

Our world rotates around our customers

SKF India Limited
Annual Report 2016-17



Our world rotates around our customers

They are the fulcrum of our existence, and the nucleus of our DNA. They inspire us to challenge the boundaries of our imagination to create innovative products and solutions customised to their unique needs.

Motivating us to go beyond the existing norms to drive higher efficiencies across our operational and cost structures. And empowering us to raise the bar of technological excellence to deliver sustainable growth for today and tomorrow.

Our world rotates around our customers, who are the *raison d'être* of our continued success in an ever-evolving global industry landscape, enabling us to keep pace with the transitions and transformations of the business to generate greater value for all our stakeholders, year after year.



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Corporate Information

Board of Directors

Rakesh Makhija

Chairman

Shishir Joshipura

Managing Director

Prakash M. Telang

Prasad R. Menon

Hema A. Hattangady

Stephane Le-Mounier

(up to 28.04.2017)

Bernd Stephan

(effective from 08.06.2017)

Country Management Team

Shishir Joshipura

Chandramowli Srinivasan

Anjali Byce

Sanjeebit Choudhury

Shrikant Savangikar

Shoaib Shaikh

Mandar Vaidya

Company Secretary

Pradeep Bhandari

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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,

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Managing Director's Letter to Shareholders



We decided to enhance our focus on the dimension of "Customer Centricity" to enhance our ability as a solution provider.

Dear Shareholders,

It is my privilege to present to you the Annual Report of SKF India for FY 2016-17. I am pleased to share that we have made commendable progress in building a resilient business capable of generating long-term value through the economic cycle. This is reflected in this year's strong performance in the face of economic and global headwinds. Revenue from Operations for the year ended March 31, 2017 amounted to ₹ 28355 million as compared to ₹ 32265 million in the previous year. The Profit after Tax for the period amounted to ₹ 2439 million compared to 2559 million during the previous year (as you know, the previous year's figures are for 15-month period, not directly comparable with current year).

India is on the edge of a very rewarding economic journey. The Government's continued thrust on digitalisation of the fiscal economy, healthy federal relationships and commitment towards disciplined fiscal targets augur well for economic prosperity. The rollout of the GST, identified as one of the most important Indian tax reforms post-independence, is expected to make the formal sector of the economy stronger.

The economic environment in the year under review was tough, yet full of hope. India's economic performance gained momentum gradually primarily on the back of continued investment in public infrastructure even as private investments did not pick up to the desired level. Some of the traditional drivers of economy such as construction, housing and capital goods sector faced a slowdown in activity. This resulted in unutilised capacities in core sectors of the economy such as steel, cement and mining. On the other hand, Food & Beverages, Automotive, Railways & Renewable Energy and Logistics built an impressive momentum.

Industry is readying to usher in a revolution - Industry 4.0 - Smart manufacturing enabled through big data analytics & Internet of Things (IoT). A whole new platform of opportunities and value creation is at the doorstep being ushered in by this revolution. An organisation's ability to "Listen-Detect-Resolve" will create a completely new field of opportunities and value creation much beyond the present hardware/software sale. I will talk about this a bit later as I pen down some of the happenings in the year gone by...

Even as external factors presented their own sets of challenges and opportunities, we decided to bring in two critical dimensions into our approach which we felt were necessary to consolidate our leadership position.

We are a technology and knowledge driven company and our ability to deliver this knowledge in forms of products and solutions is critical to our success. In a global roll out, SKF is now offering two distinctive value propositions to the customers.

- Prespecified catalogue-based product sales with competitive cost, assured availability and reliable quality as key deliverables
- A customised integrated solution for improving the Rotating Equipment Performance (REP) where our technological prowess, product and process knowledge combined with deep insights into customer's process will enable offering of a completely different value proposition - improving performance of the rotating equipment.

In addition to the above two offers, we decided to enhance our focus on the dimension of "Customer-Centricity" to enhance our ability as a solution provider. This is a big change and it is testing some of our held beliefs to the core. Our quality performance is no longer an internal measurement alone - we now have an equal weight measure on what our customers say about quality of our product and services, all new development starts with asking the customers what they want. Our teams now focus on creating a positive experience for all customers at all times, our response and resolution times for complaints are set to crash... The list is a continuum. Creating a Customer-Centric organisation is an exhilarating and demanding journey we

all have resolved to undertake. A significant portion of our customers depend upon imported bearings to meet their needs. We are committed to "localise" as warranted and permitted by the scale of demand. In the meanwhile, we decided to take the uncertainties and long lead times associated with importing out of the equation for our customers. We established a world-class Centralised Distribution Centre at Chakan, Pune. Spread over 64,000 square feet, this India Distribution Centre (IDC) will reduce delivery lead times and provide a wider range of products to our customers and distributors.

Let me return to the discussion on Industry 4.0. We see a clear and emerging need from our customers to help them improve their Rotating Equipment Performance (REP) on a predictive basis. Customers are seeking innovative solutions to reduce the cost associated with unplanned breakdown and lower asset availability. Any organisation capable of "Listen-Detect-Analyse-Resolve" by providing a one-stop solution will have a significant competitive advantage.

In a significant development towards realising the potential of unfolding Industry 4.0, we inaugurated Remote Diagnostic Centre (RDC) at Pune. By deploying state-of-the-art technology and combining it with our knowledge, the RDC will enable delivery of REP programmes and also help our customers to implement a world-class predictive maintenance programme for periodic and/or continuous monitoring of critical assets, understand the interplay between various systems, learn machine behaviour under different circumstances and enhance safety in their operations - and all this delivered on their smartphone screens! This when combined with our network of Solution factories in the North, West and Eastern regions (and soon Southern region too), our expanding Certified Maintenance Partner (CMP) programme which is located in the vicinity of our customers and reach of our strong distribution network will further enhance our presence and capability. Combined with the REP approach, we believe this step will create a significant competitive advantage for us in an aligned effort in our quest to consolidate our position as undisputed leader in bearings business.

A continuous focus on enhancing operational effectiveness is a basic requirement to enhance cost competitiveness. SKF Production System (SPS) is a global roll out to ensure that our factories are future ready and continually improving. All our facilities are ranked amongst the top 6 on SKF Production System implementation with Pune occupying the top position within SKF globally.

Sustainability and community care represent basic values at SKF. Our community care initiative encompasses three key areas:

- Empowerment
- Education
- Environment

YES (Youth Empowerment at SKF) - the vocational skills programme - imparts required skills to young and underprivileged readying them for serving or even creating their own business in the field of modern automobile repair - represents our earnest support to the Skill India Mission. Steered by the conviction that the answer to sustained economic prosperity lies in encouraging self-reliance and building confidence, we are committed to scaling up the project and enhancing its reach. Over 350 young boys and girls have taken advantage of the programme with over 90% of them finding gainful employment. Holistic development of children which is another continuing programme under the YES umbrella continues to help children from underprivileged background imbibe life-skills of teamwork, resilience and entrepreneurship while developing their grasp of English and Science and a focussed development on physical and psychological dimension all the while playing football. This year too, both the boys' and girls' team travelled to Sweden for the Gothia Cup tournament to get an exposure to international culture and cooperation. Through SustEn, our environment care initiative, we have continued our focus on carbon emission reduction. Aligning our business towards a green future, we have installed solar rooftops and enhanced the share of renewable energy in our operations.

Growing number of working women in the workforce calls for a special sensitivity to create

an enabling environment. We undertook to not only be an enabling environment but also sought to become a preferred place for a working mother through a slew of initiatives. Endorsing our commitment towards building an inclusive work environment, we are proud to share that SKF India was selected among the 2016 Working Mother & AVTAR 100 Best Companies for Women in India. Through our diverse leadership programmes, we are committed to encourage employees to develop their own unique leadership style, drive a winning culture and in turn, inspire future leaders.

It is an honour for us to receive appreciation and recognition from our customers - a virtual who's who of Indian industry namely Tata Steel, Bajaj Auto, Tata Motors and Hindalco. Our manufacturing excellence has been consistently recognised at the coveted Frost & Sullivan Awards. This year too it was no different; Pune and Bengaluru facilities were rated with Platinum and Gold Certificate respectively - Pune is now rated as "Future Ready" facility. For the 9th year in a row at the Dun and Bradstreet Corporate Awards 2016, SKF India was awarded as the best Bearing Company.

As India journeys on the path of a prosperous future, our resolve to be a Customer-Centric Innovative leading technology player will help us to unearth new opportunities and consolidate our position as undisputed leader in our business. This quest has been ably supported by our employees, whose dedication, initiative and energy are second to none. I sincerely thank all our employees for their efforts. I would also like to express my gratitude to our customers for the trust and confidence reposed in us year-on-year. My sincere appreciation to our distribution partners, suppliers and our bankers for their continued support; and our valued shareholders for believing in our story and reposing immense faith in us.

At SKF India, we remain committed to growing and delivering value for our stakeholders while balancing our responsibility to society and communities at large.

Thanking you



Shishir Joshipura
Managing Director

Steering customer-centricity

As an entity steered by our customer-centric approach, we remain focussed on creating value for our stakeholders across the entire business value chain.

A snapshot

SKF India Limited is a leading global supplier of bearings, seals, mechatronics, lubrication systems and services, which span technical support, maintenance and reliability services, engineering consulting and training. The Company's associate SKF Technologies (India) Limited provides Sealing Solutions and Industrial Bearings, thus creating a holistic value proposition for its customers.

With a legacy dating nearly 100 years, the Company is focussed on delivering excellence across its business value chain, that extends across 130 countries, backed by around 15,000 distributor locations across 450 locations. Our manufacturing footprint encompasses six state-of-the-art facilities at Pune, Bengaluru and Haridwar.

We have an extensive client base spanning key sectors to serve as many as 44 segments, including Automotive, Heavy Industry, Energy, Industrial Machinery, Oil & Gas, Food & Beverage and more.

Business
value chain, that
extends across
130
countries

15,000
distributor
locations across
450
locations



Our vision

A world of reliable rotation

Our mission

To be the undisputed leader in the bearing business

Our product value proposition

Right product at the right price at the right time

Our rotating equipment performance value proposition

- Right solution
- Right performance
- Right total cost of ownership

Our value matrix

- High ethics
- Empowerment
- Openness
- Teamwork

Our growth drivers

- Grow with profit
- Quality
- Innovation
- Simplicity & Speed
- Sustainability

SKF Domestic Range of Housings & Bearings

The Company is continuously working to create innovative solutions customised to the needs of its perpetually expanding customer base. In line with this philosophy, the SKF Domestic Range of Housings and Bearings brand provides industrial solutions for the bearing housings and accessories market.

The brand, which was launched as SIBCO range in December 2015, received stupendous market response. This encouraged us to go in for rebranding of the brand under the SKF umbrella to tap opportunities beyond the domestic market.

Available through 125 distributors and more than 2,000 retailers, SKF Domestic Range of Housings and Bearings provides the complete range of optimised and reliable solutions in this segment, including housings, seals, sleeves, locating rings, nuts and washers. The SKF Domestic Range of Housings and Bearings offering from SKF is targeted at meeting the requirements of non-critical applications and customised solutions as per application need.

Indigenously designed and manufactured at the Pune facility, the bearing housings and accessories under this brand cater to an extensive range of applications, including conveyors and pulleys, fans and blowers, grinders and crushers, convertors, rolling tables and other industrial machinery.

We are also catering to the high performance solutions for critical applications through our Imported Range.

Creating new benchmarks in customer service

Our products and solutions are designed to match the evolving aspirations of our customers, which we are continuously mapping through a series of innovative measures and mechanisms.

- **Key Accounts Team (KAT)** - an innovative approach to help us forge stronger relationships with our valued customers and seize new business opportunities
- **Certified Maintenance Partners** - a scheme designed to bring SKF products and solutions to the doorsteps of customers
- **Hello Campaign** - our first campaign on our LinkedIn page, which we launched on September 1, 2016, to open another window of communication with customers, distributors, prospective employees, investors and other key stakeholders
- **Customer-led Dashboard Programme** - a cross-functional effort where all departments work in synergy to anticipate and exceed customer expectations instead of waiting for them to complain



Driving customer-led innovation

Amidst a dynamically-evolving customer landscape, we are continuously transforming ourselves to match their changing needs. We remain focussed on augmenting our engagement with them and partnering them in their search for higher value solutions. Our passionate quest for excellence in customer-centricity has empowered us with an innovative ability that helps us develop products and solutions designed to their specific requirements.

Our innovative thrust is powered by the SKF Engineering & Research Centre, SKF Global Technical Centres¹ and SKF Manufacturing Development Centre, backed by internal processes that are benchmarked to customer requirements.

Striving to become a model customer-centric organisation, SKF has set many examples of innovative knowledge engineering to deliver breakthrough solutions to some of the biggest industrial giants in the country.

During the year under review, we proactively engaged with a steel major to help avert a loss of ₹ 4 crore through timely mechanical condition monitoring of converter bearings. In another instance, we helped a ship company navigate a vessel breakdown through coupling in record time, thereby minimising the client's breakdown losses.

Another industrial house, engaged in copper business, benefited from SKF's swift

response to replace a large number of pump and motor bearings damaged due to a natural calamity.

We have also recently secured a major order to supply shaft bearings for the Indian unit of a leading global manufacturer of thermal turbines. We have been chosen to fulfil 100% of the Company's requirement for 2017 at the back of our unique strengths, including the low temperature of operation of our LSRB bearings and the strategic domestic location of our SKF Group Ahmedabad manufacturing facility, which will be supplying the bearings.



On the fast track to innovative growth

During the year under review, we took forward our close engagement with the Indian Railways by equipping their fastest train with SKF tapered roller bearing units (TBUs). The train covers 188 km distance in approximately 100 min with an average speed of 113 km/h. To deliver to the specialised needs of this train, our Indian Railways team worked closely with Research Design and Standards Organization (RDSO) to get the TBUs approved as per the stringent requirements of the Railways.

Geared to boost customer value

With our innovative prowess aimed at boosting higher customer engagement and value, we took a major leap in expanding our business into the gear box refurbishment segment during the year. The segment, so far dominated by a handful of OEMs and a large number of unorganised sector players, is the latest addition to our products and solutions portfolio. The service has been launched by the Company in association with our partner M/s Kay Arr Engineering in Coimbatore – a major industrial town in southern India. The new centre will enable us to provide high value remanufacturing capabilities to our valued customers.

Other innovations

Our thrust on innovation has led to the creation of several pioneering products and solutions customised to the unique needs of our clients.

- Pitch and Yaw bearings for one of the largest turbine manufacturers
- Seize Resistant Bearings customised for conveyor applications
- Roll Shop Management Contract for two of the largest steel manufacturers in the country
- SKF Deep Groove Ball Bearings (DGBBs) to drive transmission reliability for one of India's iconic cult bikes
- SKF Truck Hub Unit (THU1S) to increase service life for commercial vehicles on Indian roads
- SKF Pinion unit to deliver a reliable solution for one of the largest domestic truck manufacturers
- Drum Support Unit for one of the world's largest selling washing machines
- SKF Hub Bearing Unit (HBU1) to enhance the efficiency and reliability for one of India's largest SUV manufacturers

Our innovative capabilities were showcased and have received much appreciation at the 'Make in India' week celebrations organised by the Confederation of Indian Industries (CII) and the Department of Industrial Policy and Promotion (DIPP) in Mumbai in February 2017.



The train
covers
188 km
distance in
approximately
100 min

Manufacturing to customer needs

Our best-in-class manufacturing footprint ensures seamless delivery of quality products to our customers at the back of our robust product systems. We follow the best practices of Six Sigma, Maintenance Excellence and Lean Manufacturing at all our manufacturing facilities, enabling them to be in the top 10 of the SKF Production System implementation rankings globally. Our Pune facility leads the rankings with the top position.

The launch of our new Solution Factory in Jamshedpur in 2015 has further augmented our manufacturing edge, while capacity augmentation across our existing facilities has further empowered us to deliver products and solutions better aligned to customer needs.

Our SKF Group factory at Ahmedabad has emerged as a large-scale manufacturing hub to deliver more and more products to diverse clientele, enabling us to enhance our sales pitch in India.

A showcase of our manufacturing excellence

Our manufacturing excellence, backed by our efforts to build a sustainable supply chain model, are endorsed by the various recognitions and awards that we continue to earn year-on-year. Our award showcase for the year 2016 includes:

- Three of SKF factories won at the **Frost & Sullivan India Manufacturing Excellence Awards (IMEA) 2016**, amongst India's top manufacturing brands.



- SKF won the **Tata Steel Supplier Award** under the steel giant's prestigious Supplier Relationship Management Programme, after being selected among 30 suppliers chosen from a 5,000-strong vendor base.
- **SKF Pune won the Future Ready Factory of the Year** - Platinum Award in the Engineering Sector for Large Business and Ahmedabad & Bengaluru factories won the Gold Certificate of Merit.



- SKF won the **“Quality Gold”** for valuable support and contribution for the year 2013 at Bajaj Auto's supplier convention held on August 24, 2016 on the basis of the SKF product quality, cost, delivery and service & response management.
- SKF India received Excellence in Sustainability award, Bengaluru plant won **‘Excellence in Safety,’** while Our SKF Group plant at Ahmedabad got the Plant Head of the Year award for Ajay Naik at the 5th edition of the Manufacturing Today Conference & Awards has held in Pune on September 2, 2016.



Reaching out, reaching closer... to customers



Our network of distributors, retail partners and mechanics spans more than **20,000** touchpoints for the customers to access SKF products and solutions.

Spread over **64,000** square feet, India Distribution Centre (IDC) is well connected with the factories to ensure better availability of stocks and to serve the customers in the shortest possible time.

Our customer-oriented strategic approach is driven by our extensive and well-entrenched network of distributors. It is our constant endeavour to increase the reach and depth of our network, and to concurrently improve our service delivery capability. While the expanding reach and depth enables us to deliver products and solutions closer to customer premises, delivery enhancement helps us serve our customers better and more effectively.

This two-pronged approach of capacity and capability improvement continues to steer our ambition to become a reliable and preferred partner for our clients. Practical and technological training are vital aspects of our improvement culture across our distribution network, which is among the largest in the industry.

Our network of distributors, retail partners and mechanics spans more than 20,000 touchpoints for the customers to access SKF products and solutions.

Deepening the connect

On December 13, 2016, SKF India took a pioneering leap in deepening its dealer/distributor connect with the launch of a centralised distribution centre, strategically located at Chakan, Pune, in the industrial belt of Maharashtra.

Aimed at further enhancing customer experience, the centre is aligned to meet the needs of GST implementation, providing SKF India with an advantage in terms of trade flow between state borders.

Spread over 64,000 square feet, this India Distribution Centre (IDC) is well connected with the factories to ensure better availability of stocks and to serve the customers in the shortest possible time, thus promoting our ethos of speed and simplicity in our dealings with our customers.

The centre, which also lies in the vicinity of the automobile hub, will go a long way in improving our distribution and logistics footprint in India, with its combination of the latest logistics infrastructure and the SKF best practices in global logistics. The centre will enable the Company to reduce delivery lead times and provide a wider range of products to its customers and distributors, enabling the latter to cut down on their inventory costs.



Empowering customers for the future

In strategising our roadmap for customer empowerment, we do not just take cognizance of their present-day needs but go beyond, to envision and pre-empt their future requirements. We remain focussed on delivering to our customers a more sustainable future through various initiatives.



Expanding Solar Mission to Pune

Taking forward our sustainability agenda, we have launched our Solar Mission in Pune with the inauguration of one of the largest rooftop solar installations among manufacturing companies in the city.

The launch of the Pune installation, with 4000 solar panels, is part of our ongoing solar mission across all major facilities in the country. It is expected to generate 1.5 GWh units per annum, while reducing the Pune facility's CO₂ emissions by approximately 1200 MTPA. The robust structure of the installation, designed to ensure zero penetration on the roof surface, can withstand wind speeds of up to 150 kmph.

Pune factory creates 30% of its total energy from these solar panels promoting renewable energy sources. This will provide for approximately 4.5% of the total power consumed at the Pune facility and will reduce CO₂ emissions by 1245 metric tonne per year.

The success of this power plant has encouraged SKF to explore the option of installing a 1000 kW solar plant on the vacant land available inside the Pune factory.

Along with the rooftop solar plant launched earlier at our Bengaluru facility, we now have combined solar capacity of 2.1 MW. We have also additionally installed a hybrid solar thermal plant at our Mysore facility - part of SKF Technologies India (Pvt) Ltd, a wholly-owned subsidiary of SKF Group - with obtained energy of 120 MWh per year.

With sustainability a long-term commitment for the Company, and in line with our Environment Care philosophy, we plan to scale up this initiative and install similar rooftop solar plants at other major facilities across India.

Our IDC building has been designed and built in line with our sustainability commitment, and is LEED certified, enabling natural ventilation. It is equipped with FM Global approved Fire Prevention system and Super Flat floors as per FM standard, besides having a modern Material Handling Equipment to manage flow along the G+10 High Racks storage facilities.

SKF BeyondZero

SKF BeyondZero is our environmental strategy, which seeks to create a positive impact on the environment by reducing the negative impact of our own operations. The strategy is centred on offering innovative technologies, products and solutions with improved environmental performance. We are targeting CO₂ emission reduction up to 4000 metric tonnes by the end of 2017.

Pune factory
creates **30%** of its
total energy from these
solar panels promoting
renewable energy
sources.



Nurturing people to deliver value to customers

Alignment of our people to our goal of driving enhanced customer value is a critical factor in the success of our customer-centric business philosophy. We are thus continuously striving to attract, retain and nurture our people talent through regular training and transformation efforts.

Leading from the front

Strengthening frontline sales capability was a key initiative in this direction during the year under review. Besides undertaking a structured competence gap assessment, we launched technical training programmes for sales executives, in addition to a Sales Boot

camp to help boost the front-end sales skills of new joiners.

We also rigorously pursued our ACE Sales Excellence programme, launched in 2014 as a 3-year initiative through special ACE project teams, designed to focus on sales beyond the Business Plan. We conducted several programmes to incentivise the employees and create a people-friendly work environment.

Ensuring a healthy and safe environment to our employees is another core area of our focus to promote a people-friendly work environment, and we conducted

several programmes on this during the year.

Building a leadership pipeline

Cognizant of the importance of creating a robust leadership pipeline to steer our future agenda, we decided to develop a Leadership Factory, built on the four pillars of:

- Act on leadership pipelines
- Empower leaders to build more leaders
- Develop leaders for today and tomorrow
- Value leaders building leaders



During the year under review, we took our succession planning process deeper into the organisation to cover mid and junior level positions and managers, and prepare them for critical positions in the future.

In addition, we launched a special 18-month programme – Leadership for Growth – to accelerate the pace of employee transformation as they transition from one level to the next. The success of the programme can be gauged from the fact that around 60% of those who participated in the programme have already taken on a larger role/higher responsibility.

Other leadership nurturance programmes launched/continued during the year included:

- **Transcend** – aimed at enabling employees to experience the next-level performance, mainly at the middle management level
- **Coaching for Transformation** – to build internal coaches, develop a social participative leadership style and create multipliers for future leaders
- **Leadership Foundation Programme** – an ongoing programme for first time managers, with external coaches assigned to new leaders
- **Collaboration Workshops** – to drive harmonious relationships between the union and the management
- **Personal Leadership Development** – for multi-skilling and front-line leadership

- **Circle & Team Leader concept** – launched jointly by the union and management at the Pune factory for facilitating the raising of the career path for our associates to the next level of maturity

Bridging the skill gap

Our HR focus extends to enhancing the technical skills of employees, for which we have launched a skill and knowledge development centre “KUSHAL” across factories, to enhance manufacturing competency among employees. Our in-house ‘Centre for Learning’ campus at Pune continued to host several training programmes across a wide spectrum of subjects.

Promoting communication & appreciation

We feel that communication with employees and appreciation of their winning behaviours is an integral part of retaining and developing talent. Our MD launched Premium Club Awards to amplify ‘accelerate to win’ examples of winning behaviours displayed by employees. We have also started a 24x7 Employee Assistance Programme to promote a culture of transparency and inclusiveness through internal communication channels.

Helping careers rise

Our CareerRise portal, launched in 2015, continues to help employees explore, dream and discover potential career paths and build a customised career plan aligned as closely as possible to their own strengths and future potential. SKF India encourages employees to apply for internal job postings.



SKF India was selected as the 2016 Working Mother & AVTAR 100 Best Company for Women in India, thus endorsing our commitment to build an inclusive work environment. We also featured on CNBC TV18's Workplace Excellence Series.

Beyond customers...



Responsible and sustainable growth has been a strong enabler of our growth strategy and we scaled up our CSR and sustainability initiatives significantly during year 2016 through further strengthening of "Community Care" programme.

Broadening the YES ambit

Seeking to partner the government in the Skill India Mission, YES (Youth Empowerment at SKF) was extended during the year to Bengaluru, in addition to the existing centre at Pune, to impart technical training to underprivileged youth to make them job ready. With a target to set up five centres in the next five years, preparing 5000 skilled youth for jobs in the automotive service market, the programme aims at empowering the beneficiaries with the know-how of modern automobile maintenance and servicing skills. The programme will prepare the beneficiaries to work at various automotive OEMs, dealer service network and workshops, and also impart entrepreneurial skills to enable

them to set up their own vehicle service stations in future. The Bengaluru centre is working with implementation partner and we have set up a state-of-the-art training lab and interactive classrooms and model two wheeler service centre. Meanwhile, encouraged by the success of the first four YES batches at the Pune, four YES branches at Bangalore centre, the programme has now been extended to rural youth.

Promoting Holistic development

As part of SKF Sports Education Programme (SSEP) for children from economically weaker sections, the SKF India Boys & Girls Teams participated in Gothia Cup 2016 held in Sweden. While the Girls Team reached quarter finals in their maiden appearance, the Boys Team managed to draw their match with football powerhouse Spain. Our sports education programme is currently running at Pune and Ahmedabad.

Supporting Women Education

Women empowerment among the economically weaker sections of the society is a major CSR thrust area at SKF India and involves provision of structured financial assistance to young girls through their college and technical education. We run this programme in partnership with Lila Poonawalla Foundation (LPF). We also provide soft skills training and career counselling programmes for the students at the SKF Campus.

In addition to these regular programmes, we also undertook several special community initiatives during the year. These included support to drought-hit farmers in Maharashtra, rural sanitation programme of Rotary Club, Pune, and support to Akanksha Foundation (Pune) teacher training programme.



