	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**
Current service cost	6,327,350	9,765,990	1,996,010	2,456,620	585,710	521,950	429,580	947,110	1,443,820	966,400	309,420	515,110
Interest cost on benefit obligation	7,821,970	11,620,030	3,788,860	3,260,610	1,023,810	603,570	720,850	970,820	1,167,730	697,480	259,710	261,610
Expected return on plan assets	(8,717,330)	(8,903,350)	(3,140,450)	(2,979,740)	-	-	-	-	-	-	-	-
Curtailment cost / (credit)	-	-	-	-	-	-	(3,257,230)	-	-	-	-	-
Past Service Cost	-	-	-	-	-	9,386,710	-	-	-	-	-	-
Net actuarial(gain) / loss recognised in the year	6,511,840	(12,530,310)	69,009,930	(6,335,755)	577,680	(1,320)	(1,021,550)	(5,654,580)	(1,936,610)	9,551,770	3,334,330	(1,638,670)
Net benefit expense/ (Gain)	**11,943,830**	**(47,640)**	**71,654,350**	**(3,598,265)**	**2,187,200**	**10,510,910**	**(3,128,350)**	**(3,736,650)**	**674,940**	**11,215,650**	**3,903,460**	**(861,950)**
Actual return on plan assets	**8.83%**	**8.60%**	**8.50%**	**8.50%**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Balance sheet :												
Details of Plan (asset) / liability :												
Defined benefit obligation	138,261,220	124,929,020	116,823,100	44,917,590	17,868,730	16,064,500	6,368,880	10,152,520	18,779,270	18,104,330	6,888,680	2,985,220
Fair value of plan assets	142,289,010	139,900,640	39,960,100	36,919,020	-	-	-	-	-	-	-	-
Plan (asset) / liability	**(4,027,790)**	**(14,971,620)**	**76,863,000**	**7,998,570**	**17,868,730**	**16,064,500**	**6,368,880**	**10,152,520**	**18,779,270**	**18,104,330**	**6,888,680**	**2,985,220**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

Note 28 - Disclosures as per Revised Accounting Standard -15….cont'd

	GRATUITY FUND (FUNDED)				EMPLOYEE DEATH BENEFIT SCHEME (UNFUNDED)				PROVIDENT FUND (FUNDED)			
Changes in the present value of the defined benefit obligation are as follows:	**31-Dec-12**	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**	**31-Dec-12**	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**	**31-Dec-12**	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**
Opening defined benefit obligation	124,929,020	116,823,100	44,917,590	50,335,000	16,064,500	6,368,880	10,152,520	14,664,450	18,104,330	6,888,680	2,985,220	3,847,170
Interest cost	7,821,970	11,734,260	3,788,860	3,260,610	1,023,810	603,570	720,850	970,820	1,167,730	697,480	259,710	261,610
Current service cost	6,327,350	9,765,990	1,996,010	2,456,620	585,710	521,950	429,580	947,110	1,443,820	966,400	309,420	515,110
Plan Amendments cost / (credit)	-	-	-	-	-	9,386,710	-	-	-	-	-	-
Curtailment cost / (credit)	-	-	-	-	-	-	(3,257,230)	-	-	-	-	-
Benefits paid	(7,316,330)	(1,858,390)	(2,735,010)	(4,769,600)	(382,970)	(815,290)	(655,290)	(775,280)	-	-	-	-
Actuarial (gains) / losses on obligation	6,499,210	(11,535,940)	68,855,650	(6,365,040)	577,680	(1,320)	(1,021,550)	(5,654,580)	(1,936,610)	9,551,770	3,334,330	(1,638,670)
Closing defined benefit obligation	**138,261,220**	**124,929,020**	**116,823,100**	**44,917,590**	**17,868,730**	**16,064,500**	**6,368,880**	**10,152,520**	**18,779,270**	**18,104,330**	**6,888,680**	**2,985,220**

