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# Corporate Information

## Board of Directors

### **Kamlesh C. Mehra**

Chairman

### **Shishir Joshipura**

Managing Director and  
Country Head, SKF India

### **Hema A. Hattangady**

(from 18.07.2014)

### **Henrik Lange**

### **Prakash M. Telang**

### **Prasad R. Menon**

### **Rakesh Makhija**

### **Tryggve Sthen**

(upto 30.12.2014)

### **Vartan Vartanian**

### **David Bishop**

(alternate to V Vartanian)  
(upto 18.02.2015)

## Company Secretary

### **Pradeep Bhandari**

## 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

## Registrars and Share Transfer Agents

### **TSR Darashaw Limited**

6-10, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road,  
Mahalaxmi, Mumbai – 400 011.

## Country Management Team

### **Shishir Joshipura**

Managing Director

### **Anjali Byce**

### **Chandramowli Srinivasan**

### **Harsha Kadam**

### **Mattias Axelsson**

### **Shrikant Savangikar**

### **Sanjeebit Choudhury**

### **Sudhir Rege**

### **K Ramakrishnan**

### **Pallavi Deshmukh**



“The key to Staying Ahead is to achieve strategic leadership in a changing competitive environment.”

# Letter to Shareholders

Dear Shareholders,

It is my pleasure to present before you the Annual Report of SKF India Limited for the year 2014.

- Net Sales for the year 2014 is ₹ 23726 million, an increase of 6% over the previous year
- The Profit after Tax for the year 2014 amounted to ₹ 2028 million, an increase of 22% over the previous year

We achieved these results against the backdrop of a very challenging economic scenario. During the year 2014, the core sector performance remained largely unchanged from 2013. Softening but persistent inflationary pressure, continued stable but high interest rates presented growth challenges across sectors. Manufacturing and industrial activity remained sluggish for a large part of the year as demand did not take off across most sectors with exception of a few.

The economic environment witnessed a change in the middle of the year with the election of a new stable government at the center. The business confidence and optimism returned to the corporate dialogue towards the end of the year even

as the overall economy improved only marginally. Amidst continued challenges on several fronts on the economic environment, 2014 ended on a note of cautious optimism and hope for a better future.

Your Company has constantly and consistently driven the thought and practice to improve its competitive position. Our aim is simple – help our customers win with their customers. Your Company strived to improve its competitiveness through four levers of innovation, reach, technology and people. Your Company deployed all four levers with a view to find solutions to customers' problems and in turn helping to consolidate its leadership position in the market.

Today, the country stands at the cusp of a new and exciting future – a future that promises sustained growth and prosperity and a promise to transform India into a manufacturing powerhouse. At the heart of the new government's development agenda is the 'Make in India' initiative. Your Company is committed to leveraging this initiative by offering an ever expanding portfolio of high quality products and services to a wide range of industries as technology,

innovation, people and reach will continue to play a pivotal role in defining success in a sustainable way.

Today, sustainability is becoming a business imperative and a strategic driver for all organizations. SKF Group's Beyond Zero™ strategy aims to reduce the environmental impacts from operations and through energy efficient products and solutions. In line with this strategy 'SustEn' initiative was launched by Your Company since 2013 and continuing now, the project has helped to reduce CO<sub>2</sub> emissions related to manufacturing operations by nearly 7306 tonnes in a year (which is 22.5% of 2014) by way of changing sourcing mix to greener sources, and also consumption savings from operations, at the same time achieving annualized savings of nearly ₹ 71 million. This initiative received the SKF Group's Climate Savers Awards 2014 presented together with WWF. Further, SKF has installed 1 MW Roof Top solar power plant at its Bangalore location, which is amongst the largest facilities of its kind in the country.

Our most fundamental responsibility towards the society is to manage our business and operations in a

responsible and accountable manner. As good corporate citizens, we are expected to have a positive impact through our interactions with society. While driving business performance is important, Your Company is equally focused at larger social responsibility. Under the SKF Care initiative, Your Company ensures Business, Environment, Employees and Communities are cared for. The Community Care strategic road map for SKF India focuses on Education, Empowerment and Environment. Your Company has expanded the Sports Academy to Ahmedabad and plans are on the anvil for other locations. During the year, Your Company has tied up with a professional football club to coach the Sports Academy children that will enable them to increase their level of the sport and compete even better. Your Company believes, this will make a significant and meaningful difference.

The key to Staying Ahead is to achieve strategic leadership in a changing competitive environment. During 2014, our efforts have also won us a few accolades. Dun and Bradstreet rated us the best company in the bearing industry

for 8th consecutive year, the Pune and Haridwar factory also won the coveted Gold Award at the Economic Times and Frost and Sullivan manufacturing excellence awards. Some awards require special mention, especially those that were conferred by our esteemed customers like Bajaj, Mahindra and Mahindra, Reiter and Toyota among others, which signify the value we add to their business by imparting our solutions and technology in their applications.

I place on record my sincere appreciation to our distributors, partners and suppliers for their continued support. I would also like to share my gratitude to our customers for their continued trust and to our shareholders for their continued confidence. I look forward to 2015 with renewed optimism. In alignment with all our stakeholders, we will strive to deliver a better tomorrow.

Yours sincerely,

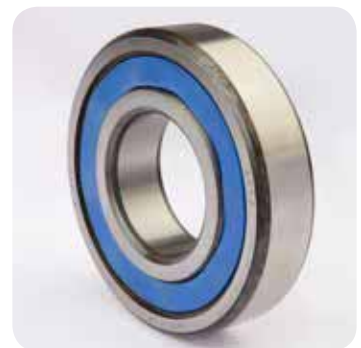


Shishir Joshipura

Managing Director

# Staying Ahead

We continue to partner with our customers and help them to win in their markets with our solutions.



**At SKF, we believe that the only way for Staying Ahead is by drawing on our levers of competitiveness with a deeper focus on customer centricity. Customer centricity is essential to drive our aim of achieving profitable business growth. We leverage our resources to find solution to customer's problems, while delivering highly differentiated products and services and drive enhanced operational efficiency**

## **INNOVATION**

At SKF, we continue to build on over a century old culture of innovation that is customer focused. Our endeavor is to create innovative solutions which are adapted for local market conditions. Continuous improvement in the existing production processes, products and the way we serve the market are all part of innovation process. SKF is committed to maintaining high standards of product quality and innovation that enables creation of solutions that meet customer needs. We believe that going forward, innovation will play a pivotal role in ensuring profitable and sustainable business growth.

## **TECHNOLOGY**

Our fundamental strength is our ability to continuously develop new technologies – then use them to create solutions that offer competitive advantages to our customers. We achieve this by combining hands-on experience in over 40 industries with our knowledge across the SKF technology platforms: bearings and units, seals, mechatronics, services and lubrication systems. SKF's continued commitment to technology development is important for maintaining and strengthening the Company's market leadership. SKF continues to increase its activities on this front with a greater focus on new products and services which have a positive impact on the environment while enhancing the performance. In addition, there has been a greater concentration on strengthening core technologies, launching new products that address local performance needs while maintaining the global quality standards. SKF's promise to its customer is to offer technology and solutions that are world class, world-wide.

## **REACH**

SKF is present across an extensive range of industries and customer segments worldwide. Our wide reaching distributor network provides customers with SKF's product & services along with local relationships across the length and breadth of the country. Our expanding network of SKF Solution Factory enables greater asset performance by providing speedy solutions to even the toughest productivity challenges of our customers. Our aim is to make our technology, solutions and expertise available closer to our customers at all times.

## **PEOPLE**

SKF is a trusted partner to all major industries across the world for over a century. Trust emanates from the genuineness of every SKF product and solution, created and delivered with utmost care and dedication by our people. Our committed professionals with a high level of experience and expertise, and a deep domain knowledge are developing and delivering groundbreaking technologies and creating customer-specific solutions that meet the challenges, not only of today, but even tomorrow.

# Winning solutions Winning partnerships

**Every industry has its unique challenges, but virtually all industries share the goals of increased productivity and reduced cost of operations. Critical needs of the manufacturing sector include increased machine uptime, reduced maintenance, improved safety, energy efficiency and lower total cost of ownership. With expertise in a wide range of disciplines and decades of experience as a technology partner to both equipment manufacturers and end users in every major industry, SKF is delivering not just products but total integrated solutions that help our customers meet their goals.**

**At SKF, we strive to forge deeper ties with our customers that result in winning solutions and winning partnerships.**

In today's globalized and interconnected world, technology is fast becoming a key differentiator. SKF has developed a deep understanding of how machine components and industrial processes interact with the operating environment. SKF solutions are based on this deep understanding helping our customers to stay ahead.

As leaders in bearings, SKF has experience across forty industries ranging from aerospace to automation, from appliances to agriculture,

from marine to medical care and from racing to railways. Our core technology platforms include bearings and units, seals, mechatronics, services and lubrication systems.

This unique combination of technology, experience and reach is shared to help customers achieve their goals – to become more profitable, productive and sustainable. This is the Power of Knowledge Engineering.



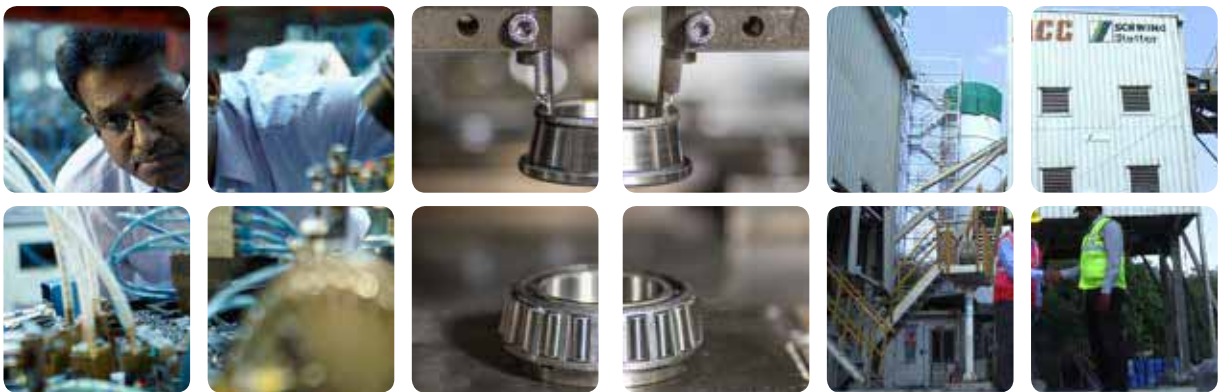


## Unique solutions throughout the machinery life cycle

*SKF Life Cycle Management is a proven approach for maximizing productivity while minimizing Total Cost of Ownership for machinery over every stage, from specification and design to operation and maintenance. At every stage of the asset life cycle, SKF products, advanced services and solutions help our customers improve productivity, reduce maintenance costs, improve energy and resource efficiency, and optimize designs for long service life and reliability, ultimately helping to make them more successful, sustainable, and profitable.*

# The Power of Knowledge Engineering

SKF combines global presence, industrial experience and technology platforms to build customer value.



## Concrete savings for the cement industry

One of the key problems of a major cement manufacturer's concrete ready mix unit was that of grease contamination due to harsh and dusty operating conditions. This caused multiple issues of poor bearing life, high maintenance costs, unplanned shutdowns as well as customer dis-satisfaction due to delayed delivery times.

SKF worked with the customer and found a solution in SKF's automatic lubrication system - SKF System 24, which ensured trouble free greasing and significant improvement in the overall plant reliability. By optimizing lubricant consumption, System 24 reduced the maintenance cost, increased safety for operators at the plant and eliminated leakage, thereby minimizing the impact on the environment.



## Rising to meet the customer challenge

SKF worked with a leading SUV manufacturer in India to resolve a critical issue. Soon after launch of one of their most ambitious project by the customer, problems were reported for suspension and noise in the vehicle. This was a serious issue and needed to be addressed urgently and effectively to ensure end user acceptance. SKF worked closely with the customer to overcome this problem by drawing on the expertise in application engineering capabilities and experience of working in global market. SKF offered Macpherson's suspension bearing - a proven and reliable solution which helped this customer to eliminate the issues and provide noise-free, better-ride quality to end users.

## Gaining new ground with value delivery

A leading mining equipment manufacturer was faced with a challenge to develop one of the largest gearless pulleys and offer extended warranty as demanded by their customer. Keeping the customer's key requirement at forefront, SKF designed a total solutions package consisting of sealing solutions, maintenance products and lubricants and services. Services included training in mounting and dismounting of bearings, preparation of instruction manuals on maintenance, shipping and storage, and above all access to the global SKF solutions factories were all essential to the end-user for the extended warranty to be of some consequence. The bundled product and service offering was a comprehensive solution for the customer which helped them to establish themselves in the market and exceed their customer expectations. This successful partnership is a demonstration of delivering The Power of Knowledge Engineering.

# Powered By People

At the core of SKF's engineering prowess lies the power of our most critical and valuable resource – our people.

Our people come from diverse cultures, ethnicities and communities, and yet, what binds each and every SKF employee is the single-minded focus and commitment to support our customers with cutting-edge solutions for a wide range of applications that stretch from wind farms and offshore oil rigs to high-speed trains, washing machines and millions of motorcycles, trucks and cars.

At SKF, our unwavering focus is on ensuring that our people are abreast of the latest technology and skills

available in the industry. We continue to attract and retain the best talent in the industry. But what differentiates us is our promise of delivering the Power of Knowledge Engineering

At SKF, we harness the imagination of our people so that together, we evolve better ways to reduce the environmental effects of an asset over its lifecycle. We equip intelligence with the right tools to develop technologies that will result in new and better products, processes and solutions for our customers.

At SKF, we are powered by people.





## Leadership for growth

*The key to Staying Ahead is to achieve strategic leadership in a changing competitive environment. SKF launched focused programs to accelerate the development of high performing individuals with a potential to be 'leaders' for business critical roles. Continuing with our efforts towards enabling our employees to reach their highest potential, during 2014, a Manufacturing Excellence program was launched for the factory management team after the successful implementation of the Sales Excellence initiative towards bringing higher focus on customers by building a growth mind-set. At SKF, we believe that such programs will ensure readiness of leadership capability for the future and enable us in Staying Ahead by building a strong leadership pipeline.*



# Committed to making a meaningful difference

Performance, progress, development and growth are the primary purpose of any business. At the same time, businesses are at a unique position where they can be catalysts for social change and play a valuable role in improving lives in communities and societies they operate in. As a responsible corporate citizen, SKF has always believed that there is more to business and several initiatives have taken shape under the philosophy of SKF Care.

SKF Care is an opportunity to make meaningful difference in the lives of people and the environment.

Societies, communities, suppliers and distributors are important stakeholders for SKF as its customers. We care as much about our performance as we do about our people and our planet. Embedded deep within SKF Care is our commitment to the environment, our employees and communities. The SKF Care model guides us in all operations.



## ENVIRONMENTAL CARE

SKF Group Beyond Zero™ strategy aims to reduce the environmental impacts of SKF's operations and provide customers with innovative technologies, products and solutions that offer improved environmental performance. In line with this strategy 'SustEn' initiative was launched by SKF in 2013 that has reduced the CO<sub>2</sub> emissions related to manufacturing operations by nearly 7306 tonnes in a year by way of changing sourcing mix to greener sources, and also consumption savings from operations, at the same time achieving annualized savings of nearly ₹ 71.35 million. This initiative received the SKF Group's Climate Savers Awards 2014 presented together with WWF. Further, SKF has installed 1 MW Roof Top solar at its Bangalore location, which was first of its kind while it was installed. SKF has also put up 100 Kwp installation at Pune on its corporate building, and has signed a MOU to have one more 1 MW installation at its Pune plant. It is our constant endeavor to reduce carbon footprint as well as create energy efficient solutions that help in ensuring a better tomorrow.

## EMPLOYEE CARE

At SKF, the health and safety of our employees, especially those working in our manufacturing sites, are paramount. Our goal is to eliminate totally work-related accidents by implementing Occupational Health and Safety Assessment Series (OHSAS 18001) worldwide. OHSAS 18001 is a management system compatible to ISO 9000 and ISO 14001, and SKF has been certified to this standard since 2005.

The Accident Rate in 2014 was 1.13 (0.99), significantly lower compared to 13.78 in 1994 when SKF started measuring this.

## COMMUNITY CARE

The community care program at SKF is structured in accordance with the United Nations Global Compact principles and The Business Charter for Sustainable Development by International Chamber of Commerce.

At SKF, we work with societies and communities to make a meaningful difference. SKF and its employees take part in various initiatives and projects that aim at alleviating the under-privileged sections of the communities we operate in.

### SKF India has defined three focus areas under community care:

- **Education:** complete education for holistic development through sports
- **Empowerment:** skill and vocational training for creating livelihood
- **Environment:** sustainable development and reduction in carbon footprint



## SKF India Community Care vision

*"To bring a positive change in communities neighbouring our operations, and create a meaningful difference to the recipients"*

# Financial Highlights

(` in Millions)

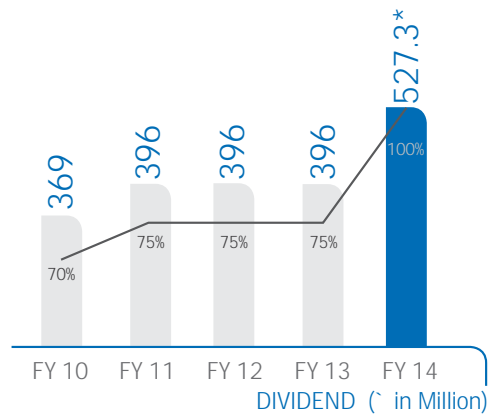
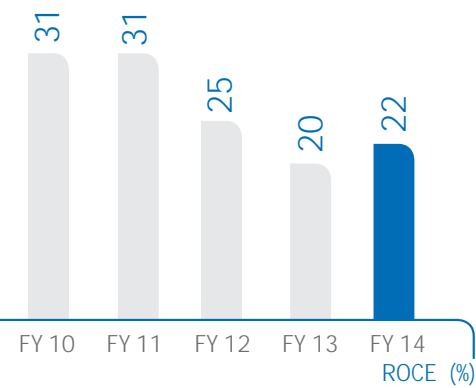
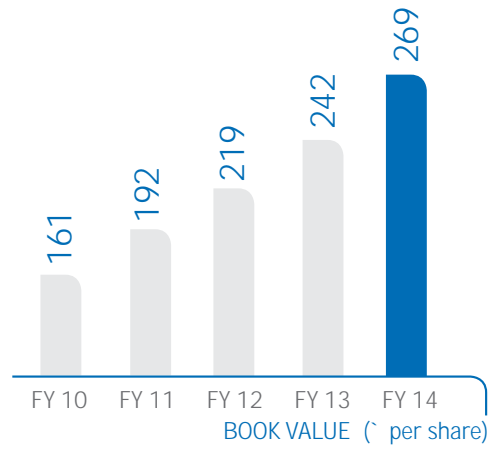
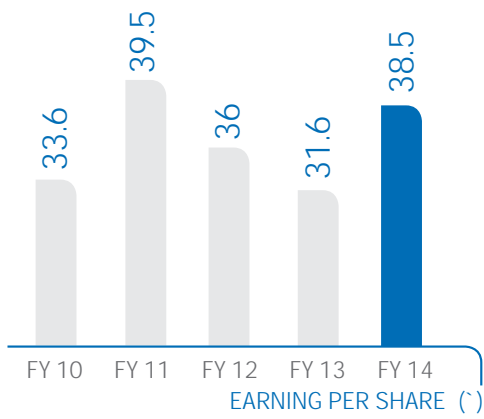
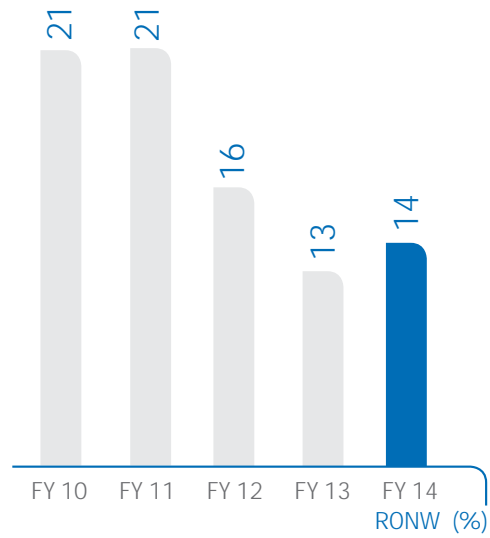
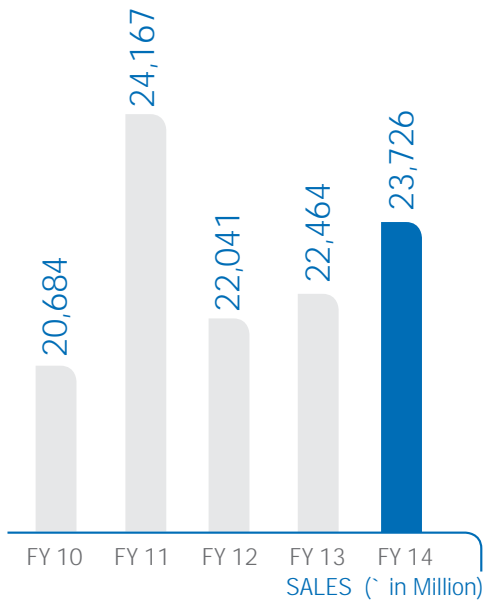
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Sales	<b>23,726</b>	22,464	22,041	24,167	20,684	15,709	16,202	15,683	13,425	7,814
Profit before tax	<b>3,062</b>	2,530	2,831	3,139	2,661	1,431	1,944	2,474	1,531	1,031
Profit after tax	<b>2,028</b>	1,667	1,901	2,085	1,770	942	1,277	1,607	1,020	641
Cash earning per Share (`)	<b>49</b>	41	44	47	40	23	30	36	24	17
Rate of dividend (%)	<b>100**</b>	75	75	75	70*	40	45	60	45	35
Gross Block <sup>#</sup>	<b>10,532</b>	10,351	10,045	9,190	8,472	7,693	7,392	6,697	6,453	5,889
Net Block <sup>#</sup>	<b>3,850</b>	4,011	4,072	3,547	3,193	2,568	2,387	1,968	1,842	1,475
Total Borrowings	-	-	-	-	0.1	1	2	2	1	2
Share Capital	<b>527</b>	527	527	527	527	527	527	527	527	527
Reserves & Surplus	<b>13,635</b>	12,228	11,026	9,585	7,960	6,620	5,924	4,925	3,695	2,946
Book Value per Share (`)	<b>269</b>	242	219	192	161	136	122	103	80	66
Shareholders' Nos.	<b>24,353</b>	21,219	22,070	23,102	25,969	27,350	28,474	24,430	25,811	24,269
Employees' Nos.	<b>2,425</b>	2,373	2,473	2,194	2,107	1,915	2,078	2,069	2,024	1,963

\* Dividend of 70% Includes 10% Golden Jubilee Special Dividend.

\*\* Dividend of 100% includes interim dividend of 75% declared and paid in September 2014.

# This includes capital work-in-progress.





\* Including 396 of Interim Dividend

## Notice

NOTICE IS HEREBY GIVEN that the Fifty Fourth Annual General Meeting of the Members of SKF India Limited will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400 001 on Thursday, April 23, 2015 at 3.30 p.m to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended December 31, 2014 together with Reports of the Directors and the Auditors thereon.
2. To confirm the payment of Interim dividend and to declare a final dividend on Equity Shares for the year ended December 31, 2014.
3. To appoint a Director in place of Mr. Rakesh Makhija (DIN 117692) who retires by rotation and being eligible offers himself for re-appointment.
4. 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 provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or amendments or re-enactments thereof for the time being in force) M/s. Price Waterhouse & Co Bangalore LLP, Chartered Accountants, (Firm’s Registration Number 007567S with the ICAI) be and are hereby appointed as the Statutory Auditors of the Company, to hold office for a term of 4 (four) years from the conclusion of this Annual General Meeting (subject to ratification of such appointment by the Members at every Annual General Meeting) till the conclusion of the 58<sup>th</sup> Annual General Meeting of the Company on such remuneration as may be decided by the Audit Committee / Board of Directors of the Company from time to time.”

### SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification the following Resolutions:

5. **Appointment of Mr. K. C. Mehra (DIN 00005685) as an Independent Director of the Company**  
**As an Ordinary Resolution:**  
“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder and Clause 49 of the Listing Agreement entered into with the Stock Exchanges (including any statutory modifications or amendments or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. K. C. Mehra

(DIN: 00005685), Director of the Company, in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Act from a Member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from July 18, 2014 to July 17, 2019.

6. **Appointment of Mr. P. R. Menon (DIN: 00005078) as an Independent Director of the Company**

#### As an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder and Clause 49 of the Listing Agreement entered into with the Stock Exchanges (including any statutory modifications or amendments or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. P. R. Menon (DIN: 00005078), Director of the Company, in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Act from a Member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from July 18, 2014 to July 17, 2019.

7. **Appointment of Mr. P. M. Telang (DIN 00012562) as an Independent Director of the Company**

#### As an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder and Clause 49 of the Listing Agreement entered into with the Stock Exchanges (including any statutory modifications or amendments or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. P. M. Telang (DIN: 00012562), Director of the Company, in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Act from a Member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from July 18, 2014 to July 17, 2019.”

8. **Appointment of Ms. Hema A. Hattangady (DIN: 00175563) as an Independent Director of the Company**

#### As an Ordinary Resolution:

“RESOLVED THAT Ms. Hema A. Hattangady (DIN: 00175563)

who was appointed as an Additional Director of the Company with effect from July 18, 2014 by the Board of Directors and who holds office up to the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 ("the Act") and Article 129 of the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Act from a Member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company.

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152, and other applicable provisions of the Act read with the rules thereunder and Clause 49 of the Listing Agreement entered into with the Stock Exchanges (including any statutory modifications or amendments or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Ms. Hema A. Hattangady ( DIN: 00175563 ) who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act be and is hereby appointed an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from July 18, 2014 to July 17, 2019."

**9. Re-Appointment of Mr. Shishir Joshipura (DIN: 00574970) as Managing Director of the Company and payment of remuneration to him.**

**As an Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule V to the Act and Rules framed there under, (including any statutory modifications or amendments or re-enactment thereof for the time being in force) and such other approval / permissions, if and as may be required, the Members of the Company hereby accord their approval for the re-appointment of Mr. Shishir Joshipura (DIN : 00574970) as the Managing Director of the Company with effect from December 1, 2014 to November 30, 2019 on the terms and conditions including those relating to remuneration as approved by the Nomination and Remuneration Committee and as set out in the agreement dated October 21, 2014 entered into between Mr. Joshipura and the Company, copy whereof initialed by the chairman for the purpose of identification has been placed before this meeting."

"RESOLVED FURTHER THAT the Board of Directors ("Board")/ Nomination and Remuneration Committee of Directors ("NRC") of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment including authority from time to time to determine the amount of salary, performance linked incentive and commission as also the type and amount of perquisites, other benefits and allowances payable to Mr. Shishir Joshipura in such manner as may be agreed to between the Board / NRC and Mr. Shishir Joshipura, subject to the limits prescribed under Section 197 and Schedule V to the Act (including any amendment, modification, variation or re-enactment thereof) and to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may be required

in regard to the said appointment as it may in its sole and absolute discretion deem fit, to give effect to this resolution."

**10. Payment of remuneration to the Cost Auditors of the Company for the Financial Year 2014.**

**As an Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modifications of amendments or re-enactments thereof for the time being in force), M/s R. A. & Co. (having Firm's Registration No 000202.), Cost Accountants, appointed as Cost Auditors by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending December 31, 2014, be paid a remuneration of ₹ 3,50,000/- (Rupees Three lacs and fifty thousand) plus applicable service tax and out of pocket expenses that may be incurred during the course of audit be and is hereby ratified."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**11. Approval of transactions with SKF Asia Pacific Pte Ltd, Singapore, SKF Group Company.**

**As a Special Resolution**

"RESOLVED THAT pursuant to the provisions of Clause 49(VII) of the Listing Agreement, entered into with the Stock Exchanges (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 in the ordinary course of business with SKF Asia Pacific Pte Ltd, Singapore ("SKF, Singapore"), a 'Related Party' as defined under Section 2(76) of the Companies Act, 2013 and Clause 49(VII) of the Listing Agreement as set out under the Statement setting out the material facts annexed to this Notice dated February 18, 2015 for item No. 11, on such terms and conditions as may be mutually agreed upon between the Company and SKF, Singapore."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) be and is hereby authorised to do all such acts and deeds to finalise the terms and conditions as may be considered necessary, expedient or desirable, in order to give effect to this Resolution."

By Order of the Board  
SKF India Limited

P. Bhandari  
Company Secretary

*Registered Office :*

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

Date: February 18, 2015

## Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("AGM" or "Meeting") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions / authority, as applicable, issued on behalf of the nominating organization.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights then such proxy shall not act as a proxy for any other person or Member.

2. The Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the Act"), concerning the Special Business in the Notice is annexed hereto and forms part of this Notice.
3. Particulars of the Directors being appointed / reappointed as required under Clause 49 of the Listing Agreement are provided in the report on Corporate Governance.
4. The Register of Members and Share Transfer Books of the Company will remain closed from April 10, 2015 to April 13, 2015, both days inclusive, for the purpose of payment of final dividend, if declared at the Annual General Meeting.
5. The final dividend on equity shares, as recommended by the Board of Directors, if declared at Annual General Meeting, will be paid:
  - (i) in respect of shares held in physical form to those shareholders whose names stand on the Register of Members of the Company after giving effect to all valid transfer deeds in physical form lodged with the Company on or before April 9, 2015; and
  - (ii) in respect of shares held in the dematerialized form to those deemed members whose names appear in the statements as furnished by the depositories for this purpose as at the end of the business hours on April 9, 2015.
6. Beneficial Owners of shares in demat form are advised to get particulars of their Bank account updated with the Depository Participant (DP) as in terms of SEBI Guidelines and the regulations of NSDL & CDSL, their Bank Account details, as furnished to the DP, will be printed on their dividend warrants. The Company will not entertain requests for change of such bank details printed on their dividend warrants.
7. The amount outstanding in unpaid dividend account in respect of financial year 2008 will be transferred to the 'Investor Education and Protection Fund' maintained with the Central

Government after the end of seven years from the date the said dividend was transferred to unpaid dividend account.

8. The Ministry of Corporate Affairs has introduced a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies. It has issued circulars stating that documents including Annual Report can be sent by e-mail to its shareholders. Your Company welcomes this green initiative for paperless communication, which is in line with its focus on eco friendly and sustainable products and services.

To support this green initiative in full measure, shareholders who have not registered their e-mail addresses, so far, are requested to do so in respect of electronic holdings with their Depository Participant. Shareholders who hold shares in physical form are requested to fill and send the "Email Registration Form" to the Company which is available on SKF India's website [www.skf.com/in](http://www.skf.com/in) under Investor page section / Shareholder's Information.

In accordance with the provisions of Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014, the copy of Annual Report of the Company for the Financial Year 2014 and this Notice, inter-alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by e-mail, unless any Member has requested for a physical copy of the same, to those members who have registered their e-mail address with the Company (in respect of shares held in physical form) or with their DP (in respect of shares held in electronic form) and made available to the Company by the Depositories.

In case you wish to get a physical copy of the Annual Report, you may send your request to [investors@skf.com](mailto:investors@skf.com) mentioning your Folio / DP ID & Client ID.

9. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in security market. Shareholders holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Shareholders holding share in physical form can submit their PAN details to the Company's Share Transfer Agent.
10. 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.
11. All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the Meeting and other statutory registers shall be available for inspection by the Members at the registered office of the Company during office hours on all working days between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and public holidays, from the date hereof up to the date of the annual general meeting.
12. Voting Options:

E-voting: In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and the provisions of Clause 35B of the Listing Agreement entered into with the Stock Exchanges, the Members are provided with the facility to cast their vote

electronically, through the e-voting services provided by National Securities Depository Limited (NSDL), on all resolutions set forth in this Notice.

The instructions for e-voting are as under:

A. In case of Members receiving Notice by e-mail:

In case of Members receiving e-mail from NSDL (For Members whose e-mail addresses have been registered with the Company / Depositories):

- i. Open e-mail and open the attached PDF file "skfindia.e-voting.pdf" giving your DP ID / Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as default password which contains your "User ID" and "Password for e-voting".
- ii. Open internet browser by typing the URL :<http://www.evoting.nsdl.com>.
- iii. Click on "Shareholder – Login".
- iv. Insert your User ID and password as mentioned in step (i) above and Login. In case you are already registered with NSDL, you can use your existing User ID and password for casting your vote.
- v. "Password Change" menu appears. Change the password with the new password of your choice with minimum 8 digits / characters or combination thereof. Please note your new password. We strongly recommend that you do not share your new password and take utmost care to keep your password confidential.
- vi. Home page of "e-voting" opens. Click on "e-voting-Active Voting Cycles".
- vii. Select "EVEN" (E-Voting Event Number) of SKF India Limited for casting your votes in favour of or against the resolutions. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolutions or till the end of voting period i.e. upto close of working hours on April 18, 2015, whichever is earlier.
- viii. Now you are ready for "e-voting" as "Cast Vote" page opens.
- ix. Cast your vote for selecting appropriate option and click "Submit" and also "Confirm" when prompted. Upon confirmation, the message, "Vote cast successfully" will be displayed. Once you have voted on the resolution, you will not be allowed to modify your vote.
- x. Institutional Member (i.e. other than individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority Letter, etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail at [skf.scrutinizer@gmail.com](mailto:skf.scrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

B. In case a Member received physical copy of the Notice of AGM:

- i. E-Voting Event Number (EVEN), User ID and Password is provided in the Ballot Form.
- ii. Please follow all steps from Sl.No. (ii) to Sl. No.(x) above, to cast your vote by electronic means.

Please note that:

- 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 'Forget Password' option available on the site to reset the password.
- Your login ID and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the Member.
- It is strongly recommended that you do not share your password with any other person and take utmost care to keep it confidential.

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 "Downloads" section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call NSDL on 022-24994600.

C. In case of voting by using Ballot Forms:

- i. In terms of Clause 35B of the Listing Agreement, the Company, in order to enable its Members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, is enclosing a Ballot Form along with Annual Report. You are required to complete and sign the Ballot Form and send it so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. P. N. Parikh of Parikh & Associates, Practicing Company Secretaries, (Membership No.FCS 327), not later than Saturday, April 18, 2015 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.

Member can opt for only one mode of voting, i.e., either through e-Voting or by Ballot. If a Member casts votes by both modes, then voting done through e-Voting shall prevail and Ballot shall be treated as invalid.

Other Instructions:

- i. The e-voting period commences on Thursday, April 16, 2015 (9.00 a.m. IST) and ends on Saturday, April 18, 2015 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form as on March 13, 2015, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she / it shall not be allowed to change it subsequently.
- ii. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on March 13, 2015.

- iii. Mr. P. N. Parikh of M/s. Parikh and Associates, Practicing Company Secretaries (Membership No. FCS 327), has been appointed as the Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
- iv. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- v. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.skf.com/in](http://www.skf.com/in) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) within two days of the passing of the resolutions at the 54<sup>th</sup> AGM of the Company on April 23, 2015 and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

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

##### **Item Nos. 5 to 7**

As per the provisions of Section 149(4) of the Companies Act, 2013 ("the Act") and Clause 49 of Listing Agreement entered into with the Stock Exchanges ("Clause 49"), every listed company shall have at least 1/3<sup>rd</sup> of its total number of directors as Independent Directors and Section 149(6) of the Act and Clause 49 II B(1) of Listing Agreement, lays down the criteria for independence.

Mr. K. C. Mehra, Mr. P. R. Menon and Mr. P. M. Telang, Directors of the Company, have furnished declarations to the Company under Section 149(7) of the Act, confirming that they meet the criteria prescribed for independent directors under Section 149(6) of the Act as well as Clause 49. In the opinion of the Board, these individuals are persons of integrity, possess the relevant expertise and experience, fulfill the conditions specified in the Act and the Rules framed there under and Clause 49 and are independent of the management of the Company.

In terms of Section 149(11) of the Act, an Independent Director can hold office for two terms of up to 5 consecutive years each on the board of the company. Whereas, explanation to Section 149(10) and (11) further provides that any tenure of an Independent Director before commencement of the Act shall not be reckoned while calculating maximum terms of office of Independent Directors under the Act.

Accordingly it is proposed to appoint Mr. K. C. Mehra, Mr. P. R. Menon, and Mr. P.M. Telang as Independent Directors of the Company for a period of 5 (Five) consecutive years with effect from July 18, 2014, as set out at Item Nos.5 to 7 of this Notice. Notices, as required under Section 160 of the Act, have been received from a Member proposing the candidature of the said Directors as Independent Directors of the Company.

The Board accordingly recommends the resolutions at Item Nos.5 to 7 of this Notice for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Company other than those mentioned in the respective resolutions and their relatives are in any way concerned or interested, financially or otherwise, in the resolutions at Item Nos.5 to 7 of this Notice.

The terms and conditions of appointment of Mr. K. C. Mehra, Mr. P. R. Menon and Mr. P. M. Telang shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturday.

##### **Item No.8**

The Board of Directors appointed Ms. Hema A Hattangady (DIN 00175563) as an Additional Director of the Company with effect from July 18, 2014. Pursuant to Section 161(1) of the Companies Act, 2013 ("the Act") and Article 129 of the Articles of Association of the Company, Ms. Hattangady holds office of the Director up to the date of this Annual General Meeting but is eligible for appointment as a Director. The Company has received a notice pursuant to the Section 160 of the Act, from a Member proposing the candidature of Ms. Hattangady as an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from July 18, 2014 to July 17, 2019.

Brief profile of Ms. Hattangady in terms of Clause 49 of the Listing Agreement is provided in the Corporate Governance Report.

Ms. Hattangady has furnished declaration to the Company under Section 149(7) of the Act, confirming that she meets the criteria prescribed for independent directors under Section 149(6) of the Act as well as Clause 49. In the opinion of the Board, she fulfills the conditions specified in the Act and the Rules framed there under and Clause 49 and is independent of the management of the Company.

The terms and conditions of appointment of Ms. Hattangady shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturday.

The Board of Directors is confident that her vast knowledge and varied experience will be of great value to the Company and hence recommends the Resolution at Item No.8 of this Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than Ms. Hema Hattangady are in any way concerned or interested, financially or otherwise, in this resolution.

The Board of Directors recommends Item No. 8 of the Notice for your approval.

##### **Item No. 9**

The Board of Directors of the Company, at its meeting held on October 21, 2014 re-appointed Mr. Shishir Joshipura as the Managing Director (MD) of the Company for a period of five years with effect from December 1, 2014 to November 30, 2019 pursuant to the provisions of the Companies Act, 2013, subject to the approval of Members of the Company.

The Nomination and Remuneration Committee of Directors of the Company ("NRC") at its meeting held on October 20, 2014 approved the terms and conditions including remuneration of Mr. Shishir Joshipura as MD of the Company.

The salary details of Mr. Joshipura are as follows:

A) Salary

The MD shall be paid by way of annual base Salary a sum of ₹ 7,115,741/- which shall be revised annually each year beginning April 2015.

B) In Addition to the Salary the Managing Director will be entitled to a Flexible Basket equivalent to 100% of his Annual Base Salary.

C) Incentives

- i. The Managing Director will be entitled to a Short Term Variable Salary (STVS) Incentive as per the Group Bonus Plan. The maximum STVS payable is 30% of Base Salary and Flexible Basket put together.
- ii. Long Term Scheme: The Managing Director will be entitled to participate in the Group Long Term Variable Salary (LTVS) program

D) Retirement Benefits

Provident Fund : SKF will contribute 12% of Annual Base Salary towards Provident Fund

Superannuation : SKF will contribute 15% of Annual Base Salary towards Superannuation Fund.

Gratuity : Gratuity payable will be as per the Payment of Gratuity Act.

E) Perquisites

In addition to the above remuneration, the Managing Director shall also be entitled to the following perquisites :-

a) House Accommodation/House Rent Allowance (HRA)

Semi furnished 4 Bedroom accommodation in accordance with the Company Policy.

In case Mr. Joshipura does not opt for the Company provided accommodation, he shall be paid monthly house rent allowance of a sum of ₹ 75,000/- which shall be reviewed annually each year at the discretion of the Nomination & Remuneration Committee / Board of Directors of the Company.

b) Medical reimbursement to self and dependable family (spouse and children) for outpatient medical care and will be covered under the Hospitalisation scheme as per the Rules of the Company.

c) Membership of two clubs.

d) Car and Telephone – The Company shall provide one Car and driver and telephone reimbursement as per the Company policy.

e) Hospitalisation Policy, Personal Accident Group Insurance Scheme and Death Insurance policy as per the Company rules and regulations.

Provision for the use of company car and telephone(s) at residence and mobile including payment for local calls and long distance official calls shall not be included in the computation of perquisites for the purpose of calculating such ceilings.

f) Leave – Entitlement for leave as per the rules of the Company. Encashment of unutilised leave at the end of tenure shall not be considered as a perquisite for purposes of ceiling on remuneration prescribed in the Companies Act, 2013.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual costs.

F) Other material terms of appointment:

i) Mr. Joshipura acting as the MD of the Company shall exercise and perform such powers and duties as the Board of Directors of the Company shall from time to time determine and shall have the general control, management and superintendence of the day-to-day business and affairs of the Company.

ii) The appointment may be terminated by either party by giving a notice in writing of six months.

iii) The Company shall be entitled to forthwith determine this Agreement in the event of Mr. Joshipura being found guilty of misconduct or negligence in the discharge of his duties or in the conduct of the Company's business or to any other act or commission inconsistent with his duties as the Managing Director or any breach of this Agreement which in the opinion of the Board renders his termination from the office of Managing Director desirable.

iv) If, before the expiration of this Agreement, the tenure of office of Mr. Joshipura shall be determined by reason of reconstruction or amalgamation, whether by winding up of the Company or otherwise, Mr. Joshipura shall have no claim against the Company for damages or otherwise whatsoever.

v) The terms and conditions of appointment of MD also include clauses pertaining to adherence with the SKF Code of Conduct, Non- Competition Policy and maintenance of confidentiality.

The total remuneration and perquisites payable to the Managing Director shall be within the ceiling limits prescribed in Sections 196 and 197 of the Companies Act, 2013. In case of absence or inadequacy of profits in any financial year, the Company shall, subject to the provisions of Section II, Part II of Schedule V of the Companies Act, 2013 or any statutory modifications thereof and / or the approval of the Central Government where necessary, pay the remuneration mentioned above as minimum remuneration to Mr. Joshipura.

The NRC / Board of Directors will be authorised to alter, increase and vary the remuneration and perquisites including the said HRA provided that total remuneration by way of salary and perquisites and other allowances shall be within the maximum limits as laid down under Sections 196 and 197 and all other applicable provisions, if any of the Act read with Section II, Part II of Schedule V of the Companies Act, 2013, as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.

A copy of the agreement entered into between Mr. Joshipura and the Company is available at the Registered Office of the Company for inspection on any working day (except Saturday) during the normal working hours of the Company.

The Board of Directors recommends resolutions set out at Item No. 9 of this Notice for your approval.

Mr. Joshipura is not related to any of the Directors of the Company.

None of the Directors, Key Managerial Personnel or their relatives except Mr. Joshipura is interested in the resolution set out at Item No. 9 of this Notice.

**Item No.10**

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s R. A. & Co. , Cost Accountants (Firm’s Registration No 000202) as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ended December 31, 2014.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company. Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out at Item No.10.

The Board accordingly recommends Item No. 10 of the Notice for your approval.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

**Item No.11**

The Company is a subsidiary of its parent company Aktiebolaget SKF (AB SKF). SKF Asia Pacific Pte Ltd., Singapore (SKF, Singapore) is also a subsidiary of AB SKF and is a ‘Related Party’ as per definition under Section 2(76) of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the stock exchanges (“Clause 49”).

In terms of said provisions of Clause 49, 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 Clause 49. Thus, in terms of Clause 49, these transactions would require the approval of the Members by way of a Special Resolution.

The particulars of the contracts/ arrangements / transactions are as under:

Particulars	Information
Name of Related party	SKF Asia Pacific Pte Ltd , Singapore
Name of Director(s) or Key Managerial Personnel who is related, if any	None of the Directors except Mr. Henrik Lange, Mr. Vartan Vartanian, Mr. Rakesh Makhija & Mr. David Bishop (alternative to Mr. Vartan Vartanian) being representatives of AB SKF on the Board of Company.
Nature of relationship	Subsidiary of Holding Company
Nature, and monetary value of contract / transactions with SKF, Singapore (RPTs)	<ol style="list-style-type: none"> <li>1. Purchase of goods for resale ( 3584.8 MINR)</li> <li>2. Sale of goods (73.7 MINR)</li> <li>3. Commission earned (24.7 MINR) and</li> <li>4. Reimbursement of expenses received( 0.9 MINR)</li> </ol>
Particulars of Contract with SKF, Singapore	<ol style="list-style-type: none"> <li>1. Purchase of goods for resale: SKF India Limited business model comprises of two broad streams – sales of own manufactured goods and services and sales of traded goods manufactured by other SKF companies. In respect of traded goods, the buying price is fixed according to international transfer pricing guidelines and is approved by the Special Valuation Bureau of Customs. SKF, Singapore is the main warehouse for Asia where most of the fast moving products manufactured by the different SKF Group factories are stored for distribution in Asia.</li> </ol>



	<p>2. Sale of goods :SKF India Limited sells products to other SKF legal entities for ultimate sales to external customers in their country and the prices for the same are fixed according to international transfer pricing guidelines. SKF, Singapore which acts as the main warehouse for Asia is one of such customers to whom SKF India Ltd exports its products.</p> <p>3. Commission earned:SKF India Limited acts as an agent for SKF, Singapore for promoting, procuring, supplying and selling their products in Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka and for this receives an agency commission equivalent to 8% of sales value from SKF, Singapore</p> <p>4. Reimbursement of expenses received:From time to time, SKF India Ltd may incur expenses which need to be reimbursed by SKF, Singapore. Such expenses are recovered from SKF, Singapore by SKF India Ltd</p>
Whether the transactions have been approved by the Audit Committee	Yes, the Related Party Transactions are in accordance with the Related Party Transactions Policy of the Company and have been approved by the Audit Committee
Any other information relevant or important for the Members to make a decision on the proposed transaction	None

All the above transactions carried out by SKF India Limited with SKF, Singapore are in the ordinary course of business and at arm's length and hence recommended for approval by the members.

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 Special Resolution set forth in item No. 11 of the Notice for the approval of the Members in terms of Clause 49 of the Listing Agreement.

None of the Directors and Key Managerial Personnel or their relatives except Mr. Vartan Vartanian and Mr. David Bishop being member of the Board in SKF, Singapore are in any way concerned or interested in the resolution

By Order of the Board  
SKF India Limited

P. Bhandari  
Company Secretary

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

Date: February 18, 2015

## Directors' Report

To the Members,

The Directors of your Company are pleased to present the 54<sup>th</sup> Annual Report, with the statement of the audited accounts for the financial year ended on December 31, 2014.

The Ministry of Corporate Affairs vide Circular No. 08/2014 dated April 4, 2014 clarified that the financial statements and the documents required to be attached thereto, the auditor's and director's report in respect of the financial year under reference shall continue to be governed by the relevant provisions of the Companies Act, 1956, schedules and rules made there under.

