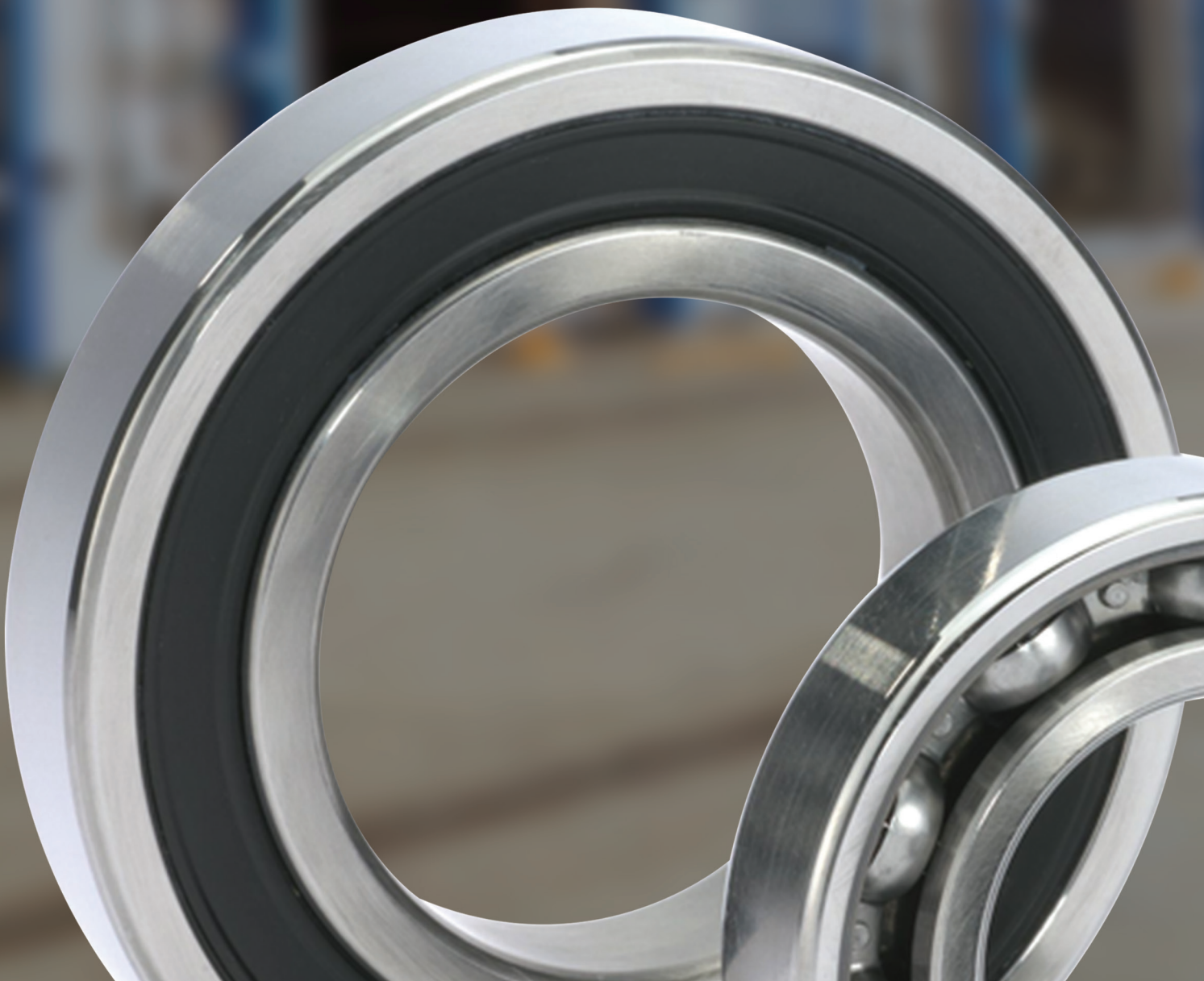


**SKF®**

Annual Report  
2019-20

**SKF Stronger**



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## Investor information

Market capitalization as at March 31, 2020	: 71,588.64MINR
CIN	: L29130MH1961PLC011980
BSE code	: 500472
NSE symbol	: SKFINDIA
Bloomberg code	: SKF:IN
Dividend declared	: 1,300%
AGM date	: July 23, 2020
AGM mode	: Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM')

Please find our online version at <https://www.skf.com/in/investors/financial-results/index.html>  
Or simply scan to download



### Disclaimer

This document contains statements about expected future events and financials of SKF India Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis Section of this Annual Report.

SKF has been on a journey to become a market leader by delivering value-added products and solutions. As the Company takes stride towards a promising future, it has laid down strategic priorities that comprise Digitalization, New business models, Innovation, World-class manufacturing, Cleantech, and Future workforce.

These strategic priorities are rooted in the Company's vision driving its mission, growth and sustainability. They help the Company set direction to achieve organizational objectives and deliver long-term value to stakeholders. The consolidated outcome will enable making **'SKF Stronger'**.





# Strong foothold

SKF's products and solutions are used world over. Wherever there is rotation, SKF's solutions are used, making it an integral part of the everyday lives of people and companies.









# SKF: The journey so far

SKF's experience encompasses over 40 industries. Its success is driven by in-depth knowledge in manufacturing a wide range of products and solutions. These include bearings, seals, and lubrication systems, as well as rotating shaft services and solutions for machine health assessment, reliability engineering and remanufacturing.

## Industrial

**Offerings:** Wide product portfolio of bearings, seals, and lubrication systems, coupled with rotating equipment solutions and remanufacturing.

**Applications:** Caters over 40 industries globally, directly as well as indirectly, through a network of distributors.

**Aftermarket:** Undisputed leader in the industrial distribution market, which primarily serves the aftermarket.

**Position:** Key player in railway and heavy industries.



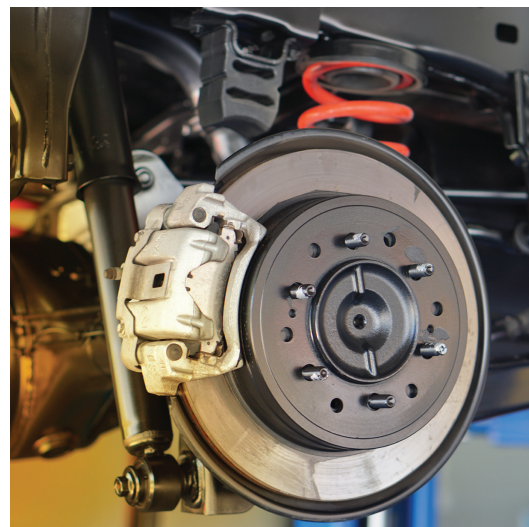
## Automotive

**Offerings:** Customized bearings, seals, and related products for wheel-end, driveline, engine, e-powertrain, suspension, and steering applications.

**Applications:** Cars, light and heavy trucks, trailers, buses, and two-wheelers.

**Aftermarket:** Vehicle aftermarket is supplied with spare parts, both directly and indirectly, through its extensive distribution network.

**Position:** Leader in wheel-end solutions and a strong position in application-driven powertrain solutions. Leading player in component development for automotive electrification.





# A stronger SKF India

Incorporated in 1961, SKF India Limited ('SKF' or 'The Company') is one of India's leading automotive and industrial products and solutions' provider.

The year 1965 marked the commissioning of the Company's first manufacturing plant in Pune, Maharashtra.

SKF India has an extensive product range comprising bearings, seals, lubrication, condition monitoring, and maintenance services. Today, millions of homes, cities, and businesses are powered by SKF's high-performing and sustainable products and solutions. The Company's pan India presence has made it possible to serve its customers with best quality products and solutions that have set industry benchmarks.

The parent company brings over 110 years of experience to the Indian entity's services. This has encouraged the Company to continuously develop innovative solutions for companies across automotive and industrial sectors. The Company's state-of-the-art facilities deliver customized value-added solutions to its customers, combined with five technology platforms.

In recent years, SKF has evolved into a knowledge-driven integrated solutions provider from a pioneer ball bearing manufacturing Company.

## 3

Manufacturing  
locations

## 12

Offices

## 440+

Distributors

## 1,716

Employees



# Letter to shareholders

## Dear Shareholders,

On behalf of the Board, I present to you SKF India's Annual Report that encapsulates our performance and journey, while also giving you a glimpse of our near-term strategies. Despite the year 2019-20 being marred by uncertainties and volatilities, we continued working closely with our customers – helping them mitigate all the ambiguities around their rotating equipment. During the year, we launched new and timely business models, creating more room for 'Digitalization' than ever before. We navigated through the challenging situation with our prompt and decisive actions while constantly delivering value for all our stakeholders.

## SKF Stronger

This year's Annual Report theme 'SKF Stronger', captures our inherent strength and strategic objectives that add to our agility. We believe, growth is only powered by a sound strategy in motion. Our 'SKF 2025' strategy revolves around six focus areas – Digitalization, New business models, Innovation, World-class manufacturing, Cleantech, and Future workforce.

SKF considers sustainability as one of its key pillars of propositions. By reducing friction and enabling reliable rotation, our products help customers increase efficiencies and productivity. Through Rotating Equipment Performance (REP) and remanufacturing, we assist our customers to transition towards a circular economy, while also reducing the carbon footprint from both SKF's factories and supply chain.

The year was further highlighted by our acquisition of RecondOil, in alignment to our strategic objectives. It develops chemical filtration and rejuvenation processes for industrial lubrication oil.

## Performance

Amidst a difficult industry environment, 2019-20 was another year of focused execution and operational responsiveness. Sales were recorded at ₹27,959 million, as compared to ₹29,960 million in the previous year. Operating margins were recorded at 12.9% and profit after tax stood at ₹2,890 million, witnessing a dip of 14% owing to muted economic and manufacturing activity. However, I am pleased to inform that the Board of Directors recommended a special dividend of 1,300% per share on a face value of ₹10 for our shareholders.

## Employees

At SKF, our people are at the center of all that we do. We believe this is the right approach to make a meaningful difference while acquiring the best talent for the Company. Our emphasis is largely towards developing new skills and competencies among our workforce. Furthermore, we are also investing in digital solutions, to help us evolve our processes, both in office and factory environments.

Health and safety of our employees is an utmost priority. During the pandemic, daily health surveys were conducted through an easy-to-access mobile app, and the outcome of this survey was shared with the core team for taking necessary actions. Also, all Governmental guidelines and instructions were followed both in letter and in spirit.

## Environment

Our determination to be a responsible business reflects in our energy-efficient products and sustainable processes. I am glad to state that over 28% of our energy usage comes from green sources, translating into a significantly reduced carbon footprint. Likewise, we are steadily increasing the use of renewable energy sources across all our facilities to further reduce our environmental impact.

## Corporate Social Responsibility

At SKF, we believe that education, employment, and access to essential amenities are basic human rights. We conduct effective programs focusing on all three facilities at Maharashtra, Karnataka, and Uttarakhand.

Our flagship YES program develops vocational skills of youth from underserved sections of the society. By providing training in automotive maintenance and servicing, the program helps them secure meaningful jobs. So far, 2,923 YES beneficiaries have been trained and 80% of them are currently employed in the industry.

To help the Government fight the current pandemic, the Company supplied PPE kits to doctors and medical staff. We also distributed ration and hygiene kits to laborers and migrant workers. Additionally, we conducted free vehicle disinfection camps for essential services personnel. All these initiatives were carried out across various locations in the country.



### Governance

We are committed to adopt and adhere to the best corporate governance practices. We also maintain the highest levels of ethics and regulatory compliance to serve all our stakeholders.

### In Conclusion

I would like to thank our Board members for their tireless commitment and sincerity towards the Company. All the hard work that comes out of our committees – each fulfilling challenging promises – is reflected in our steady growth. I thank all our stakeholders for their relentless support. Our employees are our strength, and I thank them for the value, passion, and enthusiasm they bring to work. Together, we have continued to make progress for decades and I remain optimistic of our journey in the year ahead. Looking to the future, SKF will be focused on positioning the Company for sustainable and long-term growth. Hence, creating value for our stakeholders and the communities we operate in, while steering through a rapidly evolving environment.

Thank you,

**Manish Bhatnagar**  
Managing Director



# Rotating Equipment Performance (REP)

SKF offers extensive solutions that enable customers to improve their rotating equipment performance, driving business success.

Customers are always exploring new ways to optimize machine performance, with the objective of maximizing the efficiency of their equipment, to prevent surprise failures. This leads to reduced operational costs and improves the overall life cycle of the machines.

## REP success story

### SKF's solution for a steel manufacturing company

**Customer's need:** To meet the growing demands of business, the customer was exploring ways to maximize the plant's capacity and uplift it from the existing levels of 50-55%.

**Solution provided:** SKF designed a comprehensive five-year performance contract to help meet the customer's objective of 100% plant utilization. The scope included maintenance, operations and supply of consumables, including bearings.

### Customer benefits:

- Complete outsourcing of critical maintenance and operations to a single vendor
- Performance-based payment for better control of operating costs
- Leverage the advanced technology for rotating equipment performance
- 100% availability of spares

**Value delivered:** Per ton performance KPI-linked contract





# Remanufacturing

Remanufacturing is the process of returning a used product to its original performance, with a warranty equivalent to, or better than, that of a newly manufactured product.

## How do we do that?

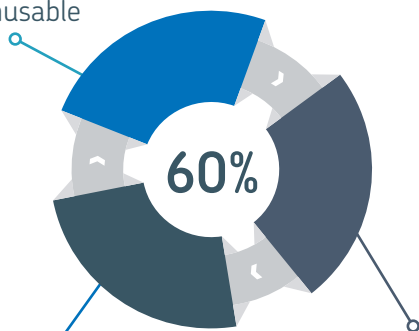
SKF remanufacturing services are backed by several years of experience and knowledge of rotating machinery. The Company possesses the capabilities and experience needed to convert older bearings into new ones, in the most cost-efficient manner. It has a solution for every customer's need, be it a minimal repair or an extensive rebuild. The materials, methods, and machinery required to produce new bearings are used for remanufactured products as well. This results in customers benefiting from the highest levels of quality, working processes, and knowledge applications for their bearings and rotating equipment.

## Customer benefits

- Integrated engineering solutions
- Reduced total cost of ownership
- Sustained competitive advantage
- Increased profits
- Increased machine up-time
- Optimized resource usage
- Reduced OPEX and maintenance costs
- Reduced life-cycle emissions

## Did you know?

Critical bearing spares and on-site housing are unusable



Bearing and housing life can be extended when problems are detected early, through condition monitoring

Bearings that are changed during shutdown can be re-used



## REP center

The REP center uses advanced monitoring systems to analyze critical machine data, which further helps in improving machine efficiency for customers. SKF provides insightful data and technical analysis that enables customers to take the right decisions, based on the machine conditions and asset health. It uses Cloud-based technology to deliver these services to several geographical locations.

### Benefits:

- Reduced risk of unplanned downtime
- Creation of a reliability benchmark based on past detection cases
- Improved prognostic approach and maintenance planning
- Increased data integrity
- Lower investments
- 24X7 real-time data monitoring

## SKF solution factory

SKF solution factory brings people and technology together to create superior asset performance.

The customer faces several challenges – a machine may be underperforming, or a plant-wide lifecycle management program is required, or even a solution designed from scratch. Our solution factory leverages SKF's deep knowledge and service experience to design, create and deliver exceptional customized solutions.



## Remanufacturing success story

### SKF's solution for a cement manufacturing company

#### Customer's need:

The customer had no spare bearings available for any contingencies and the new order would have taken 7-8 months to arrive. In addition, they were looking for a reduction in the overall cost of procurement and faster availability of the bearings.

#### Solution provided:

SKF solution factory carried out inspections of the bearings and offered remanufacturing solutions at an optimum price and acceptable delivery period. It also provided mounting services to eliminate the need to engage with an OEM.

#### Customer benefits:

**Cost savings:** The customer was able to avail an SKF remanufacturing solution at a reduced cost of 30% than that of a new bearing. The savings were further enhanced, as OEM services for mounting and dismounting were eliminated.

**Quicker delivery:** The delivery of remanufactured bearings took just a month, when compared to the delivery time for new bearings, which would have taken at least 7-8 months.

#### Value delivered:

Significant cost savings through remanufacturing and faster lead times.





# Certified Maintenance Partners (CMP)

SKF's certified maintenance partners examine machines and assets deployed by customers and recommend methods to create new savings using infrastructure, resources, and the latest technologies.

CMP is an SKF Authorized Industrial Distributor (AID), trained and certified to offer specialized services and products like advanced machine reliability hardware and software. This aids in 'design-out' recurring failures, while the experts update predictive and preventive maintenance programs in a way that enables them to:



Eliminate catastrophic machine failures



Reduce maintenance costs



Improve plant productivity



Lower overall operational costs

## CMP 4.0

Going ahead, CMP 4.0 will help customers improve their rotating equipment performance. It will help understand maintenance issues, analyze collected data, and resolve any rotating equipment challenges that may be affecting the customer's equipment efficiency. This is a revolutionary step towards improving asset performance.

## SKF's value proposition

- Customer-centricity:** SKF partners provide high-quality and competitive predictive maintenance services to its local customers. Being proximate to the customers further aids the Company to closely monitor the clients' requirements, and thereby delivering higher cost savings, quicker response times, and identifying predictive maintenance opportunities.
- Driving distributor growth:** Providing maintenance and predictive maintenance services helps distributors grow and unlock cross-selling opportunities. Partnering with SKF leads to the adoption of the latest technologies, best practices, and reliable services.



# Digital sales

The Company's digitalization strategy focuses on using technology to enhance business performance through faster product development, and flexible and automated manufacturing processes.

SKF is developing a fully connected value chain, based on its digital platform. This will help in waste reduction for both, the customer and SKF, and enhance the overall user experience.

## Digitizing distributor relationship management

SKF's digital sales strategy includes developing a self-service platform for distributors. It is aimed at developing a channel for seamless interactions and transactions with them. The users of this platform will get a complete overview of their order lines at every stage - from enquiry to payment, claims and loyalty management to opportunity and sales management. SKF will continue to optimize, digitize, and automate the processes, with an objective of delivering a superior customer experience.

In this journey, SKF has launched multiple initiatives ranging from customers' and channel partners' self-service platforms to the automation of manual internal processes.

## Cloud for Customers (C4C)

SKF has revitalized its Customer Relationship Management (CRM) tool to effectively manage customer interactions and engagements in a single environment. Additionally, the tool provides status tracking and traceability features when the customer intends reaching out to the Company.

## Robotic Process Automation (RPA)

Large volume transactions with high frequencies need longer processing times. The repetitive nature of these transactions makes it difficult to manage them manually. SKF has started leveraging the RPA technology to build automation, which will lead to increased productivity and reduced processing times for such mundane processes.

This technology enables the customer to implement integration development by simply letting the robot work directly in the application's graphical user interface. The Company implemented RPA, and improved efficiencies while providing greater agility to the business.





# New business models

A combination of environmental considerations, digitalization, and a shift from transactional to fee-based business models will revolutionize the way SKF does business, and will help provide more value to customers.

Expanding the portfolio of fee-based REP contracts will help reduce the impact of commoditization within the transactional industrial component business. The Company

will apply REP to shift its present business model to a fee-based one, which is critical to sustain margins in the long-term.

# Innovation

At SKF, innovation is the first step towards providing latest products and solutions catering the customers' needs.

In the past, there was a possibility that the bearings might end up in the wrong machinery. All it takes is a little incompatibility between machine parts to ruin the entire setup. This would further create unnecessary costs for customers.

SKF has been consistently evolving its R&D processes to ensure perfection in its products. The Company precisely maps the requirements of the end-user, and ensures the right fit. It further increases the meantime between failures and ensures seamless integration of bearing performance

data into its customers' as well as their own design processes, thus delivering more value to the end-user.

## Outlook

- Convert bearing failure modes into new product and service offerings
- Innovate and develop products in proximity to the customer



# World-class manufacturing

SKF has always aspired to be an undisputed leader in the bearing industry. Thus, it is imperative to have the cleanest, smartest, safest and the most efficient facilities globally.

SKF is continuously devising new ways to improve its facilities by investing in flexible, automated, and connected factories, as well as localizing production on a region-by-region basis. As the Company raises the bar for the entire industry and shifts towards a more productive model, its facilities will attract younger and more skilled human resources. It will further allow SKF to become more responsive to customers' requirements and perform better on environmental parameters.

## Outlook

- Automated factories, with higher flexibility and proximity to customers
- Increased percentage of 'region-by-region' manufacturing
- More skilled roles in facilities, requiring a completely new set of skills within automation, additive manufacturing, and digitalization





# Cleantech

SKF strives to reduce the use of natural resources through 5R's of Reduce, Reuse, Refuse, Recycle, and Regenerate. Through Environmental Care, it strives to constantly reduce the negative impact on the environment from its operations.

Governments across the world are encouraging industries and individuals to reduce their environmental impact by providing supportive policy framework and regulations. With this mindset, SKF's 'Beyond Zero' helps customers improve performance through products and solutions that enhance energy efficiency and reduce environmental impact. The Company continuously works on developing cleaner technologies for its facilities and customers and extend its support to the circular economy.

The Company installed an equipment to separate the coolant from sludge at its Pune facility. This resulted in a 20% savings on the required coolant and reduced the negative impact on use of natural resources and carbon emission during the manufacturing and transportation of the coolant.

SKF partnered with major Indian automotive OEM customers, who were in pursuit of migration to Bharat Stage VI. The Company supported customers for specific need-based product changes or upgrades such as low friction bearings and weight reductions, among others, to comply with the stringent emission control norms.

SKF's acquisition of RecondOil will further support the circular recovery and reuse of industrial oil. It will also help the customers to reduce the total cost of product ownership and negative impact of operation through remanufacturing of the bearings.

Furthermore, SKF is reducing the use of water and plastic in the manufacturing processes and adhering by the norms of environment conservation.



# Future workforce

SKF India is transforming faster than ever before. These transformations across multiple dimensions shall enable us to become the undisputed leaders in the bearing business. And, at the heart of these changes is the 'Future workforce'.

## Future workforce strategy



### Talent and leadership:

- **Talent:** Proactively re-dimension the workforce size, develop competencies and leadership to meet the needs of the digital world. Given the reducing half-life of skills/competencies, and the younger generation planning for shorter career horizons, it needs to create opportunities/choices for the employees so that they can re-invent themselves by upskilling and reskilling.
- **Leadership:** To nurture and build a new genre of leadership at SKF that can manage return of investment, value creation, curation and balance the impact of automation on one hand while unlocking capacity and feeding businesses for growth on the other. Interventions are designed and executed around foundational leadership to global leadership and from campus transition program to high potential development program.
- **Organization structure:** Flat and flexible structure with right span of control and enriching unique roles to suit individuals will be the mainstream focus.



### Extraordinary performance and reward:

- **Extraordinary performance:** Create a highly effective organization that consistently delivers results ahead of expectations through a strong focus on go-to-market capability (Sales Academy), robust goal setting and alignment.
- **Reward:** SKF believes in differentiated rewards and it will place a premium on contribution and reward its workforce much more in line with that, rather than at the job level. It will re-look at the variable components, linking value created to rewards, and paying a premium for key skills.



### Winning culture and inclusive workforce:

- **Winning culture:** Facilitate a culture that enables the employees to meet their purpose and feel included amidst the diversified and multi-faceted workforce. SKF is also driving the 'SMART' philosophy to build a culture of 'my company, my money'. It is about taking 'personal ownership' to optimize the monetary resources to reap its benefits tomorrow. It is about collaboratively making SMART investments in breakthrough ideas contributed by the team. It's not 'cost-saving', but 'best-cost mindset'.
- **Inclusive workplace:** Employee experience is only exceptional when there is convergence of three distinct environments: physical, digital, and emotional. Tapping into diversity and becoming more inclusive will have a direct link to the innovativeness and customer-centricity of SKF.



### HR capability and digitization:

- **HR capability:** SKF prioritizes the need to build HR capabilities and invest in building three important skills namely:
  - Business partnership/acumen
  - Transformation and change management
  - HR technology mastery and implementation
- **HR digitalization:** Execute fully integrated global HR digital platform for performing every activity, right from hiring to retiring.



# Community care and sustainability initiatives



SKF plays an active role in the communities it operates in and is guided by the vision of its community care program: ‘To create a positive change in the life of the communities neighboring the operations and create a meaningful difference from the recipient’s perspective’.

SKF’s ‘Community care’ model is in accordance with The United Nations Global Compact principles and principles of UN’s Sustainable Development Goals (SDGs) 2030. All the CSR programs are aligned with SDGs and have touched lives of 2.2 lakhs direct and indirect beneficiaries.

## Youth Empowerment at SKF (YES)

SKF’s YES initiative works within the communities to create meaningful and sustainable opportunities for the underserved sections of the society. It provides training in automotive maintenance across six locations. In addition, the program also comprises sessions on communication skills, customer service, finance, and business management skills, among others, to enable the students grow in every aspect of life.



## Pursuing dreams

Santosh moved from Haveri to Bengaluru for creating better opportunities for himself and his family. His passion was to continue working in automobiles. After completing his training at the YES Bengaluru center, he secured a job. However, being unsatisfied with his job, he then thought of starting his own garage.

Thus, he set up his own workshop ‘Sri Sai Bike Service’ on Bande Nalla Sandra Road, at Bengaluru in 2018. Currently, he is concentrating on two-wheelers’ servicing and tyre puncture services. Soon, he intends to start a washing area for two-wheelers as well. In the last one year, Santosh has serviced around 300 vehicles in his garage. Santosh aims to expand his garage soon to be able to provide complete services under-one-roof to all his customers.

### Testimony

“

Moving to Bengaluru for an automobile training was a challenge for me. However, knowing the fact that someone cared about my training and wanted to help me, made moving much easier. I successfully completed my training at YES Center and I now own a garage.”

## SKF scholarship program for girls

SKF initiated a scholarship program to fund deserving young girls and help them pursue their dreams, post the 10th grade. The scholarship covers tuition fees, books, educational material support, hostel fees, and other expenses for girls relocating to cities for higher education. It also imparts soft skills training and career counselling programs for these students. SKF is happy to uplift these young women from the lower strata of the society to enter a world of opportunities.

### Defying all odds and progressing

Pranjali Kamble is the first girl from her village pursuing MBBS from the Dhule Government Medical college. Her parents are daily wage earners at Pangoan of Osmanabad district. Despite all the odds, she fared remarkably well, in her SSC board examinations, scoring 94%. She applied for SKF Scholarship Program, once her exams were over. After detailed interviews and home visits, she was amongst the 220 girls selected under the program. She has received scholarship for pursuing her studies at the best college in the Marathwada region. The scholarship includes college fee, hostel mess fee, transportation, and stationary charges. She says that SKF scholarship has not only supported her financially, but also helped her evolve in a holistic manner, through soft-skill training.

## SKF sports education program

SKF Sports Education Program has built the right platform for overall development of children, while ensuring that they learn teamwork, collaboration, sportsmanship, and develop as better individuals.

## Inspiring others to follow their dreams

Akib Ansari is a national level football player and represented his state at the prestigious I-League tournament. His father has a small tea stall and mother is a housewife.

Before joining SKF, Akib had never played football. However, today he represents a professional league. Before joining in 2016, he was anaemic. However, SKF's nutritious food helped him increase his stamina and improve his fitness levels. His proud parents today regard him as an inspiration for others in their community.





# The 10-year financials

(₹ in million)

	As per Ind AS					As per Indian-GAAP				
	Year ended on March 31, 2020	Year ended on March 31, 2019	Year ended on March 31, 2018	Year ended on March 31, 2017	15 months ended on March 31, 2016	2014	2013	2012	2011	2010
Net sales	27,959	29,960	27,686*	28,047*	31,848*	23,726	22,464	22,041	24,167	20,684
Profit before tax	3,868	5,242	4,555	3,756	3,945	3,062	2,530	2,831	3,139	2,661
Profit after tax	2,890	3,358	2,959	2,439	2,559	2,028	1,667	1,901	2,085	1,770
Cash earnings per share (₹)	70	75	66	55	62	49	41	44	47	40
Rate of dividend (%)	1,300#	120	120	100	150	100***	75	75	75	70**
Gross block	12,146	11,234	11,021	10,657	10,315	10,315	10,351	10,045	9,190	8,472
Net block	3,146	2,671	2,753	2,806	2,980	3,654	4,011	4,072	3,547	3,193
Total borrowings	-	900	850	340	650	-	-	-	-	0.1
Share capital	494.4	494.4	513.4	527	527	527	527	527	527	527
Reserves and surplus	18,558	16,475	17,860	17,585	16,119	13,635	12,228	11,026	9,585	7,960
Book value per share (₹)	385	332	356	343	316	269	242	219	192	161
No. of shareholders	23,636	23,549	23,549	24,653	24,635	24,353	21,219	22,070	23,102	25,969
No. of employees	1,716	1,779	1,779	1,789	1,824	1,962	2,052	2,053	2,165	2,122

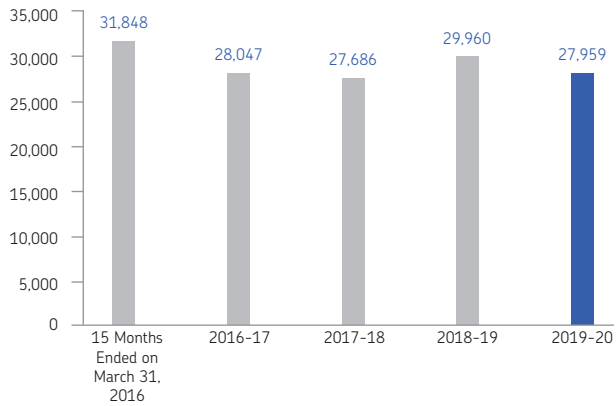
\* Net Sales for Q1 of 2017-18, year ended March 31, 2017, and 15 months ended on March 31, 2016, includes Excise duty as per Ind AS, whereas 2014 & prior period are excluding Excise duty as per Indian-GAAP. In accordance with Ind AS 18-Revenue, GST (Goods and Services Tax) is not included in Net Sales w.e.f. from July 1, 2017

\*\* Dividend of 70% includes 10% golden jubilee special dividend

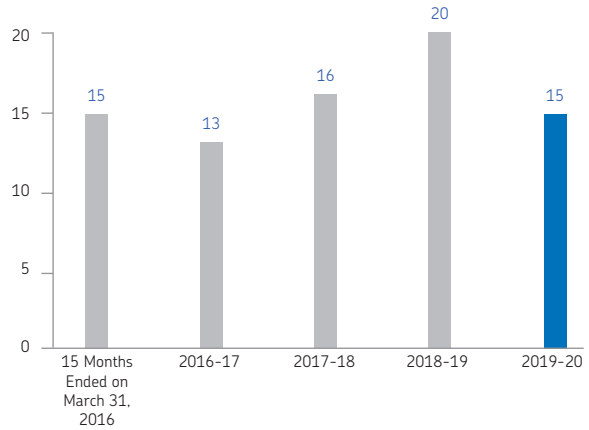
\*\*\* Dividend of 100% includes interim dividend of 75%

# Special dividend of 1,300%

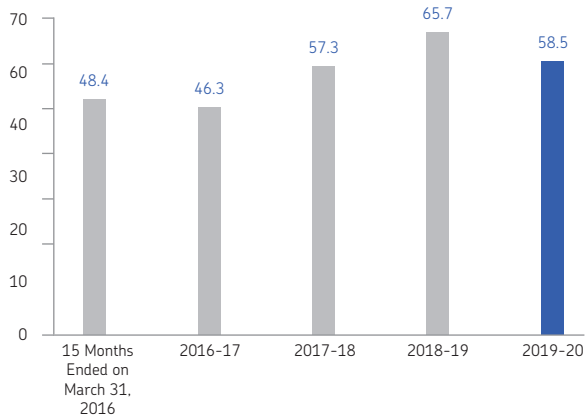
**Sales (₹ in million)**



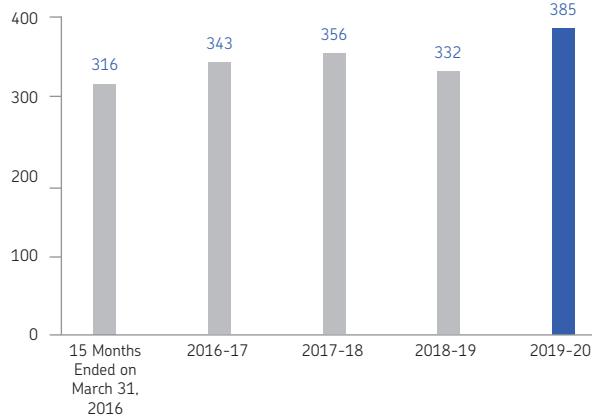
**Return on Network (%)**



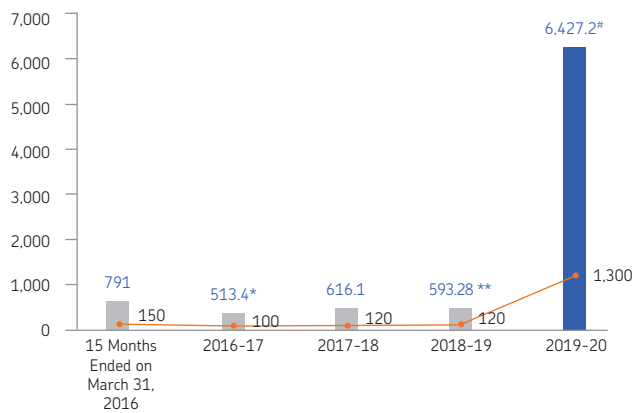
**Earnings per share (in ₹)**



**Book value (₹ per share)**

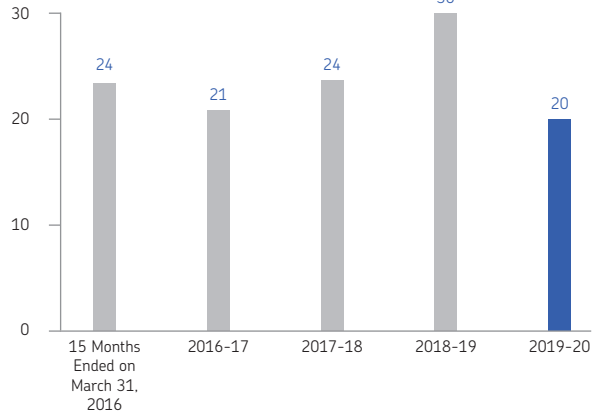


**Dividend (₹ in million and % per share)**



\* Dividend figure for 2017 is at reduced capital after Buyback of equity shares  
 \*\* Dividend figure for 2018-19 is at reduced capital after Buyback of equity shares  
 # Special Dividend figure for 2019-20

**Return on Capital Employed (ROCE) (%)**



ROCE = PBT (Profit before Tax)/Capital Employed



# Corporate information

## Board of Directors

**Gopal Subramanyam**

Chairman

**Manish Bhatnagar**

Managing Director

**Aldo Cedrone**

**Anu Wakhlu**

**Bernd Stephan**

**Werner Hoffmann**

## Key Managerial Personnel

**Manish Bhatnagar**

Managing Director

**Anurag Bhagania**

Director Finance

**Ranjan Kumar**

Company Secretary

## Auditors

M/s. Price Waterhouse & Co Bangalore LLP

Business Bay, 7th Floor, Tower A, Wing 1,

Airport Road, Yerwada,

Pune – 411 006

## Bankers

The Hongkong & Shanghai Banking Corp. Ltd.

HDFC Bank Limited

## Share Transfer Agent

TSR Darashaw Consultants Private Limited

6-10, Haji Moosa Patrawala Industrial Estate,

20, Dr. E. Moses Road,

Mahalaxmi, Mumbai – 400 011

# Notice

NOTICE is hereby given that the Fifty Ninth ("59th") Annual General Meeting of the Members of SKF India Limited ("the Company") will be held on Thursday, July 23, 2020 at 3:00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business(es):

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2020 together with Reports of the Board of Directors and the Auditors thereon.
2. To declare special dividend as final dividend of ₹ 130/- per equity shares for the financial year ended March 31, 2020.
3. To appoint a Director in place of Mr. Aldo Cedrone, (DIN 08455073) who retires by rotation and being eligible offers himself for re-appointment.

## SPECIAL BUSINESS:

### 4. Appointment of Mr. Werner Hoffmann (DIN 07685942) as a Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution **as an Ordinary Resolution**:

"RESOLVED THAT in pursuance to recommendations of the Nomination & Remuneration Committee and the Board of Directors of the Company and, in compliance to Sections 152, 161 & other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and, the Articles of Association of the Company, Mr. Werner Hoffmann (DIN : 07685942), who was appointed as an Additional Director of the Company with effect from August 21, 2019 to hold office up to the date of this Annual General Meeting, who being eligible offers himself for appointment and is not debarred from holding the office of Director pursuant to any SEBI order or any other such statutory authority, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company and shall be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize and issue

the letter of appointment to the concerned director and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

### 5. Shifting of the Registered Office of the Company from Mumbai to Pune within the State of Maharashtra

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Sections 12, 13 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 28 of the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and subject to the approval of Central Government (power delegated to Regional Director) and/or any other authority(ies) as may be prescribed from time to time and subject to such other approvals, permissions and sanctions, as may be required under the provisions of the said Act or under any other law for the time being in force, consent of the members of the Company be and is hereby accorded for shifting the Registered Office of the Company from Mahatma Gandhi Memorial Building, Netaji Subhash Road, Charni Road, Mumbai 400002 to Chinchwad Pune – 411033 that is from the jurisdiction of Registrar of Companies, Mumbai to Registrar of Companies, Pune within the State of Maharashtra and that Clause II of the Memorandum of Association of the Company be substituted with the following clause:

- II. The Registered Office of the Company is situated in the State of Maharashtra within the jurisdiction of Registrar of Companies, Pune.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall deem to include any of its duly constituted Committee or any officer/ executive/ representative and/ or any other person so authorized by the Board), be and is hereby authorized on behalf of the Company to make any modifications, changes, variations, alterations or revisions stipulated by any authority, while according approval consent as may be considered necessary and to appoint counsels/consultants and advisors, file applications/ petitions, issue notices, advertisements, obtain orders for shifting of Registered Office from the authorities concerned and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary



and to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

#### 6. Approval of transactions with AB SKF

To consider and if thought fit, to pass, with or without modification(s), the following resolution **as an Ordinary Resolution**:

“RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013, Regulation 23 (effective from July 01, 2019) and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the SEBI Regulations”), Foreign Exchange and Management Act, 1999 read with rules & regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members of the Company be and is hereby accorded for continuation of the payment of general license fees (royalty and trademark fee) by SKF India Limited (“the Licensee”) to Aktiebolaget SKF (“the Licensor” / “AB SKF”) being a related party, at the rate of 5% (Five percent) of the total net sales of the Products manufactured by the Company as per the terms and conditions of the existing General License Agreements (“GLAs”), notwithstanding that the transaction(s) involving payments to the Licensor with respect to general license fees (royalty and trade mark fee), during any financial year including any part thereof, is considered material related party transaction(s) being in excess of the limits specified under the SEBI Regulations at any time, which is in the ordinary course of business and on arm’s length basis.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall deem to include any of its duly constituted Committee or any officer/ executive/ representative and/ or any other person so authorized by the Board) be and is hereby authorized by the members of the Company to make amendment/s to the GLAs, from time to time, for the updation of Products and/or schedule of trademarks and/or change of the Licensor to any other SKF affiliate entity and/or other terms relating to operation of the GLAs, provided that the payment of general license fees (royalty and trade mark fee) taken together shall not exceed the rate of 5% (Five percent), of the total net sales price of the Products manufactured by the Company as per the terms of the GLAs.”

#### 7. Approval of transactions with SKF GmbH, Schweinfurt, Germany, SKF Group Company

To consider and if thought fit to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013, if any, Regulation 18, 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“SEBI Regulations”), Foreign Exchange and Management Act, 1999 read with rules & regulations made thereunder, (including any statutory modifications or amendments or re-enactment thereof, for the time being in force), approval of the Members of the Company be and is hereby accorded for the material contracts / arrangements / transactions that are in the ordinary course of business and at arm’s length basis with SKF GmbH, Schweinfurt, Germany (“SKF Germany”), a ‘Related Party’ as defined under Section 2(76) of the Companies Act, 2013 and SEBI Regulations, for the term of two consecutive Financial Years commencing from 2020-21 & 2021-22 on such terms and conditions as may be mutually agreed between the Company and SKF, Germany.”

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall deem to include any of its duly constituted Committee or any officer/ executive/ representative and/ or any other person so authorized by the Board) be and is hereby authorized by the members of the Company to do all such acts and deeds to finalize the terms and conditions as may be considered necessary, expedient or desirable and to give effect to this Resolution.”

#### 8. Ratification of Remuneration to Cost Auditor

To consider and if thought fit, to pass, with or without modification(s), the following resolution **as an Ordinary Resolution**:

“RESOLVED THAT pursuant to the Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies the remuneration of Rs.410,000/- (Rupees four lakh and ten thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses incurred in

connection with the cost audit at actuals, if any, payable to M/s. R A & Co., Cost Auditor, having Registration No. 000242 who were appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company under the Companies (Cost Records and Audit) Rules, 2014 for the financial year 2019-20.

By Order of the Board  
SKF India Limited  
Ranjan Kumar  
Company Secretary

*Registered Office:*

Mahatma Gandhi Memorial Building,  
Netaji Subhash Road, Charni Road,  
Mumbai 400 002  
CIN No.: L29130MH1961PLC011980  
E-mail: investors@skf.com  
Website: www.skf.com/in  
Telephone No.:022-22857777  
Date: May 7, 2020

**Notes**

1. In view of the massive outbreak and extraordinary circumstances created due to COVID-19 pandemic, the Ministry of Corporate Affairs vide its General Circular no. 14/2020 dated April 08, 2020, General Circular no.17/2020 dated April 13, 2020 and General Circular no. 20/2020 dated May 05, 2020 ("MCA Circulars") has allowed to hold the Annual General Meeting (AGM) of the Company during the calendar year 2020 through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") without the physical presence of the Members at a common venue. Therefore, in compliance to the MCA Circulars, applicable provisions of the Companies Act, 2013 ("Act") and SEBI Circulars and Regulations, this (59th) AGM of the Company is scheduled to be held through VC / OAVM in the manner given below. The deemed venue of this meeting shall be considered at the Registered Office of the Company situated at Mahatma Gandhi Memorial Building, Netaji Subhash Road, Charni Road, Mumbai 400002.
2. In view of relaxation given by MCA Circulars and SEBI Circular dated May 12, 2020, the Annual Report including Financial statements, Auditor's report, Board's report, Notice of AGM along with all the annexures and attachments thereof is being sent through email to those Members whose email addresses are registered with the Company / Depositories as on July 16, 2020 and no physical copy of the same will be sent by the Company. Members may note that the Notice and Annual Report of the Company for the financial year 2019-20 will also be available on the Company's website <https://www.skf.com/in>, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and is also available on the website of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) (agency for providing the remote e-voting facility) i.e. National Securities Depository Limited.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), setting out the material facts concerning the Special Business(s) in the Notice is annexed hereto and forms part of this Notice. The relevant details, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India in respect of Directors seeking appointment/re-appointment at this meeting are also annexed as Annexure A.
4. It is being informed that physical presence of the members have been dispensed with for attending the meeting through VC/OAVM, therefore, the facility to appoint proxy to attend and cast vote for the members will not be available for this AGM and the Proxy Form, Attendance Slip and route map are not annexed to this Notice.
5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Pursuant to Section 113 of the Act, Institutional / Corporate members are requested to send a duly certified scanned copy (JPG / PDF Format) of the Board Resolution, governing body Resolution or Authorisation letter authorizing their representative to participate in remote e-voting or to attend and vote at the AGM at [skf.scrutinizer@gmail.com](mailto:skf.scrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) before e-voting/ attending AGM from their registered email address.
7. As per Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Share Transfer Agents, M/s TSR Darashaw Consultants Private Limited



- ("RTA") for assistance in this regard. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.
8. In case the dividend declared at AGM could not be paid due to non-availability of the details of the bank account, the company shall dispatch the dividend warrant cheque to such shareholder by post upon normalization of the postal services.
  9. Pursuant to Section 72 of the Act, member(s) of the Company may nominate a person in whose name the shares held by him/them shall vest in the event of his/their unfortunate death. Member(s) holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrars and Share Transfer Agents, M/s TSR Darashaw Consultants Private Limited ("RTA"). In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.
  10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company, will be entitled to vote at the AGM and the dividend will be paid in the name of such first holder in the order of names.
  11. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday 16th July, 2020 to Thursday 23rd July, 2020 (both dates inclusive) for the purpose of determining eligibility of member(s) entitled to receive dividend, if declared at the AGM.
  12. The special dividend as final dividend of Rs.130/- per equity shares of Rs. 10 each for the financial year 2019-20, as recommended by the Board of Directors of the Company, if declared at AGM, will be paid on or before the 30th day from the date of declaration, to the below members:
    - (i) in respect of shares held in physical form, to those members whose names stand in the Register of Members of the Company after giving effect to the valid share transfer in physical form lodged with the Company on or before Wednesday, 15th July, 2020; and
    - (ii) in respect of shares held in the dematerialized form, to those members whose names appear in the statement of Beneficial Owners furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose at the end of the business hours on Wednesday, 15th July, 2020.
  13. Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. April 01, 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address at [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com).
  14. Beneficial Owners holding shares in demat form are advised to get particulars of their bank account updated with the Depository Participant (DP) in terms of SEBI Guidelines and the regulations of NSDL & CDSL for the purpose of payment of dividend. The Company or RTA will not entertain requests for change of such bank details printed on their dividend warrants.  
  
Member(s) holding shares in physical form are requested to notify the Company or Company's RTA, of any change in their addresses/Bank Mandates.
  15. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). For details, please refer to corporate governance report which is a part of this Annual Report.
  16. The amount outstanding in unpaid dividend account in respect of financial year 2013 and shares where dividend had remained unpaid for last consecutive seven years will be transferred to the 'Investor Education and Protection Fund' maintained with the Central Government.  
  
The Company has placed on its website [www.skf.com/in](http://www.skf.com/in), the information on unclaimed dividends.
  17. Members who would like to express their views/ask questions before or during the meeting may send an email at Company's email address [investors@skf.com](mailto:investors@skf.com) from their registered email id with the Company or RTA mentioning their views/questions along with their full

name, demat account number/folio number, registered email id, mobile number and such other details as may be deemed fit by July 14, 2020. Only the views/questions of those shareholders will be taken-up who has mailed it to the Company within prescribed time and will be replied suitably.

18. Members desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

**19. Instructions for remote-voting, e-voting and joining the AGM through VC/OAVM as per MCA Circulars are as follows:**

- (i) The Company shall be providing two way teleconferencing facility for the ease of participation of the members.
- (ii) Members are requested to participate on first come first serve basis. However, the participation of members holding 2% or more, promoters, institutional investors, directors, key managerial personnel, chairperson of audit committee, nomination and remuneration committee and stakeholders' relationship committee, the statutory auditors and the secretarial auditors of the Company is not restricted on first come first serve basis. Participation is restricted up to 1000 members only.
- (iii) The facility for joining AGM through VC/OAVM will be opened 15 minutes before the scheduled time i.e. 2:45 p.m IST and the Company may close the window for joining the VC/OAVM facility 15 minutes after the scheduled time to start the 59th AGM.
- (iv) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members upto the date AGM. Members seeking to inspect such documents are requested to send an email to investors@skf.com in advance.
- (v) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the MCA Circulars and SEBI Circular no. SEBI/HO/CFD/CMD1/

CIR/P/2020/79 dated May 12, 2020, the Company is providing (i) facility of remote e-voting for voting before the AGM and (ii) facility of e-voting at the AGM to its Members in respect of the businesses to be transacted at the AGM to be held through VC / OAVM. For the purpose of providing remote e-voting and facility of e-voting at the AGM, the Company has entered into an agreement with National Securities Depository Limited ("NSDL") as the authorized agency.

- (vi) The voting rights of Members for remote e-voting and for e-voting at AGM shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on cut-off date i.e. closing of business hours of 16th July, 2020.
- (vii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e closing of business hours of July 16, 2020 only shall be entitled to avail the facility of remote e-voting / e-voting facility during the AGM.
- (viii) The remote e-voting facility will be available during the following period for all the members who are either holding shares in physical mode or in demat mode:
  - (a) Commencement of remote e-voting : From 9:00 a.m. (IST) on 20th July, 2020,
  - (b) End of remote e-voting : Up to 5:00 p.m.(IST) on 22nd July, 2020
- (ix) During this period, Members holding shares either in physical form or in dematerialized form as on cut-off date, may cast their vote through remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM as per the process mentioned below in the Notice.
- (x) Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at pallavid@nsdl.co.in, or evoting@nsdl.co.in.
- (xi) Mr. P.N. Parikh, failing him Mr. Mitesh Dhabliwala and failing him Ms. Sarvari Shah, of M/s. Parikh and Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the voting process electronically or otherwise in a fair and transparent manner.