	GRATUITY FUND (FUNDED)				EMPLOYEE DEATH BENEFIT SCHEME (UNFUNDED)				PROVIDENT FUND (FUNDED)			
	31-Dec-12	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**	**31-Dec-12**	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**	**31-Dec-12**	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**
Changes in the fair value of plan assets are as follows:												
Opening fair value of plan assets	139,900,640	39,960,100	36,919,020	36,142,890	NA	NA	NA	NA	NA	NA	NA	NA
Expected return	8,717,330	9,023,230	3,140,450	2,979,740	NA	NA	NA	NA	NA	NA	NA	NA
Contributions by employer	1,000,000	91,786,970	2,789,920	2,595,280	382,970	815,290	655,290	775,280	NA	NA	NA	NA
Benefits paid	(7,316,330)	(1,858,390)	(2,735,010)	(4,769,600)	(382,970)	(815,290)	(655,290)	(775,280)	NA	NA	NA	NA
Actuarial gains / (losses)	(12,630)	988,730	(154,280)	(29,290)	NA	NA	NA	NA	NA	NA	NA	NA
Closing fair value of plan assets	**142,289,010**	**139,900,640**	**39,960,100**	**36,919,020**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Gratuity fund and Provident fund are 100% invested with approved funds as per the relevant Act/ trust deed.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

Note 28 - Disclosures as per Revised Accounting Standard -15….cont'd

	Gratuity fund (Funded)				Employee death benefit scheme (Unfunded)				Provident fund(Funded)			
	31-Dec-12	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**	**31-Dec-12**	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**	**31-Dec-12**	**31-Mar-12**	**31-Dec-10**	**31-Dec-09**
Discount rate	**8.30%**	**8.60%**	**8.10%**	**8.70%**	**8.30%**	**8.60%**	**8.10%**	**8.70%**	**8.30%**	**8.60%**	**8.10%**	**8.70%**
Expected rate of return on assets	**8.50%**	**8.50%**	**8.50%**	**8.50%**	**NA**	**NA**	**NA**	**NA**	**8.50%**	**8.50%**	**8.50%**	**8.50%**
Salary escalation for respective class of employees	Officer - 10 % for 1st Yr and 8 % thereafter Non Officer - 8 %	Officer - 10 % for 1st Yr and 8 % thereafter Non Officer - 8 %	Officer - 12 % for 1st Yr and 8 % thereafter Non Officer - 15 % for 1st Yr and 10 % thereafter	Officer - 6.5 % Non Officer - 6 %	Officers - N .A Non Officer- 8 %	Officers - N .A Non Officer- 8 %	**NA**	**NA**	Officer - 10 % for 1st Yr and 8 % thereafter Non Officer - 8 %	Officer - 10 % for 1st Yr and 8 % thereafter Non Officer - 8 %	Officer - 12 % for 1st Yr and 8 % thereafter Non Officer - 15 % for 1st Yr and 10 % thereafter	Officer - 6.5 % Non Officer - 6 %
Employee	Officers - 10	Officers - 10	Officers - 15	Officers	Officers -	Officers - N.A	**NA**	**NA**	Officers -	Officers -	Officers -	Officers

	Gratuity fund (Funded)				Employee death benefit scheme (Unfunded)				Provident fund(Funded)			
	31-Dec-12	31-Mar-12	31-Dec-10	31-Dec-09	31-Dec-12	31-Mar-12	31-Dec-10	31-Dec-09	31-Dec-12	31-Mar-12	31-Dec-10	31-Dec-09
turnover	% Non Officers Age Rate 20-25 : 0.50 % 25-30 : 0.30 % 30-35 : 0.20 % 35-50 : 0.10 % 50 -55 : 0.20 % 55-60 : 0.30 %	% Non Officers Age Rate 20-25 : 0.50 % 25-30 : 0.30 % 30-35 : 0.20 % 35-50 : 0.10 % 50 -55 : 0.20 % 55-60 : 0.30 %	% Non Officers - 4% Age Rate 20-25 : 0.50 % 25-30 : 0.30 % 30-35 : 0.20 % 35-50 : 0.10 % 50 -55 : 0.20 % 55-60 : 0.30 %	& Non Officers - 1.60%	N.A Non Officers Age Rate 20-25 : 0.50% 25-30 : 0.30% 30-35 : 0.20 % 35-50 : 0.10% 50 -55 : 0.20% 55-60 : 0.30 %	Non Officers Age Rate 20-25 : 0.50% 25-30 : 0.30% 30-35 : 0.20 % 35-50 : 0.10% 50 -55 : 0.20% 55-60 : 0.30 %			10% Non Officers Age Rate 20-25 : 0.50% 25-30 : 0.30% 30-35 : 0.20 % 35-50 : 0.10% 50 -55 : 0.20% 55-60 : 0.30 %	10% Non Officers Age Rate 20-25 : 0.50% 25-30 : 0.30% 30-35 : 0.20 % 35-50 : 0.10% 50 -55 : 0.20% 55-60 : 0.30 %	15% Non Officers - 4% Age Rate 20-25 : 0.50% 25-30 : 0.30% 30-35 : 0.20 % 35-50 : 0.10% 50 -55 : 0.20% 55-60 : 0.30 %	& Non Officers - 1.60%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