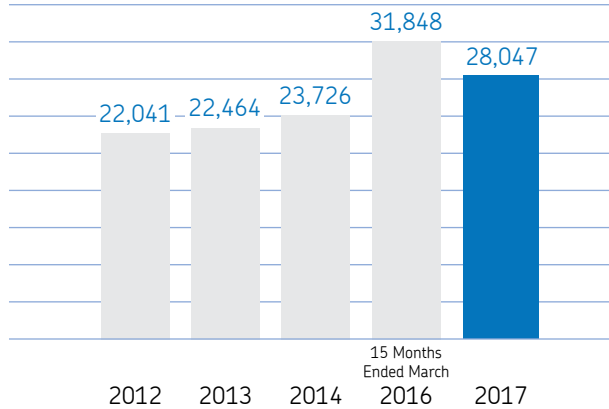
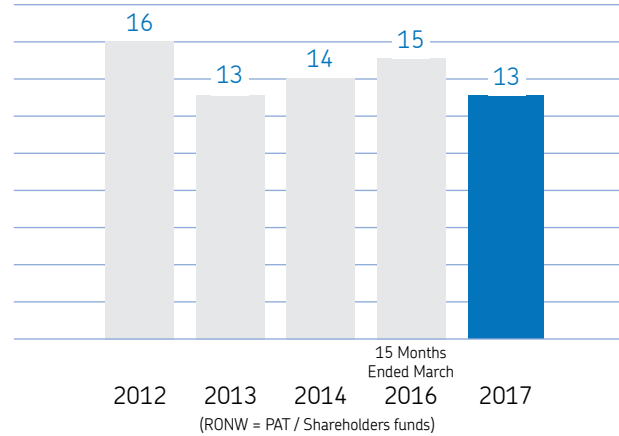
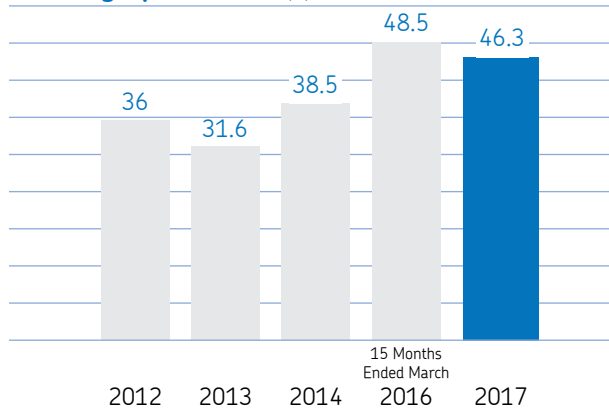
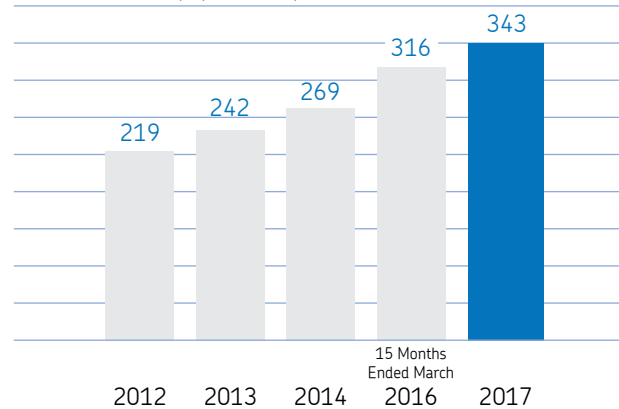
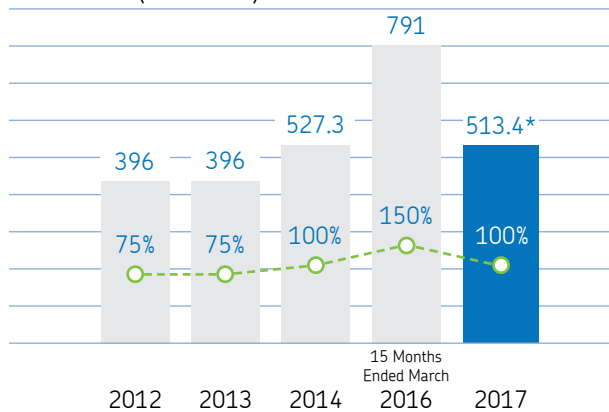
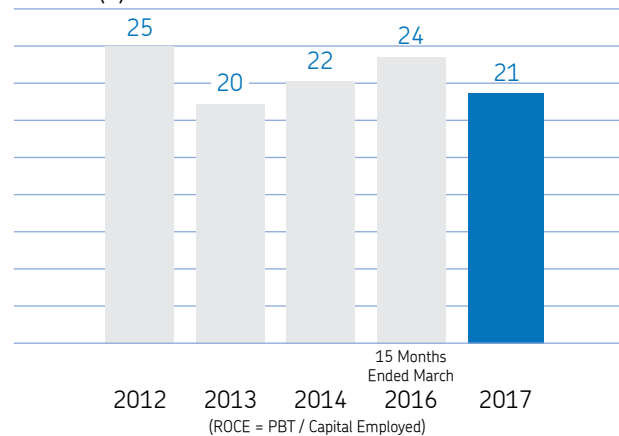
Financial Highlights

| | (₹ in million) | | | | | | | | | |
|----------------------------|----------------|------------------------------|--------------------|--------|--------|--------|--------|--------|--------|--------|
| | As per IND AS | | As per Indian-GAAP | | | | | | | |
| | 2016-17 | 15 months ended on 31.3.2016 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Net Sales | 28,047.2* | 31,848* | 23,726 | 22,464 | 22,041 | 24,167 | 20,684 | 15,709 | 16,202 | 15,683 |
| Profit before Tax | 3,756 | 3,945 | 3,062 | 2,530 | 2,831 | 3,139 | 2,661 | 1,431 | 1,944 | 2,474 |
| Profit after Tax | 2,439 | 2,559 | 2,028 | 1,667 | 1,901 | 2,085 | 1,770 | 942 | 1,277 | 1,607 |
| Cash Earning per Share (₹) | 55 | 62 | 49 | 41 | 44 | 47 | 40 | 23 | 30 | 36 |
| Rate of Dividend (%) | 100 | 150 | 100*** | 75 | 75 | 75 | 70** | 40 | 45 | 60 |
| Gross Block | 10,657 | 10,315 | 10,315 | 10,351 | 10,045 | 9,190 | 8,472 | 7,693 | 7,392 | 6,697 |
| Net Block | 2,806 | 2,980 | 3,654 | 4,011 | 4,072 | 3,547 | 3,193 | 2,568 | 2,387 | 1,968 |
| Total Borrowings | 340 | 650 | 0 | 0 | 0 | 0 | 0.1 | 1 | 2 | 2 |
| Share Capital | 527 | 527 | 527 | 527 | 527 | 527 | 527 | 527 | 527 | 527 |
| Reserves & Surplus | 17,585 | 16,119 | 13,635 | 12,228 | 11,026 | 9,585 | 7,960 | 6,620 | 5,924 | 4,925 |
| Book Value per Share (₹) | 343 | 316 | 269 | 242 | 219 | 192 | 161 | 136 | 122 | 103 |
| Shareholders' Nos. | 24,653 | 24,635 | 24,353 | 21,219 | 22,070 | 23,102 | 25,969 | 27,350 | 28,474 | 24,430 |
| Employees' Nos. | 2,236 | 2,222 | 2,425 | 2,373 | 2,473 | 2,194 | 2,107 | 1,915 | 2,078 | 2,069 |

* Net Sales for year ended 31.3.2017 & 15 months ended on 31.3.2016 includes Excise duty as per IND AS, whereas 2014 & prior period are excluding Excise duty as per Indian-GAAP

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

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

Sales (₹ in million)**RONW** (%)**Earnings per Share** (₹)**Book Value** (₹ per share)**Dividend** (₹ in million)**ROCE** (%)

* Dividend figure for 2017 is at reduced capital after Buyback of equity shares

NOTICE

NOTICE IS HEREBY GIVEN that the Fifty Sixth Annual General Meeting of the Members of SKF India Limited will be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400 001 on Friday, July 28, 2017 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 March 31, 2017 together with Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Equity Shares for the financial year ended March 31, 2017.
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. BERND STEPHAN (DIN: 07835737) AS A DIRECTOR OF THE COMPANY AS AN ORDINARY RESOLUTION

“RESOLVED THAT Mr. Bernd Stephan (DIN: 07835737) who was appointed as an Additional Director of the Company with effect from 8th June, 2017 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, and who is eligible for appointment and in respect of whom the Company

has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company.”

6. RATIFICATION OF REMUNERATION TO COST AUDITOR AS AN ORDINARY RESOLUTION

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the Company hereby ratifies and confirms the remuneration of Rs 3.8 lakhs (Rupees Three lakhs and eighty thousand) plus applicable taxes and out-of-pocket expenses incurred in connection with the cost audit, payable to Messrs RA & Co., Cost Auditor, Mumbai having Registration No. 000202 appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the year 2016-17.

By Order of the Board
SKF India Limited
P. Bhandari
Company Secretary

Registered Office :
Mahatma Gandhi Memorial Building,
Netaji Subhash Road,
Mumbai 400 002.
CIN No.:L29130MH1961PLC011980
E-mail:investors@skf.com
Website:www.skfindia.com
Telephone No.:022-66337777
Date: June 8, 2017

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. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 20th July, 2017 to Friday 28th July, 2017, both days inclusive, for the purpose of payment of dividend, if declared at the Annual General Meeting.
4. 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 July 19, 2017; 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 July 19, 2017.
5. 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.
6. The amount outstanding in unpaid dividend account in respect of financial year 2010 and shares where dividend had remain unpaid for last seven years will be transferred to the 'Investor

Education and Protection Fund' maintained with the Central Government.

The Company has placed on its website www.skfindia.com, the information on unclaimed dividends.

7. 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 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 2016-17 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 2016-2017 will also be available on the Company's website www.skfindia.com

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

8. 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.
9. 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 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.
10. Route Map showing directions to reach to the venue of the 56th AGM is being provided in the Annual Report. The route map has been uploaded on the website of the Company viz. www.skfindia.com

11. Process of Members opting for e-Voting:

- (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, either through electronic voting system or polling paper shall also 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 remote e-voting". If you are already registered with NSDL for e-voting then you can use your existing User ID and Password.
- ii. Open internet browser by typing the URL: <http://www.evoting.nsdl.com/>.
- iii. Click on "Shareholder-Login".
- iv. Insert your User ID and password as mentioned in step (i) above and Login. In case you are already registered with NSDL, you can use your existing User ID and password for casting your vote.
- v. "Password Change" menu appears on your screen. 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 "EVEN" (E-Voting Event Number) of SKF India Limited for casting your votes in favour of or against the resolutions. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolutions or till the end of voting period i.e. up to close of working hours on Thursday, 27th July 2017 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 with a copy marked to 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 'Forgot 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.nsdl.com or call NSDL on 022-24994600 / 1800-222-990

B. For members whose e-mail address are not registered with the Company/Depositories:

- i. E-Voting Event Number (EVEN), 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:

- iii. The e-voting period commences on Tuesday, 25th July, 2017 (9.00 a.m. IST) and ends on Thursday, 27th July, 2017 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form as on Friday, 21st July, 2017 i.e. cut off date, may cast their vote electronically.
- iv. Any person who is not a member as on the cut off date should treat this notice for information purpose only. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she / it shall not be allowed to change it subsequently.

- iv. Any person who is not a member as on the cut off date should treat this notice for information purpose only. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she / it shall not be allowed to change it subsequently.
- v. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on Friday, 21st July, 2017. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date shall be entitled to avail the facility of remote e-voting, as well as voting at the meeting through poll paper.
- vi. Any person who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of cut off date i.e. 21st July, 2017 may obtain the login id and password by sending a request at rajivr@nsdl.co.in/evoting@nsdl.co.in. However, if he/she is already registered with NSDL for e-voting then he/she can use his/her existing User ID and password for casting vote. If you forget your password, you can reset your password by using "Forgot user Details/Password" option or "Physical User Reset Password?" available on www.evoting.nsdl.com. If you are already registered with NSDL for remote e-voting, then you can use your existing User ID and Password/PIN for casting your vote.
- vii. In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+Client ID). In case Shareholders are holding shares in physical mode, USER-ID is the combination of (EVEN No+Folio No).
- viii. 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.
- ix. 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.
- x. 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 consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.skfindia.com and on the website of NSDL www.evoting.nsdl.com and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed. The results of the voting shall also be placed on the Notice Board at the Registered Office of the Company.

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

Item No.5

The Board of Directors appointed Mr. Bernd Stephan (DIN 07835737) as an Additional Director of the Company with effect from 8th June, 2017. Pursuant to Section 161(1) of the Companies Act, 2013 ("the Act") and Article 129 of the Articles of Association of the Company, Mr. B. Stephan holds office of the Director up to the date of this Annual General Meeting but is eligible for appointment as a Director. A notice has been received by the Company along with the requisite deposit from a Member proposing the appointment of Mr. B. Stephan as a Director of the Company liable to retire by rotation.

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. B. Stephan is in any way concerned or interested, financially or otherwise, in this resolution.

Item No. 6

The Company is required to have its cost records audited by Cost Accountant in practice. Accordingly, the Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of Messrs. R A & Co., Cost Accountants, having Firm Registration No. 000202 as Cost auditors of the Company for the financial year ending March 31, 2017.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company. Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out at Item No. 6.

The Board accordingly recommends Item No. 6 of the Notice for your approval.

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

By Order of the Board
SKF India Limited

P. Bhandari
Company Secretary

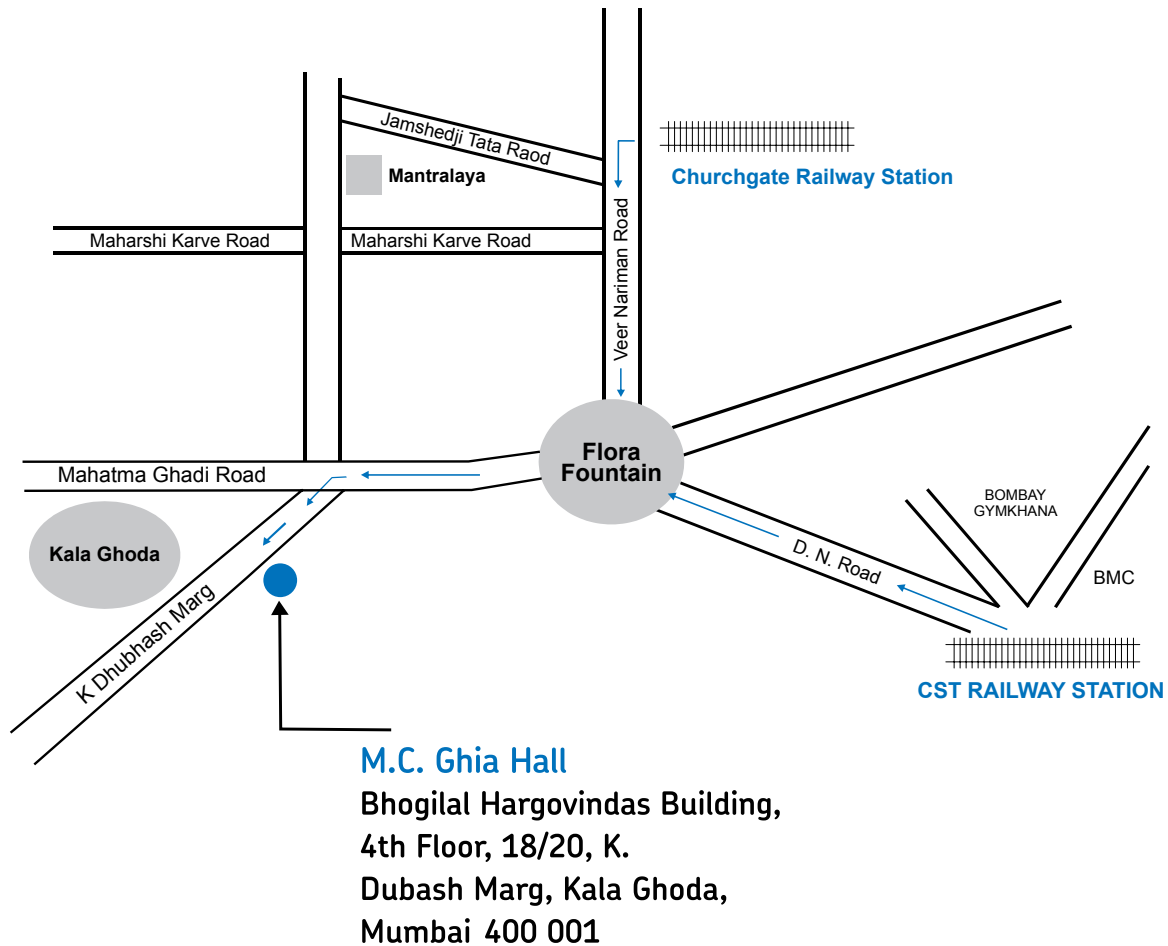
Registered Office:
Mahatma Gandhi Memorial Building,
Netaji Subhash Road,
Mumbai 400 002.
CIN No.:L29130MH1961PLC011980
E-mail:investors@skf.com
Website:www.skfindia.com
Telephone No.:022-66337777
Date: June 8, 2017

Details of Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting

| | | |
|--|--|--|
| Name of the Director | Mr. Rakesh Makhija | Mr. Bernd Stephan |
| Director Identification Number | 0117692 | 07835737 |
| Date of Birth | 24.07.1951 | 09.12.1956 |
| Nationality | Indian | German |
| Date of Appointment on Board | 25.04.2002 | 08.06.2017 |
| Qualification | Chemical engineer from the Indian Institute of Technology, Delhi | Mechanical Engineer from University of Essen in Germany |
| Expertise | <p>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 was the Managing Director of SKF India from 2002 till 2009. Under his leadership, SKF India 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.</p> <p>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.</p> <p>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</p> | <p>Mr. Stephan is associated with SKF Group since 1994 and is currently President, Automotive and Aerospace and Member of SKF Group management. Prior to that, Mr. Bernd Stephan was Sr. Vice President Group Technology (CTO) and had held several leading positions in the past within SKF Group including Renewable Energy, Business unit Trucks, Business unit CR Europe.</p> <p>Mr. Stephan was appointed as Managing Director of C R Elastomere GmbH in 1994</p> |
| Shareholding in SKF India Ltd | Nil | Nil |
| List of Directorship held in other Companies | Axis Bank, Tata Technologies Ltd, TML Drivelines Ltd, A. Treds Ltd and Tata Marcopolo Motors Ltd. | SKF Austria AG and SKF GmbH, Germany |
| Chairmanship / Membership of Audit and Stakeholders Relationship Committee | <p>Audit Committee:</p> <ul style="list-style-type: none"> • SKF India Ltd • Tata Technologies Ltd • TML Drivelines Ltd • Axis Bank Ltd | Nil |
| Relationship between the Directors interse | Nil | Nil |

For other details such as number of meetings of the Board attended during the year, remuneration drawn, please refer to the Corporate Governance report

ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING on Friday, July 28, 2017 at 3.30 p.m.



DIRECTORS' REPORT

Dear Members,

The Directors of your Company are pleased to present the 56th Annual Report, with the audited financial statements for the financial year ended on March 31, 2017.

FINANCIAL RESULTS

| | | ₹ in million |
|---|---|--|
| | Twelve Months Period ended March 31, 2017 | Fifteen months Period ended March 31, 2016 |
| Revenue from Operations | 28355.4 | 32264.9 |
| Other Income | 873.3 | 1013.8 |
| Total Income | 29228.7 | 33278.7 |
| Operating Expenditure | 24993.9 | 28649.6 |
| Depreciation | 478.8 | 684.3 |
| Profit before Tax | 3756.0 | 3944.8 |
| Provision for taxation | 1317.1 | 1385.9 |
| Profit After Tax | 2438.9 | 2558.9 |
| Other Comprehensive Income | -20.7 | 12.6 |
| Total Comprehensive Income for the period | 2418.2 | 2571.5 |

The Company adopted Indian Accounting Standards (Ind AS) this year and hence prior year's figures are restated to comply with Ind AS ; also the current year figures are for a period of 12 months whereas the prior year figures are for a period of 15 months and hence the figures for the current year are not directly comparable with the figures of the prior year.

OPERATIONS

The revenue from operations of the Company for year ended on March 31, 2017 stood at 28355.4 million as compared to Rs 32264.9 million in the previous year. The Company's Profit before tax for the year ended March 31, 2017, was Rs 3756.0 million as compared to Rs 3944.8 million in the previous year.

The Profit after Tax for the period ended March 31, 2017 was Rs 2438.9 million, compared to Rs 2558.9 million during the previous year.

As stated above, these figures are not directly comparable with the previous year due to the differing lengths of the two years.

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

There have been no material changes and commitments that have occurred between the end of the financial year of the Company to which these Financial Statements relate and the date of this Report which affect the financial position of the Company.

DIVIDEND

The Board of Directors of the Company had approved the dividend

Distribution Policy in its meeting held on February 13, 2017 in line with the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015. The Policy is uploaded on the Company's website at <http://www.skfindia.com/>.

In line with the said Policy, the Board of Directors is pleased to recommend a dividend of Rs 10.0 per Equity share of Rs 10 face value for the year ended March 31, 2017, as compared to Rs. 15.0 per Equity share, for the preceding year ended March 31, 2016. This Dividend is subject to the approval of the Members at the 56th Annual General Meeting of the Company.

Transfer to Reserves

The Company proposes to transfer Rs 1000 million to the General Reserve out of the amount available for appropriation.

Buyback of equity shares

Considering the company's strong cash reserves and its healthy cash flow generation, the Board of Directors in its meeting held on February 13, 2017 approved a proposal for buyback of equity shares of the company, subject to shareholder approval, for a maximum aggregate amount of Rs 3900 Million, amounting to 4.93% of the aggregate of paid up capital plus free reserves as on March 31, 2016, at a price of Rs 1500 per share. The buyback is being conducted under the tender offer route according to the provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 as amended. Subsequently, the Company received the requisite approval from the shareholders and the buyback process is in progress.

AWARDS / ACCOLADES

You Directors are happy to report that during the year, your Company received numerous awards and felicitations from distinguished bodies for achievements in various fields and some of the significant achievements were:

- Won the Dun & Bradstreet “Best Bearing Company” award for 2016 for the Ninth year in a row
- Bengaluru plant won the ‘Green Manufacturing Award’ at The Machinist Super Shopfloor award in the large enterprise category
- SKF India was recognized amongst the “2016 Working Mother & AVTAR 100 Best Companies for Women in India”
- SKF India received an award for ‘Excellence in Sustainability’ and Bangalore factory received an award for ‘Excellence in Safety’ in Manufacturing Today Conference & Awards 2016
- SKF Manufacturing facilities – Pune and Bengaluru were rated with Platinum and Gold Certificates respectively at India Manufacturing Excellence awards 2016 organized by Frost & Sullivan
- Received ‘Quality Gold Award’ from Bajaj Auto in recognition of product quality, cost, delivery, service & response management as a part of “Customer first” approach
- Factory Manager-Pune made it to the list of Great Managers as part of “Great Managers Awards Program” run by People Business in association with Times of India
- SKF Pune Factory won the Future Ready Factory of the Year - Platinum Award in the Engineering Sector for large Business at India Manufacturing Excellence Awards (IMEA) 2016. Pune factory is the first factory in India to win the award consecutively for the second time
- At IMEA 2016, Bengaluru factory won the Gold Certificate of Merit.
- Appreciation by JSW Steel received for excellence in best safety practices

MANAGEMENT'S DISCUSSION AND ANALYSIS AND OUTLOOK

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

The Annual Report contains a separate section on Company's Corporate Governance practices, together with a certificate from the Secretarial Auditor confirming compliance, as per SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 which forms part of this Report as Annexure II.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the provisions of Sections 149 and 152 of the Companies Act, 2013, the shareholders at their 54th Annual General Meeting held on April 23, 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.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Rakesh Makhija (DIN: 0117692) retires by rotation and being eligible, offers himself for re-appointment.

Mr Stephane Le Mounier resigned from the Board following a change in his responsibilities within the SKF Group and the Board places its sincere appreciation and gratitude for his valuable services rendered during his tenure with the Board.

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 obtain strategic direction from the Board in which all Business units and functional heads made detailed presentations to appraise the Board about the various business activities, achievements, plans etc. Details of Board meetings and other Committee meetings of the Board 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 in full compliance with 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 and individual members was undertaken. The criteria applied in the evaluation process are explained in the Corporate Governance Report. The results of such performance evaluation were presented to the meetings of the Independent Directors / NRC / Board.

FAMILIARISATION PROGRAMME

In compliance with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has

put in place a familiarization program for Independent Directors to familiarize them with the working of the Company, their roles, rights and responsibilities vis-a-vis the Company, the industry in which the Company operates, business model etc. Details of the Familiarization Programme are explained in the Corporate Governance Report and are also available on the Company's website at <http://www.skf.com/in/investors/shareholder-information/index.html>.

APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY

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

AUDIT COMMITTEE

The Company has in place an Audit Committee in terms of the requirements of the Companies Act, 2013. 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 maintained a high level of social engagement and social responsibilities. 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 communities in which it operates.

Corporate Social Responsibility ("CSR") Committee 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 identifies risks and supports the management in strategic decision making. It is reviewed periodically and involves mapping of all the risk elements on parameters like likelihood of the event and the impact it is expected to have on the Company's operations and performance. The risks that fall under high likelihood and high impact are identified as key risks for which detailed mitigation plans are developed and integrated with the Business processes and Audit Plan. 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 March 31, 2017 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 are being followed by the Company and that such internal financial controls are adequate and are operating effectively and
6. Proper systems to ensure compliance with the provisions of all applicable laws are in place.

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 March 31, 2017.

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 prior approval from the members was taken by the Company for such transactions mentioned in the aforesaid Annexure. All transactions with Related Parties are approved by the Audit Committee / Board in line with the prevailing regulatory requirements for such transactions including prior omnibus approval of the Audit committee as permitted by law. Statement giving details of the Related Party Transactions entered against such prior approval taken is placed before the Audit Committee on a quarterly basis.

All transactions entered into with related parties during the year were on arm's length basis. The details of related party disclosures form part of the notes to the financial statements provided in this annual report.

None of the Directors and Key Managerial Personnel had any pecuniary relationships or transactions vis-a-vis the Company.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has a well-defined whistle blower policy to ensure director and employees can raise concerns and alarms to report concerns about unethical behavior, actual / suspected frauds and violation of Company's Code of Conduct. 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.

To create greater awareness among employees, e-learning modules and face-to-face training sessions and employee forums are planned for achieving a high level of engagement and compliance. This reflects your Company's strong commitment to 'Zero tolerance' for non-compliance in this regard. The Policy for the same has been disclosed 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.

DISCLOSURE REQUIREMENTS

As required under SEBI (Listing and obligations and disclosure requirements) Regulations, 2015, a Business Responsibility Report is attached and is a part of this annual report, the Dividend Distribution Policy is disclosed in the Corporate Governance Report.

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. 0075675S with ICAI), were appointed as Statutory Auditors of the Company for a term of four years, to hold office from the conclusion of 54th Annual General Meeting held on April 23, 2015, until the conclusion of 58th 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 56th 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

The Company has appointed M/s Parikh & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Report of the Secretarial Auditor is attached as Annexure V of this report.

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

On the recommendation of the Audit Committee, the Board of Directors appointed M/s. RA & Co. (firm Registration No. 000202) as Cost Auditors of the Company for the year 2016-17. The Cost Auditor have confirmed that their appointment meets the requirements of Section 141 of the Companies Act, 2013. The Cost Audit is under process and the Company will submit the Cost Auditors' report to the Central Government in time. The Cost Audit Rules for the financial year 2015-16 were not applicable in case of Your Company.

The remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution for seeking Members' ratification for the remuneration payable to M/s RA & Co, Cost Auditor is included at item No. 6 of the Notice convening the Annual General Meeting.

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.

As per the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs and subsequent amendment thereof, the Company is going to transfer shares to such authority in respect of which dividend has not been paid or claimed by shareholders for seven consecutive years or more. The Company has sent individual notices to concerned shareholders, whose shares and dividend are liable to be transferred to IEPF Authority to their latest available addresses.

The Company has displayed full details of such shareholders, dividend and shares on its website at www.skfindia.com. Shareholders are requested to verify the details of the shares liable to be transferred as aforesaid.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, 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 is an equal opportunity provider and consciously strives to build a work culture that promotes the dignity of all employees. As required under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has implemented a Policy on prevention, prohibition and redressal of sexual harassment at workplace. All

women and men- permanent, temporary or contractual, including service providers, visitors are covered under the policy. This has been widely communicated internally and is uploaded on the Company's intranet portal. An internal Committee comprising 22 management staff across locations, including an NGO member is in place. This includes seven women to redress complaints relating to sexual harassment. Besides in each of the plants there is at least one nodal person in each region to receive, listen and forward complaints directly to the Committee.

During the year the Company received 1 Complaint which was investigated and closed within 90 working days.

Awareness programs were conducted across the Company to sensitize employees to uphold the dignity of their colleagues at the workplace, particularly with respect to prevention of sexual harassment. A few employees also attended training programmes conducted by an external agency.

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
DIN: 0117692

Mumbai
May 26, 2017

Annexure I - To The Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY

The political and economic landscape witnessed sweeping changes in advanced economies of the world, signaling a journey to a new world order where status quo is not welcome and "localization" acquired a new meaning and focus across the borders. The ideological war between the philosophy and pragmatism has pushed governments to balance the national & global demands in a very different manner. The recovery in commodity prices, firming up of inflation, and unusual movements in the currency markets combined with slightly positive demand defined the challenges in the economic landscape.

The expectations of the global community from India's economy to deliver on its potential continued to remain high at the back of a promising position on the economic cycle and reforms driven agenda for the government. A favorable monsoon, after a gap of three years coupled with continued focus from government on building infrastructure became the key drivers for the economy. The rural economy witnessed a strong demand revival in the wake of strong agricultural output. The urbanization of India continued to drive demands for services and infrastructure in cities. The Government launched several flagship schemes such as - "Skill India", "Start-Up India", "Stand-Up India", "Smart City Mission", and "Digital India" which are likely to co-create challenges and opportunities. The economy had started to show positive results on the back of improved activities driven from all the factors listed above. In a path breaking reform, the government announced demonetization plan in November 2016, which applied brakes to the accelerating economy albeit temporarily. The unfolding impact of demonetization posed a unique challenge, previously unknown to the business and public at large. Contrary to perceptions, the liquidity crunch was short-lived as steps taken to remonetize the economy resulted in return to near normalcy by end of March 2017. As the process unfolded, it paved the way for better monetary policy transmission, resulting in extraordinary rise in the deposits and banks lowering the interest rates across loan categories. Since then, several steps have been initiated by policy makers to bring in financial transparency, which when concluded will help the economy's positive development. The thrust on digitalization is expected to change the face of monetary transactions as we know it. This new governance and operating system is likely to provide sustainability to the growth momentum.

India's biggest taxation reform since independence in the form of GST Act, is likely to become a reality in Q2, FY 2017-18. The path was laid in 2016 with the introduction and its implementation roadmap that will replace at least 17 state and federal taxes and bring them under one unified tax structure. The GST will create a common Indian market, improve tax compliance and governance, improve productivity, and drive growth.

Several challenges remained to be addressed in the form of low private capital formation, continued decline in Capex and large unutilized capacities across the industrial segments. Excess capacities and over-stretched corporate balance sheets in many sectors further delayed the revival of private capex cycle. Finding a definitive solution for the asset quality problem faced by the banking sector, is crucial to progress of the economic agenda of the nation.

The Government is committed to develop the infrastructure in a major way with a clear focus on the development of roads, mass transportation, affordable housing, rural development and clean energy.

INDUSTRY STRUCTURE

The Indian bearings market did not witness any major structural changes and is estimated at about INR 90 - 95 billion. The bearing industry is highly capital intensive and technology driven. The market is served through domestic production and imports. Organized sector companies including global bearing majors meet the needs of the Indian market through a mix of domestic manufacturing and imports. This business to business market is driven by two key user segments - the automotive and industrial sectors. The business is further divided into OEM and end user market.

In terms of consumption, organized sector dominates the Original Equipment Manufacturer (OEM) market and aftermarket demand while the unorganized sector primarily caters to the cost-sensitive aftermarket.

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 to its customers.

OPPORTUNITIES

The Indian economy is growing positively and is expected to play increasingly significant role in the global economy. The government has made significant progress on important economic reforms, aimed at strong and sustainable growth. The growing significance and the realization of the potential possibilities of Aadhaar program will help in accelerating inclusive growth. Even as expectations from the policy makers remain on further accelerating the economic reforms, the industry has to address the challenges of job creation, growth-oriented investment and innovative outreach to drive sustainable and inclusive growth.

