



# Annual Report

SKF India Limited 2015-16

At SKF, we firmly believe that an uncertain, complex, ambiguous and ever evolving business environment demands a differentiated response from leaders. We continue with our focus and commitment of delivering customer centric solutions that leverage our knowledge, technology and global footprint that help our customers win.

# Driving Innovation. Delivering Excellence.

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# Corporate Information

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## Board of Directors

**Rakesh Makhija**  
Chairman

**Shishir Joshipura**  
Managing Director

**Prakash M. Telang**

**Prasad R. Menon**

**Hema A. Hattangady**

**Stephane Le-Mounier**

## 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

## Share Transfer Agent

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

## Country Management Team

**Shishir Joshipura**

**Anjali Byce**

**Chandramowli Srinivasan**

**Harsha Kadam**

**Sanjeebit Choudhury**

**Shoaib Shaikh**

**Shrikant Savangikar**



Net Sales for the 15 month year ended March 31, 2016 amounted to ₹ **29555.6** million

Profit after tax for the period amounted to ₹ **2571.5** million compared to ₹ 2027.7 million

## Managing Director's Letter to Shareholders

### Dear Shareholders

It is my privilege to present before you the Annual Report of SKF India for the year 2015-16. Net Sales for the 15 month\* year ended March 31, 2016 amounted to ₹ 29,555.6 million as compared to ₹ 23,726.4 million in the previous year. The Profit after tax for the period amounted to ₹ 2,571.5 million compared to ₹ 2,027.7 million during the previous year.

The global economy has continued to struggle with challenges emerging from several quarters. The new geo political realities, changes in the established patterns of growth, a definitive global agreement for a sustainable growth and an ever increasing push for "localisation" at the back of a definitive slowdown in global demand determined a broad spectrum of challenges that demanded a differentiated response from Society, Business and Governments across the borders.

The expectations of the global community from India's economy to deliver on its

potential have never been as high as in the past couple of years. A new government, a promise of reforms, favourable demographic distribution, changing world economic order, and a growing middle class to name a few have all fuelled the expectations of growth from the Indian economy. As a developing economy with deep rooted democratic values; several challenges have to be overcome in the near term to realise this potential. Management of fiscal challenges, reforming the rules of the game while simultaneously creating a market (read raising per capita income), creating a fair and competitive environment for business and attracting capital are some of the near term challenges to be addressed by the government.

The Government's focus on reforms across different sectors of the economy, attracting investments in the manufacturing sector, increased spending on basic infrastructure of rail and road and the high priority "Make in India" programme promises to provide the much needed initial thrust to the economy in the near future.

Your Company met the twin challenges of a slowing global economy and a gradually developing potential of Indian economy through a concerted set of measures. We continued our journey of building a highly sustainable organisation following the principles laid down so aptly in the principle of SKF Care. Our approach is perhaps best demonstrated by a continued healthy bottom line in the current environment even as we sow the seeds for future growth by focussing on steps that will enable us to achieve profitable growth.

Last year I had spoken about our strategy of helping improve our customers' competitiveness by enhancing our competitiveness. This focus on leveraging our knowledge by delivering innovative solutions to our customers, finding solutions to their needs with enhanced focus on productivity improvements and strengthening our/their reach continued to form the core of our effort in this year too.

We have won approval for several of our innovative offerings across both Industrial

and Automotive business areas. In a significant development, your Company has won the approval from Indian Railways for supply of bearings for freight car application. Recognising the need of customers to make problem solving capabilities available at their doorsteps, your company established a new “solution factory” in Jamshedpur. This facility will enable us to serve the growing demand of services and solutions for the customers in eastern region of the country.

As India’s industrial landscape moves from big cities to distant towns, the “last mile” connectivity in the form of a near to plant solutions capability is a vital need expressed by customers. Your Company took steps to strengthen its distribution system, put in place formal systems of interaction and feedback from key distributors and expanded its reach in the market by deploying an innovative model that quadrupled the number of engineers on front line without any increase in costs.

Productivity improvement is a continuous battle and we pushed the envelope to discover new frontiers of cost efficiencies by deploying the levers of innovation. We focussed on process innovation to eliminate wastage from our operations.

Your Company believes that the principles of sustainability are to be woven naturally in everything we do. The principle of SKF Care, which encompasses Business, Environment, Employee and Community Care is well known to you.

Business Care stands for a clear and dedicated customer focus, insistence on high quality in our product and service offering, and the delivery of strong and sustainable financial performance to our shareholders.

Your Company brings the principle of Environment Care to its operations through our award winning programme SustEn. This programme aims to harmonise our environmental footprint while improving our competitiveness by improving energy efficiency in our operations and increasing

the share of renewable energy in our energy mix.

Your Company announced its solar mission - a reflection of our commitment to the ongoing sustainability programmes which also aligns with India’s National Solar Mission. A key step in this direction was the inauguration of one of the largest rooftop solar installations among manufacturing companies in Pune, with 1 MW capacity.

I am happy to share that your Company’s Corporate headquarters in Pune which is designed to be energy and water efficient, uses solar energy and offers excellent air quality was awarded the prestigious LEED Platinum (Leadership in Energy and Environmental Design) rating by Indian Green Building Council, the highest level of green building certification.

We believe that Business has a role to play beyond the business. Community Care is an important aspect of your Company’s endeavour to make a positive contribution to the underprivileged communities around our facilities. The emphasis in Community care is on areas that have a lasting impact on our future - education, empowerment and environment.

Your Company launched the YES (Youth Empowerment at SKF) Programme, the flagship CSR programme with an aim to empower young people with livelihood earning skills. This program aims to develop 5 centres across the country over the next five years. The first such centre was inaugurated at Pune. YES offers vocational skill development of underprivileged promising youths, to empower them with livelihood earning skills in area of vehicle maintenance and servicing in order to gain access to employability and entrepreneurship. It is immensely satisfying for me to mention that nearly 85% students of the first batch have found employment at the time of passing out. A YES centre at Bengaluru has also been made functional. With an initial investment of ₹ 20 million for the Pune and Bengaluru centres, this programme will prepare 5000 youth for employment in the next five years.

Our efforts have won recognition from Industry bodies and peers. Dun & Bradstreet rated us as the best bearings company for the 9th consecutive year, we were rated as the market leaders in the industrial bearing space by Frost & Sullivan, our Pune and Haridwar factory won the coveted Platinum and Gold awards at the Frost & Sullivan manufacturing excellence awards. Our continued focus on sustainability and carbon footprint reduction from our operations was recognised by the special commendation we received from CII - ITC sustainability awards.

We are moving into the new year full of optimism and confidence. Our team has built a strategic blueprint to leverage emerging opportunities. Our basic aim of helping our customers win, remains unchanged. We believe that innovation and excellence will be two key drivers helping us accelerate our progress. This passion for innovation finds expression in the theme for this year’s report - Driving Innovation. Delivering Excellence.

I place on record my sincere appreciation to our distribution partners, suppliers and our bankers for their continued support. I would also like to share my gratitude to our customers for their continued trust, and our shareholders for their continued confidence. I take this opportunity to thank all employees for passionately being true to our business goals and embracing our objectives of working to always deliver value to our customers. Together, we remain confident of delivering continued value to all stakeholders.

Thanking you



**Shishir Joshipura**  
Managing Director

\*(The Company has changed its accounting year from calendar year to fiscal year April to March and the current accounting period of the Company covered 15 months and therefore previous year figures are not directly comparable)

The globally evolving and emerging landscape today is clearly changing business realities. Disruptive technologies and business models are rapidly changing the market map. Technological advances in the form of automation and digitisation are redefining business models. Customers, on the other hand, are seeking lower cost of ownership and longer life cycles for products and solutions. At SKF, we continue to provide a decisive and definitive competitive edge to our customers through customer centric solutions leveraging our four-pronged strategy fulcrumed on Technology, Reach, Excellence and People.

## TECHNOLOGY



For over 100 years now, SKF has been synonymous with innovation that delivers unmatched value proposition to customers to best meet their needs. We consistently deliver high quality solutions across every technology area we operate in: Bearings and Units, Seals, Services, Lubrication systems and Mechatronics. We create new products, solutions and services that leverage cutting edge technology to create optimised asset performance across applications and industries. Our technology is trusted and relied upon by a wide range of industries - from automotive to aerospace, from renewable energy to railways and from mining to marine. Driving Innovation and creating winning solutions that create sustainable advantage while improving reliability, productivity, improving energy efficiency and reducing the carbon footprint defines our way of working. Our solutions are helping customers transcend into the digital world helping them adopt smart manufacturing practices.

## REACH



Improving the capability and widening the reach of our network is central to serving needs of our expanding customer network. Today, our network is one of the largest in the industry with over 20,000 touch points comprising Distributors, Retail partners and Mechanic points. In March 2015, we launched the CustomeRise strategy in industrial distribution business to increase our Reach and Penetration while improving technical capability of our Distributors across the country. Leveraging our network of Solution Factories and a focussed approach towards developing our markets and the distribution network capability is creating a strong foundation for further building our leadership and creating value for customers.

## PEOPLE

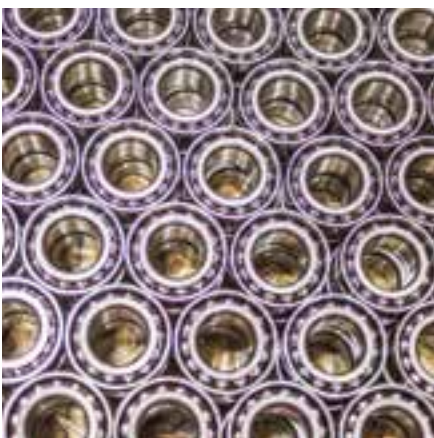
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People are our most valuable assets. They are the key differentiators who connect and create partnerships, nurture relationships and build lasting trust with our customers. At SKF, it is undoubtedly our people who are both at the core as well as at the fore of our growth and transformation over the years. Our people strategy ensures identifying, attracting, retaining, and growing the best talent in the industry - grooming and developing people to create Future Ready Leaders, aligning workforce with business goals and overall, empowering them to strive further and higher, both professionally as well as personally.

## EXCELLENCE

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Excellence is central to every SKF function, be it manufacturing, service and solutions, environment or community. Excellence in manufacturing is the foremost priority at every plant and underpins all our strategy and operations. It is our uncompromising focus on delivering excellence that has earned us the trust and respect of our customers, reflected in lasting relationships with our customers and peer recognition. Our commitment to excellence is enveloped in the principle of SKF Care focussing on delivering excellence to all stake holders.



# Innovation driven growth

SKF is consistently driving innovation and delivering excellence through its products, solutions and services. We have always leveraged the knowledge we have and combined it with the latest in technology to drive our innovations. Our enduring focus has been to make our products more energy efficient, reduce overall cost of ownership and ensure improved productivity.

These innovations continue to provide a distinct competitive edge to our customers, giving them a definite advantage. Our innovation driven products and solutions coupled with our technology platforms,

enable optimised Rotating Equipment Performance. This is reflected in our new simplified vision of 'A world of reliable rotation'.

Our simplified vision is further augmented by our mission and powered by our drivers.

This year, we have had many success stories in our New Customised Offerings. Some of these include solutions for renewable energy, competitive solutions for idler bearings, pre-filled bearings for electrical motors, condition monitoring for railways and wind, Pinion solutions for commercial vehicles and the introduction of SIBCO® range of bearing housings and accessories.

Some of our innovative approaches won us business, customer recognition and created industry-wide awareness during the year.

SKF became the single source of bearings for a leading commercial vehicle manufacturer of India by modifying the

TRBs to suit the customer requirement. Rigorous testing was done at India and overseas to ensure its endurance, for the customer whose priorities were reduction in total cost of ownership, reduce downtime and breakdown cost, reduce life-cycle costs and increased service life.

A strong engagement and One SKF approach with this steel giant at all levels and departments have led to an outstanding performance by SKF in their selected Supplier Programme. SKF has been acknowledged for its contribution in the programme, where it is the only bearing manufacturer.

To address the dynamism and reach of the automotive market, SKF has launched a mobile application for the automotive aftermarket called SKF Parts Info. This handy tool brings all the knowledge of automotive aftermarket at the fingertips of thousands of dealers, retailers and mechanics.



## VISION

A world of reliable rotation

## MISSION

The undisputed leader in the bearing business

## DRIVERS

Grow with profit

Quality

Innovation

Simplicity & Speed

Sustainability



# SIBCO® range of bearing housings and accessories

In December 2015, SKF introduced SIBCO® range of bearing housings and accessories. The product assortment under the SIBCO® brand consists of housings, seals, sleeves, locating rings, lock nuts and lock washers. Indigenously designed and manufactured in Pune, the SIBCO® range of solutions help increase reliability and reduces maintenance for our customers. With the addition of the SIBCO® range, SKF is now a complete solution provider for the bearing housings and accessories market with a wide availability network.

Bearing housings are critical to conveyor and rolling applications as they help support the bearing and transmit the loads, thereby protecting the bearing and lubricants from contamination. Bearing housings play a key role in maximising the performance and service life of the incorporated bearing.

Complete range including accessories

Available across **125** distributors

Available at more than **2000** retailers



## Innovating for the Indian Railways for 2020 Vision

Deployed to support Indian Railways under their 2020 Vision, The SKF Multilog On-line System IMx-Bis, an SKF innovation which can be installed directly on the train bogies. The data from the system is routed through a single concentrator unit and uploaded wirelessly to the cloud.

Another innovation is the SKF Axletronic temperature monitoring system. This highly cost competitive on-board solution is used as safety support system for bearing temperature control for new train installations as well as for retrofitting. SKF also has the SKF Microlog CMXA 75

which can be used to check repairs in the workshop, or to perform condition monitoring of train bogie systems in operation.

# Closer to customers

With an unmatched geographic reach covering length and breadth of India, SKF today has one of the largest network in the industry comprising over 20,000 touch points of availability through Distributors, Retailers and Mechanic points. In addition, our network of Solution Factories ensures quick and localised deployment of services based solutions. Reach is one of the key strategic imperatives for SKF, critically driving customer-centricity and ensuring our technology, products, solutions and services are increasingly getting closer to our customers.



Understanding of local market needs, efficient and quick delivery of products and solutions and providing support from knowledgeable SKF application engineers and specialists are among the essential tools that make the SKF distributor network a valuable resource for customers. SKF serves a large group of customers within the industrial and vehicle aftermarkets through distributors, dealers and retailers. During the year, the automotive aftermarket continued to serve end customers through a network of mechanics, driving the Perfect Fit programme, while the industrial distribution team launched the CustomeRise programme to increase reach and penetration among customers. The industrial distribution network also includes a network of Certified Maintenance Partners and an expanding retail network of Industrial Parts Supplier that is bringing SKF products and solution based services

at customers' doorstep. The distribution network is supported by a network of Solution Factories in Pune, Manesar and the newly opened facility in Jamshedpur.



# Solution Factory, Jamshedpur

With an aim to bring the solution capability nearer to customers, SKF India inaugurated the 3rd Solution Factory in India at Jamshedpur in June 2015 after Pune and Manesar. The Solution Factory, as a concept, aims at providing customised solutions to address specific customer needs. The key highlight is that all the Solution Factories are located strategically in the vicinity of a set of customers to serve the region.



The Jamshedpur solution Factory will serve as another satellite unit and focus on the large-sized bearing remanufacturing analysis process, manufacturing of customised machined seals for hydraulic cylinders, basic hydraulic cylinder repair and maintenance related training solutions from SKF. This factory will cater to the customers, primarily focussing on the metals and mining industry in the Eastern part of India with competencies across SKF's technology platforms and specific asset management and maintenance services.

# Excellence

Excellence in everything we do is the driving mantra at SKF. From design to delivery, encompassing excellence has always been a top priority at SKF. It is embedded into everything that we do and with a focus on producing high quality products and services, we strive to achieve manufacturing and operational excellence every day. Our unwavering focus on high quality manufacturing and delivery system is validated by the numerous awards and recognitions bestowed upon us by our peers, customers and industry alike. During the year, SKF was awarded by:

- Dun & Bradstreet's Award for the best company in bearing sector for 9th consecutive year for 2015
- India Manufacturing Excellence Awards (IMEA) by Frost & Sullivan
  - Platinum Award to Pune factory and Gold award to Haridwar factory
- Tata Steel Supplier Excellence Award
- Tata Motors Long Association Award for 2015
- John Deere as Partner Level Supplier Award for the 3rd consecutive year

## Excellence in Manufacturing through SKF Production System

Our mission 'To be the undisputed leader in the bearing business' requires SKF's manufacturing operations to be the benchmark. This is the rationale behind SKF's World-class manufacturing strategy, which is one of our strategic priorities. We continue to strive to achieve a more flexible, responsive, safe and sustainable manufacturing process with zero defects at the lowest possible cost. The SKF Production system launched globally compliments SKF's established Business Excellence approach by helping to focus more on customer value, eliminating waste, reducing variation and building a culture of continuous improvement with the involvement of everyone.



# Journey of Pune factory

Pune factory has deployed the SKF Production System with implementation of Lean stability tools and methods combined with a visible daily management on lead indicators and managing the key strategies in through master plan with involving everyone in the organisation, it has built a more systematic, structured approach, which has increased performance significantly.

**23%**

Reduction in  
Resetting time

**16%**

Increase in  
Daily output

**23%**

Reduction of  
Inventory



# Journey of Bengaluru factory

Under Journey of SKF Production system SKF, Bengaluru Factory has focussed implementation of Maintenance Excellence, Six Sigma White Belt Deployment on shop floor to acquire stability, real time response to deviation and problem solving. It has yielded considerable improvement on output performance and people engagement in the implementation area.

**21%**  
Reduction in  
cost of non-  
quality

**28%**  
Reduction  
in Down  
Time

**12%**  
Increase in  
Efficiency



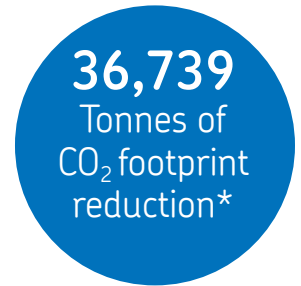
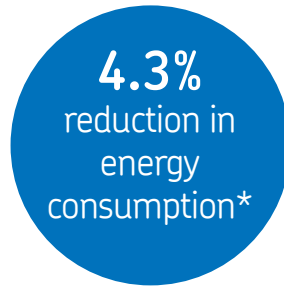
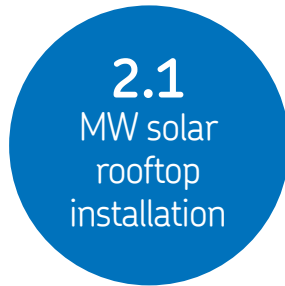
## Excellence in operations



Every stage in our value chain presents us with the possibility to reduce the environmental impact resulting from our operations. Doing so not only addresses our responsibility towards society and future generations, it also enhances our ability to do more with less and so creates sustained competitive advantage. We have been building on our Environment Care foundations by continually taking steps which address environmental impact. We have changed our energy consumption mix in Pune and Bengaluru factories and draw solar energy through rooftop solar installations. Our new corporate office in Pune is now a LEED Platinum certified facility which is a testimony of our commitment towards operational excellence.

# Rooftop solar installations in Pune and Bengaluru

During the year, SKF commissioned the rooftop solar installation through power purchasing agreement with partners and set up a total of 2.1 megawatt capacity combining Pune and Bengaluru locations. Aligned with SKF Group's BeyondZero® strategy, the installation reduces our CO<sub>2</sub> emissions significantly.



*\*15 month period*



# Powered by People

The SKF vision of “A world of reliable rotation” and our mission of becoming “the undisputed leader in the bearing business” is enabled by our technology and powered by our people. It is the experience and expertise, the skill and talent, and the commitment and dedication of our people that keeps SKF at the forefront of driving innovation and delivering excellence.

At SKF, our people drive a deep rooted culture of diversity and inclusiveness amongst each other and share a common goal helping our customers win with their customers. Our values define our commitment towards our stakeholders and in order to excel, we continuously invest in our people in the form of various development activities, learning and skill enhancement programmes and leadership grooming initiatives that ensure seamless alignment to organisation goals.

For our frontline people, we have launched a Sales Academy to enhance sales capability to acquire new Customer and Grow Ahead of the Market. Sales capability and Sales competency framework were created to further understand the gaps in skills and develop focussed training to bridge these gaps. The ACE Sales Excellence Program, launched in 2014, has now been extended to manufacturing, with ACE Manufacturing across four plants.

KUSHAL is another example of SKF's unwavering focus on skill and knowledge development at the shop floor level. KUSHAL was extended across all plants of the Company in line with SKF's global focus of empowerment by way of manufacturing competency development programme. Leadership is a key aspect of the people development strategy at SKF. To ensure smooth succession planning as well as create a strong Leadership Pipeline, critical positions talent for future business success were identified. The Leadership for Growth programme, started in 2014, culminated with a formal talent review development plans for potential future leaders.

SKF has always recognised and rewarded its best performing people. This year, Premium Club Awards were launched in recognition of “above and beyond” winning behaviour of employees.





# ACE Sales Excellence Program

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Implementing the learning of the programme, Haridwar factory reduced the cost arising out of non quality by 50%.

Helping a large MNC to localise their production in India by localising and creating a product line, that now has a global potential.

Achieved growth in a product line which was hitherto considered non-lucrative in that segment.



# Community Care: Responsibilities beyond profits

At SKF, we believe that we are accountable for the social and environmental impact of our actions, whilst ensuring that the business grows sustainably. Our approach to sustaining growth while meeting environmental and social challenges is to integrate the long-term sustainable development approach into our business practices and processes, as well as the products and solutions we offer to the market and industry.

At SKF India, CSR has been an integral part of business much before it became a mandatory requirement.

## COMMUNITY CARE VISION

To create a positive change in the communities neighbouring our operations and create a meaningful difference for the recipient.

## COMMUNITY CARE MISSION

The vision will be achieved by working in following areas:

### Empowerment of youth

- Skill and vocational skill training for youth

### Education

- Holistic education through sports for children from economically backward section
- Enabling promising girls from economically backward sections for higher education programmes through sponsoring and mentoring



## Empowerment of youth through skill and vocational skill training

In 2015, SKF launched a flagship CSR programme - YES: Youth Empowerment at SKF for vocational skill development of youth belonging to economically backward sections of the society. The programme aims at empowering the beneficiaries with the know-how of modern automobile maintenance and servicing skills in order to help them gain employment or become entrepreneurs. The programme will train more than 5,000 youth in the next five years.

To provide the best of theoretical and practical knowledge, SKF has built a training lab and an interactive room at the Don Bosco Private Industrial Training Institute, which offers a superlative learning experience in a simulated environment. The interactive room will facilitate collaborative and interactive learning about automotive vehicle principles and applications, through the latest technology and e-learning courses, thereby, making them tech-savvy mechanics that can provide high quality reliable service to their customers.

### Holistic education through sports for children from economically backward section

Continuing on our other flagship programme, SKF Sports Education Program, for holistic development of children belonging to economically backward sections, in the nearby areas, SKF has now tied up with a professional football club to infuse new vigour into the programme. In 2015, the girls' team from the programme

made their maiden debut in the Gothia Cup tournament held in Sweden. This was a significant step in bringing empowerment in their lives, considering the humble social backgrounds they come from. The girls' team participated in the tournament with equal enthusiasm and verve along with the boys' team.



### Enabling promising girls from economically backward sections for higher education programmes through sponsoring and mentoring

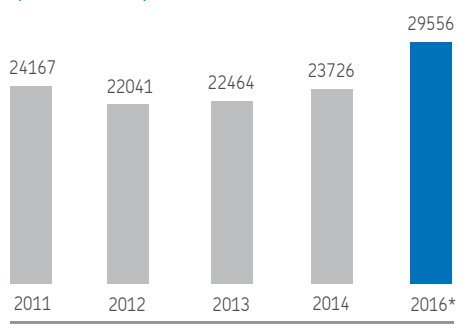
At SKF, we believe that the empowerment of girls and women begins with quality education and access to information. Through the Lila Poonawalla Foundation (LPF), SKF supports the education of deserving girl students pursuing Graduation and Post-Graduation courses in science and engineering in leading colleges across Pune. SKF also imparts soft skills training career counselling programmes for the students at the SKF Campus.