- (xii) The Scrutinizer shall on conclusion of the voting at the AGM first count the votes casted at the meeting and thereafter, unblock the votes casted through remote e-voting and make, not later than 48 hours of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.skfindia.com](http://www.skfindia.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed. The results of the voting shall also be placed on the Notice Board at the Registered Office of the Company.
- (xiii) The helpline number / contact person regarding any technical query/assistance for remote e-voting or participation and e-voting in the AGM through VC/OAVM is 1800-222-990 or Ms. Soni Singh, 022-2499 4559 or email at [sonis@nsdl.co.in](mailto:sonis@nsdl.co.in) or [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- (xiv) Members who have not yet registered their email addresses or want to update their registered email address are requested to register / update the same by providing Folio No., Name of shareholder, scanned copy of the share certificate(s) (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to company's RTA at [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com) in case the shares are held by them in physical form. Further, if shares are held on demat mode, then the members may contact the Depository Participants (DPs) for registering / updating the email address as per the process advised by your DPs.
- (xv) For receiving the dividend directly in their bank accounts, Members are requested to register / update their bank details by providing the Folio No., Name of shareholder, scanned copy of the share certificate(s) (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card), name of the bank, branch details, bank account number, MICR code, IFSC code, scanned copy of cancelled cheque etc. to company's RTA at [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com) in case the shares are held by them in physical form. Further, if shares are held on demat mode, then the members may contact the Depository Participant (DP) for registering / updating the bank account details as per the process advised by your DP.
- (xvi) Any person who is not a member as on the cut-off date should treat this notice for information purpose only. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is casted by the Member, he / she shall not be allowed to change it subsequently.
- (xvii) The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on closing of business hours of Thursday, 16th July, 2020. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date shall be entitled to avail the facility of e-voting, as well as voting at the meeting through electronic voting system.
- (xviii) Any person who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of cut-off date i.e. closing of business of hours of Thursday, 16th July, 2020 may obtain the login id and password by sending a request at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in), [/evoting@nsdl.co.in](mailto:/evoting@nsdl.co.in). However, if he/ she is already registered with NSDL for e-voting then he/ she can use his/her existing User ID and password for casting vote. If you forget your password, you can reset your password by using "Forgot user Details/Password" option or "Physical User Reset Password?" available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com). If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password/PIN for casting your vote.
- (xix) In case Shareholders are holding shares in demat mode, USER ID is the combination of (DPID + Client ID). In case, Shareholders are holding shares in Physical mode, USER ID is the combination of (EVEN No. +Folio No).
- (xx) A Member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be entitled to vote again.

**Instructions for members for remote e-voting are as under:-**

**The remote e-voting period begins on 20th July, 2020 at 9:00 A.M. and ends on 22nd July, 2020 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.**

**How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
  - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox.

Open the email and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.

(ii) If your email ID is not registered, please follow steps mentioned below in process **for those shareholders whose email ids are not registered**

- 6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
  - a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) “**Physical User Reset Password?**” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- 7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
- 8. Now, you will have to click on “Login” button.
- 9. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

- 1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- 2. After clicking on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
- 3. Select “EVEN” of company for which you wish to cast your vote.
- 4. Now you are ready for e-Voting as the Voting page opens.
- 5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [skf.scrutinizer@gmail.com](mailto:skf.scrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsd.com](http://www.evoting.nsd.com) or call on toll free no.: 1800-222-990 or send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com).  
  
In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)
2. Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

#### **Instructions for members for e-voting on the day of the AGM are as under:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

#### **Instructions for members for attending the AGM through VC/OAVM are as under:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsd.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at [investors@skf.com](mailto:investors@skf.com) by July 14, 2020.



6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investors@skf.com. The same will be replied by the company suitably.
7. The shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

#### **EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

##### **Item No. 4**

The Board of Directors ("Board") on recommendation of Nomination & Remuneration Committee appointed Mr. Werner Hoffmann (DIN 07685942) as an Additional Director of the Company with effect from August 21, 2019. Pursuant to Section 161(1) of the Companies Act, 2013 ("the Act") and the Articles of Association of the Company, Mr. Werner Hoffmann holds office of the Director up to the date of this Annual General Meeting. He is eligible for appointment as a Director. The Company has received a notice in writing pursuant to Section 160 of the Act, from a Member proposing the candidature of Mr. Werner Hoffmann as a Director on the Board of the Company liable to retire by rotation.

The Board of Directors are confident that with his vast Global knowledge and varied experience, he will be of great value to the Company and hence recommends the Resolution No. 4 of this Notice for approval.

A brief profile of Mr. Werner Hoffmann is provided in the Annexure A to this Notice.

As per the circular issued by BSE Limited and National Stock Exchange of India Limited relating to the 'Enforcement of SEBI Orders' regarding appointment of Directors by the listed companies dated June 20, 2018, Mr. Werner Hoffmann is not debarred from holding the office of Director pursuant to any SEBI order or any other such statutory authority. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Werner Hoffmann as a Director of the Company, for approval by the members of the Company, by way of Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than Mr. Werner Hoffmann is in any way concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding, if any.

##### **Item No.5**

Shifting of the registered office of the company from Mahatma Gandhi Memorial Building, Netaji Subhash Road, Charni Road, Mumbai 400002 to Chinchwad, Pune 411033 within the State of Maharashtra from the jurisdiction of Registrar of Companies, Mumbai to Registrar of Companies, Pune.

The registered office of the Company is presently situated at Mumbai. The Board of Directors of your company proposes to shift the registered office from Mumbai to Pune - to exercise better administrative & economic control and, to enable the Company to rationalize and streamline its operations as well as the management of its affairs.

Considering the overall interest of the Company, Shareholders & other stakeholders and, the fact that this proposal will not be detrimental to the interest of members of the public, shareholders, creditors or employees, in any manner whatsoever, the Board of Directors, at its meeting held on May 7, 2020, approved the shifting of the registered office of the company from Mumbai jurisdiction of Registrar of Companies (RoC) to Pune jurisdiction of Registrar of Companies (RoC), within the State of Maharashtra.

In accordance with Section 12(5) of the Companies Act, 2013, the company can shift the registered office from the jurisdiction of one RoC to another RoC within the same state after obtaining the approval of the members through a special resolution and subject to approval from the Central Government (power delegated to Regional Director).

This shifting of registered office also requires the alteration of clause II of Memorandum of Association of the company, and hence it also requires the approval of the members by Special Resolution.

The shifting of the registered office, as proposed and approved by the Board of Directors, is in the best interest of the company, its members and the concerned stakeholders to exercise better administrative and economic control and enable the Company to rationalize and streamline its operations as well as the management of affairs and is not prejudicial to the interest of all the stakeholders.

Accordingly, approval of the members of the company is being sought by way of a Special resolution for shifting of the registered office from Mumbai to Pune and consequential amendment to Memorandum of Association.

None of the Directors and Key Managerial Personnel of the company or their respective relatives are concerned or interested, financially or otherwise, in the proposed resolution except to the extent of their shareholding, if any.

The Board recommends the passing of the resolution set out at Item No. 5 of the accompanying Notice as a Special Resolution.

#### Item No.6

The existing Technology License Agreement and Trade Mark License Agreement (hereinafter called 'the GLAs') with Aktiebolaget SKF ("the Licensor") allows your Company (the Licensee) access to SKF intellectual property rights including global portfolio of brands, proprietary technology including numerous patents, extensive research & development capabilities. Licensor is, through its affiliates, engaged in the manufacture and sale of products, solutions and services within rolling bearings, seals, mechatronics, services and lubrication systems, including Deep Groove ball Bearings, Taper Roller Bearings, Spherical Bearings, Hub units, Split Taper hub units, Macphersons strut bearing units, Kits, Mounted products, Seals, Lubrication systems and Mechatronic products like sensor bearings (hereinafter referred to as the "Products").

All the products manufactured by the Company, are on the basis of the Licenses provided by the Licensor to the Company under the GLAs. The GLAs have contributed significantly to the success story of your Company. The continued access to such intellectual property rights including global portfolio of brands, proprietary technology including numerous patents, extensive research & development capabilities will enable your Company to continue to deliver long term sustainable / profitable growth and Create Shared Value for society and the shareholders. Further, general license fees paid to the Licensor, are in the ordinary course of business and are on an arm's length basis. Regulation 23(1A) has been inserted in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation") effective from July 1, 2019 and provides that transactions involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or collectively with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

The bundle of intellectual property rights available under the GLAs extends beyond brand usage to include access to patents, technology, know-how and related assistance in their implementation.

In compliance with Regulation 23 of the Listing Regulations, and other applicable provisions, if any, approval of shareholders by way of Ordinary Resolution is being sought for continuation of general license fee (royalty and trade mark fee) payments to the Licensor at the rate of 5% (Five percent) of the total net sales price of the Products manufactured by the Company

under the existing GLAs As per Regulation 23(4) of the Listing Regulations, none of the related parties shall vote on the Ordinary Resolution.

The details of the existing General License Agreements and their material terms are as under:

- a. The Company has two GLAs with the Licensor, one for Royalty and other for Trade Mark fee.
- b. Licensor together with affiliates holds 52.58% shareholding in the Company.
- c. The GLAs with Licensor:
  - i. Technology License Agreement dated November 1, 2011 including amendments thereto, covering all the products manufactured and / or sold by the Company for Royalty purposes.
  - ii. Trade Mark License Agreement dated November 1, 2011 for right to use the registered Trade Marks of Licensor.

Both the above agreements are referred hereunder as 'GLAs'
- d. Material terms:
  - i. Right to use various patents, designs, specifications, know-how related to or associated with its Products (collectively referred to as "Technology Intangibles") in order to manufacture and sell the products in India and in such other countries that may be applicable (hereinafter referred to as the "Territory")
  - ii. Non-exclusive and non-assignable right to use the said Trade Marks in India for sale of products and services in India and such other countries that may be applicable.
- e. Technology Intangibles to be used for the purpose of manufacturing the Products in and for selling the Products in the Territory. In addition, Licensee has the right to manufacture Products to be sold to another company within the SKF Group.
- f. In consideration for the use of the Technology Intangibles and for the use of the Trade Marks, Licensee to pay to the Licensor, during the term of the GLAs, a fee for royalty and trade mark amounting to 5% of the total net sales price of the Products manufactured.
- g. Licensor shall without delay disclose and make available to Licensee any modification or improvement of the Technology Intangibles developed by Licensor whether or not patented and whether or not said modification or improvement is substantial.

- h. GLAs shall remain in force and remain in effect until terminated by either Party.
- i. Notwithstanding (h) above, either Party shall be entitled to terminate the GLAs forthwith under special circumstances as set out under the GLAs.

The access under the GLAs to the capabilities of SKF Group, is integral for the Company to continue to deliver long term sustainable growth, create Shared Value for the shareholders and society. The shareholders have supported the need for GLAs and the general license fees payment to the Licensor, by adopting the Audited Financial Accounts with Reports of Directors and Auditors thereon, over years with near absolute majority.

The resolution set out, is to comply with the new requirement effective July 1, 2019 under the Listing Regulations.

Accordingly, approval of the Members is sought by way of an Ordinary Resolution under Regulation 23 of the Listing Regulations and other applicable provisions, if any, for continuation of general license fees (royalty and trade mark fee) payments to the Licensor at the rate of 5% (Five percent) of the total Net Sales Price of the Products manufactured under the existing GLAs with the Licensor on the same terms and conditions, notwithstanding that the transactions involving payments to the Licensor with respect to general license fees (royalty and trade mark fee) during any financial year including any part thereof, is considered material related party transactions being in excess of the limits specified under the SEBI Regulations. The transaction is in the ordinary course of business and on arm's length basis.

None of the Directors and the Key Managerial Personnel of the Company and their relatives except Mr. Bernd Stephan or Mr. Werner Hoffmann or Mr. Aldo Cedrone representing SKF Group are in any way concerned or interested, financially or otherwise, in the resolution 6 of the Notice.

Copy of the GLAs would be available for inspection by the members during the meeting. The Board of Directors recommend Ordinary Resolution set out at Item No. 6 of the Notice of the AGM for approval by the members.

#### Item No.7.

The Company is a subsidiary of Aktiebolaget SKF ("AB SKF"). SKF GmbH, Schweinfurt, Germany is also a subsidiary of AB SKF and is a 'Related Party' as per the definition under Section 2(76) of the Companies Act, 2013 and Regulation-2(zb) of SEBI Regulations. In terms of Regulation-23 of the SEBI Regulations, the transactions as described hereunder had exceeded 10% of the annual turnover of the Company as per the last audited financial statements of the Company and therefore exceeded the materiality threshold as prescribed under the SEBI Regulations. Thus, in terms of SEBI Regulations, these transactions would require the approval of the Members by way of an Ordinary Resolution.

All the transactions carried out by SKF India Limited with SKF GmbH, Schweinfurt are in the ordinary course of business and at arm's length basis and hence are recommended for approval by the members. Considering the dynamic business environment where neither demand nor foreign exchange rates can be predicted in advance, the Company expects the level of transactions to be above the materiality threshold as prescribed under the SEBI Regulations, for the period for which the approval of Members is sought as stated above. To sustain quality standards of the SKF Group and to ensure quantitative benefits to enable operational efficiency, this needs to be considered as an enabling resolution. The details of the Related Party Transactions will continue to be disclosed in the Annual Financial Statements.

The Related Party Transactions as aforesaid are necessary, normal and incidental to business as also play significant role in the Company's business operations and accordingly the Board recommends the Ordinary Resolution set forth in Item No.7 of the Notice for the approval of the Members in terms of Regulations 23 of SEBI Regulations.

None of the Directors and Key Managerial Personnel or their relatives except Mr. Bernd Stephan, Mr. Aldo Cedrone and, Mr. Werner Hoffmann representing SKF Group are concerned or interested in the resolution.



**Item No. 8**

The Company is required to have its cost records audited by Cost Accountant in practice. Accordingly, the Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of M/s. R A & Co., Cost Accountants, having Firm Registration No. 000242 as Cost Auditors of the Company for the financial year ending March 31, 2020 at a remuneration Rs. 410,000/- (Rupees four lakh and ten thousand only) plus out of pocket expenses as actual, if any and applicable taxes.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought by way of an Ordinary Resolution No. 8.

The Board accordingly recommends Resolution No. 8 of this Notice for your approval.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in the resolution except to the extent of their shareholding in the Company, if any.

By Order of the Board  
SKF India Limited  
Ranjan Kumar  
Company Secretary

*Registered Office:*  
Mahatma Gandhi Memorial Building,  
Netaji Subhash Road, Charni Road,  
Mumbai 400 002.

CIN No.: L29130MH1961PLC011980  
E-mail: investors@skf.com  
Website: www.skf.com/in  
Telephone No.: 022-22857777  
Date: May 7, 2020

## Annexure A

Information pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India of Directors seeking re-appointment / appointment at the Annual General Meeting

Name of the Director	Mr. Werner Hoffmann	Mr. Aldo Cedrone
Director Identification Number	07685942	08455073
Date of Birth	June 10, 1969	August 10, 1958
Nationality	Germany	Italian
Date of Appointment on Board	August 21, 2019	May 17, 2019
Qualification	Diploma in Business Administration, Fern Universität Hagen, Germany	Master in Mechanical Engineering, Rome University ; School of Management, Rome University
Experience	<ul style="list-style-type: none"> <li>Leadership position with responsibility for finance organization of up to 500 employees</li> <li>Extensive experience in change management in different Sr. management roles in a fast-changing market transitioning from traditional to semiconductor-based technology</li> <li>Strategic partner for the re-alignment and development of the business in Asia Pacific Region</li> <li>Open and trustful leadership style with high degree of employee motivation</li> <li>Successful, result-oriented management of highly complex, business-critical projects with multinational cross-functional teams</li> <li>Broad scope of experience in leading responsibilities in manufacturing environment</li> <li>Experienced in M&amp;A-projects and managing JVs</li> </ul>	<ul style="list-style-type: none"> <li>Ball Bearings Manufacturing Director, located in Airasca, Italy</li> <li>Associated with SKF Group since 1989 in various positions, including as Automotive Division Director; Head - Powertrain &amp; Electrical TW; Factory Manager; Quality and Production Manager</li> <li>Ownership of 'One implementation Plan for DGBB and Ball Bearing Units Product Lines'</li> <li>Responsibility for all the Bearing Manufacturing Units for the Automotive market</li> <li>Plan and execute restructuring projects</li> <li>Member of car electrification and hybridization team</li> </ul>
Shareholding in SKF India Ltd	Nil	Nil
List of Directorship held in other Companies	N.A.	N.A.
Chairmanship / Membership of Audit and Stakeholders Relationship Committee	Member of Audit Committee (AC)	Nil
Relationship between the Directors inter-se	Nil	Nil

Note: Other directorship do not include directorships of foreign companies. For other details such as number of meetings of the Board attended during the year, remuneration drawn, please refer to the Corporate Governance report

# Directors' Report 2019-20

Dear Members,

The Directors of your Company are pleased to present the 59th Annual Report, with audited financial statements for the financial year ended on March 31, 2020.

## Financial Results

	₹ in million	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Operations	28,415.8	30,345.3
Other Income	1,039.2	923.8
Total Income	29,455.0	31,269.1
Operating Expenditure	25,016.1	25,563.3
Depreciation	571.2	463.9
Profit before Tax	3,867.7	5,241.9
Provision for taxation	977.8	1,884.2
Profit After Tax	2,889.9	3,357.7
Other Comprehensive Income	(91.6)	(22.6)
Total Comprehensive Income for the period	2,798.3	3,335.1

## Operations

The Revenue from operations of the Company for year ended March 31, 2020 stood at ₹ 28,415.8 million as compared to ₹ 30,345.3 million in the previous year. The Company's Profit before Tax, for the year under review, was ₹ 3,867.7 million as compared to ₹ 5,241.9 million in the previous year.

The Profit After Tax for this period was ₹ 2,889.9 million, compared to ₹ 3,357.7 million during the previous year.

The Company incurred a capital expenditure of ₹ 758 million during the year.

## Material Changes and Commitments, if any, Affecting the Financial Position of the Company

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and to the date of this report. There was no change in nature of business.

## Dividend

Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), the Dividend Distribution Policy approved by the Board has been put up on the website of the Company and can be assessed at <https://www.skf.com/in/investors/shareholder-information#cid-521142> and also forms an integral part of this Annual Report.

In line with the said Policy, the Board of Directors are pleased to recommend a special dividend as final dividend of ₹ 130 per equity share of ₹ 10 face value, fully paid up for the financial year ended March 31, 2020, as compared to ₹ 12 per Equity share, for the preceding financial year ended March 31, 2019. This special dividend as final dividend is subject to the approval of Members at the 59th Annual General Meeting of the Company.

The Register of Members and Share Transfer Books will remain closed from Thursday July 16, 2020 to Thursday July 23, 2020 (both dates inclusive), for the purpose of determining eligibility of shareholders for payment of the dividend for the financial year ended March 31, 2020 and the Annual General Meeting.

During this financial year, the unclaimed dividend amount pertaining to the dividend for the financial year 2011-12 was transferred to the Investor Education and Protection Fund (IEPF).

## Share Capital Structure and Listing of Shares

The paid-up share capital of the Company as on March 31, 2020, was ₹ 494.38 million divided into ₹ 49,437,963 equity shares of ₹ 10 each. The Company's equity shares are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).



During the year under review, there was no change in the share capital of the Company.

The shares are actively traded on BSE and NSE and have not been suspended from trading.

#### Transfer to Reserves

The Board of Directors decided to retain the entire amount of profit for the financial year 2019-20 in the profit and loss account. No amount was transferred to the General Reserves of the Company.

#### Awards and Accolades

Your Directors are pleased to share that during the year under review, your Company received numerous awards and felicitations from distinguished bodies for achievements in different fields that re-emphasized SKF's strong position in the Indian manufacturing industry. Some such proud achievements are stated below:

**Agile Strategy Leader Award for SKF India at the 4th Annual Strategy Leaders Summit and Awards 2019** hosted by Transformance Business Media. SKF won the award for a business case on SKF Bearing Units India including go-to-market strategy, sales and profitability ramp up.

**Won the Best Performance in Boughtout Category by Nord Drivesystems Pvt. Ltd** at their Vendors Meet 2019. SKF was awarded for consistently performing and providing quality products.

**Recognized by Tata Steel for being one of the best suppliers** under the material category for 2019. It has recognized SKF through various platforms in the past as well.

#### Certificate of Appreciation

SKF India was recognized by Honda Motors India in 2019 for quality and commendable performance in motorcycle and scooter spare parts.

SKF India was recognized for quality and delivery performance in 2019 by John Deere.

#### Mahatma Award 2019

SKF India received the India edition of Mahatma Award 2019, for demonstrating excellence and the highest standards of ethical conduct, integrity, civic and social responsibility.

#### Shram Paritoshik Award from the Government of Gujarat

SKF employees at Ahmedabad factory received the Shram Paritoshik Award, 2019, from the Director of Industrial Safety and Health, Labor & Employment Department, Government of Gujarat in 2019. Shram Paritoshik Awards recognize the outstanding contributions made by workmen from organizations both in public and private sectors and who have distinguished record of performance, devotion to duty of a high order, specific contribution in the field of productivity, proven innovative abilities, presence of mind and exceptional courage.

#### Management Discussion and Analysis and Outlook

A detailed review of operations, performance, opportunities, and outlook of the Company is given in the Management Discussion and Analysis Report, which forms a part of this Annual Report as Annexure I.

#### Corporate Governance

Corporate governance is a process that aims to allocate corporate resources in a manner that maximizes value for all stakeholders – shareholders, investors, employees, customers, suppliers, environment and the community at large, and holds those at the helms to account by evaluating their decisions on transparency, inclusivity, equity and responsibility. Good corporate governance is an essential standard for establishing the striking investment environment which is needed by competitive companies to gain strong position in efficient financial markets. At SKF India, good governance practices form a part of business strategy which includes, inter alia, focusing on long term value creation and protecting stakeholders' interests by applying proper care, skill and diligence to business decisions. Payoffs from strong governance practices have been in the sphere of valuations, stakeholders' confidence, market capitalization and recognition from different stakeholders.

Pursuant to Regulation 34 of the SEBI Regulations and relevant sections of the Companies Act, 2013, Report on Corporate Governance and Auditor's Certificate thereon form a part of this Annual Report as Annexure II.

#### Directors and Key Managerial Personnel

As per the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act read with Regulations 17, 17A and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), as amended from time to time, the shareholders at their 58th Annual General Meeting held on July 23, 2019, had approved the appointment of all the Independent Directors of the Company for tenure of up to five consecutive years commencing from May 16, 2019 to May 15, 2024. None of the Independent Directors are liable to retire by rotation. In accordance with Section 149(7) of the Companies Act, 2013, each Independent Director confirmed to the Company that he or she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year under review, (based on the recommendations of the Nomination & Remuneration Committee) the Board of Directors approved the appointment of Mr. Werner Hoffman as an Additional Director of the Company at its Board Meeting held on May 15, 2019 to be effective on obtaining/validating his DIN, which was validated on August 21, 2019 and therefore his appointment was effective

from August 21, 2019 till the date of 59th Annual General Meeting of the Company.

Therefore, appointment of Mr. Werner Hoffman as a Director of the Company is recommended by the Board to the shareholders at 59th Annual General Meeting of the Company. Mr. Werner Hoffman is not debarred or disqualified from holding the office of Director by virtue of any SEBI Order or any other statutory authority, as required under the Circular dated June 20, 2018, issued by BSE Limited and National Stock Exchange of India Limited.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Aldo Cedrone (DIN 08455073) retires by rotation, and being eligible, offers himself for re-appointment. The same is recommended to the shareholders at 59th Annual General Meeting of the Company.

Mr. Rakesh Makhija, Non-Executive Non-Independent Director is not on the Board of the Company in any capacity, with effect from May 16, 2019 i.e. the date of his resignation from the Board of the Company.

Mr. Prasad R. Menon and Mr. Prakash M. Telang, Non-Executive Independent Directors are not on the Board of the Company, in any capacity, with effect from May 16, 2019, as they resigned from the Board of the Company due to personal reasons and in order to bring fresh thinking on the Board.

During the year under review, following directors were appointed on the Board of the Company:

- Mr. Gopal Subramanyam, in the capacity of Non-Executive Independent Director - with effect from May 16, 2019
- Ms. Anu Wakhlu, in the capacity of Non-Executive Independent Director - with effect from May 16, 2019
- Mr. Aldo Cedrone, in the capacity of Non-Executive Non-Independent Director - with effect from May 17, 2019

Pursuant to the provisions of Section 149 of the Act, the Independent Directors submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act, along with Rules framed thereunder and Regulation 16(1)(b) and 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. They are also in compliance with Rule 6 (1) & (2) of the Companies (Appointment & Qualifications of Directors) Rules, 2014. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

All other Directors of the Company have also given declarations that they are not debarred from holding the office of Director by virtue of any SEBI order or any other statutory authority as required under the Circular dated June 20, 2018, issued by BSE Limited and National Stock Exchange of India Limited.

The Board of Directors of the Company is of the opinion that the Independent Directors possess high level of integrity, expertise and experience which are beneficial to the Company and its stakeholders.

### Key Managerial Personnel

In terms of Section 203 of the Act, the following are the Key Managerial Personnel (KMPs) of the Company:

- Mr. Manish Bhatnagar, Managing Director
- Mr. Anurag Bhagania, Chief Financial Officer, appointed with effect from June 01, 2019
- Mr. Ranjan Kumar, Company Secretary, appointed with effect from August 01, 2019

Mr. Pradeep Bhandari resigned from the post of Company Secretary with effect from August 01, 2019.

Mr. Chandramowli S. resigned from the post of Chief Financial Officer with effect from July 24, 2019.

### Board Meetings

The Board of Directors met four times during the year. Details of Board meetings and other Committee meetings of the Board are laid out in Corporate Governance report, which forms an integral part of this Annual Report.

### Board Evaluation

The Board of Directors carried out an annual evaluation of its own performance, of the directors individually as well as the evaluation of the Committees, pursuant to the provisions of the Act and SEBI Regulations.

The process followed for Board evaluation includes:

- i) Feedback was sought from each Director about their views on the performance of the Board (as a Whole)/ Committees/Independent Directors/Chairman/self-assessments, covering various relevant criteria such as degree of fulfillment of key responsibilities, effectiveness of Board processes, participation levels, culture and responsibilities to various Committees, among others.
- ii) Nomination and Remuneration Committee ("NRC") then discussed the above feedback received from various Directors including their own assessments thereon.
- iii) The Independent Directors (post their meeting) shared their collective feedback on the performance of the Board with the Board Members.
- iv) Significant highlights, learning and action points arising out of the evaluation were presented to the Board and action plans are drawn up wherever required.

### Familiarization Program

In compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a familiarization program for Independent Directors to familiarize them with the working of the Company, nature of the industry, business model, their roles, rights and responsibilities, among others. Details of the Familiarization Program are explained in the Corporate Governance Report and is also available on the Company's website at <http://www.skf.com/in/investors/shareholder-information/index.html>.

### Appointment of Directors and Remuneration Policy

A Policy, with well-defined criteria, is in place for the selection of candidates for appointment as Directors, Key Managerial Personnel and senior leadership positions. The relevant information has been disclosed in the Corporate Governance report.

### Audit Committee

The Company has in place an Audit Committee in terms of the requirements of the Companies Act, 2013, and SEBI Regulations. The details relating to the same are given in the Report on Corporate Governance forming a part of this Report. The Board accepted all recommendations made by the Audit Committee during the financial year ended March 31, 2020.

### Corporate Social Responsibility

The Company has been actively engaging in various Corporate Social Responsibility (CSR) activities over the years, which cover the entire gamut of social welfare/upliftment activities across the nation. The thrust areas under CSR, inter alia, include education, employment enhancing vocational skills, empowerment of women and socially/economically backward groups, among others, which have always been built on the Company's values of "SKF Care" and comprises four pillars, namely 'Business care, Employee care, Environment care, and Community care'.

Corporate Social Responsibility ("CSR") Committee reviews and monitors the CSR projects and expenditures undertaken by the Company. The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company under CSR during the year under review are set out in Annexure III of this Annual Report.

### Risk Management

Your Company considers risk management as a key element of its business operations and has put in place effective systems to identify, analyze, monitor and mitigate risks to ensure organization's sustained growth and profitability. Your Company has constituted a Risk Management Committee which oversees risk management activities. The updates on Company's risk management initiatives are periodically updated to the Audit

Committee and Board of the Company. Your Company has also implemented a strong Enterprise Risk Management (ERM) program in line with its Risk Management Policy, which inter alia, includes identification of risks and their ratings based on likelihood of the event and the impact it is expected to have on the Company's operations and performance. The risks that fall under high likelihood and high impact are identified as key risks for which detailed mitigation plans are developed and integrated with the Business processes and Audit Plan.

The Company's assets continue to be adequately insured against the risk of fire, riot, earthquake, terrorism, and the risk of loss of profits also stands insured amongst other things. In addition, adequate coverage has been taken to cover product liability, public liability and Director's and officer's liability. Also, all the employees are covered against the risk of loss of life, hospitalization and personal accident.

A section on Risk management practices of the Company forms a part of the chapter on "Management Discussion and Analysis" in this Annual Report.

### Safety/Sustainability

Your Company extends high focus on people care, safe workplace, good health and well-being of its employees. Through its Employee Care Program, SKF is committed to provide a healthy and safe work environment, free from accidents, injuries and occupational health hazards. One of the major initiatives taken by your Company in this area, during the year under review, is the introduction of a structured program on Safety Behavior for the line managers and blue-collar employees with the objective of encouraging a sustained cultural upliftment in your factories.

Safety is one of the core values of the Company. Your Company has adopted a structured approach towards implementation of Safety Policies and Programs to integrate safety with business processes with an objective of continuously improving safety performance. The Company treats any accident or fatality on any of its premises and of any of its employees, contractor/ associate employees or any third party, with high gravitas. It is committed to take the entire working environment and behavior to the highest safety standards. Your Company always takes 'Safety First' approach while taking any Business decision.

SKF India continues to work on safety and sustainability aspects of business. We continue to drive our unique energy conservation initiatives and constantly strive to provide products, services and solutions which are environmentally friendly and socially viable.

'SKF Beyond Zero' is our strategy for actively reducing the environmental impact of our manufacturing operations, products and supplier actions. Our EHS Policy outlines necessary guidance for conservation and safeguard of energy, water, use of Paper and natural resources for the entire supply



chain and also promotes green procurement.

The Company has launched several projects under the green manufacturing initiatives and worked upon reducing the impact on the Environment. Various projects on saving of trees (reduction of paper usage), energy reduction, water reduction and oil consumption reduction were worked upon. The brief of various projects are as follows:

#### Water Savings

- Identification and repair of different points of losses/ leakages including suitable tap replacements (sprinkler tap)
- Rain-water harvesting system overhauling to improve usage
- Create awareness amongst employees for water conservation

#### Saving of Trees (Reduction in Paper Usage)

- Packaging modification for few customers to reduce the use of corrugated boxes, thus reducing the paper consumption
- Implementation of reusable/returnable bins for seven customers instead of corrugated boxes
- Conversion of returnable bins for rings and components reducing use of corrugated boxes at suppliers end

#### Reduction of Oil Consumption

- Regular oil health monitoring to reduce early replacement
- Conduct oil leakage audits through waste walks and implement actions to reduce wastage
- System established to collect and reuse the oil through filtrations systems
- Improved awareness and people engagement towards oil consumption reduction initiatives

#### Internal Controls with Respect to Financial Statements

Based on the framework of Compliance and Internal Financial Controls (IFC) established and maintained by the Company, the work performed by Internal Auditors, Statutory Auditors, Cost Auditors and Secretarial Auditors including audit of IFC for financial reporting and, the reviews performed by the Management and Committees of the Board, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year ended March 31, 2020.

#### Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability,

confirms that:

- In the preparation of Annual Accounts for the year ended on March 31, 2020, the applicable accounting standards were followed and there were no material departures;
- Appropriate accounting policies were selected and applied consistently. Judgments and estimates made were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2020 and of the profit of the Company for the period ended March 31, 2020;
- Proper and sufficient care was taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- Annual Accounts of the Company were prepared on a going concern basis;
- Internal financial controls were laid down and followed by the Company and that such internal financial controls were adequate and operated effectively, and
- Proper system to ensure compliance with the provisions of all applicable laws were in place and that such system was adequate and operated effectively.

#### Related Party Transactions

The Company has formulated a Policy on Related Party Transactions in accordance with relevant provisions of Companies Act, 2013, and SEBI guidelines, which can be accessed on the Company's website at the web-link: <http://www.skf.com/binary/83-166889/Policy-on-Related-Party-Transactions-modified-highlighted-Sept-2014.pdf>.

All Related Party Transactions were approved by the Audit Committee prior to the transaction. The Audit Committee, after obtaining approval of the Board of Directors, laid down the criteria for granting omnibus approval which also forms part of the Policy. Related Party Transactions of repetitive nature were approved by the Audit Committee on omnibus basis for one financial year at a time. The Audit Committee satisfies itself on the need of omnibus approval and that such approval is in the interest of the Company and ensures compliance with the requirements of SEBI Regulations and the Companies Act, 2013. Further, there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

A confirmation as to compliance of Related Party Transactions as per SEBI Regulations were also sent to the Stock Exchanges along with the quarterly compliance report on Corporate Governance.

Your Company has undertaken transactions with related parties during the financial year ended March 31, 2020 in the ordinary course of business and on arm's length basis. The disclosures related to RPTs in accordance with accounting standards are provided in the Financial Statement.

In accordance with Section 134(3) (h) of the Act, and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as Annexure IV of this Annual Report.

In line with the requirements of the Act and the SEBI Regulations, none of the Directors and Key Managerial Personnel had any pecuniary relationships or transactions vis-a-vis the Company.

### Subsidiaries, Joint Venture and Associates

The Company doesn't have any Subsidiary or Joint Venture or any Associates as per definition of the Companies Act, 2013.

### Vigil Mechanism/Whistle Blower Policy

The Company promotes ethical behavior in all its business activities and in line with the best international Governance practices. SKF India has established a system through which Directors, Employees and business associates may report unethical behavior, malpractices, wrongful conduct, fraud, violation of Company's code of conduct without fear of reprisal. Your Company has framed a Vigil Mechanism Policy wherein the employees are free to report any improper activity resulting in violation of laws, rules, regulations or code of conduct, by any of the employees, directly to the Chairperson of the Audit Committee besides others. The Vigil Mechanism Policy aims to:

- Allow and encourage stakeholders to bring to the Management's notice, concerns about unethical behavior, malpractice, wrongful conduct, actual or suspected fraud or violation of policies and leak or suspected leak of any Unpublished Price Sensitive Information
- Ensure timely and consistent organizational response
- Build and strengthen a culture of transparency and trust
- Provide protection against victimization

The above mechanism has been appropriately communicated within the Company across all levels and has been disclosed on the Company's website and can be accessed on "<http://www.skf.com/binary/83-166890/Vigil-Mechanism-Policy-31.07.2014-FINAL.pdf>".

The Audit Committee periodically reviews the existence and functioning of the mechanism. It reviews the status of complaints received under this policy on a quarterly basis.

### Business Responsibility Report

The fulfillment of environmental, social and governance responsibility is an integral part of the way your Company conducts its business. The Business Responsibility Report, covering the above initiatives, has been prepared in accordance with the directives of SEBI and forms a part of this Annual Report.

### Deposits

During the financial year under review, the Company neither accepted nor renewed any deposits in terms of Chapter V of the Companies Act, 2013, and Rules framed thereunder. No amount, on account of principal or interest on deposits from public, was outstanding as on March 31, 2020.

### Statutory Auditors

Pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s Price Waterhouse & Co Bangalore LLP, Chartered Accountants (Firm Registration No. 007567S/S-200012) were re-appointed as Statutory Auditors of the Company for a term of four consecutive years, to hold office from the conclusion of 58th Annual General Meeting till the conclusion of 62nd Annual General Meeting of the Company to be held in the year 2023, on such remuneration as may be decided by the Audit Committee/Board of Directors of the Company from time to time. The requirement of annual ratification for appointment of Statutory Auditor has been omitted vide Companies (Amendment) Act, 2017.

M/s Price Waterhouse & Co Bangalore LLP, Chartered Accountants (Firm Registration No. 007567S/S-200012), submitted their Report on the Financial Statements of the Company for the FY 2019-20, which forms a part of the Annual Report 2019-20. There were no observations, qualification, reservation, adverse remark or disclaimer of the Auditors in their Audit Reports that may call for any explanation from the Board of Directors.

### Secretarial Auditor

M/s Parikh & Associates, Company Secretaries, were appointed as Secretarial Auditor of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 to conduct a Secretarial Audit of the Company for 2019-20. The Report of the Secretarial Auditor is attached as Annexure V of this Annual Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimers. The Company confirms compliance with the requirements of Secretarial Standards issued by the Institute of the Company Secretaries of India.

## Cost Records and Cost Auditor

### Maintenance of Cost Records

The Company is required to maintain cost records under Companies (Cost Records and Audit) Rules, 2014. Accordingly, cost records were maintained by the Company.

### Cost Audit

M/s. RA & Co. (Firm Registration No. 000242), Cost Accountants were appointed as Cost Auditors of the Company for the financial year 2019-20. The Cost Auditors confirmed that their appointment met the requirement of Section 141 of the Companies Act 2013. The Cost Audit for the financial year ended March 31, 2020, is under process and the Company will submit the Cost Auditors' report to the Central Government within prescribed time. The Cost Audit Report of the Company for the financial year ended March 31, 2019, was filed within the prescribed time limit.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for its ratification. Accordingly, a Resolution for seeking Members' ratification for the remuneration payable to M/s RA & Co, Cost Auditor is included in the Notice convening the 59th Annual General Meeting.

### Reporting of Frauds by Auditors

The Statutory Auditors, Cost Auditors or Secretarial Auditors of the Company did not report any frauds to the Audit Committee or to the Board of Directors, under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

### Significant and Material Orders Passed by the Regulators or Courts or Tribunals

As on the date of this report, the Company had not received any significant or material orders passed by any Regulatory Authority, Court or Tribunal, which may impact the going concern status and the Company's operations in future.

### Particulars of Employees

The information required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached as Annexure VI to this Annual Report.

The statement containing names of top ten employees, in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming a part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said

annexure is open for inspection and any member interested in obtaining a copy of the same may write to the Company Secretary.

None of the employees listed under the said rules are related to any Director of the Company.

### Industrial Relations

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of employees enabled the Company to remain at the leadership position in the industry. It took various steps to improve productivity across organization.

### Transfer of Unpaid and Unclaimed Amounts to IEPF

Pursuant to the provisions of Section 125 of the Companies Act, 2013, the declared dividends, which remained unpaid or unclaimed for a period of seven years, were transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

As per the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, notified by the Ministry of Corporate Affairs and subsequent amendment thereof, the Company transferred shares to IEPF Authority in respect of the dividend which had not been paid or claimed by shareholders for seven consecutive years or more.

The Company sent individual notices to concerned shareholders, whose shares and dividend were liable to be transferred to IEPF Authority, to their latest available addresses.

The Company displayed full details of such shareholders, dividend and shares on its website at [www.skfindia.com/in](http://www.skfindia.com/in). Shareholders are requested to verify the details of the shares liable to be transferred as aforesaid.

### Particulars of Loans, Guarantees or Investments

The particulars of loans given, investment made or guarantee/security provided are disclosed in the financial statements. No fresh loan was given during the year. The Company did not give any guarantee or provide any security in connection with any loan and did not acquire any securities during the financial year.

### Extracts of Annual Return

The extract of Annual Return as on March 31, 2020 in the prescribed Form No. MGT-9, pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is provided in Annexure VII to this Annual Report.

### Policy on Prevention of Sexual Harassment at Workplace

At SKF India, all employees are of equal value. There is no discrimination between individuals on the basis of race, color, gender, religion, political opinion, national extraction, social origin or age.



At SKF India, every individual is expected to treat his/her colleague(s) with respect and dignity. This is enshrined in values and in the Code of Ethics & Conduct of the Company. Your Company also has in place 'the Prevention of Sexual Harassment at Workplace Policy'. This Anti-Sexual Harassment policy of the Company is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this Policy.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee (ICC) under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassments.

This Policy is widely communicated internally and uploaded on the Company's intranet portal.

An Internal Complaint Committee, including an external member has been duly constituted by your Company in compliance with the applicable laws.

During the year under review, one complaint, which required investigation, was received by the Company and the same was investigated and appropriate action was taken. There were no complaints pending at the end of the year. Awareness programs were conducted across the Company to sensitize employees to uphold the dignity of their colleagues at the workplace, particularly with respect to prevention of sexual harassment.

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

Pursuant to the provisions of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are attached as 'Annexure VIII' to this Annual Report.

#### **Cautionary Statement**

Statements in this 'Director's Report' & 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include - raw material/fuel availability & its prices, cyclical demand and pricing in the Company's principle markets, changes in the Government regulations, tax regimes, economic developments within India and the Country in which your Company conducts business and other ancillary factors.

#### **Acknowledgements**

Your Directors wish to place on record their sincere thanks and appreciation to its Principals, Aktiebolaget SKF, customers, members, suppliers, employees, bankers and business partners/ associates for their exemplary and valued contribution towards the Company.

For and on behalf of the Board

**SKF India Limited**

**Gopal Subramanyam**

Chairman

DIN: 06684319

Bengaluru.

May 07, 2020

# Management Discussion and Analysis

Annexure I to Directors' Report

## Economy

The global economy witnessed a sluggish 2019, registering a growth of 2.9%. A sharp contraction in growth by 3% for 2020 is also estimated (*Source: International Monetary Fund*). Economic activities were principally upended by the general slowdown, rising trade disputes, intensifying geopolitical tensions, and the unprecedented Covid-19 pandemic. The global economy, even against the confluence of risks, is expected to grow by 5.8% in 2021. The economic activities are anticipated to normalize gradually. Appropriate support by various policies and the containment efforts are expected to steadily unwind whilst the pandemic fades slowly. (*Source: International Monetary Fund World Economic Outlook, April 2020*)

The Indian economy, backed by its partnerships and strong democracy, is one of the world's fastest-growing economies. As per a report released in April 2020, by the Global Rating Agency, Fitch, India's GDP growth rate is projected at 0.8% for 2020-21. It is further likely to rebound to 6.7% in 2021-22. The slowdown in the current year can be attributed to the Center-imposed lockdown, addressing the need of containment to limit the spread of Coronavirus. The relatively lower growth rate in the previous financial year can also be attributed to a credit squeeze, sluggish manufacturing growth, subdued consumption and the global economic slowdown. Before the pandemic, even though the economic activities remained muted, survey indicators suggested improvement across both, manufacturing and services sectors. Additionally, several monetary policies and reduced trade policy tensions assisted in improving the otherwise weakening financial conditions. The manufacturing Purchasing Managers Index (PMI) fell from 54.5 in February 2020 to 51.8 in March 2020. On the other hand, the Index of Industrial Production rose by 4.5% in February 2020 over the corresponding figure last year. However, it is expected to shrink in March, triggered by the Covid-19 crisis (*Source: Bloomberg Quint dated April 09, 2020*). It is indeed unfortunate that the first month of the current year, that began on a positive note, took a downward trend in March. However, the collapse in oil prices will aid in reducing the fiscal deficit, ease pressure on inflation, and interest rate, besides reviving the economic activities.

With the financial markets under stress, comprehensive bailout packages are playing a significant role in cushioning the economy against the pandemic impact. The Government

announced relief measures worth INR 1.7 trillion in March 2020 (*Source: Livemint dated April 17, 2020*). The mitigation measures include reduced corporate and income tax rates and liquidity infusion of INR 3.74 Lakh crores to ease the stress on the financial markets (*Source: Economic Times dated March 28, 2020*). The cut down in the interest rate, on different occasions during the last two fiscal years, was done to improve the private investment and consumption. Further, a reduction in the repo rate, reverse repo rate and CRR was done to encourage banks to lend more money.

Although the forecasts by various global bodies and agencies largely rely on the outbreak being brought under control by the second half of 2020-21, the road to recovery will be a very challenging one. It will require positive and swift reforms and monetary policy support to boost sustainable growth. Supportive macroeconomic policies will play an imperative role in restoring customer and investor confidence. This, in turn, will help revitalize the demand.

## Industry Structure and Developments

The global bearing market size is estimated to touch USD 186.1 billion by 2025, registering a CAGR of 9.1% during 2014-2025 (*Source: Grand View Research, Inc., Report*). The comprehensive usage of bearing and its subsequent use in all equipment makes it a significant element of the manufacturing ecosystem. It can be segregated into ball and roller bearing assemblies of various designs. The bearings' demand is mainly derived from two main user segments: automotive and industrial sectors. Primary sources i.e. Original Equipment Manufacturers (OEMs) constitute a larger share of the market demand. The secondary sources i.e. After-market, make up for the rest. The automotive sector constitutes a larger market demand share. But even then, the industrial bearings market is far more widespread with a higher number of applications. The usage of bearings is fairly diversified in the automotive sector. It is primarily led by the demand from Passenger Vehicles (PV), Commercial Vehicles (CV), Two-Wheelers (2W), Three-Wheelers (3W), and tractors. The demand for the industrial segment, is largely driven by general machines/motors, electrical equipment (fans/appliances) as well as heavy industries. Rising adoption of automation in manufacturing units, thrust by Government's Make in India program and spending towards railways and metros will support the manufacturing and engineering sector's growth. This, as a result, will augur well for the bearing industry.

The supply side also faced disruption as manufacturing facilities across India halted production in response to the Covid-19 crisis. Both demand and supply side felt repercussions due to the lockdown imposed during the pandemic. Nevertheless, the industry players are optimistic for growth once the pandemic fades out. A gradual restoration of demand to previous levels and more is also anticipated.

The Company is well-positioned to leverage opportunities. Firmly driven by its strategic focus on digitalization, world-class manufacturing, future workforce and developing cleantech, SKF is equipped to face the future with its strong resolute. This enables the Company to offer a comprehensive product portfolio to its customers, emphasizing high-quality standards and service aids, delivering value and sustainable growth.

### Opportunities

India is considered a lucrative destination because of its market size and a hub for exports, explaining Foreign Direct Investment's (FDI) healthy growth recorded in the last five to six years. FDI elevated from USD 190 billion between financial years 2009-10 and 2013-14 to USD 284 billion during financial years 2013-14 and 2018-19 (*Source: Union Budget 2020*). Also, the Government's constant focus on the Make in India initiative, economic stimulus and policy support towards infrastructure, Power and Oil & Gas, Airports, Roads and Ports will present a plethora of opportunities for the key industries powering the economy.

The bearing market's growth is determined by various factors like surge in demand for PV, CV and 3W. It is also ascertained by elevation in the number of heavy, general and other industries and a larger demand from infrastructure growth, driving the market ahead.

Bearings are extensively used in all the industries that require precision in dimension as a key to performance. The increasing demand for precision bearing from aerospace and the corresponding industries is expected to aid revenue spikes. Further, the miniature bearings requirement in industrial robots will escalate the growth. Additionally, technological evolution in office automation, medical equipment, and audio-visual equipment will fuel demand for these kind of products. The development of application-specific bearing is a factor enabling growth. This, in turn, is encouraging manufacturers to offer customized bearings. Tailored bearings help meet specific requirements in various applications: weaving looms, agriculture machinery, vacuum pumps, and turbochargers, among others.

The aviation sector's stringent emission norms and the growing prerequisite to reduce carbon footprint is compelling industry participants to develop advanced products. Likewise, several

other lightweight products — 50% lighter than conventional steel bearing — are also being developed. These advanced products help enhance performance significantly.

The customers are offered a comprehensive and innovative product range in all the segments. The Company provides superior service and works endlessly as per their requirements. A strong foundation and global parentage with a well-defined strategic direction, and the value of resilience embedded in the organizational culture augur well for the Company in the long run.

### Automotive Sector

The Indian automotive bearing market in 2019, was valued at INR 70 billion, and is estimated to reach INR 156.8 billion by 2024, registering a CAGR of ~18%, between 2020 and 2024 (*Source: Businesswire*). The automobile sector was hit hard in fiscal 2020. Sales declined across vehicle segments, owing to lower discretionary incomes and a general economic slowdown, followed by plant shut-downs due to the Covid-19 crisis. However, the Government's Make in India initiative is pushing the automotive component manufacturers. It is encouraging higher capital allocations towards developing additional manufacturing capabilities or by launching new products or consolidating through mergers and acquisitions. Besides, expanding middle-class population and increasing disposable income, and for logistical requirements owing to an infrastructural push, is expected to spruce up the demand across all the segments. Thereby positively influencing the automotive bearings market.

The Commercial Vehicle (CV) market in India, a direct indicator of economic activity, is expected to experience a CAGR of 2.97% from 2018 to 2030 (*Source: PR Newswire*). India is expected to emerge as a leader in the CV market with the Government initiatives, a strong supplier ecosystem, availability of raw materials and skilled human resources. Shortage of labor will aid farm mechanization trends, ultimately benefiting the tractor industry. Furthermore, the steps anticipated to be undertaken by the Government, to revive the economy post-Covid-19, are likely to be directed towards infrastructure development. This will aid the growth prospects of all industries. Our innovative high-quality products and deep knowledge of markets coupled with world-class technology, have created an unparalleled competitive advantage for us to sustain growth despite challenges.