India's urbanization is taking shape at a rapid pace. To achieve sustainable growth, cities will also have to become more livable places, with ensuing expectations and requirements of clean air, water, power and reliable infrastructure for the inhabitants. Organizations, capable

of providing solutions in the form of – capital, technology, planning & know-how, goods and services – to the consumers will be able to positively participate in this growth.

The government's ambitious call for "Make in India" is a clear signal to the global community for investing in India and to leverage, the immense potential of the local market and capabilities for greater good. The manufacturing sector remained subdued for the large part of 2016, and has started to show green shoots in certain pockets. The sector has to become innovative and competitive to stay ahead. Further reforms and infrastructure investments in order to achieve scale and efficiency will bode well for the manufacturing sector. Moreover, the Government has launched several flagship schemes such as – "Skill India", "Start-Up India", "Stand-Up India", "Smart City Mission", "Digital India" which are likely to co-create ample opportunities.

Going forward, the coordination between the Centre and States is likely to improve. This will ensure an effective implementation of social and developmental schemes. Inclusive approach of the Government in production and distribution systems coupled with administrative reforms would empower weaker sections of the society and create equal growth opportunities.

Indian Railways is all set to upgrade with major spend allocated for key developmental projects, that includes commissioning of new lines, automation, passenger safety, and refurbishment of existing infrastructure.

All these factors will offer higher incentives to manufacturing industries, encourage domestic savings and spur investments. Your Company enjoys competitive advantages which will be further enhanced once the GST is rolled out and industrial growth picks up steam.

AUTOMOTIVE SECTOR

India's automotive industry holds a significant share in the nation's GDP and is often referred to as bell weather for economic growth. India's per capita vehicle ownership across the segments is much lower compared to developed and large developing economies. The auto components and ancillary industry forms a critical part of the overall manufacturing sector and contributes significantly to the employment opportunities in the industrial sector and is a significant foreign exchange earner for the country.

The Indian automotive market is dominated by Two-Wheelers with a large segment of market residing in rural India. This coupled with a strong dependence for tractors on rural economy creates a unique landscape where normal monsoons play a significant role in defining the shape of the market.

Ease of mobility is a very important factor for increased economic activity. Given the low per capita penetration, the demographic spread and increasing middle class combined with developing infrastructure offers a very favorable landscape for the growth of this sector.

As sustainability acquires a significant dimension with changing sensitivity to pollution, increasing awareness of safety and focus on energy efficient vehicles, the future demand for improved automotive technology will move at a faster pace in the near term.

The advent of electric vehicles, driverless vehicles, hybrid technologies will usher in an era of clean and safe transportation. Regulatory demands on emission levels, and passenger insistence on safer, more reliable vehicles offers an opportunity to automobile manufacturers to incorporate cleaner, more efficient technologies. Improving last mile connectivity in the country at the back of governments infrastructure program will provide a fillip to the logistics activity for the driving demand for commercial vehicles.

India's driving conditions including ownership and maintenance practices are uniquely different from the developed world practices. The leaders in the field are therefore expected to develop solutions that best address these conditions. A very strong parental technology base coupled with local capabilities in R&D and a strong manufacturing base while leveraging the deep rooted relationships both with Global and local OEMs will enable us to offer innovative class leading solutions.

INDUSTRIAL SECTOR

India's industrial sector is vital for its economic progress. It is now a given that growth in industrial sector is critical to meet the goals for job creation that is mandated by India's growing young population. The government has indicated importance of this sector for the country's development and has announced several programs to create a conducive environment for attracting investment and development of this sector. Focus on reforms across different sectors of the economy to attract investments, increased spending on basic infrastructure of rail and road, continued push towards "Make in India" is likely to reflect positively in the foreseeable future.

The government has awarded "infrastructure status" to affordable housing. This move will create a multiplier effect on the economy across several sectors. Tax incentives offered to the MSME (Micro, Small and Medium Enterprises) sector in the Budget 2017-18 will further boost manufacturing growth. The reinvigorated efforts to promote mining activities bode well for industrial growth.

The push on priority infrastructure development for three key sectors of Road, Rail and Energy will drive investment and growth in near to mid-term across several sectors of economy. 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 ground. Businesses that are already operating are key decision influencers for attracting new investments both from existing and new players. Making it easy to do business on regular basis will be akin to rolling out a red carpet for new investments to speed up the industrialisation wave.

The advent of Manufacturing 4.0 as a concept is set to revolutionize

the shop floors across the country. The new era of digitalization will usher in a completely new dimension on productivity, operational efficiencies and cost competitiveness. Like any revolutionary concept, the digitalization will demand “out of box” responses and will create changes of permanent nature while breaking the held beliefs and practices in the sector.

Your company is rapidly developing solutions that meet the demand of new industrial India. The global knowledge coupled with an innovative spirit and high technology base will enable your company to grow ahead of the curve.

THREATS

Although the global growth outlook is improving substantially, many sectors are still in the over-supply zone. Continued underutilized global manufacturing capacities coupled with growing protectionism in several markets will pose a new found challenge for the business. Increasing volatility in currency markets, rising commodity prices and a high-demand low-supply for highly skilled human resources will further add to the challenges basket of the business.

Post demonetization, many businesses in the informal sector which were running only on cost advantages and lower compliance would face difficulties. It remains to be seen how the industry as a whole gets affected by this phenomenon.

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 every threat also presents an opportunity. We will continue to leverage our deep relationships with our customers and global expertise to address these opportunities and strengthen our leadership position.

OUTLOOK

Lower inflation and ensuing lower interest rates, faster credit growth, creation of one market through the GST law, continued improvements in infrastructure, and pick up in the consumer demand will be the drivers of growth going forward. Efficient legislative framework, e-governance and faster policy decisions will prompt many corporations to devise growth strategies and embark on capacity additions. Integrated implementation of “Digital India”, “Make in India”, and “Skill India” would assist India to improve its ranking on the “Ease of Doing Business” index. Greater investments in manufacturing would create lucrative opportunities for ancillary companies.

Environmental footprint, Total Cost of Ownership and digitalization are increasingly assuming greater significance in the business landscape.

Your Company offers solutions that address all the issues listed above

in a comprehensive manner and is therefore uniquely positioned to address this emerging need of business.

RISKS AND CONCERNS

Your Company has a well-defined and continually updated risk management plan as an integral part of its business strategy. The risks are 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 risks, mitigation action is clearly listed and followed. These policies minimize 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 whistleblower policy. The code of conduct formally informs employees of their responsibility. The whistleblower policy offers a serious platform for employees to raise concerns and report misconduct. Your Company takes all complaints and findings 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 organisation. Additionally, systems are in place to evaluate and refine control practices and 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 prioritised 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 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. As per The Companies Act, 2013, guidelines on Internal Financial Control (IFC) compliance, documents describing detailed structure of internal controls for each business process in the organisation i.e. Purchase, Sales, Manufacturing and Fixed Assets, Treasury, Payroll and Accounting & Reporting; etc. are shared with the Statutory Auditors for their assessment. To strengthen the IT Controls and compliances, IT Control testing was conducted by external IT Audit Firm. Going forward, the IFC Control testing including IT Testing will be carried out annually.

The Audit Committee 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

In FY 2016-17 your Company has recorded revenue from operations Rs 28355 million as against the revenue of Rs 32265 million clocked in FY 2015-16 (15 month period) —a jump of 10% on an annualized basis. Profit After Tax for FY 2016-17 amounted to Rs 2439 million vis-à-vis Rs 2559 million reported in FY 2015-16 (15 month period).

SKF India operates in a single segment, namely in bearings and related components which are used in a wide range of applications across industries. Your Company is one of the most trusted suppliers of bearings, seals, mechatronics and lubrication systems. Our products find applications in an extensive range of industries—Automotive, Oil & Gas, Cement, Defence, Logistics and Renewable Energy to name a few.

Satisfactory monsoon and higher public investments in H1, FY 2016-17 created a conducive environment for our business. In H2, FY 2016-17 economic activities were temporarily affected by demonetisation. Loss of momentum in industrial growth was another setback. Despite these adversities, the performance of your Company in H2, FY 2016-17 was satisfactory. Several initiatives launched by your Company to further consolidate its leadership position have worked remarkably well.

We are hopeful that several reforms initiated by the Government in the recent past will start delivering results at the grassroots levels in

the foreseeable future. As a leading provider of integrated solutions for diverse industries, your Company remains confident of reaping rich rewards of economic upswings.

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”. Our people and talent are the critical differentiators that enables us to drive these goals.

Your company has implemented and sustained various growth and transformation initiatives to attract, retain and develop a capable and committed workforce.

The people & talent development programs were aligned to enable achievement of Business priorities set for the year. One of the key Business goals was to Grow Profitably Ahead of the Market. From a Talent perspective, this meant strengthening the Front line Sales Capability to accelerate performance on the field. In addition to a structured competence gap assessment, the programs launched were built on a special focus of enabling the sales teams to perform at their best potential with the customers. In addition to Technical training programs, the sales teams were trained on Executive conversations to build a customer centric approach to selling. Further, to accelerate the readiness of new joiners in the front line, a Sales Boot camp was designed and deployed. The Sales Boot camp is a fast track program, building the technical & product knowledge, value proposition and SKF processes of the front-end sales (especially with new joiners and trainees). This included not only product and sales process knowledge but also a structured shadowing program.

Additionally the ACE Sales Excellence program launched in 2014 (as a three year program) was continued with rigor. ACE project teams are designed to focus on delivering results beyond Business Plan (with a focus on building hungrier and resilient sales teams).

Building a Leadership Factory was identified as one of the top 5 strategic initiatives by SKF India Ltd. In order to address this, a program charter was created. The Leadership Factory charter was built on 4 pillars - Act on leadership pipelines, empower leaders to build more leaders, develop leaders for today and tomorrow and value leaders building leaders. We have a robust Succession planning process which enabled identification of critical positions and critical talent for future business success. We took the process deeper into the organization to cover mid and junior level positions and managers also.

However, we realized that the change and pace of change demanded an accelerated focus on helping employees transition from one level to next. To create an empowered and capable pipeline, your company had launched a special program “Leadership for Growth”. This 18 month program culminated with a formal talent review and development discussions with each participant to accelerate their development into potential future leaders. We are happy to share that ~60% of them have either taken a larger role/ higher responsibility.

In 2016, we took this to another level and launched “Transcend” for Middle managers. The focus of the program is to enable employees to get the experience of performing at the next level; both business and people management. The participants have been assigned 4 real-time Business Challenges. The goal is to ‘build leadership through action’ – Learning by doing. Therefore the projects are designed to yield Business results (not limited to research / proposals only).

Additionally your company launched a Coaching for transformation program with an aim of building internal coaches, developing a social participative leadership style and creating multipliers for future leaders. Each of the Coaching for Transformation participants are currently coaching the Transcend participants (thereby becoming multipliers).

In order to ensure leadership development across levels, your company also designed and launched a host of specialized programs. The Leadership Foundation Program deployment continued 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.

In order to build for the future, your company also undertook a structured exercise to build an organization structure designed for future success. We created a strong product management organization to drive focus on innovation for the future; a special focus on segments having strong future potential and a strong channel development team to create a sustainable value chain.

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. The Union and Management at the Pune Factory jointly launched the Circle and Team Leader concept, taking career paths for our associates to the next level of maturity.

Bridging the skill gap is pivotal for growth. Keeping this in mind and in order to enhance technical skills for employees, your Company has now launched its very own skill and knowledge development centre “KUSHAL” across factories. This is in line with SKF’s global focus of empowerment by way of manufacturing competency development program. Further, your Company’s in-house ‘Center for Learning’ campus at Pune hosts several Programs on a wide spectrum of subjects.

Recognition of Winning behaviors is key to success and sustainability of the behavior. To address this, Premium Club Awards were launched

by the MD of your company. The awards were given out to amplify ‘above and beyond’ examples of winning behaviors displayed by employees. The Awards were re-defined to reflect winning behaviors .

Your Company’s management takes efforts to connect with employees on a regular basis, communicate in an open and transparent manner by means of regular employee forums and other mediums of internal communication. Your Company is committed to ensuring a culture which is transparent, inclusive and healthy for its employees. In 2016, your company launched a 24X7 Employee Assistance Program. Your Company has a strong focus on employee engagement and people development.

Your Company is committed to provide a healthy and safe work environment free from accidents, injuries and occupational health hazards. A number of campaigns were run through the year on creating health awareness, periodical medical check-ups for employees, 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 crèche facility for employees’ children has been made available to all 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 it’s dedicated nearly 1797 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
DIN: 0117692

Mumbai
May 26, 2017

Annexure II - To The Directors' Report

CORPORATE GOVERNANCE REPORT

PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's Corporate Governance Philosophy is based on strong foundations of ethical values and professionalism which over the past 50 years of the Company's existence has become a part of its culture and DNA. The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. Integrity, transparency, fairness, accountability and compliance with the law are embedded in the Company's robust business practices to ensure ethical and responsible leadership both at the Board and at the Management level. The Company's well-structured internal control systems which are subject to regular review for their effectiveness, reinforces accountability and integrity of reporting and ensures transparency and fairness in dealing with the Company's stakeholders.

In addition, the Company's strong focus on sustainable development, customer centric approach which ensures product quality and innovative value added service offerings together with participation in community development in and around its area of operations to create a meaningful difference to the recipient has enabled your Company to earn the trust and goodwill of its investors, business partners and other stakeholders.

Being part of a global organization, the governance practices followed are comparable with international standards and best practices. "SKF Care" defines the Group's approach to secure sustainable positive development by applying principles of sound governance as an instrument for increased competitiveness and Environment care focusing on Beyond Zero® to promote confidence among all stakeholders.

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 products, solutions and services within rolling bearings, seals, mechatronics and lubrication

systems. SKF serves presently nearly all industries, including automotive, aerospace, railways, renewable energy, medical, food & beverage etc. SKF Group has around 108 manufacturing units and 28 solution factory across the globe.

SKF works to reduce friction, make things run faster, longer, cleaner and more safely. By doing this in the most effective, productive and sustainable way SKF contributes to its vision of a world of reliable rotation. 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 where strategic direction and oversight is provided by the Board of Directors & its Committees, strategic management is done by the Country Management Team and Operational Management is done by the respective business / business support units.

This brings about a homogeneous blend in governance as the Board lays down the overall corporate objectives and provides direction and independence to the Management to achieve these objectives within a given framework. The core roles flow from this structure and the responsible team is empowered with requisite powers to discharge such responsibilities.

3. GOVERNANCE POLICIES

The Company has adopted various codes and policies to ensure integrity, transparency, independence and accountability in dealing with stakeholders. Some of these codes and policies are:

- Code of Conduct for Directors / Senior Management
- Code of Conduct for Prevention of Insider Trading
- Health, Safety and Environment Policy
- Vigil Mechanism Policy
- Prevention of Sexual harassment Policy
- Corporate Social Responsibility Policy
- Directors Policy

- Dividend Policy
- Related Party Transaction Policy
- Code of Practices and Procedures for fair Disclosure of unpublished price sensitive information
- Policy for preservation of documents
- Remuneration Policy for Directors, KMP's and Senior Management
- Policy for Determination of Materiality of events for disclosure to the stock exchanges.

4. BOARD OF DIRECTORS

The Board of Directors and Committees of the Board play a fundamental role in upholding and ensuring that the Company runs its business on fair and ethical principles and plays an important role in creation of value for its stakeholders.

4.1 COMPOSITION

The Board composition and size is robust and enables it to deal competently with emerging business development issues and exercise independent judgement. As on March 31, 2017, the Board of SKF India had six Directors, comprising (i) two non- executive Directors including the Chairman, (ii) Managing Director, and (iii) three Independent Directors, including a woman Director, as defined under the Companies Act, 2013 and the SEBI's Regulations, 2015. The Directors are eminent professionals with experience in industry / engineering/ business/ finance and bring with them the reputation of independent judgement and experience, which they exercise and also satisfy the criteria of independence.

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.

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.

4.2 DISCLOSURE REGARDING APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

The Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013 ("Act") and the Governance Guidelines for Board effectiveness adopted by the Company. Formal letters of appointment have been issued to the Independent Directors and the terms and conditions of their appointment are disclosed on the Company's website "<http://www.skf.com/binary/83-166888/Letter-of-Appointment-of-IDs-website.pdf>"

As per the Companies Act, 2013 and the Articles of Association of the Company, two third of the directors are liable to retire by rotation except Independent Directors who are not liable to retire by rotation. One third Directors, shall retire every year by rotation and if eligible these directors qualify for re-appointment.

4.3 CONDUCT OF BOARD PROCEEDINGS

The Board evaluates the Company's strategic direction, management policies and their effectiveness. The agenda for the Board include review of annual strategic and operating plans, capital allocation and budgets, possible risk and risk mitigation measures, review of related party transactions, financial reports and business reports from each of the businesses and functions. The Managing Director is in overall operational control and responsible for the day-to-day working of the Company. He gives strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board of Directors and its various Committees.

The Annual Calendar of the Board Meetings is circulated to the members of the Board in advance. In the beginning of each calendar year a residential Board Meeting is held in which the Managing Director, Business units heads and other Functional heads present to the Board members a medium term Strategic Plan and an annual Operating Plan for their review, inputs and suggestions. Senior Management of the Company is invited to attend the Board Meetings, to make presentations and provide clarifications as and when required. The Board meets

at least once a quarter to review the quarterly performance and approve the financial results. The Company has adopted and adhered to the Secretarial Standards prescribed by The Institute of Company Secretaries of India (ICSI) in this regard.

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.

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 company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that may have negative implications on the company .
- Details of any joint venture or collaboration agreement.
- 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 agenda for the Board meeting covers items set out as guidelines in SEBI Regulations and Companies Act, 2013 and other applicable laws to the extent these are relevant and applicable. All agenda items are supported by relevant information, documents and presentation to enable the Board to take informed decisions. The Agenda is sent out to the Directors within the period stipulated in the Secretarial Standards. 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.

4.4 BOARD MEETINGS

The Board met five times during the year – May 10, 2016, July 20, 2016, October 21, 2016, February 13, 2017 and March 7, 2017. 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 Directors 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.

4.5 ATTENDANCE & OTHER DIRECTORSHIPS

The composition of the Board, details of their directorship, committee position as on March 31, 2017 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 |
| Non- Executive, Non-Independent: | | | | | |
| Mr. R. Makhija, Chairman | 5 | Yes | 5 | 5 | 3 |
| Non- Executive, Independent: | | | | | |
| Ms. H. A. Hattangady | 5 | Yes | 4 | 5 | 1 |
| Mr. P. R. Menon | 5 | Yes | 2 | - | - |
| Mr. P. M. Telang | 5 | Yes | 8 | 4 | 5 |
| Non- Executive, Non Independent: | | | | | |
| Mr. Stephane Le-Mounier | 2 | Yes | - | - | - |
| Executive | | | | | |
| Mr. S. Joshipura Managing Director | 5 | Yes | 1 | - | - |

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 Committee only

4.6 FAMILIARIZATION PROGRAMMES TO INDEPENDENT DIRECTORS

The Board members are provided with necessary documents, brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

The Directors are provided periodic update on business and performance of all the business units with an analysis of variances, comparison with peers based on information available and initiatives proposed / taken to bring about an overall improvement in the performance of the Company. Presentation and meeting with key customer, supplier and external expertise on corporate, economy and allied subjects are made to the Board including any relevant statutory changes in laws which may have an impact on the business.

The above initiatives help the Directors to understand the Company, its business and the regulatory framework in the which the Company operates and equips him / her to effectively discharge his / her role as a Director of the Company.

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>"

4.7 PERFORMANCE EVALUATION AND INDEPENDENT DIRECTORS MEETING

The Nomination and Remuneration Committee has devised criteria for evaluation of the performance of the Board, Committees and its members. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, strategy, performance management, investments, obligations and governance. The annual performance evaluation of the Board, its members as well as of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee was carried out during the year.

Based on the inputs received from the Directors, an action plan is drawn up to encourage greater engagement of the Independent Directors with the Company.

4.8 COUNTRY MANAGEMENT TEAM (CMT):

The Country Management Team comprises 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 Committee is responsible and accountable for overall business deliverables. The performance targets, cross functional operational matters, business challenges, regular review of business performance and results and implementation of the decisions taken, are the usual agenda items which are considered in the meetings.

5 BOARD COMMITTEES

To enable better and more focused attention on the affairs of the Company, the Board delegates particular matters to Committees of the Board set up for the purpose. The Board of Directors has constituted four committees: a) Audit Committee b) Nomination and Remuneration Committee c) Corporate Social Responsibility Committee and d) Stakeholders Relationship Committee. All decisions pertaining to the constitution of Committees, appointment of members and fixing terms of reference / role of the Committees are taken by the Board of Directors. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below.

5.1 AUDIT COMMITTEE (AC)

The 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 Audit Committee (AC) acts as a link between the statutory and internal auditors and the

Board of Directors. It assists the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems & processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities.

The AC comprises of 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 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 July 20, 2016 and was attended by the Chairman of the Audit Committee.

The Company has an internal audit team consisting of professionally qualified Cost Accountants and Chartered 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 firms 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 meetings 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.

5.1a 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 statements before submission to the Board for approval with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Qualifications in the draft audit report, if any.
5. Review, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
6. Review the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure and frequency of internal 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. Internal Audit Plan with a view to ensure adequate coverage;
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

5.1b MEETINGS AND ATTENDANCE

During the year four Audit Committee Meetings were held on May 9, 2016, July 19, 2016, October 21, 2016 and February 13, 2017.

Details of attendance at the aforementioned meetings are as follows:

| Name of Director | Category | No. of Meetings Attended |
|------------------|----------|--------------------------|
| Mr. P. R. Menon | Chairman | 4 |
| Mr. P. M. Telang | Member | 4 |
| Mr. R. Makhija | Member | 4 |

5.2 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 and Senior Management Personnel including Key Managerial Personnel (KMP).
2. To devise a policy on Board diversity.
3. To review goals and objectives relevant to the compensation of the Executive Director, evaluating Executive Director performance, determine and approve the compensation based on 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 and various HR policies being followed by the Company. The Chairman, Managing Director and CFO participate as invitees and the Company Secretary acts as the Secretary of the Committee. The 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 | 2 |
| Mr. P. R. Menon | Independent, Non-Executive | 2 |
| Ms. H.A. Hattangady | Independent, Non-Executive | 2 |

The NRC met two times on October 22, 2016 and March 7, 2017 during the year under review.

5.2a REMUNERATION POLICY

The Company's remuneration policy is broadly guided by the principle that it should be so designed that the Company gains a competitive advantage in attracting, retaining and motivating talent. This can be ensured by providing a remuneration structure benchmarked with comparable companies so as to attract talent. At the same time the reward proposition is linked to the overall company's performance 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 criteria that includes ethics, personal and professional stature, domain expertise and specific qualifications 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 fees for attending meetings of the Board of Directors or any Committee of the Board of Directors as may be decided by the Board. Such Sitting fees shall not be reckoned for the purposes of the percentage of remuneration.

The 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 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 | 18601945 |
| Perquisites | Nil |
| Deferred Benefits (PF and Superannuation) | 2367173 |
| Stock Award* | - |
| Performance Linked Incentives | 3526340 |
| Total | 24495458 |

* Managing Director is entitled for 'Stock Award' from the parent company being part of the long term variable salary. During the year value of share vested to him was Rs 0.315 million

5.2b THE DETAILS OF THE REMUNERATION PAID/ PAYABLE TO OTHER NON-EXECUTIVE DIRECTORS ARE AS UNDER:

| Name of the Director | Sitting Fees | Commission* | Total |
|----------------------|--------------|-------------|-----------|
| | ₹ | ₹ | ₹ |
| Mr. P. R. Menon | 470,000 | 1,550,000 | 2,020,000 |
| Mr. P. M. Telang | 465,000 | 1,550,000 | 2,015,000 |
| Ms. H. A. Hattangady | 330,000 | 1,550,000 | 1,880,000 |
| Mr. R. Makhija | 440,000 | 1,900,000 | 2,340,000 |

*payable subject to approval of annual accounts by the Shareholders at the forthcoming Annual General Meeting to be held on July 28, 2017.

5.3 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Company has been taking care of the communities where it operates long before it became mandated by law. A formal Committee of the board as required under the Companies Act, 2013 was constituted in 2014. 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. R. Makhija | Non-Executive Non-Independent | 2 |
| Mr. S. Joshipura | Executive | 2 |

During the year, the Committee met twice on October 22, 2016 and March 30, 2017.

The terms of reference of the CSR Committee broadly comprises:

1. To formulate and recommend to the Board, a CSR Policy,
2. To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.
3. To recommend the amount of expenditure to be incurred on the each of the activities carried out under the CSR Policy.
4. To review the existing CSR Policy and to make it more comprehensive keeping in mind the activities specified in Schedule VII of the Companies Act, 2013.

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

5.4 STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of two members, Chairman of the Committee is an Independent Director. The Company holds Committee meetings on a periodical basis, as may be required to approve the transfers/transmissions/ issue of duplicate share etc. The broad terms of reference of this Committee include the following:

- To approve transfer / transmission of shares, issue of duplicate shares;
- Review of queries received from investors;
- Review of work done by the share transfer agent;
- Review of corporate actions related to shareholder issues, if any.

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

During the year Mr. P. M. Telang was inducted as a member of the Committee in place of Mr. P. R. Menon. The composition of the Stakeholders Relationship Committee is as under:

| Name of the Members | Category | No. of meetings attended |
|---|---------------------------|--------------------------|
| Mr. P. M. Telang Chairman (from 21.10.2016) | Non-Executive Independent | 1 |
| Mr. P. R. Menon Chairman (up to 20.10.2016) | Non-Executive Independent | 2 |
| Mr. S. Joshipura | Executive | 3 |

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

April 25, 2016, September 23, 2016, and February 13, 2017.

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:

| S.No. | Particulars | Total Received | Total Replied | Total Pending |
|-------|--|----------------|---------------|---------------|
| 1. | Payments | | | |
| | a Instruments found already paid / payment sent for Electronic Credit to Bank | 5 | 5 | 0 |
| | b Outdated, Duplicate warrants and changes on live warrants (where new instruments being issued) | 218 | 217 | 1 |
| | c Issue of new drafts against unencashed drafts / recovery drafts | 13 | 13 | 0 |
| | d Non-receipt of payments (where new instruments already issued) | 20 | 20 | 0 |
| | e Unclaimed and unpaid amounts transferred to ROC / IEPF | 5 | 5 | 0 |
| | f Miscellaneous | 78 | 76 | 2 |
| 2. | Annual Report | 8 | 8 | 0 |
| 3. | Change in name / status | 7 | 7 | 0 |

| | | | | |
|-----|---|------|------|----|
| 4. | Communication received through SEBI and other statutory / regulatory bodies | 1 | 1 | 0 |
| 5. | Conversion / demerger – scheme of arrangement / exchange/ merger – amalgamation of companies / sub-division | 81 | 80 | 1 |
| 6 | Demat / remat of Shares | 3 | 3 | 0 |
| 7. | Document Registration | 33 | 33 | 0 |
| 8. | Legal matters | 1 | 1 | 0 |
| 9. | Loss of securities | 35 | 31 | 4 |
| 10 | Transfer of Securities | 2 | 2 | 0 |
| 11. | Transmission of Securities | 62 | 62 | 0 |
| 12. | Other queries | 131 | 129 | 2 |
| 13. | Change of address | 49 | 49 | 0 |
| 14. | Change in Bank details | 32 | 32 | 0 |
| 15. | Issue of new certificates on split / consolidation / renewal | 21 | 21 | 0 |
| 16 | Nomination | 9 | 9 | 0 |
| | TOTAL | 1015 | 1005 | 10 |

Other queries in serial no.12 above includes mainly inquiries relating to, beneficiary details for securities held in electronic form, signature case, incomplete / incorrect details, mailing of certificates and split / consolidation / renewal queries.

1015 correspondences were received by the Company out of which 1005 correspondence were replied to the satisfaction of shareholders during the year under review. 10 Outstanding correspondences as on March 31, 2017 have been attended processed on April 11, 2017.