# Financial Highlights

		(₹ in Millions)								
	15 months ended on 31.3.2016	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net Sales	29556	23726	22464	22041	24167	20684	15709	16202	15683	13425
Profit before Tax	3964	3062	2530	2831	3139	2661	1431	1944	2474	1531
Profit after Tax	2572	2028	1667	1901	2085	1770	942	1277	1607	1020
Cash earning per Share (₹)	62	49	41	44	47	40	23	30	36	24
Rate of Dividend (%)	150	100	75	75	75	70	40	45	60	45
Gross Block	10510	10315	10351	10045	9190	8472	7693	7392	6697	6453
Net Block	3098	3654	4011	4072	3547	3193	2568	2387	1968	1842
Total Borrowings	-	-	-	-	-	0.1	1	2	2	1
Share Capital	527	527	527	527	527	527	527	527	527	527
Reserves & Surplus	15167	13635	12228	11026	9585	7960	6620	5924	4925	3695
Book Value per Share (₹)	298	269	242	219	192	161	136	122	103	80
Shareholders' Nos.	24635	24353	21219	22070	23102	25969	27350	28474	24430	25811
Employees' Nos.	2222	2425	2373	2473	2194	2107	1915	2078	2069	2024

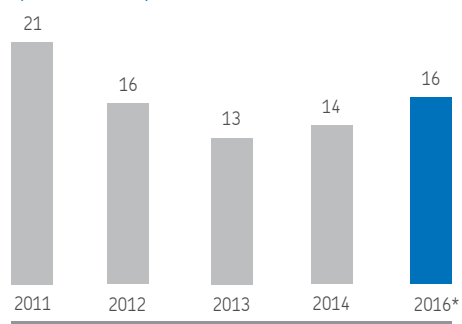
### Sales

(₹ in million)



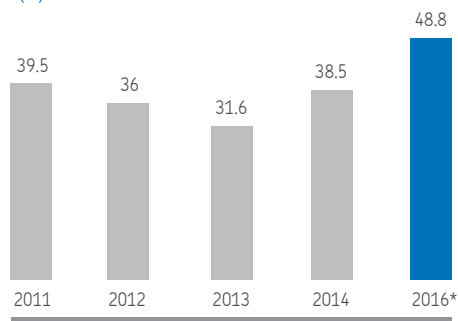
### RONW

(₹ in million)



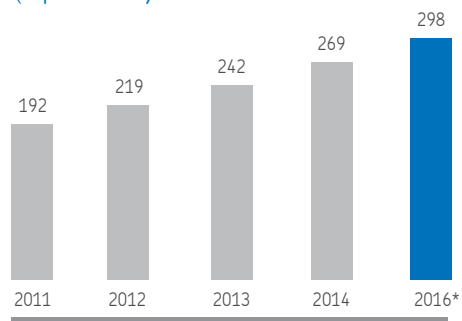
### Earning per share

(₹)



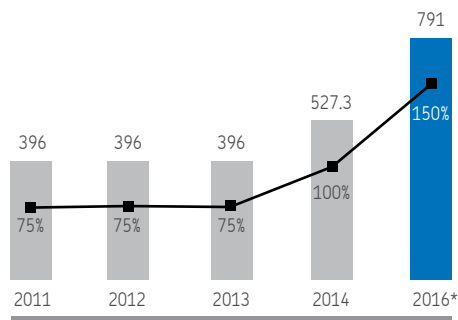
### Book value

(₹ per share)



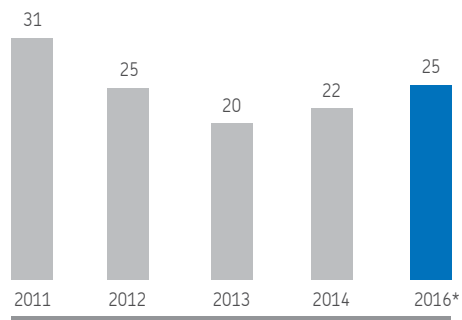
### Dividend

(₹ in million)



### ROCE

(%)



\*15 Months Ended March 2016

## Notice

NOTICE IS HEREBY GIVEN that the Fifty-Fifth 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 Wednesday, 20<sup>th</sup> July, 2016 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 31<sup>st</sup> March, 2016 together with Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2016.
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 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) and pursuant to the approval of Members at the Fifty Fourth Annual General Meeting, the appointment of M/s. Price Waterhouse & Co., Bangalore LLP, Chartered Accountants, (Firm's Registration Number 007567S with the ICAI) as Statutory Auditors of the Company be and is hereby ratified to hold office as such from the conclusion of this Annual General Meeting until the conclusion of next 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 the following Resolutions :

5. **Appointment of Mr. Stephane Le Mounier (DIN:07221465) as a Director of the Company**  
**As an Ordinary Resolution**  
"RESOLVED THAT Mr. Stephane Le Mounier (DIN: 07221465) who was appointed as an Additional Director of the Company with effect from 25<sup>th</sup> June, 2015 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, be and is hereby appointed as a Director of the Company."
6. **Remuneration to Non-Executive Directors**  
**As a Special Resolution**  
"RESOLVED THAT pursuant to Article 131(3) of the Articles of Association of the Company, provisions of Section 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and subject to other consents, if any, such sum by way of commission not exceeding in the aggregate one per cent per annum of the net profits of the Company for each of the five financial years of the Company commencing from 1<sup>st</sup> April, 2016 be paid to and distributed amongst such Directors of the Company excluding the Managing Director, Whole-time Director(s) as may be determined by the Board."

"RESOLVED FURTHER THAT approval of the Company be and is hereby accorded to the Board of Directors to determine the manner, rate, quantum and distribute the commission amongst such Director(s) as the Board may decide from time to time and to do all such acts, deeds and things as may be required in this regard."

7. **Approval of transactions with SKF Asia Pacific Pte Ltd, Singapore, SKF Group Company.**  
**As an Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Regulations 23 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, (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 in Section 2(76) of the Companies Act, 2013 for the financial years 2015-2016 to 2017-2018 as set out in the Statement setting out the material facts annexed to this Notice dated 10<sup>th</sup> May, 2016 for item No. 7, 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: 10<sup>th</sup> May, 2016  
CIN : L29130MH1961PLC011980  
E:mail : investors@skf.com  
Website : www.skf.com/in  
Tel. No : +91 (22) 66337777

## 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 SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting issued by the Institute of Company Secretaries of India, are provided in the report on Corporate Governance.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 12<sup>th</sup> July, 2016 to Wednesday 20<sup>th</sup> July, 2016, both days inclusive, for the purpose of payment of dividend, if declared at the Annual General Meeting.
5. The 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 11<sup>th</sup> July, 2016; 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 11<sup>th</sup> July, 2016.
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 2009 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 the Depository through their concerned Participants. 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.skfindia.com](http://www.skfindia.com) 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 as amended, the copy of Annual Report of the Company for the Financial Year 2015-16 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. This notice and the annual report 2015-16 will also be available on the company’s website viz : [www.skf.com/in](http://www.skf.com/in).  
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. 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.
10. 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.
11. Route Map showing directions to reach to the venue of the 55<sup>th</sup> AGM is being provided in the Annual Report. The route map has been uploaded on the website of the Company viz : [www.skf.com/in](http://www.skf.com/in)

## 12. Voting Options:

- (1) E-voting: In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and the provisions of Listing Agreement/ Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 facility for voting through polling paper shall be made available at the AGM and the members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM.

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.nsd.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 "remote e-voting" opens. Click on "remote e-voting-Active Voting Cycles".
- vii. Select "REVEN" (Remote E-Voting Event Number) of SKF India Limited for casting your votes in favour of or against the resolutions. For an REVEN, 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 Tuesday 19<sup>th</sup> July 2016 at 5.00 p.m.,
- 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).

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 remote 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.nsd.com](http://www.evoting.nsd.com) or call NSDL on 1800-222-990 / 022-24994600.

**B. In case a Member received physical copy of the Notice of AGM (for members where email address are not registered with company / Depository) :**

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

**Other Instructions:**

- i. The e-voting period commences on Sunday, 17<sup>th</sup> July, 2016 (9.00 a.m. IST) and ends on Tuesday, 19<sup>th</sup> July, 2016 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form as on Wednesday, 13<sup>th</sup> July, 2016, i.e. cut-off date, may cast their vote electronically. Any person who is not a member as on the cut-off date should treat this notice for information purpose only. Once a vote on the resolution is cast, by member, it cannot be subsequently changed or voted again. 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 Wednesday, 13<sup>th</sup> July, 2016.
- iii. Any person who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of cut-off date may obtain the login id and password by sending a request at rajivr@nsdl.co.in/evoting@nsdl.co.in.
- iv. A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be entitled to vote again.
- v. Mr. P. N. Parikh and failing him Mr. Mitesh Dhabliwala of M/s. Parikh and Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
- vi. The Scrutinizer shall on 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 not later than three days of conclusion of the meeting a Report of the total votes cast in favour or against, if any, forthwith to the Chairman or a person authorised by him in writing who shall communicate the same.
- vii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.skfindia.com/in and on the website of NSDL www.evoting.nsdl.com communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed. The results of the voting shall also be placed on the Notice Board at the Registered Office of the Company.

### Statement Setting Out Material Facts Under Section 102 of The Companies Act, 2013

#### Item No.5

The Board of Directors appointed Mr. Stephane Le Mounier (DIN 07221465) as an Additional Director of the Company with effect from 25<sup>th</sup> June, 2016. Pursuant to Section 161(1) of the Companies Act, 2013 ("the Act") and Article 129 of the Articles of Association of the Company, Mr. S. Le Mounier 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 alongwith requisite deposit pursuant to the Section 160 of the Act, from a Member signifying her intention to propose the appointment of Mr. S. Le Mounier as a Director of the Company liable to retire by rotation.

Brief profile of Mr. S. Le Mounier in terms of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 is provided in the Corporate Governance Report.

The Board of Directors is confident that his vast knowledge and varied experience will be of great value to the Company and hence recommends the Resolution at Item No.5 of this Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than Mr. S. Le Mounier is in any way concerned or interested, financially or otherwise, in this resolution.

#### Item No.6

At the Fiftieth Annual General Meeting of the Company held on 3<sup>rd</sup> May, 2011, the shareholders had approved the payment of commission upto 1% per annum of the net profits of the Company to Directors (other than Managing / Whole-time Directors and the Non-resident Directors) effective from 1<sup>st</sup> April, 2011 for a period of five years. The period of five years will expire on 31<sup>st</sup> March, 2016.

In accordance with the Remuneration Policy of the Company, the commission payable to Non-executive Director will be based on the remuneration structure as determined by the Board. In view of continued business activities of the Company, it is appropriate that pursuant to the provisions of the Companies Act, 2013, a commission not exceeding in the aggregate 1% per annum of the net profits of the Company computed in the manner laid down in Section 197 & 198 of the Companies Act, 2013 may be paid for each of the five financial years of the Company commencing from 1<sup>st</sup> April, 2016 and be distributed amongst such directors of the Company excluding Managing / Whole-time Director(s) as the Board may decide from time to time.

The proportion and manner of such payment and distribution would be as the Board may from time to time decide.

Apart from commission proposed to be paid to Directors in terms of the special resolution, the Directors also receive sitting fees for each of the Board or Committee Meetings attended as the case may be.

The Directors commend the Special Resolution for Member's approval.

All the Directors of the Company except Mr. S. Joshipura, Managing Director and Mr. Stephane Le Mounier, may be deemed to be interested in this resolution.

#### Item No.7

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 Regulation 2(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations).

In terms of said Listing Regulations, the transactions as described hereunder had exceeded 10% of the annual turnover of the Company as per the last audited financial statements of the Company and therefore exceeded the materiality threshold as prescribed under Listing Regulations. Thus, in terms of the Listing Regulations, these transactions would require the approval of the Members by way of an Ordinary Resolution.

The Members at their 54<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> April, 2015 had already granted approval for the Company entering into material contracts / arrangements / transactions in the ordinary course of business with SKF, Singapore.

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. Stephane Le Mounier 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 (4558.9 minr)</li> <li>2. Sale of goods (203.0 minr)</li> <li>3. Commission earned (25.6) minr and</li> <li>4. Reimbursement of expenses received (10.0 minr)</li> </ol>
Material terms and 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>
	<ol style="list-style-type: none"> <li>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.</li> </ol>
	<ol style="list-style-type: none"> <li>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 7.5% of sales value from SKF, Singapore</li> </ol>
	<ol style="list-style-type: none"> <li>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</li> </ol>
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
Estimated Monetary Value of such RPTs	Considering the nature of the industry / business in which the Company operates, the Company expects the level of transactions with SKF, Singapore to be above the Materiality threshold. Therefore the approval of the Members is sought for an aggregate value of transactions with SKF Singapore, for an amount not exceeding twice the aggregate value of RPTs in the ordinary course of business, in each financial year entered into by the Company with SKF, Singapore as compared to the value of RPTs entered into in the immediately preceding financial year. e.g. If the value of RPTs contracted is ₹ 100/- in FY 2015-16 then the ceiling for the RPTs for FY 2016-17 would be ₹ 200/-.
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.

Considering the dynamic business environment where neither demand nor foreign exchange rates can be predicted in advance, the Company expects the level of transactions to be above the materiality threshold as prescribed under the Listing Regulations, for the period

for which the approval of Members is sought as stated above. To sustain quality standards of the SKF Group, quantitative benefits to enable operational efficiency, this needs to be considered as an enabling resolution. The details of the Related Party Transactions will continue to be disclosed in the Annual Financial Statements.

The Related Party Transactions as aforesaid are necessary, normal and incidental to business as also play significant role in the

Company's business operations and accordingly the Board recommends the Ordinary Resolution set forth in item No. 7 of the Notice for the approval of the Members.

None of the Directors and Key managerial personnel or their relatives except Mr. Stephane Le Mounier being representative of the SKF Group 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.

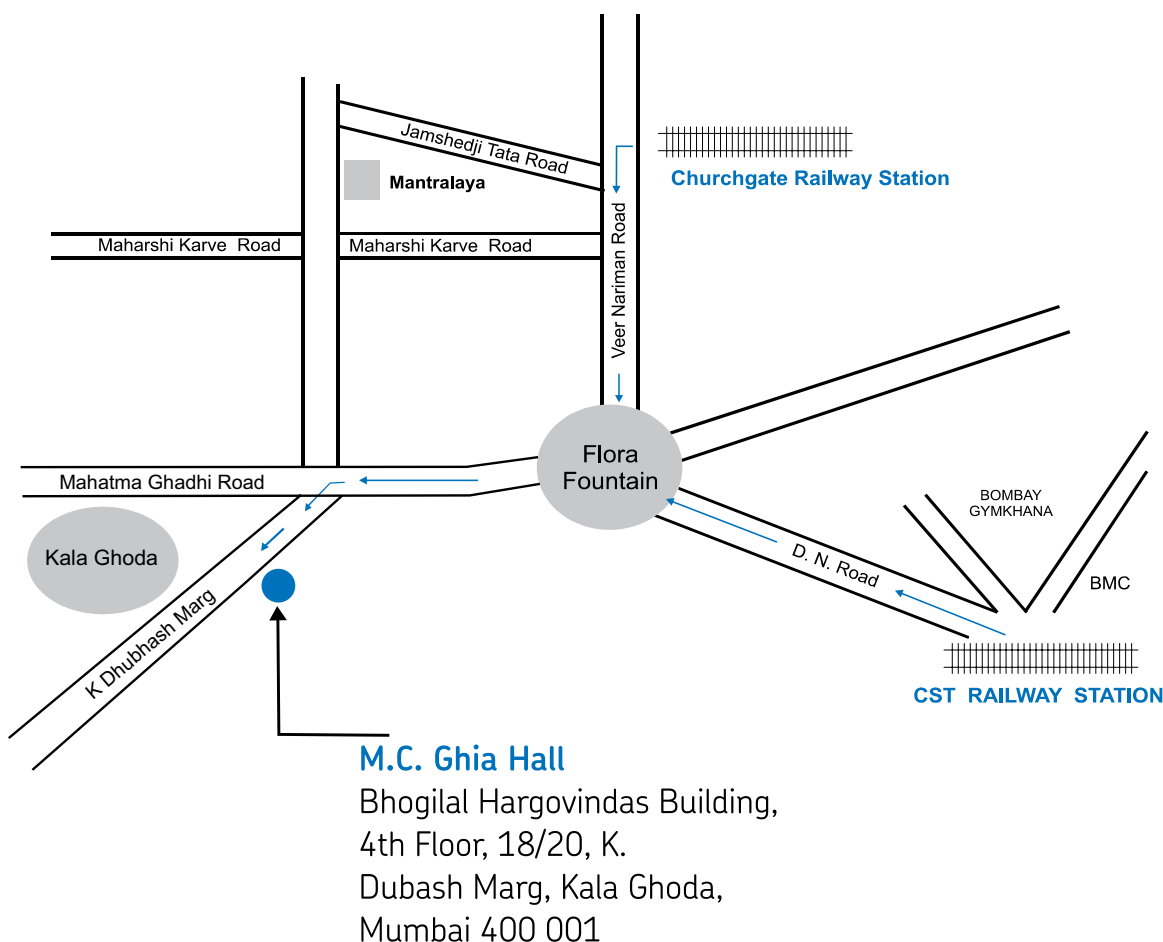
Date: 10<sup>th</sup> May, 2016

CIN : L29130MH1961PLC011980

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

Tel. No : +91 (22) 66337777

## ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING on Wednesday, July 20, 2016 at 3.30 p.m.



## Directors' Report

Dear Members,

The Directors of your Company are pleased to present the 55th Annual Report, with the audited financial statements for the financial year ended on 31<sup>st</sup> March, 2016.

### Financial Results

	₹ in million	
	Fifteen Months Period ended Mar 31, 2016	Twelve Months Period ended, Dec 31, 2014
Net Sales & Services	29555.6	23726.4
Other Income	1432.7	1198.9
Total Income	30988.3	24925.3
Operating Expenditure	26339.9	21324.1
Depreciation	684.3	539.5
Profit before Tax	3964.1	3061.7
Provision for taxation	1392.6	1034.0
Profit After Tax	2571.5	2027.7
Balance brought forward from last year	6504.7	5847.9
Profit available for appropriation	8989.3	7875.6
The appropriations are as follows:		
Proposed dividend on Equity Shares	791.0	527.3
Tax on Proposed dividend	161.5	93.6
Transfer to General Reserves	800.0	750.0
Leaving a balance of	7236.8	6504.7

### Change in the Financial Year

In order to align the accounting year of the Company with the practices followed in India, it was decided that the accounting year of the Company be changed from calendar year to fiscal year April to March. Accordingly, the current accounting period of the Company covered 15 months starting from 1<sup>st</sup> January, 2015 to 31<sup>st</sup> March, 2016 and therefore previous year figures are not directly comparable.

### Operations

The Turnover of the Company for the fifteen months period ended on 31<sup>st</sup> March, 2016 stood at ₹ 29,555.6 million as compared to ₹ 23,726.4 million in the previous year. The Company's Profit before tax for the year ended March 31, 2016, was ₹ 3964.1 million as compared to ₹ 3,061.7 million in the previous year.

The Profit after Tax for the fifteen months period ended 31<sup>st</sup> March, 2016 was ₹ 2,571.5 million, compared to ₹ 2,027.7 million during the previous year.

As stated above, these figures are not directly comparable with the previous year due to the change in accounting year.

### Dividend

Your Directors are pleased to recommend a dividend of ₹ 15 per share (150%) for the year ended 31<sup>st</sup> March, 2016, as compared to ₹ 10.0 per share, for the preceding year ended 31<sup>st</sup> December, 2014. This Dividend is subject to the approval of the Members at the 55<sup>th</sup> Annual General Meeting of the Company. The total dividend

will absorb a sum of ₹ 791 million. This would involve a cash outflow of ₹ 952 million including tax on dividend. The total dividend pay-out (including dividend tax) for the current year is 37.0 per cent as against 30.6 per cent in the previous year.

### Transfer to Reserves

The Company proposes to transfer ₹ 800.0 million to the general reserve out of the amount available for appropriation and an amount of ₹ 7,236.8 million is proposed to be retained in the profit and loss account.

### 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 organization, some of the significant achievement were :

- Dun & Bradstreet's award for the best Company in bearing sector for 9<sup>th</sup> consecutive year for 2015
- Gold award from Frost & Sullivan India Manufacturing Excellence Award for SKF Haridwar in the engineering sector of Large Business Category
- Platinum award from Frost & Sullivan India Manufacturing Excellence Award for Future Ready factory for SKF Pune
- Partner Level Supplier Award from John Deere for the 3<sup>rd</sup> consecutive year
- Best Supplier Award from CLAAS India

- Quality Silver Award from Bajaj Auto for Valuable support and contribution for the year 2015.

### Management's Discussion and Analysis

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management's Discussion and Analysis report, which forms part of this Report as Annexure I.

### Corporate Governance

As required by Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance along with the Auditor's certificate thereon, forms part of this Report as Annexure II.

### Directors and Key Managerial Personnel

Mr. K. C. Mehra, Chairman, resigned from the Board of the Company in July 2015 on attaining the age of superannuation as per the 'Directors Policy' framed by the Company. Mr. Mehra was the Chairman of your Company from August 2003 onwards. His vision, leadership and guidance have been an inspiration to the Board. He has been a great mentor to the Board and his contribution has been exemplary. The Board expresses its gratitude for the valuable services rendered and guidance provided by him during his tenure with the Company. On behalf of SKF, we express our deepest appreciation and our fondest wishes for his bright future. The Board appointed Mr. Rakesh Makhija as a Chairman of your Company effective from 22<sup>nd</sup> July, 2015.

Mr. Henrik Lange resigned as a Director of the Company with effect from 1<sup>st</sup> June, 2015 and Mr. Vartan Vartanian with effect from 30<sup>th</sup> March, 2015, the board placed on record its appreciation of the invaluable contribution and guidance provided by them.

As per the provisions of Sections 149 and 152 of the Companies Act, 2013, the shareholders at their 54<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> April 2015, had approved the re-appointment of all the existing Independent Directors of the Company for tenure of up to five consecutive years. None of the Independent Directors are liable to retire by rotation. In accordance with Section 149(7) of the Companies Act, 2013, each Independent Director has confirmed to the Company that he or she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Stephane Le Mounier has been appointed as an Additional Director of the Company with effect from 26<sup>th</sup> June, 2015 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, Mr. S. Le Mounier holds office up to the date of the forthcoming 55<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 signifying his intention to propose the appointment of Mr. S. Le Mounier as a Director of the Company.

Mr. Rakesh Makhija (DIN: 117692) retires by rotation and being eligible, offers himself for re-appointment.

The resolution seeking approval of the members for the appointment of Mr. S. Le Mounier and re-appointment of Mr. R. Makhija has been incorporated in the Notice of the Annual General Meeting and brief detail about them have been provided in the Corporate Governance Report

Mr. Shishir Joshipura, Managing Director (DIN: 00574970), Mr. Chandramowli Srinivasan, Chief Financial Officer and Mr. Pradeep Bhandari, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

### Board Meetings

The Board of Directors met five times during the year. In addition, an Annual Strategic meet was held to discuss strategic matters. Details of Board meetings are laid out in Corporate Governance Report, which forms part of this annual report.

### Board Evaluation

Your Company believes in value for its stakeholders through ethical processes & integrity. The board plays a very important role in ensuring that the Company performance is monitored and timely inputs are given to enhance its performance and set the right direction for profitable growth and fully complying with relevant regulatory requirements.

As per provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an evaluation of the performance of the Board, its Committees including individual members was undertaken.

The Nomination and Remuneration Committee formulated the Performance Evaluation Guidelines, the framework for evaluating the performance of the Board, its committees and individual director and recommended to the Board. The performance evaluation criteria were circulated to and responded by the Directors. A consolidated summary of the ratings as provided by the Directors was prepared. The results of such performance evaluation so arrived were presented to meeting of Independent Directors / NRC / Board in their respective meetings.

### Appointment of Directors and Remuneration Policy

In accordance with Section 178(3) of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and on recommendations of the NRC, the Board adopted a Policy for appointment of and remuneration for Directors and Senior Management including Key Managerial Personnel. The policy has been disclosed in the Corporate Governance Report, which forms part of this report.

### Familiarisation Programme

The details of the programmes for familiarisation of independent Directors with the Company have been displayed on the website "<http://www.skf.com/in/investors/shareholder-information/index.html>".

### Audit Committee

The Company has in place an Audit Committee in terms of the requirements of the Companies Act, 2013. The details relating to

the same are given in the Report on Corporate Governance forming part of this Report. The Board has accepted all recommendations made by the Audit Committee during the year.

### Corporate Social Responsibility

The Company has always endeavored to be an integral part of the society. The initiatives in the social sphere have always been built on the Company's Values of "SKF Care" which comprises of four pillars, namely 'Business care / Employee care / Environment care and Community care'. The Company considers it as its economic, environmental and social responsibility to foster sustainable local development as well as add value to the local economy in which it operates.

Further, in accordance with the provisions of Section 135 of the Act and Rules framed there under, the Company has constituted a Corporate Social Responsibility ("CSR") Committee of Directors which reviews and monitors the CSR projects and expenditure undertaken by the Company. The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure III of this report.

### Risk Management

The Company has a formulated 'Risk Policy' which provides a structured framework of identifying and prioritizing risks, reviewing it and framing mitigation plans for the same in line with the Company's risk capacity and appetite. A section on risk management practices of the Company forms a part of the chapter on 'Management Discussion and Analysis' in this annual report.

### Directors' Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, your Directors state that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
2. Appropriate accounting policies have been selected and applied consistently. Judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March, 2016 and of the profit of the Company for that period;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. Annual accounts of the Company have been prepared on a going concern basis;
5. Internal financial controls have been laid down and being followed by the Company and that such internal financial controls are adequate and were operating effective and
6. Proper systems to ensure compliance with the provisions of all applicable laws have been devised.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and the reviews carried out by the Management and Committees of the Board, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year ended 31<sup>st</sup> March, 2016.

### Related Party Transactions

In accordance with Section 134(3) (h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as Annexure IV of this report. The transactions with the related parties are approved by Audit Committee / Board which are in line with the prevailing regulatory requirements on dealing with such transactions. The details of related party disclosures form part of the notes to the financial statements provided in this annual report.

### Subsidiaries, Joint Venture and Associates

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

### Vigil Mechanism/Whistle Blower Policy

Your Company has a well-defined whistle blower policy to ensure director and employees can raise concerns and alarms in case of potential or suspected misconduct and deviations. Under this policy, provisions have been made to safeguard persons who use this mechanism from victimization. The policy provides access to the chairperson of the Audit Committee under certain circumstances. The details of the procedure are also available on the Company's website "<http://www.skf.com/binary/83-166890/Vigil-Mechanism-Policy-31.07.2014-FINAL.pdf>"

### Reporting of frauds

There have been no instances of fraud reported by the Statutory Auditors under Section 143 (12) of the Act and Rules framed thereunder either to the Company or to the Central Government.

### Fixed Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013. Accordingly no disclosure or reporting is required in respect of details relating to deposits covered under this Chapter.

### Statutory Auditors

Pursuant to provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s Price Waterhouse & Co Bangalore LLP, Chartered Accountants (Firm Registration No. 00756755 with ICAI), were appointed as Statutory Auditors of the Company for a term of four years, to hold office from the conclusion of 54<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> April, 2015, until the conclusion of 58<sup>th</sup> Annual General Meeting, subject to ratification of their appointment at every subsequent Annual General Meeting.

A certificate from them has been received to the effect that their appointment as Statutory Auditors of the Company, if ratified at ensuing Annual General Meeting would be according to the terms and conditions prescribed under Section 139 of the Act and Rules framed there under.

A resolution seeking ratification of their appointment, forms part of the Notice convening 55<sup>th</sup> Annual General Meeting and the same is recommended for your consideration and approval.

There have been no qualifications, reservations, adverse remarks or disclaimers in the auditor's reports, requiring explanation or comments by the Board.

### Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, M/s Parikh & Associates, practicing Company Secretaries were appointed to conduct the secretarial audit of the Company for FY 2015-16. The secretarial audit report for FY 2015-16 is attached as Annexure V of this report. Based on the consent received and the recommendations of the Audit Committee, the Board has appointed M/s Parikh & Associates, practicing Company Secretaries, as secretarial auditor of the Company for financial year 2016-2017.

As regards the observations made in the said Secretarial Audit Report, regarding shortfall in the spend on CSR activities, explanation is given in Annexure III forming part of this Directors' Report

### Cost Auditor

As per the new provisions of the Companies Act, 2013 the Company was not required to appoint a cost auditor for the financial year 2015-16. The cost audit report for the financial year 2014 was submitted on 14<sup>th</sup> May, 2015 as against the due date of 30<sup>th</sup> June 2015.

### Material Changes and commitment if any, affecting financial position of the Company

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of financial year of the Company to which the Financial Statements, relate and the date of this Report. During the year, there was no change in the nature of business of the Company.

### Significant and material orders passed by the Regulators or Courts

There were no significant and/or material orders, passed by any Court or Regulator or Tribunal, which may impact the going concern status or the Company's operations.

### Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as Annexure VI of this report.

However, pursuant to the provision of Section 136(1) of the

Companies Act, 2013, the Annual Report, excluding the aforesaid information, is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy thereof, may write to the Company Secretary in this regard.

### Transfer of Unpaid and Unclaimed Amounts to IEPF

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

### Particulars of Loans, Guarantees or Investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements, no fresh loan has been given during the year.

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

Information as required to be given under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in Annexure VII forming part of this Report.

### Policy on Prevention of Sexual Harassment at Workplace

The Company has in place a Policy against Sexual harassment at workplace in line with requirement of the law. In this regard, the Committees at various locations have been set up to redress complaints received, if any. No complaint under the said Policy was received during the year.

### Extracts of Annual Return

The extracts of Annual Return in Form MGT-9 as required under Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 forms part of this Report as Annexure VIII.

### Acknowledgements

The Board of Directors take this opportunity to thank its Principals, Aktiebolaget SKF, customers, members, suppliers, bankers and business partners / associates for their valuable and sustained support and co-operation to the Company.

For and on behalf of the Board  
SKF India Limited  
Rakesh Makhija  
Chairman

Bengaluru  
10<sup>th</sup> May, 2016

## Annexure I - To The Directors' Report

# Management Discussion And Analysis

### Economy

The global economy managed to stay on an even keel even as challenges emerged from several quarters, traditional and new. The new geo political realities, changes in the established patterns of growth, a definitive global agreement for a sustainable growth, turmoil in commodity markets and an increasing push for "localisation" in several economies coupled with a global slowdown determined a broad spectrum of challenges that demanded a differentiated response from Society, Governments and Business.

India's economy is at the cusp of what most of the globe expects to be an era of golden growth. The expectations of the global community from India's economy to deliver on its potential have never been as high as they are now. A new government, a promise of reforms, favourable demographic distribution, changing world economic order, a growing middle class and an underwhelming infrastructure to name a few have all fuelled the expectations of growth from the Indian economy. As a developing economy with deep rooted democratic values; several challenges in near term have to be overcome to realise this potential. Management of fiscal challenges, reforming the rules of the game while simultaneously creating a market (read raising per capita income), creating a fair and competitive environment for business and attracting capital are some of the near term challenges to be addressed by the government.

The Government's focus on reforms across different sectors of the economy, focus on imparting skills to youth, favourable eco system for start-ups, increased focus on manufacturing sector, increased spending on basic infrastructure of rail and road and the high priority "Make in India" program promises to provide the much needed thrust to the economy in the near future.

India's economy grew at decent pace and continues to be a bright spot in the global economy. The growth in GDP was registered in the face of a lacklustre performance of manufacturing sector which continued to battle with a slow market demand. A weak monsoon for a second consecutive year dented the rural economy and major drivers for growth continued to be the public investment and urban consumption. Private sector investment was markedly absent from the market and will be a critical dimension to create sustainable long term growth.

To kick start the economic activity in the near term, a normal monsoon and focused infrastructure development spend by government, coupled with continued and accelerated reforms will shape the curve of economic growth. The government's push towards macro level programs such as "Make in India", "Skill India", "Start-up India" are all well intended and a successful execution of the intent will go a long way in building and sustaining the growth momentum. The industry too will do well to move from a highly defensive posture to a constructive aggressive posture and play its role in driving the economy.

### Industry Structure

The Indian bearings market did not witness any major structural changes and is estimated at about INR 90 billion. The market is served through domestic production and imports. Organised sector companies including global bearing majors meet the needs of the Indian market through a mix of domestic manufacturing and imports.

The market is driven by two key user segments - the automotive and industrial sectors. The business is further divided into OEMs and end user markets. OEM and companies across the industrial and automotive sectors were affected by the prevailing economic headwinds, and hence this was a challenging year for the Indian bearings industry.

Your Company, with its reputation for high quality, wide product portfolio and lasting customer relationships, used its extensive and high quality product offerings to deliver performance and sustainable results.

### Opportunities

Most of the experts believe that India's economy is poised to enter an era of sustained growth. The expectations of the global community from India's economy to deliver on its potential have never been as high they are now. Continued reforms in policy regime, a focus on building a world class infrastructure (Railways, ports, roads etc) hold the promise of a bright era for India's manufacturing sector.

The "Make in India" initiative is a pathbreaker that can revolutionise the country's economy. This initiative will create job opportunities for the demographic dividend to be delivered. It is only when the people earn that they will have the power to spend in turn driving demand and economy.

Regulatory policies have been relaxed to facilitate investments and improve ease of doing business. This initiative is a strong signal of the government's commitment to enhance manufacturing in the country. Spending on capital expenditure for large projects in manufacturing and infrastructure will lead to a demand led recovery and spur economic growth in the years ahead. This initiative with policy reforms has opened up key sectors of Railways, Defence, Space, Insurance and Aviation - to meaningfully higher levels of Foreign Direct Investment.

Another area that will have a multiplier effect on growth is the government's continuing emphasis on infrastructure development. Better road infrastructure, smart cities, improved connectivity of industrial clusters with modern ports, development of sustainable energy infrastructure, a continued development of field to market sustainable food chain, tougher safety and emission norms for automotive industry will enhance our competitiveness as a nation while creating a completely new market opportunity.



Improving the competitiveness for an enterprise will be a key driving force for shaping the offerings in the market. Organisations will embrace higher level of technology and integrate knowledge of stake holders both to comply with changing regulatory regime as also to differentiate themselves with an ultimate aim to win in ever more competitive arena. The winners in the competitive arena will be organisations that focus on improving the ultimate competitiveness proposition for their customers and your Company is well positioned to serve this opportunity. Our parental heritage and technology prowess with deep rooted customer relationships at both local and global level will help us to further consolidate our position as leaders in the business.

### Automotive Sector

Automotive sector has served as a proxy indicator for economic growth of the country. India's per capita vehicle ownership across the segments continues to be very low when compared to developed or several large developing economies. This industry is also critical to the growth of manufacturing sector as large auto components and ancillary business eco system forms the backbone of the automotive world. India has already developed a very successful and strong auto sector. In the recent slowdown in economic activity, deficient monsoons and decreased discretionary spending had slowed down the vehicle sales in general with specific impact on commercial and personal vehicles.

As we await a normal monsoon, recent trends have turned encouraging for passenger and commercial vehicle sales. This is very encouraging and is an early indicator of possible economic growth.

Ease of mobility is a very important factor for increased economic activity. India offers a large potential market, on account of the size of the country, the geographical spread and the young workforce.

Changing sensitivity to pollution, increasing awareness of safety and the continued demand from Indian customers on improved "mileage" will shape the demand for improved technology from automotive companies and in turn from component makers.

Emergence of e-commerce coupled with revival in core economic activity and ensuing demand for logistics will drive commercial vehicle demand positively. Continued emphasis for energy efficient and green vehicles has OEMs focusing on reducing vehicle weight and opting for low friction technologies. Regulatory demands on emission levels, and passenger insistence on safer, more reliable vehicles offers an opportunity to automobile manufacturers to incorporate cleaner and more efficient technologies. This will limit the life of old technology on roads further driving the demand.

India's driving conditions, including ownership and maintenance practices are uniquely different from the developed world practices. The expectation from leaders in the field is to develop solutions that are tailor made to suit these. A very strong parental technology base, high capabilities in new product development and a strong manufacturing base enables us to offer innovative world class leading solutions.

### Industrial Sector

In a country as diverse as India, economic revival is often dependent upon the progress of Industrial sector. The Government's focus on reforms across different sectors of the economy, attracting investments in manufacturing sector, increased spending on basic infrastructure of rail and road and the high priority "Make in India" program promises to provide the much needed thrust to the economy.

The "Make in India" initiative offers the policy, direction and changes at ground level to enhance India's attractiveness as a preferred location for manufacturing and services. The current slowdown in world economy, existing unfulfilled global capacity, and ease of doing business are some of the reality parameters, we as nation need to work on. While new investments are certainly a key driver for the economy, it is the existing players who carry a larger responsibility as their commitment is already on the ground. Businesses that are already operating are key decision influencers for attracting new investment both from existing and new players. The government has announced a major thrust on Infrastructure development and has begun to implement its plans to link industrial corridors and create smart cities. The Indian Railways has started a modernisation drive with focus on enhanced safety and productivity and the DFC (Dedicated Freight Corridor) will transform the movement of goods across the country while expanding serviceable markets by connecting production centres with markets and ports. These steps are expected to add to our country's competitive edge in a significant manner.

The "Make in India" program has defined a priority list of industries where India can emerge as a globally preferred manufacturer. Automobile Components, Electronics, Biotechnology, Aviation, Construction and Defence manufacturing - are some of the areas that have been defined as sectors with high growth and investment potential. As the leader in the bearings industry we are uniquely positioned to participate in this program. Power generation continues to face a large deficit. In a positively developing economy focus on renewable energy and energy efficiency is of prime importance not only to strike a balance with ecology but also to build a competitive industry and energy infrastructure.

All organisations are pushed to find new frontiers on staying competitive. Amongst the play for technology and innovation, a need for cost competitiveness has acquired centre stage. Higher levels of utilisation and productivity are key to achieving significantly higher levels of competitiveness. This need is giving rise to a demand for a collaborative approach amongst the end users, OEMs and technology suppliers. The "Smart" has acquired a completely new meaning in managing asset performance. Your Company's broad range of expertise and experience across product and service platforms equips us to play a larger role as a preferred partner and offer these 'Smart' customer centric solutions.

### Threats

Underutilised global manufacturing capacities, and a continuing global slowdown can lead to increased competition in the domestic market. The short term protective measures (enhanced duties and minimum support price mechanism) for steel industry if continued will harm the domestic manufacturing companies in

medium term and weaken their competitive position globally as also in home market.

Across industries, despite the demographic dividend, companies are facing a shortfall of the right skilled talent. Companies are putting in place customised training programs to impart the skills that they need. Limited job opportunities and the lack of right skills could delay the country's growth trajectory and damage the social fabric.

Counterfeit products are a threat to industry and the economy. Your Company focuses on anti-counterfeit measures to protect brand equity with customers, safety hazards and likely financial damage. Your Company addresses this issue by working with stakeholders to create awareness about the need for genuine, high quality products. Your Company also works with law and order agencies to detect and prevent counterfeit products.

We believe that in every threat also lies an opportunity and we will leverage our global expertise to strengthen our leadership position.

### Outlook

While global growth outlook remains subdued, India is one of the few economies expected to deliver growth.

Recent initiatives such as the "Make in India" program, plans for significant private and public investments in infrastructure development projects, and policy initiatives such as GST, opening up of to the private sector of areas such as defence and space and ease of doing business will provide a very good positive boost to the economy. These programs have the potential to spur economic development in India and place the country on a significantly higher growth trajectory.

Your Company's key strengths lie in continuously delivering high performance engineered solutions through customer centric innovation that create a competitive advantage in the market. We expect to continue building on these strengths as we make the most of business opportunities offered by the rapidly evolving business environment.

### Risks And Concerns

Your Company has a well-defined and continually updated risk management plan as an integral part of its business strategy. Risk is identified across all units and functional levels - strategic, operational and financial and business risk.

Your Company's risk management policy includes strategy, action and risk mitigation guidelines across each function. Policies and directions, where applicable, are based on internationally accepted standards or best practices. These policies are evaluated periodically and updated as required. For all identified material risk, mitigation action is clearly listed and followed. These policies minimise risk and enable us to apply an active risk management system. A senior manager who reports directly to the Managing Director is responsible for identifying, defining risk and listing mitigation actions. This risk manager works closely with business unit heads across locations and identifies risks. For each major risk area, a Risk Manager is appointed, with responsibility for monitoring and controlling the risk. He reports to the country Risk Manager and the management team.

Your Company has the advantage of a multinational parentage and adheres to stringent norms and policies of the international group. SICS (SKF Internal Control Standard) is an extensive risk monitoring, controlling and assessment policy that your Company strictly follows.

Independent processes such as internal audits, quality audits, environmental compliance also assist in identifying and mitigating risks. We regularly study these risks and upgrade our risk management plan and policy in line with changing developments and global best practices.

Your Company has also implemented a code of conduct and a well-defined whistle blower policy. The code of conduct formally informs employees of their responsibility. The whistle blower policy offers a serious platform for employees to raise concerns and report misconduct. Your Company takes all complaints and finding seriously, and uses external investigators where required.

### Internal Control Systems and Their Adequacy

Your Company has a robust Internal Control and Internal Audit system in place. Your Company views internal audit as a vital part of management control systems that keeps management informed about the control systems and processes in the organization. Additionally systems are in place to evaluate and refine control practices, evaluate the adequacy of risk management processes. As a multinational, your Company adheres to SICS (SKF Internal Control Standards), which is a customised control system adhered to across the globe by all SKF companies. The standards specified by SICS are an integral part of standard operating procedures for all business functions. These SICS controls are regularly tested by the Internal audit function. Your Company also works with an independent external firm to test the adequacy of controls and highlight changes if any.

A detailed Operational Risk Assessment exercise first identifies all major auditable areas. These form the basis of an Internal Audit Plan with a 4 years' time horizon. This four year plan is prioritized and further divided into Annual Internal Audit Plans.

Your Company uses the information from the annual reviews as well as specific feedback received during the year from the units/functions and the Statutory Auditors, to refine and revise the internal audit plan. This plan is then approved by the Audit Committee at the beginning of the year. This internal audit plan is executed by the internal audit team, comprising of external and internal audit 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

The Net Sales for the 15 month period ended 31<sup>st</sup> March, 2016 amounted to ₹ 29,555.6 million as compared to ₹ 23,726.4 million in the previous year. The Profit after tax for the period amounted to ₹ 2571.5 million compared to ₹ 2027.7 million during the previous year. During the year the Company has changed its accounting year from calendar year to fiscal year April to March. The current accounting period of the Company covered 15 months starting from 1<sup>st</sup> January, 2015 to 31<sup>st</sup> March, 2016 and therefore previous year figures are not directly comparable.

Your Company produces bearings and related component segments, which are used in an extensive range of industries. The slowdown in the Indian manufacturing sector, subsequent to the global commodity slowdown, affected both the automotive and industrial sectors. Despite these challenges, your Company continued to focus on innovation, productivity improvements, delivered quality and developed products and services that offered competitive advantages for customers. Your Company's ability to provide advanced integrated solutions that were customized to specific needs, helped your Company further strengthen its leadership position.

Your Company's emphasis on productivity and customer focus helped us maintain a healthy profitability despite the business environment challenges.

Your Company is enthusiastic about the growth opportunities ahead as the several government initiatives to spur manufacturing begin to deliver, and result in growth in the economy.

## Human Resources

Your Company has a vision of creating "A world of reliable rotation" and a mission of becoming "The undisputed leader in the bearing business". Both of these goals are powered by its people. Your Company has driven and sustained various growth and transformation initiatives to attract, retain and develop a capable and committed workforce.

The people development programs were aligned to enable achievement of Business goals set for the year. One of the key Business goals was to capture the Customer and Grow Ahead of the Market. From a Talent perspective this meant strengthening the Front line Sales Capability through a structured program. The Sales Academy was launched to address this need. A framework for building Sales Competency was created, competence gap assessment completed and programs rolled out to address these gaps.

Having a strong Leadership Pipeline is another important focus area. To keep pace with the changing business context and therefore the changing talent needs, your Company launched a structured Succession planning process. This enabled identification of critical positions and critical talent for future business success. To build an empowered and capable pipeline a special program "Leadership for Growth" was launched in 2014. In 2015, this program culminated with a formal talent review and development discussions with each participant to accelerate the development of potential future leaders.

In order to ensure leadership development across levels, your Company designed and launched a host of specialized programs. The Leadership Foundation Program was developed and rolled out for first time managers, and external coaches were assigned to new leaders (needing a sounding board) having recently transitioned into larger roles. Your Company's management believes that such programs will ensure readiness of leadership capability for the future and enable your Company to Stay Ahead of the curve 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 and therefore World Class Manufacturing. Additionally, Personal Leadership Development programs, multi-skilling and front-line leadership and associate development programs were also launched.

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, and sessions to increase awareness on safety at workplace. Your company believes in creating an inclusive environment. This is driven through employee friendly policies and programs. A day care facilities for employees children has been provided by the company to all its employees to enable a healthy work life balance.

Your Company firmly believes that Human Resource Development strategies and practices will continue to provide sustained competitive advantage. The management of your Company deeply appreciates the spirit and commitment of our dedicated 2,222 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 judgment in assessing the risks associated with the Company.*

For and on behalf of the Board  
SKF India Limited  
Rakesh Makhija  
Chairman

Bengaluru  
10<sup>th</sup> May, 2016

## Annexure II - To The Directors' Report

# Corporate Governance Report

### Philosophy On Code Of Corporate Governance

SKF believes that corporate governance is an ethically driven business process which provides values aimed at enhancing the organization's brand and reputation. SKF applies the principles of sound corporate governance as an instrument for increased competitiveness and to promote confidence among all stakeholders. Accordingly, your Company maintains an efficient organizational structure with clear areas of responsibility and clear rules for delegation. The Company has laid down well-developed systems and processes for internal controls across all operations, and adequate, timely and accurate disclosure of all material, operational and financial information to the stakeholders. The financial, environmental and social reporting is done transparently reflecting the Company's strong commitment to good corporate governance.

SKF Care - has been one of the strategic drivers which stems from the belief that the Company is responsible, not only for the economic results of its activities, but also for wider social and environmental impacts. The SKF Care framework helps to enact this driver by clearly defining what sustainability means : Business Care, Environmental Care, Employee Care and Community Care.

All internal policies are documented in line with the compliance requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Regulations).

### 1. Group Structure

SKF India Limited is an affiliate of the Sweden based SKF Group, which was founded in 1907. The SKF Group is the leading global supplier of bearings, seals, mechatronics, lubrication systems, and services which include technical support, maintenance and reliability services, engineering consultancy and training. SKF serves presently in nearly all industries, including automotive, aerospace, railway, renewable energy, medical food & beverage etc. SKF Group has around 165 manufacturing sites in 29 countries and presence in over 130 countries. The SKF Group has its technologies on five platforms: Bearings and Units, Seals, Mechatronics, Services and Lubrication Systems. By utilizing capabilities from all or some of these 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 their 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 carried out by the Board of Directors. Strategic management is done by the Country Management Team and Operational Management is done by the respective business / business support units.

The three tier governance structure, besides ensuring greater management accountability and credibility, facilitates increased autonomy to the businesses, performance discipline and development of business leaders. The core roles flow from this structure and the responsible team is empowered with requisite powers to discharge such responsibilities.

### 3. Board Of Directors

The Board of Directors has a responsibility for the company's organization and for the oversight of the management of the company's affairs. In terms of the Corporate Governance all statutory and other significant and material information including the information required under Companies Act, 2013 / SEBI Regulations are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company.

#### 3.1 Composition

As on 31<sup>st</sup> March 2016, the Board of SKF India had six Directors, comprising (i) two non-executive Directors including the Chairman, (ii) Managing Director and (ii) three Independent Directors, including a woman Director, as defined under the Companies Act, 2013 and the SEBI's Regulations, 2015. The Directors have expertise in the fields of strategy, management, finance, operations and entrepreneurship. The Board provides leadership, strategic guidance, objective and an independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

The Directors are briefed periodically to get familiar with the Company functions at the operational levels. The Board of Directors is periodically updated on the business model, key aspects of the company performance and changing business environment in which the company operates, and the risk profile of the business of the Company. Periodic updates and programs for Board members are also conducted on relevant statutory changes and laws.

Each Director informs the Company on an annual basis about the Board and Board Committee positions he/ she occupies

in other companies including Chairmanships and notifies any changes during the term of their directorship in the Company. In addition, the Independent Directors provide a confirmation to the effect that they meet the criteria of independence as defined under the Companies Act, 2013.

During the year, Mr. K. C. Mehra on attaining the age of superannuation and Mr. Henrik Lange, Mr. V. Vartanian & Mr. David Bishop (Alternate to Mr. V. Vartanian), resigned from the Board of the Company. Mr. Stephane Le Mounier representing the SKF Group was appointed as an Additional Director with effect from 25<sup>th</sup> June, 2015.

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.

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

The Independent Directors on the Board of the Company, upon appointment, are given a formal appointment letter inter alia containing the terms of appointment, roles, function, duties & responsibilities, code of conduct, disclosures, confidentiality, etc. The terms and conditions of the appointment of Independent Directors are available on the Company's website "<http://www.skf.com/binary/83-166888/Letter-of-Appointment-of-IDs-website.pdf>"

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. Stephane Le Mounier

Mr. Stephane Le Mounier, aged 51 years, has a Degree in Mechanical Engineering, Remiremont Technical College, France, Masters degree in International Sales and Marketing, ESV, University of Haute Alsace, France and Post-Graduate diploma in Finance and Controlling, ESSEC, Paris, France.

Mr. Stephane Le Mounier is presently President, Automotive & Aero space in the SKF Group and is placed in Gothenborg. Mr. Stephane has rich experience of over 26 years in the industry and has held various positions within the SKF Group in Sales, Marketing, Industrial division, Strategic Industries and Automotive business unit.

Mr. Stephane Le Mounier has delivered strong financial performance in each of the business units he had managed and displayed an ability to create and deliver a vision, a strategy with focus on quality and continuous learning and development. Mr. Stephane is on the Board of SKF France S.A., P.T. SKF Indonesia, AEC Japan Co Limited, RIV-SKF Officine di Villar Perosa S.p.A, SKF de Mexico S.A. de C.V.

#### Mr. Rakesh Makhija

Mr. Rakesh Makhija, aged 65 years, is a chemical engineer from the Indian Institute of Technology, New Delhi. During his career spanning over four decades, he has been an active participant and contributor to the industrial and technology sectors, both internationally and in India.

Mr. Makhija has held a number of top management positions within the SKF Group. He was the President for the Industrial Market (Strategic Industries) and a member of the Group Executive Committee, a position that he held till December 2014 in Sweden. Prior to this, he was President of SKF Asia, based in Shanghai, with overall responsibility for China and India. He started in this position in 2010 when he also became a member of SKF Group Management. He joined the Board of SKF India Limited on 25<sup>th</sup> April, 2002 and was appointed as the Managing Director of your Company till 2009. Under his leadership, SKF India more than tripled its sales and was recognized through numerous industry awards for market leadership, amongst them the prestigious 'CNBC Business Leader Award for Talent Management' in 2007.

Prior to joining SKF, Mr. Makhija held a number of senior management positions within Tata Honeywell and Honeywell International, the global Industrial and Aerospace company. He was appointed as the Chief Executive Officer and Managing Director of Tata Honeywell in June 1997. In April 2000, he was appointed Country Manager and Managing Director of Honeywell International, with responsibilities for driving the company's growth in South Asia.

Prior to Honeywell, Mr. Makhija worked with Kinetics Technology International BV (now Technip), a process engineering and contracting company in the Netherlands for over eight years.

Mr. Makhija is also on the Board of Axis Bank, Tata Technologies Ltd and TML Drivelines Ltd.

### 3.3 Conduct of Board proceedings

The Company plans and prepares the schedule of the Board and Board Committee meetings in advance to assist the Directors in

scheduling their program. The schedule of meetings and their agenda are finalized in consultation with the Managing Director. The meetings of the Board are generally held in locations where the Company operates. The agenda of the Board and Committee meetings are pre-circulated with appropriate presentations, detailed notes, supporting documents and executive summaries. Further the Company has adopted and adhered to the Secretarial Standards prescribed by The Institute of Company Secretaries of India (ICSI).

In the beginning of the year a residential Board Meeting is held in which the Managing Director, Business units heads and other Functional heads present to the Board members an 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 are 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.

During the year under review, an annual Strategic Meet was organised, wherein the Board conducted a strategy review of the Company's business areas, and also discussed various governance related matters.

The Company provides the following information inter alia to the Board and Board Committees, which are given either as part of the agenda or by way of presentations and discussion material during the meetings:

- Annual operating plans and budgets and any updates
- Capital budgets and any updates.
- Contracts, if any, in which Director(s) are interested
- Quarterly results
- Minutes of meetings of committees of the Board of Directors
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

- Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risk of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer.

The important decisions taken at the Board meetings are communicated to the concerned departments/ functions. 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 met five times during the year - 18<sup>th</sup> February, 2015, 23<sup>rd</sup> April, 2015, 21<sup>st</sup> July 2015, 29<sup>th</sup> October, 2015 and 12<sup>th</sup> February, 2016. The gap between two meetings did not exceed 120 days. Further, the Independent Directors also met without the presence of Executive Directors and other members of management during the year. This meeting reviews the performance of senior management, Independent and non-Independent Directors, including the Chairman and the Board as a whole. The Independent Director also assess the quality and adequacy of the information between the Company's management and the Board. The Independent Director(s) provided structured feedback to the Board about the key elements that emerged out of this meeting.