To curb pollution levels, Bharat Stage (BS) VI norms were brought into effect from April 01, 2020. This led to the adoption of advanced technologies from all the automotive and component manufacturers. Moreover, the Government created momentum through its schemes that encourage, and in some



segments, mandate, the adoption of Electric Vehicles (EV), to reach 30% EV penetration by 2030. Thus making the industry technologically competitive.

### Industrial Segment

The industrial segment is a major growth driver for the Indian economy. The Government endeavors to invigorate manufacturing and increase the sector's contribution to GDP. In line with this objective, it eased regulations and effected certain policy changes boosting the sector and benefiting the component manufacturers.

Indian Railways is working towards transforming the passenger experience. It is entering a high-speed era, reducing logistical costs and spearheading advanced manufacturing. Several upcoming Metro Rail projects across major cities have piloted many global players to invest and set up manufacturing in India.

China, backed by its cheap land, labor and latest technology, is a leading manufacturing hub for companies worldwide. The ongoing Coronavirus outbreak forced the closure of Chinese factories, severely disrupting the supply chains and impacting several sectors across the globe. As a result, in the aftermath of the Covid-19 crisis, majority of the countries, like the US, Japan and South Korea, are likely to look for alternate manufacturing hubs to diversify their manufacturing dependence. Such diversification is crucial for being better prepared for any future emergencies. This is where India can emerge as a preferred destination backed by favorable factors like its market size, quality produce, and reduced tax rates in the form of Goods and Services Tax (GST), among others. Currently, around 1,000 companies are engaged in discussions, at various levels, with the Government for reviving the production plans for different sectors: mobiles, electronics, medical devices, textiles and synthetic fabrics, aviation, construction equipment and renewable energy and many more (Source: Business Today dated April 21, 2020). Several sector-specific incentives to various manufacturing companies will give the much-needed impetus for growth. The Company's unique relationship with the customers and strong business model gives it a competitive advantage.

The manufacturing ecosystem is undergoing a phenomenal shift with technological advancements happening at a fast pace. Industry 4.0 is a revolution bringing unmatched precision to the way manufacturing happens. The digital technologies and tools are being leveraged in a way, enabling the manufacturers to connect all machines, products and services to a single network. Hence facilitating machine-to-machine communication. This is helping create 'Smart Machines' that need components complying with the manufacturers' specific requirements. The Company continued to strengthen its product range by offering

technology-enabled customized solutions. These solutions have been crucial for the advancement of the adoption of Industry 4.0.

The Company enjoys technological competence, good relationships with OEMs, a strong presence in after-markets, diverse product portfolio, high investment capability and widespread distribution network, helping cater all demands in the market. The deep knowledge of global markets, coupled with a spirit of continuous evolution, enables it to stay one step ahead of the curve.

### Threats

The industry faces major risks in terms of counterfeit products, cheap imports and underutilization of capacities.

#### Counterfeit products and cheap imports

As a major barrier to the bearing market growth, counterfeit products can radically affect the performance of the equipment. It can pose safety issues as well as adverse monetary implications.

Cheaper and lower quality imports further impose an operational risk. They hamper capacity utilization levels. Besides, severe tax impositions on bearing and finished products tend to become unfavorable for organized players.

#### Mitigation

The Company is mitigating these threats by creating awareness with the help of law enforcement agencies and stakeholders. This is extremely necessary as more than the top line, it hurts the brand value. The awareness, with regards to genuine and fake products, is created apprising the consumers through various training courses and programs, assisted by the law enforcement agencies.

#### Underutilization of capacities

The lockdown, as a measure to contain the pandemic's spread, along with subdued global demand, are the two prime reasons behind the underutilization of manufacturing capacities. An increasing emphasis on localization and growing protectionism in some of the developed economies can hamper exports. Volatility in currency markets, commodity prices, geopolitical trade wars and sentimental risk aversion is likely to add to these challenges.

#### Mitigation

SKF possesses a comprehensive framework of policies and procedures for managing the threats. The Company's proactive approach enables it to convert threats into strategic advantage by leveraging its core strengths.

## Outlook

The current business environment is marred by economic activity being impacted by nation-wide lockdown, liquidity crunch across industrial sectors coupled with muted demand outlook in the near term. The Government's emphasis on infrastructure, modernization of railways, and roads and ports, augurs well for the bearing industry. Policy actions initiated by the Government concerning coal mine auction and resumption of stalled infrastructure projects have created a foundation for long-term growth going forward.

The extensive domestic market demand and India's evolution as a preferred low-cost sourcing destination is stimulating the bearing industry. The bearing manufacturers are likely to capitalize on the increasing production capacities and technological capabilities.

The products offered by the Company, used widely and variedly in machinery, results in giving it a unique position. Further, the strategic goals derived from a deep understanding of the market trends and the possible impact in which it operates, shall aid growth in the coming years.

## Risk and Concerns

The Company considers Enterprise Risk Management as a key element of its business operations. It has placed effective systems to identify, analyze, monitor, and mitigate risks, ensuring the Company's sustained growth and profitability. A Risk Management Committee is in place with the Independent Directors and senior management members as part of it. The Committee meets at regular intervals and monitors, evaluates and strengthens the effectiveness of the Company's risk management framework.

During the year, the Board also reiterated the terms of reference of the Risk Management Committee (RMC), which reviews risk management, to consider the following:

- RMC determines the Company's risk appetite and tolerance levels to ensure that the risk assessments are performed periodically. Besides, the Company also has in place, risk management and mitigation measures that safeguard it from any risks that may arise
- Ongoing risk assessment process helps identify, quantify, evaluate and manage risk effectively. It also enables the Company to measure the potential impact and probability of occurrence
- Procedures are reviewed frequently for detecting any discrepancies and fraud for the prevention of bribery
- Risks of all nature are evaluated comprising strategic, financial, operational, technological or cybersecurity and competition risks, among others
- Considering both the upside and downside risk for taking the 'long view' to analyze the potential impact
- Understanding the regulatory environment in which the Company operates, and prospective changes related to risk governance

The Company has implemented a detailed Enterprise Risk Management (ERM) Program during the year under review to cover all internal and external residual risks. Some of the key risks identified during this process are - Competitive Challenges, Innovation & Technology, Data Security & Cyber threats, Evolution of new business models, etc. The Management Team has developed a detailed mitigation plan for each of the identified risks.

## Compliance

The Company has a well-structured, documented, and demonstrable compliance framework. This helps the management monitor and report compliance risk and exposure. The Board periodically reviews compliance reports of all laws applicable to the Company. It also assesses steps taken by the Company to rectify instances of non-compliances. The Company has further invested in a system to monitor and ensure compliance with all the applicable laws.

Various cross-functional teams work together to ensure strict compliance. It enables the Company to keep up with the rapid pace of regulatory changes. The Company pro-actively analyzes the impact of imminent changes well in advance.

## Financial and Segment Performance

The Company's Revenue from Operations stood at ₹28,416 million in 2019-20 as compared to ₹30,345 million in the previous year. The profit after tax for the period ended March 31, 2020 was ₹2,890 million, compared to ₹3,358 million in the previous year.

SKF India is the most trusted brand/supplier in the industry for bearings, seals, mechatronics, and lubrication systems. It operates in a single segment, namely in bearings and related components, which are used in widespread applications across industries. The Company's world-class manufacturing facilities have the highest ratings in the Global SKF benchmarking rank.

### Key Financial Ratios

Ratios	As at	As at
	March 31, 2020	March 31, 2019
Debtors Turnover (No. of times)	6.4	5.7
Inventory Turnover (No. of times)	4.0	3.9
Interest coverage ratio	41.8	69.4
Current Ratio	3.6	3.0
Debt Equity ratio	0.00	0.05
Operating profit Margin (%)	12.9%	17.8%
Net Profit Margin (%)	10.3%	11.2%
Return on Net worth (%)	15.2%	19.8%

Note: Operating profit margin drop is mainly due to reduction in sales on account of slowdown in domestic demand, which in turn affected the interest coverage ratio.

### Human Resources

The Company's mission to become an undisputed leader in the bearing business warrants strong support from its most critical resource i.e. people. The Company's HR function continuously drives processes and practices. This is to ensure that employees maintain high levels of performance and productivity. The approach of the function is to play a positive role in strategically partnering with the business to achieve its goals. The HR business partners are embedded with each business to make a difference.

With a change of guard at the senior leadership level in the Company, during the year, one of the critical responsibilities was to drive the cultural change. In this regard, multiple workshops and interactive sessions were conducted across the Company. This was mainly done to drive the message among the leaders across business and functions on the expectation for them to be role models. Interactive learning sessions were created on the SKF performance and leadership behaviors which were then cascaded to employees at all levels.

During the year, marked by an apparent slowdown in the Automotive business, the focus was towards helping the business navigate the downturn through talent management. The objective was to strengthen the leadership pipeline for the managerial cadre by mapping critical talent, successors for critical roles and driving development plans for the managers. With a strategic business focus of the SKF Group for the continuous pursuit of growth in the Rotating Equipment Performance (REP), while growing other product sales, realigning the sales force capability has become imperative. The Company has been actively training its sales force to understand the difference in approach needed towards REP proposition in the market. The HR department's focus has been towards enabling the sales leaders and front-line personnel

with a better understanding of the concept and developing the competence to have high-level discussions with senior leaders of the prospective customers. To build competence and provide growth opportunities, planned movement of managers across functions, and even factories, was done in the manufacturing space. Personal coaching by certified coaches was provided to select managers as a part of their leadership development journey.

In a year of slowdown, the HR department actively worked with unions in the factories. This was especially taken care of at Pune and Haridwar facilities to work out methods for optimum utilization of the people on the shop floor, ensuring an optimum level of productivity. The proactive and collaborative approach taken by HR has helped factories gain flexibility in operations with planned closures and movement of operators across product lines and departments. The Industrial Relations in all factories was cordial during the year, with unions being supportive of all measures to respond to the adverse market scenario. Skill development in factories has been an ongoing focus. Various training modules were developed and deployed for the capability building of the operators and line engineers.

The Company is adopting various aspects from the realm of Industry 4.0 and introducing digitalization in its processes. The HR Department provides various trainings to employees for adapting these technologies by upskilling and re-skilling. Employees are provided with an opportunity to partner with external bodies and academic institutes to learn. Learning during the implementation of projects is encouraged for creating a future-ready workforce.

The Pune factory is undergoing a transition. A large percentage of the senior operators are retiring in the coming years and getting replaced by younger employees. Under the given scenario, a special leadership program for the line managers to equip them to manage all generations was launched. Enhancing gender diversity at all levels of the Company continued to be in focus. To ensure engagement of employees and work-life balance, during the year, the department employed several activities to provide platforms for budding talents like sports championships, health and fitness-based events, and festival celebrations, among others.

Fostering employee involvement in factories remained in focus for the HR function. The 'Kaizen' culture, which has percolated deeper across the manufacturing units, helps employees think out-of-the-box and drive improvements. It also helps in building the core ability of problem-solving through innovative solutions. Theme-based competitions help in a focused approach towards identifying solutions for some of the major challenges. It helps the Company create an opportunity of learning from across boundaries and enhance employee



recognition. The opportunity to participate in regional, national and international competitions work as a strong motivation for the employees.

Rewarding and recognizing employees is critical to culture building and reinforcing the expected behavior. Employees at all levels in the Company are recognized through a structured process for exhibiting the SKF performance and leadership behaviors. The annual SKF Excellence Award is one of the many such platforms that recognizes exemplary performances. Communication, both upwards and downwards, is critical to the health of the Company and the HR function provides various platforms to ensure transparent communication. A quarterly Town Hall by the senior leadership is highly appreciated by the employees and fosters openness and fearlessness - two key leadership behaviors.

### Internal Control System and their Adequacy

The Company has proper and adequate policies and procedures in place. These procedures ensure reliability and efficient conduct of business. Periodic review and control mechanisms ensure the effectiveness and adequacy of the internal control systems that the Company operates in. Additionally, it views internal audit as a vital part of management control systems. It helps keep the management informed about the existence and efficacy of the control systems and processes in the organization.

The Company, during the year, reviewed its Internal Financial Control (IFC) systems. It continually worked towards establishing a more robust and effective IFC framework. Being part of the SKF Group, the Company adheres to SICS (SKF Internal Control Standards). This is a customized control system required to be adhered to, across the globe, by all SKF companies. The standards specified by SICS are an integral part of standard operating procedures for all business functions.

A great extent of emphasis is placed on having compensating controls within the process, minimizing deviations and exceptions. The Internal Audit function conducts Process Audits. The Company also undergoes periodic audits by specialized external professional firms for business-specific compliances. Risks/improvement areas, identified out of the audits, are reviewed and mitigation plans are put in place. The status of implementation of action plans for major observations is submitted in every Audit Committee for review.

The Audit Committee reviews reports submitted by the management and audit reports submitted by Internal and Statutory Auditors. The Audit Committee also meets Statutory Auditors to ascertain, inter alia, their views on the adequacy of internal control systems. Based on the Committee's evaluation, it was concluded that as of March 31, 2020, the internal financial controls were adequate and operating effectively.

The Company has complied with the specific requirements as laid out under Section 134(5)(e) of the Companies Act, 2013. It calls for the establishment and implementation of an Internal Financial Control framework that supports compliance with the requirements of the Act concerning the Director's Responsibility Statement. Adequacy of controls of the processes is also being reviewed by the Internal Audit function. Suggestions to further strengthen the processes are shared with the respective process owners. Any significant findings, along with management response and status of action plans, are periodically shared with and reviewed by the Audit Committee.

### Cautionary Statement

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied since the Company's operations are influenced by many external and internal factors beyond its control. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, based on any subsequent developments, information or events. Readers are cautioned that the risks outlined here are not exhaustive. Readers are requested to exercise their judgment in assessing the risks associated with the Company.

For and on behalf of the Board

**SKF India Limited**

**Gopal Subramanyam**

Chairman

DIN: 06684319

Bengaluru.

May 07, 2020

# Corporate Governance Report 2019-20

Annexure II – To the Directors' Report

## PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

As one of India's leading manufacturers of Bearings and its components, SKF India Limited (the "SKF India" or "Company") has always been at the vanguard of setting industry benchmarks. It has a rich legacy of putting in place a formalized mechanism of corporate governance. The Company's governance framework enshrines the highest standards of ethical and responsible conduct of business to create enduring value for all stakeholders.

The Company's governance framework and philosophy are based on the bedrock of ethics, values and trust. As part of its growth strategy, SKF India emulates the 'best practices' that are followed in the domain of corporate governance globally.

Integrity, transparency, fairness, accountability and adherence with the law are inextricably embedded in the Company's business practices. These principles have evolved, over the years, from the Company's dynamic culture, innovative thought trajectories and past experiences; and have helped inculcate stakeholder trust and confidence, attracting and retaining financial & human capital, and in meeting societal aspirations.

The Company is in compliance with the requirements stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations") as applicable with regard to corporate governance.

### 1. GROUP STRUCTURE

SKF India Limited is an affiliate of the Sweden based SKF Group, which was founded in 1907. SKF Since 2015, has optimized the business Portfolio, focused on the core business around the rotating shaft. Divested in many businesses thereby strengthening the financial position and focusing the business portfolio. SKF Group also provides reliable rotation by combining hands-on experience in over 40 industries with in-depth knowledge across the SKF technology areas: bearings and units, seals, lubrication systems, services and condition monitoring.

### 2. GOVERNANCE STRUCTURE

SKF India's governance structure comprises of Board of Directors, Committees of the Board and the Management. The Company has rigorously stood by the core principles of corporate governance, which have been the edifice of its

multi-fold governance model, with the Board of Directors ("Board") and the Committees of the Board ("Committees") at the apex, and the management structure at the operational level. The Board and its Committees guide, support and complement the management team's ideas and initiatives, which in turn assumes accountability, strives to achieve the set objectives and enhances stakeholder value.

### 3. GOVERNANCE POLICIES

The Company has set high standards of ethical and responsible conduct of business to create value for all stakeholders. For effective implementation of the Corporate Governance practices, the Company has a well defined policy framework inter-alia consisting of the following :

- Code of Conduct for Directors / Senior Management / Employees
- Code of Conduct for Prevention of Insider Trading
- Health, Safety and Environment Policy
- Vigil Mechanism Policy
- Prevention of Sexual Harassment at Workplace Policy
- Corporate Social Responsibility Policy
- Directors Policy
- Dividend Distribution Policy
- Related Party Transaction Policy
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- Policy for preservation of documents
- Remuneration Policy for Directors, KMP's and Senior Management
- Policy for Determination of Materiality of events for disclosure to the stock exchanges
- Archival Policy

### 4. BOARD OF DIRECTORS

The Company recognizes and embraces the importance of a diverse Board in its success and it believes that a truly diverse Board would leverage differences in thought, perspective, knowledge, skill and industry experience, which will enrich Board discussions and

enable effective decision making. The Board has an optimal mix of Executive and Non-Executive Directors who have considerable expertise in their respective fields including competencies required in context of Company's businesses.

SKF India is a professionally managed company functioning under the overall supervision of the Board.

The Board sets out the overall corporate objectives and provides direction and independence to the management to achieve these objectives for value creation through sustainable profitable growth.

The Board seeks accountability of the management in creating long-term sustainable growth to ensure that the aspirations of stakeholders are fulfilled. It also sets out standards of corporate behavior and ensures compliance with applicable laws and regulations impacting the Company's business.

The Board Members take an active part at the Board and its Committee Meetings and provide valuable guidance to the Management on various aspects of business, governance, and compliance, amongst others. The Board's guidance provides foresight, enhances transparency and adds value in decision-making.

#### 4.1 Composition

The Company's Board is a combination of Independent and Non-Independent Directors, including an Independent Woman Director in line with the provisions of the Companies Act, 2013 ('the Act') and the SEBI Regulations, as amended from time to time. The Company's Managing Director is the only Executive Director on the Board. The composition and size of the Board is reviewed periodically to ensure that the Board is a wholesome blend of Directors with complementary skill-sets. The Board periodically evaluates the need for change in its size and composition.

The Company's core business(es) include manufacturing of Bearings and its components in India. The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's aforesaid business(es) for it to function effectively and those available with the Board as a whole:

"Industry Experience; Sector specific knowledge of bearings and its user industry; Marketing; Strategic thinking / planning; Finance / Accounting Acumen; IT / System knowledge; Leadership skills; Regulatory laws knowledge". The Board of SKF India is having the skills / expertise / competencies mentioned aforesaid.

The Board of Directors who possess aforementioned skills / expertise / competency matrix as already approved by the Board of the Director in the year 2019 are as follows:

S. No.	Skills / Competency / Expertise	Directors
1.	Industry Experience	Bernd Stepan / Aldo Cedrone / Werner Hoffmann / Manish Bhatnagar / Gopal Subramanyam
2.	Sector specific knowledge of bearings and its user industry	Bernd Stepan / Aldo Cedrone / Werner Hoffmann / Manish Bhatnagar / Gopal Subramanyam
3.	Marketing	Bernd Stepan / Manish Bhatnagar / Gopal Subramanyam
4.	Strategic thinking / planning	Anu Wakhlu / Bernd Stepan / Aldo Cedrone / Werner Hoffmann / Manish Bhatnagar / Gopal Subramanyam
5.	Finance / Accounting Acumen	Werner Hoffmann / Manish Bhatnagar / Bernd Stepan / Anu Wakhlu
6.	IT/System knowledge	Bernd Stepan / Manish Bhatnagar / Aldo Cedrone / Werner Hoffmann
7.	Leadership skills	Anu Wakhlu / Bernd Stepan / Aldo Cedrone / Werner Hoffmann / Manish Bhatnagar / Gopal Subramanyam
8.	Regulatory laws knowledge	Manish Bhatnagar / Gopal Subramanyam / Anu Wakhlu

Independent Directors play a significant role in the governance processes of the Board. By virtue of their varied experience & expertise, they enrich the Board's decision-making and prevent possible conflicts of interest that may emerge in such decision-making.

Based on the confirmation / disclosures as received from the Independent Directors and on evaluation of the relationships disclosed, all the Independent Directors meets the criteria of independence and are independent of the management in terms of the SEBI Regulations.

#### 4.2. Disclosure Regarding Appointment / Re-Appointment of Directors

During the year under review, based on the recommendations of the Nomination & Remuneration Committee, the Board of Directors approved the appointment of Mr. Werner Hoffmann as an Additional Director of the Company at its Board Meeting held on May 15, 2019 to be effective on obtaining/validating his DIN, which was validated on August 21, 2019 and therefore his appointment is effective from August 21, 2019, which resulted in delay of 5 (five) days i.e., from August 16, 2019 to August 20, 2019.



The Directors of the Company appointed by the Board which are to be confirmed by Members in the forthcoming General Meeting pursuant to the provisions of the Companies Act, 2013. The Executive Director serves in accordance with the terms of his contract of service with the Company. In terms of Section 152 of the Companies Act, 2013, office of two-thirds of the total number of directors is liable to determination by retirement by rotation, out of which one third of the Directors (Non-Independent and Non-Executive) shall be liable to retire by rotation and if eligible, then aforesaid directors will qualify for re-appointment.

Brief profile of the persons sought to be appointed / re-appointed as Directors at the 59th Annual General Meeting of the Company are attached to the Notice of the Annual General Meeting sent to the shareholders.

#### 4.3. Conduct of Board Proceedings

The Board provides the Company's vision, strategic direction and guidance and evaluates the management policies and their effectiveness. The Board meets at least once in a quarter to review all the relevant information, which is required to be placed before it pursuant to Schedule II to Regulation 17 of SEBI Regulations such as :

- Annual operating plans and budgets, Capital budgets including any updates.
- Contracts, if any, in which Director(s) are interested.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of meetings of committees of the Board of Directors.
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that may have negative implications on the company.
- Details of any joint venture or collaboration agreement, if any.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any.
- Significant labor problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, among others.
- Sale of investments, subsidiaries, assets which are material in nature and not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risk of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer.

The dates of Board meetings are decided well in advance. Additional meetings are held whenever necessary. In case of matters requiring urgent approval of the Board, resolutions are passed through circulation. The Company also provides video conferencing facility to its Directors to enable them to participate in the discussions held at the meetings, when it may not be possible for them to be physically present for the meeting.

The Agenda for the meetings is circulated well in advance to the Directors to ensure that sufficient time is provided to Directors to prepare for the meeting. With a view to ensure high standards of confidentiality of Board papers and reduce paper consumption, the Company circulates to its Directors, notes for Board/Committee meetings through a secure electronic platform.

The Managing Director, Chief Financial Officer and respective Members of the Country Management Team of the Company are invited to attend meetings of the Board (on case to case basis) and make presentations to the Board on matters including but not limited to the Company's performance, strategic plans, quarterly and annual financial results, and compliance reports, among others. The Company Secretary attends all the meetings of the Board and its Committees and is, inter alia, responsible for recording the minutes of such meetings. The draft minutes of the Board and its Committees are sent to the members for their comments in accordance with the Secretarial Standards. Thereafter, the minutes are entered in the minute book within 30 (thirty) days of conclusion of the meetings, subsequent to incorporation of the comments, if any, received from the Directors.

The Company adheres to the provisions of the Companies Act, 2013 read with the Rules issued thereunder, Secretarial Standards and Listing Regulations with respect to convening and holding the meetings of the Board of Directors, its Committees and the General Meetings of the shareholders of the Company.

#### 4.4. Board Meetings

The Board met four times during the year i.e. May 15, 2019, July 23, 2019, October 29, 2019 and February 6, 2020. The intervening period between two meetings were within the maximum time gap as prescribed under the applicable law. For the year, the Independent Directors of the Company met separately on May 6, 2020, to review the performance of Non-Independent Directors, Chairman of the Company and the Board of the Company and to assess the quality, quantity and timeliness of flow of information between the Management of the Company and the Board. All the Independent Directors attended the meeting.

Also, during the year, Mr. Rakesh Makhija, Non-Executive Non-Independent Director is not on the Board of the Company, in any capacity, with effect from May 16, 2019 as he resigned from the Board of the Company.

Ms. H. Hattangady, Non-Executive Independent Director is not on the Board of the Company, in any capacity, with effect from April 01, 2019 as she resigned from the Board of Company due to personal reason.

Mr. Prasad R Menon and Mr. Prakash M Telang, Non-Executive Independent Director is not on the Board of the Company, in any capacity, with effect from May 16, 2019 as they resigned from the Board of the Company due to personal reason and in order to bring fresh thinking on the Board.

Also, all the Independent Director resigned have confirmed that there were no other material reasons for their resignation other than mentioned above.

#### 4.5. Attendance & Other Directorships

The necessary quorum was present for all the meetings. The details relating to composition and category of Directors, Directorship held by them in other companies and their membership and chairmanship on various committees of Board for other companies and attendance of Directors at Board Meetings either in person or through video conference during the financial year 2019-20 and at the Annual General Meeting (AGM) of the Company are as reproduced below:

Name of Director	No. of Board Meetings attended	Attendance at the last Annual General Meeting	Directorship in other companies (other than SKF India) [Refer Note (a)]	*No. of Committees in which Chairman/Member (other than SKF India) (Refer Note c)	
				Member	Chairman
Mr. R. Makhija, Chairman (up to 15.05.2019)	1	NA	-	-	-
Mr. Gopal Subramanyam (from 16.05.2019)	3	Yes	1	-	-
Ms. Anu Wakhlu (from 16.05.2019)	3	Yes	-	-	-
Mr. P. R. Menon (up to 15.05.2019)	1	NA	-	-	-
Mr. P. M. Telang (up to 15.05.2019)	1	NA	-	-	-
Mr. Bernd Stephan	4	Yes	-	-	-
Mr. Aldo Cedrone (from 17.05.2019)	3	Yes	-	-	-
Mr. Werner Hoffmann (from 21.08.2019)	2	N.A	-	-	-
Mr. Manish Bhatnagar Managing Director	4	Yes	1	-	-

**Notes:**

- a. Excluded alternate directorships / directorships of private limited companies and foreign companies and companies incorporated under Section 8 of the Companies Act 2013, as per Regulation 26 of the SEBI Regulations wherever applicable.
- b. None of the Directors have received any loans and advances from the Company.
- c. \*Included only the Membership/Chairmanship in Audit and Stakeholders Relationship Committee only in all public limited companies as per Regulation 26 of the SEBI Regulations.
- d. None of the directors are related to each other.
- e. No director is a member of more than 10 board committees or Chairman of more than 5 Board Committees across all public limited companies. Further no Independent Directors serves as Independent Director in more than 7 listed companies.

**4.6. Familiarization Programs for Independent Directors**

All new Directors (including Independent Directors) inducted to the Board are given a formal orientation. The familiarization program for our Directors is customized to suit their individual interests and area of expertise. The Directors are encouraged to visit the plant and raw material locations of the Company and interact with members of Senior Management as part of the induction program. The Senior Management make presentations giving an overview of the Company's strategy, operations, products, markets, group structure and subsidiaries, Board constitution and guidelines, matters reserved for the Board and the major risks and risk management strategy. This enables the Directors to get a deep understanding of the Company, its people, values and culture and facilitates their active participation in overseeing the performance of the Management. Periodic presentations are made by Managing Director and Senior Management giving an overview of operations to familiarize with the Company's business operations.

Details on familiarization programs imparted to Directors of the Company is available on the website of the Company "<http://www.skf.com/in/investors/shareholder-information/index.html>"

**4.7. Performance Evaluation**

The Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the committees of the Board. The performance of the Board / Committees was evaluated

after seeking inputs from the members on the basis of criteria such as the composition, structure, effectiveness of board processes, information and functioning, among others.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Chairman of the Company and the board as a whole was evaluated, taking into account the views of Executive and Non-Executive Directors.

The Nomination and Remuneration Committee and the Board reviewed the performance of individual directors on the basis of criteria such as the preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, among others. Based on the inputs received from the Directors, an action plan is drawn up to encourage greater engagement of the Independent Directors with the Company. This performance evaluation included performance of the individual directors and fulfillment of the independence criteria as specified in the SEBI regulations and their independence from the management.

**4.8. Country Management Team (CMT):**

The Country Management team comprises of persons belonging to the senior management cadre who are drawn from a cross-section of functions and responsibilities. The CMT supports the Managing Director and operates within the framework of the policies laid down by the Board; and is responsible and accountable for overall business deliverables. The CMT meets regularly to review and monitor the performance vis-à-vis the annual plans and budgets, discusses cross-functional operational matters and addresses business challenges and issues.

**4.9 Independent Directors Meeting**

SEBI Regulations Schedule IV of the Companies Act, 2013 and Secretarial Standard-1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of Non-Independent Directors.

For the financial year 2019-20, the Independent Directors met on May 6, 2020 inter alia, discussed & reviewed performance of Non-Independent Directors, the Board as a whole, Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties in compliance with SEBI Regulation and Schedule IV of the Companies Act, 2013.

#### 4.10 Details of Directorship

Name of Director	Category	Directorship in other entity
Mr. Gopal Subramanyam	Non-Executive, Independent	Lincoln Helios(I) Limited (Independent)
Ms. Anu Wakhlu	Non-Executive, Independent	Pragati Leadership Institute Pvt Ltd Executive Director
Mr. Bernd Stephan	Non-Executive, Non-Independent	N.A.
Mr. Aldo Cedrone	Non-Executive, Non-Independent	N.A.
Mr. Werner Hoffmann	Non-Executive, Non-Independent	N.A.
Mr. Manish Bhatnagar	Executive	Lincoln Helios (I) Ltd (Non-executive, Non-Independent)

Note – Other Directorship do not include directorship of foreign companies and companies registered under Section 8 of the Act.

### 5. BOARD COMMITTEES

Having regard to the significant contributions that committees make in assisting the Board of Directors in discharging its duties and responsibilities, the Board through its following Committees closely monitor various areas of business.

These Committee are mandated under law and operate within the terms of reference laid down by the Board as also under the SEBI Listing Regulations.

The Board of Directors have constituted five Board Committees with specific terms of reference and scope.

a) Audit Committee b) Nomination and Remuneration Committee c) Corporate Social Responsibility Committee d) Stakeholders' Relationship Committee and e) Risk Management Committee. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below.

#### 5.1. Audit Committee (AC)

The Members of the Audit Committee have wide exposure and knowledge in areas of finance and accounting. The Audit Committee (AC) acts as a link between the statutory and internal auditors and the Board of Directors. It assists the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems & processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities.

Up to May 15, 2019 Mr. P.R. Menon was the Chairman, Mr. P.M. Telang and Mr. R. Makhija as Members of the Audit Committee.

The AC was re-constituted which comprised three Non-Executive Directors among whom two are Independent Directors including Chairperson – Ms. Anu Wakhlu as Chairperson, Mr. Gopal Subramanyam and Mr. Bernd Stephan as members vide Board Circular Resolution No. 02/BOD/2019-20 approved by the board members unanimously on May 20, 2019 confirmed at the Board Meeting held on July 23, 2019.

Mr. Bernd Stephan was the Member of Audit Committee from May 16, 2019 up to Oct 29, 2019.

In pursuance to the appointment of Mr. Werner Hoffmann as Director of the Company effective Aug 21, 2019 the Board of Directors at its meeting held on Oct 29, 2019 appointed Mr. Werner Hoffmann as new Member of Audit Committee in place of Mr. Bernd Stephan effective Oct 29, 2019.

The Managing Director, the Chief Financial Officer, the Statutory Auditor and the Internal Audit team are the permanent invitees to the meetings of the Audit Committee. The Company Secretary is the Secretary of the Committee. The Cost Auditor and Secretarial Auditor are invited to meetings whenever matters relating to cost audit and secretarial audit have to be considered. The Committee is empowered to seek any information it requires from any employee or to obtain legal or other independent professional advice when considered necessary. The previous AGM of the Company was held on July 23, 2019 and was attended by the Chairman of the Audit Committee.

The Company has an internal audit team of professionals. Apart from this, the Company's systems of internal controls covering financial, operational compliance and IT applications, among others, are reviewed by external experts and firms of Chartered Accountants from time to time. A report and presentations of its summary are made to the Audit Committee in each meeting on the findings of internal audits carried out.

Audit Committee meetings are generally preceded by pre-Audit Committee meeting with the Chairman of the Audit Committee wherein the CFO, and Company Secretary participate. The internal and statutory auditors of the Company discuss their audit observations and submit their views directly to the AC.

#### 5.1a Scope of Audit Committee

The constitution of the AC is in conformance with the requirements of Section 177 of the Companies Act, 2013 and as per the requirements of Regulation 18 of SEBI Regulations. The terms of reference of the Audit Committee are broadly as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;



2. Recommend to the Board, the remuneration and terms of appointment of the auditors of the company;
3. Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
4. Review with the management the quarterly / annual financial statements before submission to the Board for approval with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Qualifications in the draft audit report, if any;
5. Review, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
6. Review the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure and frequency of internal audits;
7. To review the functioning of the whistle blower mechanism;
8. The scrutiny of inter-corporate loans and the investment policy of the Company;
9. Approval or any subsequent modification of transactions of the company with related parties;
10. Internal Audit Plan with a view to ensure adequate coverage;
11. Evaluation of internal financial controls and risk management systems;
12. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
13. Approval of appointment of the CFO;
14. To mandatorily review the following information:
  - a. Management discussion and analysis of financial conditions and results of operations;
  - b. Statement of Disclosure of any related party transactions;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports and discussion about their findings with the management and suggesting corrective actions wherever necessary;
  - e. Major accounting entries involving estimates based on the exercise of judgment by management;
  - f. Significant adjustments made in the financial statements arising out of audit findings, if any;

#### 5.1b Meetings and Attendance

During the year four Audit Committee Meetings were held on May 15, 2019, July 22, 2019, October 29, 2019 and February 6, 2020.

The quorum as required under the statute was maintained at all the meetings. Details of attendance at the aforementioned meetings are as follows:

Name of Director	Category	No. of Meetings Attended
Mr. P. R. Menon (up to 15.05.2019)	Chairman	1
Mr. P. M. Telang (up to 15.05.2019)	Member	1
Mr. R. Makhija (up to 15.05.2019)	Member	1
Ms. Anu Wakhlu (from 16.05.2019)	Chairperson	3
Mr. Gopal Subramanyam (from 16.05.2019)	Member	3
Mr. Bernd Stephan (from 16.05.2019 up to 29.10.2019)	Member	1
Mr. Werner Hoffmann (from 29.10.2019)	Member	1

## 5.2. NOMINATION AND REMUNERATION COMMITTEE (NRC)

The constitution of Nomination and Remuneration Committee is in conformance with the requirements of Section 178 of the Companies Act, 2013 and also as per the requirements of Regulation 19 of the SEBI Regulations and comprises of at least three non-executive directors. Commission payable to non-executive directors is approved by the Board as per the mandate given by the shareholders in the General Meeting.

Nomination and Remuneration Committee has been entrusted with the following responsibilities:

1. To recommend appointment of a director and to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a remuneration policy for Directors, Key Managerial Personnel (KMP) and other employees.
2. Devise a policy on Board diversity.
3. To review goals and objectives relevant to the compensation of the Executive Director.
4. Evaluating Executive Director performance, determine and approve the compensation based on evaluation including annual increment and incentive remuneration after reviewing performance.
5. Recommend to the Board, all remuneration in whatever form, payable to senior management.
6. To formulate criteria for the evaluation of Board / Committee / Individual member and support the Board in evaluation of the performance of the Board.

The Company has not had any pecuniary relationship and transaction with any of the Non-Executive Directors during the year under review, other than payment of sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

The Head of Human Resources (HR) makes periodic presentations to the Committee on the organization structure, talent management, succession planning and various HR policies being followed by the Company. The Chairman, Managing Director and CFO participate as invitees and the Company Secretary acts as the Secretary of the Committee.

The NRC was re-constituted which comprises of three Non-Executive directors among whom two are Independent Directors including Chairperson – Ms. Anu Wakhlu as Chairperson, Mr. Gopal Subramanyam

and Bernd Stephan as members vide Board Circular Resolution No. 02/BOD/2019-20 approved by the board members unanimously on May 20, 2019 and confirmed at the Board Meeting held on July 23, 2019.

The NRC met two times on May 15, 2019 and July 23, 2019 during the year under review.

The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings attended by the members of the committee during the financial year 2019-20 is detailed below :

Name of Director	Category	No. of Meetings Attended
Mr. P. M. Telang, Chairman (up to 15.05.2019)	Independent, Non-Executive	1
Mr. P. R. Menon (up to 15.05.2019)	Independent, Non-Executive	1
Ms. Anu Wakhlu Chairperson (from 16.05.2019)	Independent Non-Executive	2
Mr. Gopal Subramanyam (from 16.05.2019)	Independent Non-Executive	2
Mr. Bernd Stephan (from 16.05.2019)	Non- Independent Non-Executive	2

### 5.2a Remuneration Policy

The Nomination and Remuneration Policy of the Company has been formulated in accordance with the Companies Act, 2013 and SEBI Regulations and outlines the role of the Nomination and Remuneration Committee, inter alia, for determining the criteria for Board membership, approve, recommend compensation packages and policies for Directors and Senior Management and lay down the effective manner of performance evaluation of the Board, its Committees and individual Directors.

One of the key responsibilities of the Board and the Nomination & Remuneration Committee includes establishment of a structured assessment process for evaluation of performance of the Board, Committees of the Board and individual performance of each Director including the Chairman.

During the year under review, surveys were undertaken for evaluation of performance of directors, Board as a whole and Committees of the Board. The Nomination & Remuneration Committee has determined a process for evaluating the performance of every Director, Committees of the Board and the Board on an annual basis.

The parameters of the performance evaluation process for directors includes, effective participation in meetings of the Board, domain knowledge, vision, strategy, attendance of Director(s), among others. Independent Directors were evaluated by the entire Board with respect to fulfillment of independence criteria as specified in the Listing Regulations and their Independence from the Management.

The Independent Director(s) had evaluated the performance of Non-Executive Directors of the Board. The outcome of surveys and feedback from Directors was discussed at the respective meetings of Board, Committees of Board and meetings of Independent Directors.

The performance evaluation of committees were carried out based on the degree of fulfillment of key responsibilities as outlined by the charter, adequacy of committee composition, effectiveness of meetings, quality of deliberations at the meetings and information provided to the Committees.

The Nomination & Remuneration Committee evaluates the performance of the Managing Director by setting his Key Performance Objectives or Key Performance Parameters at the beginning of each financial year. The Committee ensures that his Key Performance Objectives are aligned with the immediate and long-term goals of the Company.

All Independent Directors, other than Executive Director employed with the SKF Group, are entitled to receive sitting fees and reimbursement of any expenses incurred for attending the Meetings of the Board and its Committees, as well as commission based on the net profits of the Company within the limits approved by the shareholders.

All persons appointed as Directors on the Board of Directors of the Company are expected to ensure compliance with all the policies and regulations adopted by the Company, in particular the Code of Conduct for Directors / Senior Management / Employees, the Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy or any other policy as may be framed from time to time. The potential Board member is also assessed

on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 as well as duties to be performed under section 166 of the Companies Act, 2013.

### Directors

1. Remuneration to Executive Directors shall involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
2. An Independent Director may be paid remuneration by way of sitting fees for attending meetings of the Board of Directors or any Committee of the Board of Directors as may be decided by the Board. Such Sitting fees shall not be reckoned for the purposes of the percentage of remuneration.  
  
The Independent Directors shall also be entitled for reimbursement of any expenses incurred in connection with participation at the meetings of the Board of Directors or any Committee thereof and commission.
3. An Independent Director shall not be eligible for any Stock option Scheme of the Company if any such scheme exists.
4. The maximum remuneration payable to any one Managing Director or Whole-Time Director or maximum overall remuneration payable to all Directors including Managing Director and Executive Directors will be within overall limits as defined in the Companies Act, 2013.
5. The remuneration payable to the Non-executive Directors shall not exceed 1% of the Net Profits of the Company.

### Other Employees

The compensation and remuneration for the Senior Management including KMP shall be as per the contract entered into by them with the Company and shall be decided according to the policies laid down by the Human Resources Department (HRD).

While laying down the policies for remuneration, the HRD takes into account the relevant skill sets and experience of the individual as well as the market conditions.

In line with the requirements of Regulation 24(10) of the SEBI Listing Regulations, the Company has taken Directors and Officers Liability Insurance Policy for all its Directors and Members of the Senior Management for such quantum and for such risks as determined by the Board.

1. Details of remuneration to Mr. Manish Bhatnagar, Managing Director for the year under review are as under:

Description	Amount (MINR)
Salary	21.77
Perquisites	-
Deferred Benefits (PF and Superannuation)	1.42
Stock Award*	-
Performance Linked Incentives	2.43
<b>Total</b>	<b>25.62</b>

\* Managing Director is entitled to 'Stock Award' from the parent company being part of the long term variable salary. During the year value of share vested to him was Nil.

### 5.2b The Details of the Remuneration Paid/ payable to Other Non-Executive Directors are as under :

Name of the Director	Sitting Fees	Commission*	Total (₹)
Mr. P. R. Menon (up to 15.5.2019)	160,000	-	160,000
Mr. P. M.Telang (up to 15.5.2019)	160,000	-	160,000
Mr. R. Makhija (up to 15.5.2019)	115,000	-	115,000
Mr. Gopal Subramanyam	490,000	1,620,000	2,110,000
Ms. Anu Wakhlu	440,000	1,326,000	1,766,000

\*payable subject to approval of annual accounts by the Shareholders at the 59th Annual General Meeting to be held on July 23, 2020.

Mr. Aldo Cedrone, Mr. Bernd Stephan and Mr. Werner Hoffmann were not entitled to any remuneration during the financial year 2019-20.

### 5.3 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

In compliance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, the Company has framed a CSR Policy which is uploaded on the website of the Company i.e. [https://www.skf.com/binaries/pub12/Images/0901d196809a69e4-SKFIndiaCSRPolicy2019\\_1115-%283%29\\_tcm\\_12-526429.pdf](https://www.skf.com/binaries/pub12/Images/0901d196809a69e4-SKFIndiaCSRPolicy2019_1115-%283%29_tcm_12-526429.pdf)

The purpose of our Corporate Social Responsibility ('CSR') Committee is to formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the initiatives to be undertaken by the Company, recommend the amount of expenditure the Company should incur on Corporate Social Responsibility ('CSR') activities and to monitor from time to time the

CSR activities and Policy of the Company. The Committee provides guidance in formulation of CSR strategy and its implementation and also reviews practices and principles to foster sustainable growth of the Company by creating values consistent with long-term preservation and enhancement of financial, manufacturing, natural, social, intellectual and human capital.

The CSR Committee was re-constituted vide Board Circular Resolution No. 02/BOD/2019-20 approved by the board members unanimously on May 20, 2019 and confirmed at the Board Meeting held on July 23, 2019 consisting of Mr. Manish Bhatnagar, Chairperson, Ms. Anu Wakhlu and Mr. Gopal Subramanyam as Members.

During the year, the Committee met on February 6, 2020. The composition and attendance record of the CSR Committee are mentioned below:

Name of the Director	Category	No. of meetings Attended
Mr. M. Bhatnagar Chairman	Executive	1
Ms. A. Wakhlu	Independent	1
Mr. G. Subramanyam	Independent	1

Board of Directors' at its meeting held on October 29, 2019 had approved the following major amendments in the existing Corporate Social Responsibility Policy of the Company:

- All changes in the Policy are approved by the Board except as provided in point 2.
- Corporate Social Responsibility Committee of Board to be authorized to modify the Policy to keep the same aligned with the recent changes in law, from time to time.
- Authorizing Managing Director to constitute and / or make changes in the constitution of CSR Steering Committee of management.
- Authorizing CSR Steering Committee of management to approve and decide on any new CSR projects within the annual CSR budget approved by Corporate Social Responsibility Committee of the Board.
- Committee to meet at least 2 (two) times in a year (firstly - for approving budget & reviewing the annual program - before end of a FY and, Secondly - for approving Annual Report of CSR at the beginning of a FY - for previous FY).
- Annexure to the previous Policy removed (because the same had no reference in the Policy and was not relevant for the Policy).

The details of CSR Report forms part of the Board's Report to the Members of the Company.



#### 5.4 STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee comprises of three members headed by Mr. Gopal Subramanyam, an Independent Director. The Company holds Stakeholders Relationship Committee meetings on a periodical basis, as may be required to approve the transfers/transmissions/ issue of duplicate share, among others. The broad terms of reference of this Committee includes the following:

1. To approve transfer / transmission of shares, issue of duplicate shares;
2. Review of queries received from investors;
3. Review of work done by the share transfer agent;
4. Review of corporate actions related to shareholder issues, if any.
5. Review of adherence to the service standards in respect of various services being rendered by the Registrar & Share Transfer Agent.
6. Ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Every month a report is obtained from Registrar and Share Transfer Agent on correspondence/ communication received from the shareholders. The Company follows the practice of inquiring from BSE/NSE regarding any pending shareholder's grievances.

During the year under review three meetings were held on the following dates:

May 15, 2019, July 22, 2019 and October 29, 2019.

The composition of the Stakeholders' Relationship Committee is as under:

Name of the Member	Category	No. of meetings attended
Mr. R. Makhija Chairman (up to 15.5.2019)	Non- Executive	1
Mr. P. M. Telang (up to 15.5.2019)	Non-Executive Independent	-
Mr. Gopal Subramanyam Chairman (from 20.5.2019)	Independent	2
Ms. Anu Wakhlu (from 20.5.2019)	Independent	2
Mr. Manish Bhatnagar	Executive	3

The Company has appointed M/s TSR Darashaw Consultants Private Limited to act as Registrar and Share Transfer Agents of the Company. To expedite the process of physical transfer of shares, the Board has delegated the authority to the Registrar & Share Transfer Agent for physical transfer of shares. The approvals of physical transfers of shares are ratified at the subsequent Stakeholders' Relationship Committee meeting.

Mr. Ranjan Kumar, Company Secretary officiates as the Secretary of the Committee and is also designated as Compliance Officer in terms of SEBI Regulations.

An analysis of investor queries and correspondence done during the year are given hereunder :

S. No.	Particulars	Total Received	Total Replied	Total Pending
1.	Payments			
	a Instruments found already paid / payment sent for Electronic Credit to Bank	11	11	0
	b Outdated, Duplicate warrants and changes on live warrants (where new instruments being issued)	359	351	8
	c Issue of new drafts against unencashed drafts / recovery drafts	71	71	0
	d Non-receipt of warrants	0	0	0
	e Non-receipt of payments (where new instruments already issued)	60	60	0
	f Unclaimed and unpaid amounts transferred to ROC / IEPF	15	15	0
	g Miscellaneous	173	168	5
2.	Annual Report	1	1	0
3.	Change in name / status	30	30	0
4.	Communication received through SEBI and other statutory / regulatory bodies	13	13	0
5.	Conversion / demerger - scheme of arrangement / exchange/ merger - amalgamation of companies / sub-division	106	106	0

S. No.	Particulars	Total Received	Total Replied	Total Pending
6.	Demat / remat of Shares	6	6	0
7.	Document Registration	57	57	0
8.	Legal matters	1	1	0
9.	Loss of securities	389	382	5
10.	Nomination	1	1	0
11.	Transfer of Securities	12	12	0
12.	Transmission of Securities	73	73	0
13.	Other queries	260	255	5
14.	Change of address	82	82	0
15.	Change in Bank details	209	209	0
16.	Issue of new certificates on split / consolidation / renewal	19	19	0
17.	Pan updation	9	9	0
<b>TOTAL</b>		<b>1,962</b>	<b>1,937</b>	<b>25</b>

Other queries in serial no 13 above mainly includes inquiries relating to, beneficiary details for securities held in electronic form, signature case, incomplete / incorrect details, mailing of certificates and split / consolidation / renewal queries. 1,962, correspondences were received by the Company out of which 1,937, correspondences were replied to the satisfaction of shareholders during the year under review.

The 25 correspondences which remained pending as on March 31, 2020 are yet to be attended to by our Share Transfer Agent as they have not been reporting to office in view of the notification issued by the Government of India and various State Governments announcing complete lock down on account of COVID-19, from last week of March 2020. These will be attended to once the lockdown is lifted and they are able to attend office.

All the members of the Committee have attended the Annual General Meeting.

The Committee expresses satisfaction with the Company's performance in dealing with the shareholders' grievances and its share transfer system.

## 5.5. RISK MANAGEMENT COMMITTEE

The Risk Management Committee formed by the Board of Directors, is bound by the charter drawn up by the Board of Directors of the Company which lays down the rights, duties and responsibilities of the Risk Management Committee. The Risk Management Committee is responsible for oversight on overall risk management processes of the Company and to ensure that key strategic and business risks are identified and addressed by the management.