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

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

6. GENERAL BODY MEETINGS

i) 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 |
|----------------------|--|----------|-----------|-----------|-----------|---|
| 31.12.13 | M. C. Ghia Hall Bhogilal Hargovindas Building, 4 th Floor, 18/20 K.Dubash Marg, Kala Ghoda, Mumbai 400001. | AGM | 23.4.2014 | Wednesday | 3.30 p.m. | None |
| 31.12.14 | M. C. Ghia Hall Bhogilal Hargovindas Building, 4 th 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 |
| 31.03.16 | M. C. Ghia Hall Bhogilal Hargovindas Building, 4 th Floor, 18/20 K.Dubash Marg, Kala Ghoda, Mumbai 400001. | AGM | 20.7.2016 | Wednesday | 3.30 p.m. | Commission payable to Directors |

ii. Details of special resolution passed through postal ballot

During the year, the Company sought the approval of the shareholders by way of a Special Resolution through notice of postal ballot dated February 13, 2017 for Buyback of Equity Shares of the Company, the results of which were announced on March 23, 2017. Mr.P.N. Parikh (Membership No.FCS 327) of M/s.Parikh and Associates, Practicing Company Secretaries were appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

Details of Voting Pattern were as under :

| Description of the Resolution | Votes in favour of the resolution | | | Votes against the resolution | | | Invalid votes | |
|---------------------------------------|---|-------------------------------------|---------------------------------------|---|-------------------------------------|---------------------------------------|---|---|
| | Number of members voted through electronic voting system and through physical ballot form | Number of valid Votes cast (Shares) | % of total number of valid votes cast | Number of members voted through electronic voting system and through physical ballot form | Number of valid Votes cast (Shares) | % of total number of valid votes cast | Total number of members whose votes were declared invalid | Total number of invalid votes cast (Shares) |
| Approval for Buyback of Equity Shares | 344 | 42,458,602 | 99.98 | 33 | 9,801 | 0.02 | 16 | 1,794 |

Procedure for postal ballot :

The Company conducted the postal ballot in accordance with the provisions of Section 108 and 110 of the Act read with Rule 20 and Rule 22 of the Companies (Management & Administration) Rules, 2014 ("Rules"). The Company had completed the dispatch of the Postal Ballot Notice dated February 13, 2017 along with the Explanatory Statement, postal ballot form and self-addressed business reply envelopes on February 20, 2017 to the shareholders who had not registered their e-mail IDs with the Company / Depositories. The Company had offered the facility of e-voting to its members to enable them to cast their vote electronically. The voting under the postal ballot was kept open from February 21, 2017 (9.00 a.m. IST) to March 22, 2017 (5.00 p.m. IST). Upon completion of scrutiny of the postal ballot forms and votes cast through e-voting in a fair and transparent manner, the scrutinizer i.e. Mr.Parikh submitted his report to the Company and the results

of the postal ballot were announced by the Company on March 23, 2017. The voting results were sent to the Stock Exchanges and also displayed on the Company's website www.skfindia.com and on the website of National Securities Depository Limited www.evoting.nsdl.com.

iii. Details of special resolution proposed to be conducted through postal ballot :

No special resolution is proposed to be conducted through postal ballot at the AGM to be held on July 28, 2017.

7. DISCLOSURES

7.1 Related Party Transactions

All transactions with related parties were carried out at arm's length basis and in the ordinary course of business except in case of one transaction for leasing of property which is 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 Policy on related party transactions has been placed on the Company's website and can be accessed through "<http://www.skf.com/binary/83-166889/Policy-on-Related-Party-Transactions-modified-highlighted-Sept-2014.pdf>".

7.2 Risk Management

The Company has a comprehensive 'Risk Policy' and a Risk Register detailing the risks that the Company faces under various categories like strategic, financial, commercial, operation, IT, legal, regulatory, people and other risks and these have been identified and suitable mitigation measures have also been formulated. The AC / Board are authorized to review the risk management and its effectiveness. The AC has additional oversight in the area of financial risks and controls. 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 implemented an online system for overseeing compliance activities in order to monitor and review compliances with regards to all laws applicable to the Company. The progress on key risks is discussed at the Company's management level and thereafter, the same is presented to the Board.

7.3 Accounting Treatment

The Company has complied with all applicable Accounting Standards in preparation of its financial statements. The Company has adopted 'Ind-AS' w.e.f. April 1, 2016, the impact of it has been disclosed in the financial statements.

7.4 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.

7.5 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.

7.6 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. 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 March 31, 2017 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 |

7.7 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. All Management staff are also required to complete e-learning module for the same conducted by the Company from time to time.

7.8 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 Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. 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.

7.9 Dividend Policy:

The company had framed a dividend policy, as per this policy, in distributing the profits of the company among shareholders, Board of Directors will seek to balance between regularity and stability in dividend with the company's funding requirements for long term sustainable growth.

The dividend policy has been placed on the company's website and can be accessed through <http://www.skf.com/in/investors/shareholder-information/index.html>

8 MEANS OF COMMUNICATION

- The Company has 24,617 shareholders. The Company follow multiple channels of communications viz., through dissemination of information on the on-line portal of the Stock Exchanges, press releases, the Annual Reports and uploading relevant information on its website. The shareholders' meeting is the company's highest decision-making body. The Annual General Meeting is the principal forum for face-to-face communication with shareholders, where the Board provides answers to specific queries of the shareholders.
- 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 English newspaper and a vernacular newspaper and are also posted on the Company's website.
- The compliance reports, details of analysts and institutional investor meetings, if any and other announcements are sent to the National Stock Exchange of India Limited and the BSE Limited through NEAPS and BSE Listing respectively, which is a web based application designed for Corporates.
- Securities and Exchange Board of India has commenced processing of investor complaints in a centralized web based complaints redress system 'SCORES'. Accordingly, all complaints are viewed & Action Taken Reports are electronically submitted by the Company through SCORES.
- The website of the Company provides information on unclaimed dividends, compliance reports and other relevant information of interest to the investors / public.

9 GENERAL SHAREHOLDER INFORMATION

9.1 Annual General Meeting

Day, Date and Time: Friday, July 28, 2017 at 3.30 p.m.

9.2 Venue:

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

9.3 Financial Calendar

The Company follows April to March as a financial year. The results for every quarter are generally published in the month following the quarter except for the last quarter 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.

9.4 Date of Book Closure

Thursday, July 20, 2017 to Friday, July 28, 2017 (both days inclusive)

9.5 Dividend payment date

After July 28, 2017

9.6 Registered Office

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

9.7 Listing of Equity Shares on Stock Exchanges

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

Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

National Stock Exchange of India Ltd.

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

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

The Company has paid the listing fees for the period April 1, 2016 to March 31, 2017 to both the Stock Exchanges and respective depositories where the shares of the Company are listed.

9.8 Stock Code

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

9.9 Corporate Identity Number (CIN)

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

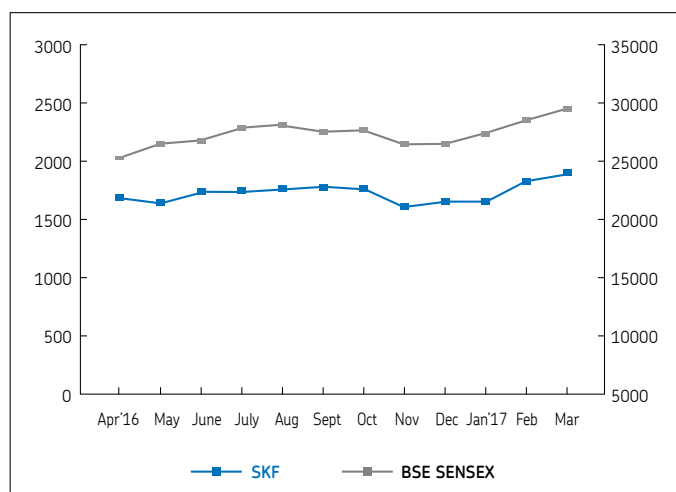
9.10 Stock Price Data

| Month | Price at Bombay Stock Exchange | | Price at National Stock Exchange | | Indices: Sensex | |
|------------|-----------------------------------|----------|-------------------------------------|---------|-----------------|----------|
| | High | Low | High | Low | High | Low |
| April 2016 | 1,333.00 | 1,230.00 | 1343.30 | 1233.70 | 26100.54 | 24523.20 |
| May 2016 | 1,294.00 | 1,170.00 | 1306.00 | 1181.10 | 26837.20 | 25057.93 |
| June 2016 | 1,420.00 | 1,184.00 | 1420.00 | 1195.05 | 27105.41 | 25911.33 |
| July 2016 | 1,432.85 | 1,305.00 | 1430.00 | 1309.45 | 28250.20 | 27034.14 |
| Aug 2016 | 1,455.00 | 1,373.00 | 1455.00 | 1352.50 | 28532.25 | 27627.97 |
| Sept 2016 | 1,490.00 | 1,378.00 | 1472.40 | 1376.15 | 29077.28 | 27716.78 |
| Oct 2016 | 1,453.50 | 1,395.00 | 1460.95 | 1391.05 | 28477.65 | 27488.30 |
| Nov 2016 | 1,550.00 | 1,195.95 | 1550.00 | 1190.50 | 28029.80 | 25717.93 |
| Dec 2016 | 1,310.00 | 1,215.10 | 1320.00 | 1214.00 | 26803.76 | 25753.74 |
| Jan 2017 | 1,320.00 | 1,251.00 | 1325.05 | 1261.05 | 27980.39 | 26447.06 |
| Feb 2017 | 1,492.50 | 1,267.70 | 1497.70 | 1270.00 | 29066.31 | 27590.10 |
| Mar 2017 | 1,621.85 | 1,456.65 | 1620.00 | 1449.00 | 29824.62 | 28716.21 |

9.11 PERFORMANCE IN COMPARISON WITH BSE SENSEX

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

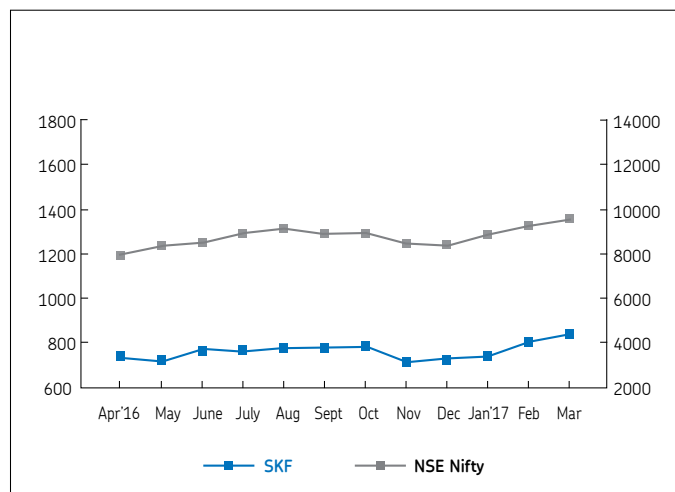
Relative Performance of SKF India Ltd.



9.12 PERFORMANCE IN COMPARISON WITH NSE NIFTY

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

Relative Performance of SKF India Ltd.



9.13 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 March 31, 2017

| No. of Equity shares | No. of share-holders | % of share-holders | No. of shares | % of share-holding |
|----------------------|----------------------|--------------------|-------------------|--------------------|
| 1 to 500 | 22399 | 90.99 | 2,172,010 | 4.12 |
| 501 to 1000 | 1,135 | 4.61 | 847,573 | 1.61 |
| 1001 to 2000 | 619 | 2.51 | 886,546 | 1.68 |
| 2001 to 3000 | 147 | 0.60 | 354,273 | 0.67 |
| 3001 to 4000 | 74 | 0.30 | 262,415 | 0.50 |
| 4001 to 5000 | 39 | 0.16 | 179,305 | 0.34 |
| 5001 to 10000 | 76 | 0.31 | 544,075 | 1.03 |
| 10001 and above | 128 | 0.52 | 47,486,341 | 90.05 |
| | 24,617 | 100.00 | 52,732,538 | 100.00 |

| Category of shareholders | No. of shareholders | % of Voting strength | No. of shares held |
|-------------------------------------|---------------------|----------------------|--------------------|
| Foreign Holding (FIIs, OCBs & NRIs) | 704 | 12.35 | 6,511,760 |
| FIIs, Insurance Companies & Banks | 64 | 4.07 | 2,146,474 |
| Other Corporate Bodies | 555 | 2.77 | 1,458,988 |
| Promoters | 3 | 53.58 | 28,254,568 |
| Directors | 1 | - | 1,000 |
| Mutual Funds | 49 | 16.77 | 8,842,681 |
| Others | 23,241 | 10.46 | 5,5178,067 |
| Total | 24,617 | 100.00 | 52,732,538 |

9.14 TOP TEN SHAREHOLDERS OTHER THAN PROMOTERS

| S.No. | Name of the Shareholder | Number of shares as on 01.04.2016 | No of shares as on 31.03.2017 | Net Changes | % of total paid up change in Share Capital |
|-------|---|-----------------------------------|-------------------------------|-------------|--|
| 1. | Franklin Templeton Mutual Fund (*) | 2,512,214 | 2,749,830 | 237,616 | 0.45 |
| 2 | HDFC Mutual Fund (*) | 1,961,409 | 2,719,409 | 758,000 | 4.11 |
| 3 | UTI Mutual Fund (*) | 1,329,594 | 1,330,498 | 907 | 0.00 |
| 4 | Pinebridge Investments Gf Mauritius Limited | 1,507,545 | 1,193,899 | -3,13,686 | -0.59 |
| 5 | SBI Magnum Mutual Fund (*) | 2,126,375 | 1,057,545 | -1,068,830 | -2.03 |
| 6 | Franklin Templeton Investment Funds | 1,050,000 | 1,050,000 | 0 | 0.0 |
| 7 | Tata Aia Life Insurance Co. Ltd (*) | 168,240 | 615,676 | 447,436 | 0.85 |
| 8 | The New India Assurance Company Limited | 663,357 | 581,827 | -81,530 | -0.15 |
| 9 | The Scottish Oriental Smaller Companies Trust plc | 112,969 | 488,660 | 375,691 | 0.71 |
| 10 | Catamaran Advisors LLP | 0 | 473,742 | 473,742 | 0.90 |

(*) various sub-accounts

9.15 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.

9.16 DEMATERIALIZATION OF SHARES

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

| | No. of Shares | % of total capital issued |
|-------------------------------------|---------------|---------------------------|
| Held in dematerialized form in NSDL | 50,967,237 | 96.65 |
| Held in dematerialized form in CDSL | 848158 | 1.61 |
| Physical | 917,143 | 1.74 |
| Total | 52,732,538 | 100.00 |

9.17 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 66568496

E-mail : csg-unit@tsrdarashaw.com

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

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

10 OTHER INFORMATION FOR SHAREHOLDERS

10.1 As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, the Company has transferred all unclaimed equity dividends up to the financial year 1996 to the General Revenue Account of the Central Government. Members who have so far not claimed or collected their dividend for the said financial year(s), may claim the same from the Registrar of Companies, Maharashtra by submitting an application in the prescribed form.

In terms of the provisions of Section 205(c) of the Companies Act, 1956 as amended the Company is obliged to Transfer Dividends which remain unpaid or unclaimed for a period of seven years (from the date of the transfer into the Unpaid Dividend Account) to the credit of the Investor Education and Protection Fund (the Fund) established by the Central Government. Accordingly, the Company has transferred unpaid/unclaimed dividend up to the financial year 2009 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 2010 to 2016 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 unclaimed dividend

| Financial Year | As on 31.03.2017 |
|----------------|------------------|
| 2010 | 1,344,424.00 |
| 2011 | 2,129,617.00 |
| 2012 | 2,372,520.00 |
| 2013 | 2,507,115.00 |
| 2014 | 2,509,402.50 |
| 2014 | 2,565,660.00 |
| 2015 | 1,016,182.50 |
| 2016 | 5,059,110.00 |

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

In terms of Section 125(6) of the Companies Act,

2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer the shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government. As required under the said Rules, the Company has published a Notice in the newspapers inviting the Members attention to the aforesaid Rules. The Company has also sent out individual communication to the concerned Members whose shares are liable to be transferred to IEPF Account, pursuant to the said Rules to take immediate action in the matter. The Company will be obliged to transfer the shares held by such shareholder to such account as mentioned under the said Rules.

10.3 "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.

11. COMPLIANCE UNDER NON-MANDATORY REQUIREMENT UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

The Company complied with all the mandatory requirements

and has adopted non-mandatory requirement as per details given below:

The Board – the Company maintains a separate office for the Non-Executive Chairman

Shareholders' Rights: The quarterly and half yearly results are published in the newspaper, displayed on the website of the Company and are sent to the Stock Exchanges where the shares of the Company are listed. The half-yearly results are not separately circulated to the shareholders.

Audit Qualifications: The auditors have not qualified the financial statements of the Company. The Company continues to adopt best practices in order to ensure unqualified financial statements.

Separate posts of Chairman and CEO: The Company is having separate posts of Chairman and Managing Director.

Reporting of internal auditor: The Internal Audit function is headed by a Senior Chief Internal Auditor form within the company with an adequate internal team. Axis Risk Consultancy and JCSS are external firms appointed to conduct internal audits as and when required and they make presentations to the audit committee on their findings.

For and on behalf of the Board
SKF India Limited

Rakesh Makhija
Chairman

Mumbai
May 26, 2017

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 March 31, 2017.

Shishir Joshipura
Managing Director

Mumbai
May 26, 2017

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of **SKF India Limited**

We have examined the compliance of conditions of Corporate Governance by SKF India Limited, for the year ended March 31, 2017 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.

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

Pune
Date: May 26, 2017

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 of the CSR policy and projects or programs.

1.1 SKF INDIA: CSR POLICY, VISION AND MISSION

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

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

SKF CSR programs and policies are based on SKF's "Community care" principle embedded in the 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 the 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. Holistic development of Community Kids through Sports Education
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: SKF Sports Education Program (SSEP)

Program Overview:

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 for recreation".

SKF felt the need of fulfilling this fundamental need of community kids by providing the facilities, infrastructure, coaches and guidance to the students of local municipal schools who lack such opportunities. This unique program not only transforms these kids to better players but it holistically develops them into better human beings.

The Goal:

The sports education program aims to provide better opportunities to sports enthusiasts from nearby municipal schools of Pune and Ahmedabad through our established football academies.

Program Approach:

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

SKF Football Academies at Pune & Ahmedabad are well equipped with infrastructure and certified coaches for systematic sports coaching to Boys and Girls from municipal schools. The entire program is completely sponsored by SKF India, the added facilities like - state of art center with class rooms, activity hall, dressing rooms, and other facilities are attraction for the kids.

This sponsored program takes care of their physical, behavioral, nutritional and other necessary requirements. Certified Coaches of our implementation partners: FC Pune City Football Club at Pune and Kahaani Sports Academy at Ahmedabad, provide world class football training to the community kids.

The academy also brings in opportunity of playing with external football teams, through participation in local, national and international tournaments. Every year, the best players from our academies are sent to Sweden, to represent SKF India at the World's largest Youth Football Tournament – Gothia Cup.

The program works on child development and apart from Football

training helps them in improving their academic performance, provides them career guidance from time to time.

Impact of the program:

We conducted an assessment to understand the impact of the program in March 2017. An external certified agency interacted with academy kids, their coaches and parents to understand the shift in behavior through the program.

The report says:

The positive changes in the kids are visible: improvement in sporting skills, level of confidence, sportsmanship and performing under pressure are a few of them.

Positive impact on health with balanced and structured nutritional support has resulted in visible changes in their growth, weight and fitness level.

Improvement in personality, social behavior, enhanced attendance and academic performance are noticeable and appreciated by the schools.

These kids are taking leads at school and in communities on many programs and are now appreciated as Icons.

1.2.2 Program 2: Youth Empowerment @ SKF (YES)

Program Overview:

India is an emerging economy whose manufacturing sector growth is impressive and still has a lot of potential to grow in the near future. India is one of the youngest nations with over 65% of entire population below 25 years age group. The need of the hour is to provide adequate skills to the youth to make them "employable" to meet the challenges and the requirements of industry.

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

The Goal:

To equip 5000 Automotive Technicians over a period of five

year at five locations across India with skills covering technical, entrepreneurial and lateral competencies like basic computer knowledge.

The Program:

"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 / Automobile service stations or become entrepreneurs by setting up own vehicle service stations.

The program currently runs at 3 locations – Pune, Bangalore and Haridwar 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 low income families. The program costs are fully sponsored by SKF.

Program Approach:

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

The first 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 March 1, 2016 at, Bommasandra Area, Bengaluru, Karnataka. The third YES center is recently started at Haridwar, Uttarakhand and is functional now & will be fully operational from July'17 onwards. Currently through this program till date, 346 young beneficiaries have completed our courses. Out of which 276 students have received jobs at various OEM's, Multi brand garages, showrooms, authorized service stations and have come up with their own garages too.

Impact of the program:

An impact assessment to dip dive into the program was conducted by an external agency in March 2017.

The report quotes:

- The alumni of both Bengaluru and Pune are very happy with the training program and course has given them good theory and practical knowledge about automobile services and repairing
- The opportunity to take up job in their field of interest excites many.
- Being school dropouts and having no scope of access to formal technical education, YES training has given them employable skills that has helped to earn a livelihood and support their family
- The report also talks about very positive industrial and societal impacts.

The program also brought forward some areas of improvements, that is currently under development to strengthen the program further.

1.2.3 Program 3: Women Empowerment**Program Overview:**

At SKF, we believe that the empowerment of girls and women begins 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 development & 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.

The Need:

Higher education of deserving Girls in economically weaker sections in India is a matter of concern due to various factors that affect their opportunities and one of them is lack of economic support after their schooling. 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 of getting a meaningful career and employment opportunities

1.2.4 Other programs :

Other incidental support programs responding to community needs from time to time were undertaken during 2016-17 such as:

Support to Drought hit farmers in Maharashtra -SKF Supported to drought affected area in Maharashtra by Contribution to a well reputed NAAM foundation. This support was initiated by SKF Employees through their own voluntary personal contributions to which SKF contributed an equal share.

Support to Akanksha Foundation Pune – Teacher training program, that works in the field of improving quality of school education.

Support to Rotary club, Pune in their program for Supporting community by providing rural sanitation facilities.

1.3 The Composition of the CSR Board Committee:

Hema Hattangady, Independent Director and Chairperson CSR board committee

Rakesh Makhija, Chairman – SKF India Ltd.

Shishir Joshipura, Managing Director – SKF India Ltd.

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 3185 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) – 63.7 MINR.

4. Details of CSR spent during the financial year:

All figures MINR:

(a) Total amount spent during the financial year = **40.5** MINR

(b) Amount unspent, if any = 63.7 – 40.5 = 21.2 MINR

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

| 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. | 9.4 | 8.93 (direct) | 8.93 | 8.50(Direct) 0.43(Imp Agency) |
| | | | 2) Ahmedabad, Gujarat | 4.8 | 2.33 (Direct) | 2.33 | 0.74(Dir) 1.59(Imp agency) |
| 2 | Women Empowerment | Women Empowerment | Pune, Maharashtra | 4.0 | 3.09 (Direct) | 3.09 | 0.07 (Dir) 3.02(Imp agency) |
| 3 | Education | Youth Empowerment at SKF | 1) Pune, Maharashtra | 3.2 | 4.51(Direct) | 4.51 | 1.75 (Direct) 2.75(Imp agency) |
| | | | 2) Bangalore, Karnataka | 6.1 | 7.53(Direct) | 7.53 | 3.98(Dir) 3.55(Imp agency) |
| | | | 3) Haridwar, Uttarakhand | 16.3 | 10.29(Direct) | 10.29 | 0.76(Dir) 9.53(Imp agency) |
| | | | 4) YES center | 16.3 | 0.0 | 0.0 | 0.0 |
| 4 | Village Development | Rotary Club Nigadi | Pune | 0.3 | 0.30 | 0.30 | 0.30(Imp agency) |
| | | Naam Foundation | Pune | 0.38 | 0.38 | 0.38 | 0.38(Imp agency) |
| 5 | Education | Akansha Foundation | Pune | 0.57 | 0.57 | 0.57 | 0.57(Imp agency) |
| 6 | | Other Projects | Pune - Udyog Dham - CSO-CSR Bridge - Liveweek Business | 0.5 | 0.53 | 0.53 | 0.53(Imp agency) |
| 7 | CSR Admin cost (Overheads) | CSR Projects | CSR All location | | 2.03 | 2.03 | 2.03 (Direct) |
| | Total program spent MINR | | | | 40.5 | | 16.35 (Direct) 22.12(Imp agency) |

5. GIVE DETAILS OF IMPLEMENTING AGENCY:

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

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

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

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

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

Kahaani Football academy, Ahmedabad established in 2006 promotes football, fitness and sportsmanship through certified coaches.

5.3 Lila Poonawalla Foundation: Partner in Women empowerment program

Lila Poonawalla Foundation (LPF) provides scholarships to the girls from Pune District for School Education, Graduation and

Post-Graduation programs in Pune District. LPF scholarships are merit-cum-need based scholarships.

Lila Poonawalla Foundation is a Charitable Trust registered in India, on September 9, 1995, with Bombay Charitable Trust Act 1950.

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

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

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

5.5 Sambhav Foundation: Partner for YES project at Bangalore & Haridwar

Sambhav Foundation is 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.

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

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

The Company started its own flagship CSR program – “YES” to empower youth through skill development and vocational training in 2015-16 which is a new concept requiring establishment of state of art centers equipped with necessary infrastructures at different places. The company has an ambitious plan and intention of expanding program to 5000 beneficiaries in 5 years through 5 centers. Apart from 2 centers established in 2015-16, the YES program expansion was planned at 2 new places in this year. This required 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. For its planned 3rd center at Haridwar, there were major delays in contracting a suitable place and the plans were required to be changed due to last minute cancellations of contract for lease etc. This delayed the program

schedule by 4 months, specifically the startup of the 3rd and 4th centers and related expenditures beyond the financial year. Learning from this and improving upon project executions, the Company will closely monitor its programs further in 2017-18 to achieve the program plans in line with planned schedules and will be able to spend the full amount on CSR in line with the requirements of Sec 135 of the Companies Act, 2013 in the coming year.

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.

Shishir Joshipura
Managing Director

Mumbai
May 26, 2017

Hema Hattangady
Chairperson, 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/ arrangements/ transaction including the value, if any | The information forms part of the notes to financial statement for the year 2016-17 |
| 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 July 20, 2016 in case of 'Material' related party transactions for a period 2015-16 to 2017-18. |
| f) | Amount paid as advances, if any | - |

For and on behalf of the Board
SKF India Limited

Rakesh Makhija
Chairman
DIN: 0117692

Mumbai
May 26, 2017

Annexure V - To The Directors' Report**FORM NO. MR-3****SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

(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 financial year ended on March 31, 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (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;

(vi) Other laws specifically applicable 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 Rs. 40.5 millions against the amount of Rs. 63.7 millions 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 the following events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc:

1. The Board of Directors on February 13, 2017 approved subject to shareholder approval, a proposal for Buyback of 26,00,000 Equity Shares of the company, at a price of Rs. 1500 per share for a maximum aggregate amount of Rs. 3900 million amounting to 4.93% of the aggregate paid capital plus free reserves as on March 31, 2016. The Company has received the requisite approval from the shareholders and the buyback is being conducted under the tender offer route according to the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as amended.

For Parikh & Associates
Company Secretaries

P. N. Parikh
Partner

FCS No: 327 CP No: 1228

Place: Mumbai
Date: May 26, 2017

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. Wherever 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: May 26, 2017

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

| Name of Director / KMP | Designation | Ratio of remuneration of each director to the median remuneration | Percentage increase in remuneration* (%) |
|------------------------|------------------------|---|--|
| Rakesh Makhija | Non-Executive Chairman | 2.24 | 77.27 |
| S. Joshipura | Managing Director | 22.96 | -0.51 |
| P. R. Menon | Independent Director | 1.87 | -13.86 |
| P M Telang | Independent Director | 1.87 | -14.26 |
| H. A. Hattangady | Independent Director | 1.78 | -9.62 |
| S. Le Mounier | Non-Executive | N.A. | N.A. |

* The current year remuneration is for 12 months whereas the previous year remuneration is for 15 months and hence the remuneration for the two periods is not comparable; therefore also the percentage increase in remuneration (not annualized) compared to previous year is not comparable.

- (B) The percentage increase in remuneration of Chief Financial officer was 8 percent and Company Secretary was 8 percent.
- (C) The percentage increase in the median remuneration of employees for the financial year was 10.69.
- (D) The number of permanent employees on the rolls of company was 1797.
- (E) Relationship between average increase in remuneration and company performance;

The profit after tax for the year on an annualized basis increased by 19.15 % as compared to an average increase in remuneration per employee of 9.97 %. 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 March 31, 2017 was Rs 84361.51 million (Rs 66664.47 million as on March 31, 2016). The price earnings ratio of the Company was 34.55 as at March 31, 2017 and was 32.42 as at March 31, 2016 (based on annualized EPS).

- (H) The average annual increase was around 10.17%. However, during the course of the year, the total increase is approximately 10.3%, after accounting for promotions and other event based compensation revisions. Increase in managerial remuneration for the year was 10.3%.

- (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
SKF India Limited

Rakesh Makhija
Chairman
DIN: 0117692

Mumbai
May 26, 2017

Annexure VII - To The Directors' Report

Information as per section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2017

Disclosures

A CONSERVATION OF ENERGY :

SKF Care is the framework on sustainability with the BeyondZero™ strategy driving action to maximize energy conservation. SKF BeyondZero™ addressed environmental and business performance over the value chain. It includes actions to reduce the environmental impact resulting from operations and those of its suppliers, while at the same time providing customers with solutions to reduce the environmental impact of their products or operations.

SKF Group had subscribed to number of internationally recognised principles, charters and guidelines which promote sustainability such as UN Global compact, OECD, ISO 50001, ISO 14001 and have energy management systems in place.

Susten a project for conservation of energy which was launched in 2013 has yielded splendid results in the area of reduction in power consumption, reduction in Co₂ emission and monetary savings. As part of Susten, during the fiscal year 2016-17, following projects were undertaken at various locations.

1.1 Pune Plant

- Under SustEn3 projects in areas pertaining to grinding channels, compressed air and heat treatment were successfully completed resulting in saving of 1.36 GWH.
- Various projects to optimize electrical power of spindle motors, pumps and conveyor motors were completed and achieved saving of 0.44 GWH.
- Rooftop Solar Power plant generated 1.47 GWH of electrical units amounting to reduction of 1205 tons of Co₂ emission.
- Centralized controller developed in house to optimize compressed air pressure demand by controlling compressor loading and unloading pattern. Optimization of the compressed air pressure, identifying and eliminating air leakages were carried out.
- Major planned maintenance of all furnaces carried out during the year to eliminate heat loss through furnace walls and jackets.
- LED lamps were installed on 5 channels as a replacement of T5

tube lights to improve illumination level and energy saving.