### 3.5 Attendance & other Directorships

The composition of the Board, details of their directorship, committee position as on 31<sup>st</sup> March, 2016 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) [Refer Note (a)]	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 (up to 21.7.2015)	3	Yes	-	-	-
<b>Non-Executive, Non-Independent:</b>					
Mr. R. Makhija, Chairman (Chairman from 22.7.2015)	5	Yes	3	3	-
<b>Non-Executive, Independent:</b>					
Ms. H. A. Hattangady	4	NA	4	1	-
Mr. P. R. Menon	5	Yes	7	2	-
Mr. P. M. Telang	5	Yes	8	2	5
<b>Non-Executive, Non-Independent:</b>					
Mr. H. Lange (Up to 1.6.2015)	2	No	-	-	-
Mr. V. Vartanian (Resigned w.e.f. 30.03.2015)	1	No	-	-	-
Mr. David Bishop (Alternate to Mr. V. Vartanian) (Resigned w.e.f. 18.2.2015)	-	NA	-	-	-
Mr. Stephane Le Mounier (Appointed w.e.f. 25.6.2015)	2	NA	-	-	-
<b>Executive</b>					
Mr. S. Joshipura Managing Director	5	Yes	2	-	-

Notes:

- This excludes alternate directorships / directorships of private limited companies and foreign companies wherever applicable.
- None of the Directors have received any loans and advances from the Company.
- Audit and Stakeholders Relationship Committees only.
- None of the Directors are related to each other or Key Managerial Personnel.

### 3.6. Familiarization Programmes to Independent Directors

- The newly appointed Director is provided with a copy of all the applicable codes and policies formulated and adopted by the Company. A detailed appointment letter incorporating the role, duties, responsibilities & obligations, remuneration and insurance coverage is issued for the acceptance of the Independent Directors. Immediately after appointment, Independent Directors are encouraged to attend briefing from management including site visits.

- The Company believes that the Board must be continuously empowered with the knowledge of the latest developments in the Company's businesses, and the external environment affecting the Company and the industry as a whole. Apart from the periodic presentations on Company's business, performance updates and business strategy, presentations are also made on topics covering the bearing industry and peer study. Updates on relevant statutory changes around important relevant laws are also generally presented / circulated to the Directors. Wherever possible, Directors are encouraged to attend training courses by professional bodies to ensure that the Directors are refreshed and equipped to perform their role to the highest possible standard.
- The details of such familiarization programmes have been disclosed on the website of the Company "<http://www.skf.com/in/investors/shareholder-information/index.html>"

### 3.7. Country Management Team (CMT):

The Country Management Team consists of senior management members from the business and corporate functions. The CMT meets as and when required but generally 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 background notes for the meetings are circulated in advance to facilitate decision-making. Some of the key issues considered during the year under review were: a) Company's long term strategy, growth initiatives and priorities; b) Overall Company performance, including those of various business units; c) Decision on major corporate policies; d) Discussion and sign-off on annual plans, budgets, investments and other major initiatives; and e) Discussion on business alliances, proposals and organizational design.

## 4. Board Committees

The Board Committees focus on specific areas and make informed decisions within the authority delegated by the Board. Each Committee is guided by its Charter / Terms of Reference, which defines its composition, scope and powers. The Committees also make specific recommendations to the Board on various matters whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval. The Committees operate as empowered agents of the Board as per their Charter / Terms of Reference. In case of urgency, the decisions are also taken by circular resolution which is 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 (AC)

The management of the Company is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee (AC) with the responsibility to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

The AC comprises of all three non- executive directors, among whom two are independent directors. The Chairman of the Committee is an independent director and all members are financially literate and have accounting or related financial management expertise. The AC was reconstituted during the year after resignation of Mr. H. Lange as a member of the Board and Mr. K. C. Mehra, Chairman, who retired from the Board of the Company on attaining the age of superannuation. The AC presently comprises of three Directors, Mr. P. R. Menon as Chairman, Mr. P. M. Telang and Mr. R. Makhija. The Managing Director, the Finance Director, the Statutory auditor and the internal auditor are permanent invitees to the meetings of the Audit Committee. The Company Secretary is the Secretary of the Committee. The Cost Auditor and Secretarial Auditor are invited to meetings whenever matters relating to cost/ secretarial audit have to be considered. The Committee is empowered to seek any information it requires from any employee or to obtain legal or other independent professional advice when considered necessary. The previous AGM of the Company was held on 23<sup>rd</sup> April, 2015 and was attended by the Chairman of the Audit Committee.

The Company has an internal audit team consisting of Cost Accountants. Apart from this, the Company's systems of internal controls covering financial, operational compliance and IT applications etc are reviewed by external experts and firm of Chartered Accountants from time to time. Presentations are made to the Audit Committee on the findings of such reviews.

Audit Committee meetings are generally preceded by pre-Audit Committee meeting with the Chairman of the Audit Committee wherein the CFO, the internal audit team and Company Secretary participate. These meets discuss major audit related matters and identify items that need further face-to-face



discussion at the Audit Committee meetings. The internal and statutory auditors of the Company discuss their audit findings and submit their views directly to the AC.

#### 4.1 a Scope of Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are broadly as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommend to the Board, the remuneration and terms of appointment of the auditors of the company;
3. Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
4. Review with the management the quarterly / annual financial 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. Review, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
6. Review the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure and frequency of internal audit;
7. To review the functioning of the whistle blower mechanism;
8. The scrutiny of inter-corporate loans and the investment policy of the Company;
9. Approval of transactions of the company with related parties;

10. To approve the valuation of undertakings or assets of the Company, wherever necessary;
11. To evaluate internal financial controls and risk management systems;
12. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
13. Approval of appointment of the CFO;
14. To mandatorily review the following information:
  - a. Management discussion and analysis of financial conditions and results of operations;
  - b. Statement of 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.

#### 4.1b Meetings and attendance

During the year five Audit Committee Meetings were held on 18<sup>th</sup> February, 2015, 22<sup>nd</sup> April, 2015, 21<sup>st</sup> July, 2015, 29<sup>th</sup> October, 2015 and 12<sup>th</sup> February, 2016.

Details of attendance at the aforementioned meetings are as follows:

Name of Director	Category	No. of Meetings Attended
Mr. P. R. Menon	Chairman	5
Mr. K. C. Mehra (upto 21.7.2015)	Member	3
Mr. P. M. Telang	Member	5
Mr.R. Makhija (from 22.7.2015)	Member	2
Mr. H. Lange (upto 1.6.2015)	Member	2

#### 4.2. Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee entirely comprises of Independent Directors and is in line with provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013. Commission payable to non-executive directors is approved by the Board as per the mandate given by the shareholders in the General Meeting.

Terms of Reference of the Nomination and Remuneration Committee are broadly as under:

1. To recommend appointment of a director and to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a remuneration policy for Directors, Key Managerial Personnel (KMP) and other employees.
2. To devise a policy on Board diversity.
3. To review goals and objectives relevant to the compensation of the Managing Director, evaluating MD's performance in the light of those goals and objectives, determine and approve the CEO compensation level based on this evaluation.
4. To formulate criteria for the evaluation of Board / Committee / Individual member and support the Board in evaluation of the performance of the Board

The head of Human Resources (HR) makes periodic presentations to the Committee on the organization structure, talent management, leadership, performance appraisals, increments, performance bonus recommendations and other HR matters. The Chairman Managing Director and CFO participate as invitees and the Company Secretary acts as the Secretary of the Committee. The below table gives the composition and attendance record of the Nomination and Remuneration Committee:

Name of Director	Category	No. of Meetings Attended
Mr. P. M. Telang Chairman	Independent, Non-Executive	4
Mr. P. R. Menon	Independent, Non-Executive	3
Mr. K. C. Mehra (Up to 21.7.2015)	Independent, Non-Executive	2
Mr. R. Makhija	Non-Executive Non-independent	2
Ms. H. A. Hattangady	Independent Non-Executive	2

During the year, NRC was reconstituted; Ms H.A. Hattangady was inducted as a member in place of Mr. R. Makhija. Mr. K. C. Mehra in lieu of retirement from the board cease to exist as a member of NRC with effect from 22<sup>nd</sup> July, 2015. The NRC met four times on 18<sup>th</sup> February, 2015, 22<sup>nd</sup> April, 2015, 28<sup>th</sup> August, 2015 and 14<sup>th</sup> March, 2016 during the year under review.

#### 4.2a Remuneration policy

The Company has a policy relating to the remuneration

of Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMPs) and other employees. The policy lays down remuneration principles and parameters to ensure that remuneration practices are competitive and reasonable, in line with corporate and individual performance. The remuneration for the Executive Directors is recommended by the Nomination and Remuneration Committee to the Board for consideration. All Directors other than Executive Director or employed with the SKF Group are entitled to receive sitting fees and reimbursement of any expenses incurred for attending the Meetings of the Board and its Committees, as well as commission based on the net profits of the Company within the limits approved by the shareholders.

As per the policy framed, the person to be appointed as a director / senior management personnel should possess adequate and relevant qualification, positive attributes, expertise and experience for the position which is being considered for. The assessment and appointment of such person is based on a combination of criterion that includes ethics, personal and professional stature, domain expertise and specific qualification required for the position.

All persons appointed as Directors on the Board of Directors of the Company shall ensure compliance with all the policies and regulations adopted by the Company, in particular the Code of Conduct for Directors and Senior Management Personnel, the Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy or any other policy as may be framed from time to time. The potential Board member is also assessed on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 as well as duties to be performed under section 166 of the Companies Act, 2013.

#### Directors

1. Remuneration to Executive Directors shall involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
2. An Independent Director may be paid remuneration by way of sitting fee for attending meetings of the Board of Directors or any Committee of the Board of Directors as may be decided by the Board.  
  
The Directors shall be entitled for reimbursement of any expenses incurred in connection with participation at the meetings of the Board of Directors or any Committee thereof.
3. An Independent Director shall not be eligible for any Stock option Scheme of the Company if any such scheme exists.
4. The maximum remuneration payable to any one Managing Director or whole-time Director or maximum overall

remuneration payable to all Directors including Managing Director and Executive Directors will be within overall limits as defined in the Companies Act, 2013.

5. The remuneration payable to the Non-executive Directors shall not exceed 1% of the Net Profits of the Company.

#### Other Employees

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

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

The remuneration paid to the Senior Management including Key Managerial Personnel shall be placed before the NRC. The premium paid by the Company for the Directors and Officers Liability Insurance Policy taken by the Company on behalf of its Directors, Chief Financial Officer or Company Secretary for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust shall not be treated as a part of the remuneration.

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

Description	Amount ₹
Salary	2,05,13,688
Perquisites	1,50,967
Deferred Benefits (PF and Superannuation)	26,12,900
Stock Award*	-
Performance Linked Incentives	13,43,058
Total	2,46,20,613

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

#### 4.2b The details of the remuneration paid/ payable to other Non-Executive Directors are as under :

Name of the Director	Sitting Fees	Commission*	Total
	₹	₹	₹
Mr. K. C. Mehra	335,000	1,100,000	1,435,000
Mr. P. R. Menon	545,000	1,800,000	2,345,000
Mr. P. M. Telang	550,000	1,800,000	2,350,000
Ms. H. A. Hattangady	280,000	1,800,000	2,080,000
Mr. R. Makhija	2,20,000	1,100,000	1,320,000

\*payable subject to approval of annual accounts by the Shareholders at the forthcoming Annual General Meeting to be held on 20<sup>th</sup> July, 2016.

#### 4.3. Corporate Social Responsibility Committee (CSR)

CSR Committee of Directors was constituted as required under section 135 of the Companies Act, 2013. During the year, Mr. K. C. Mehra, Chairman, retired from the Committee on attaining the age of superannuation. The composition and attendance record of the CSR Committee are mentioned below:

Name of the Director	Category	No. of meetings attended
Ms. H. A. Hattangady Chairperson	Independent, Non-Executive	2
Mr. K. C. Mehra (upto 21.07.2015)	Independent, Non-Executive	1
Mr. R. Makhija	Non-Executive Non-Independent	2
Mr. S. Joshipura	Executive	2

During the year, the Committee met twice on 20<sup>th</sup> July, 2015 and 14<sup>th</sup> March, 2016.

The broad terms of reference of the CSR Committee are as follows:

1. Formulate and recommend to the Board, a CSR Policy
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.

#### 4.4. Stakeholders' Relationship Committee

The Company has a shareholders' / investors grievance committee of Directors to look into the redressal of complaints of investors such as transfer of shares, non-receipt of dividend / notices / annual reports etc. The nomenclature of the

said committee was changed to Stakeholders' Relationship Committee (SRC) in light of the provisions of the Companies Act, 2013. 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 shareholders' grievances.

The composition of the Stakeholders Relationship Committee is as under:

Name of the Members	Category	No. of meetings attended
Mr. K. C. Mehra Chairman (upto 21.07.2015)	Non-Executive Independent	-
Mr. P. R. Menon Chairman (from 22.07.2015)	Non-Executive Independent	4
Mr. S. Joshipura	Executive	4

The Company holds Committee meetings on a periodical basis, as may be required to approve the transfers/transmissions/issue of duplicate share. The SRC was reconstituted during the year with Mr. P. R. Menon as a Chairman of the SRC Committee in place of Mr. K. C. Mehra, Chairman, who retired from the Board of the Company on attaining the age of superannuation. During the year under review four meetings were held on the following dates:

16<sup>th</sup> March, 2015, 13<sup>th</sup> July, 2015, 20<sup>th</sup> October, 2015 and 24<sup>th</sup> December, 2015.

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 the 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 read with SEBI Regulations

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

Particulars	Total Received	Total Replied	Total Pending
1. Payments			
1a. Instruments found already paid / payment sent for Electronic Credit to Bank	11	11	0
1b. Outdated, duplicate warrants and changes on live warrants	342	342	0
1c. Issue of new drafts against unencashed drafts	24	24	0
1d. Non-receipt of warrants	5	5	0
1e. Non-receipt of payments	39	39	0
1f. Unclaimed and unpaid amounts transferred to ROC / IEPF	6	6	0
1g. Miscellaneous	108	108	0
2. Annual Report	16	16	0
3. Change in name / status	13	13	0
4. Communication received through SEBI and other statutory / regulatory bodies	4	4	0
5. Conversion / demerger – scheme of arrangement / exchange/ merger – amalgamation of companies / sub-division	92	92	0
6. Document Registration	36	36	0
7. Legal matters	2	2	0
8. Loss of securities	296	293	3
9. Transfer of Securities	7	7	0
10. Transmission of Securities	53	53	0
11. Change of address	65	65	0
12. Change in Bank details	48	48	0
13. Issue of new certificates on split / consolidation / renewal	40	38	2
14. Nomination	3	3	0
15. Other queries	136	133	3
<b>TOTAL</b>	<b>1,346</b>	<b>1,338</b>	<b>8</b>

Other queries in above mainly relating to, beneficiary details for securities held in electronic form, signature case, incomplete / incorrect details , mailing of certificates and split / consolidation / renewal queries etc.

1346 correspondences were received by the Company out of which 1338 correspondence were replied to the satisfaction

of shareholders during the year under review. 8 Outstanding correspondences as on 31<sup>st</sup> March, 2016 have been attended by 7<sup>th</sup> April, 2016 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

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
31.12.2012	M. C. Ghia Hall Bhogilal Hargovindas Building, 4th 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, 4th Floor, 18/20 K.Dubash Marg, Kala Ghoda, Mumbai 400001.	AGM	23.4.2014	Wednesday	3.30 p.m.	None
31.12.2014	M. C. Ghia Hall Bhogilal Hargovindas Building, 4th Floor, 18/20 K.Dubash Marg, Kala Ghoda, Mumbai 400001.	AGM	23.4.2015	Thursday	3.30 p.m.	Approval of transactions with SKF Asia Pacific Pte Ltd. Singapore, SKF Group Company.

## 6. Disclosures

### 6.1 Related Party Transactions

The Company has adequate procedures for the purpose of identification and monitoring of related party transactions. All transactions entered into with related parties during the financial year were in the ordinary course of business except in case of leasing of property within the limits of the Act and on arm's length basis. There were no transactions with related parties during the financial year which were in conflict with the interest of the Company. All related party transactions are periodically placed before the Audit Committee and the Board for review and approval, as appropriate. The disclosure in respect of related party transactions is given in the schedule of the notes to the accounts. The Company does not have any subsidiary company. The Company has formulated a policy on materiality of related party transactions

and dealing with related party transactions and it is available on the Company's website "<http://www.skf.com/binary/83-166889/Policy-on-Related-Party-Transactions-modified-highlighted-Sept-2014.pdf>".

### 6.2 Risk Management

The Board of the Company has formulated 'Risk Policy' to monitor the risk management plan of the company. The AC / Board are authorized to review the risk management plan and its effectiveness. The AC has additional oversight in the area of financial risks and controls. The risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.

The progress on key risks is discussed at the Company's management level. Thereafter, the same is presented to the Board. The SKF Internal Control Standard (SICS)

defines each process and control with clear responsibility and authority. These standards provide a reasonable minimum assurance that internal controls are in place. All high and medium risk controls defined in SICs are tested periodically. The Company has during the year implemented an online system for overseeing compliance activities in order to monitor and review compliances with regards to all laws applicable to the Company.

### 6.3 Accounting Treatment

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

6.4 The Senior management of the Company make annual disclosures relating to all material, financial and commercial transactions 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 and KMP as at 31<sup>st</sup> March, 2016 is as under:

Name of Director / KMP	No. of shares held
Mr. R. Makhija	Nil
Ms. H. A. Hattangady	Nil
Mr. P. R. Menon	Nil
Mr. Stephane Le Mounier	Nil
Mr P. M. Telang	1,000
Mr. S. Joshipura	Nil
Mr. C. Srinivasan	Nil
Mr. P. Bhandari	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 The Company has adopted Vigil Mechanism Policy and has established 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 said policy has been put up on the website of the company "<http://www.skf.com/binary/83-166890/Vigil-Mechanism-Policy-31.07.2014-FINAL.pdf>". During the year under review no concern of any nature was reported under this policy.

## 7. Means Of Communication

- The Company has 24,635 shareholders. The main channel of communication with the shareholders is through the annual report which includes inter-alia, the Directors' Report, the Report on Corporate Governance and Audited Financial Results. The shareholders' meeting is the company's highest decision-making body. The Annual General Meeting is the principal forum for face-to-face communication with shareholders, where the Board provides answers to specific queries of the shareholders.
- The quarterly/half-yearly/annual results are regularly submitted to the Stock Exchanges in accordance with

Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are published in a widely circulated English newspaper and a vernacular newspaper and are also posted on the Company's website.

- The Corporate Governance Report, Shareholding Pattern, Share Capital Audit Report, Financial Statement and other announcements are sent to the National Stock Exchange of India Limited and the 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. The said details are also uploaded on the Company's website in the investors section.
- 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 'Investors' 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.

## 8. General Shareholder Information

### 8.1 Annual General Meeting

Day, Date and Time: Wednesday, 20<sup>th</sup> July, 2016 at 3.30 p.m.

### 8.2 Venue:

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

### 8.3 Financial Year

Under the new Companies Act, 2013 financial year has been defined as the period ending on the 31st day of March every year. Accordingly, the Company has changed its financial year from calendar year to April – March. The results for every quarter are generally published in the month following the

quarter except for the quarter January-March, for which the annual audited results along with the last quarter are published in the month of May as permitted under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 8.4 Date of Book Closure

Tuesday, 12<sup>th</sup> July, 2016 to Wednesday, 20<sup>th</sup> July, 2016 (both days inclusive)

### 8.5 Dividend payment date

After 20<sup>th</sup> July, 2016

### 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 7<sup>th</sup> May, 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 400001.

#### 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 valid applications received from the shareholders.

The Company has paid the listing fees for the period 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016 to both the Stock Exchanges and respective depositories 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)

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

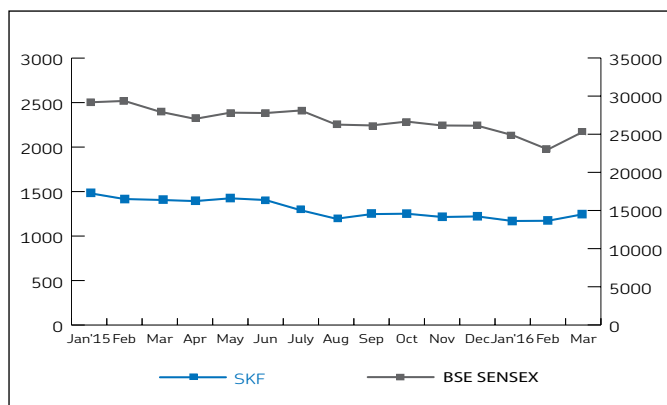
## 8.10 Stock Price Data

Month	Bombay Stock Exchange		National Stock Exchange		Indices: Sensex	
	High	Low	High	Low	High	Low
Jan 2015	1,509.00	1,294.00	1,514.00	1,289.15	29,844.15	26,776.12
Feb 2015	1,492.65	1,354.50	1,495.00	1,350.00	29,560.32	28,044.49
March 2015	1,475.00	1,375.00	1,473.70	1,376.05	30,024.74	27,248.45
April 2015	1,540.35	1,313.00	1,540.00	1,310.00	29,094.61	26,897.54
May 2015	1,445.00	1,327.95	1,444.50	1,322.00	28,071.16	26,423.99
June 2015	1,485.00	1,328.40	1,484.45	1,323.25	27,968.75	26,307.07
July 2015	1,502.30	1,285.45	1,504.00	1,292.00	28,578.33	27,416.39
August 2015	1,380.00	1,170.60	1,382.10	1,165.00	28,417.59	25,298.42
September 2015	1,286.00	1,194.00	1,297.30	1,175.00	26,471.82	24,833.54
October 2015	1,333.20	1,240.00	1,329.95	1,226.10	27,618.14	26,168.71
November 2015	1,289.00	1,183.70	1,288.35	1,191.00	26,824.30	25,451.42
December 2015	1,267.00	1,162.50	1,268.85	1,158.35	26,256.42	24,867.73
January 2016	1,240.00	1,150.00	1,246.00	1,154.50	26,197.27	23,839.76
February 2016	1,184.70	1,040.00	1,189.00	1,057.55	25,002.32	22,494.61
March 2016	1,280.00	1,156.15	1,309.65	1,150.00	25,479.62	23,133.18

## 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:

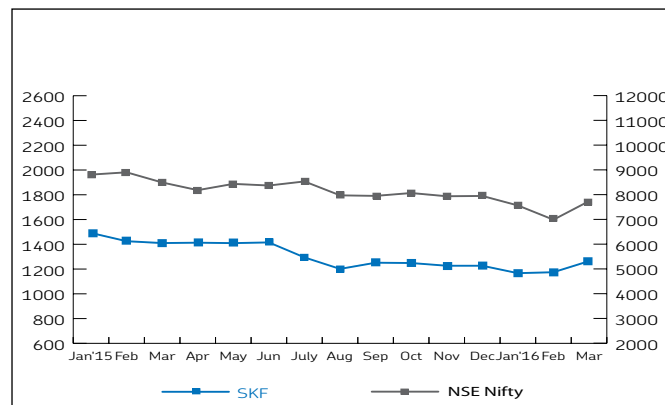
Relative Performance of SKF India Ltd.



## 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:

Relative Performance of SKF India Ltd.





### 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 31<sup>st</sup> March, 2016

No. of Equity shares	No. of share-holders	% of share-holders	No. of shares	% of share-holding
1 to 500	21,364	90.78	2,180,969	4.14
501 to 1000	1,152	4.68	865,792	1.64
1001 to 2000	622	2.52	893,601	1.69
2001 to 3000	163	0.66	391,815	0.74
3001 to 4000	81	0.33	291,448	0.55
4001 to 5000	41	0.17	189,342	0.36
5001 to 10000	83	0.34	585,627	1.11
10001 and above	129	0.52	47,333,944	89.77
	<b>24,635</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 (FIs, OCBs & NRIs)	670	12.68	6,684,099
FIs, Insurance Companies & Banks	51	3.44	1,812,171
Other Corporate Bodies	519	3.45	1,820,929
Promoters	3	53.58	28,254,568
Directors	1	-	1,000
Mutual Funds	60	16.88	8,899,811
Others	23,332	9.97	5,260,960
Total	24,635	100.00	52,732,538

#### 8.1.4 Top Ten Shareholders other than promoters

S.No.	Name of the Shareholder	Number of shares as on 01.01.2015	No of shares as on 31.03.2016	Net Changes	% of total paid up change in Share Capital
1.	Franklin Templeton Mutual Fund (*)	1,486,972	2,512,214	1,025,242	1.94
2	SBI Magnum Mutual Fund (*)	1,747,687	2,126,375	378,688	0.72
3	HDFC Mutual Fund (*)	3,235,502	1,961,409	-1,274,093	-2.42
4	Pinebridge Investments of Gf Mauritius Limited	496,211	1,507,585	1,011,374	1.92
5	UTI Mutual Fund (*)	1,438,318	1,329,591	-108,727	-0.21
6	Franklin Templeton Investment Funds	775,000	1,050,000	275,000	0.52
7	The New India Assurance Co Ltd	643,519	663,357	19,838	0.04
8	Stichting Depository App Emerging Markets Equity Pool	-	558,000	558,000	1.06
9	Kotak Mahindra (Uk) Ltd A/C India Midcap (Mauritius) Ltd	-	521,478	521,478	0.99
10	Catamaran Management Services Private Limited	323,067	473,742	150,675	0.29

(\*) various sub-accounts

### 8.15 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.

### 8.16 Dematerialisation of Shares

The shares of the Company are in compulsory dematerialized segment and are available for trading system on 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	51,049,079	96.81
Held in dematerialized form in CDSL	717,629	1.36
Physical	9,65,830	1.83
Total	52,732,538	100.00

### 8.17 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 66568494  
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 provisions of Section 205(c) of the Companies Act, 1956 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 2008 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 2009 to 2015 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.

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

Details of unpaid dividend	
Financial Year	As on 31.03.2016
2009	1,375,959.00
2010	1,473,848.00
2011	2,164,827.00
2012	2,408,820.00
2013	2,689,365.00
2014	2,688,817.50
2014	2,739,330.00
2015	1,077,797.50

#### 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 under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- (a) The Board – the Company does maintain a separate office for the Non-Executive Chairman.
- (b) Shareholders' Rights: The quarterly and half yearly results are published in the newspaper, displayed on the website of the Company and are sent to the Stock Exchanges where

the shares of the Company are listed. The half-yearly results are not separately circulated to the shareholders.