The terms of reference of the Risk Management Committee, as approved by the Board and amended from time to time, includes the following:

1. The role of the Risk Management committee is to consider the Risk Policy and determine the company's risk appetite and risk tolerance, ensure that risk assessments are performed periodically and that risk management measures are put in place to mitigate / manage the risks.
2. Ensure that the company has and maintains an effective on-going risk assessment process; consisting of risk identification, risk quantification, risk evaluation, risk mitigation plan and risk management.
3. The risk assessment process should identify risks and measure their potential impact and likelihood.
4. The RMC should evaluate all type of risks applicable including strategic, financial, operational, technological or cybersecurity and competition risks, among others.
5. The RMC should consider both the upside and downside of risk-taking and to take the "long view" — to think about the effects that something may impact in the future.
6. Understanding of the regulatory environment in which the organization operates and prospective changes related to risk governance.
7. Risk assessment procedures:
  - i) To ensure both qualitative and quantitative metrics are being used

- ii) Review regularly and approve the parameters used in these measures and the methodology adopted; and
  - iii) Set a standard risk register for the accurate and timely monitoring of critical, major and moderate risk and the management / mitigation measures thereof
8. Review the company's procedures for detecting fraud and for the prevention of bribery.
9. Authority:

**The committee is authorized:**

- i) To seek any information, it requires from any employee/director of the company to perform its duties;
- ii) To obtain, at the company's expense, external legal or other professional advice on any matter within its terms of reference where required; and
- iii) To request the attendance of any employee at a meeting of the committee as and when required

The Risk Management Policy articulates the Company's approach to address uncertainties in its endeavors to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of various stakeholders within the Company, the structure for managing risks and framework with respect to Risk Management and the Internal Financial Controls comprehensively address the key strategic/business risks and operational risks respectively.

## 6. GENERAL BODY MEETINGS

### i) Details of General Meetings:

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

Financial Year ended	Location of the meeting	AGM/ EGM	Date	Day	Time	Special Resolutions
31.03.2017	M.C. Ghia Hall, Bhogilal Hargovindas Building 4th Floor, 18/20 K.Dubash Marg, Kala Ghoda Mumbai 400001	AGM	28.7.2017	Friday	3.30 P.M.	None
31.3.2018	Rangaswar Hall, 4th Floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai 400021	AGM	25.07.2018	Wed	3.00 P.M.	None.
31.3.2019	Kamalnayan Bajaj Hall, Bajaj Bhavan Ground Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400021	AGM	23.07.2019	Tue	3.00 P.M.	None.

The Risk Management Committee was re-constituted vide Board Circular Resolution No. 02/BOD/2019-20 approved by the board members unanimously on May 20, 2019 and confirmed at the Board Meeting held on July 23, 2019 consisting of Gopal Subramanyam-Chairperson, Bernd Stephan, Manish Bhatnagar, CFO as Members.

In view of appointment of Mr. Ranjan Kumar as Company Secretary & Director – Ethics, Legal & Internal Audit of the Company, the Risk Management Committee was re-constituted at the Board Meeting held on 23.07.2019 consisting of Mr. Gopal Subramanyam-Chairperson, Mr. Bernd Stephan, Mr. Manish Bhatnagar, Mr. Anurag Bhagania and Mr. Ranjan Kumar as Members.

During the year, the Committee met on October 29, 2019.

The composition and attendance record of the RMC Committee are mentioned below:

Name of the Director	Category	No. of meetings attended
Mr. G. Subramanyam Chairman	Independent	1
Mr. M. Bhatnagar	Executive	1
Mr. Bernd Stephan	Non-Independent	-
Mr. Anurag Bhagania	CFO	1
Mr. Ranjan Kumar	Company Secretary & Director – Ethics, Legal & Internal Audit	1

### 6.1. Details of Special Resolution Passed Through Postal Ballot:

During the year, the Company sought the approval of the shareholders by way of Special Resolution through notice of postal ballot dated October 24, 2018 for Buyback of Equity Shares of the Company, the results of which were announced on December 03, 2018. Mr. P. N. Parikh (Membership No. FCS 327) of M/s Parikh & Associates, Practicing Company Secretaries were appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

Details of Voting Pattern of the same were as under:

#### Votes in favour of the resolution

Number of members voted through electronic voting system and through Physical ballot form	Number of Valid Votes cast (Shares)	Percentage of total number of valid votes cast
258	41,878,475	99.10

#### Votes against the resolution

Number of members voted through electronic voting system and through Physical ballot form	Number of Valid Votes cast (Shares)	Percentage of total number of valid votes cast
30	381,597	0.90

#### Invalid Votes

Total Number of members whose votes were declared invalid	Total number of invalid votes cast (shares)
5	385

#### Procedure for Postal Ballot:

The postal ballot was carried out as per the provisions of Section 108 and 110 and other applicable provisions of Act, read with Rules framed thereunder.

None of the businesses proposed to be transacted at the ensuing AGM requires passing of special resolution through postal ballot.

## 7. DISCLOSURES

### 7.1 Dividend Distribution Policy

To bring transparency in the matter of declaration of dividend and to protect the interests of investors, SKF India has in place a Dividend Distribution Policy since long. The Policy was revised in line with Regulation 43A of the

Listing Regulations and the Companies Act, 2013 which has been displayed on the Company's website, [www.skf.com/in](http://www.skf.com/in). The Policy is attached as 'Annexure A' to this report.

### 7.2 Related Party Transactions

There were no materially significant related party transactions which had potential conflict with the interest of the Company. Prior omnibus approval of the Audit Committee was obtained for the transactions which are foreseen and are repetitive in nature or otherwise. All transactions entered into with related parties during the year were carried out in the ordinary course of business and on arm's length basis. A statement in summary form of transactions with related parties is placed before the Audit Committee / Board on quarterly basis.

Transactions with the Related Parties as required under the Indian Accounting Standard (Ind AS) are disclosed in the financial statements forming part of this Annual Report. The Company has framed a Policy on Related Party transactions and the same can be accessed through "<http://www.skf.com/binary/83-166889/Policy-on-Related-Party-Transactions-modified-highlighted-Sept-2014.pdf>".

### 7.3 Risk Management

Risk Management is put in place for all the areas of operations in the Company and well-integrated in the business cycle. The Company has identified the risk areas in its operations along with its probability and severity, business unit and function wise. Risk Management framework has been put in place in the company in order to analyze, control and mitigate risk. Under this framework, system and process are set to identify, gauge and mitigate any potential risk promptly and efficiently in order to manage and control them effectively.

The Company has formed a Risk Management Committee consisting of Board members and Senior management. The Board and the Audit Committee review the effectiveness of the Risk Management framework and provide advice to the Risk Management Committee. The SKF Internal Control Standard (SICS) defines each process and control with clear responsibility and authority. All high and medium risk controls defined in SICS are tested periodically. The progress on key risks is discussed at the Company's management level and thereafter, the same is presented to the Audit Committee and Board. The Company has framed a Policy on Risk Management and the same can be accessed through

[https://www.skf.com/binaries/pub12/Images/0901d19680a81036-Risk-Management-Policy\\_tcm\\_12-553194.pdf](https://www.skf.com/binaries/pub12/Images/0901d19680a81036-Risk-Management-Policy_tcm_12-553194.pdf)



**Commodity Risk :**

Steel and steel alloy form the basic material for the manufacture of bearings and constitute the single largest component of bearing cost. Steel prices are monitored on regular basis using pricing trends and forecast from internationally reputed agencies. Wherever co-relation exists, cost sheet is monitored to calculate delta changes and accordingly prices are factored. Additionally, import data is tracked to compare average import prices and buying prices. Appropriate actions are accordingly taken to minimize commodity risks.

**Foreign Exchange Risk:**

The Company is a net importer and therefore is exposed to foreign exchange risk. However, the company does not do hedging as a Policy on trade account and instead tries, as far as possible, to hedge its business to protect itself against the vagaries of currency by entering into appropriate contracts with its suppliers and customers.

**7.4 Accounting Treatment**

The Company adopted Indian Accounting Standards from April 01, 2016 and accordingly the financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

**7.5 Compliances**

The Company has complied substantially with all the requirements of Stock Exchanges, Securities and Exchange Board of India and other statutory authorities on matters relating to capital markets during the last three years and consequently no substantial penalties or strictures have been imposed on the Company by these authorities.

**7.6 Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons:**

The Company has in place a Code of Conduct for Prevention of Insider Trading and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The same have been revised during the year in accordance with amendments in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Code of Conduct for Prevention of Insider Trading lays down guidelines advising the Management, staff and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of SKF India, and while handling any Unpublished Price Sensitive Information, cautioning them of the

consequences of violations. Mr.Ranjan Kumar, Director Ethics, Legal & Internal Audit has been appointed as the Compliance Officer.

Shares held by the Directors and KMP as at March 31, 2020 is as under:

Name of Director / KMP	No. of shares held
Mr. Bernd Stephan	Nil
Mr. Gopal Subramanyam (from 16.05.2019)	Nil
Ms. Anu Wakhlu (from 16.05.2019)	Nil
Mr. Aldo Cedrone (from 17.05.2019)	Nil
Mr. Werner Hoffmann (from 21.08.2019)	Nil
Mr. Manish Bhatnagar	Nil
Mr. Anurag Bhagania (from 01.06.2019)	Nil
Mr. Ranjan Kumar (from 01.08.2019)	Nil

**7.7 Code of Conduct**

SKF Code of Conduct is a comprehensive written code which is applicable to all employees including the Managing Director. Your Company has adopted a separate Code of Conduct for Members of the Board and Senior Management personnel which is placed on the Company's website. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. In respect of financial year 2019-20, all Board Members and senior management personnel have affirmed compliance with the code of conduct and a declaration to this effect signed by the Managing Director and CEO is published in this Annual Report.

**7.8 Vigil Mechanism / Whistle Blower Policy:**

The Company has adopted a Whistle Blower Policy and an effective Vigil Mechanism system to provide a formal mechanism to its Directors, Employees and Business Associates to voice concerns in a responsible and effective manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organization and also safeguards against victimization of Directors/ Employees and Business Associates who avail of the mechanism.

The Policy of the Company has been posted on the website of the Company. No personnel has been denied access to the Audit Committee.

The said policy has been put up on the website of the company “<http://www.skf.com/binary/83-166890/Vigil-Mechanism-Policy-31.07.2014-FINAL.pdf>”.

- 7.9** In accordance with the SEBI’s Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, the Annual Secretarial Compliance Report for the year 2019-20 has been issued by Parikh & Associates, Practicing Company Secretaries, which forms part of this report.
- 7.10** A certificate has been received from M/s Parikh and Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority which forms part of this report.
- 7.11** During the year 2019-20, all recommendations of Committee(s) of the Board of Directors, which are mandatorily required, were accepted by the Board.
- 7.12** A certificate on compliance with the conditions of the Corporate Governance under the SEBI Regulations issued by M/s. Price Waterhouse & Co Bengaluru LLP, Firm Registration Number 007567S/S-200012, Chartered Accounts which forms part of this report.
- 7.13** Fees Paid to Statutory Auditors
- Total fees (all services) paid by the Company on a consolidated basis to M/s. Price Waterhouse & Co Bengaluru LLP, Chartered Accountants, (Firm’s Registration Number 007567S/S-200012 with the ICAI), Statutory Auditors forms part of the Notes to Financial Statements.

**7.14** Business Responsibility Report

Pursuant to the Regulation 34(2)(f) of the SEBI Regulations, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective in the format as specified by the SEBI forms part of this report.

**8. MEANS OF COMMUNICATION**

- 8.1.** The Company has 23,636 shareholders. The Company follows multiple channels of communication viz., through dissemination of information on the on-line portal of the Stock Exchanges, press releases, the Annual Reports

and uploading relevant information on its website. The shareholders’ meeting is the company’s highest decision-making body. The Annual General Meeting is the principal forum for face-to-face communication with shareholders, where the Board provides answers to specific queries of the shareholders.

- 8.2. RESULTS:** The quarterly/half-yearly/annual results are regularly submitted to the Stock Exchanges in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are published in an English and a vernacular newspaper and are also posted on the Company’s website.
- 8.3. NEWS RELEASES:** Official press releases are sent to the Stock Exchanges and the same is hosted on the website of the Company.
- 8.4. WEBSITE:** The Company’s website is a comprehensive reference on it’s leadership, management, vision, mission, policies, corporate governance, sustainability, investor relations, products and processes and updates and news. The section on ‘Investors’ serves to inform the Shareholders, by giving complete financial details, stock exchange compliances including shareholding patterns amongst others, corporate benefits, information relating to Stock Exchanges, details of Registrars & Transfer Agent and frequently asked questions.
- 8.5.** Presentation to Institutional Investors / analyst: The compliance reports, details of analysts and institutional investor meetings, if any and other announcements are sent to the National Stock Exchange of India Limited and the BSE Limited through NEAPS and BSE Listing respectively, which is a web based application designed for Corporates.
- Securities and Exchange Board of India has commenced processing of investor complaints in a centralized web based complaints redress system ‘SCORES’. Accordingly, all complaints are viewed & Action Taken Reports are electronically submitted by the Company through SCORES.
  - The website of the Company provides information on unclaimed dividends, compliance reports and other relevant information of interest to the investors / public.

**8.6.** Reminders are sent to shareholders for claiming unpaid dividend and transfer of shares to Investors Education and Protection Fund.

**8.7.** Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy on Prevention of Sexual harassment at Workplace is available at

[https://www.skf.com/binaries/pub12/Images/0901d19680abcf8-PreventionOfSexualHarassmentatWorkplace\\_2020\\_tcm\\_12-558811.pdf](https://www.skf.com/binaries/pub12/Images/0901d19680abcf8-PreventionOfSexualHarassmentatWorkplace_2020_tcm_12-558811.pdf)

The disclosure regarding the complaints of sexual harassment are given in the Board's Report.

## **9. GENERAL SHAREHOLDER INFORMATION**

### **9.1 Annual General Meeting**

Day, Date and Time : Thursday, July 23, 2020 at 3.00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

### **9.2. Venue:**

The deemed venue of this meeting shall be at the Registered Office of the Company situated at M G M Building, Netaji Subhash Road, Mumbai 400002.

### **9.3. Financial Calendar**

The Company follows April to March as its financial year. The results for every quarter are published within forty-five days following the quarter including the last quarter for which the annual audited results are also published within 60 days as permitted under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### **9.4. Date of Book Closure**

Thursday July 16, 2020 to Thursday July 23, 2020. (both dates inclusive)

### **9.5. Dividend Payment Date after July 23, 2020**

Dividend shall be paid to all eligible shareholders within 30 days from the date of declaration of dividend at the 59th Annual General Meeting.

### **9.6. Registered Office**

Mahatma Gandhi Memorial Building, Netaji Subhash Road, Charni Road, Mumbai – 400 002.

### **9.7. Listing of Equity Shares on Stock Exchanges**

The Company's shares were listed on May 7, 1962 on the Bombay Stock Exchange Limited and on December 28, 1998 at the National Stock Exchange of India Limited. Equity Shares of the Company are presently listed on the following Stock Exchanges:

#### **BSE Limited**

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

#### **National Stock Exchange of India Ltd.**

Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

2,488 Shares have been kept in abeyance as per Bombay Stock Exchange directives at the time of rights issue in November 2001, shall be listed as and when allotted based on applications received from the shareholders.

The Company has paid the listing fees for the period April 01, 2019 to March 31, 2020 to both the Stock Exchanges and respective depositories where the shares of the Company are listed.

### **9.8. Stock Code**

Bombay Stock Exchange Limited - BSE CODE 500472  
National Stock Exchange - NSE Symbol - SKFINDIA  
Securities ISIN nos. with NSDL and CDSL  
Equity Shares : INE640A01023

### **9.9. Corporate Identity Number (CIN)**

Corporate Identity Number (CIN), allotted by Ministry of Corporate Affairs, Government of India is 'L29130MH1961PLC011980', and our Company Registration Number is 011980.

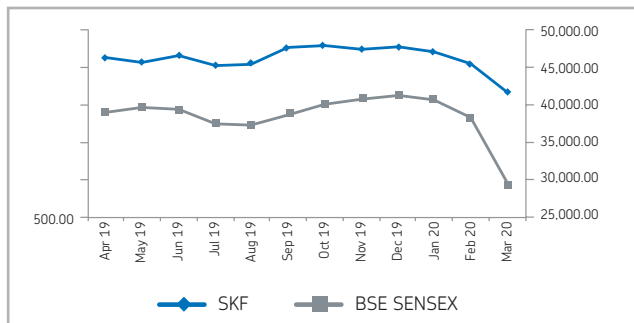
### 9.10. Stock Price Data

Month	Price at Bombay Stock Exchange		Price at National Stock Exchange		Indices: Sensex	
	High	Low	High	Low	High	Low
April 19	2,164.50	1,938.75	2,165.00	1,956.20	39,487.45	38,460.25
May 19	1,981.35	1,786.05	1,983.00	1,791.00	40,124.96	36,956.10
Jun 19	2,025.00	1,841.90	2,039.00	1,841.00	40,312.07	38,870.96
July 19	2,029.10	1,770.00	2,031.55	1,781.05	40,032.41	37,128.26
Aug 19	1,885.65	1,742.80	1,886.00	1,801.00	37,807.55	36,102.35
Sept 19	1,852.00	2,231.50	2,232.30	1,839.30	39,441.12	35,987.80
Oct 19	2,155.00	2,290.40	2,289.00	2,011.05	40,392.22	37,415.83
Nov 19	2,184.00	2,290.00	2,279.65	2,103.00	41,163.79	40,014.23
Dec 19	2,127.60	2,192.05	2,192.90	2,105.15	40,014.23	40,135.37
Jan 20	2,183.30	2,313.00	2,317.95	2,060.00	42,273.87	40,476.55
Feb 20	2,067.00	2,204.65	2,208.00	1,845.85	41,709.30	38,219.97
Mar 20	1,970.00	1,970.00	1,961.55	1,230.00	39,083.17	25,638.90

### 9.11 Performance in Comparison with BSE SENSEX

Performance of the Company's Monthly Closing Share Price in comparison to the BSE SENSEX is given below:

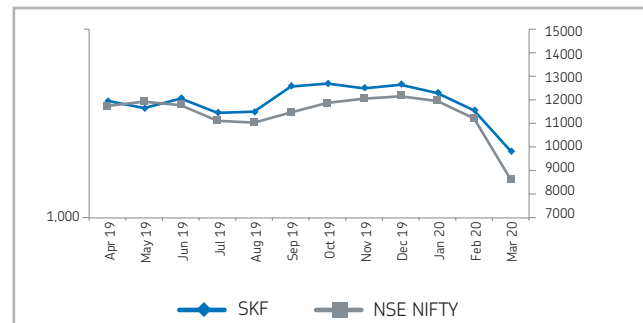
#### Relative Performance of SKF India Ltd



### 9.12 Performance in Comparison with NSE NIFTY

Performance of the Company's Monthly Closing Share Price in comparison to the NSE NIFTY is given below:

#### Relative Performance of SKF India Ltd.



### 9.13 No Securities of the Company are Suspended from the Trading on Platform Where They are Listed.

### 9.14 Share Transfer System

Presently, the share transfers received in physical form are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. As required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a certificate on half yearly basis for transfer of equity shares and quarterly report on Reconciliation of Share Capital from a practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

### Distribution of Shareholding as on March 31, 2020

No of Equity Shares	No. of shareholders	% of shareholders	No. of shares	% to capital
1 to 500	21,718	91.88	1,767,283	3.57
501 to 1000	981	4.15	733,743	1.48
1001 to 2000	527	2.22	756,889	1.53
2001 to 3000	124	0.52	297,009	0.60
3001 to 4000	67	0.28	237,971	0.48
4001 to 5000	34	0.14	151,278	0.31
5001 to 10000	66	0.28	463,750	0.94
10000 and above	119	0.52	45,030,040	91.08
<b>TOTAL</b>	<b>23,636</b>	<b>100</b>	<b>49,437,963</b>	<b>100</b>



Category of shareholders	No. of shareholders	% of Voting strength	No. of shares held
Foreign Holding (FIIs, OCBs & NRIs)	751	7.75	3,831,770
FIs, Insurance Companies & Banks	46	3.76	1,859,457
Other Corporate Bodies	403	1.80	889,843
Promoters	3	52.58	25,992,059
Directors	0	0	0
Mutual Funds	62	23.65	11,693,541
Others	22,371	10.46	5,171,293
<b>Total</b>	<b>23,636</b>	<b>100.00</b>	<b>49,437,963</b>

### 9.15 Top Ten Shareholders Other Than Promoters

S. No.	Name of the Shareholder	Number of shares as on 01.04.2019	No of shares as on 31.03.2020	Net Changes	% of total paid up change in Share Capital
1.	HDFC Mutual Fund (*)	4,370,598	4,572,949	202,351	0.41
2.	Sbi Magnum Global Fund (SBI Magnum Mutual Fund) ( * )	1,353,645	1,922,826	569,181	1.15
3.	Dsp India T.I.G.E.R. Fund (DSP Mutual Fund) (*)	1,018,541	1,103,448	84,907	0.17
4.	Mirae Asset Focused Fund	0	1,098,106	1,098,106	2.22
5.	Uti-Mastershare Unit Scheme (mentioned UTI Mutual fund) ( * )	1,049,411	1,049,411	0	0
6.	Franklin India Smaller Companies Fund (Franklin Templeton Mutual Fund) ( * )	1,572,438	783,689	(788,749)	(1.60)
7.	First State Indian Subcontinent Fund	689,971	656,575	(33,396)	(0.07)
8.	Pi Opportunities Fund I	490,650	561,992	71,342	0.14
9.	The Scottish Oriental Smaller Companies Trust plc	573,237	544,258	(28,979)	(0.06)
10.	The New India Assurance Company Limited	574,623	494,515	(80,108)	(0.16)

(\*) various sub-accounts

### 9.16 Global Depository Receipts (GDRs) / American Depository Receipts (ADRs), among others:

There are no outstanding GDRs / ADRs / Warrants or any other convertible instruments which are likely to impact the equity capital of the Company.

### 9.17 Dematerialization of Shares

The shares of the Company are in compulsory dematerialized segment and are available for trading system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

	No. of Shares	% of total capital issued
Held in dematerialized form in NSDL	47,407,268	95.89
Held in dematerialized form in CDSL	1,462,398	2.96
Physical	568,297	1.15
<b>Total</b>	<b>49,437,963</b>	<b>100.00</b>

## 9.18 PLANT LOCATIONS

- Chinchwad, Taluka Haveli, Pune - 411 033,
- Plot 2, Bommasandra Industrial Area, Hosur Road, Bengaluru - 560 099,
- Plot No 2, Industrial Park II, Salempur- Mehdood, Haridwar - 249402

For any queries relating to the shares of the Company, correspondence may be addressed to the Company's Registrar and Share Transfer Agent at:

M/s. TSR Darashaw Consultant Pvt Limited (TSRDL)

6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studios, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011, Tel No.: + 91 22 66568484

Fax No.: + 91 22 66568496

e-mail: csg-unit@tsrdarashaw.com

Website: www.tsrdarashaw.com

The documents will also be accepted at the Registered Office of the Company:

Company Secretary & Compliance Officer

SKF India Limited

Mahatma Gandhi Memorial Building, Netaji Subhash Road, Charni Road, Mumbai 400 002

Phone : +91 22 22857777 Fax : +91 22 22819074

E-mail : investors@skf.com

Dedicated email id for investors: The Company has designated an exclusive email id for investors i.e. investors@skf.com to enable investors to submit their queries if any.

All queries for shares held in physical form only should be forwarded to registrar & share transfer agents at the above mentioned address. For any assistance from the Company, members may contact Ms. Dilnavaz Gulestani, Deputy Manager - Legal & Secretarial at the registered office of the Company.

**9.19** Credit Ratings and any revisions thereto for debt instruments or any fixed deposits program or any scheme or proposal involving mobilization of funds, whether in India or abroad.

The Company has not issued any debt instruments and does not have any fixed deposit program or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended March 31, 2020.

## 10. OTHER INFORMATION FOR SHAREHOLDERS

**10.1** As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, the Company has transferred all unclaimed equity dividends up to the financial year

1996 to the General Revenue Account of the Central Government. Members who have so far not claimed or collected their dividend for the said financial year(s), may claim the same from the Registrar of Companies, Maharashtra by submitting an application in the prescribed form.

In terms of the provisions of Section 125 of the Companies Act, 1956 as amended the Company is obliged to Transfer Dividends which remain unpaid or unclaimed for a period of seven years (from the date of the transfer into the Unpaid Dividend Account) to the credit of the Investor Education and Protection Fund (the Fund) established by the Central Government. Accordingly, the Company has transferred unpaid/unclaimed dividend up to the financial year 2012 to the Fund and no claim shall lie against the Company or the Fund in respect of dividends remaining unclaimed or unpaid and transferred to the Fund. Members who have not yet encashed their dividend warrants for the years 2013 to 2019 may approach the Company for revalidation / issue of duplicate dividend warrants as the unpaid/unclaimed dividends for the aforesaid financial years are required to be transferred to the Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 125 of the Companies Act, 2013 after seven years from the date of declaration.

The Company provides the facility of payment of dividend to the shareholders by directly crediting the dividend amount to the shareholder's Bank Account. Members are therefore urged to avail of this facility to ensure safe and speedy credit of their dividend into their Bank account through the Banks' Automated Clearing House ("ACH") and/or any other permitted mode for credit of dividend. The Company also voluntarily sends intimations to those shareholders to whom dividend has been credited electronically, for their future reference.

Reminders to encash the unclaimed dividend on shares are sent to the relevant shareholders, the unpaid dividend list is also available on the website of the Company.

Details of unclaimed dividend Year ending	As on 31.03.2020
2013	2,278,822.50
2014	2,302,912.90
2014	2,323,470.00
2015	920,629.00
2016	4,564,350.00
2017	3,431,350.00
2018	2,394,432.00
2019	2,064,742.00

### 10.2 Transfer of Shares into Investor Education and Protection Fund (where dividends remain unclaimed for consecutive seven years)

In terms of Section 125(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer the shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government. As required under the said Rules, the Company has published a Notice in the newspapers inviting Members attention to the aforesaid Rules. The Company has also sent out individual communication to the concerned Members whose shares are liable to be transferred to IEPF Account, pursuant to the said Rules to take immediate action in the matter. Accordingly, the Company has transferred the shares in respect of which dividends had remain unpaid for a period of seven consecutive year – i.e. in respect of unpaid dividends till Year 2012.

### 10.3. "Go Green" Initiative:

As a continuing endeavor towards the "Go Green" Initiative, the Company is sending intimation of annual report/ dividends by e-mail/ ECS to those shareholders whose e-mail addresses/bank details were made available to the Depositories or Share Transfer Agents. The physical copy was also made available for the un-delivered e-mail cases. Shareholders are requested to support this Green Initiative by providing e-mail addresses for receiving electronic communications.

### 11. Compliance under Non-Mandatory Requirement under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company complied with all the mandatory requirements and has adopted non-mandatory requirement as per details given below:

- (a) The Board – The Company does not maintain a separate office for the Non-Executive Chairman.
- (b) Shareholders' Rights: The quarterly and half yearly results are published in the newspaper, displayed on the website of the Company and are sent to the Stock Exchanges where the shares of the Company are listed. The half-yearly results are not separately circulated to the shareholders.
- (c) Audit Qualifications: The auditors have not qualified the financial statements of the Company. The Company continues to adopt best practices in order to ensure unqualified financial statements.
- (d) Separate posts of Chairman and CEO: The positions of the Chairman and Managing Director are separate.
- (e) Reporting of Internal Auditor: The Internal Auditors of the Company report their observations to the Audit Committee and make detailed presentation at quarterly meetings.
- (f) The Company has no subsidiary and hence there is no need to frame any policy for determining 'material' subsidiary.

For SKF India Limited

Bengaluru.  
May 7, 2020

**Gopal Subramanyam**  
Chairman

# Dividend Distribution Policy

## I. Introduction

This Policy is called SKF India Limited – Dividend Distribution Policy ( hereinafter referred to as ‘this policy’) and shall be effective from February 13, 2017 ( Effective Date )

## II. Background

The policy is being adopted in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (second amendment) Regulations, 2016 [SEBI].

## III. Objective

The objective of “this Policy” is to define the various factors affecting the dividend decision i.e :

- Defining the internal and external factors that shall be considered in the dividend decision
- The financial parameters affecting the dividend decision
- Policy regarding the utilization of retained earnings
- The circumstances leading to the declaration of dividend or the lack of dividend.

## IV. Philosophy of the Policy

The Company strives to enhance stakeholder value for its investors and believes in the philosophy of maximization of shareholders’ wealth from a long term perspective. The Company believes that returning cash to shareholders by way of dividends is one of the important components of overall shareholder value creation .

## V. Principles Guiding Dividend Decision

The Company would, inter alia, consider the following financial parameters and / or internal and external factors while declaring or recommending dividend to the shareholders :

- Reported Net Profit after Tax (PAT) available for distribution in the financial statements prepared in accordance with prescribed accounting standards for the current period.
- Accumulated profits brought forward from prior years, available for dividend distribution, in accordance with the provisions of the Companies Act, 2013
- Liquidity position and availability of free cash flows

- Committed and projected cash flow needs to finance forecasted capital expenditure, network expansion, working capital requirements of the business, organic and inorganic growth opportunities
- Optimal level of free cash to fund any emergencies in future
- Earnings stability and fluctuations in business cycles
- Regularity and stability in dividend payment
- Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws, taxation policy
- Contractual obligations / debt repayments, if any

In case the Board proposes not to declare any dividend in a particular year, the grounds thereof shall be disclosed by the Board to the shareholders in the Board Report forming part of the Annual Report of the Company for that year

The Company, at present has only one class of shares referred to as equity shares of the face value of Rs 10 each. The Company may, in future, issue any other class of shares in which case the dividends declared on such other class of shares shall be consistent with “this policy” and/or rights and privileges associated with such new issuances

## VI. Process for Declaration of Dividend

The final dividend is declared at the Annual General Meeting of the shareholders on the basis of recommendations of the Board.

The Board may, at its discretion, also declare an interim dividend. The interim dividend if any will be considered based on the various parameters mentioned in this policy

The Board may recommend special dividend as and when it deems fit.

## VII. Amendments to this Policy

The Board of Directors will review this Policy as and when required and can modify/amend the policy depending on business need and external environment.

In case of any amendment(s), clarification(s), circular(s), notification(s), etc., issued by the relevant authorities, not being consistent with the provisions of this policy, such amendment(s), clarification(s), circular(s), etc. shall prevail over the provisions of this policy.



# Secretarial Compliance Report of SKF India Limited for the year ended March 31, 2020

To,  
SKF India Limited  
M G M Building,  
Netaji Subhash Road,  
Mumbai – 400002

We Parikh & Associates have examined:

- a) all the documents and records made available to us and explanation provided by SKF India Limited ("the listed entity"),
- b) the filings/ submissions made by the listed entity to the stock exchanges,
- c) Website of the listed entity,
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2020 ("Review Period") in respect of compliance with the provisions of :
  - a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements ) Regulations, 2015;
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the company during the Review Period)
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the company during the Review Period)
- e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the company during the Review Period)
- f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the Review Period)
- g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not applicable to the company during the Review Period);
- h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- i) Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018; and circulars/ guidelines issued thereunder; and based on the above examination and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby report that, during the Review Period:
  - a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No.	Compliance Requirement (Regulations / circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
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.....

- b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.
- c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
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d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended ..... <i>(The years are to be mentioned)</i>	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
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Not Applicable

For Parikh & Associates

**Jigyasa N Ved**

FCS No.: 6488 C P No.: 6018

UDIN: F006488B000271324

Place: Mumbai  
Date: May 22, 2020

# Certificate

To,

**SKF India Limited**

Mahatma Gandhi Memorial Building,  
N.S. Road, Charni Road  
Mumbai-400002

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SKF India Limited** having CIN **L29130MH1961PLC011980** and having registered office at Mahatma Gandhi Memorial Building, N.S. Road, Charni Road, Mumbai-400002 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of Appointment in Company *
1.	ANU ARUN WAKHLU	00122052	16/05/2019
2.	SUBRAMANYAM GOPAL	06684319	16/05/2019
3.	WERNER JURGEN DIETRICH HOFFMANN	07685942	21/08/2019
4.	BERND DIETER STEPHAN	07835737	08/06/2017
5.	MANISH BHATNAGAR	08148320	16/08/2018
6.	ALDO CEDRONE	08455073	17/05/2019

\*the date of appointment is as per the MCA Portal.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**

Practising Company Secretaries

**P. N. PARIKH**

FCS: 327 CP: 1228

Mumbai, May 7, 2020

UDIN: F006488B000210186

## Declaration affirming compliance with the code of conduct of Board of Directors and Senior Management

To the Members of

### SKF India Limited

This is to confirm that SKF India Limited ("Company") has adopted a Code of Conduct for all members of Board of Directors and Senior Management personnel and the same has been placed on the Company's website. All members of Board of Directors and Senior Management personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended March 31, 2020.

Place: Bengaluru  
Date: May 07, 2020

**Manish Bhatnagar**  
Managing Director & CEO  
DIN: 08148320

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## Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of

### SKF India Limited

We have examined the compliance of conditions of Corporate Governance by **SKF India Limited**, for the year ended March 31, 2020 as stipulated in Regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, except for the non-compliance with the requirement of Regulation 17(1)(c) of the SEBI Listing Regulations, 2015 during the period from August 16, 2019 to August 20, 2019, when the number of directors on the Board was below the minimum stipulated number as required under the said regulation (further described in Note 4.2 of Corporate Governance Report), we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

For Price Waterhouse & Co Bengaluru LLP  
Firm Registration Number : 007567S/S-200012  
Chartered Accountants

Place: Pune  
Date: May 07, 2020

**Amit Borkar**  
Partner  
Membership No:109846  
UDIN : 20109846AAAACP7072



# Corporate Social Responsibility ("CSR") Report

Annexure III – To the Directors' Report

## 1. Brief outline of the Company's Corporate Social Responsibility (CSR) Policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink of the CSR Policy and projects or programs.

### 1.1 SKF India: CSR Policy, Vision and Mission

SKF India Limited ("SKF") operates with the values of High Ethics, Empowerment, Openness and Teamwork. The drivers at the core of its working are 'Grow with Profit, Quality, Innovation, Simplicity, Speed and Sustainability'.

At SKF, it is not only important that we make profits but also the way we make them. In accordance with this philosophy, SKF has the "SKF Care" model guiding all its operations. The model has 4 components: "Business care", "Employee care", "Environment care" and "Community care".

SKF's CSR programs and policies are based on the Company's "Community care" principle, embedded in the above philosophy, structured in accordance with the United Nations Global Compact Principles and the Business Charter for Sustainable Development by the International Chamber of Commerce.

**The Vision:** SKF's vision, guiding our entire Community care program, is *"to create a positive change in the life of the communities where we are present and, through our activities, create a meaningful difference from the recipients' perspective"*

**The Mission:** Based on the above Vision, SKF's Community care program is initiated with a mission of working with underprivileged communities. Three broad areas identified to work on are as stated under:

- Empowerment
  - Skill and vocational skill training for youth and livelihood programs
- Education
  - Holistic education of underprivileged children through sports and other innovative educational initiatives
  - Enabling girls from underprivileged sections for higher education programs through sponsorship and mentoring

#### ➤ Environment

- Programs for conservation of natural resources: water, solar energy, and biodiversity through community initiatives

SKF runs and monitors initiatives in the above areas through structured short and long-term programs, encouraging employees to volunteer and partner selected Community care professionals and organizations to enhance the effectiveness of the program.

### 1.2 SKF India Community care programs

In accordance with the Vision and Mission above, SKF has identified following areas and programs.

Program 1: Youth Empowerment at SKF – Skill Development Program

Program 2: SKF Sports Education Program

Program 3: SKF Girls' Scholarship Program

Program 4: SKF Environmental Sustainability Programs

Program 5: Other small support programs

#### 1.2.1 Program 1: Youth Empowerment @ SKF – "YES"

**Program need:** India is an emerging economy whose manufacturing sector growth is high and still has a lot of potential to grow soon. India is also one of the youngest nations with over 65% of entire population below the age group of 25. The need of the hour is to provide adequate skills to the youth to make them empowered to become meaningfully employable as well entrepreneur to meet the challenges and the requirements of the fast growing automotive industry.

The Indian automobile industry has grown extensively over the last decade, resulting in high demand for skilled garage mechanics. However, the present pool of untrained garage mechanics generally comprises school dropouts who have only learnt the basic on-the-job skills informally. Thus, combining the need of the population seeking employable skills for youth and need of the industry for skilled services, SKF decided to launch a program for skilling the youth in the field of automobile maintenance.

**Program goal:** To equip young boys and girls from community to become skilled automotive technicians across various locations in India with skills covering

technical, entrepreneurial, and lateral competencies like basic computer knowledge.

**The program details:** “Youth empowerment at SKF (YES)” program aims at empowering underprivileged youth with the know-how of modern automobile maintenance and servicing skills to help them gain employment at Automotive OEMs/Automobile service stations or become entrepreneurs by setting up their own vehicle service stations.

The program started in 2015 and has been expanded to run at 6 locations: 2 centers at Chinchwad and Kiwale (Pune, Maharashtra), Bengaluru (Karnataka), Haridwar (Uttarakhand), Jorhat (Assam) and Ahmedabad (Gujarat), in specially constructed centers, well equipped with modern automotive subsystems and vehicles, learning fixtures, computer consoles for e-learning, classrooms and other facilities.

The beneficiaries of this program are 18 to 25-year-old boys and girls, from the neighboring community from villages in India. The hostel facility and the bus facility pass reimbursements are available for candidates, who belong to low income families. All the program costs are fully sponsored by SKF. After successful completion of the program, support for job or entrepreneurship is also provided.

**Program approach:** The 6-month and 3-month course contains a combination of theory and hands-on training on two- and four-wheeler repairing and maintenance services. To help the students gain a holistic development, the program includes sessions on communication skills, customer service, finance, and business management skills as well.

The 1st center was established in 2015 at Pune, Maharashtra, on the premises of Don Bosco Private Industrial Training Institute in Chinchwad. This was followed by 2nd state-of-the-art center at Bommansandra area of Bengaluru, Karnataka, which became fully operational from March 1, 2016. The 3rd YES center started at Haridwar, Uttarakhand, from 2017 and 4th center was inaugurated at Symbiosis Skill & Open University at Kiwale, Pune in 2017. The 5th YES Skill Development Center, at Kaziranga University, Jorhat, Assam, was inaugurated in 2018. The 6th YES Skill Development center was started at the Bavla district of Ahmedabad, Gujarat.

This program also includes an Entrepreneur Development Training for the beneficiary which provides training and mentoring for new budding entrepreneurs for starting their own automotive related start-ups. We are associated with the NGO I-CREATE INDIA, who provide entrepreneurship training and support of returnable MAGIC fund for students for setting up the start-up. We have provided Magic fund

to ten beneficiaries who have started their own start-ups in automotive.

#### Impact of the program:

Till date, 2,923 students have enrolled, and 1,844 young beneficiaries have already completed the course. Around 80% of the students who have completed the course, have successfully secured jobs at various OEM's, multi-brand garages, showrooms, and authorized service stations. The program beneficiaries are from 21 different states of India.

More than 20 garages and service centers have been started by these beneficiaries across India offering different services: Two-wheeler Service centers, Garages, Four-wheeler garages, Auto electrical and Car AC repair or charging Shop, and Washing centers. These beneficiaries have also started different types of businesses like On boarding scanning & diagnostic consultant and Spare parts shop. Similarly, two of the beneficiaries have also started their own business, giving employment opportunities to other youths.



Recent floods in Aug 2019, in the districts of Sangli and Kolhapur (Maharashtra), severely affected scores of people. While the loss of life was minimized, there was a considerable damage to property, crops and employment. The situation, after the floods receded, was even more heart wrenching, where flood-affected people were seen struggling to figure out how to rebuild their lives.

SKF's YES CSR team of employees, trainers and students visited the area for 10 days. They helped with repairing and restarting flood-affected two-wheelers which were submerged in water. Around 275 two-wheelers were repaired at no cost to the owners. A total of 10 camps were organized in these two districts.

The camp beneficiaries not only got their vehicles repaired but also saved an average of INR 3,000. In total, the camp helped save ₹ 0.75 million (9500 euros). The activity of SKF was appreciated by local community.

We did third party impact assessment of YES program in 2019. The report focused on the changes in the beneficiaries' life and the impact on the society.

The report quoted that the female beneficiaries were happy to see themselves as 'empowered women' with economic independence, happily contributing towards the welfare of their family, eventually uplifting their standard of living through good nutrition, better housing and living conditions, continuous education. Thereby promoting a healthy society at large.

During the interview of the employer while evaluating impact at the level of industry, it was observed that the candidates, trained by SKF, had good practical knowledge, making it beneficial for the employers to hire them rather than hiring candidates with no prior knowledge. This saved on their training costs and the skilled employees could be given the responsibility to work independently in a shorter time frame. With the right training and job, the standard of living of the beneficiaries' families improved with an additional source of income.

About societal impact the report stated that many graduates were able to support their respective families with monthly maintenance as conveyed by the alumni in their interaction. Some of these beneficiaries could even save salary for buying a dream bike while few supported their siblings in education. The society was happy to see more responsible and productively employed youth instead of getting entangled in the wrong company or getting involved in some illegal acts, harming the society.

## 122: Program 2: SKF Sports Education Program – “SSEP”

**Program vision:** SKF Sports Education Program's vision is aligned with United Nations' Declaration of the Rights of the Child, which in Article 7 states, "The child shall have full opportunity to play and for recreation".

Play is not only a child's inalienable right – it also influences physical, socio-emotional and cognitive development. For these reasons and many others stated below, SKF continues to champion this right as a fundamental to the health and growth of children in the surrounding communities where SKF operates.

SKF felt the need of providing importance to play in a child's life. The SKF Sports Education Program provides the perfect platform to these children by not only transforming them into better players but it holistically develops them into better human beings also.

**The Goal:** The objective of the SKF Sports Education Program is to provide children, from the underprivileged background, an opportunity for both their physical and mental growth and an holistic development through sports activities.

**Program approach:** The SKF Sports Education Program is functional at two locations: Pune and Ahmedabad. Every year, a batch of 30 boys and 30 girls are enrolled at each location for the 5 year SKF Sports Education Program.

The Company has provided a well-equipped football ground and sports center at Pune and Ahmedabad along with infrastructure and certified coaches for systematic sports coaching to boys and girls from municipal schools. The program is completely sponsored by SKF and the newly added facilities like a state-of-the-art center with class rooms, activities room, cafeteria, changing room and other similar facilities are attraction for the kids.

In 2017-18, linkage programs were added for the sustainability of the program. SKF School Sports Education aims at improvement in education and life skills of 200 children at Pune and Ahmedabad centers. This program also acts as a filler for the main academy of SKF for those children who wish to take up sports as a career.

Secondly, SKF Sports Scholarship Program was introduced for the beneficiaries completing their graduation from the SKF academy. Last year, a total of 5 scholarships were given to the beneficiaries.

This sponsored program takes care of their physical, behavioral, nutritional and other necessary requirements, which also includes daily Breakfast and bus pickup and drop facility from home and school. We work with beneficiary to develop stamina and winning attitude for play. The program works on child development and apart from Football training helps them in improving their academic performance, provides them career guidance from time to time.

Certified Coaches of our implementation partners: FC Pune City Football Club at Pune was implementation partner till July- 2019, however NGO United way Mumbai taken over from January 2020 in Pune and Kahaani Club was operating till August 2019 however Kahaani Time Foundation taken over from September 2019 onwards at Ahmedabad, Pragati Foundation implement the SKF School Sports Education in Pune. All these organization provide world class football training to the community kids.

The program also brings in opportunity of playing with external football teams, through participation in local, national and international tournaments. Every year, the best players from our academies are sent to Sweden, to

represent SKF India at the World's largest Youth Football Tournament – Gothia Cup. Also the teams participated in national tournament like Reliance Cup, Camps Tournament, Rising Sun Cup, and *Khel Mahakumbh*, among others.

**Impact of the program:** A third party impact assessment is done to assess the impact of program being run since 2019. The regular students report, students & Coaches feedback and parent meeting are used as source of inputs to understand the improvements through program.

Following are improvements:

- “Hirabai Cowsji Jahangir medical research institute” at Pune has conducted baseline study of student for malnourishment, height weight, BMI, Hemogram, bone density, based on baseline, systematic improvement plan was made and nutrient diet the program was implemented. The midline and end line study was conducted to understand the impact of the program on beneficiary. Improvement in above checked parameters in observed. This has helped for their sports stamina.
- Through another agency which conducts “Winning attitude project” for the beneficiaries, we have conducted baseline study of beneficiaries of psychometric assessment, and beneficiary profiling done. Based on report special training and mentoring was provided to students. After end line study, it was observed that there is change in the attitude of beneficiary. This has helped in winning various matches.

The impact assessment report highlights:

- The positive changes in the kids are visible: improvement in sporting skills, level of confidence, sportsmanship and performing under pressure are a few of them.
- Positive impact on health with balanced and structured nutritional support has resulted in visible changes in their growth, weight and fitness level.
- Improvement in personality, social behavior, enhanced attendance and academic performance are noticeable and appreciated by the schools.
- School extension project: Improvement in confidence and concentration levels, positive change in behavior with parents and teachers, shown a new career option to the children, increase in participation in school-level activities, improvement in regularity in school, adoption of teamwork, promoted girls' education, quality of life and living has changed, sports from being a hobby activity to a main development factor is accepted by the parents, girls

and boys receiving training are role models and symbols of pride for schools and the community.

- Girls performance in the team. Seven girls from Ahmedabad team are selected for nationals team. Two girls from Pune team having been selected for national level team. Beneficiary Aruna Chouhan is selected as best player in Reliance cup, *Khel Mahakumbh*. Beneficiary Rahin Khan was selected as best players in Guru Tej Bahadur tournament. SKF team won the tournaments like Indian Women's League, Guru Tej Bahadur Tournament and *Khel Mahakumbh*.

### 1.2.3 Program 3: Women Empowerment “SKF Scholarship for Girls”

**The Need:** Education of Girls in economically weaker sections in India is a matter of concern due to various factors that affect their opportunities and one of them is lack of economic support after their schooling. The Government of India has also initiated national program – “Beti Bachao Beti Padhao” to achieve this objective. Further in certain underdeveloped and draught prone remote areas like Marathwada region in Maharashtra, & Chamrajnagar and Chikballapura of south Karnataka, the daughters of farmers are deprived of post schooling education due to lack of disposable funds at their parents. Economic support for such needy girls to complete their higher education at opportune times can make their dreams come true and empower them in their life to stand on their own feet and contribute to society better. SKF conducted a need assessment in these regions and identified the need to launch a scholarship scheme which will support entire post matric education of these girls through a special scheme.

**Program goal:** To empower young girls with structured partial educational support through scholarship program. To make them capable of getting a meaningful career and employment opportunities.

**Program Overview:** At SKF, we believe that the empowerment of girls and women begins with quality education and access to information. SKF Initiated a full-fledged scholarship program to support the education of deserving girl students pursuing class XI and XII + professional graduation course post SSC. The girls inducted and partial supported from grade XI & XII, after XII for professional graduate course they have to reapply for the scholarship. Partial support means Tuition fees, Books, Educational material support, Hostel fees and other support expenses for the girls moving to cities for education. SKF strives to contribute to the development & empowerment of women in India and encourage more women to step into the professional education domain



by supporting through this program. SKF also imparts soft skills training and career counseling programs for the students. First batch of 40 girls from Marathwada region in Maharashtra was awarded with SKF Scholarship 2017-18. In 2018-19 added more 40 girls. In 2019-20 added 104 girls from Marathwada and Chikballapura and Chamrajnagar of South Karnataka. Total 173 scholarships were provided to girls as on March 2020.

**Program Approach:** The Girls are selected from government aided schools through education department of that districts. The outreach program was conducted with the help of print, social media and mouth to mouth publicity in all the districts. The application was made available to the beneficiaries online as well as off line. The hard copy of application is distributed through local NGO. The selection is done after completion of three level screening such as Merit, written test and career aspiration, and aptitude test & personal interview along with parents. Home visit is conducted, and final names were declared. Disbursement of payment is done directly to the bank account of beneficiary and receipts were collected against it. Two residential training programs are conducted for beneficiaries. Under holistic development program the sessions on soft skills, life skills, career guidance & development, physical & mental health improvement and individual social leadership development.

The Implementation partner selected are GSP "Gramin Shamik Prathisthan", in Maharashtra and "Prerna" for South Karnataka. These NGOs manages the administration and scholarship disbursement process including progress tracking. SKF employees are part of selection and interview process as a part of CSR Employee engagement.

**Impact of Project:** The project has directly impacted 173 beneficiaries and their families. The importance of girl education is increased, and the girls are motivated to study hard to avail this scholarship. Girls have chosen their aspiring field like medical, engineering, civil services preparation, Chartered accountant.

#### 124: Program 4 Ensuring Environmental Sustainability

Two programs were undertaken in year 2018-19 under this category, at three locations: Pune, Bengaluru and Ahmednagar.

##### 1241: Program 4.1: Water restoration and Tree Plantation project which are continued in 2019-20: Dam Desilting Project at Khadakwasala Dam Pune:

**Program Overview:** Environmental sustainability program by de-silting of Khadakwasala Lake at Pune, increase capacity of water withholding, tree plantation.

**The need:** Khadakwasala Dam is very important dam for Pune being only source of drinking water. It is a balancing dam for the other three feeder dams in catchment area. The storage capacity of dam has reduced approximately by 40% due to siltation rate. This is due to deforestation in the catchment area, the top soil of that area has been washed off into the dam over the years. This silt needs to be removed to increase the storage capacity of the dam.