- Total saving of 42 MINR realized by completing demand side and supply side projects.
- Specific energy consumption reduced from 15.6 to 14.8 MWH/MINR value added.
- Renewable energy(Green Energy) consumption is 4.5% of the total energy consumption.

1.2 Bengaluru Plant :

- Effective usage of free cooling from atmosphere for bearing assembly area resulted in energy reduction of 8% in air conditioning energy. This is equivalent to reduction of 1,52,000 kwh per annum.
- Efficient management of energy sourcing from hydel and wind power producers and Indian Energy Exchange resulted into substantial energy cost savings of 18 MINR.
- The specific energy consumption reduced from 17.9 to 17.2 MWH/MINR value added.
- Renewable energy (Green Energy) consumption is 50% of the total energy consumption. It includes hydel, wind and roof top solar energy.

1.3 Haridwar Plant :

- Commissioning of sigma air controller for optimised use of compressed air.
- 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,
- 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.
- The specific energy consumption is maintained at 14.5 MWH/MINR value added.

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. Centre of Excellence is regularly supporting in transferring and implementation of upgraded technology for Process & Quality Improvement, Quality checks and Energy Saving.

Pune Plant

- In-process controls on TRB Channel machines to arrest defect generation and quality improvement
- Development of online crack checking equipment for tapered rollers
- Development of online camera inspection M/c to arrest visual defects on rings
- Development of noise & vibration checking M/c for tapered roller bearing with laser vibrometer and BVR + software
- Super precision pinion units with controlled torque for pinion application
- Development of MDGGB & TRB with HN3 treatment
- Development of alternate design seals
- Sharing of technology for special processes such as Induction Hardening, Hard Turning for Run-out Control, Orbital Rolling for HBU 3 Channel

Bangalore plant

- Manufacturing Development Centre (China) from SKF Group, visited SKF DGBB Plant Bengaluru to give Training in advance developments in Grinding (Hard Machining)
- Technology Support for development of various equipment's from SKF (Styer) in vibration checking machine.
- Ring wash chute modified to avoid ring flow issues with SMED concept for Ch1 & Ch4.

Haridwar Plant :

- Continuous support from the Group for improving the factory OEE and reducing the losses especially in resetting. This has

provided flexibility of the channels and support in being more customer centric.

- Engineering design changes in the bearings, testing and validation for 2 wheeler business.
- Steel validations and new supply chain for competitive sourcing

C. EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT : Nil

D. NEW PRODUCT DEVELOPMENT

New Products developed during the year to meet the customer requirements are:

- Cylindrical roller 10.2*9.5-Varoc
- BB1 4823-Yamaha
- RAB MT-BNT-9551-TVS
- RAB AD-BNT-9551-TVS
- 6200-2ZNR-RSS
- CRB BYAL-RC2-0441-Bonfiglio
- 6205-2RSLTN9-LMW

E. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company continues to explore new product range to the overseas customers. The Focus was mainly for export of DGBB in Asia, new markets added were Vietnam, Australia and USA. African market is being explored for future. Exports constituted 7.0 per cent of the total sales and represented an increase of 14.0 per cent compared to the previous year.

The information on foreign exchange earnings and outgo is contained in the Notes to Financial Statements.

For and on behalf of the Board
SKF India Limited

Rakesh Makhija
Chairman

Mumbai
May 26, 2017

Annexure VIII - To The Directors' Report

EXTRACT OF ANNUAL RETURN - FORM NO. MGT 9

As on Financial Year ended on March 31, 2017

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

I REGISTRATION AND OTHER DETAILS

| | | |
|-------|---|---|
| (i) | CIN | L29130MH1961PLC011980 |
| (ii) | Registration Date | April 12, 1961 |
| (iii) | Name of the Company | SKF India Limited |
| (iv) | Category /Sub-Category of the Company | Public Company / Limited by Shares |
| (v) | Address of the Registered office and Contact Details | Mahatma Gandhi Memorial Building, Netaji Subash Road, Charni Road (W), Mumbai - 400002 Tel No. +91 22 66337777 Fax No. +91 22 22819074 Email: investors@skf.com |
| (vi) | Whether Listed Company | Yes |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agents, if any. | TSR Darashaw Limited 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400002 Tel No. +91 22 66568484 Fax No. +91 22 66568494 Email: csg_unit@tsrdarashaw.com |

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| 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 | 0.41 | 2(46) |

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(I) Category-wise Shareholding

| Category code (I) | Category of Shareholder (II) | Number of shares held at the beginning of the year April 1, 2016 | | | | Number of shares held at the end of the year March 31, 2017 | | | | % Change during the year |
|-------------------------|---|--|----------|------------|---------------------|--|----------|------------|---------------------|--------------------------------|
| | | Demat | Physical | Total | % of Total Share | Demat | Physical | Total | % of Total Share | |
| (A) | Promoters | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| (a) | Individuals / Hindu Undivided Family | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Central Government | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | State Governments(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Banks / Financial Institutions | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | - Trust | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total (A) (1) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (2) | Foreign | | | | | | | | | |
| (a) | NRIs - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Other Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Bodies Corporate | 28,254,568 | 0 | 28,254,568 | 53.58 | 28,254,568 | 0 | 28,254,568 | 53.58 | 0.00 |
| (d) | Banks / Financial Institutions | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total (A) (2) | 28,254,568 | 0 | 28,254,568 | 53.58 | 28,254,568 | 0 | 28,254,568 | 53.58 | 0.00 |
| | Total Shareholding of Promoter (A) = (A)(1)+(A)(2) | 28,254,568 | 0 | 28,254,568 | 53.58 | 28,254,568 | 0 | 28,254,568 | 53.58 | 0.00 |
| (B) | Public Shareholding | | | | | | | | | |
| (1) | Institutions | | | | | | | | | |
| (a) | Mutual Funds | 8,897,721 | 2,090 | 8,899,811 | 16.88 | 8,840,591 | 2,090 | 8,842,681 | 16.77 | -0.11 |
| (b) | Banks / Financial Institutions | 21,243 | 18,720 | 39,963 | 0.08 | 25,216 | 18,720 | 43,936 | 0.08 | 0.01 |
| (c) | Central Government | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | State Governments(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) | Insurance Companies | 1,771,968 | 240 | 1,772,208 | 3.36 | 2,102,298 | 240 | 2,102,538 | 3.99 | 0.63 |
| (g) | Foreign Institutional Investors | 6,428,772 | 50 | 6,428,822 | 12.19 | 6,255,772 | 50 | 6,255,822 | 11.86 | -0.33 |
| (h) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (i) | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | - OCBs / Foreign Companies | 0 | 4,600 | 4,600 | 0.01 | 0 | 4,600 | 4,600 | 0.01 | 0.00 |
| | Sub-Total (B) (1) | 17,119,704 | 25,700 | 17,145,404 | 32.52 | 17,223,877 | 25,700 | 17,249,577 | 32.71 | 0.19 |

| Category code (I) | Category of Shareholder (II) | Number of shares held at the beginning of the year April 1, 2016 | | | | Number of shares held at the end of the year March 31, 2017 | | | | % Change during the year |
|---|---|---|----------|------------|------------------|--|----------|------------|------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Share | Demat | Physical | Total | % of Total Share | |
| (a) | Bodies Corporate | | | | | | | | | |
| i | Indian | 1,810,573 | 10,356 | 1,820,929 | 3.45 | 1,793,200 | 10,356 | 1,803,556 | 3.42 | -0.03 |
| ii | Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Individuals - | | | | | | | | | |
| i | Individual shareholders holding nominal share capital upto Rs. 1 lakh | 3,956,694 | 899,554 | 4,856,248 | 9.21 | 3,870,267 | 881,087 | 4,751,354 | 9.02 | -0.19 |
| ii | Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 624,652 | 30,220 | 654,872 | 1.24 | 656,466 | 0 | 656,466 | 1.24 | 0.00 |
| (c) | Any Other (Specify) | | | | | | | | | |
| | - Trust | 517 | 0 | 517 | 0.00 | 1,322 | 0 | 1,322 | 0.00 | 0.00 |
| | - Bodies Corp - NBFC | 0 | 0 | 0 | 0.00 | 15,695 | 0 | 15,695 | 0.03 | 0.03 |
| Sub-total (B) (2) | | 6,392,436 | 940,130 | 7,332,566 | 13.90 | 6,336,950 | 891,443 | 7,228,393 | 13.71 | -0.19 |
| Total Public Shareholding (B) = (B)(1)+(B)(2) | | 23,512,140 | 965,830 | 24,477,970 | 46.42 | 23,560,827 | 917,143 | 24,477,970 | 46.42 | 0.00 |
| TOTAL (A)+(B) | | 51,766,708 | 965,830 | 52,732,538 | 100.00 | 51,815,395 | 917,143 | 52,732,538 | 100.00 | 0.00 |
| (C) | Shares held by Custodians for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| 1 | Promoter and Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| 2 | Public | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| GRAND TOTAL (A)+(B)+(C) | | 51,766,708 | 965,830 | 52,732,538 | 100.00 | 51,815,395 | 917,143 | 52,732,538 | 100.00 | 0.00 |

(II) Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year April 1, 2016 | | | Shareholding at the end of the year March 31, 2017 | | | % 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 | 0.00 | 24,639,048 | 46.72 | 0.00 | 0.00 |
| 2 | SKF U.K.Ltd. | 3,402,000 | 6.45 | 0.00 | 3,402,000 | 6.45 | 0.00 | 0.00 |
| 3 | SKF FORVALTNING AB | 213,520 | 0.41 | 0.00 | 213,520 | 0.41 | 0.00 | 0.00 |
| | TOTAL | 28,254,568 | 53.58 | 0.00 | 28,254,568 | 53.58 | 0.00 | 0.00 |

(III) Change in Promoters' Shareholding (please specify, if there is no change)

There were no change in the promoters shareholding during financial year 2016-17

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

| | | | | Shareholding at the beginning of the year April 1, 2016 | | Cumulative Shareholding during the year | |
|---------|--|-------------|------------------------------|---|---|---|---|
| Sr. No. | Name of the ShareHolder | Date | Reason | 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-Apr-2016 | At the beginning of the year | 175,000 | 0.33 | 175,000 | 0.33 |
| 1.1 | | 11-Nov-2016 | Decrease | -11,705 | -0.02 | 163,295 | 0.31 |
| 1.1 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 163,295 | 0.31 |
| 1.2 | Franklin Templeton Mutual Fund A/C Franklin India Prima Fund | 01-Apr-2016 | At the beginning of the year | 463,484 | 0.88 | 463,484 | 0.88 |
| 1.2 | | 04-Nov-2016 | Decrease | -1,643 | -0.00 | 461,841 | 0.88 |
| 1.2 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 461,841 | 0.88 |
| 1.3 | Franklin Templeton Mutual Fund A/C Franklin India Prima Plus | 01-Apr-2016 | At the beginning of the year | 614,661 | 1.17 | 614,661 | 1.17 |
| 1.3 | | 29-Apr-2016 | Increase | 18,028 | 0.03 | 632,689 | 1.20 |
| 1.3 | | 06-May-2016 | Increase | 7,311 | 0.01 | 640,000 | 1.21 |
| 1.3 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 640,000 | 1.21 |
| 1.4 | Franklin Templeton Mutual Fund A/C Franklin India Flexi Cap Fund | 01-Apr-2016 | At the beginning of the year | 270,387 | 0.51 | 270,387 | 0.51 |
| 1.4 | | 11-Nov-2016 | Decrease | -19,375 | -0.04 | 251,012 | 0.48 |
| 1.4 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 251,012 | 0.48 |
| 1.5 | Franklin India Smaller Companies Fund | 01-Apr-2016 | At the beginning of the year | 358,682 | 0.68 | 358,682 | 0.68 |
| 1.5 | | 03-Feb-2017 | Increase | 50,000 | 0.09 | 408,682 | 0.78 |
| 1.5 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 408,682 | 0.78 |
| 1.6 | Franklin Templeton Mutual Fund A/C Franklin India High Growth Companies Fund | 01-Apr-2016 | At the beginning of the year | 555,000 | 1.05 | 555,000 | 1.05 |
| 1.6 | | 20-May-2016 | Increase | 20,000 | 0.04 | 575,000 | 1.09 |
| 1.6 | | 16-Dec-2016 | Increase | 85,714 | 0.16 | 660,714 | 1.25 |

| | | | | Shareholding at the beginning of the year April 1, 2016 | | Cummulative Shareholding during the year | |
|---------|--|-------------|------------------------------|---|----------------------------------|--|----------------------------------|
| Sr. No. | Name of the ShareHolder | Date | Reason | No.of Shares | % of total Shares of the company | No.of Shares | % of total Shares of the company |
| 1.6 | | 23-Dec-2016 | Increase | 4,221 | 0.01 | 664,935 | 1.26 |
| 1.6 | | 31-Dec-2016 | Increase | 60,065 | 0.11 | 725,000 | 1.37 |
| 1.6 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 725,000 | 1.37 |
| 1.7 | Franklin Templeton Mutual Fund A/C Franklin Build India Fund (Fbif) | 01-Apr-2016 | At the beginning of the year | 75,000 | 0.14 | 75,000 | 0.14 |
| 1.7 | | 16-Dec-2016 | Increase | 14,286 | 0.03 | 89,286 | 0.17 |
| 1.7 | | 23-Dec-2016 | Increase | 704 | 0.00 | 89,990 | 0.17 |
| 1.7 | | 31-Dec-2016 | Increase | 10,010 | 0.02 | 100,000 | 0.19 |
| 1.7 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 100,000 | 0.19 |
| | | | Total : | 2,512,214 | 4.76 | 2,749,830 | 5.21 |
| 2.1 | HDFC Small Cap Fund | 01-Apr-2016 | At the beginning of the year | 90,000 | 0.17 | 90,000 | 0.17 |
| 2.1 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 90,000 | 0.17 |
| 2.2 | HDFC Trustee Company Limited A/C Hdfc Balanced Fund | 01-Apr-2016 | At the beginning of the year | 345,087 | 0.65 | 345,087 | 0.65 |
| 2.2 | | 13-Jan-2017 | Increase | 300,000 | 0.57 | 645,087 | 1.22 |
| 2.2 | | 20-Jan-2017 | Increase | 29,600 | 0.06 | 674,687 | 1.28 |
| 2.2 | | 03-Mar-2017 | Increase | 118,000 | 0.22 | 792,687 | 1.50 |
| 2.2 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 792,687 | 1.50 |
| 2.3 | HDFC Trustee Company Ltd A/C- Hdfc Children's gift Fund- Savings Plan | 01-Apr-2016 | At the beginning of the year | 3,035 | 0.01 | 3,035 | 0.01 |
| 2.3 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 3,035 | 0.01 |
| 2.4 | HDFC Trustee Company Ltd A/C - Hdfc Children's Gift Fund - Investment Plan | 01-Apr-2016 | At the beginning of the year | 83,000 | 0.16 | 83,000 | 0.16 |
| 2.4 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 83,000 | 0.16 |
| 2.5 | HDFC Trustee Company Ltd - A/C Hdfc Mid - Capopportunities Fund | 01-Apr-2016 | At the beginning of the year | 1,424,992 | 2.70 | 1,424,992 | 2.70 |
| 2.5 | | 13-Jan-2017 | Increase | 100,000 | 0.19 | 1,524,992 | 2.89 |
| 2.5 | | 20-Jan-2017 | Increase | 100,000 | 0.19 | 1,624,992 | 3.08 |
| 2.5 | | 24-Feb-2017 | Increase | 1,700 | 0.00 | 1,626,692 | 3.08 |
| 2.5 | | 03-Mar-2017 | Increase | 51,100 | 0.10 | 1,677,792 | 3.18 |
| 2.5 | | 10-Mar-2017 | Increase | 50,000 | 0.09 | 1,727,792 | 3.28 |

| | | | | Shareholding at the beginning of the year April 1, 2016 | | Cummulative Shareholding during the year | |
|---------|---|-------------|------------------------------|---|---|--|---|
| Sr. No. | Name of the ShareHolder | Date | Reason | No.of Shares | % of total Shares of the company | No.of Shares | % of total Shares of the company |
| 2.5 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 1,727,792 | 3.28 |
| 2.6 | HDFC Trustee Co Ltd A/C Hdfc Retirement Savings Fund-Hybrid- Equity Plan | 01-Apr-2016 | At the beginning of the year | 5,300 | 0.01 | 5,300 | 0.01 |
| 2.6 | | 17-Feb-2017 | Increase | 2,200 | 0.00 | 7,500 | 0.01 |
| 2.6 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 7,500 | 0.01 |
| 2.7 | HDFC Trustee Co Ltd A/C Hdfc Retirement Savings Fund-Hybrid- Debt Plan | 01-Apr-2016 | At the beginning of the year | 1,000 | 0.00 | 1,000 | 0.00 |
| 2.7 | | 17-Feb-2017 | Increase | 300 | 0.00 | 1,300 | 0.00 |
| 2.7 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 1,300 | 0.00 |
| 2.8 | HDFC Trustee Co Ltd A/C Hdfc Retirement Savings Fund-Equity Plan | 01-Apr-2016 | At the beginning of the year | 8,995 | 0.02 | 8,995 | 0.02 |
| 2.8 | | 17-Feb-2017 | Increase | 5,100 | 0.01 | 14,095 | 0.03 |
| 2.8 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 14,095 | 0.03 |
| | | | Total : | 1,961,409 | 3.72 | 2,719,409 | 5.16 |
| 3.1 | UTI-MNC Fund | 01-Apr-2016 | At the beginning of the year | 229,591 | 0.44 | 229,591 | 0.44 |
| 3.1 | | 06-May-2016 | Increase | 907 | 0.00 | 230,498 | 0.44 |
| 3.1 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 230,498 | 0.44 |
| 3.2 | UTI - Top 100 Fund | 01-Apr-2016 | At the beginning of the year | 180,000 | 0.34 | 180,000 | 0.34 |
| 3.2 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 180,000 | 0.34 |
| 3.3 | UTI-Mastershare Unit Scheme | 01-Apr-2016 | At the beginning of the year | 720,000 | 1.37 | 720,000 | 1.37 |
| 3.3 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 720,000 | 1.37 |
| 3.4 | UTI-Master Equity Plan Unit Scheme | 01-Apr-2016 | At the beginning of the year | 100,000 | 0.19 | 100,000 | 0.19 |
| 3.4 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 100,000 | 0.19 |
| 3.5 | UTI- Infrastructure Fund | 01-Apr-2016 | At the beginning of the year | 100,000 | 0.19 | 100,000 | 0.19 |
| 3.5 | | 30-Jun-2016 | Increase | 2,000 | 0.00 | 102,000 | 0.19 |
| 3.5 | | 15-Jul-2016 | Increase | 1,089 | 0.00 | 103,089 | 0.20 |
| 3.5 | | 16-Dec-2016 | Decrease | -3,089 | -0.01 | 100,000 | 0.19 |
| 3.5 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 100,000 | 0.19 |
| | | | Total : | 1,329,591 | 2.52 | 1,330,498 | 2.52 |

| | | | | Shareholding at the beginning of the year April 1, 2016 | | Cumulative Shareholding during the year | |
|---------|---|-------------|------------------------------|---|----------------------------------|---|----------------------------------|
| Sr. No. | Name of the ShareHolder | Date | Reason | No.of Shares | % of total Shares of the company | No.of Shares | % of total Shares of the company |
| 4.1 | Pinebridge Investments Gf Mauritius Limited | 01-Apr-2016 | At the beginning of the year | 1,507,585 | 2.86 | 1,507,585 | 2.86 |
| 4.1 | | 28-Oct-2016 | Decrease | -27,309 | -0.05 | 1,480,276 | 2.81 |
| 4.1 | | 04-Nov-2016 | Decrease | -406,377 | -0.77 | 1,073,899 | 2.04 |
| 4.1 | | 13-Jan-2017 | Increase | 120,000 | 0.23 | 1,193,899 | 2.26 |
| 4.1 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 1,193,899 | 2.26 |
| | | | Total : | 1,507,585 | 2.86 | 1,193,899 | 2.26 |
| 5.1 | SBI Magnum Multiplier Fund | 01-Apr-2016 | At the beginning of the year | 144,000 | 0.27 | 144,000 | 0.27 |
| 5.1 | | 24-Jun-2016 | Increase | 10,000 | 0.02 | 154,000 | 0.29 |
| 5.1 | | 30-Jun-2016 | Increase | 10,000 | 0.02 | 164,000 | 0.31 |
| 5.1 | | 16-Dec-2016 | Decrease | -100,000 | -0.19 | 64,000 | 0.12 |
| 5.1 | | 13-Jan-2017 | Decrease | -64,000 | -0.12 | 0 | 0.00 |
| 5.1 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 0 | 0.00 |
| 5.2 | SBI Magnum Taxgain Scheme | 01-Apr-2016 | At the beginning of the year | 960,000 | 1.82 | 960,000 | 1.82 |
| 5.2 | | 16-Dec-2016 | Decrease | -100,000 | -0.19 | 860,000 | 1.63 |
| 5.2 | | 13-Jan-2017 | Decrease | -536,000 | -1.02 | 324,000 | 0.61 |
| 5.2 | | 20-Jan-2017 | Decrease | -100,000 | -0.19 | 224,000 | 0.42 |
| 5.2 | | 03-Feb-2017 | Decrease | -49,472 | -0.09 | 174,528 | 0.33 |
| 5.2 | | 24-Feb-2017 | Decrease | -174,528 | -0.33 | 0 | 0.00 |
| 5.2 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 0 | 0.00 |
| 5.3 | SBI Magnum Global Fund | 01-Apr-2016 | At the beginning of the year | 410,000 | 0.78 | 410,000 | 0.78 |
| 5.3 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 410,000 | 0.78 |
| 5.4 | SBI Magnum Midcap Fund | 01-Apr-2016 | At the beginning of the year | 291,028 | 0.55 | 291,028 | 0.55 |
| 5.4 | | 24-Jun-2016 | Increase | 10,000 | 0.02 | 301,028 | 0.57 |
| 5.4 | | 30-Jun-2016 | Increase | 25,170 | 0.05 | 326,198 | 0.62 |
| 5.4 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 326,198 | 0.62 |
| 5.5 | SBI Blue Chip Fund | 01-Apr-2016 | At the beginning of the year | 321,347 | 0.61 | 321,347 | 0.61 |
| 5.5 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 321,347 | 0.61 |
| | | | Total : | 2,126,375 | 4.03 | 1,057,545 | 2.01 |
| 6.1 | Franklin Templeton Investment Funds | 01-Apr-2016 | At the beginning of the year | 1,050,000 | 1.99 | 1,050,000 | 1.99 |
| 6.1 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 1,050,000 | 1.99 |
| | | | Total : | 1,050,000 | 1.99 | 1,050,000 | 1.99 |

| | | | | Shareholding at the beginning of the year April 1, 2016 | | Cummulative Shareholding during the year | |
|---------|--|-------------|------------------------------|---|---|--|---|
| Sr. No. | Name of the ShareHolder | Date | Reason | No.of Shares | % of total Shares of the company | No.of Shares | % of total Shares of the company |
| 7.1 | Tata Aia Life Insurance Co Limited-Life Fund | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 7.1 | | 24-Mar-2017 | Increase | 4,990 | 0.01 | 4,990 | 0.01 |
| 7.1 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 4,990 | 0.01 |
| 7.2 | Tata Aia Life Insurance Co Ltd- Life Equity Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 7.2 | | 24-Mar-2017 | Increase | 100,000 | 0.19 | 100,000 | 0.19 |
| 7.2 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 100,000 | 0.19 |
| 7.3 | Tata Aia Life Insurance Co Ltd-Pension Equity Fund-Ulgf | 01-Apr-2016 | At the beginning of the year | 5,000 | 0.01 | 5,000 | 0.01 |
| 7.3 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 5,000 | 0.01 |
| | Tata Aia Life Insurance Co Ltd-Aggressive Growth Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 7.4 | | 17-Mar-2017 | Increase | 7,000 | 0.01 | 7,000 | 0.01 |
| 7.4 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 7,000 | 0.01 |
| 7.5 | Tata Aia Life Insurance Co Ltd-Whole Life Mid Cap Equity Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 110,000 | 0.21 | 110,000 | 0.21 |
| 7.5 | | 17-Mar-2017 | Increase | 110,000 | 0.21 | 220,000 | 0.42 |
| 7.5 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 220,000 | 0.42 |
| 7.6 | Tata Aia Life Insurance Co Ltd-Whole Life Aggressive Growth Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 7.6 | | 17-Mar-2017 | Increase | 15,000 | 0.03 | 15,000 | 0.03 |
| 7.6 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 15,000 | 0.03 |
| 7.7 | Tata Aia Life Insurance Co Ltd-Life Whole Life Stable Growth Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 7.7 | | 17-Mar-2017 | Increase | 2,000 | 0.00 | 2,000 | 0.00 |
| 7.7 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 2,000 | 0.00 |

| | | | | Shareholding at the beginning of the year April 1, 2016 | | Cummulative Shareholding during the year | |
|---------|--|-------------|------------------------------|--|----------------------------------|--|----------------------------------|
| Sr. No. | Name of the ShareHolder | Date | Reason | No.of Shares | % of total Shares of the company | No.of Shares | % of total Shares of the company |
| 7.8 | Tata Aia Life Insurance Co Ltd-Large Cap Equity Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 7.8 | | 24-Mar-2017 | Increase | 55,000 | 0.10 | 55,000 | 0.10 |
| 7.8 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 55,000 | 0.10 |
| 7.9 | Tata Aia Life Insurance Co Ltd-Future Equity Pension Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 1,047 | 0.00 | 1,047 | 0.00 |
| 7.9 | | 16-Dec-2016 | Decrease | -1,047 | -0.00 | 0 | 0.00 |
| 7.9 | | 17-Mar-2017 | Increase | 10,000 | 0.02 | 10,000 | 0.02 |
| 7.9 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 10,000 | 0.02 |
| 7.10 | Tata Aia Life Insurance Co Ltd-Select Equity Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 3,397 | 0.01 | 3,397 | 0.01 |
| 7.10 | | 06-May-2016 | Decrease | -161 | -0.00 | 3,236 | 0.01 |
| 7.10 | | 20-May-2016 | Decrease | -3 | -0.00 | 3,233 | 0.01 |
| 7.10 | | 24-Jun-2016 | Decrease | -3,233 | -0.01 | 0 | 0.00 |
| 7.10 | | 17-Mar-2017 | Increase | 5,000 | 0.01 | 5,000 | 0.01 |
| 7.10 | | 24-Mar-2017 | Increase | 3,500 | 0.01 | 8,500 | 0.02 |
| 7.10 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 8,500 | 0.02 |
| 7.11 | Tata Aia Life Insurance Co Ltd-Future Select Equity Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 7.11 | | 24-Mar-2017 | Increase | 1,500 | 0.00 | 1,500 | 0.00 |
| 7.11 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 1,500 | 0.00 |
| 7.12 | Tata Aia Life Insurance Co Ltd-Top 200 Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 15,000 | 0.03 | 15,000 | 0.03 |
| 7.12 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 15,000 | 0.03 |
| 7.13 | Tata Aia Life Insurance Co Ltd-Infrastructure Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 5,000 | 0.01 | 5,000 | 0.01 |
| 7.13 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 5,000 | 0.01 |
| 7.14 | Tata Aia Life Insurance Co Ltd-Super Select Equity Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 28,796 | 0.05 | 28,796 | 0.05 |
| 7.14 | | 29-Apr-2016 | Decrease | -7,479 | -0.01 | 21,317 | 0.04 |

| | | | | Shareholding at the beginning of the year April 1, 2016 | | Cummulative Shareholding during the year | |
|---------|--|-------------|------------------------------|---|---|--|---|
| Sr. No. | Name of the ShareHolder | Date | Reason | No.of Shares | % of total Shares of the company | No.of Shares | % of total Shares of the company |
| 7.14 | | 13-May-2016 | Decrease | -1,306 | -0.00 | 20,011 | 0.04 |
| 7.14 | | 20-May-2016 | Decrease | -20,011 | -0.04 | 0 | 0.00 |
| 7.14 | | 17-Mar-2017 | Increase | 25,000 | 0.05 | 25,000 | 0.05 |
| 7.14 | | 24-Mar-2017 | Increase | 10,000 | 0.02 | 35,000 | 0.07 |
| 7.14 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 35,000 | 0.07 |
| 7.15 | Tata Aia Life Insurance Co Ltd-Super Select Equity Pension Fund-Ulif | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 7.15 | | 24-Mar-2017 | Increase | 1,500 | 0.00 | 1,500 | 0.00 |
| 7.15 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 1,500 | 0.00 |
| 7.16 | Tata Aia Life Insurance Co Ltd-Life Growth Fund Ulif | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 7.16 | | 17-Mar-2017 | Increase | 6,000 | 0.01 | 6,000 | 0.01 |
| 7.16 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 6,000 | 0.01 |
| 7.17 | Tata Aia Life Insurance Company Ltd - Non Unit Linked Life Policy Holders Fund Participating | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 7.17 | | 24-Mar-2017 | Increase | 119,000 | 0.23 | 119,000 | 0.23 |
| 7.17 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 119,000 | 0.23 |
| 7.18 | Tata Aia Life Insurance Company Limited Non Unit Linked Life Non Participating Funds | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 7.18 | | 24-Mar-2017 | Increase | 4,989 | 0.01 | 4,989 | 0.01 |
| 7.18 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 4,989 | 0.01 |
| 7.19 | Tata Aia Life Insurance Company Limited Non Unit Linked Pension Non Participating Funds | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |

| | | | | Shareholding at the beginning of the year April 1, 2016 | | Cummulative Shareholding during the year | |
|---------|---|-------------|------------------------------|--|----------------------------------|--|----------------------------------|
| Sr. No. | Name of the ShareHolder | Date | Reason | No.of Shares | % of total Shares of the company | No.of Shares | % of total Shares of the company |
| 7.19 | | 24-Mar-2017 | Increase | 197 | 0.00 | 197 | 0.00 |
| 7.19 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 197 | 0.00 |
| | | | Total : | 168,240 | 0.32 | 615,676 | 1.17 |
| 8.1 | The New India Assurance Company Limited | 01-Apr-2016 | At the beginning of the year | 663,357 | 1.26 | 663,357 | 1.26 |
| 8.1 | | 08-Apr-2016 | Decrease | -27,501 | -0.05 | 635,856 | 1.21 |
| 8.1 | | 15-Apr-2016 | Decrease | -8,605 | -0.02 | 627,251 | 1.19 |
| 8.1 | | 22-Apr-2016 | Decrease | -8,183 | -0.02 | 619,068 | 1.17 |
| 8.1 | | 29-Apr-2016 | Decrease | -3,009 | -0.01 | 616,059 | 1.17 |
| 8.1 | | 06-May-2016 | Decrease | -425 | -0.00 | 615,634 | 1.17 |
| 8.1 | | 13-May-2016 | Decrease | -1,212 | -0.00 | 614,422 | 1.17 |
| 8.1 | | 20-May-2016 | Decrease | -2,204 | -0.00 | 612,218 | 1.16 |
| 8.1 | | 27-May-2016 | Decrease | -30 | -0.00 | 612,188 | 1.16 |
| 8.1 | | 30-Sep-2016 | Decrease | -961 | -0.00 | 611,227 | 1.16 |
| 8.1 | | 07-Oct-2016 | Decrease | -3,358 | -0.01 | 607,869 | 1.15 |
| 8.1 | | 14-Oct-2016 | Decrease | -269 | -0.00 | 607,600 | 1.15 |
| 8.1 | | 21-Oct-2016 | Decrease | -2,922 | -0.01 | 604,678 | 1.15 |
| 8.1 | | 28-Oct-2016 | Decrease | -9,717 | -0.02 | 594,961 | 1.13 |
| 8.1 | | 04-Nov-2016 | Decrease | -7,762 | -0.01 | 587,199 | 1.11 |
| 8.1 | | 11-Nov-2016 | Decrease | -5,000 | -0.01 | 582,199 | 1.10 |
| 8.1 | | 18-Nov-2016 | Decrease | -372 | -0.00 | 581,827 | 1.10 |
| 8.1 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 581,827 | 1.10 |
| | | | Total : | 663,357 | 1.26 | 581,827 | 1.10 |
| 9.1 | The Scottish Oriental Smaller Companies Trust plc | 01-Apr-2016 | At the beginning of the year | 112,969 | 0.21 | 112,969 | 0.21 |
| 9.1 | | 02-Sep-2016 | Increase | 7,222 | 0.01 | 120,191 | 0.23 |
| 9.1 | | 09-Sep-2016 | Increase | 11,330 | 0.02 | 131,521 | 0.25 |
| 9.1 | | 23-Sep-2016 | Increase | 21,618 | 0.04 | 153,139 | 0.29 |
| 9.1 | | 07-Oct-2016 | Increase | 16,128 | 0.03 | 169,267 | 0.32 |
| 9.1 | | 04-Nov-2016 | Increase | 234,146 | 0.44 | 403,413 | 0.77 |
| 9.1 | | 09-Dec-2016 | Increase | 1,760 | 0.00 | 405,173 | 0.77 |
| 9.1 | | 16-Dec-2016 | Increase | 83,487 | 0.16 | 488,660 | 0.93 |
| 9.1 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 488,660 | 0.93 |
| | | | Total : | 112,969 | 0.21 | 488,660 | 0.93 |

| | | | | Shareholding at the beginning of the year April 1, 2016 | | Cummulative Shareholding during the year | |
|---------|----------------------------|-------------|------------------------------|---|---|--|---|
| Sr. No. | Name of the ShareHolder | Date | Reason | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 10.1 | Catamaran Advisors Llp | 01-Apr-2016 | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| 10.1 | | 10-Mar-2017 | Increase | 473,742 | 0.90 | 473,742 | 0.90 |
| 10.1 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 473,742 | 0.90 |
| | | | Total : | 0 | 0.00 | 473,742 | 0.90 |