- (c) Audit Qualifications: The auditors have not qualified the financial statements of the Company. The Company continues to adopt best practices in order to ensure unqualified financial statements.
- (d) Separate posts of Chairman and CEO: The Company is having separate post of Chairman and Managing Director.
- (e) Reporting of internal auditor: Axis Risk Consultancy and JCSS are external firms appointed to conduct internal audits and they make presentations to the audit committee on their findings.

For and on behalf of the Board  
SKF India Limited

Rakesh Makhija  
Chairman

Bengaluru, 10<sup>th</sup> May, 2016.

## Declaration Regarding Compliance By Board Members And Senior Management Personnel With The Company's Code Of Conduct

To the Members of  
SKF India Limited

Sub: Compliance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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 31<sup>st</sup> March, 2016.

Bengaluru  
10<sup>th</sup> May, 2016

Shishir Joshipura  
Managing Director

## 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 fifteen month ended 31<sup>st</sup> March, 2016 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

Bengaluru

10<sup>th</sup> May, 2016

For Price Waterhouse & Co Bangalore LLP

Firm Registration Number: 007567S/S-200012

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 48125

## Annexure III - To The Directors' Report

# Corporate Social Responsibility Report

1. Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

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

SKF India Limited ( SKF ) operates with the values of High Ethics, Openness, Empowerment and Teamwork. The Drivers at the core of its working are -“Grow with Profit, Quality, Innovation, Simplicity & Speed and Sustainability”.

At SKF, it is not only important that we make profits but also the way we make them. In accordance with this philosophy SKF has put in a “SKF Care” model guiding all our operations. The Model has 4 components, namely -

- “Business Care”,
- “Employee Care”,
- “Environment Care”
- “Community Care”.

SKF CSR programs and policies are based on SKF's community care principle embedded in above philosophy which is, structured in accordance with United Nations Global Compact principles and The Business Charter for Sustainable Development by International Chamber of Commerce.

**The Vision:** SKF India's vision guiding our entire community care program is “To Create a Positive change in the life of the communities neighboring our operations and create a meaningful difference from recipient's perspective”

**The Mission :** Based on the above vision, the SKF's community care program is initiated with a mission of working with underprivileged communities neighboring our operations. Two focus areas are so far identified as under –

1. Education of underprivileged children and girls
2. Empowerment – of Youth through Multiskilling initiatives

SKF India is running and monitoring the initiatives in the above areas through structured short and long term programs, encouraging employees to volunteer and partner selected community care professionals and organizations to enhance the effectiveness of the program.

### 1.2 SKF India Community Care programs

In accordance with the vision and mission above, SKF has identified following areas and programs.

#### 1.2.1 Program 1: Education of underprivileged children through sports:

##### The need :

SKF Sports academy's vision is aligned with United Nations' Declaration of the Rights of the Child, which in Article 7 states, “The child shall have full opportunity to play and recreation”.

Play is not only a child's undeniable right – it also influences physical, socio-emotional and cognitive development. According to the World Health Organization (WHO), physical inactivity is the fourth leading risk factor for global mortality. Evidence shows that regular participation in appropriate physical activity and sport provides all people, regardless of ability, with a wide range of physical, social and mental health benefits. SKF continues to champion this right as fundamental to the health and growth of children in the surrounding communities where SKF operates.

##### The goal :

Through a medium of sports, aims to provide opportunities for physical and mental development for children from neighboring municipal schools at Pune and Ahmedabad through dedicated structured initiative for football coaching and holistic development.

##### The program :

The program runs at two locations – Pune and Ahmedabad

Expert coaching is provided in collaboration with partners such as Pune Football Club at Pune, and Kahani Football Academy at Ahmedabad. The Program is a comprehensive multi-dimensional development program for the boys and girls. The program encompasses physical, emotional, educational and nutritional care. The program provides opportunity for the children to interact and play with the other football teams, through participation in local, national and international tournaments. Every year, the best players from the girls and boys teams in Pune and Ahmedabad are sent to Sweden to participate in Gothia Cup and compete with and learn from the football teams across the world.

The program adopts a holistic approach to child development and apart from football training includes English language and personality development sessions and counseling workshops for the children and their parents.

The SKF premises in Pune have a dedicated center for the Sports Education Program. The center is equipped with study rooms, locker rooms, small cafeteria, shower rooms for players and an activity area to facilitate daily sporting activities under this program.

#### 1.2.2 Program 2: YES- Youth Empowerment @SKF

Empowerment of youth through skill and vocational training

**The Need :** India is an emerging economy whose

manufacturing sector growth since 1991 though impressive, still has a lot of upside potential. The demographics of India are favorable for a big growth in working population in the next two decades but such growing young population needs to be adequately skilled to become "employable" to meet the challenges of the requirements of industry. With a growing automobile base, the demand for skilled garage mechanics is high. However, the present pool of garage mechanics are generally school drop-outs who have learnt only the basic "on the job" skills informally.

#### The Goal :

To equip 5000 garage mechanics over a 5 year period at five locations across India with skills covering technical, entrepreneurial and lateral competencies like basic computer knowledge.

#### The program :

SKF's "Youth empowerment At SKF (YES)" program aims at empowering under-privileged youth with the know-how of modern automobile maintenance and servicing skills in order to help them gain employment at Automotive OEMs or become entrepreneurs by setting up vehicle service stations.

The program runs at 2 locations – Pune and Bangalore in specially constructed centers well equipped with modern automotive sub systems and vehicles, learning fixtures, computer consoles for e-learning, class rooms and other facilities.

The beneficiaries are 18 to 25 year old boys and girls, from the neighboring community, who belong to families with low income. The program costs are fully sponsored by SKF.

The program structure: The 6 month's course contains a combination of theory and hands-on training on two and four wheeler repair and maintenance. In order to help the students gain all round development the program includes sessions on communication skills, customer service, finance and business management skills.

The first state-of-the art center was established in Pune in 2015 in the premises of Don Bosco Private Industrial Training Institute in Chinchwad. The center is equipped with a classroom, training laboratory and an interactive learning Workshop. The second state of the art center has become fully operational in Bengaluru from 1<sup>st</sup> March, 2016.

### 1.2.3 Program 3: Women Empowerment -

#### The need:

Higher education of Girls in economically weaker sections in India is a matter of concern due to various factors that affect their opportunities and one of them is lack of economic support after their free schooling. Economic support for such girls to

complete their higher education at opportune times can make their dreams come true and empower them in their life to stand on their own feet and contribute to society better.

#### The Goal :

To empower young girls with structured financial assistance program through their college and technical education to make them capable to get meaningful career and employment opportunities.

#### About Program :

At SKF, we believe that the empowerment of girls and women begins in school and college, with quality education and access to information. By partnering with Lila Poonawalla Foundation (LPF), SKF supports the education of deserving girl students pursuing Graduation and Post-Graduation courses in science and engineering in leading colleges across Pune. This support is available for girls for 3 years of graduation and 2 years of post-graduation program.

SKF strives to contribute to the empowerment of women in India, and encourage more women to step into the engineering domain by supporting this program. SKF also imparts soft skills training and career counselling programs for the students at the SKF Campus.

#### 1.2.4 Others :

Other supports provided during 2015 such as –

- Support to Chennai Flood relief,
- Support to Samarthanam Trust Bengaluru for disabled education,
- Support to Rotary club, Pune for rural sanitation,
- Support to Aakanksha Foundation for Teachers training at Pune.

### 1.3 The Composition of the CSR Board Committee :

- Hema Hattangady : Independent Director and Chairperson of CSR committee
- K C Mehra : Independent Director (Retired in July 2015)
- Rakesh Makhija : SKF India Limited, Chairman
- Shishir Joshipura : SKF India Limited, Managing Director

### 2. The average net profit of the company for the last three financial years, computed in accordance with Sec 198 of the Companies Act, 2013 is 2808 minr

### 3. CSR Expenditure required to be spent as per Sec 135 of the Companies Act, 2013 (two per cent of the amount as in item 2 above) - 56.1 minr

### 4. Details of CSR spent during the financial year :

- (a) Total amount spent during the financial year = 39.1 minr
- (b) Amount unspent, if any; = 56.1- 39.1 = 17 minr

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in million)

S.No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where project or programs was undertaken	Amount outlay (budget) project or programs-wise	Amount spent on the projects or programs sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1	Education	Sports Education program	1) Pune, Maharashtra.	10.38	11.97	11.97	10.89 (Direct) 1.08 (Imp.agency)
			2) Ahmedabad, Gujarat	0.726	0.71	0.71	0.0 (Direct) 0.71 (Imp agency)
2	Women Empowerment	Women Empowerment	Pune Maharashtra	5.72	5.86	5.86	0.46 (Direct) 5.4 (Imp agency)
3	Education	Youth Empowerment at SKF	Pune Maharashtra	9.1	9.03	9.03	1.30 (Direct) 7.73 (Imp agency)
			Bengaluru, Karnataka	9.1	6.75	6.75	1.73 (Direct) 5.02 (Imp agency)
4	Education	Support to Samarathanam	Bengaluru	0.36	0.36	0.36	0.36 (Imp agency)
5	Village Development	Rotary Club Nigadi	Pune	0.80	0.80	0.80	0.80 (Imp agency)
6	Education	Akansha Foundation	Pune	1.33	1.32	1.32	1.32 (Direct)
7	Prime Minster Fund & Education	Projects Flood relief	Chennai	0.3	0.3	0.3	0.3 (Direct)
8		Other Projects	Includes Umed Parivar, Pune & Girls Hostel, Delhi	0.14	0.14	0.14	0.14 (Direct)
	Sub-total				37.24	37.24	16.15 (Direct) 21.10 (Imp agency)
	Overheads				1.86	1.86	
	Total program spent ₹ minr				39.1	39.1	

## 5. Give details of implementing agency :

### 5.1 Pune Football Club: Partner for sports Education Program Pune

Pune Football Club Ltd is a company incorporated under the provisions of Companies Act, 1956 having its office at Mumbai and Pune. Pune Football club is engaged in promoting football coaching with dedicated team of professional coaches.

### 5.2 Kahaani Football Academy : Ahmedabad: Partner for Sports Education program Ahmedabad

Kahaani Football academy, Ahmedabad started in 2006 with the objective of promoting football, fitness and

sportsmanship. At Kahaani, soccer coaching is delivered by a team of professionally qualified coaches ensuring a very healthy student to teacher ratio.

### 5.3 Lila Poonawalla Foundation : Partner in Women empowerment program

Lila Poonawalla Foundation (LPF) is a Charitable Trust registered in India, on 9<sup>th</sup> September, 1995, with Bombay Charitable Trust Act, 1950. The foundation gives Scholarships to the girls from Pune District for School Level Education and Post Graduation, as well as girls pursuing Under Graduation in Pune District. LPF scholarships are merit-cum-need based scholarships.

#### 5.4 Don Bosco Pune: Partner for YES project at Pune ;

Don Bosco Vyavasayik Prashikshan Kendra, (DBVPK) member of Don Bosco Tech India, was set up in Chinchawad, Maharashtra on 15<sup>th</sup> August, 1999. A registered trust, established to cater to school dropout youth from Poor households. DBVPK presently conducts many non-formal teaching training courses, which is spread over a year, divided into semesters or modules. DBVPK has been taking keen interest in skill training as demanded by various industries etc.

#### 5.5 Sambhav Foundation: Partner for YES project at Bangalore

Sambhav Foundation is a charitable trust having registered office at Basveshwarnagar, Bengaluru – 560079.

Sambhav Foundation was started in the year 2006, a non-governmental organization based in Bangalore. It began largely as an effort to provide a one-stop platform for unorganized sector workers to obtain services which are currently available and accessible by formal sector workers.

#### 6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

This being the first year of the applicability of Sec 135 of the Companies Act, 2013, the Company started its flagship CSR programme – viz the Yes Programme to empower youth

through skill development and vocational training. The YES program was a new concept requiring extensive investment in time and efforts to conceptualize, identify right partners , choose the location and design the centers, develop trainers, curriculum and suppliers for infrastructure and machinery due to which the Company could not spend the entire 2% of the average net profits of the three previous years . As the Company gets more experience in this field and as the Company sets up more centres, roll out of the programme will be faster, more youth will be trained and the Company will be able to spend the full amount on CSR in line with the requirements of Sec 135 of the Companies Act, 2013.

#### 7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

We hereby declare that implementation and monitoring of the CSR Policy are in compliance with CSR objectives and policy of the Company.

S. Joshipura  
Managing Director

H. Hattangady  
Chairman, CSR Committee



## Annexure IV - To The Directors' Report

### Form No. AOC -2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

1. Details of contracts or arrangements or transactions not at Arm's length basis.

The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the previous financial year.

2. Details of material contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Aktiebolaget SKF and its Group Companies
b)	Nature of contracts/ arrangements/transaction	Sale / Purchase of Goods, Services rendered, Commission earned, Purchase / Sale of equipment, Rent received, Interest expense/ income, reimbursement of expenses
c)	Duration of the contracts/ arrangements/transaction	Ongoing basis, normal and incidental to Company's business operations
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The information forms part of the notes to financial statement for the year 2015-16
e)	Date of approval by the Board	All the transactions are approved by the Audit Committee and Board in line with the regulations and related party transactions policy framed by the Company. The approval of the members was taken in the previous shareholders meeting held on April 23, 2015 in case of 'Material' related party transactions.
f)	Amount paid as advances, if any	-

For and on behalf of the Board  
SKF India Limited

Rakesh Makhija  
Chairman

Bengaluru  
10<sup>th</sup> May, 2016

## Annexure V - To The Directors' Report

### Form No. MR-3 Secretarial Audit Report

For financial year ended 31st March, 2016

[Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
SKF India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SKF India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the company has, during the audit period covering the period ended on 31<sup>st</sup> March, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;(Not applicable to the Company during the audit period)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India ( Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)

- (vi) Other laws applicable specifically to the Company namely :
  - a. Factories Act, 1948
  - b. Contract Labour (Regulation & Abolition) Act, 1970
  - c. Industrial Laws
  - d. Environmental and Prevention of Pollution Laws
  - e. Legal Metrology Act, 2009

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above. However, the Company has spent an amount of INR 39.1 million against the amount of INR 56.1 million to be spent during the year towards Corporate Social Responsibility.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For Parikh & Associates  
Company Secretaries

P. N. Parikh  
Partner

FCS No: 327 CP No: 1228

Place: Mumbai  
Date : 10<sup>th</sup> May, 2016

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

#### Annexure 'A'

To,  
The Members  
SKF India Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates  
Company Secretaries

P. N. Parikh  
Partner

FCS No: 327 CP No: 1228

Place: Mumbai  
Date : 10<sup>th</sup> May, 2016

## Annexure VI - To The Directors' Report

# Statement of Disclosure of Remuneration

[Pursuant to Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

(A) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year; the percentage increase in remuneration of each Director and KMP

Name of Director	Designation	Ratio of remuneration of each director to the median remuneration	Percentage increase in remuneration (on annualized basis as current year is of 15 months)
Rakesh Makhija	Non- Executive Chairman (from 22.07.2015)	1.4	N. A.
S. Joshipura	Managing Director	25.9	11.0
P. R. Menon	Independent Director	2.5	6.3
P. M. Telang	Independent Director	2.5	5.9
H. A. Hattangady	Independent Director	2.2	3.4 (annualized as last year was director for only part of year)
S. Le Mounier	Non-Executive	N. A.	N. A.
K. C. Mehra (up to 21.07.2015)	Non- Executive Chairman	1.5	13.6 (annualized as director only for part of the year)

(B) The percentage increase in remuneration of Chief Financial officer was 12 per cent and Company Secretary was 6 per cent.

(C) The percentage increase in the median remuneration of employees for the financial year was 10.4%

(D) The number of permanent employees on the rolls of company was 2222.

(E) Relationship between average increase in remuneration and Company performance :

The profit after tax for the year on an annualized basis increased by 1.5 % as compared to an average increase in remuneration per employee of 10.5%. The increase in remuneration is linked to mainly the individual performance and partly also to business performance through a variable compensation component

(F) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company :

The compensation for the KMP is guided by the individual performance, and competitiveness with market compensation through bench marking surveys. The key performance parameters are considered for the variable component ; the increase is in line with normal pay revisions and variable component forming integral part of remuneration which is linked to individual performance and company performance.

(G) Variation in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year :

The market capitalization as on 31<sup>st</sup> March, 2016 was ₹ 66664.47 million (₹ 71186.29 million as on 31<sup>st</sup> December, 2014). The price earnings ratio of the Company was 32.42 as at 31<sup>st</sup> March, 2016 ( based on annualized EPS ) and was 35.06 as at 31<sup>st</sup> December 2014.

(H) The average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year is in the same range and there is no exceptions in comparison with the percentile increase in the managerial remuneration

(I) Key parameters for any variable component of remuneration availed by the directors :

The key parameters for the variable component for directors are as per the remuneration policy approved by the NRC and are within overall limit defined under the Companies Act, 2013.

(J) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year :

No Employee has been paid salary in excess of any executive director of the Company

(K) We affirm that remuneration paid to the Employees & Directors is as per the Remuneration Policy of the Company. For and on behalf of the Board.

For and on behalf of the Board

SKF India Limited  
Rakesh Makhija  
Chairman

Bengaluru  
10<sup>th</sup> May, 2016

## Annexure VII - To The Directors' Report

### A. Conservation Of Energy :

At SKF India, energy conservation has been a continuous activity and all the three plants are Certified with ISO 50001, ISO 14001 certification and have energy management systems in place.

A country level initiative project for conservation of energy – Susten, launched in 2013, continued in 2014 and in 2015 at all locations of SKF India. The project across all locations identified more than 50 sub-projects each year.

The project has a three pronged approach -

- 1) Demand side projects: Reduction in actual energy consumption with technology projects on demand side
- 2) Supply side projects: Explore innovative sourcing avenues to reduce procurement cost per unit and to reduce carbon footprint
- 3) Renewable /green energy projects: Installation of Roof top solar plants

The project has yielded splendid results in all 3 areas above, reduction in power consumption by 6.2 % in 2015 and 3.7 % in Q1 2016, a record reduction in CO<sub>2</sub> emission by 12.9% in 2015 and 12.3 % in Q1 2016 and substantial monetary savings. The power mix is also changing from 100% thermal to about 22 % of green.

SKF has also announced Solar Mission aiming at installation of solar new capacities at SKF India factories and out of 3 locations, SKF has already installed 2.1 MW at 2 locations – Pune and Bengaluru.

As part of Susten, during the year 2015-16, following projects were undertaken at various locations

#### 1) Demand side projects :

A number of projects were undertaken at Pune, Bengaluru and Haridwar plants in areas such as Grinding channels, compressed air, Heat treatment etc for consumption reduction and conservation and reducing total demand.

Common methodology used at all plants –

- 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 Audits.
- Assessment of compressed air leakages and wastages, optimizing the compressed air pressure, identifying and eliminating air leakages.
- Major brick lining work on furnaces to eliminate heat loss through furnace walls and jackets.
- Additionally all 3 plants are currently undergoing Energy Audit with M/S LRQA and areas and actions are identified for projects during 2016

**1.1 Pune Factory :** Pune factory has implemented following projects and initiatives in 2015 –

- Maintained overall power factor of the factory to 0.996.
- Close monitoring, checking and if required, replacing of the capacitor banks with new one.
- Replaced capacitor banks ( 1200 KVAR).
- Optimization of automatic power factor controllers at SKF's main incoming feeders.
- In 2015 total discount availed from MSEB as PF incentive was 2.4 MINR.
- Additional Energy Meters on 6 locations were installed covering all incomers and compressors.
- Total Harmonic level on HT side of electrical incomer measured on quarterly basis and maintained at 3% level.
- Main cooling tower for SKF Pune plant was completely refurbished.
- As a part of energy saving activities, FRP fan blades with energy efficient motors and optimized fan design completed.

#### 1.2 Bengaluru Plant :

Activities for conservation/consumption reduction of energy

- Commissioning of Free Cooling System by Honeywell Automation.
- Commissioning of ABT meter to facilitate open access.
- Sustaining of previously closed energy conservation projects.

#### 1.3 Haridwar Plant :

- The newly built Haridwar plant complies with LEEDS/IGBC Guidelines and various aspects of sustainability and energy conservation are elementary features of the factory structure and infrastructure.
- The plant embraces stringent energy monitoring programme to capture and address energy wastages; elaborate sub metering for significant energy use is in place.
- the Power Factor (PF) is maintained at 0.98.
- The VFDs (Variable Frequency Drives) installed.
- Refrigerant free primary cooling, double glazed windows, and coolant temperature rationalization resulting in high energy efficiencies.
- The plant has been awarded a silver certification status by Indian Green Building Council and has fulfilled the SKF Sustainability Factory Rating (SFR) requirements for silver certification.

**2. Supply Side sourcing cost reduction projects :** SKF India has adopted innovative options in sourcing practices with open access system and utilized the facility for optimizing power sourcing from various sources.

- SKF Pune has bilateral power contract and sourcing power from private power generators, resulting in a good amount of savings.
- SKF Bengaluru is also using Bilateral power sourcing mechanism to buy Hydro power from other sources, which result in use of Green energy and reduced cost of power.

**3. Renewable energy sourcing projects :**

SKF India is in the forefront of rooftop solar projects with its recently launched Solar Mission. At Pune and Bengaluru SKF has installed 1 MW capacity each under a Power purchasing model.

- At Bengaluru, the roof top power plant of 1 MW is fully operational with reduction in CO<sub>2</sub> generation by 1180 tonnes per annum and almost 8% energy requirement fulfilment potential
- At Pune Roof top solar power plant of 1 MW capacity (@ 4000 solar panels of 250 W capacity each) is installed. The plant has annual generation capacity of 1.5 GWH units and will reduce carbon dioxide emission by @1200 metric tons per year and approximately 5% of energy requirement fulfilment potential

**B. Technology Absorption :**

- The Company continues to receive 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.

**Bengaluru Plant :**

- Training and technology transfer in advanced developments in Grinding (Hard Machining) to the Employees of Bengaluru plant.
- SKF Bengaluru has received Technology Support for development of various equipment's from SKF like vibration checking machine.
- The Company has taken support from Manufacturing IT SKF Group Manufacturing Development Centre (MDC) Netherlands for specialized software in Channel.
- The technology absorption or the support from the Group has been received for engineering changes in the bearings, testing and validation for competitive sourcing, approval of suppliers etc.

**Pune plant :**

- The Company is receiving know-how and implementation support from Centre of Excellence for new technologies for Process & Quality improvement, quality checks and energy savings such as :

- In-process Controls on TRB Channel machines
- Process Flow Standardization
- Development of Equipments for Tapered Rollers
- Development of Gauges
- Development of Online Camera Inspection
- Development of Noise & Vibration Checking M/c
- Laser Marking
- Technical Specifications for New Machines
- Intelligent Grinding in Machines
- Energy Saving thru saving in Air & Electricity Consumption
- System improvements
- Trainings

**SKF Group support at Pune includes :**

- Design & development of Products
- Implementation of Business Excellence & Lean Manufacturing
- Upgradation of channels for supplies to critical customers and productivity improvement.
- Installation of New Channels for capacity improvement.
- FM Global support for loss prevention and enforcement of safety measures as per group guidelines
- Development of new Products
- Support for development of critical toolings and spares.

**Haridwar Plant :**

- For engineering design changes in the bearings, testing and validation for 2 wheeler business.
- For Steel validations and new supply chain for competitive sourcing
- For approval of suppliers-turning and heat treatment outside India.

**C. Expenditure incurred on Research and Development : Nil**

**D. Foreign Exchange Earnings And Outgo :**

- The Company continues to explore new product range to the overseas customers. Exports were mainly for automotive customers in Europe, South East Asia and American. Exports constituted 7.5 per cent of the total sales
- 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

Rakesh Makhija  
Chairman

Bengaluru, 10<sup>th</sup> May, 2016

## Annexure VIII - To The Directors' Report

# Extract of Annual Return - Form No.MGT 9

As on the Financial Year ended on 31<sup>st</sup> March, 2016

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

### I Registration And Other Details

(i)	CIN	L29130MH1961PLC011980
(ii)	Registration Date	12 <sup>th</sup> April, 1961
(iii)	Name of the Company	SKF India Limited
(iv)	Category / Sub-Category of the Company	Public Company / Limited by Shares
(v)	Address of the Registered Office and contact details	Mahatma Gandhi Memorial Building, Netaji Subhash Road, Charni Road, Mumbai 400002 Tel No. +91 (22) 66337777, Fax No. +91 (22) 22819074, E:mail : investors@skf.com
(vi)	Whether listed Company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any.	TSR Darashaw Limited, 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400011 Tel No. 022 66568484 Fax No.022 66568494 e:mail : csg-unit@tsrdarashaw.com

### II Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated :-

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Bearing and its components	2184	98%

### III Particulars Of Holding, Subsidiary And Associate Companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	AKTIEBOLAGET SKF SE 415 50 GOTEBOG SWEDEN	NA	Holding	46.72	2(46)
2	SKF (U.K) LTD SUNDON PARK ROAD LUTON LU3 3BL, ENGLAND	NA	Holding	6.45	2(46)
3	SKF FORVALTNING AB 415 50 GOTEBOG, SWEDEN	NA	Holding	0.45	2(46)

Note : SKF U. K. Ltd and SKF Forvaltning AB are subsidiary of Aktiebolaget SKF and all the three companies in total are holding 53.57% of shares.