Note 28 - Disclosures as per Revised Accounting Standard -15….cont'd

Amounts for the current period are as follows:

Gratuity Fund	31-Dec-12	31-Mar-12	31-Dec-10	31-Dec-09	31-Dec-08	31-Dec-07
Defined benefit obligation	138,261,220	124,929,020	44,917,590	44,917,590	50,335,000	35,603,570
Plan assets	142,289,010	139,900,640	36,919,020	36,919,020	36,142,892	36,921,680
(Surplus) / deficit	(4,027,790)	(14,971,620)	7,998,570	7,998,570	14,192,108	(1,318,110)
Experience adjustment on Plan Liabilities	3,466,860	3,928,670	(25,509,480)	(2,240,360)	1,421,040	Nil
Experience adjustment on Plan Assets	(12,630)	1,055,910	(29,290)	(29,290)	68,380	Nil
Actuarial Gain / (Loss) due to change on assumptions	(3,032,350)	18,930,510	(43,346,170)	8,605,410	(14,291,370)	Nil
Employee Death benefit scheme						
Defined benefit obligation	17,868,730	16,064,500	6,368,880	10,152,520	14,664,450	8,624,000
Plan assets	-	-	-	-	-	-
(Surplus) / deficit	17,868,730	16,064,500	6,368,880	10,152,520	14,664,450	8,624,000
Experience adjustment on Plan Liabilities	(199,770)	1,806,150	808,010	3,525,240	3,487,000	N.A
Experience adjustment on Plan Assets	N.A	N.A	N.A	N.A	N.A	N.A
Actuarial Gain / (Loss) due to change on assumptions	(3,779,100)	(2,429,300)	213,540	2,129,330	(1,817,000)	N.A
Provident fund						
Defined benefit obligation	18,779,270	18,104,330	6,888,680	2,985,220	3,847,170	3,602,000
Plan assets	-	-	-	-	-	-
(Surplus) / deficit	18,779,270	18,104,330	6,888,680	2,985,220	3,847,170	3,602,000
Experience (Gain) / Loss adjustment on Plan Liabilities	2,338,650	(9,687,980)	30,710	1,420,450	-	-
Experience (Gain) / Loss adjustment on Plan Assets	-	NA	NA	NA	N.A	N.A
Actuarial Gain / (Loss) due to change on assumptions	(402,040)	(4,398,410)	NA	NA	NA	NA

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 29: CONTINGENT LIABILITIES

A	**Demands raised by Sales Tax/Income Tax/Excise authorities**		**As at December 31, 2012 Rupees**	**As at March 31, 2012 Rupees**	**As at December 31, 2010 Rupees**	**As at December 31, 2009 Rupees**
	i)	Demand of sales tax for non-availability/non-consideration by Assessing Officer of various sales tax declaration forms.	18,121,348	238,852,264	225,219,371	224,268,896
	ii)	Demand of sales tax on account of non-deduction of various allowances and consequent enhancement of Gross turnover.	12,878,672	2,017,843	2,017,843	5,856,165
	iii)	Demand of sales tax on method of valuation of Goods.	1,221,669	1,221,669	1,221,669	1,221,669
	iv)	Demand for Denial of Input Credit	Nil	Nil	2,425,800	Nil
	v)	Demand of additional Income Tax due to non-consideration of TDS Certificates by the Assessing Officer.	Nil	Nil	Nil	1,476,649
	vi)	Demand of income Tax due to disallowance of certain business expenses & incentives by the Assessing Officer.	74,778,129	74,778,129	73,714,229	85,254,317
	vii)	Demand of excise duty on CVD credit for imported components of railway bearings.	Nil	Nil	5,245,045	5,245,045
	viii)	Denial of Cenvat credit of service tax on outward transportation of goods beyond the place of removal	1,441,114	1,441,114	1,441,114	Nil
	ix)	Demand of Service tax consequent to change in service classification	21,098,796	18,027,789	Nil	Nil

