

The background of the entire page is a high-contrast, industrial photograph. It features large, metallic gears in the foreground, with a bright, glowing orange and yellow molten metal source in the background, creating a dramatic and powerful visual.

TIMKEN

25th Annual Report

Serving the Gear Drive Industry

The mechanical power transmission industry trusts Timken® bearings and engineered steels for their reliability and efficiency.

TIMKEN INDIA LIMITED

Registered Office : 39-42, Electronic City, Phase II, Hosur Road, Bangalore - 560 100

Dear Shareholders,

The Ministry of Corporate Affairs ('MCA') has taken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies through electronic mode. In accordance with the Circulars issued by MCA, companies can now send various notices and document, including Annual Report, to its shareholders through electronic mode to the email address of the registered shareholders.

We propose to henceforth send documents such as Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc. and other communication through electronic mode to the shareholders whose email addresses are available in the records of the Depository (in case of electronic shareholding) and with the Company's Registrars & Share Transfer Agents - C B Management Services (P) Ltd. (in case of physical shareholding).

Those shareholders who are holding shares in electronic form and are yet to provide the email address to their Depository, are requested to provide the email address to their respective Depository Participant immediately. However, those who intend to receive the above documents in physical form may exercise their option by visiting the following webpage of our Registrars www.cbmsl.com/green.php.

Shareholders holding shares in physical mode, are requested to visit the above webpage and register their email ids or exercise their option to receive the above documents in physical form.

In case you have any question, you may please contact us at the following addresses -

P Santosh Kumar
Sr. Analyst - Investor Relations
Timken India Limited
39-42, Electronics City
Phase II, Hosur Road
Bangalore - 560 100
Tel. No. 080 - 40053133
Fax No. 080-28521039
e-mail : santosh.kumar@timken.com

C B Management Services (P) Limited
P-22, Bondel Road
Kolkata - 700 019
Tel. No. 033 - 40116700, 40116729, 40116725
E-mail - rta@cbmsl.com

Yours sincerely,

For Timken India Limited

Soumitra Hazra
Company Secretary
& Chief - Compliance

Date : 15 June 2012

Place : Bangalore

TIMKEN INDIA LIMITED

BOARD OF DIRECTORS

(As on 2 May 2012)

MR JAMES R MENNING – Chairman
MR AJAY K DAS – Managing Director
MR N MAHANTY
MR J S PATHAK
MR P S DASGUPTA
MR DEEPAK RASTOGI

COMMITTEES OF THE BOARD

(As on 2 May 2012)

AUDIT COMMITTEE

MR P S DASGUPTA – Chairman
MR N MAHANTY
MR J S PATHAK
MR DEEPAK RASTOGI

REMUNERATION COMMITTEE

MR N MAHANTY – Chairman
MR P S DASGUPTA
MR J S PATHAK

INVESTORS GRIEVANCE COMMITTEE

MR N MAHANTY – Chairman
MR AJAY K DAS
MR DEEPAK RASTOGI

Registered Office

39-42, Electronic City
 Phase II, Hosur Road
 Bangalore - 560 100
 Phone No. (080) 4136 2000
 Fax No. (080) 4136 2010

CONTENTS

	Page
Notice	2-4
Chairman's Statement	5
Directors' Report	6-7
Annexure to Directors' Report	8-9
Management Discussion and Analysis	10-11
Auditors' Report	12-15
Balance Sheet	16
Profit & Loss Account	17
Cash Flow Statement	18
Schedules 1 to 17	19-39
Balance Sheet Abstract	40
Corporate Governance Report	41-47
Auditors' Certificate	47
Five years at a Glance	48
Graphs	49

NOTICE

Notice is hereby given that the Twenty-fifth Annual General Meeting of Timken India Limited will be held at Tangerine Conference Hall, Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100 on Thursday, 19 July 2012 at 10.00 am to transact the following business:

1. To receive and adopt the Profit and Loss Account for the fifteen months period ended 31 March 2012 and the Balance Sheet as on that date and the reports of the Directors and the Auditors.
2. To declare dividend on Equity Share Capital of the Company.
3. To appoint a Director in place of Mr. Jai S Pathak, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Niroop Mahanty, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and to fix their remuneration. In this connection, to consider and if thought fit to pass the following resolution as an ordinary resolution:

“RESOLVED THAT Messrs. S R B C & Co (Registration No. FRN324982E), Chartered Accountants be and they are hereby appointed as the Auditors of the Company to hold such office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be mutually agreed between the Board of Directors and the Auditors.”