## IV. Shareholding Pattern

## ( I ) Category-wise Shareholding

Category code (I)	Category of Shareholder (II)	Number of shares held at the beginning of the year 1 <sup>st</sup> January, 2015				Number of shares held at the end of the year 31 <sup>st</sup> March, 2016				% Change during the year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
(A)	Promoters									
(1)	Indian	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A) (1)</b>	-	-	-	-	-	-	-	-	-
(2)	Foreign									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	28,254,568	-	28,254,568	53.58	28,254,568	-	28,254,568	53.58	-
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(f)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A) (2)</b>	<b>28,254,568</b>	-	<b>28,254,568</b>	<b>53.58</b>	<b>28,254,568</b>	-	<b>28,254,568</b>	<b>53.58</b>	-
	<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>28,254,568</b>	-	<b>28,254,568</b>	<b>53.58</b>	<b>28,254,568</b>	-	<b>28,254,568</b>	<b>53.58</b>	-
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds	10,325,075	2,090	10,327,165	19.58	8,897,721	2,090	8,899,811	16.88	-2.71
(b)	Banks / Financial Institutions	21,447	18,720	40,167	0.08	21,243	18,720	39,963	0.08	-
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Governments(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	1,546,565	240	1,546,805	2.93	1,771,968	240	1,772,208	3.36	0.43
(g)	Foreign Institutional Investors	4,923,806	50	4,923,856	9.34	6,428,772	50	6,428,822	12.19	2.85
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	- OCBs / Foreign Companies	-	4,600	4,600	0.01	-	4,600	4,600	0.01	-
	<b>Sub-Total (B) (1)</b>	<b>16,816,893</b>	<b>25,700</b>	<b>16,842,593</b>	<b>31.94</b>	<b>17,119,704</b>	<b>25,700</b>	<b>17,145,404</b>	<b>32.52</b>	<b>0.58</b>



Category code (I)	Category of Shareholder (II)	Number of shares held at the beginning of the year 1 <sup>st</sup> January, 2015				Number of shares held at the end of the year 31 <sup>st</sup> March, 2016				% Change during the year
(2)	Non-Institutions									
(a)	Bodies Corporate									
i	Indian	1,874,819	10,396	1,885,215	3.58	1,810,573	10,356	1,820,929	3.45	-0.12
ii	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹Rs. 1 lakh	4,150,209	950,819	5,101,028	9.68	3,956,694	899,554	4,856,248	9.21	-0.47
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	613,217	30,220	643,437	1.22	624,652	30,220	654,872	1.24	0.02
(c)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	- Trust	5,697	-	5,697	0.01	517	-	517	-	-0.01
<b>Sub-total (B) (2)</b>		<b>6,643,942</b>	<b>991,435</b>	<b>7,635,377</b>	<b>14.48</b>	<b>6,392,436</b>	<b>940,130</b>	<b>7,332,566</b>	<b>13.90</b>	<b>-0.58</b>
<b>Total Public Shareholding (B) = (B) (1)+(B)(2)</b>		<b>23,460,835</b>	<b>1,017,135</b>	<b>24,477,970</b>	<b>46.42</b>	<b>23,512,140</b>	<b>965,830</b>	<b>24,477,970</b>	<b>46.42</b>	<b>-</b>
<b>TOTAL (A)+(B)</b>		<b>51,715,403</b>	<b>1,017,135</b>	<b>52,732,538</b>	<b>100.00</b>	<b>51,766,708</b>	<b>965,830</b>	<b>52,732,538</b>	<b>100.00</b>	<b>-</b>
(C)	Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>51,715,403</b>	<b>1,017,135</b>	<b>52,732,538</b>	<b>100.00</b>	<b>51,766,708</b>	<b>965,830</b>	<b>52,732,538</b>	<b>100.00</b>	<b>-</b>

### ( II ) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 1 <sup>st</sup> January, 2015			Shareholding at the end of the year 31 <sup>st</sup> March, 2016			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	AB SKF	24,639,048	46.72	-	24,639,048	46.72	-	-
2	SKF U.K.Ltd.	3,402,000	6.45	-	3,402,000	6.45	-	-
3	SKF FORVALTNING AB	213,520	0.40	-	213,520	0.40	-	-
	<b>TOTAL</b>	<b>28,254,568</b>	<b>53.58</b>	<b>-</b>	<b>28,254,568</b>	<b>53.58</b>	<b>-</b>	<b>-</b>

### (III) Change in Promoters' Shareholding

There were no change in the Promoters' shareholding during the FY 2015-16

**(IV) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :**

Sr. No.	Name of the Shareholder	Date	Increase / Decrease	Shareholding at the beginning of the year 01.01.2015		Cumulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
1.1	Franklin Templeton Mutual Fund A/C Franklin India Taxshield	01-Jan-2015	At the beginning of the year	120,000	0.23	120,000	0.23
		27-Nov-2015	Increase	3,403	0.01	123,403	0.23
		04-Dec-2015	Increase	607	-	124,010	0.24
		11-Dec-2015	Increase	4,735	0.01	128,745	0.24
		18-Dec-2015	Increase	21,255	0.04	150,000	0.28
		08-Jan-2016	Increase	5,000	0.01	155,000	0.29
		15-Jan-2016	Increase	15,937	0.03	170,937	0.32
		22-Jan-2016	Increase	690	-	171,627	0.33
		29-Jan-2016	Increase	558	-	172,185	0.33
		05-Feb-2016	Increase	2,815	0.01	175,000	0.33
		31-Mar-2016	At the end of the year	-	-	175,000	0.33
1.2	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	01-Jan-2015	At the beginning of the year	342,694	0.65	342,694	0.65
		16-Jan-2015	Increase	487	0.00	343,181	0.65
		13-Feb-2015	Increase	50,000	0.09	393,181	0.75
		01-May-2015	Increase	25,000	0.05	418,181	0.79
		21-Aug-2015	Increase	45,303	0.09	463,484	0.88
		31-Mar-2016	At the end of the year	-	-	463,484	0.88
1.3	Franklin Templeton Mutual Fund A/C Franklin India Prima Plus	01-Jan-2015	At the beginning of the year	300,000	0.57	300,000	0.57
		28-Aug-2015	Increase	40,000	0.08	340,000	0.64
		04-Sep-2015	Increase	45,000	0.09	385,000	0.73
		27-Nov-2015	Increase	13,042	0.02	398,042	0.75
		04-Dec-2015	Increase	2,328	-	400,370	0.76
		11-Dec-2015	Increase	18,153	0.03	418,523	0.79
		18-Dec-2015	Increase	81,477	0.15	500,000	0.95

Sr. No.	Name of the Shareholder	Date	Increase / Decrease	Shareholding at the beginning of the year 01.01.2015		Cummulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
		08-Jan-2016	Increase	30,000	0.06	530,000	1.01
		15-Jan-2016	Increase	63,741	0.12	593,741	1.13
		22-Jan-2016	Increase	2,761	0.01	596,502	1.13
		29-Jan-2016	Increase	2,234	-	598,736	1.14
		05-Feb-2016	Increase	11,264	0.02	610,000	1.16
		19-Feb-2016	Increase	4,661	0.01	614,661	1.17
		31-Mar-2016	At the end of the year	-	-	614,661	1.17
1.4	Franklin Templeton Mutual Fund A/C Franklin India Flexi Cap Fund	01-Jan-2015	At the beginning of the year	170,387	0.32	170,387	0.32
		21-Aug-2015	Increase	50,000	0.09	220,387	0.42
		28-Aug-2015	Increase	30,000	0.06	250,387	0.47
		04-Sep-2015	Increase	20,000	0.04	270,387	0.51
		31-Mar-2016	At the end of the year	-	-	270,387	0.51
1.5	Franklin India Smaller Companies Fund	01-Jan-2015	At the beginning of the year	278,682	0.53	278,682	0.53
		01-May-2015	Increase	25,000	0.05	303,682	0.58
		21-Aug-2015	Increase	25,000	0.05	328,682	0.62
		28-Aug-2015	Increase	30,000	0.06	358,682	0.68
		31-Mar-2016	At the end of the year	-	-	358,682	0.68
1.6	Franklin Templeton Mutual Fund A/C Franklin India High Growth Companies Fund	01-Jan-2015	At the beginning of the year	220,209	0.42	220,209	0.42
		02-Jan-2015	Increase	9,791	0.02	230,000	0.44
		16-Jan-2015	Increase	1,077	-	231,077	0.44
		06-Feb-2015	Increase	8,923	0.02	240,000	0.46
		13-Feb-2015	Increase	10,388	0.02	250,388	0.47
		20-Feb-2015	Increase	15,351	0.03	265,739	0.50
		20-Mar-2015	Increase	12,081	0.02	277,820	0.53
		31-Mar-2015	Increase	47,180	0.09	325,000	0.62
		01-May-2015	Increase	75,000	0.14	400,000	0.76

Sr. No.	Name of the Shareholder	Date	Increase / Decrease	Shareholding at the beginning of the year 01.01.2015		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		22-May-2015	Increase	63,789	0.12	463,789	0.88
		29-May-2015	Increase	36,210	0.07	499,999	0.95
		05-Jun-2015	Increase	1	-	500,000	0.95
		31-Jul-2015	Increase	50,000	0.09	550,000	1.04
		07-Aug-2015	Increase	25,000	0.05	575,000	1.09
		28-Aug-2015	Increase	1,223	-	576,223	1.09
		30-Sep-2015	Decrease	-1,223	-	575,000	1.09
		05-Feb-2016	Decrease	-17,739	-0.03	557,261	1.06
		12-Feb-2016	Decrease	-272	-	556,989	1.06
		19-Feb-2016	Decrease	-1,989	-	555,000	1.05
		31-Mar-2016	At the end of the year	-	-	555,000	1.05
1.7	Franklin Templeton Mutual Fund A/C Franklin Build India Fund (Fbif)		At the beginning of the year	55,000	0.10	55,000	0.10
		13-Feb-2015	Increase	78	-	55,078	0.10
		20-Feb-2015	Increase	3,070	0.01	58,148	0.11
		20-Mar-2015	Increase	2,416	-	60,564	0.11
		27-Mar-2015	Increase	6,490	0.01	67,054	0.13
		31-Mar-2015	Increase	2,946	0.01	70,000	0.13
		23-Apr-2015	Increase	268	-	70,268	0.13
		01-May-2015	Increase	4,732	0.01	75,000	0.14
		05-Jun-2015	Increase	407	-	75,407	0.14
		12-Jun-2015	Increase	3,817	0.01	79,224	0.15
		19-Jun-2015	Increase	776	-	80,000	0.15
		05-Feb-2016	Decrease	-4,435	-0.01	75,565	0.14
		12-Feb-2016	Decrease	-68	-	75,497	0.14
		19-Feb-2016	Decrease	-497	-	75,000	0.14
		31-Mar-2016	At the end of the year	-	-	75,000	0.14
2.1	SBI Magnum Multiplier Fund	01-Jan-2015	At the beginning of the year	144,000	0.27	144,000	0.27
		31-Mar-2016	At the end of the year	-	-	144,000	0.27

Sr. No.	Name of the Shareholder	Date	Increase / Decrease	Shareholding at the beginning of the year 01.01.2015		Cumulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
2.2	SBI Magnum Taxgain Scheme	01-Jan-2015	At the beginning of the year	960,000	1.82	960,000	1.82
		31-Mar-2016	At the end of the year	-	-	960,000	1.82
2.3	SBI Magnum Global Fund	01-Jan-2015	At the beginning of the year	250,000	0.47	250,000	0.47
		25-Sep-2015	Increase	111,518	0.21	361,518	0.69
		30-Sep-2015	Increase	2,737	0.01	364,255	0.69
		09-Oct-2015	Increase	5,745	0.01	370,000	0.70
		27-Nov-2015	Increase	5,065	0.01	375,065	0.71
		11-Dec-2015	Increase	14,935	0.03	390,000	0.74
		18-Dec-2015	Increase	8,000	0.02	398,000	0.75
		08-Jan-2016	Increase	12,000	0.02	410,000	0.78
		31-Mar-2016	At the end of the year	-	-	410,000	0.78
2.4	SBI Magnum Midcap Fund	01-Jan-2015	At the beginning of the year	192,045	0.36	192,045	0.36
		04-Sep-2015	Increase	25,000	0.05	217,045	0.41
		19-Feb-2016	Increase	73,983	0.14	291,028	0.55
		31-Mar-2016	At the end of the year	-	-	291,028	0.55
2.5	SBI Blue Chip Fund	01-Jan-2015	At the beginning of the year	198,042	0.38	198,042	0.38
		19-Feb-2016	Increase	123,305	0.23	321,347	0.61
		31-Mar-2016	At the end of the year	-	-	321,347	0.61
2.6	SBI Resurgent India Opportunities Scheme	01-Jan-2015	At the beginning of the year	3,600	0.01	3,600	0.01
		13-Mar-2015	Decrease	-1,500	-	2,100	-
		20-Mar-2015	Decrease	-900	-	1,200	-
		05-Feb-2016	Decrease	-1,200	-	-	-
		31-Mar-2016	At the end of the year	-	-	-	-
3.1	HDFC Trustee Company Limited-HDFC Equity Fund	01-Jan-2015	At the beginning of the year	968,587	1.84	968,587	1.84
		31-Mar-2015	Decrease	-64,500	-0.12	904,087	1.71

Sr. No.	Name of the Shareholder	Date	Increase / Decrease	Shareholding at the beginning of the year 01.01.2015		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		01-May-2015	Decrease	-158,389	-0.30	745,698	1.41
		15-May-2015	Decrease	-20,000	-0.04	725,698	1.38
		22-May-2015	Decrease	-102,340	-0.19	623,358	1.18
		29-May-2015	Decrease	-33,000	-0.06	590,358	1.12
		26-Jun-2015	Decrease	-15,000	-0.03	575,358	1.09
		03-Jul-2015	Decrease	-11,000	-0.02	564,358	1.07
		10-Jul-2015	Decrease	-334,171	-0.63	230,187	0.44
		24-Jul-2015	Decrease	-206,800	-0.39	23,387	0.04
		31-Jul-2015	Decrease	-1,013	-	22,374	0.04
		07-Aug-2015	Decrease	-3,600	-0.01	18,774	0.04
		14-Aug-2015	Decrease	-1,752	-	17,022	0.03
		21-Aug-2015	Decrease	-17,022	-0.03	-	-
		31-Mar-2016	At the end of the year	-	-	-	-
3.2	HDFC Trustee Company Limited - HDFC Prudence Fund	01-Jan-2015	At the beginning of the year	323,836	0.61	323,836	0.61
		20-Mar-2015	Decrease	-100,000	-0.19	223,836	0.42
		31-Mar-2015	Decrease	-64,500	-0.12	159,336	0.30
		09-Apr-2015	Decrease	-112,336	-0.21	47,000	0.09
		23-Apr-2015	Decrease	-16,000	-0.03	31,000	0.06
		01-May-2015	Decrease	-31,000	-0.06	-	-
		31-Mar-2016	At the end of the year	-	-	-	-
3.3	HDFC Small & Midcap Fund	01-Jan-2015	At the beginning of the year	90,000	0.17	90,000	0.17
		31-Mar-2016	At the end of the year	-	-	90,000	0.17
3.4	HDFC Trustee Company Limited A/C HDFC Balanced Fund	01-Jan-2015	At the beginning of the year	345,087	0.65	345,087	0.65
		31-Mar-2016	At the end of the year	-	-	345,087	0.65
3.5	HDFC Trustee Company Ltd A/C- HDFC Children's Gift Fund- Savings Plan	01-Jan-2015	At the beginning of the year	-	-	-	-
		19-Feb-2016	Increase	3,035	0.01	3,035	0.01
		31-Mar-2016	At the end of the year	-	-	3,035	0.01

Sr. No.	Name of the Shareholder	Date	Increase / Decrease	Shareholding at the beginning of the year 01.01.2015		Cumulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
3.6	HDFC Trustee Company Ltd A/C - HDFC Children's Gift Fund - Investment Plan	01-Jan-2015	At the beginning of the year	83,000	0.16	83,000	0.16
		31-Mar-2016	At the end of the year	-	-	83,000	0.16
3.7	HDFC Trustee Company Ltd - A/C HDFC Mid - Cap opportunities Fund	01-Jan-2015	At the beginning of the year	1,424,992	2.70	1,424,992	2.70
		31-Mar-2016	At the end of the year	-	-	1,424,992	2.70
3.8	HDFC Trustee Co Ltd A/C HDFC Retirement Savings Fund- Hybrid-Equity Plan	01-Jan-2015	At the beginning of the year	-	-	-	-
		04-Mar-2016	Increase	1,348	-	1,348	-
		11-Mar-2016	Increase	3,952	0.01	5,300	0.01
		31-Mar-2016	At the end of the year	-	-	5,300	0.01
3.9	HDFC Trustee Co Ltd A/C HDFC Retirement Savings Fund- Hybrid-Debt Plan	01-Jan-2015	At the beginning of the year	-	-	-	-
		18-Mar-2016	Increase	1,000	-	1,000	-
		31-Mar-2016	At the end of the year	-	-	1,000	-
3.10	HDFC Trustee Co Ltd A/C HDFC Retirement Savings Fund-Equity Plan	01-Jan-2015	At the beginning of the year	-	-	-	-
		04-Mar-2016	Increase	847	-	847	-
		11-Mar-2016	Increase	3,853	0.01	4,700	0.01
		18-Mar-2016	Increase	3,300	0.01	8,000	0.02
		25-Mar-2016	Increase	995	-	8,995	0.02
		31-Mar-2016	At the end of the year	-	-	8,995	0.02
4.1	Pinebridge Investments Gf Mauritius Limited	01-Jan-2015	At the beginning of the year	496,211	0.94	496,211	0.94
		13-Feb-2015	Increase	150,000	0.28	646,211	1.23
		27-Feb-2015	Increase	53,038	0.10	699,249	1.33

Sr. No.	Name of the Shareholder	Date	Increase / Decrease	Shareholding at the beginning of the year 01.01.2015		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		06-Mar-2015	Increase	27,595	0.05	726,844	1.38
		13-Mar-2015	Increase	2,503	-	7,29,347	1.38
		20-Mar-2015	Increase	9,756	0.02	7,39,103	1.40
		10-Jul-2015	Increase	299,957	0.57	1,039,060	1.97
		17-Jul-2015	Increase	2,490	-	1,041,550	1.98
		21-Aug-2015	Increase	11,000	0.02	1,052,550	2.00
		09-Oct-2015	Increase	20,000	0.04	1,072,550	2.03
		30-Oct-2015	Increase	207,500	0.39	1,280,050	2.43
		18-Dec-2015	Increase	180,000	0.34	1,460,050	2.77
		25-Dec-2015	Increase	47,535	0.09	1,507,585	2.86
		31-Mar-2016	At the end of the year	-	-	1,507,585	2.86
5.1	UTI-Mnc Fund	01-Jan-2015	At the beginning of the year	126,000	0.24	126,000	0.24
		23-Jan-2015	Increase	9,000	0.02	135,000	0.26
		27-Mar-2015	Increase	13,500	0.03	148,500	0.28
		09-Apr-2015	Increase	5,363	0.01	153,863	0.29
		05-Jun-2015	Increase	2,342	-	156,205	0.30
		19-Jun-2015	Increase	7,076	0.01	163,281	0.31
		30-Jun-2015	Increase	1,483	-	164,764	0.31
		03-Jul-2015	Increase	1,390	-	166,154	0.32
		31-Jul-2015	Increase	13,846	0.03	180,000	0.34
		07-Aug-2015	Increase	45,000	0.09	225,000	0.43
		19-Feb-2016	Increase	4,591	0.01	229,591	0.44
		31-Mar-2016	At the end of the year	-	-	229,591	0.44
5.2	UTI - Top 100 Fund	01-Jan-2015	At the beginning of the year	180,000	0.34	180,000	0.34
		31-Mar-2016	At the end of the year	-	-	180,000	0.34
5.3	UTI-Mastershare Unit Scheme	01-Jan-2015	At the beginning of the year	747,000	1.42	747,000	1.42
		09-Jan-2015	Decrease	-1,863	-	745,137	1.41
		23-Jan-2015	Decrease	-16,477	-0.03	728,660	1.38



Sr. No.	Name of the Shareholder	Date	Increase / Decrease	Shareholding at the beginning of the year 01.01.2015		Cumulative Shareholding during the year	
				No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
		06-Feb-2015	Decrease	-8,660	-0.02	720,000	1.37
		31-Mar-2016	At the end of the year	-	-	720,000	1.37
5.4	UTI-Master Equity Plan Unit Scheme	01-Jan-2015	At the beginning of the year	100,000	0.19	100,000	0.19
		31-Mar-2016	At the end of the year	-	-	100,000	0.19
5.5	UTI - Bluechip Flexicap Fund	01-Jan-2015	At the beginning of the year	65,328	0.12	65,328	0.12
		04-Dec-2015	Decrease	-5,000	-0.01	60,328	0.11
		11-Dec-2015	Decrease	-14,374	-0.03	45,954	0.09
		18-Dec-2015	Decrease	-28,000	-0.05	17,954	0.03
		25-Dec-2015	Decrease	-10,000	-0.02	7,954	0.02
		31-Dec-2015	Decrease	-7,954	-0.02	-	-
		31-Mar-2016	At the end of the year	-	-	-	-
5.6	UTI - Infrastructure Fund	01-Jan-2015	At the beginning of the year	100,000	0.19	100,000	0.19
		31-Mar-2016	At the end of the year	-	-	100,000	0.19
5.7	UTI - Childrens Career Balanced Plan	01-Jan-2015	At the beginning of the year	119,990	0.23	119,990	0.23
		23-Jan-2015	Decrease	-4,990	-0.01	115,000	0.22
		30-Jan-2015	Decrease	-3,570	-0.01	111,430	0.21
		01-May-2015	Decrease	-2,755	-0.01	108,675	0.21
		21-Aug-2015	Decrease	-912	-	107,763	0.20
		28-Aug-2015	Decrease	-535	-	107,228	0.20
		04-Sep-2015	Decrease	-107,228	-0.20	-	-
		31-Mar-2016	At the end of the year	-	-	-	-
6.	Franklin Templeton Investment Funds	01-Jan-2015	At the beginning of the year	775,000	1.47	775,000	1.47
		30-Jan-2015	Increase	718	-	775,718	1.47
		13-Feb-2015	Increase	90,000	0.17	865,718	1.64
		01-May-2015	Increase	50,000	0.09	915,718	1.74
		11-Dec-2015	Increase	24,068	0.05	939,786	1.78
		18-Dec-2015	Increase	110,214	0.21	1,050,000	1.99
		31-Mar-2016	At the end of the year	-	-	1,050,000	1.99

Sr. No.	Name of the Shareholder	Date	Increase / Decrease	Shareholding at the beginning of the year 01.01.2015		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
7.	The New India Assurance Company Limited	01-Jan-2015	At the beginning of the year	643,519	1.22	643,519	1.22
		23-Jan-2015	Increase	5,020	0.01	648,539	1.23
		30-Jan-2015	Increase	52	-	648,591	1.23
		13-Feb-2015	Increase	3,735	0.01	652,326	1.24
		20-Feb-2015	Increase	7,500	0.01	659,826	1.25
		27-Feb-2015	Increase	1,031	-	660,857	1.25
		31-Mar-2015	Increase	2,500	-	663,357	1.26
		31-Mar-2016	At the end of the year	-	-	663,357	1.26
8.	Stichting Depository Apg Emerging Markets Equity Pool	01-Jan-2015	At the beginning of the year	-	-	-	-
		21-Aug-2015	Increase	558,000	1.06	558,000	1.06
		31-Mar-2016	At the end of the year	-	-	558,000	1.06
9.	Kotak Mahindra (Uk) Ltd A/C India Midcap (Mauritius) Ltd	01-Jan-2015	At the beginning of the year	-	-	-	-
		24-Jul-2015	Increase	200,000	0.38	200,000	0.38
		31-Jul-2015	Increase	95,133	0.18	295,133	0.56
		07-Aug-2015	Increase	145,284	0.28	440,417	0.84
		14-Aug-2015	Increase	7,000	0.01	447,417	0.85
		28-Aug-2015	Increase	4,229	0.01	451,646	0.86
		04-Sep-2015	Increase	38,160	0.07	489,806	0.93
		18-Sep-2015	Increase	619	-	490,425	0.93
		25-Sep-2015	Increase	2,016	-	492,441	0.93
		30-Sep-2015	Increase	929	-	493,370	0.94
		18-Dec-2015	Increase	355	-	493,725	0.94
		25-Dec-2015	Increase	20,000	0.04	513,725	0.97
		31-Dec-2015	Increase	1,536	-	515,261	0.98
		01-Jan-2016	Increase	6,217	0.01	521,478	0.99
		31-Mar-2016	At the end of the year	-	-	521,478	0.99
10.	Catamaran Management Services Private Limited	01-Jan-2015	At the beginning of the year	323,067	0.61	323,067	0.61
		21-Aug-2015	Increase	150,675	0.29	473,742	0.90
		31-Mar-2016	At the end of the year	-	-	473,742	0.90

#### (V) Shareholding of Directors and Key Managerial Personnel

Sr no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.01.2015		Cummulative Shareholding during the year	
				No.of Shares	% of total Shares of the company	No.of Shares	% of total Shares of the company
1.	Prakash Manjanath Telang	01-Jan-2015	At the beginning of the year	1,000	-	1,000	-
		31-Mar-2016	At the end of the year	-	-	1,000	-

None of other directors and key Managerial Personnel of the company held Equity Shares of the company in the FY 2015-16.

#### V. Indebtedness

##### Indebtedness of the Company including interest outstanding / accrued but not due for payment

The Company had no indebtedness with respect to Secured or Unsecured Loans or Deposits as on 31<sup>st</sup> March, 2016.