(V) Shareholding of Directors and Key Managerial Personnel

| | | | | Shareholding at the beginning of the year April 1, 2016 | | Cummulative Shareholding during the year | |
|------------|--------------------------|-------------|------------------------------|---|---|--|---|
| Sr. No. | Name of the ShareHolder | Date | Reason | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 1.1 | Prakash Manjanath Telang | 01-Apr-2016 | At the beginning of the year | 1,000 | 0.00 | 1,000 | 0.00 |
| 1.1 | | 31-Mar-2017 | At the end of the year | 0 | 0.00 | 1,000 | 0.00 |
| | | | Total : | 1,000 | 0.00 | 1,000 | 0.00 |

None of other Directors and Key Management Personnel of the Company hold equity shares of the Company in the financial year 2016-17.

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 of Deposits as on March 31, 2017

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

₹ in million

A. Reumeration to Key Managerial Personnel:

| Sr. No. | Particulars of Remuneration | Shishir Joshipura, MD | 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 | 18.602 | 9.89 | 3.24 | 31.732 |
| b | Value of perquisites u/s 17(2) Income Tax Act, 1961 | 0 | | | |
| c | Profits in lieu of salary under section 17(3) Income tax Act, 1961 | 0 | | | |
| 2 | Stock Option | 0 | | | |
| 3 | Sweat Equity | 0 | | | |

| | | | | | |
|---|---|--------|-------|------|--------|
| 4 | Commission | | | | |
| | % of Profit | 0 | | | |
| | Others (specify) | 0 | | | |
| 5 | Others. Please specify | | | | |
| | Deferred Benefits (PF & Superannuation) | 2.367 | 0.56 | 0.21 | 3.137 |
| | Performance Linked incentives | 3.526 | 1.81 | 0.77 | 6.106 |
| | Total | 24.495 | 12.26 | 4.22 | 40.975 |
| | Ceiling as per the Act | 189.4 | | | |

B. Remuneration to Other Directors

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total |
|---------|--|-------------------|-----------|------------|---------------|-------|
| | | R. Makhija | P R Menon | P M Telang | H. Hattangady | |
| 1 | Independent Directors | | | | | |
| | Fee for attending Board / Committee Meetings | 0.44 | 0.47 | 0.47 | 0.33 | |
| | Commission | 1.90 | 1.55 | 1.55 | 1.55 | |
| | Others, please specify | 0 | 0 | 0 | 0 | |
| | Total (a) | 2.34 | 2.02 | 2.015 | 1.88 | |
| 2 | Other Non-Executive Directors | | | | | |
| | Fee for attending Board / Committee Meetings | | 0 | 0 | 0 | |
| | Commission | | 0 | 0 | 0 | |
| | Others, please specify | | 0 | 0 | 0 | |
| | Total (B) | | 0 | 0 | 0 | |
| | Total (A+B) | 2.34 | 2.02 | 2.02 | 1.88 | |
| | Total Managerial Remuneration | | | | | 8.26 |
| | Overall Ceiling as per the Act | | | | | 37.90 |

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

SKF India Limited

Rakesh Makhija
Chairman

Mumbai, May 26, 2017

BUSINESS RESPONSIBILITY REPORT

INTRODUCTION

The Securities and Exchange Board of India (SEBI) in 2012 mandated the top 100 listed entities based on market capitalization at BSE and NSE to include 'Business Responsibility Report' as part of the annual report. Later in 2015, this got extended to the top 500 listed entities as per clause (f) of sub regulation (2) of regulation 34 of Listing Regulations of SEBI.

Sustainability is on the agenda of the Group's functioning and we strive towards imbuing the same into our daily operations. We have embarked on the journey of developing this business responsibility report based on the suggested framework of SEBI. Sustainability is one of the key strategic drivers of business at SKF and we align sustainability with SKF care. Business, Environment, Employees and Communities are four dimensions of SKF care and we aspire to create shared value among these dimensions through our operations.

We consider this as an opportunity to communicate our performance and progress across environmental, social and governance aspects for the Financial Year (FY) 2016-17. Through this report, we are committed to monitoring and reporting on the non-financial parameters and thereby maintain confidence and trust of all our stakeholders elemental for our continued growth.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company : L29130MH1961PLC011980
- Name of the Company : SKF INDIA LIMITED
- Registered address : Mahatma Gandhi Marg, N. S. Road, Charni Road (W), Mumbai - 400 002
- Website : www.skfindia.com
- E-mail id : investors@skf.com
- Financial Year reported: April 2016 to March 2017
- Sector(s) that the Company is engaged in (industrial activity code-wise):

| Class | Sector |
|-------|----------------------------|
| 2814 | Bearings and its component |

- List three key products/services that the Company manufactures/ provides (as in balance sheet)

Following are the Key products provided by SKF India Limited as in the balance sheet:

- Ball Bearing
- Hub Bearing
- Taper Rolling Bearing
- Total number of locations where business activity is undertaken by the Company
 - Number of International Locations (Provide details of major 5) - None
 - Number of National Locations – 3 manufacturing locations (Pune, Bengaluru and Haridwar).
- Markets served by the Company – SKF India Limited is present across the country and serves the national markets

SECTION B: FINANCIAL DETAILS OF THE COMPANY (all values in Million INR)

- Paid up Capital – 527.3
- Revenue from operations – 28355.4
- Total profit after taxes – 2438.9
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1:5 % of average profit after tax for previous 3 years
- List of activities in which expenditure in 4 above has been incurred
The above expenditure has been incurred in the following activities:
 - Education through sports.
 - Education through skill development
 - Women empowerment
 - Support to charities and NGOs for social cause

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?
No, we do not have any subsidiaries.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) - Not Applicable
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] - Not Applicable

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director / Directors responsible for implementation of the BR policy/policies

1. DIN Number - 00574970
2. Name - Mr. Shishir Joshipura
3. Designation - Managing Director

(b) Details of the BR head

| No. | Particulars | Details |
|-----|----------------------------|---|
| 1. | DIN Number (if applicable) | 06484696 |
| 2. | Name | Mr. Shrikant Savangikar |
| 3. | Designation | Director, Business Excellence, Quality and Sustainability |
| 4. | Telephone number | 91 20 66112255 |
| 5. | e-mail id | shrikant.savangikar@skf.com |

2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs

P1 Business should conduct and govern themselves with ethics, Transparency and Accountability.

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 Businesses should promote the wellbeing of all employees

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

P5 Businesses should respect and promote human rights

P6 Business should respect, protect and make efforts to restore the environment

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 Businesses should support inclusive growth and equitable development

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(Reply in Y/N)

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-----|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1 | Do you have a policy/policies for. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national /international standards? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 4 | Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-----|--|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 6 | Indicate the link for the policy to be viewed online? | The links for the policy to be viewed online are provided below: <ul style="list-style-type: none"> • P1, P3 – http://www.skf.com/binary/83-166890/Vigil-Mechanism-Policy-31.07.2014-FINAL.pdf • P2, P6 – http://www.skf.com/in/our-company/organization/skf-commitment/environment-health-safety-policy/index.html • P4, P5 – http://www.skf.com/in/our-company/organization/skf-commitment/code-of-conduct/index.html • P7 – http://www.skf.com/in/our-company/organization/skf-commitment/principles-and-charters/index.html • P8 – http://www.skf.com/binary/89-295636/SKF-India-CSR-Policy.pdf • P9 – http://www.skf.com/in/our-company/organization/skf-commitment/skf-group-quality-policy/index.html | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the company have in-house structure to implement the policy/policies | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

A strategic meet is conducted every 3-6 months and a report on the BR performance of the company is presented annually. In addition to this, Managing Director, covers a report on Environmental, Health and Safety (EHS) and other factors contributing to the BR performance in every meeting of the Board of Directors.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is our first Business Responsibility Report (BRR) which will be published annually along with our Annual Report. (www.skf.com/in/investors/shareholder-information/index.html)

We believe that ethical behavior and good governance help an organization in building stakeholder confidence. Our business ethics require us to drive high ethical standards in our business, increase our accountability by performing our duties with honesty and integrity and, acting in a responsible and professional manner to follow the practice of fair competition and treat everyone with respect.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

We have a well-defined Code of Conduct that requires full compliance with all applicable laws and regulations and exhibits our approach towards implementation of our core values - High ethics, Empowerment, Openness and Teamwork – across our four areas of responsibility mentioned below.

- To our customers, distributors and suppliers
- To our employees
- To society
- To our shareholders

Our Code of Conduct has been approved by our Board of Directors

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

and its provisions are applicable to all the employees across the Company. We have also formulated a comprehensive Code of Conduct for our suppliers and sub-contractors which is extended to NGOs as well. Additionally, we have also implemented Whistle Blower Policy, Prevention of Insider Trading Policy and various other policies on conflict of interest including SKF Conflict Minerals Policy, SKF EHS policy, SKF Group Social Policy to further strengthen our governance mechanism.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

At SKF, we have an effective grievance redressal mechanism. Our Whistle Blower policy aims at investigating any breach related to ethics which is governed by our Code of Conduct while protecting the person(s) who has disclosed the breach. Apart from the opportunity for any employee or other stakeholder to approach the HR Manager, Director HR or even the Managing Director, there is a phone line and email ID through which grievances can be reported. Employees or other stakeholders can send direct mails to the MD or even to the Group CEO. There have been instances wherein disciplinary action has been taken against employees for violation of Code of Conduct.

We did not receive any stakeholder complaints during the FY 2016-17.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

At SKF, it is our constant endeavor to embed sustainability into all our business practices through out the life cycle right from the design to the disposal stage. We are dedicated to go beyond the regulatory requirements to ensure that our processes are economically viable, environmentally friendly and socially beneficial.

1. List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

The Company does not design products. Designing is done by the SKF Group which endorses both the Global Compact and the Universal declaration of Human Rights. Furthermore, SKF also adheres to ILO's Declaration considering multinational companies, and works to adhere to the OECD Guidelines for Multinational Enterprises.

Some of the examples of our group products designed in accordance to the above principles and sold in India:

1. SKF Energy Efficient (E2) tapered roller bearing (TRB):

The SKF E2 TRB has been designed for heavy trucks to reduce their fuel consumption. This bearing reduces the friction by 30% and is estimated to save 150 litres / year of fuel for vehicles used on a long haul routes.



2. Sensor bearings:

These bearings deliver fuel efficiency and also improves safety. Some notable features of these bearings are:

- Fully integrated : Faster and easier assembly
- Greater functionality : Supports anti-lock brake systems (ABS) and wheel speed display
- Fewer components : Simplified inventory
- Greater reliability : Fewer warranty issues
- Longer service life : Less maintenance
- Improved braking
- Totally sealed : Better protection against water and road dust

3. Angular contact ball bearings:

These bearings have the possibility of increased power density, longer bearing life and higher bearing reliability.

2. For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product (optional)

We are aware of the impacts our operations are going to have on our environment. We continue to adopt energy conservation initiatives and constantly strive to provide products, services and solutions which are environment friendly and socially viable. We take concerted efforts to minimize the impact on environment and support our innovation and R&D team to deliver energy efficient solutions thereby enhancing our EHS performance.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

SKF India follows the SKF Group purchasing EHS policy guidelines for conservation and safeguarding of energy, water and natural resources for the entire supply chain and also promotes green procurement. All the raw materials for our manufacturing purpose are sourced through steel mills. In India, the steel mills are actively participating in sustainability initiatives and developments. One of the steel mills is already certified for ISO 50001:2011 (Energy

Management System) and further two more steel mills are in process of getting certified. This has resulted in 70% of our steel procurement through sustainable sourcing. Moreover, 80% of our capital procurement is conducted through sustainable sourcing.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. Localization is of vital importance in our strategy. We encourage our local (within India) suppliers to improve their capability. We conduct various audits like:

- QT3 (Quality techniques) audit for new supplier quality approval
- Zero defect audit for improving supplier capability on quality
- Supply chain audit to improve supplier capacity
- Code of conduct for supplier & Subcontractor audit to care of all legal, social, environmental and safety aspects at supplier site

TPM Cluster is also a supplier improvement activity run by us along with third party consultant. Vikas Sath Sath, Unnati, Sathi are few initiatives which assist suppliers to improve their capability and capacity. All the activities are focused on direct material supplier as they contribute maximum in purchasing procurement. However, for IDM (Indirect Material) commodity also we promote local & small producers which include packaging & tooling supplier. Local & small producers contribute 50% of IDM buying value & 75% as Localization value (within India buying).

- 5 Does the company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?

Yes, we have a bearing re-manufacturing concept that contributes majorly to life cycle optimization through up surging the service life of machines and thereby reducing costs. Bearing re-manufacturing also reduces our environmental impact due to the reduced material and energy requirement. This ultimately helps us achieve our aim of using knowledge engineering to deliver high quality solutions and ensures increased customer satisfaction. We recycle 100% of our return bearings and process raw materials by sending them to steel plants where they are being used as raw materials. We recycle 85% of our total waste.

Principle 3: Businesses should promote the wellbeing of all employees

We recognize that our success is a result of the knowledge, skills and commitment exhibited by our employees. We are committed to providing an environment that is conducive for continuous development

of all our employees and our policies and practices promote this commitment. Our policies on leave, higher education, health care, career progression, flexible work hours, multi-skill development, grievance redressal, human rights are focused on ensuring overall well-being of our employees.

Our policies are reviewed annually to keep up with the aspirations of our employees as well as the changes in the external environment. We conduct several activities such as sports competitions, long service awards, celebration of festivals etc. to boost employee engagement. Our leave provisions are a benchmark in the industry. We provide paternity leave and have initiated the 26 week maternity leave even before the 'Maternity Act' was amended. We put in concerted efforts for ensuring that our employees strike a perfect balance between their professional and personal commitments.

1. Please indicate the Total number of employees. - 1797
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.
Temporary employees – 614; Contractual employees - 1318
3. Please indicate the Number of permanent women employees. - 80
4. Please indicate the Number of permanent employees with disabilities - 1

Benefits for employees:

The permanent employees in management cadre can avail benefits related to leave, health insurance, higher education, flexi working time, superannuation scheme, travel, health checks etc. The unionized employees are governed by agreements reached in wage settlements for various benefits. For the temporary employees we ensure that leave, PF, gratuity, holidays, ESIC are compliant to the provisions of the law. We provide canteen and transport facility to our temporary and permanent employees likewise.

- 5 Do you have an employee association that is recognized by management?

Yes. We have employee associations that are recognized by the management at Pune, Bangalore and Haridwar factories. Pune and Bangalore factories have a union while there is a Works Committee formed under the Industrial Disputes Act for Haridwar. The Unions at Pune and Bangalore are both internal. Bangalore union though internal takes support of an External Leader as their President.

There is no multiplicity of unions in the factories and both unions follow a democratic way of functioning, with periodic

election of office bearers. Management supports the union in conducting the elections peacefully during working hours. SKF believes in nurturing the union and organizes various programs for the development of the union leaders and members. Two members of the leadership team from Pune union attend the 'World Council of Unions' meetings in Europe every year. Union and Management collaboration workshops are organized for strengthening the partnership in running the business.

6 What percentage of your permanent employees is members of this recognized employee association?

51% of our permanent employees are members of the recognized employee associations.

7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| S. No. | Category | No of Complaints filed during the financial year | No of complaints pending as on end of this financial year |
|--------|---|--|---|
| 1 | Child labour/forced labour/involuntary labour | NIL | NIL |
| 2 | Sexual harassment | 1 | NIL |
| 3 | Discriminatory employment | NIL | NIL |

At SKF, we strongly believe in the core values of the Group on Openness and nurture a culture of free and transparent communication at all levels. We believe in Gender neutrality and a policy has been framed accordingly. Every factory has an Internal Complaints Committee framed under the Prevention of Sexual Harassment Act. Further details on mechanisms for prevention of child labour and discriminatory employment are provided under Principle 5 of this report.

8 What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

We consider our employees to be our most important assets and undertake initiatives to foster a culture of continuous growth. It is our constant endeavor to empower them with safety and skill-upgradation trainings to motivate professional and personal development.

| Category | Skill-upgradation Training | Safety Training |
|-----------------------------|----------------------------|-----------------|
| Permanent Employees | 1484 | 1250 |
| Permanent Women Employees | 44 | 7 |
| Temporary Employees | 574 | 602 |
| Contractual Employees | 343 | 564 |
| Employees with disabilities | 1 | 1 |

We believe in training our employees on a variety of behavioral competencies. To facilitate skill development and training, all three factories have dedicated training centers named "Kushal". These centers ensure continuous skill upgradation and technical knowledge enhancement among employees. Multi-skill

development is an initiative to tap the potential of employees and enhance flexibility. Our factories at Pune and Haridwar have structured policies for promoting multi-skill development among employees and improve flexibility in operations. All permanent and temporary employees undergo structured 'class room' and 'on the job' induction programs. Our contractual employees also receive training from their contractors on the specific areas of their job.

SKF College Campus : At Pune, we have a Management Development Center (one of the five such centers worldwide). Training programs are conducted locally and by SKF Globally on a wide range of topics to ensure that the various Functional and Professional competencies are ingrained in the management staff.

External opportunities for learning: Apart from the in-house programs, we encourage employees to attend external programs even at international levels. Many of our managers attend programs run by premier institutes apart from seminars and workshops which provide them with unique learning experiences. Managers are also sent for programs conducted by SKF Globally like the International management program, Global Leadership Programme.

Performance and Career Development : We have a structured online process for Performance Management of the staff. Impetus is placed not only on the goal achieved by the employees but also on the behavior exhibited. Structured programs are conducted for critical talent development and succession planning. We have created Skill Matrices for workmen. This is used for skill assessment for workers every year through which the training needs are identified. For management staff, we have Individual Development Plan in place. We are having various leadership development programs, Manager lead and coach program in place

| Average hours of training on: | Total Employees | | Employees at Management level | | Employees at Non-Management level | | Temporary Employees | | Contractual Employees | | Permanent Employees with Disabilities | |
|-------------------------------|-----------------|------|-------------------------------|-----|-----------------------------------|----|---------------------|-----|-----------------------|----|---------------------------------------|---|
| | M | F | M | F | M | F | M | F | M | F | M | F |
| a) Safety | 9054 | 116 | 305 | 14 | 967 | 14 | 7417 | 72 | 1507 | 16 | 0 | 0 |
| b) Skill Upgradation | 73818 | 1370 | 27260 | 880 | 10560 | 70 | 32736 | 360 | 3246 | 60 | 16 | 0 |
| c) Others | 2292 | 21 | 776 | 14 | 1493 | 7 | 7 | 0 | 0 | 0 | 16 | 0 |

Principle 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantage vulnerable, and marginalized.

We are actively involved in developing and sustaining relationships with our key stakeholders. Our stakeholder engagement strategies have been designed in line with the needs of respective communities. Our engagement process with stakeholders serves a dual purpose of improved risk management and addressing stakeholder concerns to ensure better outcomes.

1. Has the company mapped its internal and external stakeholders?

Yes. We have mapped our internal and external stakeholders. Our internal stakeholders are our employees (contractual and temporary employees). Whereas our external stakeholders are our shareholders, customers, distributors, suppliers and community. We engage with our stakeholders on a regular basis to understand and address their concerns.

| List the Stakeholder Engagements in the reporting period | Major topics covered in the Stakeholder Engagement | Frequency of the Stakeholder Engagement |
|--|--|---|
| Customers | Distributors exhibitions for Segments Cement, Power, Textile, Metals, F&B, Paper, Sugar, Small OEMs, Mining | 11 (Annually) |
| Customers | Anti-counterfeit meets | 20 (Annually) |
| Customers | Customer Dossiers | 4 (Annually) |
| Customers | Customer Meets Across all key segments- Cement, Power, Textile, Metals, F&B, Paper, Ceramic, Automotive, Pharmaceuticals, Sugar, Machine tools, Chemical | 69 (Annually) |
| Suppliers | "Vikas Sath Sath" supplier productivity development program | Quarterly |

2. Has the company identified the disadvantaged, vulnerable, and marginalized stakeholders?

Yes. Through our CSR policy we have identified the disadvantaged, vulnerable and marginalized stakeholders as children in the surrounding communities, girl child, women and unemployed youth.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Our CSR policy guides us on various initiatives that can be undertaken to engage with the disadvantaged, vulnerable and marginalized stakeholders. The key initiatives undertaken for the well-being of these stakeholders are

- Encouragement of sports among children from the local communities
- Women empowerment projects by collaborating with NGOs
- Increasing employability of the youth by conducting skill development programs.

Further details on these initiatives have been discussed under Principle 8 of this report.

Principle 5: Businesses should respect and promote human rights

We regard human rights as a top priority. We are tenacious to uphold and report transparently on human rights within our organization and our value chain. We ensure employee rights by requiring that all employees respect the human rights and forbid discrimination against or harassment of others based on race, caste, religion, nationality,

gender, physical capability, marital status, sexual orientation, age, ancestry or other reasons.

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

We believe that it is our sole obligation to respect our employees and their rights as stated in our code of conduct. Our commitment to human and labor rights requires us to provide a safe and healthy workplace, offer a non-discriminatory environment, bring diversity across the organization, work actively against the use of child and force labor, act against any form of harassment, ensure that we meet the minimum standards on wages and working hours and provide opportunities to employees for individual development.

Our Code of Conduct applies to all the company employees, contractors and NGOs. We have a separate code of conduct for suppliers and sub-suppliers which covers all major aspects of human rights and requires our 100% direct material suppliers to undergo an COC4S (Code of Conduct for suppliers and sub-suppliers) audit evaluation. We have success stories which reflect the effectiveness of our Code of Conduct in terms of human rights.

- 2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

We believe in gender neutrality and our policy has been framed accordingly. We conduct gender sensitization programs for all employees to provide a non-threatening work environment. Recruitments, promotions and internal job postings are done through a transparent process which involves multiple levels to eliminate any possibility of discrimination. In case of any grievance related to discrimination employees are free to approach either individually or through the union to the HR Manager, Factory Manager or Director HR.

All our factories comply with the provisions of the Indian Factories Act 1948, with regards to Child Labour. We do not allow any person below the age of 18 to work in the factories, be it directly or indirectly. The HR officials verify the date of birth of all direct employees while the contractors do the same for contractual employees. We also adhere to the UN Convention on Human Rights and ensure that the human rights of all employees are protected.

We did not receive any stakeholder complaints related to violation of human Rights during the FY 2016-17.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

At SKF, we have a firm commitment towards protection of environment. We ensure that our processes and production units are energy-efficient and safe and our life-cycle analysis of products evaluate environmental aspects across the entire value chain.

1. Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

We are committed to minimize environmental impacts from our operations, services and products. Our environmental policy covers the company and extends to our suppliers, contractors and NGOs. It has been developed to encourage the value chain to reduce its environmental impact.

- 2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, give hyperlink for the webpage etc.

We at SKF, are determined to perform in a manner that not only ensures strong financial performance but also supports environmental sustainability. Under SKF care, environmental care is one of the most important principles. We undertake various steps to address environmental impacts at different stages of our product 'life cycles and our entire value chain' on a periodic basis.

The 'SKF Beyond Zero' is our strategy for actively reducing the environmental impacts of our manufacturing operations, products and supplier actions. 'SKF Beyond Zero' also focuses on offering customers new with technologies, products and services with enhanced environmental performance characteristics through innovation.

We also work towards sustainable sourcing and transparency and have a dedicated supplier development organization. All our and major indirect material suppliers are mandated to undergo the SKF COC4S audit to ensure compliance with respect to emerging issues such as environmental management, REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), ROHS and prohibited substances like 3TG (Tungsten, Tantalum, Tin and Gold) by having policy for conflict Minerals.

- 3 Does the company identify and assess potential environmental risks?

Yes, we have a mechanism to identify and assess potential environmental risks across our operations and in our value chain. We have adopted guidelines of SKF care principles which focus on

the environmental aspects like energy, water, soil and air. The risks are identified in co-ordination with business heads and location teams and steps are taken to mitigate risks.

All forging and major suppliers are certified to ISO 14001 Environmental Management Systems (EMS) standard. As a part of EMS implementation potential environmental risks are identified and appropriate mitigation strategies are implemented. For all energy intensive suppliers we have mandated the ISO 50001 EnMS certificate to optimize energy consumption across our value chain.

- 4 Does the company have any project related to Clean Development Mechanism ? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

We currently do not have any projects related to Clean Development Mechanism.

- 5 Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.