### FINANCIAL RESULTS

	Year ended Dec 31, 2014 ₹ in million	Year ended Dec 31, 2013 ₹ in million
Net Sales & Services	23726.4	22464.4
Other Income	1198.9	919.0
Total Income	24925.3	23383.4
Operating Expenditure	21324.1	20137.7
Depreciation	539.5	494.4
Exceptional items	-	221.0
Profit Before Tax	3061.7	2530.3
Provision for taxation	1034	863.1
Profit After Tax	2027.7	1667.2
Balance brought forward from last year	5847.9	5646.5
Profit available for appropriation	7875.6	7313.7
The appropriations are as follows:		
Interim Dividend	395.5	-
Tax on Interim Dividend	67.2	-
Proposed dividend on Equity Shares	131.8	395.5
Tax on Proposed dividend	26.4	70.3
Transfer to General Reserves (including compulsory transfer to		
Reserves required under Section 205(2A) of the Companies Act, 1956)	750.0	1000.0
Leaving a balance of	6504.7	5847.9

### DIVIDEND

Your Directors are pleased to recommend a final dividend of ₹ 2.5 per share (25%) for the year ended December 31, 2014 taking the total dividend to ₹ 10.0 per share (100%), as compared to ₹ 7.5 per share, for the preceding year ended December 31, 2013. The total dividend (including interim dividend), will absorb a sum of ₹ 527.3 million. This would involve a cash outflow of ₹ 620.9 million including tax on dividend. The total dividend pay-out (including dividend tax) for the current year is 30.6 per cent as against 27.9 per cent in the previous year.

### OPERATIONS

The Indian economy continued to battle with several challenges from subdued demand & investments, contraction of industrial production and high interest rate during the year 2014. The macro environment improved a little as we went through the year with the new regime in power.

The automotive sector, one of the largest consumers of your Company's products witnessed tapered demand barring the two-wheeler segment which clocked modest growth. Manufacturing and industrial activities remained sluggish. Industrial sector struggled due to stalled infrastructure & power projects and restricted flow of new investments. Mining, Steel and Power remained dormant due to restrictions in mining of natural resources as well as rising debts.

Despite these constraints and challenging environment, your Company continued to focus on sustainable profitable growth through use of advance technology provided by SKF Group to widen our ability to serve customers. Your Company continues to focus on bringing its manufacturing, innovation capabilities and solutions closer to customers.

These efforts are reflected in the positive improving trend witnessed in the increased sales of your Company's quarter-on-quarter results during the year. Your Company's quarterly sales increased from ₹ 5,703 million in the first quarter of 2014 to ₹ 6,059 million in the last quarter. For the twelve months ending March 31, 2014, your Company reported Net Sales of ₹ 23,726.4 million registering a 5.6% increase over the previous year. Our Company's sales continued to develop positively driven by relatively strong performance in industrial segment. Your company's export has grown by 2.0% geared by growth in global automotive industry during 2014. Exports constituted 7.9 per cent of the total sales as compared to 8.2 per cent of the total sales in the previous year.

The strong emphasis on internal efficiency using SKF's Business Excellence philosophy to reduce waste and decrease costs, together with an improvement in the sales mix enabled your Company to withstand inflationary pressures on costs and sustain its profitability.

As a reflection of strong intrinsic value the revenue growth was translated into profitable growth, your Company achieved a significant milestone as its profit after tax surpassed the ₹ 2 billion mark reflecting the leadership position, of your Company. The Profit after Tax as per cent to sales has moved higher at 8.5 per cent as compared to 7.4 per cent last year. The Earnings per share and cash earnings per share for the year under review was ₹ 38.5 and ₹ 48.7 respectively.

The long term prospects for Indian economy remains bright owing to the demographic dividend which will continue to drive demand from across industries. Manufacturing industry will be the key driver to cater to this demand. In the short term, with the revival of confidence coupled with positive signals towards reforms by the government, the country and the industry is well poised to gain. The priorities of your Company that will enable it to benefit from the improving economic environment include strengthening investments in technologies, developing sustainable product and solutions and delivering higher value to customers and enable them to stay ahead.

## LIQUIDITY

Your Company continues to remain debt-free and maintain a sufficient cash balance to meet the strategic objectives. There are no long-term borrowings. During 2014, internal cash flows have covered working capital, capital expenditure, investments and dividend payments. The Balance Sheet continued to remain strong with cash and liquid investments of ₹ 5,348 million. These funds are mainly deposits with banks.

## SUSTAINABILITY AND SAFETY

SKF Group defines sustainability as SKF Care, which encompasses Business Care, Environmental Care, Employee Care and Community Care.

Meanwhile, the SKF Group BeyondZero™ strategy aims to reduce the environmental impacts of your Company's operations and provide customers with innovative technologies, products and solutions that offer improved environmental performance. In line with this strategy 'SustEn' initiative was launched by your Company since 2013 and continuing now, that has reduced the CO<sub>2</sub> emissions related to its manufacturing operations by nearly 7,306 tonnes in a year (which is 22% of 2014) by way of changing sourcing mix to greener sources, and also consumption savings from operations, at the same time achieving annualized savings of nearly 71 million INR. This initiative received the SKF Groups Climate Savers Awards 2014 presented together with WWF. Further SKF has installed 1 MW Roof Top solar at its Bengaluru location, a 100 Kwp installation at Pune on its corporate building, and has signed a MOU to have one more 1 MW installation at its Pune plant. SKF has been working on a

green energy footprint across all locations for the next 5 years and these installations are part of the same.

At every SKF facility employee safety is of utmost importance. In line with this philosophy, Behavioral Safety Programs have been initiated across the organization at all locations.

Your Company strives to continually improve environment, health and safety performance through the prevention of work place accidents and pollution, the promotion of employee health and well-being and the reduction of environmental impacts, including those from energy consumption and use.

## AWARDS / ACCOLADES

Your Directors are happy to report that during the year, your Company was recognized and felicitated for its exemplary performance in various fields by our esteemed customers and organizations some of the significant achievements are:

- Dun & Bradstreet's award for the best company in bearing sector for 8<sup>th</sup> consecutive year.
- SKF India ranked among India's top 50 "Most Admired Companies" by Fortune magazine for the 3<sup>rd</sup> consecutive year.
- SKF wins Gold award for the 2<sup>nd</sup> consecutive year at the 11<sup>th</sup> Economic Times and Frost & Sullivan India Manufacturing Excellence Awards in the engineering sector of Large Business Category.
- Quality Gold Award by India Yamaha Motor Pvt Ltd.
- Superior performance award by Mahindra & Mahindra.
- Certificate of appreciation from Toyota Kirloskar Auto Parts for on-time delivery and quality.
- Best supplier award from Reiter India.
- SKF Pune Factory bags three awards at 28<sup>th</sup> National Convention of Quality Circle 2014.

These awards and recognitions are a result of the focused efforts towards evolution of your Company from a bearing manufacturer and supplier to an integrated solutions provider.

We thank all our customers, suppliers, distributors, employees and all other stakeholders for their continued support and contribution to these awards. These recognitions further inspire us to aim higher in order to become competitive and stay ahead in everything we do.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirements of Section 217 (2AA) of the Companies Act, 1956 and on the basis of information and advice received by them, your Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

- appropriate accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at December 31, 2014 and of the profit of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts have been prepared on a going concern basis.

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company has undertaken the commitment that all new major facilities must be designed and constructed to world-class standards in terms of environmental performance; and we do so by adopting the 'Leadership in Energy and Environmental Design' (LEED) standard for all our new facilities. With clear focus on energy conservation, your Company has launched several initiatives to reduce carbon footprint and energy consumption along with 'SustEn' project that has achieved benchmark success within the SKF Group in the area of energy conservation.

The information relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out as an annexure forming part of this Report.

### **CORPORATE GOVERNANCE**

Your Company observes high standards of corporate governance in all areas of its functioning with strong emphasis on transparency, integrity and accountability. Your Company has complied with all the requirements as per Clause 49 of the listing agreement of the Stock Exchanges, as amended from time to time. The Auditor's certificate on compliance with Clause 49 is included in the section on Corporate Governance in this Annual Report.

A detailed review of the operations, performance and outlook of the businesses in which the Company operates is given in the Management Discussion & Analysis forms part of the Annual Report.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As an organization that is continually scaling up in terms of business, reach and impact, Your Company has in place a highly evolved community care program, which enables it to actively and effectively engage with communities outside the organizational charter. Your company is committed to the vision of ensuring that the community

care programs make a meaningful difference in the lives of the communities we touch, wherever we are present. During the year a CSR committee was constituted and the areas of initiatives have been expanded. The Community care strategic road map for SKF India focuses primarily on 3 areas

- Education: Focus on SKF sports academy and academic initiatives for underprivileged children.
- Empowerment: Vocational Training Program for under privileged youth.
- Environment : Supporting environmental best practices.

Your Company going forward aims to run and monitor initiatives in the above areas through structured short and long term programs, encouraging employees to volunteer and partner with selected community care professionals and organizations to enhance the effectiveness of these program. All the CSR programs are determined by the philosophy of 'making a meaningful difference to the lives we touch'.

### **DEPOSITS**

The Company discontinued accepting fixed deposits from Public and Shareholders in the year 2001. No amount of Principal or interest was outstanding as at December 31, 2014. There was no failure on repayments of Fixed Deposits on maturity or interest thereon in terms of the conditions of your Company's erstwhile schemes.

### **PERSONNEL**

The Board of Directors commends the continued dedication of employees at all levels and the industrial relations continue to be peaceful and cordial. During the year a new wage agreement for the Bengaluru plant was entered into. Your Company firmly believe that employee motivation, development and engagement are key aspects of good human resource management. The performance driven culture challenges every employee to scale up and grow. A wide range of competency enhancement opportunities, challenging assignments and rotation across units and countries help employees in their career progression and meeting aspirations. The coaching and mentoring programs enable employees to get constant feedback and career guidance to achieve and exceed their performance targets thus realizing their potential. SKF's commitment to employee health, safety and security extends beyond accidents and occupational health hazards. These initiatives have delivered the desired results as is evident from the low attrition rate achieved during the year.

Information in accordance with the provision of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this report and the financial statement are being sent to all the members excluding the aforesaid information. Any member desirous of obtaining such particulars may write to the Company Secretary at the registered office of the Company.

## DIRECTORS

Mr. Shishir Joshipura has been re-appointed as a Managing Director of the Company with effect from December 1, 2014 for a period of 5 years. The terms and conditions of his appointment, including his remuneration, are subject to the approval of the Company in the general meeting and such other approvals as may be necessary.

Ms Hema A. Hattangady has been appointed as an Additional Director of the Company with effect from July 18, 2014 subject to the approval of the Members. As per provisions of Section 161 of the Companies Act, 2013 and Article 129 of the Articles of Association of the Company, Ms. Hattangady holds office up to the date of the forthcoming 54<sup>th</sup> Annual General Meeting and is eligible for appointment. Notice under Section 160 of the Companies Act, 2013 has been received from a member proposing the appointment of Ms. Hattangady as Director of the Company.

At the ensuing Annual General Meeting, Mr. Rakesh Makhija retires by rotation and being eligible, offer himself for re-appointment.

Pursuant to Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. K. C. Mehra, Mr. P. R Menon, Mr. P. M. Telang and Ms Hema A. Hattangady are proposed to be appointed as an Independent Directors for a period of 5 years and shall not be liable to retire by rotation.

Resolutions seeking approval of the Members for their appointment and re-appointment have been incorporated in the Notice of the Annual General Meeting and a brief detail about them has been provided in the Corporate Governance Report.

Mr. Tryggve Sthen, resigned as Director of the Company with effect from December 31, 2014 and Mr. David Bishop with effect from February 18, 2015. The Board expresses its gratitude for the valuable services rendered and guidance provided by Mr. Sthen and Mr Bishop during their tenure with the Company.

## AUDITORS

M/s. Price Waterhouse & Co Bangalore LLP, Chartered Accountants, who are the Statutory Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting. Your Company has received a letter from them to the effect that their

re-appointment, if made, will be in accordance with the provisions of Section 139 of the Companies Act, 2013.

In terms of Clause 41(1)(h) of the Listing Agreement, the statutory auditors of your Company are subjected to the Peer Review Process of the ICAI and hold a valid certificate issued by Peer Review Board of ICAI.

A certificate from the Auditors has been received to the effect that their re-appointment, if made, would be according to the terms and conditions prescribed under section 139 and 141 of the Companies Act, 2013 and rules framed thereunder.

## COST AUDITORS

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed Cost Audit of the Company. The Board of Directors on recommendation of the Audit Committee has appointed M/s. R. A. & Co. as Cost Auditors of the Company for the year 2014. The Cost Audit is under process and the Company will submit the Cost Auditors' report to the Central Government in time. The Cost Audit report for the financial year 2013 has been submitted on June 24, 2014 as against the due date of June 30, 2014.

## ACKNOWLEDGEMENT

The Board wishes to acknowledge and thank all stakeholders for their valuable sustained support and encouragement towards the conduct of the efficient operations of the Company. Your Board is particularly indebted to its Principals, Aktiebolaget SKF who have supported the Company at all times.

For and on behalf of the Board  
SKF India Limited

K. C. Mehra  
Chairman

Pune, February 18, 2015

## Annexure to the Directors' Report

**Information as per section 217(1)(e) read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended December 31, 2014**

### Disclosures

#### A. CONSERVATION OF ENERGY :

During the year 2014, major initiatives for energy conservations achieved were:

- A) SustEn – the phase II of this energy conservation project included compressed air system installation, heat treatment, production channels, general utilities and HVAC. In all total 14 projects were completed during 2014.
- B) Internal competition – Kaizen Commando Championship was launched with a theme of electrical energy conservation at SKF Pune factory. Overall 28 kaizen commando themes were completed.

The total saving realized due to both these initiatives together was 11.9 MINR.

Following are the details of the above mentioned initiatives

- Channel wise monitoring of electrical power consumption and actions to optimize electrical power of spindle motors, pumps and conveyor motors.
- Implementation of actions based on Internal Energy Audit.
- Assessment of compressed air leakages and wastages by third party professionals in pilot areas. Optimizing the compressed air pressure, identifying and eliminating air leakages.
- Special kit for detecting and quantifying air leakages on machines is developed by the factory team and is extensively used for assessment.
- Major brick lining work on furnaces completed during TPM to eliminate heat loss through furnace walls and jackets.

#### Improvement & maintaining power factor

- Maintained overall power factor of the factory to 0.997.
- Close monitoring, checking and replacement of damaged capacitor banks.

- Optimization of automatic power factor controllers at SKF's main incoming feeders.
- In 2014 total discount availed from MSEB as PF incentive was 4.5 MINR.

#### Energy measurement & audits

- Total Harmonic level on HT side of electrical incomer measured on quarterly basis and maintained at 3% level.

#### Energy Saving Projects completed during 2014.

Major Energy saving projects completed during the second half of the 2014 which is expected to yield energy saving benefits in the year 2015.

These projects included:

- Replacement of old 2500 KVA transformers with low loss energy efficient, OLTC transformers.
- Replacement of old reciprocating compressors with energy efficient air cooled screw compressors.
- Installation of zero loss drains for compressed air reservoirs on 13 locations.
- Installation of low contact loss Air Circuit breakers and Vacuum Circuit breakers for four incomers.
- Installation of energy efficient hydraulic pumps and motors on central hydraulic systems.

SKF India Limited plant at Haridwar is certified as ISO 50001 and ISO 14001 and was awarded a silver certification status by Indian Green Building Council. The plant follows stringent energy monitoring programme to capture and address energy wastages; PF (Power Factor) improvement, additional VFD (Variable Frequency Drives) installation, coolant temperature rationalization which has resulted in improvement in energy efficiencies.

#### Additional Proposal of Activities

- Thirty Party energy audit by accredited agency planned in first quarter of 2015 and completion of project activities as suggested by them.
- Revamping of main cooling tower with energy efficient fan motors and VFD.
- ISO 50001 energy audit certification.

- Installation of 1MWp roof top solar power plant on SKF Pune factory

## B. TECHNOLOGY ABSORPTION:

The parent Company AB SKF continues to provide global R&D support on the Technology Development which enables us to produce products which provides immense benefits to our customers in various fields such as in terms of Engine Down Sizing and Boosting, Engine & Transmission Friction Reduction, Engine Down Speeding, Diesel + Gasoline Direct Injection, Hybridization & Electrification and Weight Reduction.

The Company continues to receives technical know-how from parent Company on all the areas of manufacturing which includes product designing, product engineering, application engineering, testing, advanced engineering simulations, new technologies in manufacturing, advances in material selection for specific applications and related technologies and technical training.

The group Global Design support was also received in many Key Automotive applications for Wheel End, Steering, Transmission, Clutch, Suspension and Engines, similarly technical support in grinding technology received enabled us to optimize the costs in abrasives to provide a competitive advantage in the market. Apart from this Energy efficient solutions on regular basis are provided to reduce CO<sub>2</sub> emissions and fuel/energy consumption from SKF BeyondZero™ portfolio of SKF Group.

The AB SKF Technical centers present across the globe regularly supports in upgrading technology for Process & Quality Improvement, some of which are:

- ◆ In-process Controls on TRB Channel machines to arrest defect generation and quality improvement
- ◆ Process Flow Standardization thru benchmarking of existing manufacturing channels with standard & optimized channel flows

- ◆ Development of online Multi-frequency Hardness Tester for TRB Rings and online Crack Checking Equipment for Tapered Rollers
- ◆ Laser Marking for Real Time Marking
- ◆ Technical Specifications for New Machines
- ◆ Automatic camera inspection Systems for Quality inspection and defects elimination
- ◆ Channel Monitoring system for real time data collection of the Machine and channel status with accurate data for continuous improvement of Efficiency and quality
- ◆ Upgradation of channels for supplies to critical customers and for productivity improvement
- ◆ Support in design and development of latest generation products for customer needs

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- The Company continues to export new product range to the overseas customers. Exports were mainly for automotive customers in Europe, South East Asia and in American continent. Exports constituted 7.9 per cent of the total sales and represented an increase of 2 per cent compared to the previous year.
- The information on foreign exchange earnings and outgo is contained in the Notes to Financial Statements.

For and on behalf of the Board  
SKF India Limited

K.C. Mehra  
Chairman

Pune, February 18, 2015

## Management Discussion and Analysis

### INDUSTRY STRUCTURE AND DEVELOPMENT

Amidst continued challenges on several fronts on the economic environment, 2014 ended on a note of cautious optimism and hope for a better future. The economy continued on the same volatile path as previous period. Softening but persistent inflationary pressure, continued stable but high interest rates presented growth challenges across sectors. Manufacturing and industrial activity remained sluggish for a large part of the year as demand did not take off across most sectors with exception of few. The confidence in business environment remained low for most part of the year, reflected in low investments and low capacity utilization.

The economic environment witnessed a change in the middle of the year with the election of a new stable government at the center. The business confidence and optimism returned to the corporate dialogue towards the end of the year even as the overall economy improved only marginally.

The bearing market in India is served from both domestically produced and imported bearings. The Indian bearings market is estimated to be INR 85 billion. The demand for the bearings is driven by the two key user segments as - the automotive and industrial sectors. OEM and end users across industrial and automotive sectors were impacted by the prevailing economic environment. During the year, core sector performance remained unchanged while some showed deceleration of the negative trend and few others posted very moderate growth.

Your Company is part of the SKF Group - which is a leading global manufacturer and supplier of bearings, seals and services which include technical support, maintenance and reliability services, engineering consulting and training. Your Company combines hands-on experience in over 40 industries with its knowledge across the SKF technology platforms. Due to a diversified presence across industry sectors and segments, your Company is well positioned on capitalizing emerging opportunities.

In the backdrop of the difficult economic scenario, SKF India remained committed to meet the demands of the external challenges and continued to focus on building its competitive edge and delivered a stable performance.

### OPPORTUNITIES

The long term prospects for Indian economy remains bright owing to the growth of internal consumption driven by the country's demographic dividend, rapid urbanization, growth of manufacturing and infrastructure development. In the short term, with revival of business confidence coupled with positive actions on reforms, infrastructure and inclusive growth by the government, the economy is likely to develop positively. The government's call for

'Make in India' has sent out positive cues to the global investors community. This augurs well for the domestic manufacturing sector and will aid economic activities in the country. Focused spending on future growth projects is likely to pave way for a sustainable demand led recovery.

The evolution of the market now increasingly demands efficient and integrated solutions from the manufacturers, paving way for delivering high performance solutions that achieve high energy and resource efficiency, improved reliability and productivity from all assets deployed.

As India stands at the cusp of phenomenal opportunities, the manufacturing sector will play a decisive role in redefining and transforming the nation's future.

### AUTOMOTIVE SECTOR

The automobile industry is one of the key manufacturing sectors and an indicator of economic activity in the country. While the sector faced challenging headwinds in the previous year, the year 2014 saw mixed performance across segments. The growth in rural income drove two wheelers and tractors demand upwards while passenger vehicles remained subdued. The continued challenges on the mining and infrastructure adversely impacted commercial vehicle demand.

The Indian automotive sector has a significant potential for growth, considering that per capita penetration is still significantly lower than comparable markets in the world. Rising middle class with improving purchasing power and disposable income augurs well for the growth of passenger vehicle segment. Falling rural income and high interest regime can dampen the demand. The commercial vehicles segment is dependent on activities in mining, infrastructure and logistics. Increased investment and activities in mining and infrastructure sector coupled with higher logistical requirements from E-commerce sectors will augur well for the segment.

The regulations around environmental and safety norms are likely to drive focus towards environment friendly, efficient and safe vehicles. Regulatory demands on emission levels and improved safety norms is driving OEMs to shift their focus on reducing vehicle weight and opt for lower friction technologies. Consumer demands of higher efficiency and improved reliability from the vehicle is driving OEMs to opt for modern technologies and delivering improved warranty programs. Your Company has a strong presence in the automotive sector and offers a wide range of products across bearings, seals, mechatronics and services. Your Company is working at deeper levels with the OEMs to create enduring and efficient solutions. Leveraging on the global expertise of parent company and local experience of the markets, your Company is able to offer sophisticated solutions to manufacturers.



## INDUSTRIAL SECTOR

The industrial sector is of strategic importance to India's economy. The growth in the sector is driven by many core segments such as infrastructure, energy, metals, mining and cement among others. The government's 'Make in India' program is likely to push growth in several hitherto unserved sectors. Focused investment programs in key sectors of infrastructure, mining, energy etc will create demand for products and services of your company. Continued favourable development on cost of borrowings coupled with liquidity will create conducive environment for growth in this sector.

Any growth will give rise to a basic demand for energy and the challenge for us is to meet this rising demand in a sustainable way. A judicious energy policy will therefore call for a balanced approach between the traditional coal based power and power from renewable resources.

Railways which is one of the lifelines of Indian economy and now with a clear roadmap of growth has shown positive signs in 2014. The government's push for dedicated freight corridor, high speed rail network for both freight and passenger routes, improved safety for rail networks is expected to increase the spending on products and solutions with modern technology.

Policies and programs that attract investment in manufacturing sector will create a new industrial India. Creation of these new industrial hubs will enable our country leverage its demographic dividend corridors across the country when implemented is expected to lead to more development around these industrial hubs. As industrialization penetrates deeper, it will drive up the demand for products and solutions across the country. With continuously expanding distribution network, your Company's well thought out strategy of being closer to customers at all times will help your Company to be a preferred partner.

## THREATS

The overall business sentiments in the country have turned positive after the election of a stable government at the centre, however it is imperative to translate this sentiments into actions to create real gains for the economy. All programs must be implemented with desired speed to continue attracting capital investments and drive growth. Persistent inflation and continued high interest rates could slow the consumption and dampen the hopes of a smooth demand-led recovery. Any shortfall in skilling of the emerging young population and preparing them to be employable could dampen the growth. Coupled with these, the volatility in currency can adversely impact the steel price which is a significant input commodity to manufacture your Company's products.

In the larger engineering space which requires highly technically advanced products, there is a serious threat of counterfeit products. Genuineness is one of the key pillars of your Company and it continuously invests in creating awareness with various stakeholders to educate and inform about the hazards of using such counterfeit products, as well as long-term benefits of using genuine products. Your Company works closely with law-enforcement agencies in detecting and preventing counterfeit products.