#### VI Remuneration Of Directors And Key Managerial Personnel

##### A. Remuneration to Managing Director, Whole-time Directors and / or Manager

(₹ in Million)

Sl. No.	Particulars of Remuneration paid to Shishir Joshipura, Managing Director	Total Amount
1	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.514
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.151
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- % of profit - others, specify....	-
5	Other, please specify	
	Deferred Benefits (PF & Superannuation)	2.613
	Performance linked incentives	1.343
	Total (A)	24.621
	Ceiling as per the Act.	199.900

**B. Remuneration of other directors**

(₹ in Million)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		K C Mehra	P R Menon	P M Telang	Hema Hattangady	R Makhija	
	1. Independent Directors						
	* Fee for attending Board / committee meetings	0.335	0.545	0.550	0.280	-	1.710
	* Commission	1.100	1.800	1.800	1.800	-	6.500
	* Others, please specify	-	-	-	-	-	-
	Total (a)	1.435	2.345	2.350	2.080		8.210
	2. Other Non-Executive Directors						
	* Fee for attending Board / committee meetings	-	-	-	-	0.220	0.220
	* Commission	-	-	-	-	1.100	1.100
	* Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	1.320	1.320
	Total (B) = (1+2)	1.435	2.345	2.350	2.080	1.320	9.530
	Total Managerial Remuneration						9.530
	Overall Ceiling as per the Act						40.000

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(₹ in Million)

Sl No.	Particulars of Remuneration	Chandramowli S. CFO	P. Bhandari CS	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.3	3.8	15.1
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profit in lieu of salary u/s 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	* as % of profit	-	-	-
	* others, specify...	-	-	-
5	Others, please specify	-	-	-
	Deferred Benefits (PF & Superannuation)	0.6	0.3	0.9
	Performance linked incentives	2.6	0.8	3.4
	Total			19.4

**VII Penalties / Punishment / Compounding Of Offences**

During the year under review, no penalties were levied against the Company or its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company or its Directors. For and on behalf of the Board

For and on behalf of the Board

SKF India Limited

Rakesh Makhija  
ChairmanBengaluru, 10<sup>th</sup> May, 2016

# 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 31<sup>st</sup> March, 2016, the Statement of Profit and Loss for the period 1<sup>st</sup> January, 2015 to 31<sup>st</sup> March, 2016 (the "period") and the Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and other explanatory information.

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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and

other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the period ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 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 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

- i. The Company has disclosed the impact, if any, of pending litigations as at 31<sup>st</sup> March, 2016 on its financial position in its financial statements – Refer Note 28 to the financial statements for the period ended 31<sup>st</sup> March, 2016.
- ii. The Company has long-term contracts as at 31<sup>st</sup> March, 2016 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at 31<sup>st</sup> March, 2016.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the period ended 31<sup>st</sup> March, 2016.

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

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number 48125

Bengaluru  
10<sup>th</sup> May, 2016

## Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of SKF India Limited on the financial-statements as of and for the period ended 31<sup>st</sup> March, 2016

- 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.
- 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 any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) 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. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. 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 specified under sub-section (1) of Section 148 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.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of TDS and 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, service tax, duty of customs, duty of excise 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, duty of customs and duty of excise duty, value added tax as at 31<sup>st</sup> March, 2016 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (INR in Million)	Amount paid under protest (INR in Million)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty (including interest and penalty if applicable)	187.8	8.2	Various Years	CESTAT
		22.9	0.9	Various Years	Commissioner (Appeals)
		129.4	20	Various Years	High Court
Finance Act, 1994	Service Tax (including interest and penalty if applicable)	5.5	0.6	Various Years	CESTAT
		2.6	0.1	Various Years	Commissioner (Appeals), Pune
Income Tax Act, 1961	Income Tax (including interest and penalty if applicable)	351.1	116.9	Various years	Income Tax Appellate Tribunal
		18.3	NIL	FY 2007 – 2008, FY 2008 – 2009	Commissioner of Income Tax – Appeals
		7.1	NIL	FY 2002 – 2003	Assessing Officer
Central and Local Sales Tax Acts	Sales Tax (including interest and penalty if applicable)	20.0	0.3	FY 2005 – 2006 to FY 2012 – 2013	Objection Authority Department of Trade & Taxes – Delhi
		46.6	3.7	Various Years	Revision Board – West Bengal
		46.5	14.9	Various Years	Joint Commissioner – Various States
		4.9	0.5	FY 2012 – 2013	Senior Joint Commissioner – West Bengal
		5.5	3.4	Various Years	Joint Commissioner (Appeals) – Various States
		21.2	1.4	Various Years	Deputy Commissioner – Various States

- c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.



- viii. 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.
- ix. 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 3(ix) of the Order are not applicable to the Company.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. 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

Bengaluru  
10<sup>th</sup> May, 2016

Membership Number 48125

## Balance Sheet as at March 31, 2016

	Note	March 31, 2016	(₹ in million) December 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	527.3	527.3
Reserves and surplus	3	15,166.6	13,634.5
		<b>15,693.9</b>	<b>14,161.8</b>
<b>Non- current liabilities</b>			
Deferred tax liabilities (net)	4	-	0.8
Long-term provisions	5	274.7	270.2
		<b>274.7</b>	<b>271.0</b>
<b>Current liabilities</b>			
Trade payables	6		
Total outstanding dues of micro and small enterprises		7.8	8.9
Total outstanding dues of creditors other than micro and small enterprises		2,921.4	3,357.6
		<b>2,929.2</b>	<b>3,366.5</b>
Other current liabilities	7	723.8	858.2
Short-term provisions	8	1,213.9	454.0
		<b>4,866.9</b>	<b>4,678.7</b>
<b>TOTAL</b>		<b>20,835.5</b>	<b>19,111.5</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets			
Tangible assets	9	2,978.5	3,469.4
Intangible assets	10	0.2	0.1
Capital work-in-progress		119.2	184.0
		<b>3,097.9</b>	<b>3,653.5</b>
Non-current Investments	11	189.2	196.3
Deferred tax assets (net)	4	86.0	-
Long-term loans and advances	12	1,984.7	2,320.2
		<b>5,357.8</b>	<b>6,170.0</b>
<b>Current assets</b>			
Inventories	13	3,350.4	2,929.5
Trade receivables	14	4,178.6	3,730.2
Cash and bank balances	15	6,973.3	5,347.5
Short-term loans and advances	16	800.0	805.7
Other current assets	17	175.4	128.6
		<b>15,477.7</b>	<b>12,941.5</b>
<b>TOTAL</b>		<b>20,835.5</b>	<b>19,111.5</b>
<b>Significant accounting policies</b>	1		

The accompanying notes are an integral part of these financial statements

In terms of our report of even date

**For Price Waterhouse & Co Bangalore LLP**

Firm Regn. No. 007567S/S-200012

Chartered Accountants

**Jeetendra Mirchandani**

Partner

Membership No. 48125

Bengaluru

Date - 10<sup>th</sup> May, 2016

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

**Rakesh Makhija**

Chairman

**Shishir Joshipura**

Managing Director

**P. R. Menon**

**H. Hattangady**

**P. M. Telang**

Directors

**Chandramowli S.**

Finance Director

**P. Bhandari**

Company Secretary

10<sup>th</sup> May, 2016, Bengaluru

## Statement of Profit and Loss for 15 months ended March 2016

		(₹ in million)	
	Note	For 15 months ended March 31, 2016	For the year ended December 31, 2014
<b>Revenue from operations</b>	18		
Sale of products (gross)		31,515.2	25,023.0
Less: Excise Duty		2,292.1	1,506.9
<b>Sale of products (net)</b>		<b>29,223.1</b>	<b>23,516.1</b>
Sale of services		332.5	210.3
Other operating revenue		423.7	409.7
<b>Total</b>		<b>29,979.3</b>	<b>24,136.1</b>
Other income	19	1,009.0	789.2
<b>Total revenue</b>		<b>30,988.3</b>	<b>24,925.3</b>
<b>Expenses</b>			
Cost of materials consumed	20	7,207.2	6,358.7
Purchase of stock-in-trade	21	11,922.9	8,958.4
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(412.6)	(317.5)
Employee benefits	23	2,521.2	2,155.4
Depreciation and amortization	24	684.3	539.5
Other expenses	25	5,101.2	4,169.1
<b>Total expenses</b>		<b>27,024.2</b>	<b>21,863.6</b>
<b>Profit before tax</b>		<b>3,964.1</b>	<b>3,061.7</b>
Income tax expense :			
Current tax		1,425.0	1,040.5
Deferred tax		(42.1)	(39.5)
Short / (excess) tax provision for earlier years		9.7	33.0
<b>Profit after tax</b>		<b>2,571.5</b>	<b>2,027.7</b>
Earnings per equity share [nominal value of share ₹ 10 (previous year : ₹ 10)]			
Basic and Diluted	26	48.8	38.5
<b>Significant accounting policies</b>	1		

The accompanying notes are an integral part of these financial statements  
In terms of our report of even date

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

**Jeetendra Mirchandani**  
Partner  
Membership No. 48125  
Bengaluru

Date - 10<sup>th</sup> May, 2016

**Chandramowli S.**  
Finance Director

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

**Rakesh Makhija**  
Chairman

**Shishir Joshipura**  
Managing Director

**P. R. Menon**  
**H. Hattangady**

**P. M. Telang**

Directors

**P. Bhandari**  
Company Secretary

10<sup>th</sup> May, 2016, Bengaluru

## Cash Flow

### for 15 months ended March 2016

(₹ in Million)

	For 15 months ended March 31, 2016	For the year ended December 31, 2014
<b>A. Cash flow from Operating Activities</b>		
Profit before exceptional items and tax	3,964.1	3,061.7
Adjusted for :		
Depreciation / Amortisation	684.3	539.5
Net (Profit) / Loss on sale of Fixed Assets	1.7	(3.3)
Interest income	(798.8)	(619.3)
	<b>(112.8)</b>	<b>(83.1)</b>
Operating Profit before working capital changes	<b>3,851.3</b>	<b>2,978.6</b>
Adjusted for :		
Decrease / (Increase) in inventories	(420.9)	(377.8)
Decrease / (Increase) in trade receivables	(448.4)	(432.7)
Decrease / (Increase) in loans advances & other current assets	(22.9)	8.4
(Decrease) / Increase in trade payables	(437.3)	855.8
(Decrease) / Increase in other payables and provisions	(188.7)	262.0
	(1,518.2)	315.7
<b>Cash generated from operations</b>	<b>2,333.1</b>	<b>3,294.3</b>
Direct taxes paid (net of refunds)	(1,421.8)	(1,117.2)
<b>Net cash flow from Operating Activities (A)</b>	<b>911.3</b>	<b>2,177.1</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(320.4)	(374.8)
Sale of Fixed Assets	16.9	32.7
Deposits placed during the year	(10,172.5)	(4,029.3)
Deposits matured during the year	7,561.1	3,667.9
Interest Earned	517.8	351.2
Interest Earned on Inter Corporate Loan	249.0	225.6
Inter Corporate Loan Received Back	410.0	100.0
<b>Net cash used in Investing Activities (B)</b>	<b>(1,738.1)</b>	<b>(26.7)</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)	(158.7)	(462.7)
<b>Net cash used in Financing Activities (C)</b>	<b>(158.7)</b>	<b>(925.4)</b>
<b>Net changes in Cash and Cash Equivalents (A+B+C)</b>	<b>(985.5)</b>	<b>1,225.0</b>
Cash and Cash Equivalents at beginning of the year (net of foreign exchange)	1,931.3	706.3
Cash and Cash Equivalents at the end of the year (net of foreign exchange)	945.8	1,931.3
<b>Net changes in Cash and Cash Equivalents</b>	<b>(985.5)</b>	<b>1,225.0</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  
Bengaluru

Date - 10<sup>th</sup> May, 2016

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

**Rakesh Makhija**  
Chairman

**Shishir Joshipura**  
Managing Director

**P. R. Menon**  
**H. Hattangady**

**P. M. Telang**

Directors

**Chandramowli S.**  
Finance Director

**P. Bhandari**  
Company Secretary

10<sup>th</sup> May, 2016, Bengaluru

# Notes to financial statements

## 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 section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation with and recommendations 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 in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standard) Rules, 2006, amended] and other relevant provisions of the Companies Act, 2013.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated March 30, 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. April 1, 2016.

### 1.2 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 III to the Companies Act, 2013. 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.

### 1.3 Revenue Recognition

#### Sale of Goods

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 tax (VAT) and service tax, and is net of returns, trade discounts and quantity discounts.

#### Sale of Services

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

#### Export Incentive

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

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

### 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.

## Notes to financial statements

Particulars	Useful Life (in years)
Buildings	33
Plant and equipments	5/10/14/16/20
Furniture and fixtures	4
Office equipments	3/4
Vehicles	5

Freehold land is not depreciated.

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 asset 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 the value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating units exceed 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.

Assets given by the Company under operating lease are included in Tangible Assets/Investment Property. 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 or 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

## Notes to financial statements

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.”

### 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 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 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

### 1.10 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.

### 1.11 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.

### 1.12 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.

### 1.13 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 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.

### 1.16 Investment Property

Investment in buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation. Refer note 1.4 for depreciation rates.



## Notes to financial statements

(₹ in Million)

	March 31, 2016	December 31, 2014
<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**

	March 31, 2016		December 31, 2014	
	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**

	March 31, 2016		December 31, 2014	
	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**

	March 31, 2016		December 31, 2014	
	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%

**(e) The Company has not allotted any bonus shares during 5 years immediately preceding March 31, 2016.**

## Notes to financial statements

	(₹ in Million)	
	March 31, 2016	December 31, 2014
<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	6,424.7	5,674.7
Amount transferred from Profit and Loss Balance	800.0	750.0
	<b>7,224.7</b>	<b>6,424.7</b>
<b>(iii) Surplus (Profit and loss balance)</b>		
At the commencement of the year	6,504.7	5,847.9
Profit for the year	2,571.5	2,027.7
Less : Impact of transitional provision related to depreciation (net of tax of ₹ 44.7 million) as per Schedule II of the Companies Act, 2013	86.9	-
<b>Less : Appropriations</b>		
Dividend on Equity shares [ ₹ 15 per share (previous year ₹ 2.5 per share)]	791.0	131.8
Tax on dividend as above	161.0	26.4
Interim Dividend on Equity shares [ ₹ 7.5 per share]	-	395.5
Tax on Interim Dividend paid	-	67.2
Short provision for dividend distribution tax	0.5	-
Transfer to General Reserve	800.0	750.0
	<b>7,236.8</b>	<b>6,504.7</b>
	<b>15,166.6</b>	<b>13,634.5</b>
<b>4. Deferred tax (asset) / liability (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	106.3	185.2
	<b>106.3</b>	<b>185.2</b>
<b>Deferred tax assets</b>		
Provision for employee benefits	91.7	109.1
Provision for doubtful trade receivables	31.7	19.0
Other timing differences (43B disallowances, Provision for obsolete stock)	68.9	56.3
	<b>192.3</b>	<b>184.4</b>
<b>Deferred tax (asset) / liability (net)</b>	<b>(86.0)</b>	<b>0.8</b>
<b>5. Long term provisions</b>		
<b>Provision for employee benefits</b>		
Compensated absences	200.0	191.3
Provision for interest on Provident Fund (refer note 27)	7.7	-
<b>Other provisions (refer note 32)</b>	67.0	78.9
	<b>274.7</b>	<b>270.2</b>

## Notes to financial statements

	(₹ in Million)	
	March 31, 2016	December 31, 2014
<b>6. Trade payables</b>		
Trade payables		
(i) Total outstanding dues of micro and small enterprises	7.8	8.9
(ii) Total outstanding dues of creditors other than micro and small enterprises.	2,921.4	3,357.6
	<b>2,929.2</b>	<b>3,366.5</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	183.2	244.9
<b>Other liabilities</b>		
Liabilities for dealer incentives	168.6	248.1
Unclaimed dividend *	16.8	16.9
Statutory dues payable	312.8	264.3
Advances received from customers	10.9	37.0
Payables on account of capital purchases	3.7	22.6
Other liabilities	27.8	24.4
	<b>723.8</b>	<b>858.2</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>		
Compensated absences	16.3	25.2
Provision for Gratuity (refer Note 27)	27.3	100.3
<b>Other provisions</b>		
Provision for taxation (net of advance tax)	43.9	-
Dividend payable	791.0	131.8
Tax on dividend payable	161.0	26.4
Other provisions (refer note 32)	174.4	170.3
	<b>1,213.9</b>	<b>454.0</b>

## Notes to financial statements

9. Tangible assets	Gross Block				Accumulated Depreciation			Net Block	
	As at January 1, 2015	Additions during the period	Disposals during the period	As at March 2016	As at January 1, 2015	For the year* during the period	Disposals during the period	As at March 2016	As at December 31, 2014
Owned assets:									
Freehold Land	268.6	0.7	-	269.3	-	-	-	269.3	268.6
Buildings (Refer note a below)	739.8	5.4	-	745.2	232.9	25.7	-	486.6	506.9
Plant and equipment (Refer note b below)	8,737.0	297.4	18.7	9,015.7	6,281.0	643.8	16.45	2,107.4	2,456.0
Furniture and fixtures (Refer note b below)	120.5	7.8	0.4	127.9	39.6	78.2	0.3	117.5	80.9
Office Equipments	45.4	2.0	-	47.4	9.1	11.4	-	20.5	36.3
Vehicles	187.5	22.0	56.7	152.8	66.8	48.5	40.5	74.8	120.7
<b>Total</b>	<b>10,098.8</b>	<b>335.3</b>	<b>75.8</b>	<b>10,358.3</b>	<b>6,629.4</b>	<b>807.6</b>	<b>57.2</b>	<b>7,379.7</b>	<b>3,469.4</b>
Previous year	9,864.1	461.4	226.7	10,098.8	6,294.2	532.5	197.3	6,629.4	3,569.9

\* From January 1, 2015, the Company has adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act, 2013, applicable for accounting periods commencing 1st April 2014 or reassessed useful life based on technical evaluation. Accordingly out of 807.6 MINR, depreciation of 131.6 MINR (86.9 MINR net of deferred tax of 44.7 MINR) on account of assets whose useful life is already exhausted on 1st January, 2015 has been adjusted against retained earnings and in other cases, the carrying value has been depreciated over the remaining of the useful life of the assets and recognized in the Statement of Profit and Loss.

- a Cost of shares of ₹ 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:

10. Intangible assets	March 31, 2016				December 31, 2014			
	As at January 1, 2015	Additions during the period	Disposal during the period	As at March 2016	As at January 1, 2015	For the year during the period	Disposals during the year	As at March 2016
Plant and equipment	61.4	-	7.6	16.0	45.4	60.0	1.4	8.4
Furniture and fixtures	7.2	-	1.5	2.3	4.9	2.6	4.6	0.8
<b>Total</b>	<b>68.6</b>	<b>-</b>	<b>9.1</b>	<b>18.3</b>	<b>50.3</b>	<b>62.6</b>	<b>6.0</b>	<b>9.2</b>

10. Intangible assets	Gross Block			Accumulated Depreciation			Net Block	
	As at January 1, 2015	Additions during the period	Disposal during the period	As at March 2016	For the year during the period	Disposals during the year	As at March 2016	As at December 31, 2014
<b>Softwares</b>	<b>32.4</b>	<b>0.4</b>	<b>-</b>	<b>32.8</b>	<b>0.2</b>	<b>-</b>	<b>32.6</b>	<b>0.1</b>
Previous year	32.4	-	-	32.4	0.0*	-	32.3	0.1

\* Since denominated in Million

## Notes to financial statements

(₹ in Million)

	March 31, 2016	December 31, 2014
<b>11. Non-current Investment</b>		
<b>Investment in property (at cost less depreciation)</b>		
Cost of building given on operating lease	216.9	207.2
Add : Additions	1.0	9.7
Less : Accumulated Depreciation	28.7	20.6
<b>Net Block</b>	<b>189.2</b>	<b>196.3</b>
<b>12. Long-term loans and advances</b>		
<b>To parties other than related parties (unsecured, considered good)</b>		
Capital Advances	39.9	8.8
Security Deposits	90.5	85.3
Other loans and advances		
- Advance tax recoverable (net of provision)	162.5	49.2
- Others	91.8	76.9
<b>To related parties (secured, considered good)</b>		
Other loans and advances (*)	1,600.0	2,100.0
	<b>1,984.7</b>	<b>2,320.2</b>
(*)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.		
<b>13. Inventories</b>		
Raw Materials and Bought-Out Components	495.5	464.6
[including material in transit ₹ 61.06 million (Previous year ₹ 107.5 million.)]		
Stores and Spares [including material in transit ₹ 14.7 million (previous year ₹ 11.9 million)]	410.0	432.7
Work-in-progress	174.6	153.8
Finished Products [Including material in transit ₹ 230.3 million (previous year ₹ 377.6 million)]	2,270.3	1,878.4
	<b>3,350.4</b>	<b>2,929.5</b>
<b>14. 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	6.6	11.4
Doubtful	91.6	56.0
Less : Provision for doubtful receivables	91.6	56.0
	6.6	11.4
<b>(ii) Others</b>		
Unsecured, considered good	4,172.0	3,718.8
	<b>4,178.6</b>	<b>3,730.2</b>

## Notes to financial statements

	(₹ in Million)	
	March 31, 2016	December 31, 2014
<b>15. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	0.6	0.5
Balances with Banks		
- On Current Account	-	71.1
- On EEFC Account*	0.6	0.0
- On Deposit Account (with original maturity of 3 months or less)	944.6	1,859.7
	<b>945.8</b>	<b>1,931.3</b>
<b>Other bank balances</b>		
Bank deposits with original maturity of more than 3 months and remaining maturity of less than 12 months.	6,010.7	3,399.3
Unclaimed Dividend Account**	16.8	16.9
	<b>6,973.3</b>	<b>5,347.5</b>
* Since denominated in Million for 2014		
** Unclaimed dividend account represents held for dividend remittance and hence are not available for use.		
<b>16. Short-term loans and advances</b>		
<b>(i) To parties other than related parties (unsecured, considered good)</b>		
Prepaid Expenses	26.9	50.3
Advances for supply of goods and rendering of services	120.3	144.6
Export benefits / duty entitlements	104.6	121.8
Advance tax recoverable (net of provision)	-	83.8
Balances with Sales tax / Excise authorities	115.8	20.5
Other receivables	14.2	13.8
<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 ₹ 36.2 million (previous year ₹ 51 million)] (Refer note 12)	326.2	251.0
<b>Unsecured</b>		
Other receivables	92.0	119.9
	<b>800.0</b>	<b>805.7</b>
<b>17. Other current assets</b>		
(Unsecured and considered good)		
Interest accrued on fixed deposits with banks	175.4	128.6
	<b>175.4</b>	<b>128.6</b>

## Notes to financial statements

	(₹ in Million)	
	For 15 months ended March 31, 2016	For the year ended December 31, 2014
<b>18. Revenue from operations</b>		
<b>(i) Sale of products</b>		
Manufactured goods	18,180.4	14,612.0
Traded goods	13,334.8	10,411.0
Sale of products (gross)	<b>31,515.2</b>	<b>25,023.0</b>
Less : Excise Duty	2,292.1	1,506.9
Sale of products (net)	<b>29,223.1</b>	<b>23,516.1</b>
<b>(ii) Sale of services</b>	332.5	210.3
<b>(iii) Other operating revenue</b>		
Scrap sales	29.9	32.5
Technical and other service income	288.7	319.3
Miscellaneous operating income	105.1	57.9
	<b>423.7</b>	<b>409.7</b>
	<b>29,979.3</b>	<b>24,136.0</b>
<b>Breakup of revenue from sale of products</b>		
<b>Manufactured goods</b>		
Bearings	15,271.7	12,629.2
Others	616.6	475.9
Excise duty on manufactured goods	2,292.1	1,506.9
	<b>18,180.4</b>	<b>14,612.0</b>
<b>Traded goods</b>	13,334.8	10,411.0
	<b>13,334.8</b>	<b>10,411.0</b>
<b>19. Other income</b>		
Interest Income		
- Fixed deposits with banks	564.6	393.9
- On loan given to related party	234.2	225.4
Profit on sale of fixed assets (net)	-	3.3
Rental income	48.9	39.2
Export benefits	53.9	24.2
Miscellaneous Income	107.4	103.2
	<b>1,009.0</b>	<b>789.2</b>
<b>20. Cost of material consumed</b>		
Inventory at the beginning of the year	464.6	429.4
Purchases	7,238.1	6,393.9
Inventory at the end of the year	495.5	464.6
	<b>7,207.2</b>	<b>6,358.7</b>
<b>Breakup of cost of material consumed</b>		
Raw material - Steel	30.3	107.9
Bought out components - Rings	4,461.1	3,821.7
Bought out components - Balls	776.6	653.8
Bought out components - Rollers	648.2	646.6
Bought out components - Others	1,291.0	1,128.7
	<b>7,207.2</b>	<b>6,358.7</b>

## Notes to financial statements

	(₹ in Million)	
	For 15 months ended March 31, 2016	For the year ended December 31, 2014
<b>Purchases of material</b>		
Raw material - Steel	62.0	75.7
Bought out components - Rings	4,460.6	3,863.0
Bought out components - Balls	776.5	660.9
Bought out components - Rollers	648.1	653.6
Bought out components - Others	1,290.9	1,140.7
	<b>7,238.1</b>	<b>6,393.9</b>
<b>21. Purchase of stock in trade</b>		
Purchases of traded goods	11,922.9	8,958.4
	<b>11,922.9</b>	<b>8,958.4</b>
<b>22. Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>(i) Increase in inventory of finished goods :</b>		
Opening 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>
Less : Closing inventory		
Bearings	972.3	923.2
Others	48.8	76.8
Excise duty on finished goods	230.8	165.9
	<b>1,251.9</b>	<b>1,165.9</b>
	<b>(86.0)</b>	<b>(129.7)</b>
<b>(ii) Increase in inventory of work in progress :</b>		
Opening inventory	153.8	153.7
Less : Closing inventory	174.6	153.8
	<b>(20.8)</b>	<b>(0.1)</b>
<b>(iii) Increase in inventory of traded goods :</b>		
Opening inventory	712.5	524.8
Less : Closing inventory	1,018.3	712.5
	<b>(305.8)</b>	<b>(187.7)</b>
	<b>(412.6)</b>	<b>(317.5)</b>
<b>23. Employee benefits</b>		
Salaries, Wages and Bonus	2,039.9	1,672.9
Contribution to Provident and Other Funds (refer note 27 )	160.5	209.2
Welfare Expenses	320.8	273.3
	<b>2,521.2</b>	<b>2,155.4</b>
<b>24. Depreciation and amortisation</b>		
Depreciation of tangible fixed assets (refer note 9)	676.0	529.3
Amortisation of intangible fixed assets* (refer note 10)	0.2	0.0
Depreciation of investment property (refer note 11)	8.1	10.2
	<b>684.3</b>	<b>539.5</b>

\* Since denominated in Million for 2014



## Notes to financial statements

	(₹ in Million)	
	For 15 months ended March 31, 2016	For the year ended December 31, 2014
<b>25. Other expenses</b>		
Consumption of stores and spare parts	865.8	746.5
Excise duty related to increase/(decrease) in inventory of finished goods	64.9	(9.2)
Power and Fuel	504.4	428.4
Repairs		
Building	16.7	15.6
Machinery	430.3	344.2
Royalty	472.9	393.1
IT Services	450.3	397.4
Trade mark fees	315.0	262.1
Rent	62.6	48.6
Insurance	24.6	16.2
Rates and Taxes	139.1	104.2
Travelling	350.5	311.5
Legal and professional fees	223.8	141.3
Payment to auditors (Refer note below)	5.4	4.2
Advertising and sales promotion	206.9	200.3
Logistic Cost	349.8	299.2
Provision for doubtful trade receivables	36.6	13.6
Bad debts written off	2.7	1.3
Directors' Commission / Sitting Fees	9.5	6.5
Loss on sale of Fixed Assets	1.7	-
Expenditure incurred for Corporate Social Responsibility (Refer note below)	39.1	-
Miscellaneous expenses	528.6	444.1
	<b>5,101.2</b>	<b>4,169.1</b>
<b>Note : Payments to auditors</b>		
As auditor		
- Statutory audit	3.9	2.2
- Tax audit	0.9	0.8
- Other audit services	0.6	1.2
Reimbursement of expenses	-	-
	<b>5.4</b>	<b>4.2</b>

### Expenditure towards Corporate Social Responsibility (CSR) activities

As set out in section 135 of the Companies Act, 2013, the Company is required to contribute 56.1 MINR towards Corporate Social Responsibility activities, as calculated basis 2% of its average net profits of the last three financial years. Accordingly, during the current year, the Company has contributed 39.1 MINR towards the eligible projects as mentioned in Schedule VII (including amendments thereto) of the Companies Act, 2013. Amount of expenditure incurred on CSR is disclosed separately in other expense above.