SPECIAL BUSINESS

6. Appointment of Mr. Deepak Rastogi as a Director of the Company

To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

“RESOLVED THAT Mr. Deepak Rastogi, in whose respect notice has been received from a member under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company.”

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member. Proxies, in order to be effective, must reach the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the item no. 5 and item no. 6 is annexed hereto. Applicable details relating to Directors pursuant to Clause 49 of the Listing Agreement are also annexed.
3. The Register of Members and the share transfer books of the Company would remain closed from 12 July 2012 to 19 July 2012, both days inclusive.
4. Those shareholders who have not encashed their dividend warrants sent to them may please contact the Company Secretary for issue of demand drafts in lieu of the warrants not encashed by them.

Registered Office :
39-42, Electronic City
Phase II, Hosur Road
Bangalore - 560 100
2 May 2012

By Order of the Board

Soumitra Hazra
Company Secretary
& Chief - Compliance

ANNEXURE TO THE NOTICE — EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

In view of unwillingness of Messrs S.R.Batliboi & Co. the retiring Auditors to be reappointed at the next Annual General Meeting, it is proposed to appoint Messrs. S R B C & Co (Registration No. FRN324982E), Chartered Accountants, (a network firm of Messrs. S R Batliboi & Co.) as the Statutory Auditors to hold office from the conclusion of Twenty-fifth Annual General Meeting until the conclusion of the next Annual General Meeting on the terms and conditions mutually decided by the Board of Directors and Statutory Auditors.

In terms of the applicable provisions of law, approval of members is required for the above appointment. The Board recommends the resolution set out under item no. 5 for approval of members.

Memorandum of Interest

None of the Directors is concerned or interested in the resolution.

Item No. 6

Mr. Deepak Rastogi was appointed by the Board of Directors of the Company ('the Board') as an Additional Director effective 1 June 2011. As per the provisions of the Companies Act, 1956 Mr. Rastogi holds office up to the date of forthcoming Annual General Meeting.

The Company has received a notice from a member under the provisions of Section 257 of the Companies Act, 1956 proposing Mr. Rastogi as a candidate for the office of Director.

The proposal for the appointment of Mr. Rastogi as Director on the Board, is therefore, placed before the members for approval as set out under item no.6 of the accompanying Notice. The Board recommends the Resolution set out under item no. 6 for approval of members.

Memorandum of Interest

Except Mr. Rastogi, no other Director is concerned or interested in the resolution.

By Order of the Board

Registered Office :
39-42, Electronic City
Phase II, Hosur Road
Bangalore - 560 100
2 May 2012

Soumitra Hazra
*Company Secretary
& Chief - Compliance*

APPLICABLE DETAILS OF DIRECTORS IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT

Name of Director	Mr. Jai S Pathak	Mr. Niroop Mahanty	Mr. Deepak Rastogi
Date of Birth	14 January 1959	12 January 1950	14 November 1967
Date of Last Appointment	28 April 2010	21 April 2011	1 June 2011 (appointed by the Board of Directors as an Additional Director)
Expertise in specific functional areas	<ul style="list-style-type: none"> • Legal Profession • General Management 	<ul style="list-style-type: none"> • Human Resources • General Management 	<ul style="list-style-type: none"> • General Management • Finance
Qualifications	<ul style="list-style-type: none"> • BA (Hons.), Delhi University • MA Intl. Relation, JNU • BA (Hons.), Jurisprudence, Oxford University, UK • MA, Oxford University, UK • LLM, University of Virginia, USA 	<ul style="list-style-type: none"> • BA (Hons) St. Stephans College, Delhi University • MBA - University of Colorado, USA 	<ul style="list-style-type: none"> • Chartered Accountant • Masters Degree in Management from S P Jain Institute of Management & Research
List of public companies in which outside Directorship held as on 31 March 2012	<ul style="list-style-type: none"> • Patni Computer Systems Limited (i-Gate Patni) • Si2i Limited (formerly known as Spice i2i Limited) 	<ul style="list-style-type: none"> • Steel City Press Limited 	Nil
Chairman / Member of the Committees of the Board of the Companies on which he is a Director as on 31 March 2012	<ul style="list-style-type: none"> • Timken India Limited – Member – Audit Committee • Timken India Limited – Member – Remuneration Committee • Patni Computer Systems Limited (i-Gate Patni) – Member – Compensation Committee • Patni Computer Systems Limited (i-Gate Patni) – Member – Audit Committee • Patni Computer Systems Limited (i-Gate Patni) – Member – Shareholders Grievance Committee • Si2i Limited (formerly known as Spice i2i Limited) – Member – Nominating Committee 	<ul style="list-style-type: none"> • Timken India Limited – Chairman – Remuneration Committee • Timken India Limited – Chairman – Investors Grievance Committee • Timken India Limited – Member – Audit Committee 	<ul style="list-style-type: none"> • Timken India Limited – Member – Audit Committee • Timken India Limited – Member – Investors Grievance Committee
Shareholding in the Company	—	—	—