B	**Other Claims against the Company not acknowledged as debts**		**As at December 31, 2012 Rupees**	**As at March 31, 2012 Rupees**	**As at December 31, 2010 Rupees**	**As at December 31, 2009 Rupees**
	i)	Demand towards ESI contribution on employees at Kolkata office of the Company. The Company has contested on the applicability of ESI for such employees and the issue is pending before the Assistant Regional Director, ESI Corporation, Kolkata	2,001,562	2,001,562	613,737	613,737
	ii)	Demands arising out of suits filed by Shareholders on account of short / non refund of Application Money for which shares have not been allotted and / or non-receipt of Share Certificates etc. Company's appeals against these issues are pending before relevant District Forums / State Commission / Civil Courts	508,351	508,351	508,351	508,351
	iii)	Claims for recovery arising out of suit filed by a Contractor before the Calcutta High Court	5,799,702	5,799,702	5,799,702	5,799,702

Based on the discussions with the solicitors/ favorable decisions in similar cases/legal opinions taken by the Company, (both under (A) & (B) categories) no provision there against is considered necessary.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

			As at December 31, 2012 Rupees	As at March 31, 2012 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
NOTE 30	(a)	Estimated amount of contracts remaining to be executed on capital account and notprovided for (Net of Advance paid)	95,446,087	12,401,963	35,684,755	3,991,111

(b) In terms of the Memorandum of Agreement dated 9th May, 2011 entered between the Company and Timken India Manufacturing (P) Ltd, (TIMPL), TIMPL will manufacture goods using the assets owned by the Company and leased out to TIMPL (as disclosed in Note 9) and the Company in consideration of purchase of such goods from TIMPL would give an agreed mark up on the cost incurred by TIMPL for manufacturing such goods.

(c) For commitments relating to lease arrangements, please refer note 26.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 31: DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

A	Forward Contract outstanding as at balance sheet date		
	Particulars of forward contracts		**Purpose**
	As at December 31, 2012	Nil	Hedge of Trade Receivables denominated in foreign currencies
	As at March 31, 2012	Nil	
	As at Dec 31, 2010	Sell US $ 1,510,000 (Rs.72,956,200)	
	As at Dec 31, 2009	Sell US $ 1,050,000 (Rs.48,250,500)	

B Particulars of unhedged foreign currency exposure as at the reporting date

			As at December 31, 2012		As at March 31, 2012		As at December 31, 2010		As at December 31, 2009	
	Particulars	**Currency**	**Value in Foreign Currency**	**Value in Rupees**	**Value in Foreign Currency**	**Value in Rupees**	**Value in Foreign Currency**	**Value in Rupees**	**Value in Foreign Currency**	**Value in Rupees**
a)	Trade Receivables, Loans & Advances	USD	8,685,155	472,571,048	6,658,539	337,654,538	6,150,774	266,952,336	2,316,383	107,040,072
		YEN	Nil	Nil	Nil	Nil	Nil	Nil	1,320,000	694,584
		EURO	Nil	Nil	2,452	165,336	Nil	Nil	Nil	Nil
		GBP	Nil	Nil	840	67,838	Nil	Nil	Nil	Nil
b)	Trade Payables	USD	9,964,794	549,658,037	11,639,861	599,802,052	9,426,506	426,832,188	3,405,904	160,496,196
		EURO	7,375	539,010	8,563	591,293	7,290	440,665	2,963	201,395
		GBP	Nil	Nil	Nil	Nil	6,160	432,309	579	43,962
		CHF	Nil	Nil	Nil	Nil	Nil	Nil	2,134	97,631
		JPY	5,014,175	3,233,140	Nil	Nil	9,422,000	5,262,187	210,000	107,667
c)	Unsecured Loan	USD	Nil	Nil	2,867,312	147,752,610	Nil	Nil	Nil	Nil
d)	EEFC Bank account	USD	Nil	Nil	15,367	791,863	Nil	Nil	Nil	Nil

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

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

		9 Months Ended December 31,2012 Rupees	15 Months Ended March 31,2012 Rupees	Year ended Dec 31,2010 Rupees	Year ended Dec 31,2009 Rupees
i)	Raw Materials and components	576,778,749	1,099,376,067	700,323,429	218,427,280
ii)	Stores and spare parts	18,795,408	36,701,709	32,867,961	47,949,643
iii)	Finished Products for re-sale	723,414,099	624,376,841	155,031,335	6,800,812
iv)	Capital Goods	133,556,997	289,996,227	15,433,995	13,885,965