## Notes to financial statements

(₹ in Million)

For 15 months ended  
March 31, 2016

For the year ended  
December 31, 2014

	For 15 months ended March 31, 2016	For the year ended December 31, 2014
<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)	2,571.5	2,027.7
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 (₹)	48.8	38.5
Diluted Earnings per share (₹)	48.8	38.5

### 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	For 15 months ended March 31, 2016	For the year ended December 31, 2014
Employee Provident Fund - Regional Provident Fund Contribution	36.2	21.9
Superannuation fund	34.1	37.0
	<b>70.3</b>	<b>58.9</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 atleast 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.

	March 31, 2016	December 31, 2014
Present value of the defined benefit obligation at the end of the period	732.5	686.2
Fair value of the plan assets at the end of the year	705.2	585.9
Liability / (Asset) recognised in the Balance Sheet	<b>27.3</b>	<b>100.3</b>
Current	27.3	100.3
Non-Current	-	-
	<b>27.3</b>	<b>100.3</b>
<b>Composition of plan assets</b>		
	%	%
Government of India securities	24	28
Corporate bonds	15	21
Insurer managed funds	57	40
Others	4	11

## Notes to financial statements

	(₹ in Million)	
	For 15 months ended March 31, 2016	For the year ended December 31, 2014
<b>Employee benefits: Post-employment benefit plans (continued)</b>		
<b>Movement in the present value of defined benefit obligation</b>		
Defined benefit obligation at the beginning of the period	686.2	522.7
Current service cost	43.4	27.1
Interest cost	70.8	47.3
Actuarial (gain) / loss	(12.0)	112.6
Benefits paid by the plan	(55.9)	(23.5)
Defined benefit obligation at the end of the period	<b>732.5</b>	<b>686.2</b>
<b>Movement in fair value of plan assets</b>		
Fair value of assets at the beginning of the period	585.9	529.4
Expected return on plan assets	63.8	44.7
Actuarial gain / (loss)	12.5	35.3
Contribution by the employer	98.9	-
Assets Distributed on Settlements	-	-
Benefits paid by the plan	(55.9)	(23.5)
Fair value of assets at the end of the period	<b>705.2</b>	<b>585.9</b>
<b>Expense recognised in Statement of Profit and Loss</b>		
Current service cost	43.4	27.1
Interest on obligation	70.8	47.3
Expected return on plan assets	(63.8)	(44.7)
Actuarial (gain) / loss recognised in the year	(24.5)	77.3
Total included in 'employee benefits'	<b>25.9</b>	<b>107.0</b>
<b>Actual return on plan assets</b>		
Expected return on plan assets	63.8	44.7
Actuarial (gain) / loss	12.5	35.3
Actual return on plan assets	<b>76.3</b>	<b>80.0</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	7.8%	8.2%
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%	6.0%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Assumptions regarding future mortality are 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

(₹ in Million)

<b>Employee benefits: Post-employment benefit plans ( Contd.)</b>					
Five year information					
	<b>March 31, 2016</b>	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Defined benefit obligation	732.5	686.2	522.7	558.3	467.4
Fair value of plan assets	705.2	585.9	529.4	497.7	451.5
Surplus/(deficit)	<b>(27.3)</b>	<b>(100.3)</b>	<b>6.7</b>	<b>(60.6)</b>	<b>(15.9)</b>
Experience adjustments on plan liabilities	(32.7)	37.9	33.2	39.9	11.6
Experience adjustments on plan assets	12.5	35.3	(1.3)	11.1	(2.9)

### (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 ₹ 7.7 million (previous year NIL).

The details of fund and plan asset position as at March 31, 2016 is given below:

	<b>March 31, 2016</b>	December 31, 2014
Present value of the defined benefit obligation at the end of the period	1,493.8	1,315.5
Fair value of the plan assets at the end of the year	1,486.1	1,315.5
Liability recognised in the Balance Sheet	<b>7.7</b>	-
Current	-	-
Non-Current	7.7	-
	7.7	-
<b>Composition of plan assets</b>		
	%	%
Government of India securities	34	31
Corporate bonds	42	41
Special deposit schemes	18	21
Others	5	7
	<b>For 15 months ended March 31, 2016</b>	For the year ended December 31, 2014
<b>Movement in the present value of defined benefit obligation</b>		
Defined benefit obligation at the beginning of the period	1,315.5	1,208.5
Current service cost	43.6	42.9
Interest cost	138.7	98.7
Actuarial (gain) / loss	19.6	(19.7)
Employees' contribution	111.5	87.2
Liabilities assumed on acquisition / (settled on divestiture)	5.5	5.7

## Notes to financial statements

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

(₹ in Million)

	For 15 months ended March 31, 2016	For the year ended December 31, 2014
Benefits paid by the plan	(140.6)	(107.8)
Defined benefit obligation at the end of the year	<b>1,493.8</b>	<b>1,315.5</b>
<b>Movement in fair value of plan assets</b>		
Fair value of assets at the beginning of the period	1,315.5	1,204.2
Expected return on plan assets	142.3	100.1
Actuarial gain / (loss)	8.3	(16.8)
Contribution by the employer	43.6	42.9
Contribution by the employees	111.5	87.2
Assets Distributed on Settlements / acquired on acquisition	5.5	5.7
Benefits paid by the plan	(140.6)	(107.8)
Fair value of assets at the end of the year	<b>1,486.1</b>	<b>1,315.5</b>
<b>Expense recognised in Statement of Profit and Loss</b>		
Current service cost	43.6	42.9
Interest on obligation	138.7	98.7
Expected return on plan assets	(142.3)	(100.1)
Actuarial (gain) / loss recognised in the year	11.3	(2.9)
Total included in 'employee benefits'	<b>51.3</b>	<b>38.6</b>
<b>Actual return on plan assets</b>		
Expected return on plan assets	142.3	100.1
Actuarial gain / (loss)	8.3	(16.8)
Actual return on plan assets	<b>150.6</b>	<b>83.3</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	7.8%	8.2%
Expected rates of return on any plan assets	8.4%	8.6%
Discount rate for the remaining term to maturity of the investment	7.9%	8.1%
Average historic yield on the investment	8.5%	8.6%
Guaranteed rate of return	8.8%	8.8%
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

	March 31, 2016	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Defined benefit obligation	1,493.8	1,315.5	1,208.5	1,198.6	1,108.2
Fair value of plan assets	1,486.1	1,315.5	1,204.2	1,198.6	1,024.7
<b>Surplus/(deficit)</b>	<b>(7.7)</b>	<b>-</b>	<b>(4.3)</b>	<b>-</b>	<b>(83.5)</b>
Experience adjustments on plan liabilities	12.0	(19.1)	42.1	(14.4)	2.1
Experience adjustments on plan assets	8.3	(16.8)	40.5	63.0	(4.6)

## Notes to financial statements

(₹ in Million)

March 31, 2016    December 31, 2014

### 28. Contingent liabilities and commitments

(to the extent not provided for)

## a) Contingent liabilities:

Claims against the Company not acknowledged as debts

(i)	Income-tax	381.4	42.2
(ii)	Excise duty	340.1	156.1
(iii)	Sales tax	102.1	78.6
(iv)	Service tax	8.1	7.8
(v)	Bills discounted	650.1	459.2
(vi)	Others	67.5	67.7

**1,549.3**                      **811.6**

In addition to above, 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 ₹ 643.5 million to the total income of the company for assessment year 2012-13. 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 final assessment order and that the hearings are pending before the Dispute resolution panel, the management is of the opinion that there is no tax liability against the company as on the balance sheet date.

## b) Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	257.4	99.5
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**257.4**                      **99.5**

### 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	March 31, 2016		December 31, 2014	
	Amount (in original currency in million)	Amount (₹ in million)	Amount (in original currency in million)	Amount (₹ in million)
<b>Payable</b>				
EURO	14.2	1,066.9	17.5	1,354.7
USD	9.9	656.4	5.6	356.3
SEK	0.7	5.7	0.5	4.2
GBP	0.0*	0.5	0.0*	0.4
YEN	31.2	18.4	28.0	14.9
CHF	0.0*	3.2	0.1	4.3
		<b>1,751.1</b>		<b>1,734.8</b>

## Notes to financial statements

(₹ in Million)

Particulars	March 31, 2016		December 31, 2014	
	Amount (in original currency in million)	Amount (₹ in million)	Amount (in original currency in million)	Amount (₹ in million)
<b>Receivable</b>				
EURO	2.3	169.2	2.0	156.5
USD	1.6	107.4	1.9	122.4
SEK	9.4	76.1	10.3	84.0
SGD	0.7	35.9	0.3	14.4
JPY	0.8	0.5	3.6	1.9
		<b>389.1</b>		<b>379.2</b>
<b>Bank</b>				
EURO EEFC Bank Account	0.0*	0.0*	0.0*	0.0*
USD EEFC Bank Account	0.0*	0.0*	0.0*	0.0*
		<b>0.0*</b>		<b>0.0*</b>

\* Since denominated in Million

### 30. Dues to micro and small suppliers

Particulars	March 31, 2016	December 31, 2014
	Current	Current
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	4.5	5.8
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	3.3	3.1
Principal amount paid to suppliers registered under the MSMED Act beyond the appointed day during the year	36.4	30.4
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year	Nil	Nil
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act for payment already made	0.5	0.5
Further interest remaining due and payable for earlier years	3.1	3.1

Note : The above information has been compiled by the Company on the basis of information made available by vendors during 15 months ended March 2016.

### 31. Details of imported and indigenous raw materials, components and spare parts consumed during the financial year

Particulars	For 15 months ended March 31, 2016		For the year ended December 31, 2014	
	% of total consumption	₹ in million	% of total consumption	₹ in million
<b>Spare parts</b>				
Imported	15	65.7	20	67.5
Indigenous	85	364.5	80	276.7
	<b>100</b>	<b>430.3</b>	<b>100</b>	<b>344.2</b>
<b>Raw Materials and Bought-Out Components</b>				
Imported	18	1,268.1	20	1,287.9
Indigenous	82	5,939.1	80	5,070.8
	<b>100</b>	<b>7,207.2</b>	<b>100</b>	<b>6,358.7</b>

## Notes to financial statements

### 32 Additional disclosures relating to other provisions (as per Accounting Standard 29) (₹ in million)

	Disputed statutory and other matters		Warranty		Other obligations		TOTAL	
	2016	2014	2016	2014	2016	2014	2016	2014
At the commencement of the year	43.3	44.4	18.9	16.2	187.0	181.7	249.2	242.3
Provision made during the year	0.3	-	11.2	14.0	144.8	202.4	156.3	216.4
Provision utilised during the year	-	-	(5.0)	(6.7)	(122.4)	(197.1)	(127.4)	(203.8)
Unutilised provision written back during the year	-	(1.1)	(14.8)	(4.6)	(21.9)	-	(36.7)	(5.7)
<b>At the end of the year</b>	<b>43.6</b>	<b>43.3</b>	<b>10.3</b>	<b>18.9</b>	<b>187.5</b>	<b>187.0</b>	<b>241.4</b>	<b>249.2</b>
Non current portion	43.6	43.3	4.0	17.5	19.4	18.1	67.0	78.9
Current portion	0.0	-	6.3	1.4	168.1	168.9	174.4	170.3

- (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.

(₹ in Million)

For 15 months ended  
March 31, 2016      For the year ended  
December 31, 2014

<b>33. Expenditure in Foreign Currency :</b>			
Royalty		472.9	393.1
Trade mark fees		315.0	262.1
IT services		219.8	199.5
Professional and consultation		29.8	76.4
Others		65.5	126.9
		<b>1,103.0</b>	<b>1,058.0</b>
<b>34. C.I.F. value of imports :</b>			
Raw Materials		14.1	71.8
Components, Stores and Spares etc.		1,524.4	1,545.7
Trading goods		7,874.5	6,164.4
Capital Goods		87.3	80.6
		<b>9,500.3</b>	<b>7,862.5</b>
<b>35. Dividend remittances in foreign currency :</b>			
	<b>March 31, 2016</b>	<b>December 31, 2014 (Interim Dividend)</b>	December 31, 2014
Year to which the dividend relates	2014	2014	2013
Amount remitted during the year (INR in million)	70.6	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



## Notes to financial statements

(₹ in Million)

36. Earnings in foreign exchange :	For 15 months ended March 31, 2016	For the year ended December 31, 2014
F.O.B. value of Exports	2,185.4	1,817.6
Export of Services	0.7	8.8
Other Income	314.3	346.4
	<b>2,500.4</b>	<b>2,172.8</b>

37. The net exchange difference arising during the year recognised in the Statement of Profit and Loss is ₹ 50.7 million gain (Previous Year ₹ 65.8 million gain).

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 ₹ 2.0 million (Previous year ₹ 1.0 million) to its Statement of Profit and Loss.

During the current year, the Company has reimbursed the cost incurred by AB SKF Rs NIL (Previous year ₹ 4.6 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.

#### Information about geographical segments as below:

##### Segment Sales & Services

Domestic	27,348.5	21,855.7
Export	2,207.1	1,870.7
Total	<b>29,555.6</b>	<b>23,726.4</b>
<b>Segment Assets</b>		
Domestic	3,789.5	3,351.0
Export	389.1	379.2
Total	<b>4,178.6</b>	<b>3,730.2</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 March 31, 2016 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
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## Notes to financial statements

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

Sr. No.	Name of the Related Party
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
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., Bangalore
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

## Notes to financial statements

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

Sr. No.	Name of the Related Party
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
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)

#### 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

(₹ in Million)

### (ii) Disclosure of related party transactions:

Sr. No.	Nature of transaction / relationship / major parties	For 15 months ended March 31, 2016		For the year ended December 31, 2014	
		Amount	Amount	Amount	Amount
<b>A</b>	<b>Purchases</b>				
	<b>i Raw Materials and Finished Goods</b>	<b>9,779.4</b>		<b>7,439.9</b>	
	SKF Asia Pacific Pte Ltd, Singapore		4,559.0		3,584.8
	SKF GmbH, Germany		1,613.6		1,335.2
	SKF Technologies India Private Ltd.		1,435.4		827.8
	Others		2,171.4		1,692.1
	<b>ii Capital Goods &amp; Services</b>	<b>33.0</b>		<b>13.2</b>	
	SKF Osterreich AG., Austria		24.3		10.2
	SKF AUSTRIA		5.5		1.8
	Others		3.2		1.2
<b>B</b>	<b>Services received</b>				
	<b>i Administrative and Service Fees</b>	<b>294.2</b>		<b>305.1</b>	
	AB SKF, Sweden		227.1		220.6
	Others		67.1		84.5
<b>C</b>	<b>Royalty</b>	<b>472.9</b>		<b>393.1</b>	
	AB SKF, Sweden		472.9		393.1
<b>D</b>	<b>Trade Mark Fees</b>	<b>315.0</b>		<b>262.1</b>	
	AB SKF, Sweden		315.0		262.1
<b>E</b>	<b>Sales</b>				
	<b>i Goods and Services</b>	<b>2,201.4</b>		<b>1,858.7</b>	
	SKF USA Inc., USA		327.1		230.1
	SKF GmbH, Germany		798.3		745.4
	SKF European Distribution Centre (EDC)		332.5		290.4
	Others		743.5		592.8
	<b>ii Technical and other service income</b>	<b>288.7</b>		<b>319.3</b>	
	AB SKF, Sweden		288.7		319.3
<b>F</b>	<b>Other Income</b>				
	<b>i Rent Income</b>	<b>48.9</b>		<b>39.2</b>	
	SKF Technologies India Private Ltd.		48.9		39.2
	<b>ii Commission Income</b>	<b>25.6</b>		<b>27.1</b>	
	SKF Asia Pacific Pte Ltd		25.6		24.7
	SKF Mekan AB, Katrineholm		-		2.4

## Notes to financial statements

### (ii) Disclosure of related party transactions:

(₹ in Million)

Sr. No.	Nature of transaction / relationship / major parties	For 15 months ended March 31, 2016		For the year ended December 31, 2014	
		Amount	Amount	Amount	Amount
<b>G</b>	<b>Reimbursements</b>				
	<b>i Received</b>	<b>142.9</b>		<b>117.9</b>	
	AB SKF, Sweden		25.6		15.3
	SKF Technologies India Private Ltd.		77.5		59.1
	SKF SVERIGE AB		5.2		16.4
	Others		34.6		27.1
	<b>ii Paid</b>	<b>5.9</b>		<b>7.6</b>	
	SKF Technologies India Private Ltd.		3.0		6.4
	Others		2.9		1.2
<b>H</b>	<b>Inter Corporate Loan &amp; Interest</b>				
	<b>i Loan Received Back</b>	<b>410.0</b>		<b>100.0</b>	
	SKF Technologies India Private Ltd.		410.0		100.0
	<b>ii Interest Income on Loan</b>	<b>234.2</b>		<b>225.4</b>	
	SKF Technologies India Private Ltd.		234.2		225.4
<b>I</b>	<b>Dividend Paid</b>	<b>70.6</b>		<b>423.8</b>	
	AB SKF, Sweden		61.6		369.6
	SKF (UK) Ltd.		8.5		51.0
	Others		0.5		3.2
<b>J</b>	<b>Performance Share Award</b>	-		<b>4.6</b>	
	AB SKF, Sweden		-		4.6
<b>K</b>	<b>Managerial Remuneration</b>	<b>25.2</b>		<b>19.5</b>	
	Mr. Shishir Joshipura		25.2		19.5
<b>L</b>	<b>Employees' Benefit plans where there is Significant influence</b>				
	<b>i Contributions Paid</b>	<b>291.2</b>		<b>164.8</b>	
	SKF India Limited Provident Fund Scheme		155.6		129.5
	SKF Bearings India Limited Superannuation Scheme		33.4		31.8
	SKF Bearings India Limited Bangalore Superannuation Scheme		3.2		3.5
	SKF Bearings India Limited Employees Gratuity Fund		45.4		-
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		53.6		-
	<b>ii Reimbursements Received For Settlements</b>	<b>56.4</b>		<b>118.4</b>	
	SKF Bearings India Limited Employees Gratuity Fund		48.6		118.2
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		-		0.2

## Notes to financial statements

### (iii) Amount due to/from related parties

(₹ in Million)

Sr. No.	Nature of transaction / relationship	For 15 months ended March 31, 2016		For the year ended December 31, 2014	
		Amount	Amount	Amount	Amount
<b>1</b>	<b>Accounts receivable</b>	<b>408.0</b>		<b>399.4</b>	
	SKF International AB (Treasury Centre), Göteborg		371.5		267.1
	SKF China Sales Company Ltd. Shanghai		16.2		16.3
	Others		20.3		116.0
<b>2</b>	<b>Other receivable</b>	<b>55.0</b>		<b>89.6</b>	
	AB SKF Goteborg, Sweden		49.8		83.6
	Others		5.2		6.0
<b>3</b>	<b>Accounts payable</b>	<b>2,063.4</b>		<b>2,379.8</b>	
	SKF International AB		1,061.5		1,319.1
	SKF Asia Pacific Pte Ltd		662.9		793.4
	AB SKF Goteborg, Sweden		159.8		160.1
	Others		179.2		107.2
<b>4</b>	<b>Loan (including interest accrued)</b>	<b>1,926.2</b>		<b>2,351.0</b>	
	SKF Technologies India Private Limited		1,926.2		2,351.0
<b>5</b>	<b>Managerial Remuneration payable</b>	<b>2.2</b>		<b>2.8</b>	
	Mr. Shishir Joshipura		2.2		2.8
<b>6</b>	<b>Employees' Benefit plans where there is Significant influence</b>				
	Other Receivable	<b>28.0</b>		<b>25.7</b>	
	SKF Bearings India Limited Employees Gratuity Fund		26.7		20.5
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		1.3		5.2

42. Consequent to change in the financial year of the Company from January - December to April - March with effect from current year, the current year's financial statements are for 15 months from January 1, 2015 to March 31, 2016. The previous year's amounts relate to the 12 months ended December 31, 2014. In view of the above, the current year's amounts are accordingly not comparable to those of the previous year.

43. 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  
Bengaluru

Date - 10<sup>th</sup> May, 2016

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

**Rakesh Makhija**  
Chairman

**Shishir Joshipura**  
Managing Director

**P. R. Menon**  
**H. Hattangady**

**P. M. Telang**

Directors

**Chandramowli S.**  
Finance Director

**P. Bhandari**  
Company Secretary

10<sup>th</sup> May, 2016, Bengaluru

# 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

(To be presented at the entrance duly signed)

I hereby record my presence at the FIFTY-FIFTH ANNUAL GENERAL MEETING of SKF India Ltd. 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 Wednesday, 20<sup>th</sup> July, 2016 at 3.30 p.m.

SIGNATURE OF THE ATTENDING MEMBER / PROXY : \_\_\_\_\_

ELECTRONIC VOTING PARTICULARS		
Electronic Voting Event Number (REVEN)	User ID	Password

Note : Please refer to the instructions printed under the Notes to the Notice of the 55<sup>th</sup> Annual General Meeting. The voting periods starts from 9.00 am on Sunday 17<sup>th</sup> July, 2016 and ends at 5.00 p.m. on 19<sup>th</sup> July, 2016. The voting portal shall be disabled by NSDL for voting thereafter.

# 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

## Proxy Form

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 55<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, 20<sup>th</sup> July, 2016 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

- To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2016 together with Reports of the Directors and the Auditors thereon.
- To declare a dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2016.
- To appoint a Director in place of Mr. Rakesh Makhija (DIN 117692) who retires by rotation and being eligible offers himself for re-appointment.
- 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 54<sup>th</sup> AGM subject to retification of their appointment at every subsequent AGM.

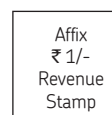
### SPECIAL BUSINESS

- Appointment of Mr. Stephane Le Mounier (DIN:07221465) as a Director of the Company
- Remuneration to Non-Executive Directors
- Approval of transactions with SKF Asia Pacific Pte Ltd, Singapore, SKF Group Company.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

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

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



Signature across the stamp

### Notes :

- 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.
- For the Resolutions, Statement setting out material facts thereon and notes, please refer to the Notice of the 55<sup>th</sup> Annual General Meeting.
- 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.

Voting through electronic means

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their rights to vote at the 55<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting services provided by National Securities Depository Limited (NSDL). In order to enable the members, who do not have the access to e-voting facility, to send their assent or dissent in writing in respect of the resolution as set out in this Notice.
- II. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- III. The remote e-voting period commences on Sunday, 17<sup>th</sup> July, 2016 (9:00 am) and ends on Tuesday, 19<sup>th</sup> July, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, 13<sup>th</sup> July, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- IV. The instructions for e-voting are as under:
  - A. In case a Member receives an email from NSDL (for members whose email IDs are registered with the Company / Depository Participant(s) :
    - i) Open email and open PDF file Viz; "skfindia.e-voting.pdf" with your Client ID or Folio No. as password. The PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
    - ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
    - iii) Click on Shareholder – Login
    - iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person 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 "REVEN" of SKF India Limited.
    - viii) Now you are ready for e-voting as Cast Vote page opens.
    - ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [skf.scrutinizer@gmail.com](mailto:skf.scrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
  - B. In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy):
    - i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

REVEN (Remote e-Voting Event Number)	USER-ID	PASSWORD/PIN
--------------------------------------	---------	--------------
    - ii) Please follow all steps from Sl. No. A (ii) to Sl. No. A (xii) above, to cast vote.

OTHER INSTRUCTIONS :

- V. 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.nsd.com](http://www.evoting.nsd.com) or call NSDL on : 1800-222-990 / 022-24994600.
- VI. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VIII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Wednesday, 13<sup>th</sup> July, 2016.
- IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Wednesday, 13<sup>th</sup> July, 2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) or contact NSDL at 1800-222-990 / 022-24994600.
- X. A member may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XII. Mr. P. N. Parikh and failing him Mr. Mitesh Dhaliwala Practicing Company Secretary of M/s Parikh & Associates has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the AGM, allow voting for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XV. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.skfindia.com/in](http://www.skfindia.com/in) and on the website of NSDL immediately on declaration of results by the Chairman or by the person authorized by him in writing and shall also be immediately communicated to the Stock Exchanges where the company's shares are listed.



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# SKF®

**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)