CHAIRMAN'S STATEMENT

Dear Shareholders,

The recent market and industry sentiments confirm what has been well known for quite some time: the Indian economy is losing some momentum. The most important question is whether the current year will be an aberration or has India settled on a lower growth trajectory? The earlier dreams of sustaining a double-digit growth trajectory may seem illusory now, and while the Indian economy is expected to grow at 6.9% this fiscal year, it represents the slowest pace in three years.

Despite this dampening of the general economy, 2011 has been a relatively successful year at Timken India Limited. Our successful operations allowed us to declare an interim dividend of Rs. 20/- per equity share of face value of Rs. 10/- each fully paid on the equity shares of the company for the financial year 2011-2012.

Our customers remain a key part of our business. Flowing from our legacy and our vision, we apply our knowledge of friction management and power transmission to improve our customers' performance and deliver unparalleled value and innovation. This helps increase profitability for our shareholders, who support us in all our endeavors. We continue to listen to the needs of our customers to be even more responsive and adaptable as a partner in their growth and development. Following this philosophy globally, The Timken Company has acquired the assets of Philadelphia Gear Corp. and Drives LLC. These new acquisitions strengthen our efforts as a leader in friction management and mechanical power transmission solutions. We are working closely with them to take full advantage of more than 100 years of engineering experience as we expand their reach around the world.

Even as we make progress on our journey to become a stronger company in India and around the world, we stay the course our founder set for us in the early days of the company. Our core values – Ethics & Integrity, Quality, Innovation and Independence – serve as our compass. They remain at the heart of our culture and guide us in our daily work as we chart a course to more profitable growth.

We understand that adherence to these values is essential to our success. The company has undertaken substantial transformation over the past decade, emerging with an increased product portfolio. From Timken® steel housed units, Quick-Flex™ couplings, high-performance Timken spherical roller bearings, Timken cylindrical roller bearings and line extensions to existing products with increased ratings across the spectrum of our tapered roller bearings, we work hard to earn your trust and confidence as we continue to evolve our company for value creation.

On behalf of the Board of Directors, I would like to express our sincere gratitude to all our stakeholders. To our shareholders, thank you for your continued support and confidence. To my fellow board members, management team and employees, thank you for your hard work and commitment. To our customers, suppliers and business partners, we gratefully appreciate your trust and confidence in us and look forward to many more years of support.

Yours sincerely,



James R. Menning
Chairman

Place: Bangalore
Date: 2 May, 2012

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the Twenty-fifth Annual Report on the business and operations of the Company together with the financial results for the 15 months period ended 31 March 2012.

FINANCIAL RESULTS

	(Rs./Millions)	
	15-months ended 31 March 2012	12-months ended 31 December 2010
a) Total Income	8,511	4,820
b) Total Expenditure	7,244	3,969
c) Gross Profit	1,267	851
d) Less: Depreciation	149	113
e) Earnings before Interest, Tax & Prior period item	1,118	738
f) Less: Interest	12	9
g) Add: Income/(Expense) relating to prior period	—	(16)
h) Profit before Tax (PBT)	1,106	713
i) Less: Taxes	299	203
j) Profit after Tax (PAT)	807	510
k) Add: Profit brought forward from previous year	2,908	2,398
l) Profit available for appropriation	3,715	2,908
m) Less: Appropriations		
— Interim dividend including dividend distribution tax	1,481	—
— Transferred to General Reserve	81	—
n) Balance carried forward to Balance Sheet	2,153	2,908

During the 15 months period ended on 31 March 2012, Total Income grew by 76% primarily due to increase in net sale of products by 77% and a 73% increase in sale of services compared to 12-months year ended on 31 December 2010. Expenditures on the other hand registered an increase of 82% due to increase in costs of materials and also due to increased volume of products purchased for resale.

Increase in depreciation was due to capitalization of new plant and machinery for the expansion project.

Increase in interest was on account of short term loan taken during the year.