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 33: CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIALS & COMPONENTS AND STORES & SPARE PARTS

Value of consumption of imported and indigenously obtained raw materials, components, stores and spare parts and percentage of each to the total consumption:

		9 Months Ended December 31,2012		15 Months Ended March 31,2012		Year Ended December 31,2010		Year Ended December 31,2009	
		%	**Rupees**	**%**	**Rupees**	**%**	**Rupees**	**%**	**Rupees**
i)	**Raw Materials and components**								
	Imported	39.22	840,253,496	35.81	1,421,659,068	38.23	905,931,309	29.90	422,016,295
	Indigenous	60.78	1,302,060,847	64.19	2,548,085,993	61.77	1,463,498,940	70.10	989,603,125
		100.00	**2,142,314,343**	**100.00**	**3,969,745,061**	**100.00**	**2,369,430,249**	**100.00**	**1,411,619,420**
ii)	**Stores and spare parts**								
	Imported	6.39	12,699,434	6.89	24,157,332	5.83	15,318,962	5.86	11,291,043
	Indigenous	93.61	185,898,156	93.11	326,450,895	94.17	247,322,658	94.14	181,369,445
		100.00	**198,597,590**	**100.00**	**350,608,227**	**100.00**	**262,641,620**	**100.00**	**192,660,488**

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 34: Expenditure in Foreign Currency (accrual basis) #

		9 Months Ended Dec 31,2012 Rupees	15 Months Ended Mar 31,2012 Rupees	Year ended Dec 31,2010 Rupees	Year ended Dec 31,2009 Rupees
i)	Foreign Travel	7,944,512	8,921,928	4,449,945	2,970,965
ii)	Bank Charges	131,192	225,803	200,005	192,928
iii)	Royalty	113,924,954	205,644,542	100,314,006	69,048,342
iv)	Agency Commission	307,413	1,430,708	2,664,439	3,206,938
v)	Others*	145,768,502	333,220,524	196,022,058	150,742,071

* - Others represent Intercompany service billings & reimbursement of expenses

NOTE 35: Earnings in Foreign Currency (accrual basis)#

		9 Months Ended Dec 31,2012 Rupees	15 Months Ended Mar 31,2012 Rupees	Year ended Dec 31,2010 Rupees	Year ended Dec 31,2009 Rupees
i)	Export at F.O.B Value	1,295,717,034	1,973,897,024	1,380,649,630	736,791,868
ii)	Agency commission	47,356,664	79,554,201	58,447,709	52,195,046

Expenditure and Earnings in foreign currency were disclosed on cash basis in the audited financial statements for the 15 months period ended March 31 2012, years ended December 31, 2010 and December 31, 2009. The same has been disclosed here on accrual basis based on the requirements of Revised Schedule VI of the Companies Act, 1956.

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

Note 36 Related Party Disclosures:

Name of the Holding Company:	- Timken Singapore PTE. Limited * (with effect from 26th March 2012)
	- Timken (Mauritius), Limited* (with effect from October 5, 2010)
	- The Timken Company, USA (till October 4,2010)
Name of the Ultimate Parent Company:	- The Timken Company, USA

* Refer Note 3 of the Notes to the financial statements

Transactions with related parties where control exists and other related parties with whom transaction have taken place during the year/period, along with related balances at December 31, 2012; March 31, 2012 ; December 31, 2010; December 31, 2009 and for the period /year then ended are presented in the following table:

(Amount in Rupees)

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at
				31-Dec-2012		31-March-2012		31-Dec-2010		31-Dec-2009	
1	The Timken Company, USA	Ultimate Parent Company	Purchase of goods	366,699,735	138,826,100	1,285,659,467	328,860,965	582,490,034	161,129,708	200,542,808	97,523,102
			Sale of Goods	633,030,523	151,701,341	1,440,224,585	218,123,452	756,753,161	197,253,987	459,854,618	81,733,639
			Purchases of Fixed Assets	126,160,902	7,609,837	264,679,816	10,440,112	5,846,990	3,611,941	13,144,636	868,162
			Expenses Receivable	9,287,714	55,065	24,924,068	1,134,254	10,132,116	1,037,669	8,620,687	4,018,285
			Expenses Payable	91,163,499	31,061,646	119,611,651	19,060,867	57,196,374	33,439,899	67,468,129	12,467,958
			Agency Commission (Income)	23,346,993	-	55,216,238	3,366,281	58,476,485	2,814,151	51,478,222	10,558,068
			Royalty (excluding Cess)	113,924,954	35,167,029	205,644,542	75,558,350	94,180,505	66,091,784	72,555,578	78,499,213