**The program:** For environmental sustainability, NGO – Green Thumb has undertaken Catchment Area Treatment of by dam de-silting, project of removal soil from the dam, thereby increasing its capacity to withhold and store water, pitching of slit on the periphery of the lake, tree plantation, water saving, soil restoration and creation of biodiversity with recreational value.

De-silting of Khadakwasala lake, increase capacity of water withholding, Tree plantation for rejuvenation of Mutha river basin and for two kilometer stretch. The beneficiary of the programs is community alongside Mula and Mutha Rivers, who is using water for Domestic, Agriculture and Industrial purpose.

**Program approach:** As the water recedes in month of March, April, May, primitive methods are being adopted by using backhoe loaders, dozer, grader excavation and dumper truck and tippers to remove the silt, pochain and dumper truck and tippers to remove the silt. The silt is then pitched and banded on the periphery of the lake, excess silt is distributed off free to locals & farmers to gain their goodwill and participation. Even Pune Municipal Public Gardens are supplied with this silt which is rich in nutrients.

Large scale tree (approx. 4000 trees) and grass plantation is carried out to avoid soil erosion.

The water bodies and the trees have become the resting, roosting and nesting sites for a wide varieties of resident and migratory birds. The aim is to plant approx. 50 lakh trees in the stretch of land all along the 22 kms.

A proper landscaping to beautify the area is being undertaken. Fencing of the entire stretch is undertaken to protect the water from stray cattle's and people.

**Impact of program:** Water management and necessary engineering support is being implemented. Propagation of endemic flora including rare and endangered species by mostly planting indigenous trees and grasses.

Thus, to provide relief as a "green lung" amidst concrete jungle of Pune city, the area around the streams leading to the lake and the lake itself is being developed into biodiversity niche by careful propagation of endemic flora, by nurturing natural regeneration and scientific management entailing minimum human interface ever.

#### 1.2.4.2 : Program 4.2: Lake rejuvenation and Tree Plantation project at Mantapa Lake, Bengaluru:

**The program:** Access to clean water is vital for industrial operations and for the communities around us. SKF in India has teamed up with the NGO United Way Bengaluru to revitalize the Manatapa Lake in the south of Bengaluru to increase environmental sustainability.

The beneficiary of the programs is community alongside lake, who is using water for Domestic and Agriculture purpose.

##### Program approach:

This programme focuses on restoring water quality in the lake, removal of garbage, removal of effluents and other pollutants, enhancing soil quality and increasing biodiversity around the lake. This is done by de-silting, removal of soil from the lake (thereby increasing its capacity to withhold and store water), pitching of slit on the surroundings of the lake and planting trees, for environmental sustainability,

The water bodies and the trees have become the resting, roosting and nesting sites for a wide varieties of resident and migratory birds.

A proper landscaping to beautify the area is being undertaken. Fencing of the entire stretch is undertaken to protect the water from stray cattle's and people.

One unique element being introduced is a "Nature Learning Centre" (Parisara Kalika Mantapa), aimed at educating children and young adults on ecology and the importance of eco-system services for businesses and community. Nature experts will visit the lake on designated days and educate the children through picture books, nature walks and practical demonstrations.

##### Impact of program:

The expected impact of programs are increased green cover sheltering birds, butterflies and other organisms. The Aesthetic view of lake will be restored, the clean water shall enter the lake by reduction of toxic elements entry and thus reduction in bad odour in the lake. The clean water stored in the lake shall create biodiversity for aquatic flora and fauna to flourish. The water storage lead to increased farmi yield.

#### 1.2.4.3 "Program 4.3: Watershed Development Project at Akole Ahmednagar

**Program overview and Need:** The Agriculture and farmers in parts of Maharashtra face severe draught and lack of irrigation and water table going down affecting the crops time to time. The main objective of the project

is promoting techniques soil and water conservation, educate local farmers the techniques of treating the sloping areas of land to check the run off water and the soil therewith. The project is executed by an expert agency WOTR in Akole, near Ahmednagar, Maharashtra under global sponsorship of Rotary club Pune and Rotary International, supported by many corporates.

The Watershed project is implemented with focus on building the capacity of small land holders, by addressing 3 key themes – Integrated water resources management, Sustainable agricultural, Food Security in an integrated and holistic manner.

**The goal of project:** To Stabilize and enhance the productive capacity of the local ecosystem, the agricultural and livelihood base of the project villages. To involve Mainstream women and marginal groups in the institutional life of the village, improve the quality of their lives and strengthen the capacities of village institutions to effectively and acceptably mandate the projects as well as access locally available resources.

**Program approach:** Undertaking soil conservation, water conservation and rainwater harvesting measures.

- Developing climate reselect strategies for agriculture and food security with inbuilt extension service system, that focus on integrated farming system approach where sustainable mixed crop and livestock production systems is encouraged.
- Improving the irrigation potential and coverage in project villages and well as enduring efficient and effective distribution and application of water.
- Organizing women in self-help groups centered on savings and credit operations, ensuring adequate representation on villages bodies and empowering them to effectively represents and secure their persona, social and developmental interests.
- Organizing representative and inclusive villages development committees, building their capacity to implement and maintain the project, onsite and networking them into the local development framework. (govt. agencies, civil society and private enterprises, among others)

**Impact of program sought:** "The Project "Maveshi – a Rural Watershed and natural Resource Development Project" is being implemented in 3 villages in Akole blocks of Ahmednagar district. The total geographical area is 1062.67 ha. Covering 625 households and having 2787 inhabitants. Among the project villages are Maveshi, Manik Ozar and Barvachi Wadi. Majority of the population in the project villages is of the Scheduled Tribes.

### 1.2.5 Small Program Support for Promotion of Education

Based on specific proposals from different NGOs, SKF has supported few programs with limited support which are aimed at providing educational support to primary education. The programs supported are –

#### 1.2.5.1 : “Pratham” Project for school children at Assam

**Program Overview and Need:** India is close to universal enrollment for children in the age group 6 to 14. Recent figures for rural India indicate that 96.9% of children in this age group are enrolled in a nearby school (ASER2016). Reaching universal enrollment in a country as big and diverse as India is an impressive achievement. But now that children are in school, the critical question facing the country is are children learning?

Over ten years of data from ASER point to three key facts; First, at every grade level, basic learning levels are unacceptably low. Second over time learning levels seem to have stagnated. If anything, there are some indications of a declining trend, implying that later cohorts are doing worse than earlier counterparts. Third – learning trajectories over time are relatively flat, which means that children do not acquire fundamental reading and arithmetic skills in primary school years and hence have a struggle to follow the curricula throughout the school years.

**The goal:** Main Project Objective is to ensure that 30,000 children have improved foundational learning in reading and arithmetic by 2020.

Specific Project Objectives

- I. Visibly and substantially improve basic learning among children in the targeted villages in Assam.
- II. Increase awareness of the value of education among parents and local people in the targeted villages in Assam.
- III. Influence government, through competence transfer to publish functions all the way from school teachers to officers at sub-districts, district, state and national level.

**Program Approach:** Based solution to bridge the gap between current and expected learning levels, using resources that are currently available in the system. NGO's CAML (Combined Activities for Maximized Learning) approach to teaching learning combines reading, speaking, doing and writing, in a variety of ways, to enhance and accelerate learning. Over the last decade, the effectiveness of Pratham's approach (also known as teaching at the right level or TaRL) has been evaluated by J-PAL at MIT using randomized control trials., which showed significant improvement of children's learning levels in the treatment

group over their counterparts in the control areas.

Key elements of our approach include:

- Focus of children in Grades III, IV and V who have already had some schooling but do not have basic reading and arithmetic skills.
- Simple assessment of children's ability to read simple texts and to do basic arithmetic.
- Grouping of children by level (of learning) rather than by age or grade.
- Use of appropriate methods and materials for each group.
- Periodic review and tracking of children's progress.
- Pratham approaches the overall problem from two directions. The first approach is “direct” work, where Pratham team members lead teaching – learning activities (more information about this approach is presented below). The second approach is collaboration with the government regarding the development of the school system of a national level. Here pratham acts as a “catalyst” by introducing, incorporating and integrating Pratham's teaching-learning and assessment methods and materials into government school teacher's work.

**The impact sought:** The combination of direct intervention and partnerships with the government on teacher-led models, has led to a significant scale-up of the approach across Pratham's project areas. Through partnerships with the government, programs reached over 4.5 million children in 14 states across the country during the year. Established in 1995 to provide education to children, Pratham has grown both in scope and geographical coverage. The CSR Project is with the objective of improving the reading, writing and basic arithmetic skills of children in the 6-14 age group. The program has evolved over time in response to internal learnings and external evaluations. In the current phase of Read India, the objective is to ensure basic learning outcomes in language and mathematics. The geographical region of project is Assam. In Assam through learning camps 26929. Through this project the average level of children has increased by 65% in reading & mathematics.

SKF India has been participating in this global project along with many other corporates with a limited contribution for year 2017-2019.

**Other small projects supported by SKF during year 2019 are**

**1.2.5.2: Rotary club of Nigdi – Support with medical equipment to Sasson Hospital Pune.**

**1.2.5.3: Computer Shiksha** – SKF India CSR, through NGO Computer-Shiksha, converted the replaced scrap laptops into useable laptops for schools belong to lower socio economic strata of the society, which has very less opportunity to learn computers. The video based multi-language computer course is helping 3000+ student to learn computer in six months.

280+ Used Laptops, desktops are provided to Computer shiksha to distribute with eligible Schools. These laptops were distributed to various schools in North India including Uttarakhand, Uttar Pradesh and Rajasthan, Delhi.

CS team have created MULTI Language Computer Course with Videos and Teachers Help Manuals. This helps to have standardized curriculum across India and students have learning with minimum efforts of trainers. The curriculum consist of MS Paint, MS Word, Excel, PPT, Internet and Email.

**1.2.5.4: Swedish Commerce of Council India (SCCI)** initiated a project named Karftsamla, aims in empowering women by enhancing their livelihoods and providing them with employment opportunities through Kraftsamla project, a collaborative project between Swedish companies in India and other stakeholders. Kraftsamla is an joint initiative started by SCCI in collaboration with all Swedish companies with the aim to improving diversity in employment of Swedish companies – especially on shop floor and services. It has create a common pool of skilled women interns in shop floor trades such as Forklift drivers, warehouse operators, housekeeping staff and security guards. UNDP’s initiative “Disha” is entrusted to run skilling program for girls on above trades.

**1.2.5.5:** Habitat for Humanity India an NGO support sanitation project. Under Sanitation project SKF funded to construct 68 new IHHLs in at Osla Village of Mori Block, Uttarkashi District, Uttarakhand.

Also, the CSR Policy of the SKF India Limited is available on the website of the Company and can be accessed on the below mentioned link:

[https://www.skf.com/binaries/pub12/Images/0901d196809a69e4-SKFIndiaCSRPolicy2019\\_1115-%283%29\\_tcm\\_12-526429.pdf](https://www.skf.com/binaries/pub12/Images/0901d196809a69e4-SKFIndiaCSRPolicy2019_1115-%283%29_tcm_12-526429.pdf)

## 2 The Composition of the CSR Board Committee:

- Manish Bhatnagar, Chairman of Committee and Managing Director
- Anu Wakhlu, Independent Director
- Gopal Subramanyam, Independent Director

## 3 Average Net Profit of the Company for the Last Three Financial Years

The average net profit of the Company for the last three financial years, computed in accordance with Section 198 of the Companies Act, 2013 is INR 4,504.17 million.

## 4 Prescribed CSR Expenditure (2% of the amount as in item 2 above)

CSR expenditure required to be spent as per Section 135 of the Companies Act, 2013 – INR 90.08 million.

## 5 Details of CSR Spent During the Financial Year:

- (a) Total amount spent in the financial year = INR 90.17 million.
- (b) Amount unspent, if any = NIL
- (c) Manner in which the amount spent during the financial year is detailed below:

(figures in INR million)

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where project or programs was undertaken	Amount outlay (budget) project or programs-wise	Amount spent on the projects or programs sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent Direct ('Dir') or through implementing agency ('Imp agency')
1.	Education	Sports Education program (SSEP)	1) Pune, Maharashtra	9.689	9.103 (Direct)	9.689	9.103 (Dir) 0.586 (Imp agency)
			2) Ahmedabad, Gujarat	4.073	1.234 (Direct)	4.073	1.234 (Dir) 2.839 (Imp agency)
2	Women Empowerment	Scholarship Program (SKF Scholarship for Girls)	Marathwada districts, Maharashtra	13.050	1.729 (Direct)	13.050	1.729 (Dir) 11.321 (Imp agency)
			Bengaluru, Karnataka	3.039	0.000 (Direct)	3.039	3.039 (Imp agency)



(figures in INR million)

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where project or programs was undertaken	Amount outlay (budget) project or programs-wise	Amount spent on the projects or programs sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent Direct ('Dir') or through implementing agency ('Imp agency')
3	Employment Enhancing Vocational Skills	Youth Empowerment @ SKF (YES)	1) Chinchwad, Pune, Maharashtra (DBVPK)	5.264	0.719 (Direct)	5.264	0.719 (Direct) 4.545 (Imp agency)
			2) Bengaluru, Karnataka Center	5.200	0.023 (Direct)	5.200	0.023 (Direct) 5.177 (Imp agency)
			3) Haridwar, Uttarakhand Centre	8.614	0.000 (Direct)	8.614	8.614 (Imp agency)
			4) Kiwale, Pune Maharashtra (SSOU) Center	4.868	0.000 (Direct)	4.868	4.868 (Imp agency)
			5) Jorhat, Assam Center	9.711	0.127 (Direct)	9.711	0.127 (Dir) 9.584 (Imp agency)
			6) Ahmedabad, Bavla Centre	4.836	2.249 (Direct)	4.836	2.249 (Dir) 2.589 (Imp agency)
4	Entrepreneur Development (I Create)	Livelihood Enhancement	1) Pune, Maharashtra	2.000	0.000 (Direct)	2.000	2.0 (Imp Agency)
5	Eco Impact Park	Ensuring Environmental Sustainability	Khadakwasla Dam, Desilting Pune	2.587	0.168 (Direct)	2.587	0.168 (Dir) 2.42 (Imp agency)
			Mantapa Lake rejuvenation, Bengaluru	4.344	0.003 (Direct)	4.344	0.003 (Dir) 4.341 (Imp agency)
		Rotary Club Poona	Watershed development Akola, Ahmednagar	2.000	0.000 (Direct)	2.000	2.000 (Imp agency)
6	Other Projects	Habitat for Humanity India, Sanitation	(Mori) Uttarkashi	1.437	0.000 (Direct)	1.437	1.437 (Imp agency)
			Pratham Foundation	North East, Assam	3.561	0.000 (Direct)	3.561
		Rotary Club Nigdi	Pune	0.300	0.000 (Direct)	0.300	0.300 (Imp Agency)
		Education	Computer Shiksha	0.500	0.000 (Direct)	0.500	0.500 (Imp Agency)
			Kraftsamla	0.500	0.000 (Direct)	0.500	0.500 (Imp Agency)
	Pune	CSR Good book	0.100	0.100 (Direct)	0.100	0.100 (Direct)	
<b>Total CSR Projects Expenses</b>							<b>85.67</b>
7	CSR Admin cost (Overheads)	CSR Projects	CSR All location	4.50	4.50 (Direct)	4.50	4.50 (Direct)
	<b>Total program spent MINR</b>		<b>90.17</b>	<b>90.17</b>	<b>19.96 (Direct)</b>	<b>90.17</b>	<b>19.96 (Direct) 70.21 (Imp agency)</b>

\*Details of implementing agency are as follows:

**5.1 FC Pune City Football Club: Service provider for SKF Sports Education Program, Pune.**

Promoting football coaching with dedicated team of professional coaches to students of SKF Sports Education Program.

FC Pune City Football Club, is a company incorporated under the provisions of Companies Act, 1956 having its office at Mumbai and Pune.

This implementation partner was operating till July, 2019.

**5.2 United way Mumbai: Implementing NGO for SKF Sports Education Program in Pune :** United Way Mumbai is registered NGO having flagship programmes in the areas of civic awareness, health, safety and greening, education, nutrition and sanitation in urban and rural communities.

**5.3 Kahaani Sports Academy:** Service provider for SKF Sports Education Program, Ahmedabad

Promoting football coaching with dedicated team of professional coaches to students of SKF Sports Education Program.

Kahaani Football academy, Ahmedabad established in 2006 promotes football, fitness and sportsmanship through certified coaches. This implementation partner was operating till Aug, 2019

**5.4 Kahaani Time Foundation:** Implementing NGO for SKF Sports Education program, Ahmedabad is a partner. Promoting activities for the improvement of quality of life.

Kahaani Time Foundation started in 2006 promotes football, fitness and sportsmanship through certified coaches.

**5.5 Pragatee Foundation (Just for Kick) (NGO): implementing NGO for SKF Sports Education School Program, Pune is a Partner.**

Pragatee Foundation, a public charitable trust having its registered office at Navi Mumbai – Maharashtra and working for football training at schools also referred as “Just for Kicks” or “JFK”.

**5.6 Gramin Shramik Pratisthan (NGO): Partner for Women empowerment, Scholarship Program – Marathwada.**

Since 1986, GSP focused on constructive integrated rural development program including watershed development, implementation of ideal village development program, integrated natural resource management program, women empowerment and poverty alleviation support

program. The organization is registered under Societies and Public Trust Act.

**5.7 Prerana (NGO) partner for women empowerment, scholarship program– Karnataka :**

At PRERANA we believe that education is the most powerful means of fighting poverty. To this end, we provide Financial-Aid to meritorious students from underprivileged backgrounds, from PUC 1st Year (XI standard.) up to college or professional degree. Knowing that the lives of students from underprivileged backgrounds are beset with pressures, we stay engaged with them, provide counseling to boost their morale and self-esteem and ensure they don't drop out.

**5.8 Don Bosco Pune: Partner for YES project at Pune (NGO):**

Don Bosco Vyavasayik Prashikshan Kendra, (DBVPK) caters to community youths from economically weaker sections. DBVPK presently conducts many non-formal teaching training courses, spread over a year.

DBVPK is a registered trust and has been taking keen interest in skill training as demanded by various industries and is a member of Don Bosco Tech India. The Chinchwad center in Pune, Maharashtra is functional since August 15, 1999.

**5.9 Sambhav Foundation (NGO): Partner for YES project at Bengaluru, Haridwar and Jorhat and Ahmedabad.**

Sambhav Foundation is a non-governmental organization based in Bengaluru. It began largely as an effort to provide a one-stop platform for unorganized sector workers to obtain services which are currently available and accessible by formal sector workers. Sambhav Foundation is a charitable trust having registered office at Basaveshwar Nagar, Bengaluru – 560079.

**5.10 Symbiosis Open Education Society: Partner for YES project at Pune.**

Symbiosis Open Education Society, a registered under the societies registration in 2008, having its campus at Symbiosis Skills open university, Village – Kiwale, Adjoining Pune Mumbai Expressway Pune – 2412101. SOES is a self-financed university offering courses at various levels including certificates, diploma and degree programs in high growth sectors with the aim of creating industry ready human resource. Symbiosis Open Education Society has established Skill Development University at Kiwale, Pune, with an aim to create 'industry ready' youth who

can be gainfully employed upon completion of their courses. This NGO and SKF have worked together for skill development till Dec 2019.

**5.11 North East Knowledge Foundation Kaziranaga, Jorhat (NGO): Partner for YES project at Assam.**

North Eastern Knowledge Foundation, a registered trust, founded in the year 2012. The NEKF is having Assam Kaziranga University. SKF YES Center is based at Campus of Kaziranga University Jorhat.

**5.12 I Create India (NGO): Partner for YES Entrepreneurship project**

I Create is a non-profit organization working in India to help create entrepreneurs at the grassroots level of society, to convert job seekers to job creators. I Create India has its National Academy at Bengaluru, it provides various trainings to support for start a business with Returnable Magic fund management.

**5.13 Green Thumb (NGO): Partner for SKF ECO Impact Park at Pune, Ensuring Environmental Sustainability**

Green Thumb is an NGO registered Public Trusts Act having office at Pune. Green thumb work for Di-silting of Khadakwasla dam, soil conservation through catchment area treatment, increase green cover by trees plantation.

**5.14 United Way of Bengaluru (NGO): Partner for SKF ECO Impact Park at Bengaluru, Ensuring Environmental Sustainability**

UNITED WAY OF BENGALURU, a registered Society at Bengaluru, The non-profit organization engaged in Environment, Education, Livelihood and Health related social project. United way is having flagship program of Wake the lake at Bengaluru.

**5.15 Rotary Club of Poona(Trust): Project at Akola, Ahmednagar**

Rotary club of Poona charity trust is a NGO registered trust act. working in Water Sanitation & Hygiene, Watershed Management, Breast Cancer detection. Rotary Club of Poona is funding Watershed Organization Trust (WOTR).

**5.16 Pratham education foundation (NGO):**

Pratham is an NGO working for improving the quality of education in India. As one of the largest non-governmental organizations in the country established in 1995, Pratham focuses on high-quality, low-cost, and replicable interventions to address gaps in the education system.

**5.17 Habitat for Humanity**

Habitat is a non-government organization established in 1983 having one of the largest housing programmes in the Asia-Pacific region. Habitat for Humanity India works with people of all backgrounds, races and religions across India to build houses in partnership with families in need.

**5.18 Computer Shiksha:**

Computer Shiksha, a non-profit trust formed under the Indian Trust Act of 1882, offers computer literacy programs as a service to schools who are already successfully engaging with communities but do not have the assets, and resource capabilities to produce an effective Digital Literacy program.

**5.19 Swedish Commerce of Council India (SCCI) :**

Swedish Commerce of Council India is an organization registered under not for profit u/s 25 of the Companies Act, 1956 and committed to promote development of trade, commerce and industry, and economic, social and cultural relations between Sweden and India.

**6 In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

The Company has spend two percent (2%) of the average net profit of last three financial years in terms of the provisions of Companies Act, 2013 and CSR Policy of the Company. Therefore, SKF does not have any unspent amount towards Corporate Social Responsibility.

**7 A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

We hereby declare that implementation and monitoring of the CSR Policy is in compliance with CSR objectives and policies of the Company.

Bengaluru.  
May 07, 2020

**Manish Bhatnagar**  
Managing Director &  
Chairman of CSR Committee

# Form No. AOC-2

Annexure IV To the Directors' Report

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at Arm's length basis- NIL
2. Details of material contracts or arrangements or transactions at Arm's length basis

Particulars	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board, if any	Amount paid as advances, if any
1	SKF GmbH, Schweinfurt, Germany	Purchase of raw material and finished goods/ Purchase of Capital Goods/ Sale of Goods & Services/ Service received/ Reimbursement paid/ Reimbursement received.	Ongoing basis, normal and incidental to Company's business operations	The information forms part of the notes to financial statement for the financial year 2019-20	All the transactions are approved by the Audit Committee and Board in line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Related Party Transactions Policy framed by the Company. The approval of the members was taken in the previous Annual General Meeting held on July 25, 2018 in case of 'Material' (SKF GmbH, Schweinfurt, Germany) related party transactions for a period 2017-18 to 2019-20. Further approval is sought at this year's 59th Annual General Meeting to be held on July 23, 2020 in case of 'Material' (SKF GmbH, Schweinfurt, Germany) related party transaction for a period from 2020-21 to 2021-22	NIL
2	Aktiebolaget SKF	Payments made with respect to brand usage and royalty. Royalty:- ₹438.8 million Trademark:- ₹279 million.	Ongoing basis, normal and incidental to Company's business operations	The information forms part of the notes to financial statement for the financial year 2019-20	May 15, 2019	NIL

For and on behalf of the Board

**SKF India Limited**

**Gopal Subramanyam**

Chairman

DIN: 06684319

Bengaluru  
May 07, 2020



FORM No. MR-3

# Secretarial Audit Report

## For the Financial Year Ended March 31, 2020

Annexure V to the Directors' Report

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

To,

The Members,

### SKF India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SKF India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (vi) Other laws applicable specifically to the Company namely:
  - a. Factories Act, 1948
  - b. Contract Labor (Regulation & Abolition) Act, 1970
  - c. Industrial Laws
  - d. Environmental and Prevention of Pollution Laws
  - e. Legal Metrology Act, 2009

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards, among others, mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Decisions at the Board Meetings were taken unanimously.

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

We further report that during the audit period no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, among others.

**For Parikh & Associates**

Company Secretaries

**Jigyasa N. Ved**

Partner

Mumbai

May 7, 2020

FCS No.6488 CP No.6018

Udin : F006488B00210164

*This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.*

#### 'Annexure A'

To,

The Members

#### **SKF India Limited**

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**

Company Secretaries

**Jigyasa N. Ved**

Partner

Mumbai

May 7, 2020

FCS No.6488 CP No.6018

Udin : F006488B00210164

# Statement of Disclosure of Remuneration

Annexure VI – To the Directors' Report

[Pursuant to Section 197 of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

(A) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2019-20; the percentage increase in remuneration of each Director

Name of Director / KMP	Designation	Ratio of remuneration of each director to the median remuneration	Percentage increase in remuneration (%)
Gopal Subramanyam* (from 16.05.2019)	Non-Executive Chairman, Independent Director	1.58	NA
Manish Bhatnagar	Managing Director	19.24	(12%)
Anurag Bhagania* (from 01.06.2019)	CFO Director Finance	10.94	NA
Ranjan Kumar * (from 01.08.2019)	Company Secretary	5.96	NA
Anu Arun Wakhlu * (from 16.05.2019)	Independent Director	1.33	NA
Aldo Cedrone * (from 17.05.2019)	Non-Executive	N.A.	N.A.
Bernd Dieter Stephan	Non-Executive	N.A.	N.A.
Werner Jurgen Dietrich Hoffmann* (from 21.08.2019)	Non-Executive	N.A.	N.A.
Rakesh Makhija# (up to 15.05.2019)	Non-Executive Chairman	0.34	(64%)
Prasad R Menon# (up to 15.05.2019)	Independent Director	0.41	(22%)
Prakash M Telang# (up to 15.05.2019)	Independent Director	0.41	(39%)

\*Appointed during the year

# Ceased during the year

(B) The percentage increase in remuneration of Chief Financial officer (CFO) and Company Secretary (CS) in the financial year 2019-20. : Not Applicable, as new CFO & CS were appointed during the year.

(C) The percentage increase in the median remuneration of employees in the financial year 2019-20 was 8.01%

(D) The number of permanent employees on the rolls of company was 1716.

(E) The average percentile increases already made in the salaries of employees other than the managerial personnel (Directors & KMP) in the last financial year was 6.40% and its comparison with the percentile increase in the managerial remuneration i.e. 1.62% and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; Only Mr. Manish Bhatnagar received increment. Mr. Anurag Bhagania & Mr. Ranjan Kumar did not receive any increase in remuneration as Mr. Anurag Bhagania joined post increment period i.e. in Quarter 2 & Mr. Ranjan Kumar in Quarter 3.

## (F) Affirmation that the Remuneration is as per the Remuneration Policy of the Company;

We hereby, affirm that remuneration paid to the Employees, Directors & Key Managerial Personnel is as per the Remuneration Policy of the Company.

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection and any Member interested in obtaining a copy of the same may write to the Company Secretary.

For and on behalf of the Board

**SKF India Limited**

**Gopal Subramanyam**

Chairman

DIN: 06684319

Bengaluru  
May 7, 2020

# Extract of Annual Return - Form No. MGT - 9

Annexure VII - To the Directors' Report

For the Financial Year Ended March 31, 2020

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

## I REGISTRATION AND OTHER DETAILS

(i)	CIN	L29130MH1961PLC011980
(ii)	Registration Date	April 12, 1961
(iii)	Name of the Company	SKF India Limited
(iv)	Category /Sub-Category of the Company	Public Company / Limited by Shares
(v)	Address of the Registered office and Contact Details	Mahatama Gandhi Memorial Building, Netaji Subash Road, Mumbai - 400002
		Tel No. +91 22 22857777
		Fax No. +91 22 22819074
		Email: investors@skf.com
(vi)	Whether Listed Company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agents, if any.	TSR Darashaw Consultants Private Limited
		6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400011
		Tel No. +91 22 66568484
		Fax No. +91 22 66568494
		Email: csg_unit@tsrdarashaw.com

## II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities Contributing 10% or more of the total turnover of the Company shall be stated -

S. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Bearing and its Components	2814	98%

## III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of The Company	Cin/Gln	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	AB SKF Aktiebolaget SKF, SE, 415, 50 Goteborg, Sweden	NA	HOLDING	45.85	2(46)



## Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

## (I) Category-Wise Share Holding

Category code (I)	Category of Shareholder (II)	Number of shares held at the beginning of the year April 1, 2019				Number of shares held at the end of the year March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
<b>(A)</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Governments	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	- Trust	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A) (1)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	25,992,059	0	25,992,059	52.58	25,992,059	0	25,992,059	52.58	0.00
(d)	Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A) (2)</b>		<b>25,992,059</b>	<b>0</b>	<b>25,992,059</b>	<b>52.58</b>	<b>25,992,059</b>	<b>0</b>	<b>25,992,059</b>	<b>52.58</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>		<b>25,992,059</b>	<b>0</b>	<b>25,992,059</b>	<b>52.58</b>	<b>25,992,059</b>	<b>0</b>	<b>25,992,059</b>	<b>52.58</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	10,311,185	290	10,311,475	20.86	11,693,301	240	11,693,541	23.65	2.80
(b)	Banks / Financial Institutions	18,509	18,620	37,129	0.08	15,733	18,620	34,353	0.07	(0.01)
(c)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(d)	State Governments	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	1,934,511	240	1,934,751	3.91	1,809,184	240	1,809,424	3.66	(0.25)
(g)	Foreign Institutional Investors	3,927,754	0	3,927,754	7.94	3,595,188	0	3,595,188	7.27	(0.67)
(h)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Alternate Invest Fund	529,238	0	529,238	1.07	572,305	0	572,305	1.16	0.09
<b>Sub-Total (B) (1)</b>		<b>16,721,197</b>	<b>19,150</b>	<b>16,740,347</b>	<b>33.9</b>	<b>17,685,711</b>	<b>19,100</b>	<b>17,704,811</b>	<b>35.81</b>	<b>1.95</b>

Category code (I)	Category of Shareholder (II)	Number of shares held at the beginning of the year April 1, 2019				Number of shares held at the end of the year March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate									
i	Indian	1,189,935	8,076	1,198,011	2.42	783,742	6,386	790,128	1.60	(0.83)
ii	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals -									
i	Individual shareholders holding nominal share capital up to Rs. 1 lakh	3,266,343	592,856	3,859,199	7.81	3,202,410	526,012	3,728,422	7.54	(0.26)
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	549,577	0	549,577	1.11	571,622	0	571,622	1.16	0.04
(c)	Any Other (Specify)									
i)	Clearing Members	53,668	0	53,668	0.11	94,675	0	94,675	0.19	0.08
ii)	Limited Liability Partnership - LLP	479,482	0	479,482	0.97	4,310	0	4,310	0.01	(0.96)
iii)	Non-Resident Indian	259,261	12,109	271,370	0.55	219,783	12,499	232,282	0.47	(0.08)
iv)	HUF	99,864	0	99,864	0.20	96,965	0	96,965	0.20	(0.01)
v)	Independent Directors	1,000	0	1,000	0.00	0	0	0	0.00	0.00
vi)	Trust	730	0	730	0.00	730	0	730	0.00	0.00
vii)	Bodies Corp - NBFC	2,377	0	2,377	0.00	1,509	0	1,509	0.00	0.00
viii)	QIB Insurance	0	0	0	0.00	15,680	0	15,680	0.03	0.03
ix)	IEPF A/C	185,979	0	185,979	0.38	200,470	0	200,470	0.41	0.03
x)	OCBs / Foreign Companies	0	4,300	4,300	0.01	0	4,300	4,300	0.01	0.00
<b>Sub-total (B) (2)</b>		<b>6,088,216</b>	<b>617,341</b>	<b>6,705,557</b>	<b>13.56</b>	<b>5,191,896</b>	<b>549,197</b>	<b>5,741,093</b>	<b>11.61</b>	<b>(1.95)</b>
<b>Total Public Shareholding (B) = (B) (1)+(B)(2)</b>		<b>22,809,413</b>	<b>636,491</b>	<b>23,445,904</b>	<b>47.42</b>	<b>22,877,607</b>	<b>568,297</b>	<b>23,445,904</b>	<b>47.42</b>	<b>0.00</b>
<b>TOTAL (A)+(B)</b>		<b>48,801,472</b>	<b>636,491</b>	<b>49,437,963</b>	<b>100.0</b>	<b>48,869,666</b>	<b>568,297</b>	<b>49,437,963</b>	<b>100.00</b>	<b>0.00</b>
(C)	Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
1	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
2	Public	0	0	0	0.00	0	0	0	0.00	0.00
<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>48,801,472</b>	<b>636,491</b>	<b>49,437,963</b>	<b>100.00</b>	<b>48,869,666</b>	<b>568,297</b>	<b>49,437,963</b>	<b>100.00</b>	<b>0.00</b>

**(II) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year April 1, 2019			Shareholding at the end of the year March 31, 2020			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	AB SKF	22,666,055	45.85	0.00	22,666,055	45.85	0.00	0.00
2	SKF U.K. Limited.	3,129,581	6.33	0.00	3,129,581	6.33	0.00	0.00
3	SKF FORVALTNING AB	196,423	0.40	0.00	196,423	0.40	0.00	0.00
<b>TOTAL</b>		<b>25,992,059</b>	<b>52.58</b>	<b>0.00</b>	<b>25,992,059</b>	<b>52.58</b>	<b>0.00</b>	<b>0.00</b>

**(III) Change in Promoters' Shareholding (please specify, if there is no change) :** There is no change in the promoter's shareholding of the Company.

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

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
1.1	Hdfc Small Cap Fund	01-Apr-2019	At the beginning of the year	727,280	1.47	727,280	1.47
		12-Apr-2019	Increase	28,800	0.06	756,080	1.53
		26-Apr-2019	Increase	92,900	0.19	848,980	1.72
		03-May-2019	Increase	63,600	0.13	912,580	1.85
		31-Mar-2020	At the end of the year	0	0.00	912,580	1.85
1.2	Hdfc Trustee Company Ltd A/C - Hdfc Children's Gift Fund - Investment Plan	01-Apr-2019	At the beginning of the year	126,712	0.26	126,712	0.26
		31-Mar-2020	At the end of the year	0	0.00	126,712	0.26
1.3	Hdfc Trustee Company Ltd - Hdfc Long Term Advantage Fund	01-Apr-2019	At the beginning of the year	46,573	0.09	46,573	0.09
		31-Mar-2020	At the end of the year	0	0.00	46,573	0.09
1.4	Hdfc Trustee Company Ltd - A/C Hdfc Hybrid Equity Fund	01-Apr-2019	At the beginning of the year	1,513,190	3.06	1,513,190	3.06
		31-Mar-2020	At the end of the year	0	0.00	1,513,190	3.06
1.5	Hdfc Trustee Company Ltd - A/C Hdfc Mid - Cap opportunities Fund	01-Apr-2019	At the beginning of the year	1,926,174	3.90	1,926,174	3.90
		12-Apr-2019	Increase	80	0.00	1,926,254	3.90
		31-Mar-2020	At the end of the year	0	0.00	1,926,254	3.90
1.6	Hdfc Trustee Co Ltd A/C Hdfc Retirement Savings Fund-Hybrid-Equity Plan	01-Apr-2019	At the beginning of the year	7,006	0.01	7,006	0.01
		26-Apr-2019	Increase	2,009	0.00	9,015	0.02
		31-Mar-2020	At the end of the year	0	0.00	9,015	0.02
1.7	Hdfc Trustee Co Ltd A/C Hdfc Retirement Savings Fund-Hybrid-Debt Plan	01-Apr-2019	At the beginning of the year	1,215	0.00	1,215	0.00
		31-Mar-2020	At the end of the year	0	0.00	1,215	0.00
1.8	Hdfc Trustee Co Ltd A/C Hdfc Retirement Savings Fund-Equity Plan	01-Apr-2019	At the beginning of the year	22,448	0.05	22,448	0.05
		05-Apr-2019	Increase	1,087	0.00	23,535	0.05
		12-Apr-2019	Increase	2,555	0.01	26,090	0.05
		19-Apr-2019	Increase	11,320	0.02	37,410	0.08
		31-Mar-2020	At the end of the year	0	0.00	37,410	0.08
<b>1</b>	<b>Total :</b>			<b>4,370,598</b>	<b>8.84</b>	<b>4,572,949</b>	<b>9.25</b>

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
2.1	Sbi Magnum Global Fund	01-Apr-2019	At the beginning of the year	686,100	1.39	686,100	1.39
		31-Mar-2020	At the end of the year	0	0.00	686,100	1.39
2.2	Sbi Magnum Midcap Fund	01-Apr-2019	At the beginning of the year	326,198	0.66	326,198	0.66
		21-Jun-2019	Increase	25,339	0.05	351,537	0.71
		28-Jun-2019	Increase	11	0.00	351,548	0.71
		31-Mar-2020	At the end of the year	0	0.00	351,548	0.71
2.3	Sbi Magnum Multicap Fund	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
		20-Sep-2019	Increase	214,814	0.43	214,814	0.43
		07-Feb-2020	Decrease	(37,983)	(0.08)	176,831	0.36
		31-Mar-2020	At the end of the year	0	0.00	176,831	0.36
2.4	Sbi Blue Chip Fund	01-Apr-2019	At the beginning of the year	321,347	0.65	321,347	0.65
		12-Jul-2019	Increase	372,000	0.75	693,347	1.40
		31-Mar-2020	At the end of the year	0	0.00	693,347	1.40
2.5	Sbi Resurgent India Opportunities Scheme	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
		30-Aug-2019	Increase	15,000	0.03	15,000	0.03
		31-Mar-2020	At the end of the year	0	0.00	15,000	0.03
2.6	Sbi Long Term Advantage Fund - Series Vi	01-Apr-2019	At the beginning of the year	20,000	0.04	20,000	0.04
		18-Oct-2019	Increase	3,000	0.01	23,000	0.05
		29-Nov-2019	Decrease	(23,000)	(0.05)	0	0.00
		31-Mar-2020	At the end of the year	0	0.00	0	0.00
<b>2</b>	<b>Total :</b>			<b>1,353,645</b>	<b>2.74</b>	<b>1,922,826</b>	<b>3.89</b>
3.1	Dsp Equity & Bond Fund	01-Apr-2019	At the beginning of the year	220,881	0.45	220,881	0.45
		05-Apr-2019	Increase	777	0.00	221,658	0.45
		12-Apr-2019	Increase	62,000	0.13	283,658	0.57
		27-Sep-2019	Increase	30,711	0.06	314,369	0.64
		13-Mar-2020	Decrease	(1,380)	0.00	312,989	0.63
		31-Mar-2020	At the end of the year	0	0.00	312,989	0.63



Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
3.2	Dsp Equity Fund	01-Apr-2019	At the beginning of the year	155,128	0.31	155,128	0.31
		30-Sep-2019	Increase	1,161	0.00	156,289	0.32
		04-Oct-2019	Increase	3,644	0.01	159,933	0.32
		13-Mar-2020	Decrease	(2,488)	(0.01)	157,445	0.32
		31-Mar-2020	At the end of the year	0	0.00	157,445	0.32
3.3	Dsp Equity Opportunities Fund	01-Apr-2019	At the beginning of the year	319,920	0.65	319,920	0.65
		12-Jul-2019	Increase	28,146	0.06	348,066	0.70
		16-Jul-2019	Increase	44	0.00	348,110	0.70
		19-Jul-2019	Increase	14,033	0.03	362,143	0.73
		23-Jul-2019	Increase	28,129	0.06	390,272	0.79
		26-Jul-2019	Increase	27,586	0.06	417,858	0.85
		30-Sep-2019	Increase	2,285	0.00	420,143	0.85
		04-Oct-2019	Increase	1,381	0.00	421,524	0.85
		22-Nov-2019	Decrease	(65,693)	(0.13)	355,831	0.72
		13-Mar-2020	Decrease	(9)	0.00	355,822	0.72
		31-Mar-2020	At the end of the year	0	0.00	355,822	0.72
3.4	Dsp Tax Saver Fund	01-Apr-2019	At the beginning of the year	255,370	0.52	255,370	0.52
		04-Oct-2019	Decrease	(2,000)	0.00	253,370	0.51
		22-Nov-2019	Decrease	(28,438)	(0.06)	224,932	0.45
		13-Mar-2020	Decrease	(11)	0.00	224,921	0.45
		31-Mar-2020	At the end of the year	0	0.00	224,921	0.45
3.5	Dsp India T.I.G.E.R. Fund	01-Apr-2019	At the beginning of the year	67,242	0.14	67,242	0.14
		08-Nov-2019	Decrease	(9,983)	(0.02)	57,259	0.12
		22-Nov-2019	Decrease	(4,986)	(0.01)	52,273	0.11
		13-Mar-2020	Decrease	(2)	0.00	52,271	0.11
		31-Mar-2020	At the end of the year	0	0.00	52,271	0.11
<b>3</b>	<b>Total :</b>			<b>1,018,541</b>	<b>2.06</b>	<b>1,103,448</b>	<b>2.23</b>
4.1	Mirae Asset Focused Fund	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
		02-Aug-2019	Increase	533	0.00	533	0.00
		09-Aug-2019	Increase	65,459	0.13	65,992	0.13
		16-Aug-2019	Increase	24,315	0.05	90,307	0.18
		23-Aug-2019	Increase	4,356	0.01	94,663	0.19

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4.1		30-Aug-2019	Increase	13,650	0.03	108,313	0.22
		06-Sep-2019	Increase	1,844	0.00	110,157	0.22
		20-Sep-2019	Increase	5,010	0.01	115,167	0.23
		27-Sep-2019	Increase	6,318	0.01	121,485	0.25
		11-Oct-2019	Increase	275	0.00	121,760	0.25
		18-Oct-2019	Increase	30,285	0.06	152,045	0.31
		25-Oct-2019	Increase	576	0.00	152,621	0.31
		08-Nov-2019	Increase	10,720	0.02	163,341	0.33
		15-Nov-2019	Increase	26,819	0.05	190,160	0.38
		22-Nov-2019	Increase	57,070	0.12	247,230	0.50
		29-Nov-2019	Increase	176	0.00	247,406	0.50
		06-Dec-2019	Increase	38,809	0.08	286,215	0.58
		13-Dec-2019	Increase	267	0.00	286,482	0.58
		20-Dec-2019	Increase	8,380	0.02	294,862	0.60
		27-Dec-2019	Increase	14,967	0.03	309,829	0.63
		10-Jan-2020	Increase	844	0.00	310,673	0.63
		17-Jan-2020	Increase	2,803	0.01	313,476	0.63
		07-Feb-2020	Increase	35,000	0.07	348,476	0.70
		14-Feb-2020	Increase	21,025	0.04	369,501	0.75
		21-Feb-2020	Increase	7,481	0.02	376,982	0.76
28-Feb-2020	Increase	7,290	0.01	384,272	0.78		
06-Mar-2020	Increase	1,709	0.00	385,981	0.78		
13-Mar-2020	Increase	17,488	0.04	403,469	0.82		
31-Mar-2020	At the end of the year	0	0.00	403,469	0.82		
4.2	Mirae Asset Midcap Fund	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
		20-Sep-2019	Increase	3,847	0.01	3,847	0.01
		27-Sep-2019	Increase	764	0.00	4,611	0.01
		11-Oct-2019	Increase	538	0.00	5,149	0.01
		18-Oct-2019	Increase	37,934	0.08	43,083	0.09
		01-Nov-2019	Increase	16,008	0.03	59,091	0.12
		08-Nov-2019	Increase	13,909	0.03	73,000	0.15
		15-Nov-2019	Increase	5,702	0.01	78,702	0.16
		22-Nov-2019	Increase	6,406	0.01	85,108	0.17
		29-Nov-2019	Increase	21	0.00	85,129	0.17
		06-Dec-2019	Increase	7,477	0.02	92,606	0.19
		13-Dec-2019	Increase	4,689	0.01	97,295	0.20
		27-Dec-2019	Increase	34	0.00	97,329	0.20

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
4.2		31-Dec-2019	Increase	1,439	0.00	98,768	0.20
		10-Jan-2020	Increase	12,000	0.02	110,768	0.22
		17-Jan-2020	Increase	5,809	0.01	116,577	0.24
		07-Feb-2020	Increase	27,000	0.05	143,577	0.29
		14-Feb-2020	Increase	10,000	0.02	153,577	0.31
		21-Feb-2020	Increase	863	0.00	154,440	0.31
		28-Feb-2020	Increase	6,525	0.01	160,965	0.33
		06-Mar-2020	Increase	686	0.00	161,651	0.33
		13-Mar-2020	Increase	5,000	0.01	166,651	0.34
		31-Mar-2020	At the end of the year	0	0.00	166,651	0.34
4.3	Mirae Asset Emerging Bluechip Fund	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
		18-Oct-2019	Increase	33,008	0.07	33,008	0.07
		25-Oct-2019	Increase	1,000	0.00	34,008	0.07
		01-Nov-2019	Increase	94,163	0.19	128,171	0.26
		08-Nov-2019	Increase	71,457	0.14	199,628	0.40
		22-Nov-2019	Increase	42,595	0.09	242,223	0.49
		29-Nov-2019	Increase	5	0.00	242,228	0.49
		06-Dec-2019	Increase	14,000	0.03	256,228	0.52
		20-Dec-2019	Increase	8,429	0.02	264,657	0.54
		27-Dec-2019	Increase	84,816	0.17	349,473	0.71
		03-Jan-2020	Increase	49,874	0.10	399,347	0.81
		10-Jan-2020	Increase	17,450	0.04	416,797	0.84
		07-Feb-2020	Increase	36,182	0.07	452,979	0.92
		14-Feb-2020	Increase	6,507	0.01	459,486	0.93
		21-Feb-2020	Increase	20,000	0.04	479,486	0.97
		06-Mar-2020	Increase	3,500	0.01	482,986	0.98
13-Mar-2020	Increase	45,000	0.09	527,986	1.07		
31-Mar-2020	At the end of the year	0	0.00	527,986	1.07		
<b>4</b>	<b>Total :</b>			<b>0</b>	<b>0.00</b>	<b>1,098,106</b>	<b>2.22</b>
5.1	Uti-Mnc Fund	01-Apr-2019	At the beginning of the year	226,404	0.46	226,404	0.46
		31-Mar-2020	At the end of the year	0	0.00	226,404	0.46
5.2	Uti-Mastershare Unit Scheme	01-Apr-2019	At the beginning of the year	641,007	1.30	641,007	1.30
		31-Mar-2020	At the end of the year	0	0.00	641,007	1.30

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
5.3	Uti-Master Equity Plan Unit Scheme	01-Apr-2019	At the beginning of the year	91,000	0.18	91,000	0.18
		31-Mar-2020	At the end of the year	0	0.00	91,000	0.18
5.4	Uti- Infrastructure Fund	01-Apr-2019	At the beginning of the year	91,000	0.18	91,000	0.18
		31-Mar-2020	At the end of the year	0	0.00	91,000	0.18
<b>5</b>	<b>Total :</b>			<b>1,049,411</b>	<b>2.12</b>	<b>1,049,411</b>	<b>2.12</b>
6.1	Franklin India Prima Fund	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
		13-Dec-2019	Increase	783,689	1.59	783,689	1.59
		31-Mar-2020	At the end of the year	0	0.00	783,689	1.59
6.2	Franklin Templeton Mutual Fund A/C Franklin India Taxshield	01-Apr-2019	At the beginning of the year	108,078	0.22	108,078	0.22
		20-Sep-2019	Decrease	(108,078)	(0.22)	0	0.00
		31-Mar-2020	At the end of the year	0	0.00	0	0.00
6.3	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	01-Apr-2019	At the beginning of the year	833,689	1.69	833,689	1.69
		26-Apr-2019	Decrease	(50,000)	(0.10)	783,689	1.59
		13-Dec-2019	Decrease	(783,689)	(1.59)	0	0.00
		31-Mar-2020	At the end of the year	0	0.00	0	0.00
6.4	Franklin Templeton Mutual Fund A/C Franklin India Equity Fund	01-Apr-2019	At the beginning of the year	350,000	0.71	350,000	0.71
		05-Apr-2019	Decrease	(50,000)	(0.10)	300,000	0.61
		26-Apr-2019	Decrease	(86,660)	(0.18)	213,340	0.43
		03-May-2019	Decrease	(4,480)	(0.01)	208,860	0.42
		10-May-2019	Decrease	(19,000)	(0.04)	189,860	0.38
		31-May-2019	Decrease	(84,703)	(0.17)	105,157	0.21
		07-Jun-2019	Decrease	(105,157)	(0.21)	0	0.00
		31-Mar-2020	At the end of the year	0	0.00	0	0.00
6.5	Franklin India Smaller Companies Fund	01-Apr-2019	At the beginning of the year	280,671	0.57	280,671	0.57
		19-Apr-2019	Decrease	(10,000)	(0.02)	270,671	0.55
		23-Jul-2019	Decrease	(24,000)	(0.05)	246,671	0.50
		26-Jul-2019	Decrease	(133,484)	(0.27)	113,187	0.23



Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
6.5		13-Sep-2019	Decrease	(113,187)	(0.23)	0	0.00
		31-Mar-2020	At the end of the year	0	0.00	0	0.00
<b>6</b>	<b>Total :</b>			<b>1,572,438</b>	<b>3.18</b>	<b>783,689</b>	<b>1.59</b>
7.1	First State Indian Subcontinent Fund	01-Apr-2019	At the beginning of the year	689,971	1.40	689,971	1.40
		01-Nov-2019	Decrease	(33,396)	(0.07)	656,575	1.33
		31-Mar-2020	At the end of the year	0	0.00	656,575	1.33
<b>7</b>	<b>Total :</b>			<b>689,971</b>	<b>1.40</b>	<b>656,575</b>	<b>1.33</b>
8.1	Pi Opportunities Fund I	01-Apr-2019	At the beginning of the year	490,650	0.99	490,650	0.99
		31-May-2019	Increase	28,067	0.06	518,717	1.05
		07-Jun-2019	Increase	55,000	0.11	573,717	1.16
		14-Jun-2019	Increase	9,385	0.02	583,102	1.18
		21-Jun-2019	Increase	20,000	0.04	603,102	1.22
		10-Jan-2020	Decrease	(41,110)	(0.08)	561,992	1.14
		31-Mar-2020	At the end of the year	0	0.00	561,992	1.14
<b>8</b>	<b>Total :</b>			<b>490,650</b>	<b>0.99</b>	<b>561,992</b>	<b>1.14</b>
9.1	The Scottish Oriental Smaller Companies Trust plc	01-Apr-2019	At the beginning of the year	573,237	1.16	573,237	1.16
		01-Nov-2019	Decrease	(28,979)	(0.06)	544,258	1.10
		31-Mar-2020	At the end of the year	0	0.00	544,258	1.10
<b>9</b>	<b>Total :</b>			<b>573,237</b>	<b>1.16</b>	<b>544,258</b>	<b>1.10</b>
10.1	The New India Assurance Company Limited	01-Apr-2019	At the beginning of the year	574,623	1.16	574,623	1.16
		23-Jul-2019	Decrease	(20,108)	(0.04)	554,515	1.12
		02-Aug-2019	Decrease	(3,000)	(0.01)	551,515	1.12
		09-Aug-2019	Decrease	(47,000)	(0.10)	504,515	1.02
		20-Sep-2019	Decrease	(2,524)	(0.01)	501,991	1.02
		27-Sep-2019	Decrease	(6,493)	(0.01)	495,498	1.00
		30-Sep-2019	Decrease	(983)	0.00	494,515	1.00
		31-Mar-2020	At the end of the year	0	0.00	494,515	1.00
<b>10</b>	<b>Total :</b>			<b>574,623</b>	<b>1.16</b>	<b>494,515</b>	<b>1.00</b>

Increase refers to Purchase/Decrease refers to Sale

**(V) Shareholding of Directors and Key Managerial Personnel**

Serial no	Name of the Shareholder	Date	Reason / (Particulars)	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
1.1	Prakash Manjanath Telang (ceased w.e.f 16.05.2019)	01-Apr-2019	At the beginning of the year	1,000	0.00	1,000	0.00
		31-Mar-2020	At the end of the year	0	0.00	1,000	0.00
<b>1</b>	<b>Total :</b>			<b>1,000</b>	<b>0.00</b>	<b>1,000</b>	<b>0.00</b>

**DETAILS OF KEY MANAGERIAL PERSONNEL**

1.1	Manish Bhatnagar	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
		31-Mar-2020	At the end of the year	0	0.00	0	0.00
<b>1</b>	<b>Total :</b>			<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
2.1	Anurag Bhagania	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
		31-Mar-2020	At the end of the year	0	0.00	0	0.00
<b>2</b>	<b>Total :</b>			<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
3.1	Ranjan Kumar	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
3.1		31-Mar-2020	At the end of the year	0	0.00	0	0.00
<b>3</b>	<b>Total :</b>			<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

**(V) Indebtedness**

Indebtedness of the Company including interest outstanding / accrued but not due for payment. The Company had no indebtedness with respect to long or short borrowings as on March 31,2020

**(VI) Remuneration of Directors and Key Managerial Personnel (KMPs)****A. Remuneration to Managing Director (MD), Whole-Time Directors and/or Manager**

₹ in Million

S. No	Particulars of Remuneration	Names of Managing Director (MD), Whole-Time Directors and/or Manager		
		Manish Bhatnagar MD	Carl Orstadius MD	Total
<b>1</b>	<b>Gross Salary</b>	21.77	-	21.77
	a Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	21.77	-	21.77
	b Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	c Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
<b>2</b>	<b>Stock Option</b>	-	0.85	0.85
<b>3</b>	<b>Sweat Equity</b>	-	-	-
<b>4</b>	<b>Commission</b>	-	-	-
	% of Profit	-	-	-
	Others ( specify)	-	-	-
<b>5</b>	<b>Others. Please specify</b>	-	-	-
	Leave Encashment	-	-	-
	Deferred Benefits (PF & Superannuation)	1.42	-	1.42
	Long Term Incentive Scheme / ASTVS	-	-	-
	Performance Linked incentives / STVS	2.43	-	2.43
	<b>Total</b>	<b>25.62</b>	<b>0.85</b>	<b>26.47</b>
	Ceiling as per Act	240.87		

Mr. Carl Orstadius received payment towards stock option during the financial year. He ceased from the Board of the Company w.e.f 16.08.2018

**B. Remuneration to Other Directors**

₹ in Million

S. No	Particulars of Remuneration	Names of other Directors					Total
		R. Makhija*	P.M. Telang*	P.R. Menon*	Anu Wakhlu	Gopal Subramanyam	
<b>1</b>	<b>Independent Directors</b>						
	Fee for attending Board / Committee meetings	0.115	0.16	0.16	0.44	0.49	
	Commission	0	0	0	1.326	1.62	
	Others, please specify	0	0	0	0	0	
	<b>Total (A)</b>	<b>0.115</b>	<b>0.16</b>	<b>0.16</b>	<b>1.766</b>	<b>2.11</b>	<b>4.311</b>
<b>2</b>	<b>Other Non-Executive Directors</b>						
	Fee for attending Board / Committee Meetings	-	-	-	-	-	
	Commission	-	-	-	-	-	
	Others, please specify	-	-	-	-	-	
	<b>Total (B)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>Total (A+B)</b>	<b>0.115</b>	<b>0.16</b>	<b>0.16</b>	<b>1.766</b>	<b>2.11</b>	<b>4.311</b>
	<b>Total managerial remuneration</b>						
	Overall ceiling as per the Act						48.17

\* Ceased to be Directors effective 16.05.2019

Mr. Aldo Cedrone, Mr. Bernd Stephan and Mr. Werner Hoffmann are not entitled for any remuneration during the financial year 2019-20

## C. Remuneration to Key managerial Personnel (KMPs) other than MD/Manager/WTD

S. No	Particulars of Remuneration	Names of KMPs				Total
		Chandramowli S. CFO (ceased from 24.7.2019)	P. Bhandari CS (ceased from 1.8.2019)	Anurag Bhagania-CFO (appointed from 1.6.2019)	Ranjan Kumar - CS (appointed from 1.8.2019)	
<b>1</b>	<b>Gross Salary</b>	10.86	2.31	10.29	4.40	27.86
	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	10.86	2.31	10.29	4.40	27.86
	Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-	-	-
	Profits in lieu of salary under Section 17(3) Income tax Act, 1961	-	-	-	-	-
<b>2</b>	<b>Stock Option</b>	-	-	-	-	-
<b>3</b>	<b>Sweat Equity</b>	-	-	-	-	-
<b>4</b>	<b>Commission</b>					-
	- % of Profit	-	-	-	-	-
	- Others ( specify)	-	-	-	-	-
<b>5</b>	<b>Others, Please specify</b>					-
	Leave Encashment	-	-	-	-	-
	Deferred Benefits (PF & Superannuation)	-	-	-	-	-
	Long Term Incentive Scheme / ASTVS	0.10	0.04	0.78	0.44	1.36
	Performance Linked incentives / STVS	-	(0.25)			(0.25)
	<b>Total</b>	<b>(0.73)</b>	<b>(0.38)</b>	<b>1.07</b>	<b>0.44</b>	<b>0.40</b>
		<b>21.09</b>	<b>4.03</b>	<b>22.43</b>	<b>9.68</b>	

## (VII) Penalties / Punishment / Compounding of Offences

During the year under review, no penalties were levied against the Company or its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company or its Directors.

Bengaluru  
May 7, 2020

For and on behalf of the Board  
SKF India Limited

Gopal Subramanyam  
Chairman  
DIN: 06684319

## Annexure VIII – to the Directors' Report

**Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014**

**Disclosures**

**A. CONSERVATION OF ENERGY**

SKF India is committed to its “environmental care” principal by conserving electrical energy and subsequently reducing GHG emission. Project “SustEn 6” was launched in 2019 under six sigma umbrella structure in line with ISO50001 guide lines.

**1. THE STEPS TAKEN OR IMPACT ON CONSERVATION OF ENERGY;**

Following important energy conservation activities were carried out at Pune, Bengaluru and Haridwar plants.

**1.1 Pune**

- Identified significant energy user areas in the manufacturing processes such as Grinding channels (32%) compressors (18%), Heat treatment furnaces (17%), Central utilities (17%), HVAC (8%) through energy review process.
- Total 72 energy conservation activities identified and completed to reduce the fixed portion of energy (Background Energy) and make it variable and proportional to the bearing delivery volumes.
- The electrical energy consumption has reduced from 35.8 GWH (2018) to 32.7 GWH (2019) resulting in 9% energy reduction despite adding new T9, HBU3 channels and new Aichelin unitherm furnace, which were under trials for series production.
- During six sigma umbrella project, major energy saving activities were carried out by optimizing motor capacity and duty cycle on grinding machines and use of IE4 energy efficiency class motors.
- As a part of major energy conservation project, low pressure energy efficient compressors of 750 CFM each are installed to cater to pneumatic operations requiring low compressed air pressure.
- One 1000 CFM old compressor is replaced with high energy efficient screw compressor.
- With the help of new ultrasonic air leak detector, 460 CFM worth of compressed air leakages arrested resulted in 6% saving in compressed air.
- On-line real-time energy monitoring system installed last year is upgraded to give proactive alerts based on specific energy consumption of a channel in the form of emails/

SMS. Some energy saving projects were derived from these alerts.

- Major planned maintenance activities on 5 furnaces were carried out to minimize heat losses through the furnace walls.
- The plant electrical power factor was maintained at 0.997 Lag to maximize savings due to power factor incentive mechanism.
- Most of the grinding and honing machines are programmed with “Energy Saving Mode” and the messages are displayed on machine HMLs.

**1.2 Bengaluru**

- Identified various energy conservation projects in the area of compressors, HVACs and grinding channels and shop floor illumination.
- The total energy consumption reduced from 20.5 to 19.3 GWH, reduction of 6% over 2018.
- Installation and commissioning of energy efficient low-pressure compressor two nos. (1090 CFM and 360 CFM).
- CH 07, 08 and Small lot channel low pressure compressed air network line implemented.
- 60 High pressure compressor air points were converted to low pressure points.
- To improve Chiller efficiency replaced existing old cooling tower with energy efficient 400TR cooling tower.
- Energy efficient motor with VFD installed for BL 04 new honing oil filtration system.
- In line with SKF Group Sustainability drive, company had successfully reduced CO<sub>2</sub> emission in 2019-20 by 746 Tons by implementing various projects in energy conservation, and majorly by bilateral power (power wheeling from Hydel and wind source and Roof top and Off site solar).

**1.3 Haridwar**

- Identified various energy conservation projects in the area of compressed air, grinding channels and shop floor illumination.
- Downsizing of hydraulic powerpack motors for honing machines.
- Localized air pressure boosters on assembly and quality equipment to avoid increase of compressed air pressure on central compressor system.



- Eliminated 110 compressed air leakages in the shop floor.
- Installation of LEDs for 50% of the areas.
- Automatic power factor corrector installed to improve power factor from 0.97 to 0.99.
- Electrical consumption reduced from 8.27 GWH to 8.14 GWH, 1.5% reduction over previous year.

## 2. THE STEPS TAKEN BY THE COMPANY FOR UTILIZING ALTERNATE SOURCES OF ENERGY;

SKF India is committed to maximize renewable sources such as solar, hydal and wind in Pune, Bengaluru and Haridwar.

- SKF Pune is working towards farm solar energy captive generation plant of 8.4 MWp capacity and will generate @13.2 GWH of solar energy.

Roof top solar plant of 1.1MWp capacity at Pune has delivered 1.4 GWH units which is 4.1% of the total requirement contributing to reduction in Co2 emission of 994 tons as per the new GHG guidelines. With better operation and maintenance of the plant, SKF Pune will maintain the solar generation in the coming areas.

In the next financial year SKF Pune is intending to use 30% of its total consumption as the renewable energy component.

- SKF Bengaluru is already using solar energy quantum of 13.5 GWH through the open access farm solar contract.

The roof top solar power plant generated 1.16 GWH of solar energy.

The total renewable energy quantum is 15.7 GWH including solar, wind and hydal, which is 81% of the annual requirement.

- The SKF Haridwar plant is exploring the option of rooftop solar plant this year. The total renewable energy quantum for SKF India will be @ 45% of the total energy requirement.

## 3. The capital investment on energy conservation equipment;

SKF Pune and Bengaluru plant invested ₹21 million for purchasing energy efficient low pressure and high-pressure compressors during this financial year.

## B. TECHNOLOGY ABSORPTION

### 1. THE EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION BY THE COMPANY;

#### 1.1 Pune

##### Product and Process Development/improvement and Import Substitution :

- Development of Automatic Visual inspection at TRB channel
- Data Matrix Code implementation for traceability
- New product development for Truck Wheel End : Split Truck HUB Units (sTHU)
- Development of SABB Product on DGBB channel.
- Bearings with Carbo nitriding Heat Treatment Technology.
- Digitalization – Implementation of CMS on all channels.
- Robotic Assembly on mTRB channel for Super precision Pinion Unit bearings.
- Development of New mDGBB channel with capability of Producing Application Specific Products.

##### Imported Technology

- New Third Generation Wheel Bearing (HUBIII) Manufacturing Line has been installed in 2017 and technology is fully absorbed.

##### Cost reduction :

- Installation and use of 3D printing technology to reduce tooling cost and development lead time.
- Implementation of Gantry system for mTRB rings on new TRB Channel.
- Centralized Greasing system in DGBB Channels.

#### 1.2 Bengaluru

##### Product and Process Development/improvement and Import Substitution :

- Greasing and weighing Machines from DMI Italy installed to Prevent Greasing Customer Complaints
- Bore and OD Inspection Checking Machine installed at end of Channels to Prevent Customer Complaints
- Obsolete Electronic Control System of Channel Machines Upgraded with Mitsubishi Control Systems
- Vacuum Washing System installed to improve Quality Level.

- Data Matrix code System implemented for traceability.
- Marposs System Introduced for Smaller Bore dia Products
- Online condition Monitoring System

#### New Products developments

- Two DGBB and One VAS Product Launched .

#### Imported Technology

- Bearings washing technology imported . Year of Absorption 2019.

Implemented - 30% implemented. Phase wise investment planned and will be implemented by 2021

- Data matrix code system technology Imported. Year of Absorption 2020: 100% implemented
- Greasing Technology imported . Year of Absorption 2018 :

Implemented 40% : Phase wise investment planned and will be implemented by 2021

#### Cost reduction :

- Face Grinder machine Modified for VAS Products
- 3D Printed Tooling introduced
- Advanced Abrasives and Honing Stones introduced
- Automation SOBC Paste filling
- Automation of Mould Opening, RAB Needle Filling, Bush Pressing in DGBB and Clutch Lifter Assembly
- Cost saving in Direct Materials through localization and Design Change (Components)

### 1.3 Haridwar

#### Improvements through use of Upgraded Technologies Product and Process Development/improvement and Import Substitution :

- Design improvement in tooling to *eliminate risk of defect generation at caging machines*
- Electronic upgradation of pairing machine with latest technology hardware & software to increase machine uptime
- Safety curtain installed on machines *to prevent accident & improve human safety*
- Latest technology for balancing of wheels installed on 2 machine centerless grinding & SGB groove grinding machine *to improve grinding quality*
- Upgraded software installed for in-process gauge on bore grinding machine *due to technology obsolesce*
- Modification in software & hardware of grinding machines with latest *technology to avoid accidents*
- Installation of new Counter inspection equipment for form measurement of incoming rings *to improve measuring capabilities*

- New generation vibration measurement software BVR+ installed on 2 machines for vibration checking machine *to improve measuring capabilities*
- Latest technology Laser marking machines procured *to improve marking quality*
- Deployment of Stability Tools and development of Subject Matter Experts

#### Cost reduction :

- Support in Cost saving in Direct Materials through localization and Design Change (Components)
- Development of Alternate Design Seals *for Direct Material Cost Saving*
- Alternate source of Imported Abrasives *for VA Cost Saving*

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- The Company continues to explore new product range to the overseas customers. Exports are mainly to automotive customers in Europe wherein the products are delivered mainly to four wheeler OEM's and also to Automotive & Industrial aftermarket in Europe, Asia and USA. In the current year, developed and launched some products in the Australia market also for industrial applications. Exports is ₹3,019 million which is about 11% per cent of the total sales and was affected adversely by the slowdown in automotive markets abroad.
- The information on foreign exchange earnings and outgo is as below:

Earnings in foreign exchange is ₹3,338 million, comprising of exports of ₹3,019 million and technical and other service income and reimbursement of expenses ₹319 million.

- Outgo in foreign currency-purchase of finished products ₹ 9,070 million; purchase of components, stores, capital goods ₹ 1,505 million; royalty ₹ 439 million, trademark fee ₹ 279 million, IT services ₹271 million, professional fees, travel and other expenses ₹ 90 million and dividend remitted ₹312 million.

For and on behalf of the Board

SKF India Limited

Gopal Subramanyam

Chairman

DIN: 06684319

Bengaluru  
May 7, 2020

# Business Responsibility Report

## 2019-20

Pursuant to Regulations 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### INTRODUCTION

Sustainability is on the agenda of the SKF Group's functioning and we strive towards imbuing the same into our daily operations. We have embarked on the journey of developing this business responsibility report based on the suggested framework of SEBI. Sustainability is one of the key strategic drivers of business at SKF and we align sustainability with SKF care. Business, Environment, Employees and Communities are four dimensions of SKF care and we aspire to create shared value among these dimensions through our operations.

We consider this as an opportunity to communicate our performance and progress across environmental, social and governance aspects. This report for 2019-20 is our Fourth year of publishing the business responsibility (BR) report. Through this report, we are committed to monitoring and reporting on the non-financial parameters and thereby maintain confidence and trust of all our stakeholders' elemental for our continued growth.

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company: L29130MH1961PLC011980
- Name of the Company: SKF INDIA LIMITED
- Registered address: SKF India Limited, Mahatma Gandhi Memorial Building, Netaji Subhash Road, Charni Road (W), Mumbai - 400 002
- Website : <https://www.skf.com/in>
- E-mail id : [investors@skf.com](mailto:investors@skf.com)
- Financial Year reported: April 2019 to March 2020
- Sector(s) that the Company is engaged in (industrial activity code- wise): class sector

Class	Sector
2814	Bearings and its component

- List three key products/services that the Company manufactures /provides as per the Balance Sheet for the financial year ended on March 31, 2020

Following are the Key products provided by SKF India Limited as per the Balance Sheet for the financial year ended on March 31, 2020:

- Ball Bearing
- Hub Bearing
- Taper Roller Bearing

- Total number of locations where business activity is undertaken by the Company
  - Number of International Locations - None
  - Number of National Locations - 3 Manufacturing Locations (Pune, Bengaluru and Haridwar).
- Markets served by the Company - SKF India Limited is present across the country and serves the national markets.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY (ALL VALUES IN INR)

- Paid up Capital - 494,379,630 INR
- Revenue from operations - 28,415,844,356 INR
- Total profit after taxes - 2,889,846,826 INR
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 2% of average profit before tax for previous 3 years
- List of activities in which expenditure in 4 above has been incurred.  
The above expenditure has been incurred in the following activities:
  - Training to Promote Nationally recognized Sports
  - Employment Enhancing Vocational Skills
  - Livelihood Enhancement
  - Empowering Women
  - Ensuring Environmental Sustainability
  - Promotion of Education

### SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?  
No, we do not have any subsidiaries.
- Whether the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).  
Not Applicable

c) Whether any other entity/entities (e.g. suppliers and distributors, among others.) that the Company does business with, participate in the BR initiatives of the Company?  
- No

d) If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Not Applicable

#### SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Name	DIN Number	Designation
Mr. Manish Bhatnagar	08148320	Managing Director

b) Details of the BR Head

Sr. no	Particulars	Details
1.	DIN Number (if applicable)	
2.	Name	Mr. Ranjan Kumar
3.	Designation	Company Secretary and Director Ethics, Legal & Internal Audit
4.	Telephone number	+ 91 20 66112231
5.	Email id	ranjan.kumar@skf.com

## 2. PRINCIPLE-WISE (AS PER NVGs) BR POLICY/POLICIES (REPLY IN Y/N)

### 1.1.1.1 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

S. No.	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words) we adhere to international standards and guidelines such as the United Nations' Global Compact's Ten Principles, the I LO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Companies and the International Chamber of Commerce (ICC).	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<p>The links for the policy to be viewed online are provided below:</p> <p>P1, P3 – The links for the policy to be viewed online are provided below:</p> <ul style="list-style-type: none"> <li>P1 to P9 common for all –<a href="https://www.skf.com/binaries/pub12/Images/0901d19680a88e0e-ENGLISHSKFCode2019_EN_new_tcm_12-553904.pdf">https://www.skf.com/binaries/pub12/Images/0901d19680a88e0e-ENGLISHSKFCode2019_EN_new_tcm_12-553904.pdf</a></li> <li>P1 : <a href="http://www.skf.com/in/our-company/organization/skf-commitment/vision-mission-drivers-values/index.html">http://www.skf.com/in/our-company/organization/skf-commitment/vision-mission-drivers-values/index.html</a></li> <li>P1- <a href="https://www.skf.com/binaries/pub12/Images/0901d196809a699a-Vigil-Mechanism-Policy-April-2019_1115_tcm_12-526427.pdf">https://www.skf.com/binaries/pub12/Images/0901d196809a699a-Vigil-Mechanism-Policy-April-2019_1115_tcm_12-526427.pdf</a></li> <li>P2, P6 – <a href="https://www.skf.com/binaries/pub12/Images/0901d196809c46aa-EHS-policy_tcm_12-543439.pdf">https://www.skf.com/binaries/pub12/Images/0901d196809c46aa-EHS-policy_tcm_12-543439.pdf</a></li> </ul>								

		<ul style="list-style-type: none"> <li>• P2 - <a href="https://www.skf.com/binaries/pub12/Images/SKF%20Code%20of%20Conduct%20for%20suppliers%20and%20sub-contractors_English%20version%201_tcm_12-45396.pdf#cid-45396">https://www.skf.com/binaries/pub12/Images/SKF%20Code%20of%20Conduct%20for%20suppliers%20and%20sub-contractors_English%20version%201_tcm_12-45396.pdf#cid-45396</a></li> <li>• P7 - <a href="https://www.skf.com/group/organization/sustainability#cid-477807">https://www.skf.com/group/organization/sustainability#cid-477807</a></li> <li>• P8 - <a href="https://www.skf.com/binaries/pub12/Images/0901d196809a69e4-SKFIndiaCSRPolicy2019_1115-%283%29_tcm_12-526429.pdf">https://www.skf.com/binaries/pub12/Images/0901d196809a69e4-SKFIndiaCSRPolicy2019_1115-%283%29_tcm_12-526429.pdf</a></li> <li>• P9 - <a href="http://www.skf.com/in/our-company/organization/skf-commitment/skf-group-quality-policy/index.html">http://www.skf.com/in/our-company/organization/skf-commitment/skf-group-quality-policy/index.html</a></li> </ul>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

**2a. If answer to Sr. no 1 against any principle, is 'No', please explain why:**

S. No.	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

**3. GOVERNANCE RELATED TO BR**

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. (Within 3 months, 3-6 months, Annually, More than 1 year). A strategic meet is conducted every year and a report on the BR performance presented annually. In addition to this, Managing Director covers a report on Environmental, Health and Safety (EHS) and other factors contributing to the BR performance in every meeting of the Board of Directors.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Company publishes its BR Report every year from Financial Year 2016-17

Please find link of BR Report for financial year 2018-19 which is part of SKF India Annual Report (Page 91 to 103).

[https://www.skf.com/binaries/pub12/Images/0901d19680975283-Annual\\_Report\\_2019\\_tcm\\_12-522727.pdf](https://www.skf.com/binaries/pub12/Images/0901d19680975283-Annual_Report_2019_tcm_12-522727.pdf)



## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

We believe that ethical behavior and good governance help an organization in building stakeholder confidence. Our business ethics require us to drive high ethical standards in our business, increase our accountability by performing our duties with honesty and integrity and acting in a responsible and professional manner to follow the practice of fair competition and treat everyone with respect.

#### 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

We have a well-defined Code of Conduct that requires full compliance with all applicable laws and regulations and exhibits our approach towards implementation of our core values – High ethics, Empowerment, Openness and Teamwork – across our four areas of responsibility mentioned below.

- To our customers, distributors and suppliers
- To our employees
- To society
- To our shareholders

Our Code of Conduct has been approved by our Board of Directors and its provisions are applicable to all the employees across the Company. We have also formulated a comprehensive Code of Conduct for our suppliers and sub-contractors which is extended to NGOs as well. Additionally, we have also implemented Whistle Blower Policy, Prevention of Insider Trading Policy, Conflict of Interest Policy, SKF Conflict Minerals Policy, SKF EHS Policy, SKF Group Social Policy and, various other policies to further strengthen our governance mechanism.

The objective is to remain committed and vigilant towards ethical conduct of business processes by increasing the awareness and instilling a sense of ownership. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

At SKF, we have an effective grievance redressal mechanism. Our Whistle Blower / Vigil Mechanism Policy aims at reviewing/ investigating all reported breach of our Code of Conduct while protecting the person(s) who has/ have raised the concern of potential breach. Apart from the opportunity for any employee or other stakeholder to approach the HR Manager, Director HR, Director – Ethics,

Legal & IA, Chairman of Audit Committee, or even the Managing Director, there is a phone line and email ID through which grievances can be reported. Employees or other stakeholders can even send direct mails to respective officials of the Company, as aforesaid. There have been instances wherein disciplinary action has been taken against employees for violation of Code of Conduct based on, among others, whistle blower complaints received. Details of investors queries and correspondence done during the year is shown in Corporate Governance Report of the Company. This year we have received 1962 compliant out 98.7 % complaint have been resolved. (Refer page 61-62 this annual report)

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.

The Company does not design products. Designing is done by the SKF Group which endorses both the Global Compact and the Universal declaration of Human Rights. Furthermore, SKF also adheres to ILO's Declaration considering multinational companies, and works to adhere to the OECD Guidelines for Multinational Enterprises.

Some of the examples of our group products designed in accordance to the above principles and, produced / sold in India are as below::

#### Drum Support Unit (DSU)

SKF Drum Support Unit (DSU) is modular solution to customer for washing machine drum support application. The SKF Drum Support Unit is the latest solution from SKF to improve the performance and manufacture of domestic washing machines. It has been developed specifically for use in front-loading washing models. This product is developed for front end washing machines for various load ranges.

The SKF Drum Support Unit is a single unit that comes with integrated bearings that are greased and sealed for life, so the number of assembly operations is reduced, and no additional machining operations are required. Despite its lighter weight compared with metal equivalents, the drum support unit is a robust, compact and low-maintenance design. As a result, the unit cuts manufacturing and assembly costs and efforts while delivering end users savings in terms of energy and improved performance.



2. For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product:

We are aware of the impacts our operations are going to have on our environment. We continue to adopt energy conservation initiatives and constantly strive to provide products, services and solutions which are environment friendly and socially viable. We take concerted efforts to minimize the impact on environment and support our Group's innovation and R&D team to deliver energy efficient solutions thereby enhancing our EHS performance.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? What percentage of your inputs was sourced sustainability?**

Our SKF Group EHS policy outlines guidelines for conservation and safeguarding of energy, water and natural resources for the entire supply chain and also promotes green procurement. All the raw materials for our manufacturing are sourced through steel mills. In India, the steel mills are actively participating in sustainability initiatives and developments. Two of the steel mills and six major suppliers are certified for ISO 50001:2011 (Energy Management System). This has resulted in 80% of our steel procurement through sustainable sourcing. Moreover, 80% of our capital expenditure procurement is conducted through sustainable sourcing.

SKF's EHS Policy requires suppliers and sub-contractors to adopt the principles of this policy. Suppliers and sub-contractors are made aware of the policy through various means (contract, training and awareness, among others) and are expected to work according to SKF specifications,

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes. Localization is of vital importance in our strategy. We encourage our local (within India) suppliers to improve their capability. We conduct various audits like:

- QT3 ( Quality techniques ) audit for new supplier quality approval
- Zero defect audit for improving supplier capability on quality
- Supply chain audit to improve supplier capacity
- Code of conduct for supplier & Subcontractor audit to care of all legal, social, environmental and safety aspects at supplier site

We have conducted workshops for local vendors focusing on spreading awareness on Code of Conduct, its need in the modern day and the legal requirements embedded in CoC4S. SKF values the contribution of local vendors in its businesses. Hence, we have conducted six workshops for 160+ participants on Code of Conduct for Suppliers.

TPM Cluster is also a supplier improvement activity run by us along with third party consultant. Vikas Sath, Unnati, Sathi are few initiatives which assist suppliers to improve their capability and capacity. All the activities are focused on direct material suppliers as they contribute maximum in purchasing procurement. However, for IDM (Indirect Material) commodity also we promote local & small producers which include packaging & tooling suppliers. Local & small producers contribute 50% of IDM buying value & 75% as Localization value (within India buying).

5. **Does the Company have mechanism to recycle products and waste? What is the percentage of recycling waste and products?**

Yes, we have a bearing re-manufacturing concept that contributes in a big way to life cycle optimization through up surging the service life of machines and thereby reducing costs. Bearing re-manufacturing also reduces our environmental impact due to the reduced material and energy requirement. This ultimately helps us achieve our aim of using knowledge engineering to deliver high quality solutions and ensures increased customer satisfaction. We recycle 100% of our returned bearings and processed raw materials by sending them to steel plants where they are being used as raw materials. We recycle 85% of our total waste.

**Principle 3: Businesses should promote the wellbeing of all employees**

We recognize that our success is the outcome of the competence and commitment exhibited by our employees to drive business. We are committed to providing an environment that is conducive for continuous development and wellbeing of all our employees. All our policies and practices promote this commitment. Our policies on leave, higher education, health care, career progression, flexible work hours, maternity / paternity benefits, multi-skill development, grievance redressal, human rights and employee relations are focused on ensuring overall wellbeing of our employees.

Our policies are reviewed annually to keep up with the aspirations of our employees as well as the changes in the external environment. We conduct several activities such as sports competitions, long service awards, celebration of festivals, and Kaizen competitions, among others, to boost employee engagement. Our leave provisions are a

benchmark in the industry. For the management staff, the sick leave is unlimited. We provide paternity leave and have initiated the 26-week maternity leave even before the 'Maternity Act' was amended. We pitch in concerted efforts for ensuring that our employees strike a perfect balance between their professional and personal commitments.

We have sponsored "Employee Assistance Program" which is designed for personal or family problems, including mental health, substance abuse, various addictions, marital problems, parenting problems, emotional problems, or financial or legal concerns. This is an independent counseling and resource service available 24/7 to employees via phone, e-mail or live chat. The service assists with personal issues that could interfere with health, happiness, & work. It provides counseling and family support, including legal and financial information. The personal information is kept confidential.

1. **Please indicate the Total number of employees. 1716**
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**  
  
**Temporary employees - 689; Contractual employees - 1228**
3. **Please indicate the number of permanent women employees. - 58**
4. **Please indicate the number of permanent employees with disabilities - 1**

#### **Benefits for employees:**

The permanent employees in management cadre can avail benefits related to leave, health insurance, higher education, flexible working time, superannuation scheme, travel, health checks etc. The unionized employees are governed by agreements reached in wage settlements for various benefits. For the temporary employees we ensure that leave, PF, gratuity, holidays, ESIC are compliant to the provisions of the law. We provide canteen and transport facility to our temporary and permanent employees likewise. 31 employees have received parental leave (Maternal/Paternal) benefits.

5. **Do you have an employee association that is recognized by management?**

Yes. We have employee / worker associations that are recognized by the management at Pune, Bengaluru and Haridwar factories.

There is no multiplicity of unions in the factories and all unions follow a democratic way of functioning, with periodic election of office bearers, committee and general body meetings. Management supports the unions in conducting the elections peacefully during working hours. SKF believes in nurturing the union and organizes various programs for the development of the union leaders and its members. Two members of the leadership team Pune union attend the 'World Council of Unions' meetings in Europe every year. Union and Management collaboration workshops are organized for strengthening the partnership in running the business.

6. **What percentage of your permanent employees is members of this recognized employee association?**

69% of our permanent employees are members of the recognized employee associations.

7. **Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in the last financial year and pending, as on the end of the financial year.**

S. No.	Category	No of Complaints filed during the financial year	No of complaints pending as on end of this financial year
1	Child labor/forced labor/involuntary labor	NIL	NIL
2	Sexual harassment	One	NIL
3	Discriminatory employment	NIL	NIL

At SKF, we strongly believe in the core values of the Group on Openness and nurture a culture of free and transparent communication at all levels. We believe in Gender neutrality and a policy has been framed accordingly. Every factory has an Internal Complaints Committee framed under the Prevention of Sexual Harassment Act. Further details on mechanisms for prevention of child labor and discriminatory employment are provided under Principle 5 of this report.

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

We consider our employees to be our most important assets and undertake initiatives to foster a culture of continuous growth. It is our constant endeavor to

empower them with safety and skill upgradation trainings to motivate professional and personal development.

Category	Average hours Skill upgradation Training	Safety Training
Permanent Employees	9	2
Permanent Women Employees	12	2
Temporary Employees	23	4
Contractual Employees	0	1
Employees with disabilities	3	2

**WORK INTEGRATED LEARNING PLAN – BITS, Pilani:** Eleven employees are undertaking this course on M.Tech in Design Engineering 2019-2021

**Higher Education Policy (DISHA):** One employee enrolled for B.Tech in Manufacturing Technology.

We believe in training our employees on a variety of behavioral competencies. To facilitate skill development and training, all three factories have dedicated training centers named as “Kushal”. These centers ensure continuous skill upgradation and technical knowledge enhancement among employees. Multi-skill development is an initiative to tap the potential of employees and enhance flexibility. Our factories at Pune and Haridwar have structured policies for promoting multi-skill development among employees and improve flexibility in operations. All permanent and temporary employees undergo structured ‘class room’ and ‘on the job’ induction programs. Our contractual employees also receive training from their contractors on the specific areas of their job.

**SKF College Campus :** At Pune we have a learning center (One of 5 such centers worldwide), where we design and deploy variety of technical / behavioral competency development, leadership development and high potential Employee

development programs. The objective of these programs is to equip our employees with the right skills and capabilities to deliver as expected. We also offer a combination of local and global development programs to ensure employees have the right opportunities to develop themselves and grow in the organization.

At SKF, we believe in providing continuous learning opportunities to our employees while they serve the organization. We have a Higher Education Policy and a Work Integrated Learning Program to enable our employees to build their professional capabilities and implement those learnings at work.

**External opportunities for learning:** Apart from the in-house programs, we encourage employees to attend external programs even at international levels. Even the operators are sent to organizations like Asia Plateau for self-development programs. Many of our managers attend programs run by premier institutes apart from seminars and workshops which provide them with unique learning experiences. Our Leaders are sent for programs conducted at SKF Globally, like the International Management Program, Global Leadership Program. Learning through participation in Global projects is also encouraged.

**Performance and Career Development:** We have a structured online process for Performance Management of the staff. Impetus is placed not only on the goal achievement by the employees but also on the behavior exhibited. Structured programs are conducted for critical talent development and succession planning. We have created Skill Matrics for workmen. This is used for skill assessment for workers every year through which we identify the training needs. For management staff, we have Individual Development Plan in place. The Circle Leader model in the Pune factory gives the capable operators an opportunity to exhibit their leadership capabilities in leading teams. We are having various leadership development programs, Manage lead and coach program in place

Average hours of training on:	Total Employees		Employees at Management level		Employees at Non-Management level		Temporary Employees		Contractual Employees		Permanent Employees with Disabilities	
	M	F	M	F	M	F	M	F	M	F	M	F
a) Safety	2	2	1	0	2	0	3	9	1	2	2	0
b) Skill Upgradation	7	13	3	1	3	0	24	60	0	2	3	0
c) Others Management trainings	-	-	14	15	-	-	-	-	-	-	-	-

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TO THE NEEDS OF ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE, AND MARGINALIZED.**

We are actively involved in developing and sustaining relationships with our key stakeholders. Our stakeholder engagement strategies have been designed in line with the needs of respective communities. Our engagement process with stakeholders serves a dual purpose of improved risk management and addressing stakeholder concerns to ensure better outcomes.

List the Stakeholder Engagements in the reporting period	Major topics covered in the Stakeholder Engagement	Frequency of the Stakeholder Engagement
Customers	Customer meets /Distributors exhibitions for Segments railways, Textile. Paper, Sugar, Small OEMs.	40 (Annually)
Customer	Site visit for physical verification of bearings and customer awareness for anti-counterfeit.	130
Distributors	Training on Handling Anti-counterfeit issues to Authorized distributors	118
Retailers	Training on Handling Anti-counterfeit issues to Retailer	25
Customers	Customer Dossiers	12 (Annually)
Suppliers	"Vikas Saath Saath" supplier productivity development program	Quarterly

**2. Has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

Yes. Through our CSR policy we have identified the disadvantaged, vulnerable and marginalized stakeholders as children in the surrounding communities, girl child, women and unemployed youth.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

Our CSR policy guides us on various initiatives that can be undertaken to engage with the disadvantaged, vulnerable and marginalized stakeholders. The key initiatives undertaken for the well-being of these stakeholders are:

- Providing Training to Promote Nationally recognized Sports
- Providing Employment Enhancing Vocational Skills
- Providing Livelihood Enhancement
- Empowering Women
- Ensuring Environmental Sustainability
- Promotion of Education
- Promotion of Sanitation.

Further details on these initiatives have been discussed under Principle 8 of this report.

**1. Has the Company mapped its internal and external stakeholders?**

Yes. We have mapped our internal and external stakeholders. Our internal stakeholders are our employees (contractual and temporary employees). Whereas our external stakeholders are our shareholders, customers, distributors, suppliers and community. We engage with our stakeholders on a regular basis to understand and address their concerns.

**PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**

We regard human rights as a top priority. We are tenacious to uphold and report transparently on human rights within our organization and our value chain. We ensure employee rights by requiring that all employees respect the human rights and forbid discrimination against or harassment of others based on race, caste, religion, nationality, gender, physical capability, marital status, sexual orientation, age, ancestry or other reasons.

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

We believe that it is our obligation to respect our employees and their rights as stated in our code of conduct. Our commitment to human and labor rights requires us to provide a safe and healthy workplace, offer a non-discriminatory environment, bring diversity across the organization, work actively against the use of child and forced labor, act against any form of harassment, ensure that we meet the minimum standards on wages and working hours and provide opportunities to employees for individual development.

Our Code of Conduct applies to all the Company employees, contractors and NGOs. We have a separate code of conduct for suppliers and sub-suppliers which



covers all major aspects of human rights and requires our 100% direct material suppliers to undergo an CoC4S (Code of Conduct for suppliers and sub-suppliers) audit evaluation. We have success stories which reflect the effectiveness of our Code of Conduct in terms of human rights.

Our Responsible sourcing team visit and audit suppliers for observing issues such as missing employment contract, wage disparity for women, not paying overtime wages and other benefits of employment like leave payment. It can also be about chemical handling, environmental pollution due to waste handling, or employee health and safety. This helps supplier to develop self for social and environmental compliance and adhere human rights

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

We believe in gender neutrality and our policy has been framed accordingly. We conduct gender sensitization programs for all employees to provide a non-threatening work environment. Recruitments, promotions and internal job postings are done through a transparent process which involves multiple levels to eliminate any possibility of discrimination. In case of any grievance related to discrimination, employees are free to approach either individually or through the union to the HR Manager, Factory Manager or Director HR.

All our factories comply with the all provisions of the Factories Act, 1948 with regards to Child Labor. We do not allow any person below the age of 18 to work in the factories, be it directly or indirectly. The HR officials verify the date of birth of all direct employees while the contractors do the same for contractual employees. We also adhere to the UN Convention on Human Rights and ensure that the human rights of all employees are protected.

We did not receive any stakeholder complaints related to violation of human Rights during the FY 2018-19.

The basis of SKF's Code of Conduct for Suppliers (CoC4S) is the respect of human rights in supply chain. It is a fundamental part of the supplier approval process and is uniform globally in the SKF universe. SKF CoC4S is applicable to all the suppliers (direct or indirect/Tier 1 & 2), service providers—irrespective of spend of business. It is a zero-tolerance policy and violation is strictly dealt with. No business relationship is initiated with a supplier/ service provider who does not consent to adhere to SKF's CoC4S. We ensure that our value chain respects the human rights of all the employees engaged (direct/indirect/ pay roll and/or contractual-migrant). Human rights with different angles of child labor, forced labor, discrimination, disciplinary practices, working hours, legal compensation, health and safety practices during manufacturing

are covered in CoC4S. In addition to this, impact on environment from manufacturing activity has been of pivotal importance in CoC4S reporting. A close look at the management commitment from suppliers for protection of human rights in their manufacturing set up as well as their respective supply chain is also reported in CoC4S. All the mentioned parameters are well defined and measured during the on-site/online audits & corrective action follow ups. All the direct material suppliers have to undergo the CoC4S audit evaluation (all new supplier for direct material, steel suppliers) and major suppliers of Indirect materials like packaging material, oil & lub, abrasive also need to undergo this evaluation before becoming a supplier to SKF. Even for customer approved suppliers, Code of Conduct audits has to be performed and there are no deviations to this rule. This is applicable for all business units in India.

SKF India has success stories which reflect the effectiveness of SKF CoC4S related to human rights like basic personal protective equipment (for women and contractual workers); legal wages for women employee & contractual employee; health check-up, insurance and social benefits will be ensured for all employees at supplier site through SKF CoC4S audits. We have conducted 53 audits of Suppliers code of conduct for enhanced legal compliance; better work environment to the contractual labor; equal pay for women employees; increase in environmental compliances.

**PRINCIPLE 6: BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT**

At SKF, we have a firm commitment towards protection of environment. We ensure that our processes and production units are energy-efficient and safe and our life-cycle analysis of products evaluate environmental aspects across the entire value chain.

**1. Does the policy related to Principle 6 cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

We are committed to minimize environmental impacts from our operations, services and products. Our environmental policy covers the Company and extends to our suppliers, contractors and NGOs. It has been developed to encourage the value chain to reduce its environmental impact.

**2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, and global warming, among others? If yes, give hyperlink for the web page etc.**

We at SKF, are determined to perform in a manner that not only ensures strong financial performance but also supports environmental sustainability. Under SKF care, environmental care is one of the most important principles.

We undertake various steps to address environmental impacts at different stages of our product 'life cycles and our entire value chain' on a periodic basis.

The 'SKF Beyond Zero' is our strategy for actively reducing the environmental impacts of our manufacturing operations, products and supplier actions. 'SKF Beyond Zero' also focuses on offering customers with new technologies, products and services with enhanced environmental performance characteristics through innovation.

We also work towards sustainable sourcing and transparency and have a dedicated supplier development organization. All our and major indirect material suppliers are mandated to undergo the SKF COC4S audit to ensure compliance with respect to emerging issues such as environmental management, REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), ROHS and prohibited substances like 3TG (Tungsten, Tantalum, Tin and Gold) by having policy for conflict Minerals.

Our global environmental targets as available on below link and applicable to SKF India.

<https://www.skf.com/in/organization/sustainability/environment-and-climate#cid-477810>

in line with environmental care principle of the SKF Group, we initiated "SustEn". "SustEn" (Sustainable Energy) focuses on the demand and supply side projects along with use of bilateral power trading of renewable and non-renewable energy sources and roof top solar installations. This has led to multiple benefits such as

- Reduction in specific energy consumption
- Reduction in GHG Emissions
- Improved renewable energy mix.

The SustEn Project started in year 2012, for conservation of electrical energy and reduce CO<sub>2</sub> emission associated with it, we have adapted three-pronged approach which includes

- Reduction in Energy consumption through Six Sigma projects.
- Bilateral power trading of sourcing
- Solar installations

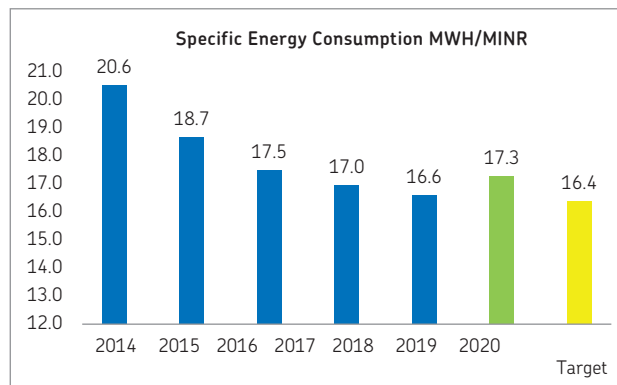
During the reporting year, in the 6th wave of SustEn project we have initiated 98 energy saving projects (Supply and demand side). Till March end 2019, We have completed 65 projects with savings of 43 MINR savings

were completed. In this year we have made following achievements.

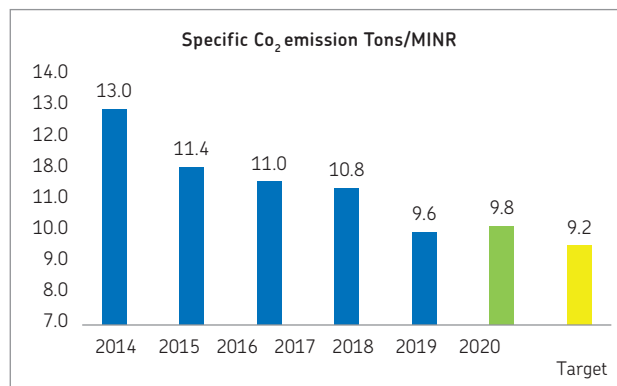
- We have done energy reduction projects at grinding channels, Compressors, HVACs and Heat treatment
- For Bengaluru plant, through farm solar open access procurement, we have used 81% renewable power. For Pune plant, we are working on Captive offsite farm solar project.

Our energy mix has improved year over year. Prior to year 2014, our energy requirements were sourced 100% from thermal (State grid). In 2019-20, our energy mix for renewable energy is 28% which includes green and solar energy. In 2019-20, Total CO<sub>2</sub> emissions from SKF plants was 33156 Tonne.

Following graph indicates the energy performance and CO<sub>2</sub> emission reduction trends in terms of specific energy consumption and specific CO<sub>2</sub> emission reduction on yearly basis. These values are measured and corrected to value added and considering CO<sub>2</sub> emission factor at 1MWh = 0.82 Tons.



- Specific energy consumption has improved by 16% in 2019 over the base of 2014.



**3. Does the Company identify and assess potential environmental risks?**

Yes, we have a mechanism to identify and assess potential environmental risks across our operations and in our value chain. We have adopted guidelines of SKF care principles which focus on the environmental aspects like energy, water, soil and air. The risks are identified in co-ordination with business heads and location teams and steps are taken to mitigate risks.

All forging and major suppliers are certified to ISO 14001 Environmental Management Systems (EMS) standard. As a part of EMS implementation, potential environmental risks are identified and appropriate mitigation strategies are implemented. For all energy intensive suppliers, we have mandated the ISO 50001 EnMS certificate to optimize energy consumption across our value chain.

**4. Does the Company have any project related to Clean Development Mechanism? Also, if Yes, whether any environmental compliance report is filed?**

We currently do not have any projects related to Clean Development Mechanism.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, among others.? If yes, please give hyperlink for web page etc.**

Yes, the initiatives are mentioned in Question 2  
For more information, kindly visit: [http://www.skf.com/in/our-company/organization/skf\\_care/environmental-care](http://www.skf.com/in/our-company/organization/skf_care/environmental-care)

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, all our manufacturing plants comply with the permissible limits of air emissions/ waste generation given by CPCB/ SPCB for the financial year.