Yes, in line with the environmental care principle of the SKF Group we have initiated "SustEn". "SustEN" focuses on the demand and supply side projects along with use of bilateral power trading of renewable and non-renewable energy sources and roof top solar installations. This has led to multiple benefits such as

1. Reduction in specific energy consumption
2. Reduction in GHG emissions
3. Improved renewable energy mix

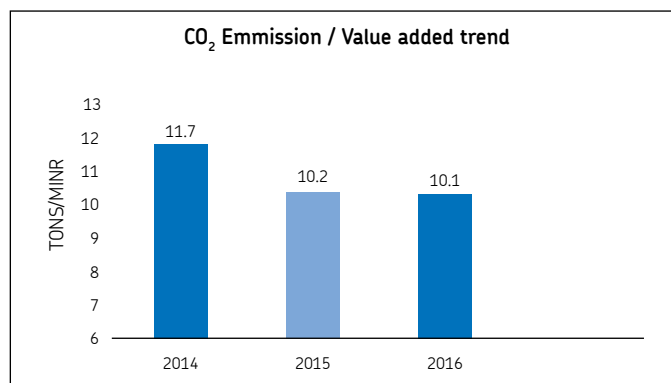
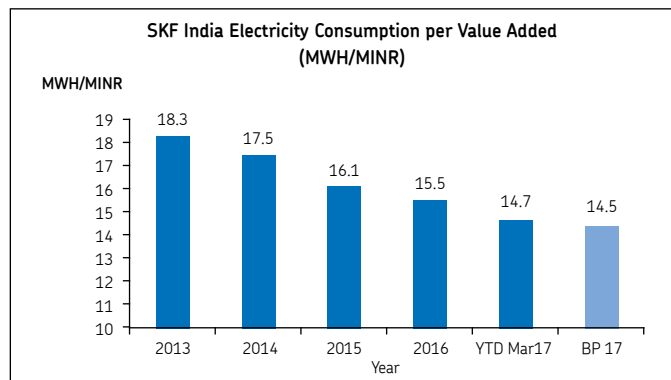
At SKF India Limited, we have adopted a Three Pronged Approach which include the following

1. Reduction in energy consumption through six sigma projects at all 3 locations
2. Bilateral and trading models of sourcing
3. Solar installations.

We have initiated 37 energy saving projects (supply and demand side) at all 3 locations with potential saving of 72 MINR. Till Dec 2016, we have completed 22 projects with a saving of 57 MINR. In 2017 we plan to reduce 64 MINR through various projects through electrical energy reduction projects, electrical energy supply side projects and roof top solar projects. From January 2017 total 40 Energy conservation projects were launched and 5 are completed resulting in 9 MINR savings till March 2017. Our energy mix has improved over the years. Prior to 2014, our energy requirements

were sourced 100% from thermal (State grid). In 2016, our energy mix includes 14% green and 5% of solar energy.

Our energy consumption has reduced year over year. The CO₂ emission in Tonne per Million Indian Rupees value added is reduced by 12.8% in 2015 & 13.6 % in 2016 compared to 2014.



The SKF India Vision 2020 is as follows:

- Reduce our specific energy consumption by 20% over 2016
- Reduce our CO₂ emission by 25% over 2016
- Increase green renewable power share to 35% in our overall energy consumption

For more information, kindly visit: <http://www.skf.com/in/our-company/organization/skf-care/environmental-care>

- 6 Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, all our manufacturing plants comply with the permissible limits of air emissions/ waste generated given by CPCB/ SPCB for the financial year. In the financial year, our direct GHG emissions were 42205 MT CO₂e and indirect GHG emissions were 13210 MT CO₂e, which includes road transports, imports and exports

Waste generated by our plants are as follows:

| Type of Waste Generated | Quantity of Waste Generated in the reporting period (MT/day) |
|---------------------------|--|
| Grinding Dust | 4.80 |
| ETP Sludge | 0.29 |
| Filter Papers | 0.56 |
| Waste / Spend Oil | 0.52 |
| Scrap Bearing components | 1.76 |
| Garbage / Factory rubbish | 1.54 |
| Corrugated boxes | 0.29 |
| Waste Wooden Material | 0.73 |
| Metal Scrap | 0.30 |
| Aluminum Scrap | 0.0009 |
| Plastic Scrap | 0.004 |
| Gr. Wheel | 0.11 |
| Other | 0.53 |

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

We put in concerted efforts to minimize the impacts of our operations and have been consistent in complying with the regulatory standards of effluents, waste and emissions. In the financial year there were no pending show cause/ legal notice received from CPCB/ SPCB.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

topics we support our associations with these bodies:

| Sr. No | Associations, Trades and Chambers to which we are a Member | Topics for which we have Lobbied in these Associations for Public Good |
|--------|--|---|
| 1 | The Council of EU Chambers of Commerce in India | Commerce |
| 2 | Confederation for Indian industries | TPM, Quality, Sustainability |
| 3 | Quality Circle forum of India | Quality |
| 4 | AEEE (Alliance for an Energy Efficient Economy) | Energy Savings |
| 5 | National Safety Council | Safety |
| 6 | Indian National Suggestion Scheme | Continuous improvement |
| 7 | Ball and Roller Bearings Manufacturers Association | Promote, assist and represent the interests of Member ball and roller bearing manufacturers & facilitate technical co-operation at an international level |
| 8 | World Bearing Association | Anti-counterfeit bearings |
| 9 | Endorsement of Universal Declaration of Human Rights. Global Compact | Sustainable and inclusive global economy |

We recognize our responsibility and the magnitude of influence our inputs can have on vital topics of our interest. Our active participation in important national level initiatives and associations are a testimony to our commitment towards responsible development. Through our memberships in the following associations, we seek to maintain a healthy dialogue with our stakeholders. We consider these forums as a platform to express our views to policymakers and other stakeholders on matters relevant to our business.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

We are a member of the following associations:

1. The Council of EU Chambers of Commerce in India
2. Confederation for Indian industries
3. Quality circle forum India
4. AEEE (Alliance for an Energy Efficient Economy)
5. National Safety Council
6. Indian National Suggestion Scheme
7. Ball and Roller Bearing Manufacturers Association
8. World Bearing Association

9. Endorsement of Universal Declaration of Human Rights, Global Compact
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

As a member of the above associations, we contribute in the development and prosperity of the industry. Following are the

Principle 8: Businesses should support inclusive growth and equitable development.

Community care and community development is of paramount importance to us. At SKF India Limited, we believe the communities we operate in represent our future market and workforce, when a society grows, SKF grows with it. Our vision is "To create a positive change in communities neighboring our operations, and create a meaningful difference from the recipients' perspective."

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Through a medium of sports, our objective is to provide opportunities for children from neighboring municipal schools at Pune and Ahmedabad. We have a dedicated structure initiative for football coaching which facilitates physical and mental development.

Through "Youth empowerment At SKF (YES)" program, we aspire to empower the under-privileged youth by creating employment opportunities at automotive OEMs or becoming entrepreneurs by setting up vehicle service stations with the know-how of modern automobile maintenance and servicing skills.

We have a community care model in which the program is structured in accordance with United Nations Global compact principles and The Business Charter for Sustainable Development by International Chamber of Commerce. We are guided by the SKF Group's, SKF Social Policy which delineates a framework to undertake activities with an intent of holistic development of the society and its citizens. During the reporting period, we centered our attention primarily towards education, health, sport and social well-being. We shouldered the following initiatives which catered the society with socio-economic and inclusive development:

- Education through Sports
- Education through Skill Development
- Women empowerment

We also carry out other miscellaneous welfare activities by simply extending a helping hand to the less fortunate in times of need.

2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

The programmes are undertaken by our in-house team in collaboration with different clubs, foundations and NGOs.

| Activity/Initiative | Undertaken through: |
|--|--|
| Education through Sports | In-house team and Pune Football Club |
| Education through Skill development | In-house team and Sambhav Foundation (NGO) |
| Women empowerment | NGO |
| Support to charities, NGOs for social causes | NGO |

3 Have you done any impact assessment of your initiative?
The impact assessment is conducted for two main flagship CSR initiatives named like 'Education through Sports' and 'Education through Skill Development'. This assessment is done by External agency, learnings from the same are taken ahead.

4 What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
Our contribution towards community development for the current financial year was allocated as follows:

| Initiatives undertaken by SKF India Limited for Supporting Inclusive Development | Amount contributed directly in the initiative by SKF India Limited in Million INR |
|--|---|
| Education through Sports | 11.3 |
| Education through Skill Development | 22.3 |
| Women empowerment | 3.1 |
| Support to charities, NGOs for social causes | 1.8 |

5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Equip 5000 youth with Automotive Technicians skills over a span of 5 years

Based on our vision, we embark our community care program with a mission which emphasizes on three broad focus areas – 'Education, Empowerment, Environment.' We ensure that

the initiatives and the developmental activities are successfully implemented by the communities through advertisement, community mobilization and connection through education officers in municipal corporations.

Provide holistic education for 5000 children in 5 years

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

We, at SKF India Limited put concerted efforts to ensure customer satisfaction through marketing products, services and solutions by:

- Operating capable, reliable and efficient business processes.
- Applying continuous improvement throughout the organization, with the objective of zero defect.

1 What percentage of customer complaints/consumer cases are pending as on the end of financial year?

In order to address our customers' grievances, we have different channels such as Complaint Handling system (administrative and technical), Customer care and website. During the year, we received 827 admin complaints, 268 technical complaints and 2,856 customer care calls. Out of these, 116 (14%) admin complaints, 6 (2%) technical complaints and 149 (5%) customer care calls are pending to be resolved.

2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information)

Yes, we provide information adhering to the Legal Metrology Regulations. We print the mandatory declarations on the cartons of the Products which are intended for retail sale in the market. SKF comply the mandatory declarations under the provisions of the Legal Metrology (Packaged Commodities Rules) 2011.



Our products are equipped with a special anti-counterfeit marking. We have taken a no tolerance approach towards counterfeiting. We continuously strive to increase awareness about the existence of counterfeits. We have come up with an innovative solution to minimize counterfeiting. We developed an app which enables customers to share photograph of bearing to identify genuineness. During the year, we assisted 700+ customers to check the bearings. Moreover we also conduct customer awareness seminars and stock verifications.

| Efforts taken | Type of communication channel | Frequency of such communication | Geographical extent of such communication | Number of such efforts taken in the reporting period | Total number of participants in the reporting period |
|---|-------------------------------|---------------------------------|---|--|--|
| Distributor development college course | Workshops/ Trainings | On-going activity | India | 68 | 68 |
| Awareness campaigns | Campaigns | On-going activity | India | 12 | 720 |
| Stock Verification | Checking counterfeit bearings | On-going activity | India | 82 | 82 customers |
| App Genuine @ SKF to identify counterfeit bearing | Others | On-going activity | India | 747 | 747 |

3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There has been no case filed against us either for unfair trade practices, irresponsible advertising, or anti-competitive behavior during the reporting period. We use a systematic and

disciplined way to achieve excellence and enhance our business through sound advertising and marketing.

4 Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, consumer surveys are performed at regular intervals to get insights from the consumers and drive continuous improvement. In addition to the consumer surveys, consumer satisfaction trend is monitored on a monthly basis.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKF INDIA LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of **SKF India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017 the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS 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 and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the Ind AS financial statements 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS 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 standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 March 31, 2017 and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the fifteen months ended March 31, 2016 and the transition date opening balance sheet as at January 1, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the fifteen months ended March 31, 2016 and for the year ended December 31, 2014 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 10, 2016 and February 18, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matters.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("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 B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the 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 March 31, 2017 on its financial position in its standalone Ind AS financial statements – Refer Note [38];
- ii.) The Company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2017.
- 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 year ended March 31, 2017.
- iv.) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management

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

Chartered Accountants

Jeetendra Mirchandani
Partner

Membership Number 48125

Pune
May 26, 2017

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of SKF India Limited on the financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of SKF India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the

Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Jeetendra Mirchandani
Partner

Membership Number 48125

Place: Pune
May 26, 2017

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of SKF India Limited on the financial statements as of and for the year ended March 31, 2017

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of TDS 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, , service tax, duty of customs, duty of excise, sales tax and VAT, cess 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, service tax and duty of excise duty, value added tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ in Million) | Amount paid under protest (₹ in Million) | Period to which the amount relates | Forum where the dispute is pending |
|--------------------------|--|--------------------------|--|---------------------------------------|---|
| Central Excise Act, 1944 | Excise Duty (including interest and penalty if applicable) | 187.8 31 | 8.5 0.7 | Various Years Various Years | CESTAT Commissioner (Appeals) |
| Finance Act, 1994 | Service Tax (including interest and penalty if applicable) | 6.6 | 0.7 | Various Years | CESTAT |
| Income Tax Act, 1961 | Income Tax (including interest and penalty if applicable) | 353.9 | 119.7 | Various Years | Income Tax Appellate Tribunal (ITAT) |
| | | 320.5 | 88.5 | FY 2010-2011 | Assessing Officer/ Transfer Pricing Officer |
| | | 18.3 | NIL | FY 2007 – 2008, FY 2008 – 2009 | Commissioner of Income Tax – Appeals |
| | | 11.3 | 9.1 | Various Years | High Court |
| | | 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 |
| | | 48.8 | 4.2 | FY 2007-2008 to FY 2012-2013 | Appellate Revision Board – West Bengal |
| | | 15.3 | 5.9 | Various Years | Joint Commissioner, (Appeal) – Various States |
| | | 19.9 | - | FY 2011 – 2012 to FY 2012-2013 | Deputy Commissioner, (Appeal) - Jamshedpur |
| | | 40.7 | 13.1 | Various Years | Tribunal – Bangalore |
| | | 3.6 | 1.5 | Various Years | Appellate Deputy Commissioner |

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date. The Company had not issued any debentures as at balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (IND AS) 24, Related Party Disclosures specified under Section 133 of the Act, Companies (Indian Accounting Standard) Rules 2015.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Jeetendra Mirchandani
Partner

Membership Number 48125

Place: Pune
May 26, 2017

BALANCE SHEET

| | | (₹ in Million) | | |
|---|-------|-------------------------|-------------------------|--------------------------|
| | Notes | As at March 31, 2017 | As at March 31, 2016 | As at January 1, 2015 |
| ASSETS | | | | |
| Non Current assets | | | | |
| Property Plant & Equipment | 3 | 2,804.4 | 2,978.7 | 3,469.4 |
| Capital Work in Progress | 3 | 352.1 | 119.2 | 184.0 |
| Investment properties | 4 | 182.8 | 189.2 | 196.3 |
| Intangible assets | 5 | 1.5 | 0.3 | 0.1 |
| Financial Assets: | | | | |
| Loans | 6 | 900.0 | 1,600.0 | 2,100.0 |
| Other Financial Assets | 7 | 135.6 | 124.9 | 120.4 |
| Deferred tax assets (net) | 8 | 115.2 | 86.0 | - |
| Non-Current Tax Asset (net) | 9 | 263.1 | 162.4 | 49.1 |
| Other non-current assets | 10 | 88.5 | 97.4 | 50.7 |
| Total non-current assets | | 4,843.2 | 5,358.1 | 6,170.0 |
| Current assets | | | | |
| Inventories | 11 | 4,166.4 | 3,350.4 | 2,929.5 |
| Financial Assets: | | | | |
| Investments | 12 | 1,488.4 | - | - |
| Trade receivables | 13 | 5,143.2 | 4,828.6 | 3,730.2 |
| Cash and cash equivalents | 14 | 2,304.9 | 945.8 | 1,931.3 |
| Bank balance other than above | 15 | 3,609.6 | 6,027.5 | 3,416.2 |
| Loans | 6 | 727.5 | 326.2 | 251.0 |
| Others financial assets | 7 | 273.1 | 281.6 | 262.2 |
| Current Tax Asset (net) | 9 | - | - | 83.8 |
| Other current assets | 10 | 484.0 | 367.3 | 337.3 |
| Total current assets | | 18,197.1 | 16,127.4 | 12,941.5 |
| Total Assets | | 23,040.3 | 21,485.5 | 19,111.5 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity Share Capital | 16 | 527.3 | 527.3 | 527.3 |
| Other Equity | | | | |
| Reserves & Surplus | 17 | 17,584.8 | 16,118.6 | 13,792.7 |
| Total equity | | 18,112.1 | 16,645.9 | 14,320.0 |
| LIABILITIES | | | | |
| Non- current liabilities | | | | |
| Deferred tax liabilities (net) | 8 | - | - | 0.8 |
| Employee Benefit Obligations | 18 | 233.1 | 207.7 | 191.3 |
| Provisions | 19 | 60.1 | 67.0 | 78.9 |
| Total non-current liabilities | | 293.2 | 274.7 | 271.0 |
| Current Liabilities | | | | |
| Financial Liabilities: | | | | |
| Borrowings - Payable to Banks (in respect of bill discounted) | 20 | 340.3 | 650.0 | - |
| Trade payables | 21 | 3,040.1 | 2,929.2 | 3,366.5 |
| Other financial liabilities | 22 | 582.3 | 400.1 | 556.9 |
| Employee Benefit Obligations | 18 | 108.8 | 43.6 | 125.5 |
| Provisions | 19 | 150.4 | 174.4 | 170.3 |
| Current Tax Liabilities (net) | 9 | 65.8 | 43.9 | - |
| Other current liabilities | 23 | 347.3 | 323.7 | 301.3 |
| Total current liabilities | | 4,635.0 | 4,564.9 | 4,520.5 |
| Total Liabilities | | 4,928.2 | 4,839.6 | 4,791.5 |
| Total Equity & Liabilities | | 23,040.3 | 21,485.5 | 19,111.5 |
| Significant accounting policies | 1 | | | |
| Critical accounting estimates and judgements | 2 | | | |
| The accompanying notes are an integral part of these financial statements | | | | |
| In terms of our report of even date | | | | |

For Price Waterhouse & Co Bangalore LLP

Firm Regn. No. 007567S/S-200012
Chartered Accountants

Jeetendra Mirchandani

Partner
Membership No. 48125

Place: Pune
Date: May 26, 2017

Chandramowli S.
Finance Director

P. Bhandari
Company Secretary

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

Rakesh Makhija
Chairman

Shishir Joshipura
Managing Director

P.R. Menon

P. M. Telang

H. Hattangady

Directors
May 26, 2017, Mumbai

STATEMENT OF PROFIT AND LOSS

| | | (₹ in Million) | |
|---|-------|--------------------------------------|---------------------------------------|
| | Notes | For the year ended March 31, 2017 | For 15 months ended March 31, 2016 |
| Revenue from operations | 24 | 28,355.4 | 32,264.9 |
| Other income | 25 | 873.3 | 1,013.8 |
| Total income | | 29,228.7 | 33,278.7 |
| Expenses | | | |
| Cost of materials consumed | 26 | 6,032.8 | 7,207.2 |
| Purchase of stock-in-trade | 27 | 10,892.7 | 11,922.9 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 28 | (673.1) | (412.7) |
| Excise Duty | | 2,041.3 | 2,292.1 |
| Employee benefits | 29 | 2,221.8 | 2,540.6 |
| Depreciation and amortization | 30 | 478.8 | 684.3 |
| Other expenses | 31 | 4,478.4 | 5,099.5 |
| Total expenses | | 25,472.7 | 29,333.9 |
| Profit before tax | | 3,756.0 | 3,944.8 |
| Income tax expense : | 32 | | |
| Current tax | | 1,338.6 | 1,425.0 |
| Deferred tax charge / (credit) | | (18.2) | (48.8) |
| Short / (excess) tax provision for earlier years | | (3.3) | 9.7 |
| Total tax expense | | 1,317.1 | 1,385.9 |
| Profit for the year | | 2,438.9 | 2,558.9 |
| Other Comprehensive Income | | | |
| Items that will not be re-classified to profit and loss: | | | |
| Remeasurement of post employment benefits obligation | | (31.6) | 19.3 |
| Income tax (charge) / credit relating to these items | | 10.9 | (6.7) |
| Other comprehensive income for the year (net of tax) | | (20.7) | 12.6 |
| Total comprehensive income for the year | | 2,418.2 | 2,571.5 |
| Earnings per equity share [nominal value of share Rs. 10 (previous year : Rs. 10)] | | | |
| Basic and Diluted | | 46.3 | 48.5 |

Significant accounting policies

1

Critical accounting estimates and judgements

2

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

For Price Waterhouse & Co Bangalore LLP

Firm Regn. No. 007567S/S-200012

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership No. 48125

Place: Pune

Date: May 26, 2017

Chandramowli S.
Finance Director

P. Bhandari
Company Secretary

Rakesh Makhija
Chairman

P.R. Menon

P. M. Telang

Shishir Joshipura
Managing Director

H. Hattangady

Directors
May 26, 2017, Mumbai

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

STATEMENT OF CHANGES IN EQUITY

(₹ in Million)

| | | | | | | |
|--|---------------------------------|----------------------------|------------------|-----------------|--------------------|-------|
| A) | Equity Share Capital | | | | | |
| | | | Notes | | MINR | |
| | As at January 1, 2015 | | | | 527.3 | |
| | Changes in equity share capital | | | | 16 | - |
| | Balance as of March 31, 2016 | | | | | 527.3 |
| | Changes in equity share capital | | | | 16 | - |
| | Balance as of March 31, 2017 | | | | | 527.3 |
| B) | Other Equity | | | | | |
| | Notes | Securities premium reserve | Retained earning | General reserve | Total Other Equity | |
| Balance as of January 1, 2015 | | 705.1 | 8,162.9 | 4,924.7 | 13,792.7 | |
| Profit for the 15 months ended March 31, 2016 | | - | 2,558.9 | | 2,558.9 | |
| Other comprehensive income for the 15 months ended March 31, 2016 | | - | 12.6 | | 12.6 | |
| Total comprehensive income for the 15 months ended March 31, 2016 | | - | 2,571.5 | - | 2,571.5 | |
| Transactions with owners in their capacity as owners | | | | | | |
| Dividend paid (Rs 2.5 per share) | | - | (131.8) | | (131.8) | |
| Tax on dividend as above | | - | (26.4) | | (26.4) | |
| Transfer to General Reserve | | - | (750.0) | 750.0 | - | |
| Short provision for dividend distribution tax | | - | (0.5) | | (0.5) | |
| Impact of transitional provision related to depreciation (net of tax of Rs 44.7 million) as per Schedule II of the Companies Act, 2013 | 17 | - | (86.9) | | (86.9) | |
| Balance as of March 31, 2016 | | 705.1 | 9,738.8 | 5,674.7 | 16,118.6 | |
| Profit for the year ended March 31, 2017 | | - | 2,438.9 | - | 2,438.9 | |
| Other comprehensive income for the year ended March 31, 2017 | | - | (20.7) | - | (20.7) | |
| Total comprehensive income for the year ended March 31, 2017 | | - | 2,418.2 | - | 2,418.2 | |
| Transactions with owners in their capacity as owners | | | | | | |
| Dividend paid (Rs 15 per share) | | - | (791.0) | - | (791.0) | |
| Tax on dividend as above | | - | (161.0) | - | (161.0) | |
| Transfer to General Reserve | | - | (800.0) | 800.0 | - | |
| Short provision for dividend distribution tax | | - | - | - | - | |
| Balance as of March 31, 2017 | | 705.1 | 10,405.0 | 6,474.7 | 17,584.8 | |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report of even date

For Price Waterhouse & Co Bangalore LLP

Firm Regn. No. 007567S/S-200012

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership No. 48125

Place: Pune

Date: May 26, 2017

Chandramowli S.
Finance Director

P. Bhandari
Company Secretary

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

Rakesh Makhija
Chairman

Shishir Joshipura
Managing Director

P.R. Menon

P. M. Telang

H. Hattangady

Directors
May 26, 2017, Mumbai

STATEMENT OF CASH FLOW

| | (₹ in Million) | |
|---|--------------------------------------|---------------------------------------|
| | For the year ended March 31, 2017 | For 15 months ended March 31, 2016 |
| A. Cash flow from Operating Activities | | |
| Profit before exceptional items and tax | 3,756.0 | 3,944.8 |
| Adjusted for : | | |
| Depreciation / Amortisation | 478.8 | 684.3 |
| Net (Profit) / Loss on sale of Fixed Assets | (3.6) | 1.7 |
| Interest income classified as Investing cashflows | (619.2) | (798.8) |
| | (144.0) | (112.8) |
| Operating Profit before working capital changes | 3,612.0 | 3,832.0 |
| Adjusted for : | | |
| Decrease / (increase) in inventories | (816.0) | (420.9) |
| Decrease / (increase) in trade receivables | (314.6) | (1,098.4) |
| Decrease / (increase) in current & non-current assets | (152.7) | (22.9) |
| (Decrease) / increase in trade payables | 110.9 | (437.3) |
| (Decrease) / increase in other liabilities and provisions | 124.3 | (170.4) |
| | (1,048.1) | (2,149.9) |
| Cash generated from operations | 2,563.9 | 1,682.1 |
| Direct taxes paid (net of refunds) | (1,414.2) | (1,420.3) |
| Net cash flow from Operating Activities (A) | 1,149.7 | 261.8 |
| B. Cash flow from Investing Activities | | |
| Purchase of investments | (1,488.4) | - |
| Purchase of Property Plant & Equipment | (416.3) | (320.5) |
| Sale of Property Plant & Equipment | 11.3 | 16.7 |
| Deposits placed during the year | (5,668.7) | (10,172.5) |
| Deposits matured during the year | 8,090.1 | 7,561.1 |
| Interest Earned | 505.5 | 517.7 |
| Interest Earned on loan to related party | 147.6 | 249.0 |
| Repayment of loan by related party | 290.0 | 410.0 |
| Net cash used in Investing Activities (B) | 1,471.1 | (1,738.5) |
| C. Cash flow from Financing Activities | | |
| Proceeds / (Repayment) of Borrowings (net) | (309.7) | 650.0 |
| Dividend paid (including tax on distributed profits) | (952.0) | (158.7) |
| Net cash used in Financing Activities (C) | (1,261.7) | 491.3 |
| Net changes in Cash and Cash Equivalents (A+B+C) | 1,359.1 | (985.4) |
| Cash and Cash Equivalents at beginning of the year | 945.8 | 1,931.2 |
| Cash and Cash Equivalents at the end of the year | 2,304.9 | 945.8 |
| Net changes in Cash and Cash Equivalents | 1,359.1 | (985.4) |

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

Place: Pune

Date: May 26, 2017

Chandramowli S.
Finance DirectorP. Bhandari
Company Secretary

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

Rakesh Makhija
ChairmanShishir Joshipura
Managing Director

P.R. Menon

P. M. Telang

H. Hattangady

Directors
May 26, 2017, Mumbai

NOTES TO FINANCIAL STATEMENTS

BACKGROUND

SKF India Limited, listed in India on recognised stock exchange, limited by shares, incorporated and domiciled in India. The Company is leading supplier of products, solutions & services within rolling bearing, seals, mechatronics, and lubrication system. The Company's manufacturing facility is located at Pune, Bangalore & Haridwar.

1 SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the company under Ind AS. Refer 40 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- a) certain financial assets and liabilities that are measured at fair value;
- b) assets held for sale – measured at fair value less cost to sell;
- c) defined benefit plans – plan assets measured at fair value;

iii) Consequent to change in the financial year of the Company from January - December to April - March with effect from previous year, the previous year's financial statements are for 15 months from January 1, 2015 to March 31, 2016. The current year's amounts relate to the 12 months ended March 31, 2017. In view of the above, the current year's amounts are accordingly not comparable to those of the previous year.

1.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of segments, has been identified as the Board of Directors.

1.3 Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial statements are presented in Indian Rupee (INR) which is the company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income.

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates and value added taxes.

NOTES TO FINANCIAL STATEMENTS

Revenue consists of sales of products and services in the normal course of business. Service revenues are defined as business activities, billed to a customer, that do not include physical products or where the supply of any product is subsidiary to the fulfillment of the contract. Sales are recorded net of allowances for volume rebates and sales returns. Accruals for such allowances are recorded at the time of revenue recognition.

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the sale of goods and services is generally recognized when:

- a) the revenue can be measured reliably,
- b) the collection of the amounts due is reasonably assured
- c) any costs in respect of the sale are identifiable and can be measured reliably.

Collectability is assessed based primarily on the credit worthiness of the customer as determined by credit limit control and approval procedures, as well as the customer's payment history.

Revenues from service and/or maintenance contracts where the service is delivered to the customer over time is accounted for on a straight-line basis over the duration of the contract or as per the actual level of completion. Any anticipated losses on contracts are recognized in full in the period in which losses become probable and estimable.

1.5 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

1.6 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are assumed to continue to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.7 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

NOTES TO FINANCIAL STATEMENTS

1.8 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

1.10 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.11 Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts.

1.12 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the balance sheets when the Company becomes a party to the contractual provisions of a financial instrument. Financial instruments are initially recorded at fair value, which is normally equal to transaction price. Transaction costs are included in the initial measurement of financial assets and liabilities that are not subsequently measured at fair value through the income statement.

Financial assets categorized as loans and receivables are measured at amortized cost using the effective interest method. Impairment losses (primarily allowance for doubtful accounts) are recognized if management believes that sufficient objective evidence exists indicating that the asset may not be recovered. For disclosure purposes, fair values have been calculated using valuation techniques, mainly discounted cash flow analyses based on observable market data. For current receivables and liabilities (such as trade receivables and payables) the carrying amount is considered to correspond to fair value.

Where discounted cash flow techniques are used, the future cash flows are determined (if not stated explicit in the contract) based on the best assessment by management and discounted using the market interest rate for similar instruments. Financial liabilities are measured at amortized cost using the effective interest method.

Financial assets are derecognized when the contractual rights to the cash flow have expired or been transferred together with substantially all risks and rewards. Financial liabilities are derecognized when they are extinguished.

Investment in government securities that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment extension, call and similar options) but does not consider the expected credit losses.

NOTES TO FINANCIAL STATEMENTS

1.13 Property, plant and equipment (PPE), Investment Properties and Intangible assets

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment etc recognised as at 1 January 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

The useful lives are:

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income.

The useful lives are reviewed by the management at each Balance Sheet date and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the revised remaining useful life.

Investment Properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 33 years. The useful life has been determined based on technical evaluation performed by the management's expert.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its investment properties recognised as at 1st January 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

Intangible assets

Intangible assets are stated at initial cost less any accumulated amortization and any impairment. Amortization is made on a straight line basis over the estimated useful lives and begins once the asset is ready for its intended use. The useful lives are based to a large extent on historical experience, the expected application, as well as other individual characteristics of the asset. The useful lives are:

- Software in use - 3 years

On transition to Ind AS, the company has elected to continue with the carrying value of all of intangible assets recognised as at 1 Jan 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

NOTES TO FINANCIAL STATEMENTS

1.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are paid as per the terms of payments. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income.