Notes to Reformatted audited financial statements

Note 36 Related Party Disclosure…. (cont'd)

(Amount in Rupees)

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at
				31-Dec-2012		31-March-2012		31-Dec-2010		31-Dec-2009	
2	Timken UK Limited	Fellow Subsidiary	Sale of Goods	18,001,136	5,132,155	35,654,706	5,212,717	18,239,598	2,961,314	37,137,324	1,085,935
			Freight Recovery	-	-	-	-	-	-	98,202	-
			Agency Commission (Income)	744,480	-	1,964,411	592,037	-	-	-	-
3	Timken Do Brasil COM.E.IND. LTDA	Fellow Subsidiary	Sale of Goods	110,644,315	40,710,156	193,453,459	47,019,020	256,521,456	94,810,297	77,937,356	45,582,640
			Purchase of goods	1,307,352	2,706,657	1,637,614	1,686,440	28,458	7,551	-	-
			Purchases of Fixed Assets	-	-	-	-	1,575,891	1,575,891	-	-
			Expenses Payable	-	-	5,940,664	-	958,818	768,931	-	-
			Agency Commission (Expense)	-	-	205	-	265,742	199,351	-	-
4	Timken Korea LLC	Fellow Subsidiary	Agency Commission (Expense)	307,413	-	1,430,503	656,488	1,321,931	953,415	3,206,938	3,021,677
5	Timken South Africa Limited	Fellow Subsidiary	Sale of Goods	129,932,378	85,973,236	88,014,960	16,709,153	218,349,964	12,930,449	22,786,910	2,299,710
			Purchase of goods	1,447,375	827,637	16,154,350	2,642,308	4,795,142	3,180,054	27,112	34,718
			Purchases of Fixed Assets	1,359,250	1,359,250	2,403,381	-	-	-	-	-
			Agency Commission (Income)	1,603,247	1,146,757	1,186,358	156,166	-	-	-	-

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

Note 36 Related Party Disclosure…. (cont'd)

(Amount in Rupees)

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at
				31-Dec-2012		31-March-2012		31-Dec-2010		31-Dec-2009	
6	Timken Bearing Services South Africa	Fellow Subsidiary	Sale of Goods	-	-	-	-	-	-	26,649,467	-
7	Timken Romania	Fellow Subsidiary	Purchase of goods	84,385,105	47,423,940	83,709,419	21,435,377	47,048,468	26,335,128	7,439	7,555
			Expenses Payable	2,480	2,480	-	-	-	-	6,819	-
			Agency Commission (Income)	98,636	155,930	994,568	54,107	-	-	-	-
8	Timken Singapore PTE. Limited	Fellow subsidiary till 25th March 2012 and Holding Company thereafter	Sale of Goods	37,524,345	4,194,988	54,600,654	3,143,220	33,441,213	3,845,228	15,794,195	198,037
			Agency Commission (Income)	14,483,652	3,550,858	18,448,681	1,531,213	-	-	-	-
			Purchase of goods	28,878,013	16,370,380	28,877,598	6,576,899	21,208,255	5,464,944	13,951,889	2,863,404
			Expenses Receivable	20,500,343	667,724	13,324,742	3,856,215	4,125,012	395,625	3,560,449	406,817
			Expenses Payable	1,604,704	2,356,564	1,290,775	757,890	942,470	748,767	-	-
9	Yantai Timken Company Limited	Fellow Subsidiary	Purchase of goods	47,693,777	14,992,009	107,486,091	22,662,847	32,677,623	20,976,042	1,371,204	709,785
			Purchases of Fixed Assets	2,129,157	120,484	3,530,616	-	315,765	-	-	-
			Agency Commission (Income)	27,701	-	348	-	-	-	-	-

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

Note 36 Related Party Disclosure…. (cont'd)

(Amount in Rupees)