Profit before tax went up by 55% to Rs. 1,106 million primarily due to increased sales volume in rail, heavy truck, industrial aftermarket and exports.

The Company's Plant at Jamshedpur operated at capacity.

DIVIDENDS

The Company paid an interim dividend on the equity shares of the

Company @ Rs. 20/- per equity share of Rs. 10/- each fully-paid, amounting to Rs. 1,274.44 million on 28 November 2011. Such payment of interim dividend is to be considered as final dividend on the equity shares of the Company for the 15 months period ended 31 March 2012. Your Directors are not recommending any further dividend on equity shares of the Company for 2011-12.

EXPANSION PROJECT

The Expansion Project has been successfully implemented and commercial production started from third quarter of 2011. So far, 0.1 million races of 'up to 8 inch' tapered roller bearings were manufactured from this facility for the period up to March 2012. The total actual investment on this project is Rs. 300 million.

FINANCE

Working capital was managed well in the 15 months period ended 31 March 2012 resulting in generation of adequate cash flows. Pending investment of such funds in suitable growth opportunities in India, it was temporarily parked in debt based schemes offered by various Mutual Funds. During the 15 months period under review, the Company had to borrow short term funds amounting to Rs. 300 million from HDFC Bank Ltd. to cover temporary financial needs. Except this the Company had not taken any other loan, whether short term or long term. Receivables continued to be managed well, as a result of which the number of days outstanding for domestic receivable at the end of 2011-12 had come down to 51 days compared to 56 days at the end of last year. Inventory management continued to remain under focus of the management team. At the end of the year the overall inventory rose to Rs. 1,476 million due to increased level of operations though the average number of days outstanding was maintained at 121 days as of 31 March 2012.

CHANGE OF ACCOUNTING YEAR

In order to align the accounting year of the Company with the practices followed in India, it was decided that the accounting year of the Company be changed from calendar year - January to December to fiscal year - April to March. Accordingly, the current accounting period of the Company covered 15 months starting from 1 January 2011 to 31 March 2012.

LISTING OF EQUITY SHARES ON STOCK EXCHANGES

Listing of the Company's Equity Shares on BSE Limited and National Stock Exchange of India Limited continued during 2011-12 and the listing fees for the year 2012-13 have already been paid to the Stock Exchanges.

DIRECTORS

Mr. Sridharan Rangarajan resigned as a Director of the Company with effect from 1 June 2011. The Board placed on record its deep appreciation for the valuable contribution made by Mr. Rangarajan as a Director.

Mr. Deepak Rastogi has been appointed as an Additional Director on the Board with effect from 1 June 2011. In terms of relevant provisions of the Companies Act, 1956 ('the Act'), Mr. Rastogi holds office up to the date of the forthcoming Annual General Meeting. The Company has received a notice from a member in terms of Section 257 of the Act signifying his intention to propose the name of Mr. Rastogi for appointment as Director of the Company at the next Annual General Meeting. This item has been included in the Notice convening the next Annual General Meeting of the Company.

Mr. Jai S Pathak and Mr. Niroop Mahanty, Directors of the Company, are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment at the said Annual General Meeting.

AUDITORS

Messrs. S. R. Batliboi & Co., Statutory Auditors hold office until the conclusion of the next Annual General Meeting. The Company has received a letter dated 29 March 2012 from Messrs. S. R. Batliboi & Co., Statutory Auditors expressing their unwillingness to be reappointed as Auditors due to certain factors entirely internal to them.

It is proposed to appoint Messrs. S R B C & Co, as the Statutory Auditors of the Company subject to the approval of the shareholders at the Annual General Meeting to hold office from the conclusion of Twenty-fifth Annual General Meeting until the conclusion of the next Annual General Meeting.

The Company has also received a letter from Messrs. S R B C & Co, Chartered Accountants to the effect that their appointment, if made, would be within the prescribed limits of Section 224(2-B) of the Companies Act, 1956 and they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

Accordingly, the appointment of Messrs. S R B C & Co, Chartered Accountants is being proposed as an ordinary resolution at the Twenty-fifth Annual General Meeting of the Company in terms of applicable provisions of the Companies Act, 1956 and has been included in the Notice convening the next Annual General Meeting.

The Directors placed on record their appreciation for the valuable support and guidance received from Messrs. S. R. Batliboi & Co., as the Statutory Auditors since July 1999.

Pursuant to the directions received from the Central Government, Mr. Prakash Kumar Varma has been reappointed as the Cost Auditor to audit the Cost Accounts of the Company for the 15 months period ended 31 March 2012.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of corporate governance are made a part of the Annual Report.