Given the growth potential in India, the demand for knowledge workers with high levels of technical and soft skills will only increase

with expansion taking place across sectors. The shortage of appropriately skilled labour across many industries is emerging as a significant and complex challenge to the country's growth and future. Your Company has already initiated significant Corporate Social responsibility programs in the area of empowerment of youth, through skill development and vocational training.

Your Company's fundamental strength lies in its ability to continuously develop technologies, products and services that enhance competitive advantages for its customers. Your Company continues to achieve this by both investing in core technology areas and by combining the knowledge across the SKF technology platforms – Bearings and units, Seals, Mechatronics and Services to develop value propositions for different industries and customers.

## OUTLOOK

While economy *pundits* project a gradually recovering world economy, if some of the forecasts hold true, India will become the fastest growing large economy of the world in 2015. Government initiatives such as 'Make in India' coupled with the new governance regime will boost confidence of global investors and act as a catalyst for overall growth of the industry.

The growth momentum in India is expected to be driven by focused spending on development projects in the form of increased public spending on infrastructure development. This will become the engine for driving several sectors of economy and lead increased industrial activity.

A continuously moderating inflation and a growth driving monetary policy coupled with improved purchasing power of an increasing middle class will further aid revival of domestic demand in turn leading to growth. Falling rural incomes and volatility in domestic monetary and fiscal conditions due to global changes may adversely impact the growth.

Modernization and expansion of railways, inviting private sector players in defence production and reopening of mines is likely to foster growth in the segment and allied industries.

Your Company is well-poised to reap the benefits of uptrend in manufacturing sector as well as increased government spending on key infrastructure projects. With its diverse range of products, its proven leadership in providing continued higher-value to customers, the market leadership of SKF brand, and its wide reach and presence, your Company is prepared to contribute positively to the growth and progress of the industry.

What differentiates your Company is the unique combination of experience and expertise it possesses, the advantage of global operations and knowledge spread across industry sectors accumulated over a century. Your company's ability to work closely with customers and to provide innovative technology-led, sustainable engineering solutions will enable it to counter threats from competition as well as strengthen the ability to create value proposition for customers.

## RISKS AND CONCERNS

As is typical for a large, global and diverse business, your Company's business is subject to a variety of risks and uncertainties.

Your Company understands the various ramifications of each business risk, and has a well-defined risk management plan and an integrated risk-management policy in line with the overall vision of the SKF Group to create lasting value for its multiple stakeholders.

Based on a pro-active approach, the risk-management of your Company continuously scans the horizon to identify emergent and impending risks. Once identified, these risks are then systematically analysed and defined, and their impact on the business performance of the Company carefully evaluated. The risk-management of your Company is systems-driven and process-orientated, and as such, each option is strategically wind-tunnelled to arrive at the best possible strategic option against the risk. These are then followed up with prompt and immediate action such that the risk is nipped at the bud, and that its effect on the Company is minimal.

The risk-management processes and systems of your Company match internationally accepted standards and best practices. The policies and practices are regularly reviewed and reassessed to ensure they are at par with the latest risk management tools and techniques globally.

The risk-management function in the Company is assigned to a dedicated Risk Manager with direct reporting to the Managing Director. The Risk Manager focusses on key risks in each pre-determined and pre-identified risk areas.

In addition to the in-house risk-management processes and procedures, your Company also engages professional agencies to conduct various checks on legal, environmental, quality and internal processes. The SICS (SKF Internal Control Standard) ensures holistic monitoring of risks by ensuring appropriate checks and processes at every level of the Company.

Your Company also has a well-defined whistle blower policy to ensure employees can raise concerns and alarms in case of potential or suspected misconduct and deviations.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

An important aspect of Good Corporate Governance is a well-defined 'Internal Control' and 'Internal Audit' system. Therefore your Company views internal audit as a continuous process to keep management regularly appraised about the existence, adequacy and effectiveness of control systems and processes in the operations of the organisation. Robust systems are put in place to evaluate the effective monitoring of control practices, gauging the adequacy of risk management processes and facilitating sound reporting. Your company has an internal control framework known as SICS (SKF Internal Control Standards) which are embedded in business operations and standard operating procedures. Each year, these SICS controls are tested by the Internal audit function and complemented by the testing of the major controls by an independent external firm.

A detailed Operational Risk Assessment exercise identifies all major auditable areas which then form the basis of an Internal Audit Plan over a 4 years' time horizon, which is then further split into Annual Internal Audit Plans.

Based on the annual review and specific feedback received during the year from the units/functions and the Statutory Auditors, the internal audit plan is regularly revisited and revised. This plan is then approved by the Audit Committee at the beginning of the year and is executed by the internal audit team which comprises of both, external and internal qualified professionals.

The internal audit function independently tests the design, adequacy and operating effectiveness of the internal control system and this provides a credible assurance to the Audit Committee regarding the adequacy and effectiveness of the internal control system. The plan and the internal audit reports are shared with the Statutory Auditors.

The Audit Committee then reviews the Internal Audit reports, the SICS testing results and the status of implementation of the agreed action plans arising out of the findings of the internal audits.

## FINANCIAL AND SEGMENT PERFORMANCE

SKF India Limited operates primarily in the bearings and related components segment which are used in a wide range of applications across industries. The Indian economy continues to battle with several challenges from subdued demand & investments, contraction of industrial production and high interest rate during the year 2014. The macro environment improved a little as we went through the year with the new regime in power.

The automotive sector, one of the largest consumers of your Company's products witnessed tapered demand barring the two-wheeler segment which clocked modest growth. Manufacturing and industrial activities remained sluggish. Industrial sector struggled due to stalled infrastructure & power projects and restricted flow of new investments. Mining, Steel and Power remained dormant due to restrictions in mining of natural resources as well as rising debts.

Despite these constraints and challenging environment, your Company continued to focus on sustainable profitable growth through use of advance technology provided by SKF Group to widen our ability to serve customers. Your Company continues to focus on bringing its manufacturing, innovation capabilities and solutions closer to customers.

These efforts are reflected in the positive improving trend witnessed in the increased sales of your Company's quarter-on-quarter results during the year. Your Company's quarterly sales revenue increased from ₹ 5,703 million in the first quarter of 2014 to ₹ 6,059 million in the last quarter. For the twelve months ending December 31, 2014, your Company reported Net Sales of ₹ 23,726 million registering a 6% increase over the previous year. Your Company's sales continued to develop positively driven by relatively strong performance in industrial segment.

The strong emphasis on internal efficiency using SKF's Business Excellence philosophy to reduce waste and decrease costs, together with an improvement in the sales mix enabled your Company to withstand inflationary pressures on costs and sustain its profitability.

Your Company posted profit after tax of ₹ 2,027.70 million.

The Profit after Tax as per cent to sales has moved higher at 8.5% per cent as compared to 7.4% per cent last year. The Earnings per

share and cash earnings per share for the year under review was ₹ 38.5 and ₹ 48.7 respectively.

The trend of improving macroeconomic development is expected to continue into 2015. The priorities of your Company that will enable it to benefit from the improving economic environment are as follows-

- ◆ Strengthen investments in technologies
- ◆ Developing sustainable product and solutions
- ◆ Delivering higher value to customers and enable them to stay ahead.

## HUMAN RESOURCES

Your Company considers that 'the power of knowledge engineering' is powered by its people. To achieve its aim of attracting, retaining and developing a committed workforce, your Company sustained various growth and developments initiatives during the year.

Strategic leadership is key to staying ahead in a constantly changing competitive environment. Recognizing this important dimension your Company launched several initiatives to develop the leadership pipeline. Amongst several initiatives launched a unique program 'Leadership for Growth' was launched in active collaboration with a global leader to accelerate the development of consistently high performing individuals with a potential to be 'leaders' for business critical roles. On a regional level the "Doing Business in Asia" program is designed with a specific intent to expand the capacity of managers to work across cultures while equipping them with strategic framework.

During 2014, your Company also launched a Manufacturing Excellence program for the factory management team after the successful implementation of the Sales Excellence program towards bringing higher focus on customers by building a growth mind-set. Your Company's management believes that such programs will ensure readiness of leadership capability for the future and enable your Company to Stay Ahead by building a strong leadership pipeline.

Your Company also initiated structured programs including collaboration workshops between the union and management with a view to drive harmonious relationships.

Bridging the skill gap is pivotal for growth. Keeping this in mind and in order to enhance technical skills for employees, your Company's Haridwar Factory has developed its very own skill and knowledge development centre "KUSHAL" which is second such unique centre after Pune's within the SKF Group. This is in line with SKF's global focus of empowerment by way of manufacturing competency development program. Further your Company's inhouse 'Center for Learning' campus at Pune hosts several programs on a wide spectrum of subjects.

Your Company's management takes efforts to connect with employees on a regular basis, communicate in an open and transparent manner by means of regular employee forums and other mediums of internal communication. Your Company is committed to ensuring a culture which is transparent, inclusive and healthy for its employees Your Company has one of the lowest attrition rates in the industry as a result of higher employee engagement and strong focus on people development.

Your Company is committed to provide a healthy and safe work environment free from accidents, injuries and occupational health hazards. A number of campaigns were run through the year on creating health awareness, periodical medical check-ups for employees, sessions to increase awareness on safety at workplace. To encourage a culture of healthy living, around 155 employees including your Company's management team participated in a 100 day Stepathlon virtual race health event and made it a grand success.

Your Company firmly believes that Human Resource Development strategies and practices will continue to provide sustained competitive advantage. The management of your Company deeply appreciate the spirit and commitment of its dedication of nearly 2,425 employees.

## CAUTIONARY STATEMENT

*Statements in this report on Management's 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 the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Readers are cautioned that the risks outlined here are not exhaustive. Readers are requested to exercise their own judgement in assessing the risks associated with the Company.*

For and on behalf of the Board  
SKF India Limited

K. C. Mehra  
Chairman

Pune, February 18, 2015

## Corporate Governance Report

### PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

SKF applies the principles of sound corporate governance as an instrument to maintain an efficient organizational structure with clear areas of responsibility, that financial reporting is transparent and that the Company in all respects maintains good corporate citizenship. The Company's philosophy on corporate governance is to ensure that adequate control systems exist to enable the Board in effectively discharging its responsibilities to all the stakeholders of the Company, oversee the business strategies, ensuring fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising of regulators, employees, customers, vendors, investors and the society at large.

The Company focuses its resources, strengths and strategies to achieve its vision *'To equip the world with SKF knowledge'* while upholding the core values of excellence integrity and responsibility which are fundamental to the SKF Group. At SKF, the Board is at the core of our corporate governance practice and oversees how the management serves and protects the long-term interest of stakeholders.

The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered with the Stock Exchanges with regard to Corporate Governance.

### 1. GROUP STRUCTURE

SKF India Limited is an affiliate of Sweden based SKF Group, which was founded in 1907. The SKF Group is the leading global supplier of products, solutions, and services within rolling bearings, seals, mechatronics, services and lubrication systems. Services include technical support, maintenance services, condition monitoring, asset efficiency optimization, engineering consultancy and training. SKF serves presently in nearly all industries, including automotive, aerospace, railway, renewable energy, medical and food & beverage. SKF has around 165 manufacturing sites in 29 countries and presence in over 130 countries.

SKF Groups its technologies on five platforms: Bearings and Units, Seals, Mechatronics, Services, and Lubrication Systems. By utilizing capabilities from all or some of the platforms, SKF develops tailor-made offers for each industry, helping customers improve performance, reduce energy usage and lower total costs. SKF works with its customers at every stage in the asset life cycle, providing solutions from design right through to maintenance and back to design upgrades.

### 2. GOVERNANCE STRUCTURE

The Company follows three tiers of Governance structure wherein strategic supervision is being done by the Board of Directors. Strategic management is being done by the Country

Management Team. Operational Management is done by the respective business / business support units.

The core roles flow from this structure and the responsible team is empowered with requisite powers to discharge such responsibilities.

### 3. BOARD OF DIRECTORS

In terms of the Corporate Governance all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company.

#### 3.1 Composition

The Board currently comprise of eight Directors, consisting of Non-Executive Independent Chairman, Managing Director and six Non-Executive Directors including four Independent Directors. The Board of Directors of your Company comprises of eminent members from diversified background having rich and varied expertise in the areas of technology, finance, general management and entrepreneurship. The Chairman of the Board is a Non-Promoter, Non-Executive Independent Director Mr. K. C. Mehra. Mr. H. Lange, Mr. V. Vartanian, Mr. R. Makhija and Mr. D. Bishop (alternate to Mr. Vartanian) are members on the Board of Directors and they represent the interest of parent Company.

All members of the Board are experts in their respective fields and well versed with business as well as risk profile of the Company. The Directors are facilitated to get familiar with the Company functions at the operational levels. The Board of Directors is periodically updated on the business model, company profile, and the risk profile of the business parameters of the Company. Periodic updates and programs for Board members are also conducted on relevant statutory changes and laws.

Mr. K. C. Mehra, Mr. P. R. Menon and Mr. P. M. Telang were appointed as Non- Executive Directors at various times and were considered as Independent Directors under the provisions of the Companies Act, 1956 and listing agreement. As per the provisions of Section 149 of the new Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and they are not liable to retire by rotation. Mr. K. C. Mehra, Mr. P. R. Menon and Mr. P. M. Telang have each given a declaration to the Board that they meet the criteria of independence as provided under the Act. In view of this, the Board considered the re-appointment of Mr. K. C. Mehra, Mr. P. R. Menon and Mr. P. M. Telang as Independent Directors with effect from July 18, 2014 who shall be not liable to retire by rotation. Ms. Hema A. Hattangady was appointed as a

Woman Director effective July 18, 2014 as per the provision of Section 149 of the Companies Act, 2013 and listing agreement. Ms. Hema A. Hattangady has also given a declaration to the Board that she has met the criteria of independence as provided under Section 149(6) of the Act.

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees (Committees being Audit Committee and Stakeholders Relationship Committee). All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than twenty companies, including ten public companies. There is no relationship between the Directors inter-se.

The Board at its meeting held on October 21, 2014 approved the re-appointment of the Managing Director for a further period of 5 years with effect from December 1, 2014 up to November 30, 2019 on the terms and conditions and remuneration as recommended by the Nomination and Remuneration Committee.

### 3.2 Disclosure regarding appointment / re-appointment of Directors

Brief profiles of the persons sought to be appointed/re-appointed as Directors at the ensuing annual general meeting of the Company are given below:

#### Mr. K. C. Mehra

Mr. Kamlesh C. Mehra, aged 75 years joined Tata Steel in 1962 and has held several positions of importance in his long career of over 50 years. He was later appointed in Tata Steel as Deputy Managing Director. He was Chairman of several companies, including Tata Robbins Frazer, Tata Davy, Tata Constructions and Projects, The Indian Tube Company, Tata Stewarts and Lloyds, Tata Yodogawa and several other companies. In 1997 he was appointed Deputy Chairman & Managing Director of Forbes Gokak Ltd and from April 2008, Mr. Mehra was the Resident Director (Corporate), Shapoorji Pallonji & Co., till recently.

Mr. Mehra has several other professional organizations. He has been appointed by the Govt. of India on the Governing Council of the V. V. Giri, National Labour Institute and The Quality Council of India. Mr. Mehra was also the Chairman of the National Board for Quality Promotion (NBQP), a constituent board of The Quality Council of India. Mr. Mehra is also on the Board of the following organisation:

Company	Position
National Board of Quality Promotion	Member
Infrastructure and Logistic Federation of India	Chairman
Exhibition India Limited	Director

Mr. Mehra is also a Member of the Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee of the Company.

#### Mr. P. R. Menon

Mr. Prasad R. Menon aged 69 years has over 40 years of diverse experience in some of the premier multinational and Indian companies, across the Chemical and Power industry.

He started his career with the Imperial Chemical Industries (ICI) and served for 20 years, followed by Nagarjuna Fertilizers. He joined the Tata Group in the year 2000 and served as the Managing Director at Tata Chemicals and subsequently with Tata Power.

He serves as Director on a number of Tata Boards, including Tata Industries, Tata Chemicals, TRF Limited and Tata Foundation. He is also Chairman of the Board of Tata Consulting Engineers, Tata Projects and TATA SIA Airlines Ltd. He is also a Director on the Board of Axis Bank, Wildlife Trust of India and Sanmar Group.

Apart from his Board responsibilities, Mr. Menon is actively involved in various advisory committees in the areas of Academics, Sustainability & Corporate Governance. He serves as an active Member of the Advisory Council of IITB-Monash Research Academy; Member of the Governing Council of Centre for Environment Education-Nehru Foundation for Development; Member of the Advisory Board of the Grantham Institute - London; Member of the Advisory Board of The Energy & Resources Institute (TERI); and on the Advisory Council of CII-ITC Centre of Excellence for Sustainable Development.

He holds a B.Tech in Chemical Engineering from Indian Institute of Technology, Kharagpur.

Mr. Menon is also the Chairman of Audit Committee, Member of Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Company.

#### Mr. P. M. Telang

Mr. Prakash M. Telang aged 67 years has over 42 years of experience in the automotive industry and machinery manufacturing. Before being appointed as Tata Motors' Managing Director - India operations, he was Executive Director of the company responsible for the company's Commercial Vehicles Business Unit.

Mr Telang, a graduate in Mechanical Engineering from VNIT Nagpur, MBA from IIM Ahmedabad and joined the Tata Group in 1972 through prestigious Tata Administrative Services (TAS) cadre.

In 1986, he joined the vehicle manufacturing operations and thereafter grew to Head Commercial Vehicle manufacturing Operations in Pune and Dharwad plants. He has also worked on Supplier selection and quality improvement initiatives, new product development and supply chain optimisation at various stages of his illustrious career.

Subsequently on May 18, 2007, he was appointed Executive Director, Commercial Vehicle Business Unit and on June 2, 2009 he became the Managing Director.

During his term as Managing Director, he has spearheaded Tata Motors' growth in the Small Commercial vehicle segment through pioneering segment creating products in Ace Zip and Magic Iris. On the passenger car business as well, Tata Motors has emerged with some exciting and innovative products under his leadership and has firmly occupied the position of 'most fuel efficient' cars in the industry. From the Indica eV2 to the Indigo eCS and the Nano, the Tata cars have best-in-class mileage across segments.

As MD (India Operations), his responsibility also included overseeing Tata Motors' operations into global markets such

as Thailand, Korea, South Africa and Spain. These included some greenfield ventures and acquisitions such as Tata Daewoo and Tata Hispano.

Another major aspect of his tenure as MD has been the increased learning and sharing between Tata Motors and JLR – from spearheading the JLR assembly operations in Pune to challenging the team to optimize investments and costs on the joint engine project to create ‘a world-class engine suitable for both an Aria and a Land Rover at Indian costs’.

Mr. P. M. Telang stepped down on June 21, 2012 from the post of Managing Director, Tata Motors Limited after attaining the superannuation age of 65 years.

Even post his superannuation, he continues to be associated with strategically important ventures within the Tata Group and beyond. He is currently the Chairman of Tata Hitachi Construction Machinery Company. He is Director on the Board of Tata Advanced Systems Limited, Tata Lockheed Martin Aerostructures Limited, Cummins India Limited, TEMA India Limited, Lokmanya Hospitals Private Limited and Tara Aerospace Systems Limited. In addition, he is also an Independent Director on the Board of Persistent Systems Ltd. He has been recognised for his achievements as ‘Distinguished Alumnus’ by both his alma maters – VNIT Nagpur and IIM Ahmedabad, during their Golden Jubilee years in 2010 and 2011 respectively.

Mr. Telang is also the Chairman of Nomination and Remuneration Committee and Member of Audit Committee of the Company.

#### **Ms. H. A. Hattangady**

Ms. Hema A. Hattangady aged 52 years graduated from Karnataka University, in 1984 with a Bachelor’s Degree in Commerce. She holds a Post-Graduate Diploma in French from the same University and has acquired a Post-Graduate Degree in Management from the Indian Institute of Management, Kolkata.

Ms. Hattangady started her career in advertising and software marketing before joining Conzerv and has over 25 years of experience in Marketing. She was the Vice Chairman and CEO of Conzerv Systems Pvt Ltd until it was sold to Schneider Electric in June 2009. Conzerv was in the business of Consulting, Training and Products for Energy Efficiency.

Ms. Hattangady has become an angel investor in the social enterprise space with investments in Swasth India ([www.swasthindia.in](http://www.swasthindia.in)) (affordable primary health care for slum dwellers in Mumbai) and Hippo Learning Centers ([www.hlc.org.in](http://www.hlc.org.in)) which is in the space of setting up and running kindergartens and after school support centers in rural Karnataka. She has now set up a new venture called Consul Energy Pvt Ltd, that is in the area of heating and cooling optimization for segments like hotels and hospitals, automotive, pharma, chemical and FMCG industry.

Ms. Hattangady is on the Advisory Board of Common Purpose ([www.commonpurpose.org.in](http://www.commonpurpose.org.in)) in Bangalore, a leadership training organization; she is also on the Executive Committee of Udyogini ([www.udyogini.org](http://www.udyogini.org)) an NGO that works for women’s livelihoods in backward states; on the Board of Swasth India and was on the Advisory Board of Schneider Electric India for 4 years until October 2012.

She was selected as one of the 10 women who have contributed meaningfully to the Power Sector. The nomination was done by Powerline, a premier Indian magazine for the Power Sector.

Ms. Hattangady is on the Board of Nelco Limited a Tata Enterprise and is also the Chairperson of Corporate Social Responsibility Committee of the Company.

#### **Mr. S. Joshipura**

A mechanical engineer from BITS, Pilani, and an Advanced Management graduate from Harvard Business School, Shishir Joshipura joined SKF in the year 2009 as Managing Director of SKF India Ltd., leading SKF towards consolidating its position as the leading manufacturer of bearings, seals, mechatronics, lubrication systems and services and aftermarket products. Shishir is also the Country Head for SKF Group’s subsidiaries in India – SKF Technologies (India) Pvt. Ltd and Lincoln Helios (India) Ltd. Shishir is 52 years old.

Under his leadership SKF India has received several accolades including Dun and Bradstreet award for the best company in the bearing sector for the 8<sup>th</sup> consecutive year, The Economic Times and Frost & Sullivan India Manufacturing Excellence Gold Award in the year 2013 & 2014. SKF was also conferred the Award for Market leadership in the industrial bearings market in India by Frost & Sullivan India. SKF India was listed as the most admired companies in India by Fortune India business magazine for 3 consecutive years. Shishir was named as one of the ‘most valuable CEOs’ of India by Business World India magazine in the year 2013 and was featured in the prestigious list of ‘India’s Top 100 CEOs in 2013’ by Business Today magazine.

Prior to SKF, Shishir was CEO of Thermax Energy Performance Services and subsequently Executive Vice President and Global Head of Cooling and Heating business at Thermax.

He currently serves as a member of Board for SBI Funds Pvt. Ltd (SBI Mutual Fund) and as President of Ball and Rolling Bearing Manufacturer’s Association (BRBMA). Previously he served as the Chairman of Process Plant Manufacturers Association of India (PPMAI) from 2007 to 2009. He also served as member of Board for Thermax Sustainable Energy Services Ltd. from 2009 to 2013. He is a founder Director of Alliance for Energy Efficient Economy (AEEE) and a Director in Lincoln Helios (India) Ltd. Recently Shishir has been nominated as a member of the Indian Wind Alliance, by Indian Wind Turbine manufacturers Association and also elected as Vice president for the CII Pune zonal council.

### **3.3 Conduct of Board proceedings**

The meetings of the Board are generally held in locations where Company operates. The required information as enumerated in Companies Act and the Listing Agreement is regularly made available to the Board of Directors, whenever applicable, for discussion and consideration at the Board Meetings. The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Managing Director and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda.