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at
				31-Dec-2012		31-March-2012		31-Dec-2010		31-Dec-2009	
10	Australian Timken Proprietary Limited	Fellow Subsidiary	Sale of Goods	111,046,826	51,965,143	74,928,621	10,534,117	66,995,571	22,179,906	57,530,977	3,884,959
			Purchase of goods	917,714	134,669	3,512,844	204,532	966,737	-	-	-
11	Timken Polska	Fellow Subsidiary	Purchase of goods	61,585,562	24,387,891	47,076,160	28,067,490	2,119,846	217,887	1,925,374	1,128,194
			Purchases of Fixed Assets	879,661	-	-	-	386,243	-	842,261	-
			Agency Commission (Income)	-	-	36,861	-	-	-	-	-
12	Timken (China) Holding company	Fellow Subsidiary	Expenses Payable	44,235,493	14,124,416	69,841,035	13,751,004	53,392,821	46,033,784	2,194,630	-
			Expenses Receivable	-	-	205,648	-	-	-	-	-
13	Timken Wuxi Co Ltd - China	Fellow Subsidiary	Purchase of goods	322,372,779	134,781,466	349,835,521	54,623,038	83,081,871	38,630,788	3,640,513	3,387,742
			Expenses Payable	(26,278)	(26,278)	433,602	145,999	-	-	411,245	-
			Sale of Goods	-	-	370,091	-	359,996	85,336	-	-
			Purchases of Fixed Assets	-	-	4,895,511	-	-	-	-	-
			Agency Commission (Income)	2,698	22,013	347,536	121,559	-	-	-	-

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

Note 36 Related Party Disclosure…. (cont'd)

(Amount in Rupees)

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at
				31-Dec-2012		31-March-2012		31-Dec-2010		31-Dec-2009	
14	Timken (Shanghai) Distribution & Sales Co. Ltd - China	Fellow Subsidiary	Sale of Goods	31,700,391	8,186,774	50,583,930	9,409,096	9,942,241	1,362,820	2,991,426	2,554,511
			Purchase of Goods	7,537,569	896,681	4,519,415	261,881	4,063,470	2,088,420	-	-
15	Timken Gmbh	Fellow Subsidiary	Purchase of goods	-	-	-	-	-	-	460,251	-
			Expenses Payable	-	-	-	-	-	-	63,858	5,178
16	Timken Europa	Fellow Subsidiary	Agency Commission (Income)	4,253,065	-	-	-	-	-	22,240	-
			Sale of Goods	207,339,070	85,642,247	-	-	-	-	-	-
			Purchase of goods	99,143,488	35,377,903	-	-	-	-	-	-
			Expenses Payable	15,913	370,325	-	-	-	-	-	-
17	Timken India Manufacturing Pvt. Ltd	Fellow Subsidiary	Purchase of goods	285,040,794	5,744,158	167,638,752	35,718,587	30,330,536	2,083,137	4,172,291	3,905,410
			Sale of Goods	33,617,095	18,968,949	24,546,181	3,669,750	1,397,499	-	3,013,409	248,241
			Expenses Receivable	24,676,352	10,295,083	27,811,549	5,170,561	13,154,305	1,612,957	11,854,713	1,714,000
			Expenses Payable	261,304	-	735,534	-	-	-	-	-
			Lease rental	22,631,107	7,446,933	15,887,086	2,498,127	-	-	-	-

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

Note 36 Related Party Disclosure…. (cont'd)

(Amount in Rupees)

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at
				31-Dec-2012		31-March-2012		31-Dec-2010		31-Dec-2009	
18	Timken Engineering and Research India Pvt. Ltd	Fellow Subsidiary	Purchase of goods	-	-	2,375	-	-	-	193,525	81,345
			Sale of Goods	-	-	-	-	-	-	43,623	-
			Expenses Receivable	9,117,035	1,668,352	3,184,206	751,501	423,586	-	409,353	1,714,000
			Expenses Payable	73,158,554	5,942,113	135,367,263	9,947,862	83,524,180	14,421,035	80,597,391	2,525,173
19	Timken DE Mexico S A DE CV	Fellow Subsidiary	Purchase of goods	222,917	185,148	21,011	-	1,888,922	80,790	-	-
			Expenses Payable	-	-	-	-	7,395	7,207	-	-
20	Jiangsu TWB Bearing Co Ltd	Fellow Subsidiary	Purchase of goods	-	-	2,215,082	1,094,435	1,381,768	-	-	-
			Agency Commission (Income)	2,796,192	2,333,493	-	-	-	-	-	-
21	Timken Canada LP	Fellow Subsidiary	Sale of Goods	-	-	-	-	649,009	-	-	-
			Purchase of goods	28,515	29,677	-	-	-	-	-	-
22	Nihon Timken KK	Fellow Subsidiary	Purchase of goods	9,587	9,140	-	-	-	-	103,765	107,814
23	Timken Argentina S R L	Fellow Subsidiary	Sale of Goods	11,826,356	24,415,412	14,044,108	13,681,867	-	-	-	-
			Purchase of goods	131,668	82,552	-	-	-	-	-	-