Type of Waste Generated	Quantity of Waste Generated in the reporting period (MT/day)
	2019-20
Grinding Dust	4.8
ETP Sludge	0.05
Filter Papers	0.5
Waste / Spend Oil	0.5
Scrap Bearing components	1.8
Garbage / Factory rubbish	1.2
Corrugated boxes	0.2
Waste Wooden Material	1.1
Metal Scrap	0.3
Plastic Scrap	0.1
Gr. Wheel	0.1

**7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

We put in concerted efforts to minimize the impacts of our operations and have been consistent in complying with the regulatory standards of effluents, waste and emissions. In the financial year, there were no pending show cause/ legal notice received from CPCB/ SPCB.

**PRINCIPLE 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER**

We recognize our responsibility and the magnitude of influence our inputs can have on vital topics of our interest. Our active participation in important national level initiatives and associations are a testimony to our commitment towards responsible development. Through our memberships in the following associations, we seek to maintain a healthy dialogue with our stakeholders. We consider these forums as a platform to express our views to policymakers and other stakeholders on matters relevant to our business.

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

We are a member of the following associations:

- 1 Confederation of Indian industry
- 2 Society of Indian Automobile Manufacturers
- 3 Indian Wind Turbine Association
- 4 Indian Textile Manufacturers Association
- 5 Indian Machine Tools Manufacturers Association
- 6 Swedish Chambers of Commerce
- 7 GST Practitioner’s Association of Maharashtra
- 8 Condition Monitoring Society of India
- 9 Bengaluru Chamber of Industry and Commerce
- 10 IWTMA (Indian Wind Turbine Manufacturing Association)
- 11 Institute of Internal Auditors

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

If yes specify the broad areas.

As a member of the above associations, we contribute in the development and prosperity of the industry. Following are the topics we support our associations with these bodies:

Sr. No	Associations, Trade and chambers to which we are a member	Objective for which we have taken membership in these association for public good
1	Confederation of Indian industry	TPM, Quality, Sustainability, CSR, Sales, Industrial relations, Supplier TPM deployment and other admin issues related to the local industries
2	Society of Indian Automobile Manufacturers	Automotive, commodity prices
3	Indian Wind Turbine Association	Wind Industry and Policy updates and influence
4	Indian Textile Manufacturers Association	Textile industry updates and connect
5	Indian Machine Tools Manufacturers Association	Machine tool industry updates and connect
6	Swedish Chambers of Commerce	Association of Swedish companies in India
7	GST Practitioner's Association of Maharashtra	GST reviews and updates on indirect taxes
8	Condition Monitoring Society of India	To promote more Reliability of equipment.
9	Bengaluru Chamber of Industry and Commerce	Employee training and development
10	IWTMA (Indian Wind Turbine Manufacturing Association)	Wind Industry and Policy updates and influence Wind Industry and Policy updates and influence
11	Institute of Internal Auditors	Connect with the Internal Auditors community and sharing of knowledge and best practices

### PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT.

Community care and community development is of paramount importance to us. At SKF India Limited, we believe the communities we operate in represent our future market and workforce; when a society grows, SKF grows with it. Our vision is "To create a Positive change in the life of the communities where we are present, and through our activities create a meaningful difference from the recipients' perspective."

#### 1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8?

We have a Community care model in which the program is structured in accordance with United Nations Global compact principles and The Business Charter for Sustainable Development by International Chamber of Commerce. We are guided by the SKF Group's, SKF Social Policy which delineates a framework to undertake activities with an intent of holistic development of the society and its citizens. During the reporting period, we centred our attention primarily towards education, health, sports and social well-being. We shouldered the following initiatives which catered the society with socio-economic and inclusive development:

- Providing Training to Promote Nationally recognize Sports.
- Employment Enhancing Vocational Skills
- Empowering Women
- Livelihood enhancement
- Promotion of Education
- Environmental Sustainability
- Promotion of Sanitation.

#### 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The programmes are undertaken by our in-house team in collaboration with different clubs, foundations and NGOs.

Activity/ Initiative	Undertaken through:
Employment Enhancing Vocational Skills	Don Bosco Vyavasaiik Prashikshan Sanstha, Sambhav Foundation, Symbiosis Open Education Society North East Knowledge Foundation, IMC ITI Bavla Ahmedabad (all NGOs'),
Empowering Women	Gramin Shamik Prathisthan (NGO)
Ensuring Environmental Sustainability	Green Thumb NGO, United way Bengaluru NGO,
Livelihood Enhancement	I-CREATE NGO
Promotion of Education	Pratham NGO Computer Shiksha NGO
Training to Promote Nationally recognized Sports	FC Pune City Football Club, United way Mumbai NGO, Kahaani Professional football club Kahaani time foundation
Promotion of healthcare and sanitation	Habitat for Humanity India

#### 3. Have you done any impact assessment of your initiative?

Impact assessment is conducted for Three flagship CSR initiatives named 'Education through Sports', 'Education through Skill Development' and 'Empowering Women'. This assessment is done by External agency, learnings from the same are taken ahead.



**4. What is your company’s direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

Our contribution towards community development for the current financial year was allocated as follows:

Initiatives undertaken by SKF India Limited for Supporting Inclusive Development	Amount contributed directly in the initiative by SKF India Limited in Million INR
Employment Enhancing Vocational Skills	40.5
Empowering Women	16.1
Ensuring Environmental Sustainability	9.1
Promotion of Education	4.86
Training to Promote Nationally recognize Sports	13.8
Promotion of healthcare and sanitation	1.4

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Based on our vision, we embark our Community care program with a mission which emphasizes on three broad focus areas – ‘Education, Empowerment, Environment.’

We ensure that the initiatives and the developmental activities are successfully implemented in the communities through newspaper advertisement, community visits and connection through education officers in municipal corporations. We are doing this community development project with various NGOs and Universities.

**PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER.**

We, at SKF India Limited put concerted efforts to ensure customer satisfaction through marketing products, services and solutions by:

- Operating capable, reliable and efficient business processes.
- Applying continuous improvement throughout the organization, with the objective of zero defect.

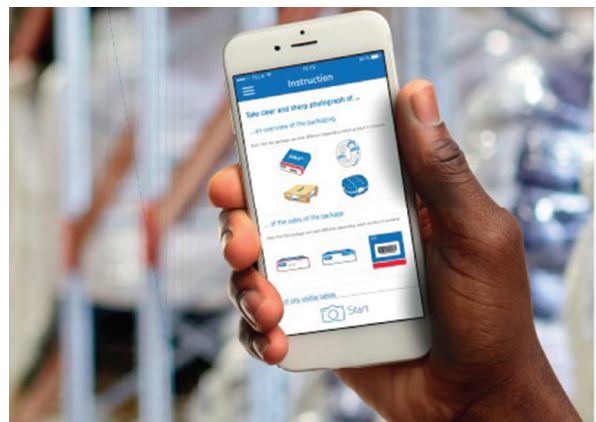
**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

In order to address our customers’ grievances, we have different channels such as Complaint Handling system (administrative and technical), Customer care and website. During the reporting year, we received 560 admin complaints, 344 technical complaints and 1588 customer care calls. Out of these, 0 (0%) admin complaints, 80 (23%) technical complaints and 0 (0%) customer care calls are pending to be resolved as of March 31, 2020.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

Yes, along with mandatory declaration in compliance under legal metrology laws, SKF complies with the mandatory declarations under the provisions of the Legal Metrology (Packaged Commodities Rules) 2011. We declare certain information of the product required for traceability, special anti-counterfeit marking, photographs of bearings to identify genuineness.

We have taken a no tolerance approach towards counterfeiting. We continuously strive to increase awareness about the existence of counterfeits.



We developed an app which enables customers to share photographs of bearings to identify genuineness. Moreover, we also conduct awareness seminars about anticounterfeit for our customer, distributors, distributor’s partner, employees. We do stock verifications for customer’s stock based on requests. In 2019-20 we have received 3540 verification requests received through the





SKF Authenticate App. There is a 30% increase in requests compared to 2018-19. Of these, about 20% of the request turned out that the customer had bought a fake product. This is helping customer to identify genuine products.

Focusing on genuine products to customers, we have conducted raids in market and have sent notices to sellers selling counterfeit SKF products.

In 2019-20, we connected 37,000+ customers, distributors through various means like Customer meet, exhibitions, and Emailer campaigns, among others.

We reached out to customers by participating in exhibitions and conferences like International Railway Equipment Exhibition, Transmission Tech Conference, TEXFAIR 2019, EV tech conference, & Paperex.

SKF Participated in "Tech Day" at customer's premises, and in Two-Wheeler Forum, the "Shop on Wheel" activity is having SKF branded vehicle moving across major truck and tempo hubs in the country.



We have social media presence where we have received significant views for our awareness campaigns of products, sustainability and Community care posting.

Efforts taken	Type of communication channel	Frequency of such communication	Geographical extent of such communication	Number of such efforts taken in the reporting period	Total number of participants in the reporting period
Social media Outreach	Social media	Monthly	India	12	97547
Customer meets	Tech day & Meetings, seminars	On-going activity	India	30	1600+
Emailers	Mail	On-going activity	India	12	32000
Exhibitions	Exhibition product display	On-going activity	Pan India	9	2310
Awareness campaigns	Shop on Wheel	On-going activity	India	2	725
Stock Verification	Checking counterfeit bearings	On-going activity	India	130	130 customers
Distributor education	Checking counterfeit bearings	On-going activity	India	118	118 distributions
Distributor meetings	Communication	Annual	India	180	180

**3 Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year.**

There has been no case filed against company not any case pending, either for unfair trade practices, irresponsible advertising, or anti-competitive behavior during the reporting period.

**4 Did your company carry out any consumer survey/ consumer satisfaction trends?**

Yes, consumer surveys are performed at regular intervals to get insights from the consumers and drive continuous improvement. In addition to the consumer surveys, consumer satisfaction trend is monitored on a monthly basis along with voice of customer. We have done Communication and Deployment and Corrective action plan implementation for the Customer Satisfaction Survey conducted earlier. The survey is conducted every three year.

# Independent Auditor's Report

To the Members of SKF India Limited

Report on the audit of the financial statements

## Opinion

1. We have audited the accompanying financial statements of SKF India Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

## Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are

relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter

4. We draw your attention to Note 44 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year. However, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

## Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Assessment of Contingencies relating to Transfer pricing Matters</b>	
<b>Refer to note 39 and 2(A) of the financial statements for the related disclosures</b>	
<p>The Company has received income tax demands mainly pertaining to disallowances towards pricing of intragroup services for the financial years 2010-11 to 2014-15. The demand (including interest) on these matters is ₹1,899 million, which have been disclosed as Contingent Liabilities in the financial statements.</p> <p>The Company has filed appeals against the above orders with appropriate tax authorities. The management's assessment as supported by their tax experts' views, is that no provision is required against these matters. The assessment of outcome from and the need for provisions in case of an unfavourable outcome is an area of significant judgement involving the tax expert as well as evaluation of data presented during the assessment proceedings.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluation of processes and controls designed and implemented by the management for assessment of litigations and testing their operating effectiveness.</li> <li>• Verification of the supporting documents such as agreements and invoices pertaining to the group costs incurred by the Company.</li> <li>• Discussion with the management on their assessment of the probability of outcome and the likelihood of outflow of economic resources.</li> <li>• Evaluation of the management assessment including view from the management's tax experts and the submissions made by the Company to tax authorities, with the involvement of auditors' tax experts to examine the positions taken.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
This has been considered a key audit matter in view of the uncertain outcome of the litigations and involvement of significant management judgement in assessing the probability of outflow of economic resources.	<ul style="list-style-type: none"> <li>Assessed the adequacy of disclosures in the financial statements.</li> </ul> On the basis of the above procedures performed, we observed the management's assessment of the contingent liabilities relating to litigations in respect of transfer pricing matters to be reasonable.

### Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of management and those charged with governance for the financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference

to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about

the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government Of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 39 to the financial statements.
  - ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2020.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse & Co Bangalore LLP**  
Firm Registration Number: 007567S/S-200012  
Chartered Accountants

**Amit Borkar**  
Partner

Place: Pune  
Date: May 7, 2020

Membership Number: 109846  
UDIN: 20109846AAAAC08293



# Annexure A to Independent Auditors' Report

**Referred to in paragraph 15 (f) of the Independent Auditors' Report of even date to the members of SKF India Limited on the financial statements for the year ended March 31, 2020**

## Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of SKF India Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

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

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

For **Price Waterhouse & Co Bangalore LLP**  
Firm Registration Number: 007567S/S-200012  
Chartered Accountants

**Amit Borkar**  
Partner

Place: Pune  
Date: May 7, 2020

Membership Number: 109846  
UDIN: 20109846AAAAC08293

# Annexure B to Independent Auditors' Report

## Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of SKF India Limited on the financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed asset
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 and 4 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76

of the Act and the Rules framed there under to the extent notified.

- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 39 to the financial statements regarding management's assessment on certain matters relating to provident fund. Further, for the period March 1, 2020 to March 31, 2020 the Company has paid Goods and Service Tax and filed GSTR 3B after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs (Ministry of Finance) under the Notification Numbers 31/2020 and 32/2020 dated April 3, 2020 on fulfilment of conditions specified therein.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of customs, service tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of excise and value added tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in million)	Amount Paid under protest (₹ in million)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty (including interest and penalty if applicable)	221.3	29.8	Various Years	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Income Tax Act, 1961	Income Tax (including interest and penalty if applicable)	311.1	136.7	FY 2010-11	Commissioner of Income Tax (CIT) Appeals
		1661.8	382.6	Various Years	Income Tax Appellate Tribunal (ITAT)

Name of the statute	Nature of dues	Amount (₹ in million)	Amount Paid under protest (₹ in million)	Period to which the amount relates	Forum where the dispute is pending
Central and Local Sales Tax Act	Sales Tax (including interest and penalty if applicable)	42.9	2.6	FY 2012-13 to FY 2015-16	Appellate Deputy Commissioner
		43.0	4.0	FY 2007-08 to FY 2011-12	Appellate Revision Board
		7.3	8.6	FY 2006-07 to FY 2014-15	Appellate Tribunal
		7.7	2.8	FY 2011-12 to FY 2014-15	Assessing Officer
		79	1	FY 2011-12 to FY 2013-14	Deputy Commissioner, Appeal
		18.9	19.6	FY 2003-04 to FY 2013-14	Deputy Commissioner of Commercial Taxes -Audit
		19.0	7.6	FY 2010-11 to FY 2017-18	Joint Commissioner (Appeal)
		26	0.3	FY 2005-06 to FY 2015-16	Objection Authority Department of Trade & Taxes, New Delhi

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date. The Company has not issued debentures as at balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse & Co Bangalore LLP**  
Firm Registration Number: 007567S/S-200012  
Chartered Accountants

**Amit Borkar**  
Partner

Place: Pune  
Date: May 7, 2020

Membership Number: 109846  
UDIN: 20109846AAAAC08293

# Balance Sheet

(₹ in million)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non Current assets</b>			
Property Plant & Equipment	3 (a)	3,145.5	2,669.6
Right-of-use assets	3 (b)	206.7	-
Capital Work in Progress	3 (a)	410.7	621.8
Investment properties	4	163.4	169.9
Intangible assets	5	0.9	1.6
<b>Financial Assets:</b>			
Loans	6	800.0	1,250.0
Other Financial Assets	7	504.6	297.0
Deferred tax assets (net)	8	169.1	228.4
Non-Current Tax Asset (net)	9	784.8	514.2
Other non-current assets	10	106.7	101.8
<b>Total non-current assets</b>		<b>6,292.4</b>	<b>5,854.3</b>
<b>Current assets</b>			
Inventories	11	4,517.8	4,610.0
<b>Financial Assets</b>			
Investments	12	1,971.8	441.7
Trade receivables	13	4,357.0	5,212.6
Cash and cash equivalents	14	1,162.5	1,183.6
Bank balance other than above	15	5,020.4	4,850.6
Loans	6	472.1	202.2
Other financial assets	7	301.9	327.2
Other current assets	10	597.7	284.6
<b>Total current assets</b>		<b>18,401.2</b>	<b>17,112.5</b>
<b>Total assets</b>		<b>24,693.6</b>	<b>22,966.8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	494.4	494.4
<b>Other Equity</b>			
Reserves & Surplus	17	18,558.1	16,475.0
<b>Total equity</b>		<b>19,052.5</b>	<b>16,969.4</b>
<b>LIABILITIES</b>			
<b>Non- current liabilities</b>			
<b>Financial Liabilities</b>			
Lease Liabilities	3 (b)	133.0	-
Employee Benefit Obligations	18	272.2	239.5
Provisions	19	70.9	84.2
<b>Total non-current liabilities</b>		<b>476.1</b>	<b>323.7</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	20	-	900.0
Lease Liabilities	3 (b)	85.1	-
Trade payables	21	-	-
Outstanding dues of micro and small enterprises		1.2	4.5
Outstanding dues other than micro and small enterprises		4,118.9	3,486.9
Other financial liabilities	22	485.9	723.5
Employee Benefit Obligations	18	227.5	114.5
Provisions	19	129.3	179.2
Current Tax Liabilities (net)	9	-	56.8
Other current liabilities	23	117.1	208.3
<b>Total current liabilities</b>		<b>5,165.0</b>	<b>5,673.7</b>
<b>Total Liabilities</b>		<b>5,641.1</b>	<b>5,997.4</b>
<b>Total Equity &amp; Liabilities</b>		<b>24,693.6</b>	<b>22,966.8</b>
<b>Significant accounting policies</b>	1		
<b>Critical accounting estimates and judgements</b>	2		
The accompanying notes are an integral part of these financial statements			

In terms of our report of even date

For **Price Waterhouse & Co Bangalore LLP**  
Firm Regn. No. 007567S/S-200012  
Chartered Accountants

**Amit Borkar**  
Partner  
Membership No. 109846

Place: Pune  
Date: May 7, 2020

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

**Gopal Subramanyam**  
Chairman  
Place:- Bengaluru

**Anurag Bhagania**  
Finance Director  
Place: Pune

**Manish Bhatnagar**  
Managing Director  
Place:- Bengaluru

**Ranjan Kumar**  
Company Secretary  
Place: Pune

Date: May 7, 2020



# Statement of Profit and Loss

(₹ in million)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	24	28,415.8	30,345.3
Other income	25	1,039.2	923.8
<b>Total income</b>		<b>29,455.0</b>	<b>31,269.1</b>
<b>Expenses</b>			
Cost of materials consumed	26	6,028.0	7,342.7
Purchase of stock-in-trade	27	12,032.2	10,859.1
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(155.0)	(437.2)
Employee benefits	29	2,396.6	2,582.8
Depreciation and amortization	30	571.2	463.9
Finance Cost	31	94.8	76.6
Other expenses	32	4,619.5	5,139.3
<b>Total expenses</b>		<b>25,587.3</b>	<b>26,027.2</b>
<b>Profit before tax</b>		<b>3,867.7</b>	<b>5,241.9</b>
Income tax expense :	33		
Current tax		901.5	1,923.1
Deferred tax charge / (credit)		90.1	(49.8)
Short / (excess) tax provision for earlier years		(13.8)	10.9
Total tax expense		977.8	1,884.2
<b>Profit for the year</b>		<b>2,889.9</b>	<b>3,357.7</b>
<b>Other Comprehensive Income</b>			
Items that will not be re-classified to profit and loss			
Remeasurement of post employment benefits obligation		(122.4)	(34.7)
Income tax (charge) / credit relating to these items		30.8	12.1
<b>Other comprehensive income for the year (net of tax)</b>		<b>(91.6)</b>	<b>(22.6)</b>
<b>Total comprehensive income for the year</b>		<b>2,798.3</b>	<b>3,335.1</b>
<b>Earnings per equity share [nominal value of share ₹10 (previous year : ₹10)]</b>			
Basic and Diluted	37	58.5	65.7
<b>Significant accounting policies</b>	1		
<b>Critical accounting estimates and judgements</b>	2		
The accompanying notes are an integral part of these financial statements			

In terms of our report of even date

For **Price Waterhouse & Co Bangalore LLP**  
Firm Regn. No. 007567S/S-200012  
Chartered Accountants

**Amit Borkar**  
Partner  
Membership No. 109846  
Place: Pune  
Date: May 7, 2020

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

**Gopal Subramanyam**  
Chairman  
Place:- Bengaluru

**Anurag Bhagania**  
Finance Director  
Place: Pune

**Manish Bhatnagar**  
Managing Director  
Place:- Bengaluru

**Ranjan Kumar**  
Company Secretary  
Place: Pune

Date: May 7, 2020

# Statement of changes in Equity

## A) EQUITY SHARE CAPITAL

(₹ in million)

	Notes	
As at March 31, 2018		513.4
Buy back of equity shares	16	(19.0)
Balance as of March 31, 2019		494.4
Changes during the year	16	-
<b>Balance as of March 31, 2020</b>		<b>494.4</b>

## B) OTHER EQUITY

(₹ in million)

	Retained earnings	Capital redemption reserve	General reserve	Total Other Equity
<b>Balance as of March 31, 2018</b>	11,010.8	13.9	6,835.0	17,859.7
Profit for the year ended March 31, 2019	3,357.7	-	-	3,357.7
Other comprehensive income for the year ended March 31, 2019	(22.6)	-	-	(22.6)
<b>Total comprehensive income for the year ended March 31, 2019</b>	<b>3,335.1</b>	<b>-</b>	<b>-</b>	<b>3,335.1</b>
<b>Transactions with owners in their capacity as owners</b>				
Dividend paid (₹12 per share)	(616.1)	-	-	(616.1)
Dividend distribution tax	(126.6)	-	-	(126.6)
Buy Back of shares	-	19.0	(3,990.0)	(3,971.0)
Transaction cost on Buy back	-	-	(6.1)	(6.1)
<b>Balance as of March 31, 2019</b>	<b>13,603.2</b>	<b>32.9</b>	<b>2,838.9</b>	<b>16,475.0</b>
Profit for the year ended March 31, 2020	2,889.9	-	-	2,889.9
Other comprehensive income for the year ended March 31, 2020	(91.6)	-	-	(91.6)
<b>Total comprehensive income for the year ended March 31, 2020</b>	<b>2,798.3</b>	<b>-</b>	<b>-</b>	<b>2,798.3</b>
<b>Transactions with owners in their capacity as owners</b>				
Dividend paid (₹12 per share)	(593.3)	-	-	(593.3)
Dividend distribution tax	(121.9)	-	-	(121.9)
<b>Balance as of March 31, 2020</b>	<b>15,686.3</b>	<b>32.9</b>	<b>2,838.9</b>	<b>18,558.1</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report of even date

For **Price Waterhouse & Co Bangalore LLP**  
Firm Regn. No. 007567S/S-200012  
Chartered Accountants

**Amit Borkar**  
Partner  
Membership No. 109846

Place: Pune  
Date: May 7, 2020

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

**Gopal Subramanyam**  
Chairman  
Place:- Bengaluru

**Anurag Bhagania**  
Finance Director  
Place: Pune

**Manish Bhatnagar**  
Managing Director  
Place:- Bengaluru

**Ranjan Kumar**  
Company Secretary  
Place: Pune

Date: May 7, 2020

# Statement of Cash Flow

(₹ in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from Operating Activities</b>		
Profit before tax	3,867.7	5,241.9
Adjusted for :		
Depreciation / Amortisation	571.2	463.9
Net Profit on sale of Fixed Assets	(351.2)	(33.8)
Finance cost	94.8	76.6
Interest income	(575.6)	(743.7)
	<b>(260.8)</b>	<b>(237.0)</b>
Operating Profit before working capital changes	3,606.9	5,004.9
Adjusted for :		
Decrease / (increase) in inventories	92.2	(581.2)
Decrease / (increase) in trade receivables	855.6	(305.0)
Decrease / (increase) in current & non-current assets	(497.5)	125.3
(Decrease) / increase in trade payables	628.7	(405.6)
(Decrease) / increase in other liabilities and provisions	(172.9)	94.3
	<b>906.1</b>	<b>(1,072.2)</b>
Cash generated from operations	4,513.0	3,932.7
Direct taxes paid (net of refunds)	(1,215.1)	(2,122.9)
Net cash flow from Operating Activities (A)	<b>3,297.9</b>	<b>1,809.8</b>
<b>B. Cash flow from Investing Activities</b>		
Sale / (Purchase) of investments	(1,530.1)	1,093.5
Purchase of Property Plant & Equipment	(953.0)	(456.7)
Sale of Property Plant & Equipment	360.7	45.1
Deposits placed during the year	(6,450.1)	(6,920.0)
Deposits matured during the year	6,280.0	8,420.0
Interest Earned	463.5	633.8
Interest Earned on loan to related party	113.6	123.4
Repayment of loan by related party	175.0	125.0
Net cash used in Investing Activities (B)	<b>(1,540.4)</b>	<b>3,064.1</b>
<b>C. Cash flow from Financing Activities</b>		
Buy Back of equity shares	-	(3,996.1)
Proceeds / (Repayment) of Borrowings (net)	(900.0)	50.0
Dividend paid (including tax on distributed profits)	(715.2)	(742.7)
Principal elements of lease payments	(68.6)	-
Finance cost	(94.8)	(76.6)
Net cash used in Financing Activities (C)	<b>(1,778.6)</b>	<b>(4,765.4)</b>
<b>Net changes in Cash and Cash Equivalents (A+B+C)</b>	<b>(21.1)</b>	<b>108.5</b>
Cash and Cash Equivalents at beginning of the year	1,183.6	1,075.1
Cash and Cash Equivalents at the end of the year	1,162.5	1,183.6
<b>Net changes in Cash and Cash Equivalents</b>	<b>(21.1)</b>	<b>108.5</b>

In terms of our report of even date

For **Price Waterhouse & Co Bangalore LLP**  
Firm Regn. No. 007567S/S-200012  
Chartered Accountants

**Amit Borkar**  
Partner  
Membership No. 109846

Place: Pune  
Date: May 7, 2020

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

**Gopal Subramanyam**  
Chairman  
Place:- Bengaluru

**Anurag Bhagania**  
Finance Director  
Place: Pune

**Manish Bhatnagar**  
Managing Director  
Place:- Bengaluru

**Ranjan Kumar**  
Company Secretary  
Place: Pune

Date: May 7, 2020

# Notes to financial statements

## Background

SKF India Limited is a Company, listed in India on recognised stock exchange, limited by shares, incorporated and domiciled in India. The Company is leading supplier of products, solutions & services within rolling bearing, seals, mechatronics, and lubrication system. The Company's manufacturing facility is located at Pune, Bangalore & Haridwar.

## 1 SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 1.1 Basis of preparation

#### i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

#### ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- a) certain financial assets and liabilities that are measured at fair value;
- b) assets held for sale – measured at fair value less cost to sell;
- c) defined benefit plans – plan assets measured at fair value;

### 1.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of segments, has been identified as the Board of Directors.

### 1.3 Foreign currency translation

#### i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial statements are presented in Indian Rupee (INR) which is the company's functional and presentation

currency.

#### ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other expenses.

### 1.4 Revenue recognition

Revenue is recognized when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

#### Revenue recognition policy

The Company has following streams of revenue:

- (i) Sale of goods
- (ii) Sale of Services

If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:

- (a) The customer simultaneously consumes the benefits as the Company performs, or
- (b) The customer controls the work-in-progress, or
- (c) The Company's performance does not create an asset with alternative use to the Company and the

Company has right to payment for performance completed till date.

If none of the criteria above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

Contracts are modified to account for changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

#### Revenue recognized at a point-in-time :-

For sale of products and sale of services, revenue is recognized at point in time when control of goods is transferred and service is rendered to the customer – based on delivery terms, payment terms, customer acceptance and other indicators of control as mentioned above.

### 1.5 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

### 1.6 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period. Management periodically

evaluates position taken in tax return under applicable tax regulations which is subject to interpretation. It establishes appropriate tax provisions on likely tax liabilities for the accounting period

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are assumed to continue to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 1.7 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 1.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-



term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### 1.9 Trade receivables

Trade receivables are amounts due from customers for good sold or services performed in the ordinary course of business. The Company holds the trade receivables with the objective of collecting contractual cash flows and therefore measures them initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 1.10 Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts.

### 1.11 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the balance sheets when the Company becomes a party to the contractual provisions of a financial instrument. Financial instruments are initially recorded at fair value, which is normally equal to transaction price. Transaction costs are included in the initial measurement of financial assets and liabilities that are not subsequently measured at fair value through the income statement.

Financial assets categorized as loans and receivables are measured at amortized cost using the effective interest method. Impairment losses (primarily allowance for doubtful accounts) are recognized if management believes that sufficient objective evidence exists indicating that the asset may not be recovered. For disclosure purposes, fair values have been calculated using valuation techniques, mainly discounted cash flow analyses based on observable market data. For current receivables and liabilities (such as trade receivables and payables) the carrying amount is considered to correspond to fair value.

Where discounted cash flow techniques are used, the future cash flows are determined (if not stated explicit

in the contract) based on the best assessment by management and discounted using the market interest rate for similar instruments. Financial liabilities are measured at amortized cost using the effective interest method.

Financial assets are derecognized when the contractual rights to the cash flow have expired or been transferred together with substantially all risks and rewards.

Financial liabilities are derecognized when they are extinguished.

Investment in government securities that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment extension, call and similar options) but does not consider the expected credit losses.

### 1.12 Property, plant and equipment (PPE), Investment Properties and Intangible assets

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The Company has adopted deemed cost of Property, plant and equipment (PPE) as its carrying value as per earlier GAAP.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over the estimated useful lives.

The useful lives are:

Particulars	Useful Life (in years)
Buildings	33
Plant and equipments	5/10/14/16/20
Furniture and fixtures	4
Office equipments	3/4
Vehicles	5

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income.

The useful lives are reviewed by the management at each Balance Sheet date and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the revised remaining useful life.

### Investment Properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 33 years. The useful life has been determined based on technical evaluation performed by the management's expert.

### Intangible assets

Intangible assets are stated at initial cost less any accumulated amortization and any impairment.

Amortization is made on a straight line basis over the estimated useful lives and begins once the asset is ready for its intended use. The useful lives are based to a large extent on historical experience, the expected application, as well as other individual characteristics of the asset. The useful lives are:

- Software in use - 3 years

## 1.13 Leases

### As a lessee

From April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Lease payments are allocated between the principal (liability) and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company

is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

### Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipments.

### As a lessor

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

### 1.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are paid as per the terms of payments. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 1.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income.

### 1.16 Provisions

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### 1.17 Post employment benefits

#### Employee benefits

#### i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured

at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### ii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

#### iii) Post-employment obligations

The company operates the following post-employment schemes:

- a) defined benefit plans such as gratuity and provident fund (for employees who are members of SKF India Limited Provident Fund Scheme)
- b) defined contribution plans such as superannuation and provident fund (for other employees who are not members of SKF India Limited Provident Fund Scheme)

#### Defined Benefit Plans

The liability or asset recognised in the balance sheet in respect of gratuity and provident fund is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

With respect to employees who are members of SKF India Limited Provident Fund Scheme ('the Trust') contribution for provident fund to the Trust is a defined benefit plan as the Company has an obligation to make good the shortfall, if any, between the return from investments made by the Trust and notified interest rate. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the employee's salary. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

#### Defined contribution plans

Contributions to the Provident Fund and Superannuation Fund which are defined contribution schemes, are recognised as an expense in the Statement of Profit and Loss in the period in which the contribution is due. For employees other than members of SKF India Limited Provident Fund Scheme, both the Company's and employees' contribution is paid to Regional Provident Fund Commissioner (RPFC) on a monthly basis. The Company has no further payment obligations once the contributions have been paid.

#### iv) Bonus Plans

The Company recognises a liability and an expense for bonuses. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### v) Termination benefits

Voluntary Retirement Scheme costs are charged off to the Statement of Profit and Loss in the year in which they are incurred.

### 1.18 Contributed Equity

Equity shares are classified as equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 1.19 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and not paid as at the end of the reporting period.

### 1.20 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and equivalent diluted equity shares outstanding during the year, except where the result would be anti dilutive.

### 1.21 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

## 2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. This note provide an overview of the areas that involve a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is mentioned below.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

### 2(A) Significant Judgement

#### a) Legal Contingency

The Company has received orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters

and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

## 2(B) Significant estimate

### a) Impairment of financial assets

The impairment provisions for financial assets disclosed under note 35C are based on assumptions about risk of default and expected loss rates and timing of the cash flows. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### b) Fair valuation of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about

these factors could affect the reported fair value of financial instruments. See Note 34 for further disclosures.

### c) Defined benefit plan

The cost of the defined benefit gratuity plan, other retirement benefits, the present value of the gratuity obligation and other retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 38(II).

### d) Fair Valuation of Investment Property

The Company obtains independent valuations for its investment properties at least annually. The Valuation is performed using Income approach-Rent capitalisation method as per Ind AS 113- Fair value measurement.



## 3

## a) Property Plant &amp; Equipment

(₹ in million)

Description	Freehold Land	Freehold Building	Furniture & Fixtures *	Office Equipment	Plant & Machinery *	Vehicles	Total	Capital work in progress
<b>Year ended March 31, 2019</b>								
Gross carrying amount as at April 1, 2018	269.3	539.7	127.2	54.1	3,291.7	136.8	4,418.8	370.6
Additions	-	17.5	4.7	12.1	318.2	33.2	385.7	636.9
Disposals	(0.1)	-	-	-	(130.4)	(43.4)	(173.9)	-
Transfers	-	-	-	-	-	-	-	(385.7)
<b>Closing gross carrying amount</b>	<b>269.2</b>	<b>557.2</b>	<b>131.9</b>	<b>66.2</b>	<b>3,479.5</b>	<b>126.6</b>	<b>4,630.6</b>	<b>621.8</b>
Accumulated Depreciation as at April 1, 2018	-	64.6	108.6	21.1	1,417.3	55.6	1,667.2	-
Depreciation charged during the year	-	20.0	19.1	4.4	383.3	29.6	456.4	-
Disposal	-	-	-	-	(128.2)	(34.4)	(162.6)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>84.6</b>	<b>127.7</b>	<b>25.5</b>	<b>1,672.4</b>	<b>50.8</b>	<b>1,961.0</b>	<b>-</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>269.2</b>	<b>472.6</b>	<b>4.2</b>	<b>40.7</b>	<b>1,807.1</b>	<b>75.8</b>	<b>2,669.6</b>	<b>621.8</b>
<b>Year ended March 31, 2020</b>								
Gross carrying amount as at April 1, 2019	269.2	557.2	131.9	66.2	3,479.5	126.6	4,630.6	621.8
Additions	-	61.0	3.6	7.2	865.5	31.8	969.1	758.0
Disposals	(0.1)	-	-	-	(12.5)	(44.2)	(56.8)	-
Transfers	-	-	-	-	-	-	-	(969.1)
<b>Closing gross carrying amount</b>	<b>269.1</b>	<b>618.2</b>	<b>135.5</b>	<b>73.4</b>	<b>4,332.5</b>	<b>114.2</b>	<b>5,542.9</b>	<b>410.7</b>
Accumulated Depreciation as at April 1, 2019	-	84.6	127.7	25.5	1,672.4	50.8	1,961.0	-
Depreciation charged during the year	-	21.4	1.5	21.7	412.6	26.5	483.7	-
Disposal	-	-	-	-	(12.5)	(34.8)	(47.3)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>106.0</b>	<b>129.2</b>	<b>47.2</b>	<b>2,072.5</b>	<b>42.5</b>	<b>2,397.4</b>	<b>-</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>269.1</b>	<b>512.2</b>	<b>6.3</b>	<b>26.2</b>	<b>2,260.0</b>	<b>71.7</b>	<b>3,145.5</b>	<b>410.7</b>

\* The Company has leased following assets to SKF Technologies India Private Limited (related party) under operating lease. The carrying amount of the assets given on operating lease and depreciation thereon for the period are:

### 3 a) Property Plant & Equipment (Contd.)

National Company Law Tribunal (NCLT) vide its order dated 14th February 2020 approved merger of SKF Technologies (India) Private Limited with Lincoln Helios (India) Limited (fellow subsidiary) where appointed date was 1st April 2018.

(₹ in million)

Description	Plant & Machinery	Furniture & Fixtures
<b>Year ended March 31, 2019</b>		
Gross carrying amount as at April 1, 2018	53.0	6.4
Additions	-	0.6
Closing gross carrying amount	53.0	7.0
Accumulated Depreciation as at April 1, 2018	22.4	3.9
Depreciation charged during the year	7.4	0.6
Closing accumulated depreciation	29.8	4.5
<b>Net carrying amount as at March 31, 2019</b>	<b>23.2</b>	<b>2.5</b>
<b>Year ended March 31, 2020</b>		
Gross carrying amount as at April 1, 2019	53.0	7.0
Addition	-	-
Closing gross carrying amount	53.0	7.0
Accumulated Depreciation as at April 1, 2019	29.8	4.5
Depreciation charged during the year	7.3	0.1
Closing accumulated depreciation	37.1	4.6
<b>Net carrying amount as at March 31, 2020</b>	<b>15.9</b>	<b>2.4</b>

### b) Leases

This note provides information for leases where the Company is a lessee. The Company has taken buildings on lease and the lease contracts are typically made for fixed periods of 1 years to 8 years. Also refer Note 45 for details of change in accounting policies for Ind AS 116 - Leases.

#### i) Amounts recognised in the Balance sheet

The balance sheet shows the following amounts relating to lease:

(₹ in million)

Right-of-use of assets	March 31, 2020	April 1, 2019
Buildings	206.7	286.6
Total	206.7	286.6

(₹ in million)

Lease Liability	March 31, 2020		April 1, 2019	
	Current	Non-Current	Current	Non-Current
Buildings	85.1	133.0	82.3	204.3
Total	85.1	133.0	82.3	204.3

#### ii) Amounts recognised in the Statement of Profit & Loss

The statement of profit and loss shows the following amounts relating to lease:

(₹ in million)

	March 31, 2020
Depreciation charge on right-of-use assets	79.9
Interest expense (included in Finance cost)	23.9
Total	103.8

#### 4 INVESTMENT PROPERTIES

(₹ in million)

Description	March 31, 2020	March 31, 2019
<b>Gross carrying amount</b>		
Opening gross carrying amount	197.3	197.3
Additions	-	-
Closing gross carrying amount	197.3	197.3
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	27.4	20.9
Depreciation	6.5	6.5
Closing accumulated depreciation	33.9	27.4
<b>Net carrying amount</b>	<b>163.4</b>	<b>169.9</b>

#### Amount recognised in profit & loss for investment properties given on operating lease to related party

(₹ in million)

Description	March 31, 2020	March 31, 2019
Rental Income	33.8	32.0
Depreciation	6.5	6.5
<b>Profit from Investment properties</b>	<b>27.3</b>	<b>25.5</b>

#### Leasing arrangements

Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:

(₹ in million)

Description	March 31, 2020	March 31, 2019
Within one year	33.6	31.2
Later than one year but less than 5 year	168.0	54.6

#### Fair Value

(₹ in million)

Description	March 31, 2020	March 31, 2019
Investment properties	401.0	399.0

The company obtains independent valuations for its investment properties. Fair value of investment property is arrived using Income Approach - Rent Capitalisation method. It is determined by capitalizing the market lease rent at an appropriate rate (yield) as on date of valuation.

#### 5 INTANGIBLE ASSETS

(₹ in million)

Description	Computer Software
<b>Year ended March 31, 2019</b>	
Gross carrying amount as at April 1, 2018	2.9
Additions	0.9
Closing gross carrying amount	3.8
Accumulated amortization as at April 1, 2018	1.2
Amortised during the year	1.0
Closing accumulated amortization	2.2
<b>Net carrying amount as at March 31, 2019</b>	<b>1.6</b>

## 5 INTANGIBLE ASSETS (Contd.)

(₹ in million)

Description	Computer Software
<b>Year ended March 31, 2020</b>	
Gross carrying amount as at April 1, 2019	3.8
Additions	0.4
Closing gross carrying amount	4.2
Accumulated amortization as at April 1, 2019	2.2
Amortised during the year	1.1
Closing accumulated amortization	3.3
<b>Net carrying amount as on March 31, 2020</b>	<b>0.9</b>

## 6 FINANCIAL ASSETS

(₹ in million)

	March 31, 2020		March 31, 2019	
	Current	Non-Current	Current	Non-Current
<b>Loans</b>				
Secured, considered good				
Loan to related party *	472.1	800.0	202.2	1,250.0
	<b>472.1</b>	<b>800.0</b>	<b>202.2</b>	<b>1,250.0</b>

(\*) Loan given to SKF Technologies India Private Limited (a fellow subsidiary) with original repayment starting from financial year 2014 onwards, as amended.

The said loan together with interest is secured by first charge by way of hypothecation on all the fixed assets of the borrower.

Loan is considered to be recoverable considering favourable loan to security ratio, no defaults in repayment in the past, improved operational performance of the borrower, support by the borrower's holding company in the past and supported by reasonable assumption used for future cash flow.

National Company Law Tribunal (NCLT) vide its order dated 14th February 2020 approved merger of SKF Technologies India Private Limited with Lincoln Helios India Limited (fellow subsidiary) where appointed date was 1st April 2018.

## 7 OTHER FINANCIAL ASSETS

(₹ in million)

	March 31, 2020		March 31, 2019	
	Current	Non-Current	Current	Non-Current
Security Deposits	-	95.5	-	93.8
EMD and other deposits	-	408.6	-	202.6
Other receivables :-				
Related party (refer note :- 46 (iii))	138.4	-	162.8	-
Other than related party	6.8	0.5	11.3	0.6
Interest accrued on fixed deposits with banks	156.7	-	153.1	-
	<b>301.9</b>	<b>504.6</b>	<b>327.2</b>	<b>297.0</b>

**8 DEFERRED TAX ASSET / (LIABILITIES) NET**

	(₹ in million)	
	March 31, 2020	March 31, 2019
<b>Deferred tax assets</b>		
Provision for employee benefits	77.0	99.5
Provision for doubtful trade receivables	48.2	70.4
Other timing differences	81.9	129.9
	<b>207.1</b>	<b>299.8</b>
<b>Deferred tax liabilities</b>		
Depreciation	(38.0)	(71.4)
	<b>(38.0)</b>	<b>(71.4)</b>
Net deferred tax assets	<b>169.1</b>	<b>228.4</b>

**Movements in deferred tax asset/(liabilities) net**

	(₹ in million)				
	Provision for employee benefits	Provision for doubtful trade receivables	Other timing differences	Depreciation	Total
As at April 1, 2018	91.1	62.8	93.0	(80.4)	166.5
(Charged)/credited :					
- to profit and loss a/c	(3.7)	7.6	36.9	9.0	49.8
- to other comprehensive income	12.1	-	-	-	12.1
As at March 31, 2019	99.5	70.4	129.9	(71.4)	228.4
(Charged)/credited :					
- to profit and loss a/c	(53.3)	(22.2)	(48.0)	33.4	(90.1)
- to other comprehensive income	30.8	-	-	-	30.8
<b>As at March 31, 2020</b>	<b>77.0</b>	<b>48.2</b>	<b>81.9</b>	<b>(38.0)</b>	<b>169.1</b>

**9 CURRENT TAX ASSET /(LIABILITY) NET**

	(₹ in million)			
	March 31, 2020		March 31, 2019	
	Current	Non-Current	Current	Non-Current
Tax Assets/(Liability) (net of provision)	-	784.8	(56.8)	514.2
	<b>-</b>	<b>784.8</b>	<b>(56.8)</b>	<b>514.2</b>

**Movement of Tax**

	(₹ in million)	
	March 31, 2020	March 31, 2019
Opening Balance (Tax Asset /(Liability) (Net))	457.4	260.0
Add: Taxes paid	1,215.1	2,122.9
Less: Current tax payable	(887.7)	(1,925.5)
Closing Balance	<b>784.8</b>	<b>457.4</b>



## 10 OTHER ASSETS

	(₹ in million)			
	March 31, 2020		March 31, 2019	
	Current	Non-Current	Current	Non-Current
Capital Advance	-	23.9	-	24.7
Prepaid Expenses	44.5	-	43.5	-
Advances for supply of goods and rendering of services	321.0	-	95.1	-
Export benefits / duty entitlements	138.4	-	102.9	-
Balances with Sales tax / Excise authorities	12.8	-	8.2	-
Other receivables *	81.0	82.8	34.9	77.1
	<b>597.7</b>	<b>106.7</b>	<b>284.6</b>	<b>101.8</b>

\* includes amount paid under protest to various Government authorities and MEIS/DEPB licenses on hand.

## 11 CURRENT ASSETS

	(₹ in million)	
	March 31, 2020	March 31, 2019
<b>Inventories</b>		
Raw Materials and Bought-Out Components including material in transit ₹86.2 million (As on March 31, 2019 ₹72.6 million)	637.3	833.3
Stores and Spares including material in transit ₹14.7 million (As on March 31, 2019 ₹14.1 million)	440.8	492.0
Work-in-progress	155.8	120.1
Finished Products Including material in transit ₹1412.4 million (As on March 31, 2019 ₹795.2 million)	3,283.9	3,164.6
	<b>4,517.8</b>	<b>4,610.0</b>

## 12 CURRENT INVESTMENT

	(₹ in million)	
	March 31, 2020	March 31, 2019
Quoted		
Investment in Government of India treasury bills (interest rate ranging between 5 % to 6 % and maturing in less than 12 months)	1,971.8	441.7
	<b>1,971.8</b>	<b>441.7</b>

## 13 TRADE RECEIVABLES

	(₹ in million)	
	March 31, 2020	March 31, 2019
<b>Current</b>		
Trade receivables other than related party	4,044.9	4,990.7
Receivables from related party ( Refer note 46(iii))	503.3	423.2
Less : Allowance for doubtful receivables	(191.2)	(201.3)
Total Receivables	<b>4,357.0</b>	<b>5,212.6</b>
<b>Break up of security details</b>		
Unsecured, considered good	4,357.0	5,212.6
Doubtful	191.2	201.3
<b>Total</b>	<b>4,548.2</b>	<b>5,413.9</b>
Allowance for doubtful debts	(191.2)	(201.3)
<b>Total Trade receivables</b>	<b>4,357.0</b>	<b>5,212.6</b>

**14 CASH AND CASH EQUIVALENTS**

	(₹ in million)	
	March 31, 2020	March 31, 2019
Cash on hand	0.4	0.5
<b>Balances with Banks</b>		
- On Current Account	237.4	-
- On EEFC Account	74.7	45.1
On Deposit Account (with original maturity of 3 months or less)	850.0	1,138.0
<b>Cash &amp; Bank Balances</b>	<b>1,162.5</b>	<b>1,183.6</b>

**15 BANK BALANCES OTHER THAN THE ABOVE**

	(₹ in million)	
	March 31, 2020	March 31, 2019
Bank deposits with original maturity of more than 3 months and remaining maturity of less than 12 months.	5,000.0	4,830.0
Unclaimed Dividend Account*	20.4	20.6
	<b>5,020.4</b>	<b>4,850.6</b>

\*Unclaimed dividend account represents held for dividend remittance and hence are not available for use.

**16 EQUITY SHARE CAPITAL**

	(₹ in million)	
Description	No of shares (in million)	Amount
<b>Authorised Equity share capital</b>		
<b>As at April 1, 2018</b>	100.0	1,000.0
Changes during the year	-	-
<b>As at March 31, 2019</b>	100.0	<b>1,000.0</b>
Changes during the year	-	-
<b>As at March 31, 2020</b>	<b>100.0</b>	<b>1,000.0</b>
<b>Movement in Equity share capital</b>		
<b>As at April 1, 2018</b>	51.3	<b>513.4</b>
Buy back during the year	(1.9)	<b>(19.0)</b>
<b>As at March 31, 2019</b>	49.4	<b>494.4</b>
Changes during the year	-	-
<b>As at March 31, 2020</b>	<b>49.4</b>	<b>494.4</b>

The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in the proportion to their shareholding.

## 16 EQUITY SHARE CAPITAL (Contd.)

### Shares held by holding company and their subsidiaries

	(₹ in million)			
	March 31, 2020		March 31, 2019	
	Number (million)	Amount	Number (million)	Amount
Equity shares of ₹10 each fully paid up held by				
(a) Holding company				
Aktiebolaget SKF (AB SKF)	22.7	226.7	22.7	226.7
(b) Subsidiaries of holding company				
SKF U.K. Limited	3.1	31.3	3.1	31.3
SKF Forvaltning AB	0.2	2.0	0.2	2.0
	<b>26.0</b>	<b>259.9</b>	<b>26.0</b>	<b>259.9</b>

### Particulars of shareholders holding more than 5% shares of a class of shares

	(₹ in million)			
	March 31, 2020		March 31, 2019	
	Number (million)	% of total shares in the class	Number (million)	% of total shares in the class
Equity shares of ₹10 each fully paid up held by				
Aktiebolaget SKF, holding company	22.7	45.8%	22.7	45.8%
SKF U.K. Limited, fellow subsidiary company	3.1	6.3%	3.1	6.3%

### Buy Back of shares

During the year ended March 31, 2019, pursuant to the Regulations 29(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and approval of the Board of Directors for buy-back of up to 1,900,000 equity shares of the Company for an aggregate amount not exceeding ₹3,990 million, the Company bought back 1,900,000 equity shares which were tendered by eligible shareholders and extinguished the equity shares bought on February 18, 2019. An amount of ₹3,996.1 million from General Reserve were used including ₹6.1 million towards transaction costs of buyback of shares.