In the beginning of the year a residential Board Meeting is

held in which the Finance Director, Business units heads and other Functional heads present to the Board members annual Strategic & Operating Plans for their review, inputs and suggestions. A detailed presentation on the financial results at the time of approval of each quarterly result is presented to the Board by the Finance Director. Senior Management personnel are invited to provide additional inputs for the items being discussed by the Board as and when necessary. The draft minutes of the meetings of the Board is circulated amongst the Members of the board for their perusal. Comments, if any, received from the Directors are also incorporated in the Minutes, in consultation with the Chairman.

The Board of Directors has complete access to the information within the Company, which inter alia includes:

- Annual operating plans
- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; overseeing major capital expenditures, acquisitions and divestments
- Reviewing and approving quarterly, half yearly and annual Financial results of the Company
- Reviewing and approving Investment Plan
- Significant sale of investments which are not in the normal course of business
- Review of Foreign exchange exposure and exchange rate movement, if material
- Appointment of auditor including Cost and Secretarial auditor

- Review of Information on recruitment of key executives below the Board level
- Approval of related party transactions including contracts in which Director(s) are deemed to be interested
- Review of significant development in Human Resources Industrial Relations or implementation of Voluntary Retirement Scheme
- Review of legal notices concerning non-compliance, demands and penalties of any regulatory, statutory or listing agreement, if any
- Fatal or serious accidents or dangerous occurrences, if any
- Matters requiring statutory / board approvals

The board is updated on the discussions at the Committee meetings and the recommendations through the Chairman of the various Committees. The important decisions taken at the Board meetings are communicated to the concerned departments/ divisions promptly. An action taken report on the decisions of the previous meeting is placed at the next meeting of the Board for information and further recommended action(s) if any.

### 3.4 Board Meetings

The Board meets at least once every quarter inter alia to review the quarterly performance and results. Additional meetings are held, when necessary. During the Financial Year 2014, the Board met five times on February 21, April 23, July 18, September 19 and October 21, 2014. The gap between any two Meetings did not exceed four months.

### 3.5 Attendance & other Directorships

The composition of the Board, details of their directorship, committee position as on December 31, 2014 and attendance of directors at the Board meetings and at the Annual General Meeting held during the year under review are given below :

Name of Director	No. of Board Meetings attended	Attendance at the last Annual General Meeting	Directorship in other companies (other than SKF India)	No. of Committees in which Chairman/Member (other than SKF India) (Refer Note c)	
				Member	Chairman
<b>Non-Executive Independent</b>					
Mr. K. C. Mehra Chairman	5	Yes	1	-	-
Ms. H. A. Hattangady	1	NA	1	NA	NA
Mr. P. M. Telang	5	Yes	8	2	5
Mr. P. R. Menon	4	Yes	7	2	-
<b>Non-Executive Non-Independent</b>					
Mr. T. Sthen (Resigned w.e.f 31.12.2014)	3	Yes	-	-	-
Mr. H. Lange	4	Yes	-	-	-
Mr. V. Vartanian	2	No	-	-	-
Mr. David Bishop (Alternate to Mr. V. Vartanian)	-	No	-	-	-
Mr. R. Makhija	4	Yes	-	-	-
<b>Executive</b>					
Mr. S. Joshipura Managing Director	5	Yes	1	-	-

- Notes: a. This excludes alternate directorships / directorships of private limited companies and foreign companies wherever applicable.  
b. None of the Directors have received any loans and advances from the Company.  
c. Audit and Stakeholders Relationship Committees only.

### 3.6 Country Management Team (CMT):

Country Management Team (CMT) administers the affairs of the Company's business on a day to day basis. The CMT consists of Managing Director, Finance Director and Business Heads responsible for their respective functions and businesses. The CMT meets as and when required but at least once in a month to develop and implement policies, procedures and practices that attempt to translate the Company's core purpose and mission into reality. The CMT identifies, supervises, measures, monitors and minimizes the risk factors in the business and ensures safe, sound and efficient operations.

## 4. BOARD COMMITTEES

As per Section 177 & 178 of the New Companies Act, 2013 and revised clause 49 of the Listing Agreement, the Board of Directors at its meeting held on July 18, 2014 reconstituted its committees in line with the new provisions and terms of reference required under the said Act and the listing agreement. The Committees operate as empowered agents of the Board as per their Charter / Terms of Reference. The Board of Directors and the Committees also take decisions by circular resolutions which are noted at the next meeting. The minutes of the meetings of all committees of the Board are placed before the Board for discussion / noting. The Board currently has 4 committees: a) Audit Committee, b) Nomination and Remuneration Committee c) Corporate Social Responsibility Committee and d) Stakeholders Relationship 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.

### 4.1 AUDIT COMMITTEE

The Audit Committee comprises of experts specializing in accounting / financial management. The Chairman of the Audit Committee is a Non-executive and Independent Director. The Audit Committee presently comprises of four Directors, Mr. P. R. Menon as Chairman, Mr. P. M. Telang, Mr. K. C. Mehra and Mr. H. Lange as Members of the Committee. Mr. Chandramowli Srinivasan, Finance Director represents as Head of Finance function and the Company Secretary of the Company acts as the Secretary of the Audit Committee. The composition of the Audit Committee meets with the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The statutory auditor and internal auditor's representatives are permanent invitees to all Audit Committee meetings. The Cost Auditor and Secretarial Auditor is invited to meetings whenever matters relating to cost/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.

#### 4.1a Scope of Audit Committee

The Board of Directors at their meeting held on July 18, 2014 amended the Audit Committee Charter amending inter-alia the Terms of Reference of the Committee in line with the requirements of Section 177 of the Companies Act, 2013 and the rules framed thereunder as also revised Clause 49 of the Listing Agreement (effective October 1, 2014).

The terms of reference are briefly described below:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
4. Reviewing with the management the quarterly / annual financial statement 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. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
7. To review the functioning of the whistle blower mechanism;
8. The scrutiny of inter-corporate loans, investments policy of the Company;
9. Approval of transactions of the company with related parties;
10. To approve the valuation of undertakings or assets of the Company, wherever it is necessary;
11. To evaluate internal financial controls and risk management systems;
12. Reviewing 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 CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
14. The Audit Committee shall mandatorily review the following information:



- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and

The Audit Committee is vested with the necessary powers, as defined in its Charter, to achieve its objectives.

#### 4.1b Meetings and attendance

During the year 2014 Audit Committee Meetings were held on February 21, April 22, July 15 and October 21, 2014.

Details of attendance at the aforementioned meetings are as follows:

Name of Director	Category	No. of Meetings Attended
Mr. P. R. Menon	Chairman	4
Mr. K. C. Mehra	Member	4
Mr. P. M. Telang	Member	4
Mr. H. Lange (Member from 18.07.2014)	Member	1
Mr. S. Joshipura (Member upto 18.07.2014)	Member	3

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

#### 4.2. NOMINATION AND REMUNERATION COMMITTEE (EARLIER REMUNERATION COMMITTEE)

During the year under review, the nomenclature of the Remuneration Committee was changed to "Nomination and Remuneration Committee" as required under the provisions of Section 178 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement. The Company has only one Executive Director whose remuneration is reviewed by the Committee. Commission payable to non-executive independent directors is approved by the Board as per the mandate given by the shareholders in the General Meeting.

The Board of Directors at their meeting held on July 18, 2014 also amended the Nomination and Remuneration Committee Charter amending inter-alia the Terms of Reference of the Committee in line with the requirements of the Companies Act, 2013 and Listing Agreement. Terms of Reference of the Nomination and Remuneration Committee briefly are as under:

1. The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of the Board.
2. The NRC shall formulate the criteria for determining qualifications, positive attributes and independence of a

director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

3. The NRC shall while formulating the policy under (2) above, ensure that –
  - a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
  - b. Relationship of the remuneration to performance is clear and meets appropriate performance benchmarks.
  - c. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
4. Performance evaluation:
  - a. The NRC committee shall lay down the evaluation criteria for performance evaluation of Directors and the Board.
  - b. The NRC committee will devise a framework on Board diversity.
5. Remuneration of Directors
  - a. All pecuniary relationship or transactions of the non-executive directors vis-a-vis the company shall be disclosed
  - b. Non-executive directors shall be required to disclose their shareholding (both own or held by / for other person on a beneficial basis) in the company when they are proposed to be appointed as directors, prior to their appointment.

The Board of Directors at their meeting held on July 18, 2014 re-constituted the Nomination and Remuneration Committee whose composition and details of the meetings attended by its Members are given below:

Name of Director	Category	No. of Meetings Attended
Mr. P. M. Telang Chairman	Independent, Non-Executive	3
Mr. P. R. Menon	Independent, Non-Executive	2
Mr. K. C. Mehra	Independent, Non-Executive	3
Mr. R. Makhija	Non-Executive Non-Independent	3

During the year, the Committee met thrice on February 21, 2014, April 22, 2014 and October 21, 2014.

#### 4.2a Remuneration policy for Executive Directors

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. The Company follows a compensation mix of fixed

pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The remuneration structure of the Managing Director is therefore based on the performance and defined criteria. The Committee determines and recommends to the Board, the compensation payable to the Executive Directors. The compensation however, is within the parameters set by the provisions of the Companies Act, 2013. The remuneration comprises of salary, performance linked incentives, perquisites and benefits as per Company rules, contribution to provident fund and superannuation fund.

Details of remuneration to Mr. Shishir Joshipura, Managing Director for the year are as under:

Description	Amount ₹
Salary	14,523,303
Perquisites	201,289
Deferred Benefits (PF and Superannuation)	1,867,871
Stock Award*	69,138
Performance Linked Incentives	2,788,526
<b>Total</b>	<b>19,450,127</b>

The Board of Directors at their meeting held on October 21, 2014 approved the re-appointment of Mr. S. Joshipura, Managing Director of the Company for a period of 5 years with effect from December 1, 2014 upto November 30, 2019 with a notice period of six months by either of the parties, on the terms and conditions and remuneration as recommended by the Nomination and Remuneration Committee subject to the approval of the Members at the Annual General Meeting to be held on April 23, 2015.

\* Managing Director is entitled for 'Stock Award' from the parent company being part of the long term variable salary.

#### 4.2b Remuneration policy for Non-Executive Directors

The Company has no pecuniary relationship or transaction with its Non-Executive Directors.

As per the new Companies Act, 2013 and listing agreement, the role, duties and responsibilities of the Independent Directors has increased and therefore sitting fee payable to Independent Director has been revised effective from July 18, 2014. Accordingly, Independent Directors are paid a sitting fees of ₹ 50,000/- for every meeting of the Board, ₹ 40,000/- for Audit Committee, ₹ 25,000/- for Nomination & Remuneration Committee, ₹ 15,000/- for Corporate Social Responsibility Committee and ₹ 5,000/- for Stakeholders Relationship Committee.

The Independent Directors apart from receiving commission which is subject to approval of members do not have any material pecuniary relationships or transactions with the Company or its Promoters which may affect independence of the Director.

The commission to be paid to the Independent Directors is decided by the Board every year, within the limits approved by the shareholders, subject to a limit not exceeding 1% p.a. of the profits of the Company. The Company has accordingly provided for the commission to its Non-Executive Independent Directors in addition to sitting fees for the meetings of Board and Committee attended by them. Mr. H. Lange, Mr. T. Sthen, Mr. V. Vartanian, Mr. David Bishop (Alternate Director to Mr.V. Vartanian) and Mr. R. Makhija representing the SKF Group do not draw any remuneration including sitting fees from the Company. The details of the remuneration paid/ payable to other Non-Executive Directors are as under:

Name of the Director	Sitting Fees ₹	Commission* ₹	Total ₹
Mr. K. C. Mehra	365,000	1,800,000	2,165,000
Mr. P. R. Menon	315,000	1,450,000	1,765,000
Mr. P. M. Telang	325,000	1,450,000	1,775,000
Ms. H. A. Hattangady	80,000	725,000	805,000

\*payable subject to approval of annual accounts by the Shareholders at the forthcoming Annual General Meeting to be held on April 23, 2015.

#### 4.3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per Section 135 of the Companies Act, 2013 your Company is required to constitute a CSR Committee consisting of three or more directors, out of which at least one director shall be an Independent Director.

The Board of Directors at its meeting held on July 18, 2014 constituted "Corporate Social Responsibility Committee". The Chairman of the Committee is a Non-Executive and Independent Director, the composition of the Committee consist of the following Members:

Name of the Director	Category	No. of meetings attended
Ms. H. A. Hattangady Chairman	Independent, Non Executive	2
Mr. K. C. Mehra	Independent, Non-Executive	2
Mr. R. Makhija	Non-Executive Non-Independent	2
Mr. S. Joshipura	Executive	2

During the year, the Committee met twice on August 19, 2014, and October 20, 2014.

The Board of Directors at their meeting held on July 18, 2014 approved the Terms of Reference of Corporate Social Responsibility Committee Charter in line with the requirements of Section 135 of the Companies Act, 2013 and the rules framed thereunder as also revised Clause 49 of the Listing Agreement.

The terms of reference are briefly described below:

- A. The Corporate Social Responsibility Committee shall –
1. Formulate and recommend to the Board, a CSR Policy which will indicate the activities to be undertaken by the Company within the framework specified in Schedule VII of the Companies Act, 2013, specifying the modalities of execution of such project or programs and implementation schedules for the same
  2. Recommend the amount of expenditure to be incurred on the activities referred to above.
  3. Monitor the CSR Policy of the Company from time to time by instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.
- B. The Board of the Company shall –
1. After taking into account the recommendations made by the CSR Committee, approve the CSR Policy.
  2. Ensure that the activities as are included in this Policy are undertaken by the Company.
  3. Decide to undertake its CSR activities approved by the CSR Committee, either directly or through a registered trust or a registered society or a company established by the company or its holding or associate company under Section 8 of the Companies Act, 2013.  
Provided that –
    - (i) If such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects.
    - (ii) The company has specified the project or programs to be undertaken through these entities, the modalities or utilisation of funds on such projects and programs and the monitoring and reporting mechanism.
  4. The Company may also collaborate with other companies for undertaking the CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.
- C. The CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR Committee. The surplus, if any, arising out of the CSR projects or programs or activities shall not form part of the business profits of the Company.
- D. The Board shall endeavor to spend in every financial year at least two percent of the company's average net profits of the three immediately preceding financial years, calculated in accordance with the provisions of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- E. CSR Activities :
- The Company shall undertake its CSR activities as per its stated CSR Policy in one or more of the activities in line with Sec 135 and Schedule VII of the Companies Act, 2013 specifying modalities of execution of such project or

programs and implementation schedules for the same and shall give preference to the local area and areas around it where it operates.

#### 4.4. STAKEHOLDERS RELATIONSHIP COMMITTEE

During the year under review, composition and the nomenclature of the Shareholders'/Investors' Grievance Redressal Committee was changed to "Stakeholders Relationship Committee" as required under the provisions of Section 178 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement. Mr. K. C. Mehra has been now appointed as the Chairman of the Committee.

The Committee consists of three Directors of the Company. The broad terms of reference of this Committee include the following:

- Review of investor complaints;
- Review of queries received from investors;
- Review of work done by the share transfer agent;
- Review of corporate actions related to shareholder issues, if any.

Each 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, stock exchanges at the end of every quarter have confirmed that no such shareholder grievance pertaining to your Company is pending.

The composition of the Stakeholders Relationship Committee is as under:

Name of the Members	Category	No. of meetings attended
Mr. K. C. Mehra Chairman	Non-Executive Independent	02
Mr. P. R. Menon	Non-Executive Independent	07
Mr. S. Joshipura	Executive	07

The Company holds Committee meetings on a periodical basis, as may be required to approve the transfers/transmissions/issue of duplicate share. During the year under review 07 meetings were held on the following dates:

January 31, 2014	February 21, 2014	March 18, 2014
April 22, 2014	June 10, 2014	September 10, 2014
December 24, 2014		

The Company has appointed TSR Darashaw 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 Registrar & Share Transfer Agent for physical transfer of shares. The physical transfers of shares approved are ratified at the subsequent Stakeholders

Relationship Committee meeting. The Company Secretary officiates as the Secretary of the Committee and is also designated as Compliance Officer in terms of the listing agreement with the Stock Exchanges.

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

Particulars	Total Received	Total Replied	Total Pending
1. Payments			
1a. Outdated, Duplicate Warrants and change in Warrants (Where new Instruments being issued)	187	187	0
1b. Issue of New Drafts Against Uncashed Drafts	3	3	0
1c. Non Receipt of Warrants	9	9	0
1d. Unclaimed and Unpaid amounts transferred to ROC / IEPF	1	1	0
1e. Miscellaneous *	9	8	1
2 Change in Name / Status	11	11	0
3 Communication received through SEBI and other Statutory/ Regulatory Bodies	2	2	0
4 Conversion / Demerger - Scheme of Arrangement / Exchange/ Merger - of Consolidation / Subdivision	130	129	1
5 Dematerialisation / Rematerialisation of Securities	3	3	0

Particulars	Total Received	Total Replied	Total Pending
6 Dividend / interest queries	72	72	0
7 Document Registration	52	52	0
8 Legal Matters	1	1	0
9 Loss of Securities	144	139	5
10 Transfer of Securities	5	3	2
11 Transmission of Securities	49	48	1
12 Other Queries	132	132	0
13 Change of Address	49	49	0
14 Change in Bank Details	54	54	0
15 Issue of new certificates on Split / Consolidation / Renewal	14	14	0
16 Nomination	3	3	0

\* Miscellaneous in above mainly includes general inquiries relating to annual report, beneficiary details for securities held in electronic form, signature case, change of address, mailing of certificates and transmission with legal representation / without legal representation.

930 correspondences were received by the Company out of which 920 correspondences were replied to the satisfaction of shareholders during the year under review. 10 Outstanding correspondences as on December 31, 2014 have been attended by January 5, 2015.

4 requests for transfer and 10 requests for dematerialisation were pending for processing as on December 31, 2014 which have been subsequently processed on January 14 and January 12, 2015 respectively. The Committee expresses satisfaction with the Company's performance in dealing with the shareholders' grievances and its share transfer system.

## 5. GENERAL BODY MEETINGS

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
31.12.2011	M. C. Ghia Hall Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20 K.Dubash Marg, Kala Ghoda, Mumbai 400001.	AGM	17.4.2012	Tuesday	3.30 p.m.	To approve change in Article 63(1) to buy back such of Company's own Shares or other Securities as it may consider appropriate subject to such limits, as may be required under the provisions of the Act.
31.12.2012	M. C. Ghia Hall Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20 K.Dubash Marg, Kala Ghoda, Mumbai 400001.	AGM	30.4.2013	Tuesday	3.00 p.m.	None
31.12.2013	M. C. Ghia Hall Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20 K.Dubash Marg, Kala Ghoda, Mumbai 400001.	AGM	23.4.2014	Wednesday	3.30 p.m.	None

## 6. DISCLOSURES

### 6.1 Related Party Transactions

The Company has not entered into any transactions of material nature, with its Promoters, the Directors, or the management, or relatives etc. that may have potential conflict with the interests of the Company at large. The disclosure in respect of related party transactions is given in schedule of the notes to the accounts. All contracts with the affiliates entered into during the said period have no potential conflict with the interests of the Company at large and are carried out on arm's length basis at fair market value. The Company does not have any subsidiary company. All related party transactions during the year, whether in the ordinary course of business or not, were placed before the Audit Committee and to the Board on quarterly basis. The policy on the related party transaction is also placed on the Company's website.

### 6.2 Risk Management

The Company has a risk management framework in place to manage risks inherent in various aspects of business. Risks are identified through active involvement of business managers, senior management and at corporate level. The Company follows a detailed risk assessment and minimization procedures, which are periodically reviewed by the audit committee / Board.

### 6.3 Accounting Treatment

The Company has complied with all applicable Accounting Standards in preparation of its financial statements.

### 6.4 Senior management of the Company make annual disclosures relating to all material, financial and commercial transaction where they have personal interest, if any, that may have a potential conflict with the interest of the Company at large. During the previous year, no such transactions have been entered into where senior management of the Company had personal interest.

### 6.5 Compliances

The Company has complied with 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 penalties or strictures have been imposed on the Company by these authorities.

### 6.6 Prevention of Insider Trading:

The Company has framed its Insider Trading Regulations wherein rules for the preservation of price sensitive information, pre-clearance of trade, monitoring and implementation of the code of conduct are framed. This code is applicable to all Directors and such employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company. The policy and procedures are periodically communicated to the employees who are considered as insiders of the Company. Trading window closure, when the Directors and employees are not permitted to trade in the securities of the Company, are intimated to all Directors and employees, in advance, whenever required.

Shares held by the Directors as at December 31, 2014 are as under:

Name of Director	No. of shares held
Mr. K. C. Mehra	Nil
Mr. P. R. Menon	Nil
Mr P. M. Telang	1,000
Mr. H. Lange	Nil
Mr. V. Vartanian	Nil
Mr. D. Bishop (Alternate to Mr. Vartanian)	Nil
Mr. R. Makhija	Nil
Mr. S. Joshipura	Nil

### 6.7 Code of Conduct

The Board of Directors has adopted the code of conduct for Directors and senior management and the same has been placed on the Company's website. All board members and senior management personnel have affirmed compliance with the code of conduct for the current year.

### 6.8 Vigil Mechanism Policy: Sec 177(9) of the New Companies Act, 2013 and revised clause 49 II (F) of the Listing Agreement entered into with the stock exchanges requires that a company shall establish a vigil mechanism for directors and employees for reporting concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The Company was already following such a policy which has now been redefined by the Board at its meeting held on July 18, 2014 in line with the new requirement under the Act and the listing agreement which is disclosed by the Company on its website. During the year under review no concern of any nature was reported under this policy.

## 7. MEANS OF COMMUNICATION

- The Company has over 24,000 shareholders. The main channel of communication to the shareholders is through annual report which includes inter-alia, the Directors' Report, the Report on Corporate Governance and audited financial results. The Annual General Meeting is the principal forum for face-to-face communication with shareholders, where the Board answers to specific queries of the shareholders.
- The quarterly/half-yearly/annual results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are published in one English daily newspaper and in one daily vernacular newspaper and are also posted on the Company's website. Printed copy of the Chairman's Speech is distributed to the shareholders at the Annual General Meeting.
- Corporate Governance Report, Shareholding Pattern, Results, Share Capital Audit Report, financial statement and other announcements are sent to National Stock Exchange of India Limited and Bombay Stock Exchange Limited through NEAPS and BSE Listing respectively, which

is a web based application designed for Corporates. This interface is to enhance the quality and speed of submission and also assist the listed companies to move towards paperless submission of documents with the Exchange.

- 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 [www.skf.com/in](http://www.skf.com/in) provides comprehensive information about its portfolio of businesses. Section on 'Investor's' serves to inform and service the Shareholders allowing them to access information at their convenience. The full Annual Report, shareholding pattern, press release, Quarterly Results and Corporate Governance Report are also available on the website.
- The Management Discussion and Analysis Report have been separately dealt with in the annual report.

## 8. GENERAL SHAREHOLDER INFORMATION

### 8.1 Annual General Meeting

Day, Date and Time: Thursday, April 23, 2015 at 3.30 p.m.

### 8.2 Venue:

M. C. Ghia Hall, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400 001.

### 8.3 Financial Calendar

The Company follows calendar year as its financial year. The results for every quarter are generally published in the month following the quarter except for the quarter October-December, for which the annual audited results along with the last quarter are published in the month of February as permitted under the Listing Agreement.