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

Note 36 Related Party Disclosure…. (cont'd)

(Amount in Rupees)

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at
				31-Dec-2012		31-March-2012		31-Dec-2010		31-Dec-2009	
24	Timken Italia SRL	Fellow Subsidiary	Sale of Goods	-	-	1,478,517	-	-	-	-	-
25	Timken (Mauritius) Ltd	Holding Company till 25th March 2012 and Fellow Subsidiary thereafter	Dividend payable	-	-	1,019,999,760	-	-	-	-	-
26	TIMKEN GEARS AND SERVICES	Fellow Subsidiary	Expenses Payable	8,465,278	7,326,535	-	-	-	-	-	-
			Expenses Receivable	759,399	-	-	-	-	-	-	-
27	G. W. Robinson	Chairman & Managing Director (till 31st July 2009)	Remuneration	-	-	-	-	-	-	2,625,000	-
		Key Management Personnel									
28	Ajay Das	Managing Director (from 1st Aug 2009 till 25th Oct 2012)	Remuneration	8,249,948	-	24,270,432	1,255,384	12,502,159	3,785,143	3,325,559	-
		Key Management Personnel									
29	Sanjay Koul	Managing Director (from 26th Oct 2012)	Remuneration	3,127,005	525,986	-	-	-	-	-	-
		Key Management Personnel									

TIMKEN INDIA LIMITED

Notes to Reformatted audited financial statements

NOTE 37 Excise duty and cess on stock represent differential excise duty and cess thereon paid/provided on opening and closing stock of finished goods.

NOTE 38 Prior period expenses includes Rs.16,029,050 for the year ended December 31, 2010 towards gratuity on account of change in incorrect estimate of one of the actuarial assumptions used in past actuarial valuations and Rs.219,840 for the year ended December 31, 2009 towards service tax charges for earlier years.

NOTE 39 The Company has applied to the Central Government for approval of the appointment of the Managing Director with effect from 26th October 2012 in terms of Part I of Schedule XIII to the Companies Act, 1956. Such appointment is also subject to the approval of the Company's shareholders.

For and on behalf of the Board

As per our examination report of even date

For S R B C & CO
Firm Registration No. 324982E

Chartered Accountants

Per KAMAL AGARWAL
Partner

Membership No. 058652
Kolkata, February 20,2013

Sanjay Koul
Managing Director

James R. Menning
Chairman

Soumitra Hazra
Company Secretary & Chief Compliance Officer
Bangalore,February 20,2013

DECLARATION

We hereby declare and certify that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We certify that this Prospectus contains all information specified under Schedule XVIII of the SEBI Regulations and such other information as is material and appropriate to enable the investors to make a well informed decision as to investment in the proposed Issue and further certify that all the statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Mr. James Ronald Menning ________________________________

Mr. Sanjay Koul ________________________________

Mr. Niroop Mahanty ________________________________

Mr. Priya Shankar Dasgupta ________________________________

Mr. Jai Swarup Pathak ________________________________

Mr. Deepak Rastogi ________________________________

Date: April 9, 2013

Place: Bengaluru

Registered Office of the Company

Timken India Limited
39-42, Electronic City,
Phase II, Hosur Road,
Bengaluru - 560 100
India

Statutory Auditor to the Company

S R B C & CO LLP
22, Camac Street,
3rd Floor, Block 'C',
Kolkata – 700 016,
India

Book Running Lead Manager

JM Financial Institutional Securities Private Limited
141, Maker Chambers III,
Nariman Point,
Mumbai - 400 021
India

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg Bhandup (West)
Mumbai – 400 078

Public Issue Account Bank

HDFC Bank Limited
FIG – OPS Department, Lodha I Think Techno Campus
O – 3, Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East), Mumbai – 400042

Legal Counsel to the Company as to Indian law

Luthra & Luthra
Law Offices
103, Ashoka Estate,
Barakhamba Road,
New Delhi – 110 001

Legal Counsel to the Book Running Lead Manager as to Indian law

S&R Associates
One Indiabulls Centre,
1403, Tower 2, B Wing
841, Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013