The Company has not allotted any bonus shares during 5 years immediately preceding March 31, 2020.

## 17 RESERVES AND SURPLUS

	(₹ in million)	
	March 31, 2020	March 31, 2019
	General reserve	2,838.9
Capital redemption reserve	32.9	32.9
Retained earnings	15,686.3	13,603.2
	<b>18,558.1</b>	<b>16,475.0</b>
<b>General reserve</b>		
At the commencement of the year	2,838.9	6,835.0
Amount used for Buy back of shares	-	(3,990.0)
Transaction cost on Buy back of shares	-	(6.1)
<b>Closing Balance</b>	<b>2,838.9</b>	<b>2,838.9</b>
<b>Capital redemption reserve</b>		
At the commencement of the year	32.9	13.9
Addition during buy back	-	19.0
<b>Closing Balance</b>	<b>32.9</b>	<b>32.9</b>

## 17 RESERVES AND SURPLUS (Contd.)

	(₹ in million)	
	March 31, 2020	March 31, 2019
<b>Surplus (Profit and loss balance)</b>		
At the commencement of the year	13,603.2	11,010.8
Profit for the year	2,889.9	3,357.7
Other comprehensive income recognised directly in retained earning :-		
Remeasurements of post-employment benefit obligation, net of tax	(91.6)	(22.6)
Dividend on Equity shares ₹12 per share (previous year ₹10 per share)	(593.3)	(616.1)
Tax on dividend as above	(121.9)	(126.6)
<b>Closing Balance</b>	<b>15,686.3</b>	<b>13,603.2</b>

## 18 EMPLOYEE BENEFIT OBLIGATION

	(₹ in million)			
	March 31, 2020		March 31, 2019	
	Current	Non-Current	Current	Non-Current
Compensated absences	66.0	272.2	42.5	239.5
Provision for Gratuity (Refer note 38)	161.5	-	72.0	-
	<b>227.5</b>	<b>272.2</b>	<b>114.5</b>	<b>239.5</b>

## 19 PROVISIONS

	(₹ in million)			
	March 31, 2020		March 31, 2019	
	Current	Non-Current	Current	Non-Current
Disputed statutory and other matters	-	54.0	-	66.5
Warranty	-	1.9	1.5	6.9
Coupons & Incentives	129.3	15.0	177.7	10.8
	<b>129.3</b>	<b>70.9</b>	<b>179.2</b>	<b>84.2</b>

## Movements in provisions

Movements in each class of provision during the financial year

	(₹ in million)			
	Disputed statutory and other matters	Warranty	Coupons & Incentives	Total
<b>As on April 1, 2018</b>	41.5	6.6	172.8	220.9
Provision made during the year	25.0	9.2	404.8	439.0
Provision utilised during the year	-	(7.4)	(360.2)	(367.6)
Reversal of provision during the year	-	-	(28.9)	(28.9)
<b>As on March 31, 2019</b>	<b>66.5</b>	<b>8.4</b>	<b>188.5</b>	<b>263.4</b>
Provision made during the year	-	4.3	349.4	353.7
Provision utilised during the year	-	(10.8)	(303.7)	(314.5)
Reversal of provision during the year	(12.5)	-	(89.9)	(102.4)
<b>As on March 31, 2020</b>	<b>54.0</b>	<b>1.9</b>	<b>144.3</b>	<b>200.2</b>

**19 PROVISIONS (Contd.)**

- (i) Provision for disputed statutory and other matters: This represents provisions made for probable liabilities/ claims arising out of pending disputes/litigations with various regulatory authorities and those arising out of commercial transactions with vendors/ others. Above provisions are affected by numerous uncertainties and management has taken all efforts to make a best estimate. Timing of outflow of resources will depend upon timing of decision of cases.
- (ii) Provision for warranties: A provision is estimated for expected warranty claims in respect of products sold during the year on the basis of a technical evaluation and past experience regarding failure trends of products and costs of rectification or replacement. The timing and amount of cash flows that will arise from these matters will be determined at the time of receipt of claims.
- (iii) The provision for other obligations is on account of coupons given on products sold by the Company and other retailers and distributors incentive schemes. The provision for coupons is based on the historical data/ estimated figures. The timing and amount of the cash flows that will arise will be determined at the time of receipt of claims from customers, which is generally upto 18 months.

**20 FINANCIAL LIABILITIES**

	(₹ in million)	
	March 31, 2020	March 31, 2019
<b>Current Borrowings -</b>		
<u>UnSecured</u>		
Pre-shipment rupee export credit (refer note 42 (ii))	-	900.0
	-	<b>900.0</b>

**21 TRADE PAYABLES**

	(₹ in million)	
	March 31, 2020	March 31, 2019
<b>Current</b>		
(i) Outstanding dues of micro and small enterprises (refer note 40)	1.2	4.5
(ii) Outstanding dues of creditors other than micro and small enterprises & related parties	1,298.9	1,018.0
(iii) Payable to related parties (Refer note 46(iii))	2,820.0	2,468.9
	<b>4,120.1</b>	<b>3,491.4</b>

**22 OTHER CURRENT FINANCIAL LIABILITIES**

	(₹ in million)	
	March 31, 2020	March 31, 2019
Salaries and Incentives	189.6	219.7
Liabilities for dealer incentives	216.3	230.4
Unclaimed dividend *	20.4	20.6
Payables on account of capital purchases	17.3	212.7
Other liabilities **	42.3	40.1
	<b>485.9</b>	<b>723.5</b>

\* There is no amount due and outstanding as at the balance sheet to be credited to Investor Education and Protection Fund

\*\* includes amount payable towards retention amount for trade payables, etc.



**23 OTHER CURRENT LIABILITIES**

	(₹ in million)	
	March 31, 2020	March 31, 2019
Statutory dues payable	95.5	199.3
Advances received from customers	21.6	9.0
	<b>117.1</b>	<b>208.3</b>

**24 REVENUE FROM OPERATIONS**

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
Revenue from contracts with customers :-		
Sale of products :-		
Manufactured goods	14,673.5	16,313.4
Traded goods	12,987.2	13,325.7
Sale of products (total)	27,660.7	29,639.1
- Sale of services	297.9	320.6
Other operating revenue :-		
Scrap sales	27.7	34.0
Technical and other service income	296.0	253.7
Miscellaneous Operating Income (includes export benefits etc)	133.5	97.9
	<b>28,415.8</b>	<b>30,345.3</b>

**25 OTHER INCOME**

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
Interest Income from Financial assets at amortised cost		
- Fixed deposits with banks	467.1	620.1
- On loan given to related party	108.5	123.6
Rental income	33.8	32.0
Discount on license purchased	23.0	6.7
Miscellaneous Income	55.6	65.6
Profit on sale of Assets (net) *	351.2	33.8
Net Exchange Gain	-	42.0
	<b>1,039.2</b>	<b>923.8</b>

\* includes profit of ₹349 MINR towards sale of unused land during the year ended March 31, 2020 for a consideration of ₹354.6 million.

## 26 COST OF MATERIAL CONSUMED

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
Inventory at the beginning of the year	833.3	730.6
Purchases during the year	5,832.0	7,445.4
Inventory at the end of the year	637.3	833.3
Cost of material consumed	<b>6,028.0</b>	<b>7,342.7</b>

## 27 PURCHASE OF STOCK IN TRADE

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
Purchases of traded goods	12,032.2	10,859.1
	<b>12,032.2</b>	<b>10,859.1</b>

## 28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
<b>Increase in inventory of finished goods :</b>		
Opening inventory	1,509.0	1,226.0
Less : Closing inventory	1,315.9	1,509.0
	193.1	(283.0)
<b>Increase in inventory of work in progress :</b>		
Opening inventory	120.1	122.5
Less : Closing inventory	155.8	120.1
	(35.7)	2.4
<b>Increase in inventory of traded goods :</b>		
Opening inventory	1,655.6	1,499.0
Less : Closing inventory	1,968.0	1,655.6
	(312.4)	(156.6)
	<b>(155.0)</b>	<b>(437.2)</b>

## 29 EMPLOYEE BENEFITS

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
Salaries, Wages and Bonus	1,838.4	2,065.4
Contribution to Provident and Other Funds (refer note 38)	122.8	124.7
Gratuity (refer note 38)	39.2	35.2
Leave compensation	87.8	58.6
Welfare Expenses	308.4	298.9
	<b>2,396.6</b>	<b>2,582.8</b>

**30 DEPRECIATION AND AMORTISATION**

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
Depreciation of Property, Plant & Equipment	483.7	456.4
Depreciation on right-of-use assets	79.9	-
Amortisation of Intangible assets	1.1	1.0
Depreciation of Investment property	6.5	6.5
	<b>571.2</b>	<b>463.9</b>

**31 FINANCE COST**

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
Interest on Pre shipment rupee export credit loan	70.9	76.6
Interest and finance charges on lease liability	23.9	-
	<b>94.8</b>	<b>76.6</b>

**32 OTHER EXPENSES**

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
Consumption of stores and spare parts	690.4	839.7
Power and Fuel	477.8	510.4
Repairs		
Building	21.7	16.1
Machinery	406.0	452.9
Royalty	438.8	489.7
IT Services	517.9	494.7
Trade mark fees	279.0	315.8
Rent	14.4	99.1
Insurance	32.0	31.7
Rates and Taxes	(2.7)	41.3
Travelling	258.7	302.9
Legal and professional fees	331.5	397.8
Payment to auditors (Refer note below)	7.3	7.7
Advertising and sales promotion	97.9	122.2
Logistic Cost	338.7	426.9
Provision for doubtful trade receivables	0.6	41.4
Bad debts written off	-	1.8
Directors' Commission / Sitting Fees	4.3	10.7
Expenditure incurred for Corporate Social Responsibility (Refer note below)	90.3	82.5
Net Exchange Loss	157.4	-
Miscellaneous expenses	457.5	454.0
	<b>4,619.5</b>	<b>5,139.3</b>

## 32 OTHER EXPENSES (Contd.)

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
<b>Note : Payments to auditors</b>		
As auditor		
- Statutory audit	4.1	4.1
- Tax audit	0.9	0.9
- Other audit services	2.3	2.7
	<b>7.3</b>	<b>7.7</b>
<b>Corporate social responsibility expenditure</b>		
Contribution to Education	54.3	54.2
Contribution to Women Empowerment	16.1	8.4
Contribution to Others (including administrative charges)	19.9	19.9
Total	<b>90.3</b>	<b>82.5</b>
Amount required to be spent as per Section 135 of the Act	90.1	81.7
Amount spent during the year on		
(i) Construction/acquisition of an Assets	-	-
(ii) On purpose other than (i) above	90.3	82.5
	<b>90.3</b>	<b>82.5</b>

## 33 INCOME TAX EXPENSE

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
<b>(a) Current Tax</b>		
Current tax on profit during the year	901.5	1,923.1
Adjustments for current tax of prior periods	(13.8)	10.9
Total Current Tax expense	887.7	1,934.0
<b>Deferred Tax</b>		
Deferred tax expense	90.1	(49.8)
Income tax expense	<b>977.8</b>	<b>1,884.2</b>
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit from continuing operations before income tax expense	3,867.7	5,241.9
Tax at the Indian tax rate of 25.17 % (for year ended March 31, 2019 - 34.94%)	973.5	1,831.5
Tax effect of amounts which are not deductible (taxable) in calculating taxable income :		
Adjustments for current tax of prior periods	(13.8)	10.9
Tax on capital gain	(67.0)	-
Opening Deferred tax reversal due to change in tax rate	64.0	-
Others	21.1	41.8
<b>Income tax expense</b>	<b>977.8</b>	<b>1,884.2</b>
<b>(c) Tax impact of remeasurement of post employment benefits obligation recognised in OCI</b>	30.8	12.1

### 34 FAIR VALUE MEASUREMENT

#### Financial instruments by category

The carrying value and fair value of financial instrument by categories were as follows :

	(₹ in million)			
	March 31, 2020		March 31, 2019	
	Amortised Cost	Carrying Amount	Amortised Cost	Carrying Amount
<b>Financial Assets</b>				
Investment in Government securities	1,971.8	1,971.8	441.7	441.7
Trade receivables	4,357.0	4,357.0	5,212.6	5,212.6
Cash and bank balances	6,182.9	6,182.9	6,034.2	6,034.2
Loan to related party	1,272.1	1,272.1	1,452.2	1,452.2
Other Financial assets	806.5	806.5	624.2	624.2
<b>Total Financial Assets</b>	<b>14,590.3</b>	<b>14,590.3</b>	<b>13,764.9</b>	<b>13,764.9</b>
<b>Financial Liabilities</b>				
Borrowings	-	-	900.0	900.0
Trade Payables	4,120.1	4,120.1	3,491.4	3,491.4
Other Financial Liabilities	485.9	485.9	723.5	723.5
<b>Total Financial Liabilities</b>	<b>4,606.0</b>	<b>4,606.0</b>	<b>5,114.9</b>	<b>5,114.9</b>

The fair values of all financial instruments carried at amortised cost are not materially different from their carrying amounts since they are either short-term in nature or the interest rate applicable are equal to the current market rate of interest.

There are no financial instruments measured under the category of Fair value through Profit and Loss account and Fair value through OCI.

#### i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at 31st March 2020

	(₹ in million)			
	Level 1	Level 2	Level 3	Total March 31, 2020
<b>Financial assets</b>				
Investment in Government securities	1,971.8	-	-	1,971.8
Trade receivables	-	-	4,357.0	4,357.0
Cash and bank balances	-	-	6,182.9	6,182.9
Loan to related party	-	-	1,272.1	1,272.1
Other Financial assets	-	-	806.5	806.5
<b>Total Financial assets</b>	<b>1,971.8</b>	<b>-</b>	<b>12,618.5</b>	<b>14,590.3</b>
<b>Financial Liabilities</b>				
Borrowings	-	-	-	-
Trade Payables	-	-	4,120.1	4,120.1
Other Financial Liabilities	-	-	485.9	485.9
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>4,606.0</b>	<b>4,606.0</b>



### 34 FAIR VALUE MEASUREMENT (Contd.)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2019

	(₹ in million)			
	Level 1	Level 2	Level 3	Total March 31, 2019
<b>Financial assets</b>				
Investment in Government securities	441.7	-	-	441.7
Trade receivables	-	-	5,212.6	5,212.6
Cash and bank balances	-	-	6,034.2	6,034.2
Loan to related party	-	-	1,452.2	1,452.2
Other Financial assets	-	-	624.2	624.2
<b>Total Financial assets</b>	<b>441.7</b>	<b>-</b>	<b>13,323.2</b>	<b>13,764.9</b>
<b>Financial Liabilities</b>				
Borrowings	-	-	900.0	900.0
Trade Payables	-	-	3,491.4	3,491.4
Other Financial Liabilities	-	-	723.5	723.5
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>5,114.9</b>	<b>5,114.9</b>

#### (ii) Valuation processes

The Company performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

### 35 FINANCIAL RISK MANAGEMENT

In the course of its business, the Company is exposed primarily to market risk, liquidity risk and credit risk, which may impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as credit risks. The risk management policy is approved by the board of directors.

The Risk Management framework aims to create a stable business planning environment by reducing the impact of market related risks, credit risks & currency fluctuations on the Company's earnings. Also refer Note 44 for Covid assessment.

#### 35 (A) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

##### i) Foreign currency risk

The Company transacts internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR and SEK. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹).

The Company has both Import and Export transactions in Foreign currency. The Imports are higher than the exports and hence the Company has foreign currency exposure to the extent of purchases being higher than exports, but any material variation in currency is recovered from the customers, through on going negotiation process. Thus the risk for currency fluctuation is mitigated.

## 35 FINANCIAL RISK MANAGEMENT (Contd.)

The company's exposure to foreign currency risk at the end of the reporting period, are as follows

	(₹ in million)	
	March 31, 2020	March 31, 2019
<b>Financial Assets</b>		
<b>Trade Receivables</b>		
EURO	70.1	121.3
USD	117.2	124.2
SEK	85.6	64.8
SGD	82.1	22.5
CNY	48.6	13.3
AUD	31.4	7.4
<b>Total exposure to foreign currency assets</b>	<b>435.0</b>	<b>353.5</b>
<b>Bank balance in EEFC</b>		
EURO	-	-
USD	72.3	44.2
<b>Total exposure to foreign currency assets</b>	<b>507.3</b>	<b>397.7</b>
<b>Financial Liabilities</b>		
<b>Trade Payables</b>		
EURO	2,384.6	2,141.5
USD	166.7	41.0
SEK	1.7	3.1
GBP	0.4	0.5
YEN	13.2	10.2
CHF	1.5	2.3
<b>Total exposure to foreign currency risk (liabilities)</b>	<b>2,568.1</b>	<b>2,198.6</b>

## ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

	(₹ in million)	
	Impact on profit after tax	
	March 31, 2020	March 31, 2019
EURO sensitivity		
INR/EURO increased by 5 %	(115.7)	(101.0)
INR/EURO decreased by 5 %	115.7	101.0
USD sensitivity		
INR/USD increased by 5 %	(2.5)	4.2
INR/USD decreased by 5 %	2.5	(4.2)
SEK sensitivity		
INR/SEK increased by 5 %	4.2	3.1
INR/SEK decreased by 5 %	(4.2)	(3.1)
SGD sensitivity		
INR/SGD increased by 5 %	4.1	1.1
INR/SGD decreased by 5 %	(4.1)	(1.1)

### 35 FINANCIAL RISK MANAGEMENT (Contd.)

#### iii) Interest rate risk

The Company's borrowings are carried at amortised cost.

The loan to related party is carried at amortised cost. The Company recovers interest as per the terms of the agreement.

The interest rate approximates the market rate of interest and hence the interest risk for loan given to related party is not considered to be substantial.

#### 35 (B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to pay out obligations. Due to the dynamic nature of the underlying businesses, Company ensures availability of funds by managing the investments.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet this. The Company invests its surplus funds in bank fixed deposit and in quoted government debt securities.

#### Maturities of financial liabilities

	(₹ in million)		
Contractual maturities of financial liabilities	Less than 1 year	1-3 years	Over 3 years
<b>31-March-2020</b>			
Lease Liabilities	89.0	134.5	25.2
Total liabilities	89.0	134.5	25.2

All the financial liabilities as on March 31, 2019 were due within 12 months. The carrying value of all the financial liabilities as on respective dates is considered as its maturity value since the impact of discounting is not significant.

#### 35 (C) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness.

#### Credit risk management

For banks and financial institutions, only high rated banks/institutions are accepted.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty ability to meet its obligations
- actual or expected significant changes in the operating results of the counterparty
- significant increase in credit risk on other financial instruments of the same counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

The definition of default is determined by considering the business environment in which entity operates and other macro-economic factors. All receivables past due are analysed and based on scrutiny provisions for Bad Debts are made on specific

### 35 FINANCIAL RISK MANAGEMENT (Contd.)

identification basis.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk, being the total of the carrying amount of balances with bank, short term deposits with banks, trade receivables and other financial assets is disclosed at the end of the each reporting period. Refer relevant notes for details.

#### Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other financial assets that are neither impaired nor past due, there were no indications at the end of each reporting period, that defaults in payment obligations will occur.

The Company follows 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) model for recognition of impairment loss on financial assets measured at amortised cost other than trade receivables. The Company follows lifetime expected credit loss model (simplified approach) for recognition of impairment loss on trade receivables.

The ageing of trade receivable as on balance sheet date is given below. The age analysis has been considered from the date when the invoices were due for payment.

	(₹ in million)					
	As at March 31, 2020			As at March 31, 2019		
	Gross	Allowance	Net	Gross	Allowance	Net
<b>Trade receivables</b>						
Period (in months)						
Not due	2,890.3	-	2,890.3	4,426.0	-	4,426.0
Overdue up to 3 months	1,466.7	-	1,466.7	786.6	-	786.6
Overdue 3-6 months	31.8	(31.8)	-	50.2	(50.2)	-
Overdue more than 6 months	159.4	(159.4)	-	151.1	(151.1)	-
<b>Total</b>	<b>4,548.2</b>	<b>(191.2)</b>	<b>4,357.0</b>	<b>5,413.9</b>	<b>(201.3)</b>	<b>5,212.6</b>

#### Reconciliation of loss allowance provision – Trade receivables

	(₹ in million)
	Amount
<b>Loss allowance on April 1, 2018</b>	181.3
Change in loss allowance	20.0
<b>Loss allowance on March 31, 2019</b>	201.3
Change in loss allowance	(10.1)
<b>Loss allowance on March 31, 2020</b>	<b>191.2</b>

### 36 CAPITAL MANAGEMENT

#### (a) Risk management

The company's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and short-term borrowings.

### 36 CAPITAL MANAGEMENT (Contd.)

#### (b) Dividends

	(₹ in million)	
	March 31, 2020	March 31, 2019
<b>i) Equity shares</b>		
<b>Dividend paid</b>		
March 31, 2019 (₹12 per share)	593.3	
DDT on dividend	121.9	
March 31, 2018 (₹12 per share)		616.1
DDT on dividend		126.6
<b>ii) Dividends not recognised at the end of reporting period</b>	6,426.9	593.3
In addition to the dividend in point (i) above, post year end the directors have recommended the payment of a special dividend of ₹130 per fully paid equity share (March 31, 2019 – ₹12). This proposed special dividend is subject to the approval of shareholders in the Annual General meeting.		

### 37 EARNINGS PER SHARE (EPS)

#### Basic and diluted earnings per share

The earnings per share (basic & diluted), computed as per the requirement under Indian Accounting Standard (IND AS 33) on 'Earnings per Share' is as under:

	(₹ in million)	
	For year ended March 31, 2020	For year ended March 31, 2019
Profit attributable to Equity Shareholders (Rupees in million)	2,889.9	3,357.7
Basic/Weighted average number of Equity Shares outstanding during the year	49,437,963	51,124,538
Nominal value of Equity Shares (₹)	10.0	10.0
Basic Earnings per share (₹)	58.5	65.7
Diluted Earnings per share (₹)	58.5	65.7

### 38 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS

#### I Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions in case of employees not covered under SKF Bearings India Limited, Provident Fund Scheme. The contributions are charged to the profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and Superannuation fund is as follows:

	(₹ in million)	
Particulars	For year ended March 31, 2020	For year ended March 31, 2019
Employee Provident Fund - Regional Provident Fund Contribution	38.0	38.8
Superannuation fund	34.7	32.9
	<b>72.7</b>	<b>71.7</b>



### 38 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (Contd.)

#### II Defined Benefit plans

##### i) Gratuity

The Company operates a post-employment defined benefit plan that provides gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive between 15 days to one month's salary for each year of completed service at the time of retirement/exit.

The following table summarises the position of assets and obligations.

	(₹ in million)		
	Present value of obligation	Fair value of plan assets	Net Amount
<b>Opening balance as on April 1, 2018</b>	855.6	836.7	18.9
Current service cost	34.9	-	34.9
Interest cost/income	61.9	61.6	0.3
Total amount recognised in profit & loss	96.8	61.6	35.2
Remeasurements			
Actual return on plan assets less interest on plan assets	-	14.2	(14.2)
changes in demographic assumptions	(0.1)	-	(0.1)
(Gain)/loss from change in financial assumptions	5.7	-	5.7
Experience (gains)/losses	43.3	-	43.3
Total amount recognised in other comprehensive income	48.9	14.2	34.7
Employer contributions	-	16.8	(16.8)
Benefit payments	(83.0)	(83.0)	-
<b>Closing balance as on March 31, 2019</b>	<b>918.3</b>	<b>846.3</b>	<b>72.0</b>
<b>Opening balance as on April 1, 2019</b>	918.3	846.3	72.0
Current service cost	35.8	-	35.8
Interest cost/income	65.7	62.3	3.4
Total amount recognised in profit & loss	101.5	62.3	39.2
Remeasurements			
Actual return on plan assets less interest on plan assets	-	21.3	(21.3)
(Gain)/loss from change in financial assumptions	63.2	-	63.2
Experience (gains)/losses	80.5	-	80.5
Total amount recognised in other comprehensive income	143.7	21.3	122.4
Employer contributions	-	72.1	(72.1)
Benefit payments	(85.0)	(85.0)	-
<b>Closing balance as on March 31, 2020</b>	<b>1,078.5</b>	<b>917.0</b>	<b>161.5</b>

The net liability disclosed above relates to funded and unfunded plans are as follows:

	(₹ in million)	
	March 31, 2020	March 31, 2019
Present value of funded obligations	1,078.5	918.3
Fair value of plan assets	917.0	846.3
Deficit of funded plan	161.5	72.0

### 38 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (Contd.)

#### Principal actuarial assumptions used as at the reporting date:

The significant actuarial assumptions were as follows:

	(₹ in million)	
	March 31, 2020	March 31, 2019
Discount rate	6.7%	7.7%
Salary growth rate		
for Management	10.0%	10.0%
for Non-Management	6.0%	6.0%

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.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner.

Expected contribution to post employment benefit plans for the year ended March 31, 2021 are ₹30 MINR.

#### ii) Provident Fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors. The actuary has provided a valuation and based on the below provided assumptions, shortfall recognised in the Statement of Profit and Loss during the year is NIL (previous year NIL MINR).

	(₹ in million)		
	Present value of obligation	Fair value of plan assets	Net Amount
<b>Opening balance as on April 1, 2018</b>	1,783.0	1,783.0	(0.0)
Current service cost	38.5	-	38.5
Interest cost/income	129.5	129.5	-
Total amount recognised in profit & loss	168.0	129.5	38.5
Actual return on plan assets less interest on plan assets	-	98.0	(98.0)
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/losses	98.0	-	98.0
Total amount recognised in other comprehensive income	98.0	98.0	-
Employer contributions	-	38.5	(38.5)
Employee contributions	108.3	108.3	-
Assets Distributed on Settlements / acquired on acquisition	17.2	17.2	-
Benefit payments	(301.4)	(301.4)	-
<b>Closing balance as on March 31, 2019</b>	<b>1,873.1</b>	<b>1,873.1</b>	<b>(0.0)</b>

	(₹ in million)		
	Present value of obligation	Fair value of plan assets	Net Amount
<b>Opening balance as on April 1, 2019</b>	1,873.1	1,873.1	(0.0)
Current service cost	44.4	-	44.4
Interest cost/income	138.4	138.4	-
Total amount recognised in profit & loss	182.8	138.4	44.4
Remeasurements			
Actual return on plan assets less interest on plan assets	-	49.4	(49.4)
(Gain)/loss from change in financial assumptions	12.1	-	12.1
Experience (gains)/losses	37.3	-	37.3
Total amount recognised in other comprehensive income	49.4	49.4	-
Employer contributions	-	44.4	(44.4)
Employee contributions	125.9	125.9	-
Assets Distributed on Settlements / acquired on acquisition	22.8	22.8	-
Benefit payments	(217.0)	(217.0)	-
<b>Closing balance as on March 31, 2020</b>	<b>2,037.0</b>	<b>2,037.0</b>	<b>(0.0)</b>

**38 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (Contd.)**

The net liability disclosed above relates to funded and unfunded plans are as follows:

	(₹ in million)	
	March 31, 2020	March 31, 2019
Present value of funded obligations	2,037.0	1,873.1
Fair value of plan assets	2,037.0	1,873.1
Deficit of funded plan	(0.0)	(0.0)

**Principal actuarial assumptions used as at the reporting date:**

The significant actuarial assumptions were as follows:

	(₹ in million)	
	March 31, 2020	March 31, 2019
Discount rate	6.7%	7.7%
Expected rate of return on plan assets	8.2%	8.5%
Discount rate for the remaining term to maturity of the investment	6.7%	7.6%
Average historic yield on the investment	8.2%	8.4%
Guaranteed rate of return	8.5%	8.7%

**III Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption		(₹ in million)					
			Impact on defined benefit obligation					
	March 31, 2020	March 31, 2019	Increase in Valuation		Decrease in Valuation		March 31, 2020	March 31, 2019
			March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019	
Discount rate - Gratuity	0.50%	0.50%	Decrease by	3.00%	3.05%	Increase by	3.16%	3.21%
Salary growth rate - Gratuity	0.50%	0.50%	Increase by	3.13%	3.21%	Decrease by	3.00%	3.08%
RPFIC guaranteed rate	0.50%	0.50%	Increase by	3.18%	1.68%	Decrease by	0.82%	0.00%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**IV (a) The major categories of plans assets for Gratuity are as follows:**

	March 31, 2020				March 31, 2019			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
<i>Debt instruments</i>								
Corporate bonds	59.9	-	59.9	7%	58.4	-	58.4	7%
Government of India securities	147.9	-	147.9	16%	139.8	-	139.8	17%
Sub Total	207.8	-	207.8		198.2	-	198.2	
Insurer Fund	749.4	-	749.4	82%	720.8	-	720.8	85%
Others	-	(40.2)	(40.2)	-4%	-	(72.7)	(72.7)	-9%
<b>Total</b>	<b>957.2</b>	<b>(40.2)</b>	<b>917.0</b>	<b>100%</b>	<b>919.0</b>	<b>(72.7)</b>	<b>846.3</b>	<b>100%</b>

## 38 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (Contd.)

(b) The major categories of plans assets for Provident Fund are as follows:

(₹ in million)

	March 31, 2020				March 31, 2019			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Equity instruments	63.0	-	63.0	3%	75.4	-	75.4	4%
<i>Debt instruments</i>								
Corporate bonds	923.6	-	923.6	45%	858.1	-	858.1	46%
Government of India securities	971.8	-	971.8	48%	867.8	-	867.8	46%
Sub Total	1,895.4	-	1,895.4		1,725.9	-	1,725.9	
Others	-	78.6	78.6	4%	-	72.0	72.0	4%
<b>Total</b>	<b>1,958.4</b>	<b>78.6</b>	<b>2,037.0</b>	<b>100%</b>	<b>1,801.3</b>	<b>72.0</b>	<b>1,873.3</b>	<b>100%</b>

The weighted average duration of the defined benefit obligation is 6.21 years (2019 – 6.26 years). The expected maturity analysis of undiscounted gratuity is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>March 31, 2020</b>					
Defined benefit obligation	137.5	216.9	368.1	1,011.9	1,734.4
<b>March 31, 2019</b>					
Defined benefit obligation	119.0	180.2	322.9	993.5	1,615.6

## V Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility** :The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

**Changes in bond yields** : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

Within this framework, the company's ALM objective is to match assets to the gratuity obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due.

The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

**39 CONTINGENT LIABILITIES AND COMMITMENTS***(to the extent not provided for)***a) Contingent liabilities:**

	(₹ in million)	
	March 31, 2020	March 31, 2019
Claims against the Company not acknowledged as debts		
(i) Income-tax	2,039.3	1,698.7
(ii) Excise duty	221.7	202.0
(iii) Sales tax	190.5	173.0
(iv) Others	59.8	38.6
	<b>2,511.3</b>	<b>2,112.3</b>

In addition to above, during the year the company has received a Draft assessment order for financial year 2015-16 (Assessment year 2016-17) u/s 143(3) read with section 144C of the Income Tax Act, 1961 ("Act") from the Assessing officer proposing an adjustment of ₹649.1 million towards Transfer Pricing addition resulting from the Transfer Pricing order under section 92CA(3) of the Act and an adjustment of ₹120 million towards other issues. Thus the total addition of ₹769.1 million has been proposed in draft assessment order. Against this draft assessment order, the company has filed its objections with Dispute resolution panel (DRP) under section 144C of the Act. The matter will be heard by the DRP and directions shall be issued to the Assessing officer who shall, in conformity with the directions, pass the final assessment order under section 143(3) read with section 144C(13) of the Act. Given the fact that the company has not received final assessment order and that the hearings are pending before the Dispute resolution panel, the management is of the opinion that there is no tax liability against the company as on the balance sheet date.

The company has evaluated the impact of the recent supreme court judgment in case of "Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II), West Bengal" and the related circular (Circular No. -C-1/1(33)2019/Vivekananda Vidya Mandir /284) dated March 20, 2019 issued by the Employees' Provident Fund Organization in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in books.

**b) Commitments:**

	(₹ in million)	
	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	384.4	375.8
	<b>384.4</b>	<b>375.8</b>

**40 DUES TO MICRO AND SMALL SUPPLIERS**

	(₹ in million)	
	March 31, 2020	March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.2	4.5
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	6.0	5.5
Principal amount paid to suppliers registered under the MSMED Act beyond the appointed day during the year	51.5	78.1
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year	Nil	Nil
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act for payment already made	0.5	0.9
Further interest remaining due and payable for earlier years	5.5	4.5

**Note :** The above information has been compiled by the Company on the basis of information made available by vendors during the year ended March 31, 2020 and year ended March 31, 2019.



#### 41 SEGMENT INFORMATION

The Company is of the view that it operates in a single segment viz. 'Bearings'. The Chief operating decision maker assess the result at Company level. This is in accordance with Accounting Standard IND AS 108, 'Segment Reporting' issued under Companies (Accounting Standards) Rules, 2015.

##### Information about geographical segments

	(₹ in million)	
	March 31, 2020	March 31, 2019
<b>Segment revenue</b>		
Within India	25,386.0	28,126.2
Outside India	3,029.8	2,219.1
	<b>28,415.8</b>	<b>30,345.3</b>
<b>Segment assets *</b>		
Within India	4,818.7	4,078.9
Outside India	-	-
	<b>4,818.7</b>	<b>4,078.9</b>

\* Non Current Assets excludes Deferred Tax assets and Financial Instruments

#### 42 THE COMPANY HAS FACILITY FROM BANKS FOR

- i) Working capital / working capital demand loans amounting to 200 MINR are secured by pari passu charge of :
  - a) all tangible movable properties and assets, both present and future, including stocks of Raw Materials, Semi-finished goods and Finished goods, excluding movable Machinery Spares, Tools and Accessories and Stores and Spares.
  - b) all present and future Book Debts outstanding, Monies receivable, Claims and Bills.
- ii) Pre shipment export credit loan (unsecured) NIL as at March 31, 2020 (900 MINR as on March 31, 2019)

#### 43 IND AS 115 :- REVENUE FROM CONTRACTS WITH CUSTOMERS

	(₹ in million)	
	March 31, 2020	March 31, 2019
Reconciliation of revenue with contract price :-		
Revenue as per statement of PL	28,415.8	30,345.3
Add: Incentive/rebates etc	1,093.9	1,061.2
Add: Discounts	27.6	32.0
Add: Liquidated damages	34.8	20.2
Contract price	29,572.1	31,458.7

- 44 The COVID 19 spread has severely impacted businesses around the world. In many countries, including India, there has been severe disruption to regular business operations due to lock down restrictions and other emergency measures imposed by the Government. The Company has made a detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets including Property, Plant and Equipment, Trade receivables, Inventory and Investments as at the Balance Sheet date, and has concluded that there are no material adjustments required in the financial statements. In the case of Inventory, Management has performed the annual 'wall to wall' inventory verification at each of its location as at December 31, 2019 (attended by the auditors) and performed roll - forward procedures to obtain comfort over the existence and condition of Inventories as at March 31, 2020.

Management believes that it has taken into account all the possible impact of known events arising from COVID 19 pandemic in the preparation of the financial statements. However, the estimated impact of global health pandemic might vary from the date of approval of these financial statements and the Company will continue to monitor any material changes to future economic conditions.

#### 45 IND AS 116 :- LEASES

This note explains the impact of the adoption of Ind AS 116 Leases on the company's financial statements and discloses the new accounting policies that have been applied from April 1, 2019 in note below.

The company has adopted Ind AS 116 "Leases" effective April 1, 2019 (transition date), which applies to all lease contracts existing on transition date using the simplified approach and has not restated comparatives for the previous year ended March 31, 2019, as permitted under the specific transitional provisions in the standard.

##### Impact on the financial statements - lessee accounting

On adoption of Ind AS 116, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019.

The lessee's average incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 9.63%.

##### i) Practical expedients applied

In applying Ind AS 116 for the first time, the company has used the following practical expedients permitted by the standard:

- applying single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- setting the Right-of-use asset (before adjustments for any prepayments) equal to the lease liability on the transition date.

##### ii) Measurement of lease liabilities:

Operating lease commitments disclosed as at March 31, 2019	403.6
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(58.7)
Add: finance lease liabilities recognised as at March 31, 2019	-
(Less): short-term leases recognised on a straight-line basis as expense	-
(Less): low-value leases recognised on a straight-line basis as expense	(58.3)
Lease liability recognised as at April 1, 2019	286.6
Of which are:	
Current lease liabilities	82.3
Non-Current lease liabilities	204.3
	286.6

##### iii) Measurement of right-of-use assets:

The associated right-of-use assets for leases were measured equal to the lease liability as on the date of transition applied.

##### iv) Adjustments recognised in the balance sheet as on April 1, 2019:

The change in accounting policy affected the following items in the balance sheet on April 1, 2019:

- right-of-use assets - increased by 286.6 MINR
- lease liabilities - increased by 286.6 MINR

##### Critical Judgements in determining the lease term

- Identifying a Lease
- Defining the Discount Rate

## 46 RELATED PARTY DISCLOSURES

### (i) List of Related Parties & relationship:

#### a) List of related parties where control exists

Sr. No.	Name of the Related Party	Relationship
1	Aktiebolaget SKF (AB SKF)	Immediate Holding Company and Ultimate Holding Company

#### b) Names of the related parties with whom transactions were carried out and description of relationship:

##### Fellow subsidiary Companies (All under the common control of AB SKF)

Sr. No.	Name of the Related Party
1	SKF GMBH
2	SKF INDUSTRIE S.P.A
3	SKF SVERIGE AB
4	SKF USA INC.
5	SKF ARGENTINA S.A.
6	SKF ÖSTERREICH AG
7	LINCOLN HELIOS (INDIA) LIMITED
8	KAYDON CORPORATION
9	SKF INTERNATIONAL AB
10	SKF MEKAN AB
11	SKF (U.K.) LIMITED
12	SKF FRANCE
13	RKS SAS
14	SKF BELGIUM NV/SA
15	RFT S.P.A.
16	SKF BEARING BULGARIA EAD
17	SKF INTERNATIONAL AB EDC
18	SKF DE MEXICO SA DE CV
19	SKF LATIN TRADE S.A.S
20	SKF DEL PERU S.A.
21	SKF DO BRASIL LTDA
22	SHANGHAI PEER BEARING COMPANY LTD
23	PEER BEARING COMPANY-CHANGSHAN
24	ZHE JIANG XINCHANG PEER BEARING CO LTD
25	SKF TURK SANAYI VE TICARET LIMITED
26	SKF TECHNOLOGIES (INDIA) PVT LTD

## 46 RELATED PARTY DISCLOSURES (Contd.)

b) Names of the related parties with whom transactions were carried out and description of relationship:  
(continued)

Sr. No.	Name of the Related Party
27	SKF ASIA PACIFIC PTE. LTD.
28	SKF JAPAN LTD.
29	SKF (SHANGHAI) BEARINGS CO.LTD
30	SKF KOREA LTD
31	SKF MALAYSIA SDN BHD
32	SKF SEALING SOLUTIONS(WUHU) CO.,LTD
33	PT SKF INDONESIA
34	SKF SEALING SOLUTIONS KOREA CO., LT
35	SKF INDUSTRIAL INDONESIA
36	SKF (SHANGHAI) AUTOMOTIVE TECHNOLOGIES CO., LTD
37	SKF (CHINA) SALES CO. LTD
38	SKF (DALIAN) BEARINGS AND PRECISION TECHNOLOGIES CO. LTD.
39	SKF (JINAN) BEARINGS AND PRECISION
40	SKF DISTRIBUTION (SHANGHAI) CO. LTD
41	SKF AUSTRALIA PTY LTD
42	PSC SKF UKRAINE
43	SKF SEALING SOLUTIONS GMBH
44	SKF SOUTH AFRICA (PTY) LTD
45	SKF MAGNETIC MECHATRONICS
46	SKF SEALING SOLUTIONS AUSTRIA GMBH
47	SKF METAL STAMPING S.R.L
48	SKF MARINE SINGAPORE PTE LTD.
49	SKF ESPANOLA S.A., MADRID
50	SKF CHILENA S.A.I.C.
51	SKF (THAILAND) LTD
52	BEIJING NANKOU SKF RAILWAY BEARINGS CO.LTD.
53	SKF B.V.

**Key Management Personnel**

1	Mr. Manish Bhatnagar (Managing Director from August 16, 2018)
2	Mr. Carl Orstadius (Managing Director from April 1, 2018 till August 15, 2018)
3	Ms H. Hattangady (upto April 1, 2019)
4	Mr. P. M. Telang (upto May 15, 2019)
5	Mr. P.R. Menon (upto May 15, 2019)
6	Mr. Rakesh Makhija (upto May 15, 2019)
7	Mr. Gopal Subramanyam (from May 16, 2019)
8	Ms. Anu Wakhlu (from May 16, 2019)
9	Mr. Aldo Cedrone (from May 17, 2019)
10	Mr. Bernd Stephan
11	Mr. Werner Hoffman (from August 21, 2019)

## 46 RELATED PARTY DISCLOSURES (Contd.)

**Employees' Benefit plans where there is Significant influence**

1	SKF India Limited Provident Fund Scheme
2	SKF Bearings India Limited Superannuation Scheme
3	SKF Bearings India Limited Bangalore Superannuation Scheme
4	SKF Bearings India Limited Employees Gratuity Fund
5	SKF Bearings India Limited Bangalore Employees Gratuity Fund

## (ii) Disclosure of related party transactions:

(₹ in million)

Sr. No.	Nature of transaction / relationship / major parties	For year ended March 31, 2020		For year ended March 31, 2019	
		Amount	Amount	Amount	Amount
<b>A</b>	<b>Purchases</b>				
i	Raw Materials, components, spares and Finished Goods	<b>11,211.2</b>		<b>10,090.3</b>	
	SKF GMBH		3,177.5		2,559.3
	SKF Technologies India Pvt Ltd.		2,136.6		1,701.1
	SKF Asia Pacific Pte Ltd		1,714.9		1,501.8
	SKF Industrie S.p.A		952.2		1,057.3
	Others		3,230.0		3,270.8
ii	Property, Plant and Equipment	<b>26.3</b>		<b>30.0</b>	
	SKF Osterreich AG		15.6		9.8
	SKF FRANCE		7.3		-
	SKF USA Inc.		3.4		3.0
	SKF Sealing Solutions Austria GmbH		-		13.7
	Others		-		3.5
<b>B</b>	<b>Services received</b>				
i	Administrative and Service Fees	<b>39.1</b>		<b>39.8</b>	
	SKF International AB		10.9		9.0
	SKF Technologies India Pvt Ltd.		10.5		10.7
	Others		17.7		20.1
ii	IT services	<b>270.7</b>		<b>247.2</b>	
	AB SKF		270.7		247.2
<b>C</b>	<b>Royalty</b>	<b>438.8</b>		<b>489.7</b>	
	AB SKF		438.8		489.7
<b>D</b>	<b>Trade Mark Fees</b>	<b>279.0</b>		<b>315.8</b>	
	AB SKF		279.0		315.8



## 46 RELATED PARTY DISCLOSURES (Contd.)

(₹ in million)

Sr. No.	Nature of transaction / relationship / major parties	For year ended March 31, 2020		For year ended March 31, 2019	
		Amount	Amount	Amount	Amount
<b>E</b>	<b>Sales</b>				
i	Goods and Services	<b>2,733.8</b>		<b>1,965.4</b>	
	SKF Distribution Shanghai Co Ltd		518.3		127.6
	SKF Asia Pacific Pte Ltd		378.6		120.7
	SKF GMBH,		320.3		471.3
	SKF International AB EDC		301.6		377.4
	SKF USA Inc.		274.3		310.4
	Others		940.7		558.0
ii	Technical and other service income	<b>296.0</b>		<b>253.7</b>	
	AB SKF		296.0		253.7
<b>F</b>	<b>Other Income</b>				
i	Rent Income	<b>33.8</b>		<b>32.0</b>	
	SKF Technologies India Pvt Ltd.		33.8		32.0
ii	Commission Income	<b>1.4</b>		<b>2.2</b>	
	SKF Asia Pacific Pte Ltd		1.4		2.2
<b>G</b>	<b>Reimbursements</b>				
i	Received	<b>94.6</b>		<b>83.1</b>	
	SKF Technologies India Pvt Ltd.		64.3		63.4
	SKF Asia Pacific Pte Ltd		-		1.7
	Others		30.3		18.0
ii	Paid	<b>15.1</b>		<b>16.8</b>	
	AB SKF		4.1		11.6
	SKF Industries SPA		3.0		1.6
	SKF Technologies India Pvt Ltd.		2.0		2.9
	Others		6.0		0.7
<b>H</b>	<b>Inter Corporate Loan &amp; Interest</b>				
i	Loan Received Back	<b>175.0</b>		<b>125.0</b>	
	SKF Technologies India Pvt Ltd.		175.0		125.0
ii	Interest Income on Loan	<b>108.5</b>		<b>123.6</b>	
	SKF Technologies India Pvt Ltd.		108.5		123.6
<b>I</b>	<b>Dividend Paid</b>	<b>311.9</b>		<b>311.9</b>	
	AB SKF		272.0		272.0
	SKF (UK) Ltd.		37.6		37.6
	Others		2.4		2.4

## 46 RELATED PARTY DISCLOSURES (Contd.)

(₹ in million)

Sr. No.	Nature of transaction / relationship / major parties	For year ended March 31, 2020		For year ended March 31, 2019	
		Amount	Amount	Amount	Amount
<b>J</b>	<b>Managerial Remuneration :-</b>	<b>27.3</b>		<b>32.9</b>	
	Short-term employee benefits		23.4		27.7
	Long-term employee benefits		3.9		5.3
<b>K</b>	<b>Payment to Directors</b>	<b>4.3</b>		<b>10.7</b>	
	Sitting fees & Commission		4.3		10.7
<b>L</b>	<b>Employees' Benefit plans where there is Significant influence</b>				
i	Contributions Paid	<b>275.3</b>		<b>212.5</b>	
	SKF India Limited Provident Fund Scheme		170.3		159.4
	SKF Bearings India Limited Superannuation Scheme		29.8		31.2
	SKF Bearings India Limited Bangalore Superannuation Scheme		3.1		3.0
	SKF Bearings India Limited Employees Gratuity Fund		72.1		13.9
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		-		5.0
ii	Reimbursements Received For Settlements	<b>110.2</b>		<b>47.2</b>	
	SKF Bearings India Limited Employees Gratuity Fund		105.6		35.4
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		4.6		11.8

## (iii) Amount due to/from related parties

(₹ in million)

Sr. No.	Nature of transaction / relationship	March 31, 2020		March 31, 2019	
		Amount	Amount	Amount	Amount
<b>1</b>	<b>Accounts receivable</b>	<b>503.3</b>		<b>423.2</b>	
	SKF International AB		396.5		307.9
	Others		106.8		115.3
<b>2</b>	<b>Other receivable</b>	<b>75.3</b>		<b>74.5</b>	
	AB SKF		66.8		59.4
	Others		8.5		15.1
<b>3</b>	<b>Accounts payable</b>	<b>2,820.0</b>		<b>2,468.9</b>	
	SKF International AB		2,463.4		2,100.0
	AB SKF		159.9		197.6
	Others		196.7		171.3

## 46 RELATED PARTY DISCLOSURES (Contd.)

(₹ in million)

Sr. No.	Nature of transaction / relationship	March 31, 2020		March 31, 2019	
		Amount	Amount	Amount	Amount
<b>4</b>	<b>Loan (including interest accrued)</b>	<b>1,272.1</b>		<b>1,452.2</b>	
	SKF Technologies India Private Limited		1,272.1		1,452.2
<b>5</b>	<b>Managerial Remuneration payable</b>	<b>-</b>		<b>1.5</b>	
	Mr Manish Bhatnagar		-		1.5
<b>6</b>	<b>Employees' Benefit plans where there is Significant influence</b>				
	Other Receivable	<b>63.1</b>		<b>88.3</b>	
	SKF Bearings India Limited Employees Gratuity Fund		62.0		88.1
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		1.1		0.2
	<b>Other Payable</b>	<b>161.5</b>		<b>72.1</b>	
	SKF Bearings India Limited Employees Gratuity Fund		117.1		72.1
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		44.4		-
<b>7</b>	<b>Director's commission</b>	<b>2.9</b>	<b>2.9</b>	<b>7.9</b>	<b>7.9</b>

In terms of our report of even date

For **Price Waterhouse & Co Bangalore LLP**  
Firm Regn. No. 007567S/S-200012  
Chartered Accountants

**Amit Borkar**  
Partner  
Membership No. 109846

Place: Pune  
Date: May 7, 2020

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

**Gopal Subramanyam**  
Chairman  
Place:- Bengaluru

**Anurag Bhagania**  
Finance Director  
Place: Pune

**Manish Bhatnagar**  
Managing Director  
Place:- Bengaluru

**Ranjan Kumar**  
Company Secretary  
Place: Pune

Date: May 7, 2020





## SKF India Limited

### **Registered Office:**

Mahatma Gandhi Memorial Building,  
Netaji Subhash Road, Charni Road (W),  
Mumbai - 400 002

CIN : L29130MH1961PLC011980

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**PUB GC/R1 18908 EN.IN.**

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