### 8.4 Date of Book Closure

Friday, April 10, 2015 to Monday, April 13, 2015 (both days inclusive)

### 8.10 Stock Price Data

Month	Bombay Stock Exchange		National Stock Exchange		Indices: Sensex	
	High	Low	High	Low	High	Low
Jan 2014	700.00	620.00	679.00	622.05	21,409.66	20,343.78
Feb 2014	726.95	632.00	737.50	625.15	21,140.51	19,963.12
March 2014	817.70	680.00	820.00	675.00	22,467.21	20,920.98
April 2014	856.00	790.10	855.80	784.95	22,939.31	22,197.51
May 2014	935.00	790.00	945.00	794.00	25,375.63	22,277.04
June 2014	1,089.90	932.00	1,094.90	918.20	25,725.12	24,270.20
July 2014	1,233.00	1,038.00	1,234.00	1,031.00	26,300.17	24,892.00
August 2014	1,248.00	1,079.00	1,248.50	1,064.00	26,674.38	25,232.82
September 2014	1,180.00	1,005.15	1,184.00	1,007.00	27,354.99	26,220.49
October 2014	1,260.00	1,076.60	1,262.00	1,075.00	27,894.32	25,910.77
November 2014	1,390.00	1,221.95	1,391.00	1,224.30	28,822.37	27,739.56
December 2014	1,472.50	1,345.90	1,470.00	1,186.20	28,809.64	26,469.42

### 8.5 Dividend payment date

After April 23, 2015

### 8.6 Registered Office

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

### 8.7 Listing of Equity Shares on Stock Exchanges

The Company's shares were listed on May 7, 1962 on the Bombay Stock Exchange Limited. Equity Shares of the Company are presently listed on the following Stock Exchanges:

#### Bombay Stock Exchange 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 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 1, 2014 to March 31, 2015 to both the Stock Exchanges where the shares of the Company are listed.

### 8.8 Stock Code

Bombay Stock Exchange Limited - BSE CODE 500472

National Stock Exchange - NSE Symbol - SKFINDIA

Securities ISIN nos. with NSDL and CDSL

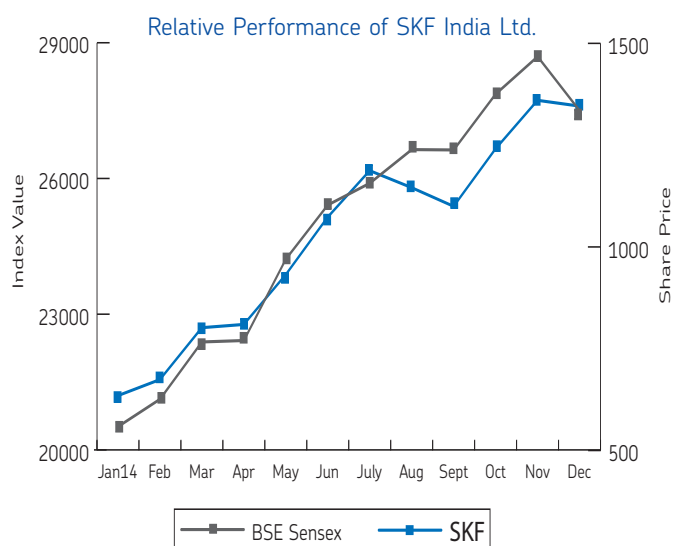
Equity Shares : INE640A01023

### 8.9. Corporate Identity Number (CIN)

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

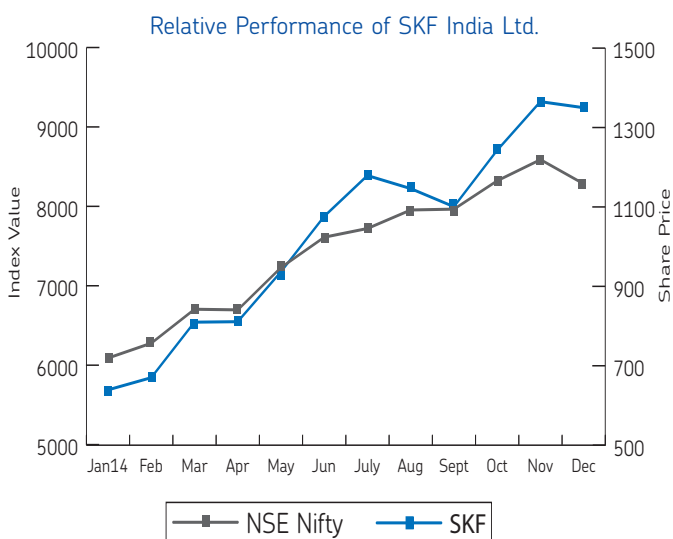
### 8.11 Performance in comparison with BSE SENSEX

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



### 8.12 Performance in comparison with NSE NIFTY

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



### 8.13 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 listing agreement a certificate on half yearly basis 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 December 31, 2014

No. of Equity shares	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 to 500	21,928	90.03	2,245,243	4.26
501 to 1000	1,218	5.00	921,577	1.75
1001 to 2000	679	2.79	979,628	1.86
2001 to 3000	167	0.69	399,240	0.76
3001 to 4000	89	0.37	318,915	0.60
4001 to 5000	48	0.20	219,532	0.42
5001 to 10000	87	0.36	641,948	1.22
10001 and above	137	0.56	47,006,455	89.13
	<b>24,353</b>	<b>100.00</b>	<b>52,732,538</b>	<b>100.00</b>

Category of shareholders	No. of shareholders	% of Voting strength	No. of shares held
Foreign Holding (FIIs, OCBs & NRIs)	619	9.91	5,226,269
FIs, Insurance Companies & Banks	53	3.01	1,586,972
Other Corporate Bodies	689	3.58	1,885,215
Promoters	3	53.58	28,254,568
Directors	1	-	1,000
Mutual Funds	78	19.58	10,327,165
Others	22,910	10.34	5,451,349
<b>Total</b>	<b>24,353</b>	<b>100.00</b>	<b>52,732,538</b>

### 8.14 GDRs/ ADRs etc:

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

### 8.15 Dematerialisation 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	50,931,710	96.58
Held in dematerialized form in CDSL	783,693	1.49
Physical	1,017,135	1.93
<b>Total</b>	<b>52,732,538</b>	<b>100.00</b>

## 8.16 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

### Address for correspondence

#### Compliance Officer

Company Secretary  
**SKF India Limited**  
 Mahatma Gandhi  
 Memorial Building  
 Netaji Subhash Road,  
 Mumbai 400 002  
 Phone : +91 22 66337777  
 Fax : +91 22 22042738  
 E-mail : investors@skf.com

#### Registrars and Share Transfer Agents:

TSR Darashaw Limited  
 6-10 Haji Moosa Patrawala  
 Industrial Estate,  
 20, Dr. E. Moses Road,  
 Mahalaxmi,  
 Mumbai 400 011,  
 Tel. : + 91 22 66568484  
 Fax : + 91 22 66568496  
 E-mail :  
 csg-unit@tsrdarashaw.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 query 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, Assistant Manager - Legal & Secretarial at the registered office of the Company.

## 9 OTHER INFORMATION FOR SHAREHOLDERS

9.1 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 amended provisions of Section 125 of the Companies Act, 2013 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 2007 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 en-cashed their dividend warrants for the years 2008 to 2014 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 unpaid dividend list is also available on the website of the Company.

### Details of unpaid dividend

Financial Year	As on 31.12.2014 (₹)
2008	1,769,328.00
2009	1,440,081.00
2010	1,496,116.00
2011	2,213,547.00
2012	2,453,932.50
2013	2,742,952.50
2014	2,880,270.00

9.2. "Go Green" Initiative:

As a continuing endeavour 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.

## 10 Compliance under Non-Mandatory Requirement of Clause 49

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

- The Board - the Company does not maintain a separate office for the Non-Executive Chairman.
- 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.
- 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.
- Separate posts of Chairman and CEO: The Company is having separate post of Chairman and Managing Director.

For and on behalf of the Board  
 SKF India Limited

**K. C. Mehra**  
 Chairman

Pune, February 18, 2015.



# 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 December 31, 2014, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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 (as stipulated in Clause 49 of the Listing Agreement), 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, we certify that the Company has

complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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 Bangalore LLP

Firm Registration No.: 007567S/S-200012  
Chartered Accountants

Jeetendra Mirchandani  
Partner

Pune  
February 18, 2015

Membership Number: 48125

# Declaration regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

The Board of Directors  
SKF India Limited  
Mumbai.

Sub : Compliance under Clause 49 of the Listing Agreement.

This is to confirm that the Company has adopted a Code of Conduct for all Board Members and senior management and the same has been placed on the Company's web site. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended December 31, 2014.

Pune  
February 18, 2015

Shishir Joshipura  
Managing Director / CEO

## Independent Auditors' Report

### To the Members of SKF India Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of SKF India Limited (the "Company"), which comprise the Balance Sheet as at December 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

#### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

6. In our opinion, and to the best of our information and according

to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013,
  - (e) On the basis of written representations received from the directors as on December 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Pune  
February 18, 2015

Jeetendra Mirchandani  
Partner  
Membership Number: 48125

## Annexure to Independent Auditors' Report

Referred to in paragraph 7 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 December 31, 2014.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (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) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d)/(f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, 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.
- ix. (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 generally regular in depositing undisputed statutory dues in respect of TDS, Service Tax, VAT though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, wealth tax, customs duty and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty as at December 31, 2014 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (INR Million)	Amount paid under protest (INR Million)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	142.20	21.50	April 2006 to March 2012, February 2005	CESTAT, Mumbai
Central Excise Act, 1944	Excise Duty	7.1	-	Financial Years 1999-2000, September 2009 to June 2011	CESTAT, Bangalore
Finance Act, 1994	Service Tax	5.34	0.5	Financial Years July 2009 to March 2012	CESTAT, Mumbai
Finance Act, 1994	Service Tax	2.42	-	April 2011 to September 2012	Commissioner (Appeals), Pune
Income Tax Act, 1961	Income Tax	39.98	37.77	Financial Years 1999-2000, 2001-2002, 2003-2004, 2004-2005, 2006-2007, 2007-2008, 2008-2009	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	7.14	-	Financial Year 2002-2003	Assessing Officer
West Bengal Value Added Tax 2003 & The Central Sales Tax Act, 1956 - West Bengal	Value Added Tax & Central Sales Tax	25.3	2.63	Financial Years 2007-2008, 2010-2011, 2011-2012	Senior Joint Commissioner Commercial Tax
West Bengal Value Added Tax 2003 & The Central Sales Tax Act, 1956 - West Bengal	Value Added Tax & Central Sales Tax	2.4	-	Financial Year 2006 - 2007	Additional Commissioner Commercial Tax
West Bengal Value Added Tax 2003 & The Central Sales Tax Act, 1956 - West Bengal	Value Added Tax & Central Sales Tax	32.1	-	Financial Years 2008 - 2009, 2009 - 2010	Revision Board
The Central Sales Tax Act, 1956 - Delhi	Central Sales Tax	17.1	-	Financial Years 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011	Objection Authority Department of Trade & Taxes, New Delhi
The Central Sales Tax Act, 1956 - Tamil Nadu	Central Sales Tax	1.2	1.87	Financial Year 2005 - 2006	Commercial Tax Officer
Karnataka Value Added Tax 2003 & The Central Sales Tax Act, 1956 - Karnataka	Value Added Tax & Central Sales Tax	0.34	0.34	Financial Year 2003-2004	Deputy Commissioner
Karnataka Value Added Tax 2003 & The Central Sales Tax Act, 1956 - Karnataka	Value Added Tax & Central Sales Tax	2.7	2.7	Financial Years 2007-2008, 2009-2010,	Tribunal
Karnataka Value Added Tax 2003 & The Central Sales Tax Act, 1956 - Karnataka	Value Added Tax & Central Sales Tax	38.1	6.74	Financial Years 2005-2006, 2006-2007, 2010-2011, 2011-2012	Joint Commissioner (Appeals)
The Central Sales Tax Act, 1956 - Maharashtra	Central Sales Tax	1.8	-	Financial Year 2010-2011	Joint Commissioner (Appeals)
<b>Total</b>		<b>325.22</b>	<b>74.05</b>		

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. The Company has not raised any funds on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. 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 on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

Jeetendra Mirchandani  
Partner

Pune  
February 18, 2015

Membership Number: 48125

## Balance Sheet as at December 31, 2014

(₹ in million)

	Note	December 31, 2014	December 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	527.3	527.3
Reserves and surplus	3	13,634.5	12,227.7
		<b>14,161.8</b>	<b>12,755.0</b>
<b>Non- current liabilities</b>			
Deferred tax liabilities (net)	4	0.8	40.3
Long-term provisions	5	270.2	219.8
		<b>271.0</b>	<b>260.1</b>
<b>Current liabilities</b>			
Trade payables	6	3,366.5	2,510.7
Other current liabilities	7	858.2	744.4
Short-term provisions	8	454.0	682.7
		<b>4,678.7</b>	<b>3,937.8</b>
<b>TOTAL</b>		<b>19,111.5</b>	<b>16,952.9</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets			
Tangible assets	9	3,665.7	3,763.5
Intangible assets	10	0.1	0.1
Capital work-in-progress		184.0	247.0
		<b>3,849.8</b>	<b>4,010.6</b>
Long-term loans and advances	11	2,320.2	2,535.4
		<b>6,170.0</b>	<b>6,546.0</b>
<b>Current assets</b>			
Inventories	12	2,929.5	2,551.7
Trade receivables	13	3,730.2	3,297.5
Cash and bank balances	14	5,347.5	3,757.9
Short-term loans and advances	15	805.7	713.8
Other current assets	16	128.6	86.0
		<b>12,941.5</b>	<b>10,406.9</b>
<b>TOTAL</b>		<b>19,111.5</b>	<b>16,952.9</b>
<b>Significant accounting policies</b>	1		

The notes referred to above form an integral part of the financial statements

In terms of our report of even date

For Price Waterhouse & Co Bangalore LLP  
Firm Regn. No. 007567S/S-200012  
Chartered Accountants

Jeetendra Mirchandani  
Partner  
Membership No. 48125  
Pune

Date - February 18, 2015

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

K. C. Mehra  
Chairman

Shishir Joshipura  
Managing Director

P. R. Menon  
P. M. Telang  
H. Hattangady

H. Lange  
Rakesh Makhija  
V. Vartanian

Directors  
February 18, 2015, Pune

P. Bhandari  
Company Secretary

# Statement of Profit and Loss for the year ended December 31, 2014

(₹ in million)

	Note	December 31, 2014	December 31, 2013
<b>Revenue from operations</b>	<b>17</b>		
Sale of products (gross)		25,023.0	23,846.9
Less: Excise Duty		1,506.9	1,587.2
<b>Sale of products (net)</b>		<b>23,516.1</b>	<b>22,259.7</b>
Sale of services		210.3	204.7
Other operating revenue		429.6	285.2
<b>Total</b>		<b>24,156.0</b>	<b>22,749.6</b>
Other income	18	769.3	633.8
<b>Total revenue</b>		<b>24,925.3</b>	<b>23,383.4</b>
<b>Expenses</b>			
Cost of materials consumed	19	6,358.7	5,994.5
Purchase of stock-in-trade	20	8,958.4	8,466.9
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(317.5)	(64.1)
Employee benefits	22	2,155.4	1,852.7
Depreciation and amortization	23	539.5	494.4
Other expenses	24	4,169.1	3,887.7
<b>Total expenses</b>		<b>21,863.6</b>	<b>20,632.1</b>
Profit before exceptional items and tax		3,061.7	2,751.3
Exceptional items	25	-	221.0
<b>Profit before tax</b>		<b>3,061.7</b>	<b>2,530.3</b>
Income tax expense :			
Current tax		1,040.5	878.9
Deferred tax charged / (reversed)		(39.5)	(43.2)
Short / (excess) tax provision for earlier years		33.0	27.4
<b>Profit after tax</b>		<b>2,027.7</b>	<b>1,667.2</b>
<b>Earnings per equity share [nominal value of share ₹ 10 (previous year : ₹ 10)]</b>			
Basic and Diluted	26	38.5	31.6
<b>Significant accounting policies</b>	<b>1</b>		

The notes referred to above form an integral part of the financial statements

In terms of our report of even date

For Price Waterhouse & Co Bangalore LLP  
Firm Regn. No. 007567S/S-200012  
Chartered Accountants

Jeetendra Mirchandani  
Partner  
Membership No. 48125  
Pune

Date - February 18, 2015

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

K. C. Mehra  
Chairman

Shishir Joshipura  
Managing Director

P. R. Menon  
P. M. Telang  
H. Hattangady

H. Lange  
Rakesh Makhija  
V. Vartanian

Directors

February 18, 2015, Pune

P. Bhandari  
Company Secretary

## Cash Flow for the year ended December 31, 2014

(₹ in million)

	December 31, 2014	December 31, 2013
<b>A. Cash flow from Operating Activities</b>		
Profit before exceptional items and tax	3,061.7	2,751.3
Adjusted for :		
Depreciation / Amortisation	539.5	494.4
Net (Profit) / Loss on sale of Fixed Assets	(3.3)	(1.7)
Interest income	(619.4)	(467.9)
	<b>(83.2)</b>	<b>24.8</b>
<b>Operating Profit before working capital changes</b>	<b>2,978.5</b>	<b>2,776.1</b>
<b>Adjusted for :</b>		
Decrease / (increase) in inventories	(377.8)	(65.5)
Decrease / (increase) in trade receivables	(432.7)	(101.2)
Decrease / (increase) in loans advances & other current assets	8.5	(116.7)
(Decrease) in trade payables	855.8	(168.4)
(Decrease) / increase in other payables and provisions	262.0	(11.9)
	<b>315.8</b>	<b>(463.7)</b>
<b>Cash generated from operations</b>	<b>3,294.3</b>	<b>2,312.4</b>
Direct taxes paid (net of refunds)	(1,117.2)	(873.6)
<b>Cash flow before exceptional items</b>	<b>2,177.1</b>	<b>1,438.8</b>
Exceptional items (refer note 25)	-	(221.0)
<b>Net cash flow from Operating Activities (A)</b>	<b>2,177.1</b>	<b>1,217.8</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(374.8)	(505.5)
Sale of Fixed Assets	32.7	16.6
Deposits placed during the year	(4,029.3)	(3,237.9)
Deposits matured during the year	3,667.9	1,654.8
Interest Earned	351.2	203.0
Interest Earned on Inter Corporate Loan	225.6	218.9
Inter Corporate Loan Given	-	(470.0)
Inter Corporate Loan Received Back	100.0	470.0
<b>Net cash used in Investing Activities (B)</b>	<b>(26.7)</b>	<b>(1,650.1)</b>
<b>C. Cash flow from Financing Activities</b>		
Interim Dividend paid (including tax on distributed profits)	(462.7)	-
Dividend paid (including tax on distributed profits)	(462.7)	(462.6)
<b>Net cash used in Financing Activities (C)</b>	<b>(925.4)</b>	<b>(462.6)</b>
<b>Net changes in Cash and Cash Equivalents (A+B+C)</b>	<b>1,225.0</b>	<b>(894.9)</b>
Cash and Cash Equivalents at beginning of the year (net of foreign exchange)	706.3	1,601.2
Cash and Cash Equivalents at the end of the year (net of foreign exchange)	1,931.3	706.3
<b>Net changes in Cash and Cash Equivalents</b>	<b>1,225.0</b>	<b>(894.9)</b>

In terms of our report of even date

For Price Waterhouse & Co Bangalore LLP  
Firm Regn. No. 007567S/S-200012  
Chartered Accountants

Jeetendra Mirchandani  
Partner  
Membership No. 48125  
Pune

Date - February 18, 2015

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

K. C. Mehra  
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H. Lange  
Rakesh Makhija  
V. Vartanian

Directors  
February 18, 2015, Pune

P. Bhandari  
Company Secretary



# Notes to financial statements

for the year ended December 31, 2014

## 1. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

### 1.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

### 1.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

### 1.3 Current / Non-Current classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and services and the time between the acquisition of asset for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

### 1.4 Fixed assets and Depreciation/ Amortization

#### Tangible assets

Tangible assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Exchange differences pertaining to long term foreign currency monetary items that are related to acquisition of depreciable assets are recognised as an expense in the Statement of Profit and Loss.

Depreciation is provided on the straight-line method, over the estimated useful life of each asset as determined by the management. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. The rates of depreciation used by the Company are as follows:

Particulars	Rate per annum (%)
Buildings	1.63 / 3.34
Plant and equipments	4.74 / 10.34 / 16.21
Furniture and fixtures	6.33
Office equipments	4.75
Vehicles	9.50 / 18.00

Freehold land is not depreciated.

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for use.

Plant and equipment and furniture and fixtures, costing individually INR 5,000 or less, are depreciated at 100%

Depreciation for the year is recognised in the Statement of Profit and Loss.

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.

A fixed asset is eliminated from the financial statement on disposal or when no further benefit is expected from its use and disposal.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

### **Intangible assets**

Acquired intangible assets representing software is recorded at its acquisition price and is amortised over its estimated useful life on a straight line basis, commencing from the date the asset is available for its use. The management has estimated the useful life for such software as three years. The useful life of the asset is reviewed by the management at each Balance Sheet date. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates. An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

### **1.5 Impairment of Assets**

In accordance with AS 28 - Impairment of Assets, the carrying amounts of the Company's assets including intangible assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, as the higher of the net selling price and the value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating units exceeds its recoverable amount. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is assessed at the recoverable amount subject to a maximum of depreciable historical cost.

### **1.6 Operating lease**

Assets acquired under leases other than finance lease are classified as operating lease. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

Assets given by the Company under operating lease are included in tangible fixed assets. Lease income from operating leases is recognised in the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses.

### **1.7 Inventories**

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade, and stores and spares are carried at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on First-in-First-out (FIFO) basis. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on class of item. Excise duty is included in the value of Finished Products.

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

### 1.8 Employee Benefits

#### Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

#### Post employment benefits (defined benefit plans)

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. The liability for gratuity is funded annually to a gratuity fund maintained with an approved trust managed by the Company. Actuarial gains and losses and past service costs are recognised immediately in the Statement of Profit and Loss.

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.

#### Post employment benefits (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.

#### Compensated absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method at each balance sheet date.

#### Termination benefits

Voluntary Retirement Scheme costs are charged off to the Statement of Profit and Loss in the year in which they are incurred.

### 1.9 Revenue Recognition

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognised as revenue is exclusive of sales tax, value added taxes (VAT) and service tax, and is net of returns, trade discounts and quantity discounts.

Service Income is recognised on the completion of activity relating to services.

### 1.10 Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date are translated at the rates of exchange prevailing on that date.

Gains / losses arising on account of realisation / settlement of foreign exchange transactions and on translation of foreign currency assets and liabilities are recognised in the Statement of Profit and Loss.

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

### 1.11 Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

#### Warranties

Warranty costs are estimated by the Management on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty cost in the year of sale.

#### Disputed statutory matters

Provision in respect of disputed statutory matters relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

### 1.12 Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

### 1.13 Income taxes

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

### 1.14 Earnings per share (EPS)

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.

### 1.15 Other Income

Export Incentives are recognised when the right to receive credit as per the terms of Incentives is established in respect of the exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Interest income is recognised on time proportion base taking into account the amount outstanding and the rate applicable.

### 1.16 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

	December 31, 2014	December 31, 2013
<b>2. Share Capital</b>		
<b>Authorised</b>		
100,000,000 (previous year : 100,000,000) equity shares of ₹ 10 each	1,000.0	1,000.0
<b>Issued, subscribed and paid-up</b>		
52,732,538 (previous year: 52,732,538) equity shares of ₹ 10 each	527.3	527.3

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

	December 31, 2014		December 31, 2013	
	Number	Amount	Number	Amount
At the commencement and at the end of the year	52,732,538	527.3	52,732,538	527.3

**(b) Rights, preferences and restrictions attached to equity shares**

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.