INDUSTRIAL RELATIONS

The performance of the Company during the 15 months period ended 31 March 2012 could be made possible only with the collective contribution and excellent performance of the Associates both in terms of operational parameters and also at the market place. The Directors express their appreciation for the wholehearted support received from all sections of the Associates of the Company.

SOCIAL RESPONSIBILITY

The Company and its associates have been actively participating in the promotion of social welfare activities of the communities where Timken facilities are located in India.

PARTICULARS OF EMPLOYEES

Information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in the Annexure forming part of the Report. However, as per the provisions of Section 219(1)(b)(iv), the Report and Accounts are being sent to all Shareholders of the Company excluding the Statement of Particulars of Employees. Any shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company for a copy.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

All the new machineries installed during the year are energy efficient. Significant cost saving on cutting fluids and consumption of electricity have been achieved by machine modifications, energy audit and efficient coolant management. Regarding absorption of foreign technology, the process is ongoing in the areas of machining, heat treatment and finishing. The Company has now achieved full indigenization of all components for Standard Bearings and substantial indigenization for AP Bearings. It is the intention of the Company to proceed with the process of indigenization further.

Other details are given in the Annexure, which also forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provision of Section 217(2AA) of the Companies Act, 1956, the Directors give hereunder the Directors' Responsibility Statement relating to the Accounts of the Company:

- (1) The applicable Accounting Standards have been followed, in the preparation of the accompanying Accounts;
- (2) The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the 15 months period ended 31 March 2012 and of the profit of the Company for the said period;
- (3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (4) The Directors have prepared the accompanying Accounts on a going concern basis.

For and on behalf of the Board of Directors

Bangalore
2 May 2012

James R. Menning
Chairman

Declaration in terms of Clause 49 – Code of Conduct

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

I confirm that the Company has received from the Senior Management Team of the Company and from the members of the Board of Directors a declaration of compliance with the code for 15 months financial year ended 31 March 2012.

For the purpose of this declaration, Senior Management Team means members of management one level below the executive directors as on 31 March 2012.

Bangalore
2 May 2012

Ajay K. Das
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT - INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS' RULES), 1988 AND FORMING PART OF DIRECTORS' REPORT

A. Conservation of Energy		
(a) Energy conservation measures taken	}	(a) Plant power factor was maintained at 0.985 even at a peak level of production.
(b) Additional investments / proposal, if any		1) All high power consuming equipments / furnaces operation were closely monitored to reduce the overall power consumption.
(c) Impact of the measures at (a) and (b) above		2) Variable frequency drive was installed in chilled water pump of centralized AC system.
		3) Energy Audit was done by TERI & audit recommendation is being implemented.
		4) Major overhauling was done in centralized AC system & coolant chiller system to store back chiller's efficiency.
		(b) 1) Solar lighting for street lights.
		b) Variable drive for plant air handling units.
(d) Total energy consumption and energy consumption per unit of production		As per details given below under Form A
B. Technology Absorption		
(e) As per details given below under Form B.		
C. Foreign Exchange Earnings and Outgo		
(f) Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services; and export plans	}	During the period under review, exports grew by 43% to Rs. 2,053 million mainly to US. The current indications about the export trend do not envisage a significant departure from the one noticed in previous year.
		Jamshedpur being a focused Plant, some of the part numbers previously used to be manufactured at other Timken locations worldwide have been earmarked for production at the Company's Plant in Jamshedpur.
(g) Total foreign exchange used and earned (Rs./Crores)		
		2011-12
i) Foreign Exchange Earnings		210
ii) Foreign Exchange Outgo *		261
* excluding part repayment of PCFC loan amounting to USD 2.9 million (Rs.142 million)		81

FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power and fuel consumption		
1. Electricity		2011-12
(a) Purchased Units (KWH)		25,130,790
Total amount (Rs.)		98,311,127
Rate Per Unit (Rs.)		
(all inclusive)		3.91
(b) Own generation		
(i) Through diesel generator	}	Not used for operations. Only for emergency lighting and water requirements.
Unit		
Unit per ltr. of diesel oil		
Cost / unit		
(ii) Through steam turbine / generator	}	There is no Steam Turbine / Generator.
Units		
Units per ltr. of fuel oil/gas		
Cost / unit		
2. Coal (specify quality and where used)		Not Used
Quantity (tonnes)		
Total Cost		
Average rate		