**(c) Shares held by holding company and their subsidiaries**

	December 31, 2014		December 31, 2013	
	Number	Amount	Number	Amount
Equity shares of ₹10 each fully paid up held by				
(a) Holding company				
Aktiebolaget SKF (AB SKF)	24,639,048	246.4	24,639,048	246.4
(b) Subsidiaries of holding company				
SKF U.K. Limited	3,402,000	34.0	3,402,000	34.0
SKF Forvaltning AB	213,520	2.1	213,520	2.1
	<b>28,254,568</b>	<b>282.5</b>	<b>28,254,568</b>	<b>282.5</b>

**(d) Particulars of shareholders holding more than 5% shares of a class of shares**

	December 31, 2014		December 31, 2013	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of ₹ 10 each fully paid up held by -				
Aktiebolaget SKF, holding company	24,639,048	46.8%	24,639,048	46.8%
SKF U.K. Limited, fellow subsidiary company	3,402,000	6.5%	3,402,000	6.5%

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

	December 31, 2014	December 31, 2013
<b>3. Reserves and surplus</b>		
<b>(i) Securities premium account</b>		
At the commencement and at the end of the year	705.1	705.1
(Premium on issue of Equity Shares)	<b>705.1</b>	<b>705.1</b>
<b>(ii) General reserve</b>		
At the commencement of the year	5,674.7	4,674.7
Amount transferred from Profit and Loss Balance	750.0	1,000.0
	<b>6,424.7</b>	<b>5,674.7</b>
<b>(iii) Surplus (Profit and loss balance)</b>		
At the commencement of the year	5,847.9	5,646.5
Profit for the year	2,027.7	1,667.2
<b>Less : Appropriations</b>		
Dividend on Equity shares [₹ 2.5 per share (previous year ₹ 7.5 per share)]	131.8	395.5
Tax on dividend as above	26.4	67.2
Interim Dividend on Equity shares [₹ 7.5 per share]	395.5	-
Tax on Interim Dividend paid	67.2	-
Short provision for dividend distribution tax	-	3.1
Transfer to General Reserve	750.0	1,000.0
	<b>6,504.7</b>	<b>5,847.9</b>
	<b>13,634.5</b>	<b>12,227.7</b>
<b>4. Deferred tax liabilities (net)</b>		
<b>Deferred tax liabilities</b>		
Excess of depreciation/ amortisation on fixed assets under Income-Tax Act, 1961 over depreciation/ amortisation provided in accounts	185.2	208.2
	<b>185.2</b>	<b>208.2</b>
<b>Deferred tax assets</b>		
Provision for employee benefits	109.1	103.3
Provision for doubtful trade receivables	19.0	15.7
Other timing differences	56.3	49.0
	<b>184.4</b>	<b>167.9</b>
<b>Deferred tax liability (net)</b>	<b>0.8</b>	<b>40.3</b>
<b>5. Long term provisions</b>		
<b>Provision for employee benefits</b>		
Compensated absences	191.3	138.0
Provision for interest on Provident Fund (refer note 27)	-	1.3
<b>Other provisions (refer note 32)</b>	78.9	80.5
	<b>270.2</b>	<b>219.8</b>

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

	December 31, 2014	December 31, 2013
<b>6. Trade payables</b>		
Trade payables	3,366.5	2,510.7
	<b>3,366.5</b>	<b>2,510.7</b>
For dues to micro and small suppliers, refer note 30.		
<b>7. Other current liabilities</b>		
<b>Employee related liabilities</b>		
Salaries and Incentives	244.9	206.4
<b>Other liabilities</b>		
Liabilities for dealer incentives	248.1	209.2
Unclaimed dividend *	16.9	13.7
Statutory dues payable	264.3	256.2
Advances received from customers	37.0	26.0
Payables on account of capital purchases	22.6	7.7
Other liabilities	24.4	25.2
	<b>858.2</b>	<b>744.4</b>
* There is no amount due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund.		
<b>8. Short term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for interest on Provident Fund (refer note 27)	-	3.0
Compensated absences	25.2	15.1
Provision for Gratuity	100.3	-
<b>Other provisions</b>		
Provision for taxation (net of advance tax)	-	40.2
Provision for Wealth Tax (net of advance tax)	1.0	0.9
Dividend payable	131.8	395.5
Tax on dividend payable	26.4	67.2
Other provisions (refer note 32)	169.3	160.8
	<b>454.0</b>	<b>682.7</b>

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

9. Tangible assets		Gross Block						Accumulated Depreciation			Net Block	
		As at January 1, 2014	Additions during the year	Disposals during the year	As at December 31, 2014	As at January 1, 2014	For the year	Disposals during the year	As at December 31, 2014	As at December 31, 2014	As at December 31, 2013	
Freehold Land	265.5	3.1	-	268.6	-	-	-	-	268.6	265.5		
Buildings (Refer note a and b as below)	858.9	101.4	3.6	956.7	226.7	28.4	1.6	253.5	703.2	632.2		
Plant and equipment (Refer note b as below)	8,639.8	280.3	183.1	8,737.0	5,978.6	471.5	169.1	6,281.0	2,456.0	2,661.2		
Furniture and fixtures (Refer note b as below)	103.6	23.6	6.7	120.5	37.7	6.9	5.0	39.6	80.9	65.9		
Office Equipments	28.1	20.2	2.9	45.4	7.1	3.4	1.4	9.1	36.3	21.0		
Vehicles	175.4	42.5	30.4	187.5	57.7	29.3	20.2	66.8	120.7	117.7		
<b>Total</b>	<b>10,071.3</b>	<b>471.1</b>	<b>226.7</b>	<b>10,315.7</b>	<b>6,307.8</b>	<b>539.5</b>	<b>197.3</b>	<b>6,650.0</b>	<b>3,665.7</b>	<b>3,763.5</b>		
Previous year	9,421.9	792.5	143.1	10,071.3	5,942.4	493.6	128.2	6,307.8	3,763.5	3,479.5		

a Cost of shares of Rs.500 in various Co-operative Housing Societies, held under Bye-laws of the Society in respect of residential flats are included under 'Buildings'.

b The Company has leased following assets to SKF Technologies India Private Limited under operating lease. The carrying amount of the assets given on operating lease and depreciation thereon for the period are:

Description	December 31, 2014				December 31, 2013					
	Gross block	Additions during the year	Depreciation for the year	Accumulated depreciation	Net block	Gross block	Additions during the year	Depreciation for the year	Accumulated depreciation	
Building	207.2	9.7	7.0	206	196.3	207.2	-	6.9	13.6	
Plant and equipment	60.0	1.4	2.9	8.4	53.0	60.0	-	2.9	5.5	
Furniture and fixtures	2.6	4.6	0.3	0.8	6.4	2.6	-	0.1	0.5	
<b>10. Intangible assets</b>										

Description	Gross Block			Accumulated Depreciation			Net Block	
	As at January 1, 2014	Additions during the year	Disposals during the year	As at January 1, 2014	For the year	Disposals during the year	As at December 31, 2014	As at December 31, 2013
<b>Softwares</b>	32.4	-	-	32.4	0.0*	-	32.3	0.1
Previous year	32.3	0.1	-	31.4	0.9	-	32.3	0.9

\* Since denominated in Million



## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

	December 31, 2014	December 31, 2013
<b>11. Long-term loans and advances</b>		
<b>To parties other than related parties (unsecured, considered good)</b>		
Capital Advances	8.8	27.1
Security Deposits	85.3	88.9
Other loans and advances		
- Advance tax recoverable (net of provision)	49.2	45.4
- Others	76.9	74.0
<b>To related parties (secured, considered good)</b>		
Other loans and advances (*)	2,100.0	2,300.0
	<b>2,320.2</b>	<b>2,535.4</b>
<p>(*) Loan given to SKF Technologies India Private Limited (a fellow subsidiary) with original repayment starting from financial year 2014 onwards. The said loan together with interest is secured by first charge by way of hypothecation on all the fixed assets of the borrower.</p>		
<b>12. Inventories</b>		
Raw Materials and Bought-Out Components	464.6	429.4
[including material in transit ₹ 107.5 million (Previous year ₹ 94.2 million.)]		
Stores and Spares [including material in transit ₹ 11.9 million (previous year ₹ 13.8 million)]	432.7	407.7
Work-in-progress	153.8	153.7
Finished Products [Including material in transit ₹ 377.6 million (previous year ₹ 200.7 million)]	1,878.4	1,560.9
	<b>2,929.5</b>	<b>2,551.7</b>
<b>13. Trade receivables</b>		
<b>(i) Receivables outstanding for a period exceeding six months from the date they became due for payment</b>		
Unsecured, considered good	11.4	12.3
Doubtful	56.0	46.0
Less : Provision for doubtful receivables	56.0	46.0
	<b>11.4</b>	<b>12.3</b>
<b>(ii) Others</b>		
Unsecured, considered good	3,718.8	3,285.2
	<b>3,730.2</b>	<b>3,297.5</b>

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

	December 31, 2014	December 31, 2013
<b>14. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	0.5	0.5
Balances with Banks		
- On Current Account	71.1	56.1
- On EEFC Account*	0.0	63.6
- On Deposit Account (with original maturity of 3 months or less)	1,859.7	586.1
	<b>1,931.3</b>	<b>706.3</b>
<b>Other bank balances</b>		
Bank deposits with original maturity of more than 3 months and remaining maturity of less than 12 months.	3,399.3	3,037.9
Unclaimed Dividend Account**	16.9	13.7
	<b>5,347.5</b>	<b>3,757.9</b>
<b>15. Short-term loans and advances</b>		
<b>(i) To parties other than related parties (unsecured, considered good)</b>		
Prepaid Expenses	50.3	46.5
Advances for supply of goods and rendering of services	144.6	76.0
Export benefits / duty entitlements	121.8	137.0
Loans to employees	11.1	9.9
Advances to employees	2.7	2.8
Advance tax recoverable (net of provision)	83.8	-
Balances with Sales tax / Excise authorities	20.5	85.6
Other receivables*	0.0	6.8
<b>(ii) To related parties (considered good)</b>		
<b>Secured</b>		
Current portion of long term loan to SKF Technologies India Private Limited [including interest accrued and due ₹ 51.0 million (previous year ₹ 51.2 million.)] ( Refer note 11)	251.0	151.2
<b>Unsecured</b>		
Other receivables	119.9	198.0
	<b>805.7</b>	<b>713.8</b>
<b>16. Other current assets</b>		
<b>(Unsecured and considered good)</b>		
Interest accrued on fixed deposits with banks	128.6	86.0
	<b>128.6</b>	<b>86.0</b>

\* Since denominated in Million for 2014

\*\* Unclaimed dividend account represents held for dividend remittance and hence are not available for use.

# Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

	December 31, 2014	December 31, 2013
<b>17. Revenue from operations</b>		
<b>(i) Sale of products</b>		
Manufactured goods	14,612.0	14,020.4
Traded goods	10,411.0	9,826.5
Sale of products (gross)	<b>25,023.0</b>	<b>23,846.9</b>
Less : Excise Duty	1,506.9	1,587.2
Sale of products (net)	<b>23,516.1</b>	<b>22,259.7</b>
<b>(ii) Sale of services</b>	210.3	204.7
<b>(iii) Other operating revenue</b>		
Scrap sales	32.5	48.0
Technical and other service income	319.3	222.4
Miscellaneous operating income	77.8	14.8
	<b>429.6</b>	<b>285.2</b>
	<b>24,156.0</b>	<b>22,749.6</b>
<b>Breakup of revenue from sale of products</b>		
<b>Manufactured goods</b>		
Bearings	12,629.2	11,909.9
Others	475.9	523.3
Excise duty on manufactured goods	1,506.9	1,587.2
	<b>14,612.0</b>	<b>14,020.4</b>
<b>Traded goods</b>	10,411.0	9,826.5
	<b>10,411.0</b>	<b>9,826.5</b>
<b>18. Other income</b>		
Interest Income		
- Fixed deposits with banks	393.9	246.1
- On loan given to related party	225.4	221.8
Profit on sale of fixed assets (net)	3.3	1.7
Rental income	39.2	39.1
Export benefits	70.1	85.1
Miscellaneous Income	37.4	40.0
	<b>769.3</b>	<b>633.8</b>
<b>19. Cost of material consumed</b>		
Inventory at the beginning of the year	429.4	508.5
Purchases	6,393.9	5,915.4
Inventory at the end of the year	464.6	429.4
	<b>6,358.7</b>	<b>5,994.5</b>
<b>Breakup of cost of material consumed</b>		
Raw material - Steel	107.9	189.5
Bought out components - Rings	3,821.7	3,563.1
Bought out components - Balls	653.8	621.7
Bought out components - Rollers	646.6	531.7
Bought out components - Others	1,128.7	1,088.5
	<b>6,358.7</b>	<b>5,994.5</b>
<b>Purchases of material</b>		
Raw material - Steel	75.7	188.8
Bought out components - Rings	3,863.0	3,515.0
Bought out components - Balls	660.9	613.3
Bought out components - Rollers	653.6	524.5
Bought out components - Others	1,140.7	1,073.8
	<b>6,393.9</b>	<b>5,915.4</b>

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

	December 31, 2014	December 31, 2013
<b>20. Purchase of stock in trade</b>		
Purchases of traded goods	8,958.4	8,466.9
	<b>8,958.4</b>	<b>8,466.9</b>
<b>21. Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
(i) Increase in inventory of finished goods :		
Opening inventory		
Bearings	806.9	788.6
Others	54.2	45.3
Excise duty on finished goods	175.1	169.4
	<b>1,036.2</b>	<b>1,003.3</b>
Less : Closing inventory		
Bearings	923.2	806.9
Others	76.8	54.2
Excise duty on finished goods	165.9	175.1
	<b>1,165.9</b>	<b>1,036.2</b>
	<b>(129.7)</b>	<b>(32.9)</b>
(ii) Increase in inventory of work in progress :		
Opening inventory	153.7	139.6
Less : Closing inventory	153.8	153.7
	<b>(0.1)</b>	<b>(14.1)</b>
(iii) Increase in inventory of traded goods :		
Opening inventory	524.8	507.7
Less : Closing inventory	712.5	524.8
	<b>(187.7)</b>	<b>(17.1)</b>
	<b>(317.5)</b>	<b>(64.1)</b>
<b>22. Employee benefits</b>		
Salaries, Wages and Bonus	1,672.9	1,463.7
Contribution to Provident and Other Funds (refer note 27)	209.2	170.4
Welfare Expenses	273.3	218.6
	<b>2,155.4</b>	<b>1,852.7</b>
<b>23. Depreciation and amortisation</b>		
Depreciation of tangible fixed assets	539.5	493.5
Amortisation of intangible fixed assets*	0.0	0.9
	<b>539.5</b>	<b>494.4</b>

\* Since denominated in Million for 2014

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

	December 31, 2014	December 31, 2013
<b>24. Other expenses</b>		
Consumption of stores and spare parts	746.5	677.6
Excise duty related to increase/(decrease) in inventory of finished goods	(9.2)	5.7
Power and Fuel	428.4	424.8
Repairs		
Building	15.6	8.2
Machinery	344.2	348.0
Royalty	393.1	372.9
IT Services	397.4	406.3
Trade mark fees	262.1	248.6
Rent	48.6	59.1
Insurance	16.2	13.7
Rates and Taxes	104.2	104.6
Travelling	311.5	244.1
Legal and professional fees	141.3	116.9
Payment to auditors (Refer note below)	4.2	3.2
Advertising and sales promotion	200.3	152.9
Logistic Cost	299.2	274.1
Provision for doubtful trade receivables	13.6	7.9
Bad debts written off	1.3	3.8
Directors' Commission / Sitting Fees	6.5	4.9
Miscellaneous expenses	444.1	410.4
	<b>4,169.1</b>	<b>3,887.7</b>
<b>Note : Payments to auditors</b>		
As auditor		
- Statutory audit	2.2	2.0
- Tax audit	0.8	-
- Other audit services	1.2	1.2
Reimbursement of expenses	-	-
	<b>4.2</b>	<b>3.2</b>
<b>25. Exceptional items</b>		
Voluntary Retirement Cost	-	221.0
	<b>-</b>	<b>221.0</b>

During the year ended December 31, 2013 the Company announced a Voluntary Retirement Scheme (VRS) for its workmen. An amount of ₹ 221.0 million was incurred as VRS compensation under this scheme which has been disclosed as an exceptional item.

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

	December 31, 2014	December 31, 2013
<b>26. Earnings per share (EPS)</b>		
<b>Basic and diluted earnings per share</b>		
The earnings per share (basic & diluted), computed as per the requirement under Accounting Standard 20 on 'Earnings per Share' is as under:		
Profit attributable to Equity Shareholders (₹ in Million)	2,027.7	1,667.2
Basic/Weighted average number of Equity Shares outstanding during the year	52,732,538	52,732,538
Nominal value of Equity Shares (₹)	10.0	10.0
Basic Earnings per share (₹)	38.5	31.6
Diluted Earnings per share (₹)	38.5	31.6

### 27. Employee benefits: Post-employment benefit plans

#### (a) 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 Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and Superannuation fund is as follows:

Particulars	December 31, 2014	December 31, 2013
Employee Provident Fund - Contribution to Regional Provident Fund Commissioner	21.9	21.9
Superannuation fund	37.0	34.4
	<b>58.9</b>	<b>56.3</b>

#### (b) Defined benefit plans

##### (1) 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 relating to the two plans.

	December 31, 2014	December 31, 2013
Present value of the defined benefit obligation at the end of the period	686.2	522.7
Fair value of the plan assets at the end of the year	585.9	529.4
Liability / (Asset) recognised in the Balance Sheet	<b>100.3</b>	<b>(6.7)</b>
Current	100.3	(6.7)
Non-Current	-	-
	<b>100.3</b>	<b>(6.7)</b>
<b>Composition of plan assets</b>		
	%	%
Government of India securities	28	31
Corporate bonds	21	28
Insurer managed funds	40	31
Others	11	10

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

<b>Employee benefits: Post-employment benefit plans (contd.)</b>		
	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Movement in the present value of defined benefit obligation</b>		
Defined benefit obligation at the beginning of the period	522.7	558.3
Current service cost	27.1	26.7
Interest cost	47.3	45.5
Actuarial (gain) / loss	112.6	25.3
Benefits paid by the plan	(23.5)	(133.1)
Defined benefit obligation at the end of the period	<b>686.2</b>	<b>522.7</b>
<b>Movement in fair value of plan assets</b>		
Fair value of assets at the beginning of the period	529.4	497.7
Expected return on plan assets	44.7	38.6
Actuarial gain / (loss)	35.3	(1.3)
Contribution by the employer	-	127.5
Assets Distributed on Settlements	-	-
Benefits paid by the plan	(23.5)	(133.1)
Fair value of assets at the end of the period	<b>585.9</b>	<b>529.4</b>
<b>Expense recognised in Statement of Profit and Loss</b>		
Current service cost	27.1	26.7
Interest on obligation	47.3	45.5
Expected return on plan assets	(44.7)	(38.6)
Actuarial (gain) / loss recognised in the year	77.3	26.6
Total included in 'employee benefits'	<b>107.0</b>	<b>60.2</b>
<b>Actual return on plan assets</b>		
Expected return on plan assets	44.7	38.6
Actuarial (gain) / loss	35.3	(1.3)
Actual return on plan assets	<b>80.0</b>	<b>37.3</b>
<b>Principal actuarial assumptions used as at the reporting date:</b>		
The following are the principal actuarial assumptions at the reporting date:		
Discount rate as at the end of the period	8.2%	8.9%
Expected rates of return on any plan assets	8.5%	8.5%
Average Salary escalation rate for Management	10.0%	10.0%
Average Salary escalation rate for Non-Management	6.0%	5.0%

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 based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

The overall expected long-term rate of return on assets is 8.5%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

### Employee benefits: Post-employment benefit plans (contd.)

Five year information	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Defined benefit obligation	686.2	522.7	558.3	467.4	427.6
Fair value of plan assets	585.9	529.4	497.7	451.5	408.8
Surplus/(deficit)	<b>(100.3)</b>	<b>6.7</b>	<b>(60.6)</b>	<b>(15.9)</b>	<b>(18.8)</b>
Experience adjustments on plan liabilities	37.9	33.2	39.9	11.6	6.5
Experience adjustments on plan assets	35.3	(1.3)	11.1	(2.9)	(6.9)

### (2) 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 ₹ 4.3 million).

The details of fund and plan asset position as at December 31, 2014 is given below:

	December 31, 2014	December 31, 2013
Present value of the defined benefit obligation at the end of the period	1,315.5	1,208.5
Fair value of the plan assets at the end of the year	1,315.5	1,204.2
Liability recognised in the Balance Sheet	-	<b>4.3</b>
Current	-	3.0
Non-Current	-	1.3
	-	<b>4.3</b>

### Composition of plan assets

	%	%
Government of India securities	31	27
Corporate bonds	41	37
Special deposit schemes	21	22
Others	7	14

### Movement in the present value of defined benefit obligation

Defined benefit obligation at the beginning of the period	1,208.5	1,198.6
Current service cost	42.9	42.3
Interest cost	98.7	94.3
Actuarial (gain) / loss	(19.7)	46.5
Employees' contribution	87.2	81.6
Liabilities assumed on acquisition / (settled on divestiture)	5.7	8.4
Benefits paid by the plan	(107.8)	(263.2)
Defined benefit obligation at the end of the year	<b>1,315.5</b>	<b>1,208.5</b>



## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

Employee benefits: Post-employment benefit plans (contd.)		
	December 31, 2014	December 31, 2013
<b>Movement in fair value of plan assets</b>		
Fair value of assets at the beginning of the period	1,204.2	1,198.6
Expected return on plan assets	100.1	96.0
Actuarial gain / (loss)	(16.8)	40.5
Contribution by the employer	42.9	42.3
Contribution by the employees	87.2	81.6
Assets Distributed on Settlements / acquired on acquisition	5.7	8.4
Benefits paid by the plan	(107.8)	(263.2)
Fair value of assets at the end of the year	<b>1,315.5</b>	<b>1,204.2</b>
<b>Expense recognised in Statement of Profit and Loss</b>		
Current service cost	42.9	42.3
Interest on obligation	98.7	94.3
Expected return on plan assets	(100.1)	(96.0)
Actuarial (gain) / loss recognised in the year	(2.9)	6.0
Total included in 'employee benefits'	<b>38.6</b>	<b>46.6</b>
<b>Actual return on plan assets</b>		
Expected return on plan assets	100.1	96.0
Actuarial gain / (loss)	(16.8)	40.5
Actual return on plan assets	<b>83.3</b>	<b>136.5</b>
<b>Principal actuarial assumptions used as at the reporting date:</b>		
The following are the principal actuarial assumptions at the reporting date:		
Discount rate	8.2%	8.9%
Expected rates of return on any plan assets	8.6%	8.2%
Discount rate for the remaining term to maturity of the investment	8.1%	9.2%
Average historic yield on the investment	8.6%	8.6%
Guaranteed rate of return	8.8%	8.5%

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 based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

Five year information	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Defined benefit obligation	1,315.5	1,208.5	1,198.6	1,108.2	905.1
Fair value of plan assets	1,315.5	1,204.2	1,198.6	1,024.7	905.1
<b>Surplus/(deficit)</b>	<b>-</b>	<b>(4.3)</b>	<b>-</b>	<b>(83.5)</b>	<b>-</b>
Experience adjustments on plan liabilities	(19.1)	42.1	(14.4)	2.1	1.1
Experience adjustments on plan assets	(16.8)	40.5	63.0	(4.6)	0.1

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

	December 31, 2014	December 31, 2013
<b>28. Contingent liabilities and commitments</b>		
(to the extent not provided for)		
a) Contingent liabilities:		
Claims against the Company not acknowledged as debts		
(i) Income-tax and Surcharge	42.2	42.2
(ii) Excise duty	156.1	315.1
(iii) Sales tax	78.6	93.9
(iv) Service tax	7.8	117.0
(v) Bills discounted	459.2	249.9
(vi) Others	67.7	55.0
	<b>811.6</b>	<b>873.1</b>

During the year the company has received a Transfer pricing order under section 92CA of the Income Tax Act, 1961 ("Act") proposing an adjustment of ₹ 544.1 million to the total income of the company for assessment year 2011-12. Upon receipt of the draft assessment order, the company shall prefer the option to file its objections with Dispute resolution panel under section 144C of the Act. Subsequent to filing of appeal with the Dispute resolution panel, the matter shall be heard and directions shall be issued to the Assessing officer who shall, in conformity with the directions, pass the final order under section 144C(13) of the Act and income tax demand may or may not arise. Given the fact that the company has not received the draft 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.

	December 31, 2014	December 31, 2013
b) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	99.5	184.1
	<b>99.5</b>	<b>184.1</b>

### 29. Derivative instruments

a. Hedged foreign currency exposures at the year end : ₹ Nil  
(previous year : ₹ Nil)

b. The details of foreign currency exposures that are not hedged by derivative instrument or otherwise are summarised below:

Particulars	December 31 2014		December 31 2013	
	Amount (in original currency in million)	Amount (₹ in million)	Amount (in original currency in million)	Amount (₹ in million)
<b>Payable</b>				
EURO	17.5	1,354.7	8.2	699.3
USD	5.6	356.3	0.9	53.5
SEK	0.5	4.2	0.3	2.8
GBP	0.0*	0.4	0.0*	1.0
YEN	28.0	14.9	14.7	8.6
CHF	0.1	4.3	0.1	3.8
SGD	-	-	0.0*	0.3
		<b>1,734.8</b>		<b>769.3</b>
<b>Receivable</b>				
EURO	2.0	156.5	0.9	78.4
USD	1.9	122.4	0.9	57.9
SEK	10.3	84.0	5.0	47.7
SGD	0.3	14.4	0.1	5.2
JPY	3.6	1.9	0.0*	0.0*
		<b>379.2</b>		<b>189.2</b>
Bank				
EURO EEFC Bank Account	0.0*	0.0*	0.7	62.6
USD EEFC Bank Account	0.0*	0.0*	0.0*	1.0
		<b>0.0*</b>		<b>63.6</b>

\* Since denominated in Million

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

	December 31, 2014	December 31, 2013
<b>30. Dues to micro and small suppliers</b>		
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	5.8	4.8
- Interest	3.1	2.6
Payment made to suppliers (other than interest) beyond the appointed day, during the year	30.4	26.1
Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	Nil	Nil
Interest paid to suppliers under MSMED Act, 2006 (section 16)	Nil	Nil
Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	0.5	0.5
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	3.1	2.6

Note : The above information has been compiled by the Company on the basis of information made available by vendors during the year 2014.

<b>31. Details of imported and indigenous raw materials, components and spare parts consumed during the financial year</b>				
	December 31, 2014		December 31, 2013	
	% of total consumption	Rupees in million	% of total consumption	Rupees in million
<b>Spare parts</b>				
Imported	20	67.5	18	63.5
Indigenous	80	276.7	82	284.5
	<b>100</b>	<b>344.2</b>	<b>100</b>	<b>348.0</b>
<b>Raw Materials and Bought-Out Components</b>				
Imported	20	1,287.9	28	1,649.5
Indigenous	80	5,070.8	72	4,345.0
	<b>100</b>	<b>6,358.7</b>	<b>100</b>	<b>5,994.5</b>

<b>32 Additional disclosures relating to other provisions (as per Accounting Standard 29)</b>								
	Disputed statutory and other matters		Warranty		Other obligations		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
At the commencement of the year	44.4	38.0	16.2	31.5	180.7	164.0	241.3	233.5
Provision made during the year	-	9.0	14.0	11.4	202.4	185.6	216.4	206.0
Provision utilised during the year	-	-	(6.7)	(5.8)	(197.1)	(168.9)	(203.8)	(174.7)
Unutilised provision written back during the year	(1.1)	(2.6)	(4.6)	(20.9)	-	-	(5.7)	(23.5)
<b>At the end of the year</b>	<b>43.3</b>	<b>44.4</b>	<b>18.9</b>	<b>16.2</b>	<b>186.0</b>	<b>180.7</b>	<b>248.2</b>	<b>241.3</b>
Non current portion	43.3	44.4	17.5	13.8	18.1	22.3	78.9	80.5
Current portion	-	-	1.4	2.4	167.9	158.4	169.3	160.8

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

### 32 Additional disclosures relating to other provisions (as per Accounting Standard 29) (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 historic 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 12 to 18 months.

33. Expenditure in Foreign Currency :		December 31, 2014	December 31, 2013	
Royalty		393.1	372.9	
Trade mark fees		262.1	248.6	
IT services		199.5	207.0	
Professional and consultation		76.4	43.1	
Others		126.9	94.5	
		<b>1,058.0</b>	<b>966.1</b>	
34. C.I.F. value of imports :				
Raw Materials		71.8	107.3	
Components, Stores and Spares etc.		1,545.7	1,467.7	
Trading goods		6,164.4	5,803.0	
Capital Goods		80.6	107.2	
		<b>7,862.5</b>	<b>7,485.2</b>	
35. Dividend remittances in foreign currency :		December 31, 2014 (Interim Dividend)	December 31, 2014	December 31, 2013
Year to which the dividend relates	2014	2013	2012	
Amount remitted during the year (INR in million)	211.9	211.9	211.9	
Number of non-resident shareholders	3	3	3	
Number of shares on which dividend was due	28,254,568	28,254,568	28,254,568	
36. Earnings in foreign exchange :		December 31, 2014	December 31, 2013	
F.O.B. value of Exports		1,817.6	1,777.9	
Export of Services		8.8	3.0	
Other Income		346.4	254.3	
		<b>2,172.8</b>	<b>2,035.2</b>	

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

37. The net exchange difference arising during the year recognised in the Statement of Profit and Loss is ₹ 65.8 million gain (Previous Year ₹ 62 million loss).

38. Certain employees of SKF India Limited have been granted stock options under AB SKF Performance Share Award Agreement. Pursuant to this, AB SKF has debited ₹ 1.0 million (Previous year ₹ 0.7 million) to its Statement of Profit and Loss.

During the current year, the Company has reimbursed the cost incurred by AB SKF of ₹ 4.6 million (Previous year ₹ 5 million) for stock options granted to certain employees under AB SKF Performance Share Award.

### 39. Segment reporting

#### (a) Primary Segment

The Company reviewed the disclosure of segmentwise reporting and is of the view that it manufactures Bearings and related components which is a single segment in accordance with Accounting Standard 17, 'Segment Reporting', issued under Companies (Accounting Standards) Rules, 2006.

#### (b) Secondary Segment

Two secondary segments have been identified based on the geographical locations of customers: domestic and export.

	December 31, 2014	December 31, 2013
<b>Information about geographical segments as below:</b>		
<b>Segment Sales &amp; Services</b>		
Domestic	21,855.7	20,631.0
Export	1,870.7	1,833.4
Total	<b>23,726.4</b>	<b>22,464.4</b>
<b>Segment Assets</b>		
Domestic	3,347.1	3,094.9
Export	383.1	202.6
Total	<b>3,730.2</b>	<b>3,297.5</b>

Note : The Company's fixed assets are located entirely in India.

40. The Company has facility from banks for working capital / working capital demand loans which 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.

There are no borrowings outstanding as at December 31, 2014 under the above said facility.

### 41. 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	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)

1	SKF GmbH, Schweinfurt
2	SKF Industrie S.p.A, Torino
3	SKF Sverige AB
4	SKF USA Inc
5	SKF Argentina S.A., Buenos Aires
6	SKF Uruguay DC
7	SKF Österreich AG., Steyr
8	Lincoln Helios (India) Limited
9	SKF International AB (Treasury Centre), Göteborg

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

### b) Names of the related parties with whom transactions were carried out and description of relationship: (contd.)

Sr. No.	Name of the Related Party
10	SKF Mekan AB, Katrineholm
11	SKF Multitec AB, Helsingborg
12	SKF Condition Monitoring Centre, Luleå
13	SKF Coupling Systems AB, Hofors
14	SKF Actuators AB, Göteborg
15	SKF Eurotrade AB, Göteborg
16	SKF Sealing Solutions AB (former Sealpool AB), Landskrona
17	SKF Lubrications Systems Germany AG
18	SKF Danmark A/S, Hvidovre
19	SKF (U.K.) Limited, Luton
20	SKF France S.A., Montigny
21	Transrol S.A.S., Chambéry
22	RKS S.A.-SKF Slewing Bearings, Avallon
23	SKF Aero France S.A., Saint-Vallier-sur-Rhone
24	SKF Espanola S.A., Madrid
25	RFT S.p.A., Villanova d'Asti
26	SKF Loziska, A.S., Prague
27	SKF Actuation System (Liestal) AG (Magnetic Elektromotoren AG)
28	SKF Bearings Bulgaria EAD
29	SKF European Distribution Centre (EDC), Tongeren
30	SKF USA Inc., Kulpville/Lansdale, PA
31	SKF de Mexico, S.A. de C.V. Mexico D.F.
32	SKF Latin Trade S.A.
33	SKF del Peru S.A., Lima
34	SKF do Brasil Ltda., Sao Paulo
35	SKF Venezolana S.A., Caracas
36	Polyseal
37	SKF Technologies (India) Private Ltd.,
38	Peer Mechanical Parts Co Ltd
39	SKF Asia Pacific Pte. Ltd (former SKF South East Asia and Pacific Pte. Ltd.), Singapore
40	SKF China Ltd., Hong Kong
41	SKF Bearing Services Taiwan, Taipei
42	SKF Japan Ltd., Tokyo
43	SKF Shanghai Bearings Co. Ltd., Shanghai
44	SKF Korea Ltd, Pusan
45	SKF Bearing Industries (Malaysia) Sdn. Bhd, Nilai
46	SKF Malaysia Sdn. Bhd., Kuala Lumpur
47	Beijing Nankou SKF Railway Bearings Co.Ltd., Beijing
48	SKF Sealing Solutions (WUHU) Co., Ltd (former Anhui CR Seals Co. Ltd.), Anhui
49	P. T. SKF Indonesia, Jakarta

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

### b) Names of the related parties with whom transactions were carried out and description of relationship: (contd.)

Sr. No.	Name of the Related Party
50	SKF China Company Ltd., Shanghai
51	PT Skefindo Primatama, Jakarta
52	SKF Automotive Technologies Co.
53	SKF China Sales
54	SKF Dalian Bearings & Prec. Co.
55	SKF Distribution Shanghai Co. Ltd.
56	Jaeger Industrial Co. Ltd.
57	SKF Actuation system (Pinghu) Co. Ltd. (former Jaeger (Pinghu) Precision Actuatronic Ltd.)
58	ABBA LINEAR TECH CO LTD (Taipei)
59	SKF Australia Pty. Ltd., Melbourne
60	SKF Ukraine (former Lutsk Bearing Plant), Lutsk
61	SKF B.V., Nieuwegein
62	SKF Linearsysteme GmbH, Schweinfurt
63	SKF Sealing Solutions GmbH, Leverkusen-Opladen
64	SKF South Africa (Pty) Ltd., Witfield
65	SKF Sealing Solution Austria GMBH
66	Economos India Private Ltd, New Delhi
67	Corporate office Ann Arbor
68	Ace Hahn
69	SKF Treasury Centre Asia Pacific, Singapore
70	SKF (Thailand) Ltd, Bangkok
71	SKF Philippines, Manila
72	Dalian SKF Wazhou Bearings Co. Ltd., Wafangdian
73	SKF (Jinan) Bearing & Precision Technology Co.. Ltd.
74	ABBA HITECH (SHANGHAI) CO LTD

### Key Management Personnel

1	Mr. Shishir Joshipura (Managing Director)
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### 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

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

(ii) Disclosure of related party transactions:		2014		2013	
Sr. No.	Nature of transaction / relationship / major parties	Amount	Amount	Amount	Amount
<b>A</b>	<b>Purchases</b>				
<b>i</b>	<b>Raw Materials and Finished Goods</b>	<b>7,439.9</b>		<b>6,905.4</b>	
	SKF Asia Pacific Pte Ltd, Singapore		3,584.8		3,637.4
	SKF GmbH, Germany		1,335.2		1,040.0
	SKF Technologies (India) Private Ltd.		827.8		638.3
	Others		1,692.1		1,589.7
<b>ii</b>	<b>Capital Goods &amp; Services</b>	<b>13.2</b>		<b>18.3</b>	
	SKF Osterreich AG., Austria		10.2		15.8
	SKF GmbH, Germany		1.8		-
	Others		1.2		2.5
<b>B</b>	<b>Services received</b>				
<b>i</b>	<b>Administrative and Service Fees</b>	<b>305.1</b>		<b>304.9</b>	
	AB SKF, Sweden		220.6		218.6
	Others		84.5		86.3
<b>C</b>	<b>Royalty paid</b>	<b>393.1</b>		<b>372.9</b>	
	AB SKF, Sweden		393.1		372.9
<b>D</b>	<b>Trade Mark Fees paid</b>	<b>262.1</b>		<b>248.6</b>	
	AB SKF, Sweden		262.1		248.6
<b>E</b>	<b>Sales</b>				
<b>i</b>	<b>Goods and Services</b>	<b>1,858.7</b>		<b>1,809.3</b>	
	SKF USA Inc., USA		230.1		202.6
	SKF GmbH, Germany		745.4		628.8
	SKF European Distribution Centre (EDC)		290.4		249.4
	Others		592.8		728.5
<b>ii</b>	<b>Technical and other service income</b>	<b>319.3</b>		<b>222.4</b>	
	AB SKF, Sweden		319.3		222.4
<b>F</b>	<b>Other Income</b>				
<b>i</b>	<b>Rent Income</b>	<b>40.9</b>		<b>39.1</b>	
	SKF Technologies (India) Private Ltd.		40.9		39.1
<b>ii</b>	<b>Commission Income</b>	<b>27.1</b>		<b>31.9</b>	
	SKF Asia Pacific Pte Ltd		24.7		17.5
	SKF Mekan AB, Katrineholm		2.4		14.4



## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

(ii) Disclosure of related party transactions:		2014		2013	
Sr. No.	Nature of transaction / relationship / major parties	Amount	Amount	Amount	Amount
<b>G</b>	<b>Reimbursements</b>				
<b>i</b>	<b>Received</b>	<b>117.9</b>		<b>70.4</b>	
	AB SKF, Sweden		15.3		9.4
	SKF Technologies (India) Private Ltd.		59.1		43.6
	SKF SVERIGE AB		16.4		3.4
	Others		27.1		14.0
<b>ii</b>	<b>Paid</b>	<b>7.6</b>		<b>38.6</b>	
	SKF Technologies (India) Private Ltd.		6.4		37.6
	Others		1.2		1.0
<b>H</b>	<b>Inter Corporate Loan &amp; Interest</b>				
<b>i</b>	<b>Loan Given</b>	<b>-</b>		<b>470.0</b>	
	SKF Technologies (India) Private Ltd.		-		470.0
<b>ii</b>	<b>Loan Received Back</b>	<b>100.0</b>		<b>470.0</b>	
	SKF Technologies (India) Private Ltd.		100.0		470.0
<b>iii</b>	<b>Interest Income on Loan</b>	<b>225.4</b>		<b>221.8</b>	
	SKF Technologies (India) Private Ltd.		225.4		221.8
<b>I</b>	<b>Dividend Paid</b>	<b>423.8</b>		<b>211.9</b>	
	AB SKF, Sweden		369.6		184.8
	SKF (UK) Ltd.		51.0		25.5
	Others		3.2		1.6
<b>J</b>	<b>Performance Share Award</b>	<b>4.6</b>		<b>5.0</b>	
	AB SKF, Sweden		4.6		5.0
<b>K</b>	<b>Managerial Remuneration</b>	<b>19.5</b>		<b>16.7</b>	
	Mr. Shishir Joshipura		19.5		16.7
<b>L</b>	<b>Employees' Benefit plans where there is Significant influence</b>				
<b>i</b>	<b>Contributions Paid</b>	<b>164.8</b>		<b>284.3</b>	
	SKF India Limited Provident Fund Scheme		129.5		123.5
	SKF Bearings India Limited Superannuation Scheme		31.8		29.9
	SKF Bearings India Limited Bangalore Superannuation Scheme		3.5		3.3
	SKF Bearings India Limited Employees Gratuity Fund		-		109.7
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		-		17.9
<b>ii</b>	<b>Reimbursements Received For Settlements</b>	<b>118.4</b>		<b>27.0</b>	
	SKF Bearings India Limited Employees Gratuity Fund		118.2		23.0
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		0.2		4.0

## Notes to financial statements for the year ended December 31, 2014 (Contd.)

(₹ in million)

(iii) Amount due to/from related parties		2014		2013	
Sr. No.	Nature of transaction / relationship	Amount	Amount	Amount	Amount
<b>1</b>	<b>Accounts receivable</b>	<b>489.0</b>		<b>274.6</b>	
	<b>SKF International AB (Treasury Centre), Göteborg</b>		<b>350.7</b>		163.4
	AB SKF Goteborg, Sweden		83.6		59.4
	SKF China Sales Company Ltd. Shanghai		16.3		29.0
	Others		38.4		22.8
<b>2</b>	<b>Accounts payable</b>	<b>2,379.8</b>		<b>1,597.3</b>	
	SKF International AB		1,319.1		695.3
	SKF Asia Pacific Pte Ltd		793.4		634.1
	AB SKF Goteborg, Sweden		160.1		161.1
	Others		107.2		106.8
<b>3</b>	<b>Loan (including interest accrued)</b>	<b>2,351.0</b>		<b>2,451.2</b>	
	SKF Technologies (India) Private Limited		2,351.0		2,451.2
<b>4</b>	<b>Managerial Remuneration payable</b>	<b>2.8</b>		<b>1.2</b>	
	Mr. Shishir Joshipura		2.8		1.2
<b>5</b>	<b>Employees' Benefit plans where there is Significant influence</b>				
	<b>Contributions Receivable</b>	<b>25.5</b>		<b>128.8</b>	
	SKF Bearings India Limited Employees Gratuity Fund		22.5		128.6
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		3.0		0.2

42. Previous year's figures have been reclassified, wherever necessary, to conform to this year's classification.

In terms of our report of even date

For Price Waterhouse & Co Bangalore LLP  
Firm Regn. No. 007567S/S-200012  
Chartered Accountants

Jeetendra Mirchandani  
Partner  
Membership No. 48125  
Pune

Date - February 18, 2015

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

K. C. Mehra  
Chairman

Shishir Joshipura  
Managing Director

P. R. Menon  
P. M. Telang  
H. Hattangady

H. Lange  
Rakesh Makhija  
V. Vartanian

Directors  
February 18, 2015, Pune

P. Bhandari  
Company Secretary

## E-mail Registration Form

To,

M/s. TSR Darashaw Limited,  
6-10 Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road,  
Mahalaxmi,  
Mumbai 400011.

Dear Sir / Madam,

Subject: E-mail address in your records

Please note my / our following E-mail address for sending all notices / documents including annual report through electronic mode in future which is in line with Company focus on eco-friendly and sustainable products and services.

1. Name of Shareholder / beneficial owner

---

2. Registered Folio / DP ID and Client ID

---

3. No. of Shares

---

4. E-mail address of the first named shareholder / beneficial holder where he / she would like notice / documents to be served by the Company.

---

5. E-mail address of the second / third named shareholder / beneficial holder where he / she would like notice / documents to be served by the Company.

---

\_\_\_\_\_  
Signature of the Shareholder

Date : \_\_\_\_\_

Place : \_\_\_\_\_

# SKF India Limited



CIN : L29130MH1961PLC011980

Registered Office : Mahatma Gandhi Memorial Building, N. S. Road, Charni Road, Mumbai 400 002

Phone No:+91 (22) 66337777, Fax :+91 (22) 22819074

Website : www.skf.com/in E:mail : investors@skf.com

## Attendance Slip

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE HALL

DP. Id		NAME AND ADDRESS OF THE REGISTERED MEMBER
Client Id / Folio No.		
No. of Shares		

I hereby record my presence at the 54<sup>th</sup> Annual General Meeting of the Company to be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400 001 on Thursday, April 23, 2015 at 3.30 p.m.

Full name of the Proxy, if attending the Meeting :

Signature of the Member / Joint Member / Proxy attending the Meeting :

**Note : Persons attending the Meeting are requested to bring this Attendance Slip and Annual Report with them. Duplicate Attendance Slip and Annual Reports will not be issued at the Annual General Meeting.**

# SKF India Limited

CIN : L29130MH1961PLC011980

Registered Office : Mahatma Gandhi Memorial Building, N. S. Road, Charni Road, Mumbai 400 002

Phone No:+91 (22) 66337777, Fax :+91 (22) 22819074

Website : www.skf.com/in E:mail : investors@skf.com

**54th Annual General Meeting on Thursday, April 23, 2015 at 3.30 p.m.**

## Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L29130MH1961PLC011980
Name of the Company	SKF India Limited
Registered Office	Mahatma Gandhi Memorial Building, N. S. Road, Charni Road, Mumbai 400 002
Name of the Member(s)	
Registered Address	
Email ID	
Folio No./DP ID - Client ID	

I/We being the Member(s) of \_\_\_\_\_ shares of above named Company, hereby appoint:

- Name : \_\_\_\_\_ Address : \_\_\_\_\_  
Email ID : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him / her.
- Name : \_\_\_\_\_ Address : \_\_\_\_\_  
Email ID : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him / her.
- Name : \_\_\_\_\_ Address : \_\_\_\_\_  
Email ID : \_\_\_\_\_ Signature : \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 54<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, April 23, 2015 at 3.30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400 001 and at any adjournment thereof in respect of such resolutions as are indicated below :

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended December 31, 2014 together with Reports of the Directors and the Auditors thereon.
2. To confirm the payment of Interim dividend and to declare a final dividend on Equity Shares for the year ended December 31, 2014.
3. To appoint a Director in place of Mr. Rakesh Makhija (DIN 117692) who retires by rotation and being eligible offers himself for re-appointment
4. Appointment of M/s. Price Waterhouse & Co Bangalore LLP, Chartered Accountants, (Firm's Registration Number 007567S with the ICAI) as the Statutory Auditors of the Company, to hold office for a term of 4 (four) years from the conclusion of this Annual General Meeting.

#### SPECIAL BUSINESS

5. Appointment of Mr. K.C. Mehra (DIN 00005685) as an Independent Director of the Company.
6. Appointment of Mr. P. R. Menon (DIN: 00005078) as an Independent Director of the Company.
7. Appointment of Mr. P. M. Telang (DIN 00012562) as an Independent Director of the Company.
8. Appointment of Ms. Hema A. Hattangady (DIN: 00175563) as a Director/Independent Director of the Company.
9. Re-Appointment of Mr. Shishir Joshipura (DIN: 00574970) as Managing Director of the Company and payment of remuneration to him.
10. Payment of remuneration to the Cost Auditors of the Company for the Financial Year 2014.
11. Approval of transactions with SKF Asia Pacific Pte Ltd, Singapore, SKF Group Company.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Signature of Member(s) : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

Affix Revenue Stamp
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#### Notes :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Statement setting out material facts thereon and notes, please refer to the Notice of the 54<sup>th</sup> Annual General Meeting.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.



## SKF India Limited

### Registered Office:

Mahatma Gandhi Memorial Bldg.,  
Netaji Subash Road,  
Mumbai – 400 002.

### Manufacturing Facilities:

Bommasandra, Bengaluru – 560 099.  
Chinchwad, Pune – 411 033.  
Salempur-Mehdood, Haridwar – 249 402.  
Toll free no.: 1800 222 007

CIN : L29130MH1961PLC011980


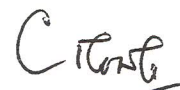


[www.skf.com/in](http://www.skf.com/in)

*Pradeep Bhandari*

Pradeep Bhandari  
Company Secretary

**FORM A**

**Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange**

1.	Name of the Company	SKF India Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> December, 2014
3.	Type of Audit Observation	Un-qualified.
4.	Frequency of observation	Not Applicable.
5.	To be signed by -	
	* CEO / Managing Director	 (Mr.S. Joshipura)
	* CFO	 (Mr.Chandramowli Srinivasan )
	* Auditor of the Company	 (M/s Price Waterhouse & Co., Bangalore LLP)
	* Audit Committee Chairman	 (Mr.P.R. Menon)