1.16 Provisions

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1.17 Post employment benefits

Employee benefits

i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

iii) Post-employment obligations

The company operates the following post-employment schemes:

- a) defined benefit plans such as gratuity and provident fund (for employees who are members of SKF India Limited Provident Fund Scheme)
- b) defined contribution plans such as superannuation and provident fund (for other employees who are not members of SKF India Limited Provident Fund Scheme)

Defined Benefit Plans

The liability or asset recognised in the balance sheet in respect of gratuity and provident fund is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

NOTES TO FINANCIAL STATEMENTS

With respect to employees who are members of SKF India Limited Provident Fund Scheme ('the Trust') contribution for provident fund to the Trust is a defined benefit plan as the Company has an obligation to make good the shortfall, if any, between the return from investments made by the Trust and notified interest rate. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the employee's salary. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

Contributions to the Provident Fund and Superannuation Fund which are defined contribution schemes, are recognised as an expense in the Statement of Profit and Loss in the period in which the contribution is due. For employees other than members of SKF India Limited Provident Fund Scheme, both the Company's and employees' contribution is paid to Regional Provident Fund Commissioner (RPFC) on a monthly basis. The company has no further payment obligations once the contributions have been paid.

iv) Bonus Plans

The company recognises a liability and an expense for bonuses. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

v) Termination benefits

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

1.18 Contributed Equity

Equity shares are classified as equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.19 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and not paid as at the end of the reporting period.

1.20 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and equivalent diluted equity shares outstanding during the year, except where the result would be anti dilutive.

1.21 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

NOTES TO FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. This note provide an overview of the areas that involve a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is mentioned below.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

2 (A) Significant Judgement

a) Legal Contingency

The Company has received orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

2 (B) Significant estimate

a) Impairment of financial assets

The impairment provisions for financial assets disclosed under note 34C are based on assumptions about risk of default and expected loss rates and timing of the cash flows. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

b) Fair valuation of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 33 for further disclosures.

c) Defined benefit plan

The cost of the defined benefit gratuity plan, other retirement benefits, the present value of the gratuity obligation and other retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 37(II).

d) Fair Valuation of Investment Property

The Company obtains independent valuations for its investment properties at least annually. The Valuation is performed using Income approach-Rent capitalisation method as per Ind AS 113- Fair value measurement

NOTES TO FINANCIAL STATEMENTS

3 PROPERTY PLANT & EQUIPMENT

(₹ in Million)

| Description | Freehold Land | Freehold Building | Furniture & Fixtures | Office Equipment | Plant & Machinery | Vehicles | Total | Capital work in progress |
|---|------------------|----------------------|-------------------------|---------------------|----------------------|-------------|----------------|-----------------------------|
| Year ended March 31, 2016 | | | | | | | | |
| Deemed cost as at January 1, 2015 | 268.6 | 506.9 | 80.9 | 36.3 | 2,456.0 | 120.7 | 3,469.4 | 184.0 |
| Additions | 0.7 | 5.4 | 7.8 | 2.0 | 297.4 | 22.0 | 335.3 | 270.5 |
| Disposals | - | - | (0.3) | - | (2.3) | (26.0) | (28.6) | - |
| Transfers | - | - | - | - | - | - | - | (335.3) |
| Closing gross carrying amount | 269.3 | 512.3 | 88.4 | 38.3 | 2,751.1 | 116.7 | 3,776.1 | 119.2 |
| Depreciation charged during the year * | - | 25.7 | 78.2 | 11.4 | 643.8 | 48.5 | 807.6 | - |
| Disposals | - | - | (0.2) | - | (0.3) | (9.7) | (10.2) | - |
| Closing accumulated depreciation | - | 25.7 | 78.0 | 11.4 | 643.5 | 38.8 | 797.4 | - |
| Net carrying amount as at March 31, 2016 | 269.3 | 486.6 | 10.4 | 26.9 | 2,107.6 | 77.9 | 2,978.7 | 119.2 |
| Year ended March 31, 2017 | | | | | | | | |
| Gross carrying amount as at April 1 , 2016 | 269.3 | 512.3 | 88.4 | 38.3 | 2,751.1 | 116.7 | 3,776.1 | 119.2 |
| Additions | - | 16.2 | 31.5 | 11.8 | 210.6 | 35.5 | 305.6 | 538.5 |
| Disposals | - | - | (2.5) | - | - | (23.0) | (25.5) | - |
| Transfers | - | - | - | - | - | - | - | (305.6) |
| Closing gross carrying amount | 269.3 | 528.5 | 117.4 | 50.1 | 2,961.7 | 129.2 | 4,056.2 | 352.1 |
| Accumulated Depreciation | - | 25.7 | 78.0 | 11.4 | 643.5 | 38.8 | 797.4 | - |
| Depreciation charged during the year | - | 19.2 | 17.2 | 8.3 | 398.5 | 29.0 | 472.2 | - |
| Disposal | - | - | (2.5) | - | - | (15.3) | (17.8) | - |
| Closing accumulated depreciation | - | 44.9 | 92.7 | 19.7 | 1,042.0 | 52.5 | 1,251.8 | - |
| Net carrying amount as at March 31, 2017 | 269.3 | 483.6 | 24.7 | 30.4 | 1,919.7 | 76.7 | 2,804.4 | 352.1 |

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.

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

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

| Description | Plant & Machinery | Furniture & Fixtures |
|---|-------------------|----------------------|
| Year ended March 31, 2016 | | |
| Deemed cost as at January 1, 2015 | 53.0 | 6.4 |
| Closing gross carrying amount | 53.0 | 6.4 |
| Depreciation charged during the year | 7.6 | 1.5 |
| Closing accumulated depreciation | 7.6 | 1.5 |
| Net carrying amount as at March 31, 2016 | 45.4 | 4.9 |
| Year ended March 31, 2017 | | |
| Gross carrying amount as at April 1, 2016 | 53.0 | 6.4 |
| Closing gross carrying amount | 53.0 | 6.4 |
| Accumulated Depreciation | 7.6 | 1.5 |
| Depreciation charged during the year | 7.4 | 1.2 |
| Closing accumulated depreciation | 15.0 | 2.7 |
| Net carrying amount as at March 31, 2017 | 38.0 | 3.7 |

4 INVESTMENT PROPERTIES

Building

| Description | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|----------------------------------|----------------|----------------|-----------------|
| Deemed cost | 197.3 | 196.3 | 196.3 |
| Addition | - | 1.0 | - |
| Closing gross carrying amount | 197.3 | 197.3 | 196.3 |
| Accumulated depreciation | | | |
| Opening accumulated depreciation | 8.1 | - | - |
| Depreciation charge | 6.4 | 8.1 | - |
| Closing accumulated depreciation | 14.5 | 8.1 | - |
| Net carrying amount | 182.8 | 189.2 | 196.3 |

Amount recognised in profit & loss for investment properties given on operating lease to related party

| Description | March 31, 2017 | March 31, 2016 |
|-----------------------------------|----------------|----------------|
| Rental Income | 35.5 | 48.9 |
| Depreciation | 6.4 | 8.1 |
| Profit from Investment properties | 29.1 | 40.8 |

Leasing arrangements

Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:

| Description | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|--|----------------|----------------|-----------------|
| Within one year | 31.2 | 36.0 | 36.0 |
| Later than one year but less than 5 year | 117.0 | 171.0 | 180.0 |
| Later than 5 years | - | - | 36.0 |

Fair Value

| Description | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|-----------------------|----------------|----------------|-----------------|
| Investment properties | 286.2 | 267.4 | 249.9 |

The company obtains independent valuations for its investment properties. Fair value of investment property is arrived using Income Approach - Rent Capitalisation method. It is determined by capitalizing the market lease rent at an appropriate rate (yield) as on date of valuation.

NOTES TO FINANCIAL STATEMENTS

5 INTANGIBLE ASSETS

(₹ in Million)

| Description | Computer Software |
|---|-------------------|
| Year ended March 31, 2016 | |
| Gross carrying amount | |
| Deemed cost as at January 1, 2015 | 0.1 |
| Addition | 0.4 |
| Closing gross carrying amount | 0.5 |
| Accumulated amortization | |
| Amortization charge during the year | 0.2 |
| Closing accumulated amortization | 0.2 |
| Net carrying amount as on March 31, 2016 | 0.3 |
| Year ended March 31, 2017 | |
| Gross carrying amount | |
| Deemed cost as at April 1, 2016 | 0.5 |
| Addition | 1.4 |
| Closing gross carrying amount | 1.9 |
| Accumulated amortization | |
| Opening accumulated amortization | 0.2 |
| Amortization charge during the year | 0.2 |
| Closing accumulated amortization | 0.4 |
| Net carrying amount as on March 31, 2017 | 1.5 |

| | March 31, 2017 | | March 31, 2016 | | January 1, 2015 | |
|---------------------------|----------------|--------------|----------------|----------------|-----------------|----------------|
| | Current | Non-Current | Current | Non-Current | Current | Non-Current |
| 6 FINANCIAL ASSETS | | | | | | |
| Loans | | | | | | |
| Secured, considered good | | | | | | |
| Loan to related party * | 727.5 | 900.0 | 326.2 | 1,600.0 | 251.0 | 2,100.0 |
| | 727.5 | 900.0 | 326.2 | 1,600.0 | 251.0 | 2,100.0 |

(*)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.

| | March 31, 2017 | | March 31, 2016 | | January 1, 2015 | |
|---|----------------|--------------|----------------|--------------|-----------------|--------------|
| | Current | Non-Current | Current | Non-Current | Current | Non-Current |
| 7 OTHER FINANCIAL ASSETS | | | | | | |
| Security Deposits | - | 89.3 | - | 90.5 | - | 85.3 |
| EMD & other deposits | - | 45.7 | - | 33.8 | - | 33.8 |
| Other receivables :- | | | | | | |
| Related party | 108.7 | - | 92.0 | - | 119.9 | - |
| Other than related party | 14.2 | 0.6 | 14.2 | 0.6 | 13.7 | 1.3 |
| Interest accrued on fixed deposits with banks | 150.2 | - | 175.4 | - | 128.6 | - |
| | 273.1 | 135.6 | 281.6 | 124.9 | 262.2 | 120.4 |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

| 8 DEFERRED TAX (ASSET) / LIABILITY (NET) | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|--|-------------------|-------------------|--------------------|
| Deferred tax liabilities | | | |
| Excess of depreciation/ amortisation on Property Plant and equipment under Income-Tax Act, 1961 over depreciation/ amortisation provided in accounts | 87.0 | 106.3 | 185.2 |
| | 87.0 | 106.3 | 185.2 |
| Deferred tax assets | | | |
| Provision for employee benefits | 92.8 | 91.7 | 109.1 |
| Provision for doubtful trade receivables | 37.0 | 31.7 | 19.0 |
| Other timing differences (43B disallowances, Provision for obsolete stock) | 72.4 | 68.9 | 56.3 |
| | 202.2 | 192.3 | 184.4 |
| Net deferred tax (asset)/liability | (115.2) | (86.0) | 0.8 |

Movements in deferred tax (asset)/liabilities net

| | Provision for employee benefits | Provision for doubtful trade receivables | Other timing differences | Property, plant and equipment | Total |
|---------------------------------|--|---|--------------------------------|-------------------------------------|--------------|
| As at January 1, 2015 | 109.1 | 19.0 | 56.3 | (185.2) | (0.8) |
| (Charged)/credited : | | | | | |
| - to profit and loss a/c | (10.7) | 12.7 | 12.6 | 34.2 | 48.8 |
| - to reserves and surplus | - | - | - | 44.7 | 44.7 |
| - to other comprehensive income | (6.7) | - | - | - | (6.7) |
| As at March 31, 2016 | 91.7 | 31.7 | 68.9 | (106.3) | 86.0 |
| (Charged)/credited : | | | | | |
| - to profit and loss a/c | (9.8) | 5.3 | 3.5 | 19.3 | 18.3 |
| - to other comprehensive income | 10.9 | - | - | - | 10.9 |
| As at March 31, 2017 | 92.8 | 37.0 | 72.4 | (87.0) | 115.2 |

9 CURRENT TAX ASSET /(LIABILITY) (NET)

| | March 31, 2017 | | March 31, 2016 | | January 1, 2015 | |
|---|----------------|-------------|----------------|-------------|-----------------|-------------|
| | Current | Non-Current | Current | Non-Current | Current | Non-Current |
| Tax Assets/(Liabilities) (net of provision) | (65.8) | 263.1 | (43.9) | 162.4 | 83.8 | 49.1 |
| | (65.8) | 263.1 | (43.9) | 162.4 | 83.8 | 49.1 |

| Movement of Tax | March 31, 2017 | March 31, 2016 |
|--|-------------------|-------------------|
| Opening Balance (Tax Asset /(Liability) (Net)) | 118.5 | 132.9 |
| Add: Taxes paid | 1,414.2 | 1,420.3 |
| Less: Current tax payable | 1,335.3 | 1,434.7 |
| Closing Balance | 197.4 | 118.5 |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

| | March 31, 2017 | | March 31, 2016 | | January 1, 2015 | |
|--|----------------|-------------|----------------|-------------|-----------------|-------------|
| | Current | Non-Current | Current | Non-Current | Current | Non-Current |
| 10 OTHER ASSETS | | | | | | |
| Capital Advance | - | 22.4 | - | 39.9 | - | 8.8 |
| Prepaid Expenses | 26.4 | - | 26.9 | - | 50.3 | - |
| Advances for supply of goods and rendering of services | 164.8 | - | 120.0 | - | 144.7 | - |
| Export benefits / duty entitlements | 54.4 | - | 26.7 | - | 13.5 | - |
| Balances with Sales tax / Excise authorities | 135.5 | - | 115.8 | - | 20.5 | - |
| Other receivables * | 102.9 | 66.1 | 77.9 | 57.5 | 108.3 | 41.9 |
| | 484.0 | 88.5 | 367.3 | 97.4 | 337.3 | 50.7 |

* includes amount paid under protest to various Government authorities and MEIS/DEPB licenses on hand.

| | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|--|-------------------|-------------------|--------------------|
| CURRENT ASSETS | | | |
| 11 Inventories | | | |
| Raw Materials and Bought-Out Components [including material in transit Rs. 79.24 million (As on March 31, 2016 Rs. 61.06 million and January 1, 2015 Rs 107.5 million)] | 584.2 | 495.5 | 464.6 |
| Stores and Spares [including material in transit Rs.19.25 million (As on March 31, 2016 Rs. 14.7 million and January 1, 2015 Rs 11.9 million)] | 464.2 | 410.0 | 432.7 |
| Work-in-progress | 145.8 | 174.6 | 153.8 |
| Finished Products [Including material in transit Rs.392.7 million (As on March 31, 2016 Rs. 230.32 million and January 1, 2015 Rs 377.6 million)] | 2,972.2 | 2,270.3 | 1,878.4 |
| | 4,166.4 | 3,350.4 | 2,929.5 |
| 12 CURRENT INVESTMENT | | | |
| Investment in Government of India treasury bills (quoted) | 1,488.4 | - | - |
| | 1,488.4 | - | - |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

| | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|---|-------------------|-------------------|--------------------|
| 13 TRADE RECEIVABLES | | | |
| Current | | | |
| Trade receivables other than related party | 4,707.6 | 4,512.2 | 3,386.8 |
| Receivables from related party | 542.5 | 408.0 | 399.4 |
| Less : Allowance for doubtful receivables | (106.9) | (91.6) | (56.0) |
| Total Receivables | 5,143.2 | 4,828.6 | 3,730.2 |
| | 5,143.2 | 4,828.6 | 3,730.2 |
| Break up of security details | | | |
| Unsecured, considered good | 5,143.2 | 4,828.6 | 3,730.2 |
| Doubtful | 106.9 | 91.6 | 56.0 |
| Total | 5,250.1 | 4,920.2 | 3,786.2 |
| Allowance for doubtful debts | (106.9) | (91.6) | (56.0) |
| Total Trade receivables | 5,143.2 | 4,828.6 | 3,730.2 |
| Transferred receivables | | | |
| The carrying amount of Trade receivable include balances due from the customers who have accepted bill of exchange drawn by the company. The Company has discounted these bills of exchange and transferred the receivables balances to the bank in exchange of cash. However the credit risk lies with the company till the bill of exchange are honoured by the customer. The amount of bill of exchange discounted is presented as secured borrowings. | | | |
| The relevant carrying amount is as follows : | | | |
| Total Transferred receivables | 340.3 | 650.0 | - |
| Associated borrowing disclosed in note no - 20 | 340.3 | 650.0 | - |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

| 14 CASH AND CASH EQUIVALENTS | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|---|-------------------|-------------------|--------------------|
| Cash on hand | 0.4 | 0.6 | 0.5 |
| Balances with Banks | | | |
| - On Current Account | - | - | 71.1 |
| - On EEFC Account* | 1.8 | 0.6 | 0.0 |
| - On Deposit Account (with original maturity of 3 months or less) | 2,302.7 | 944.6 | 1,859.7 |
| Cash & Bank Balances | 2,304.9 | 945.8 | 1,931.3 |

* Since denominated in Million for January 1, 2015

| | | | |
|---|----------------|----------------|----------------|
| 15 BANK BALANCES OTHER THAN THE ABOVE | | | |
| Bank deposits with original maturity of more than 3 months and remaining maturity of less than 12 months. | 3,589.9 | 6,010.7 | 3,399.3 |
| Unclaimed Dividend Account** | 19.7 | 16.8 | 16.9 |
| | 3,609.6 | 6,027.5 | 3,416.2 |

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

| 16 EQUITY SHARE CAPITAL | No of shares (in MINR) | Amount |
|---|---------------------------|----------------|
| Authorised Equity share capital | | |
| As at January 1, 2015 | 100.0 | 1,000.0 |
| Increase / (Decrease) during the year | - | - |
| As at March 31, 2016 | 100.0 | 1,000.0 |
| Increase / (Decrease) during the year | - | - |
| As at March 31, 2017 | 100.0 | 1,000.0 |
| Movement in Equity share capital | | |
| As at January 1, 2015 | 52.7 | 527.3 |
| Increase / (Decrease) during the year | - | - |
| As at March 31, 2016 | 52.7 | 527.3 |
| Increase / (Decrease) during the year | - | - |
| As at March 31, 2017 | 52.7 | 527.3 |

The Company has only one class of equity shares having a par value of Rs. 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.

NOTES TO FINANCIAL STATEMENTS

SHARES HELD BY HOLDING COMPANY AND THEIR SUBSIDIARIES

(₹ in Million)

| | March 31, 2017 | | March 31, 2016 | | January 1, 2015 | |
|---|---------------------|--------------|---------------------|--------------|---------------------|--------------|
| | Number (Million) | Amount | Number (Million) | Amount | Number (Million) | Amount |
| Equity shares of Rs.10 each fully paid up held by | | | | | | |
| (a) Holding company | | | | | | |
| Aktiebolaget SKF (AB SKF) | 24.6 | 246.4 | 24.6 | 246.4 | 24.6 | 246.4 |
| (b) Subsidiaries of holding company | | | | | | |
| SKF U.K. Limited | 3.4 | 34.0 | 3.4 | 34.0 | 3.4 | 34.0 |
| SKF Forvaltning AB | 0.2 | 2.1 | 0.2 | 2.1 | 0.2 | 2.1 |
| | 28.2 | 282.5 | 28.2 | 282.5 | 28.2 | 282.5 |

PARTICULARS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES OF A CLASS OF SHARES

| | March 31, 2017 | | March 31, 2016 | | January 1, 2015 | |
|---|---------------------|--------------------------------------|---------------------|--------------------------------------|---------------------|--------------------------------------|
| | Number (Million) | % of total shares in the class | Number (Million) | % of total shares in the class | Number (Million) | % of total shares in the class |
| Equity shares of Rs.10 each fully paid up held by | | | | | | |
| Aktiebolaget SKF, holding company | 24.6 | 46.8% | 24.6 | 46.8% | 24.6 | 46.8% |
| SKF U.K. Limited, fellow subsidiary company | 3.4 | 6.5% | 3.4 | 6.5% | 3.4 | 6.5% |

Buy Back of shares

The shareholders of the company have passed a special resolution on March 22, 2017 approving the buyback of equity shares of not more than 2.6 million fully paid up equity shares of Rs.10/- each representing 4.93% of the total number of Equity Shares in the paid-up share capital of the Company at a price of INR.1,500/- (Rupees one thousand five hundred) per Equity Share payable in cash for an aggregate consideration not exceeding MINR 3,900.

The Company has not allotted any bonus shares during 5 years immediately preceding March 31, 2017.

| | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|--|-------------------|-------------------|--------------------|
| 17 RESERVES AND SURPLUS | | | |
| Securities premium account | 705.1 | 705.1 | 705.1 |
| General reserve | 7,224.7 | 6,424.7 | 5,674.7 |
| Retained earnings | 9,655.0 | 8,988.8 | 7,412.9 |
| | 17,584.8 | 16,118.6 | 13,792.7 |
| Securities premium account | | | |
| At the commencement and end of the year (Premium on issue of Equity Shares) | 705.1 | 705.1 | 705.1 |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

| | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|---|-------------------|-------------------|--------------------|
| General reserve | | | |
| At the commencement of the year | 6,424.7 | 5,674.7 | 5,674.7 |
| Amount transferred from Profit and Loss Balance | 800.0 | 750.0 | - |
| Closing Balance | 7,224.7 | 6,424.7 | 5,674.7 |
| Surplus (Profit and loss balance) | | | |
| At the commencement of the year | 8,988.8 | 7,412.9 | 7,412.9 |
| Profit for the year | 2,438.9 | 2,558.9 | - |
| Other comprehensive income recognised directly in retained earning :- | | | |
| Remeasurements of post-employment benefit obligation, net of tax | (20.7) | 12.6 | - |
| Less : Impact of transitional provision related to depreciation (net of tax of Rs 44.7 million) as per Schedule II of the Companies Act, 2013 | - | 86.9 | - |
| Dividend on Equity shares [Rs.15 per share (previous year Rs. 2.5 per share)] | 791.0 | 131.8 | - |
| Tax on dividend as above | 161.0 | 26.4 | - |
| Short provision for dividend distribution tax | - | 0.5 | - |
| Transfer to General Reserve | 800.0 | 750.0 | - |
| Closing Balance | 9,655.0 | 8,988.8 | 7,412.9 |

| | March 31, 2017 | | March 31, 2016 | | January 1, 2015 | |
|--|----------------|-------------|----------------|-------------|-----------------|-------------|
| | Current | Non-Current | Current | Non-Current | Current | Non-Current |
| 18 EMPLOYEE BENEFIT OBLIGATION | | | | | | |
| (Refer note 37) | | | | | | |
| Compensated absences | 31.1 | 233.1 | 16.3 | 200.0 | 25.2 | 191.3 |
| Provision for interest on Provident Fund | - | - | - | 7.7 | - | - |
| Provision for Gratuity | 77.7 | - | 27.3 | - | 100.3 | - |
| | 108.8 | 233.1 | 43.6 | 207.7 | 125.5 | 191.3 |
| 19 PROVISIONS | | | | | | |
| Disputed statutory and other matters | - | 41.8 | - | 43.6 | - | 43.3 |
| Warranty | 3.3 | 3.9 | 6.3 | 4.0 | 1.4 | 17.5 |
| Coupons & Incentives | 147.1 | 14.4 | 168.1 | 19.4 | 168.9 | 18.1 |
| | 150.4 | 60.1 | 174.4 | 67.0 | 170.3 | 78.9 |

NOTES TO FINANCIAL STATEMENTS

MOVEMENTS IN PROVISIONS

Movements in each class of provision during the financial year

(₹ in Million)

| | Disputed statutory and other matters | Warranty | Coupons & Incentives | Total |
|---------------------------------------|---|-------------|-------------------------|--------------|
| As at January 1, 2015 | 43.3 | 18.9 | 187.0 | 249.2 |
| Provision made during the year | 0.3 | 11.2 | 144.8 | 156.3 |
| Provision utilised during the year | - | (5.0) | (122.4) | (127.4) |
| Reversal of provision during the year | - | (14.8) | (21.9) | (36.7) |
| As on March 31, 2016 | 43.6 | 10.3 | 187.5 | 241.4 |
| Provision made during the year | - | - | 565.8 | 565.8 |
| Provision utilised during the year | (1.8) | (3.1) | (591.8) | (596.7) |
| As on March 31, 2017 | 41.8 | 7.2 | 161.5 | 210.5 |

- (i) Provision for disputed statutory and other matters: This represents provisions made for probable liabilities/ claims arising out of pending disputes/litigations with various regulatory authorities and those arising out of commercial transactions with vendors/others. Above provisions are affected by numerous uncertainties and management has taken all efforts to make a best estimate. Timing of outflow of resources will depend upon timing of decision of cases.
- (ii) Provision for warranties: A provision is estimated for expected warranty claims in respect of products sold during the year on the basis of a technical evaluation and past experience regarding failure trends of products and costs of rectification or replacement. The timing and amount of cash flows that will arise from these matters will be determined at the time of receipt of claims.
- (iii) The provision for other obligations is on account of coupons given on products sold by the Company and other retailers and distributors incentive schemes. The provision for coupons is based on the historical data/ estimated figures. The timing and amount of the cash flows that will arise will be determined at the time of receipt of claims from customers, which is generally upto 18 months.

| FINANCIAL LIABILITIES | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|---|-------------------|-------------------|--------------------|
| 20 CURRENT BORROWINGS - PAYABLE TO BANKS (IN RESPECT OF BILL DISCOUNTED) | | | |
| Secured | | | |
| Payable to Bank (in respect of Bills discounted) | 340.3 | 650.0 | - |
| | 340.3 | 650.0 | - |
| 21 TRADE PAYABLES | | | |
| Current | | | |
| (i) Outstanding dues of micro and small enterprises (refer note 39) | 1.0 | 7.8 | 8.9 |
| (ii) Outstanding dues of creditors other than micro and small enterprises & related parties (refer note 39) | 1,056.1 | 858.0 | 1,294.2 |
| (iii) Payable to related parties | 1,983.0 | 2,063.4 | 2,063.4 |
| | 3,040.1 | 2,929.2 | 3,366.5 |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

| | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|---|----------------------------------|---------------------------------------|--------------------|
| 22 OTHER CURRENT FINANCIAL LIABILITIES | | | |
| Salaries and Incentives | 174.7 | 183.2 | 244.9 |
| Liabilities for dealer incentives | 244.3 | 168.6 | 248.1 |
| Unclaimed dividend * | 19.7 | 16.8 | 16.9 |
| Payables on account of capital purchases | 108.4 | 3.7 | 22.6 |
| Other liabilities ** | 35.2 | 27.8 | 24.4 |
| | 582.3 | 400.1 | 556.9 |
| * There is no amount due and outstanding as at the balance sheet to be credited to Investor Education and Protection Fund | | | |
| ** includes amount payable towards retention amount for trade payables, etc. | | | |
| 23 OTHER CURRENT LIABILITIES | | | |
| Statutory dues payable | 326.4 | 312.8 | 264.3 |
| Advances received from customers | 20.9 | 10.9 | 37.0 |
| | 347.3 | 323.7 | 301.3 |
| | For year ended March 31, 2017 | For 15 months ended March 31, 2016 | |
| 24 REVENUE FROM OPERATIONS | | | |
| Sale of products (including Excise duty) | | | |
| Manufactured goods | 15,932.4 | 18,180.4 | |
| Traded goods | 11,807.4 | 13,334.8 | |
| Sale of products | 27,739.8 | 31,515.2 | |
| Sale of services | 307.4 | 332.5 | |
| Other operating revenue | | | |
| Scrap sales | 21.5 | 29.9 | |
| Technical and other service income | 180.7 | 288.7 | |
| Miscellaneous Operating Income (includes export benefits etc) | 106.0 | 98.6 | |
| | 28,355.4 | 32,264.9 | |
| 25 OTHER INCOME | | | |
| Interest Income from Financial assets at amortised cost | | | |
| - Fixed deposits with banks | 480.3 | 564.5 | |
| - On loan given to related party | 138.9 | 234.2 | |
| Rental income | 35.5 | 48.9 | |
| Export benefits | 60.7 | 53.9 | |
| Miscellaneous Income | 92.1 | 63.3 | |
| Profit / (loss) on sale of Assets (net) | 3.6 | (1.7) | |
| Net Exchange Gain / (Loss) | 62.2 | 50.7 | |
| | 873.3 | 1,013.8 | |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

| | For year ended March 31, 2017 | For 15 months ended March 31, 2016 |
|---|----------------------------------|---------------------------------------|
| 26 COST OF MATERIAL CONSUMED | | |
| Inventory at the beginning of the year | 495.5 | 464.6 |
| Purchases during the year | 6,121.5 | 7,238.1 |
| Inventory at the end of the year | 584.2 | 495.5 |
| Cost of material consumed | 6,032.8 | 7,207.2 |
| 27 PURCHASE OF STOCK IN TRADE | | |
| Purchases of traded goods | 10,892.7 | 11,922.9 |
| | 10,892.7 | 11,922.9 |
| 28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| Increase in inventory of finished goods : | | |
| Opening inventory | 1,251.9 | 1,165.9 |
| Less : Closing inventory | 1,288.3 | 1,251.9 |
| | (36.4) | (86.0) |
| Increase in inventory of work in progress : | | |
| Opening inventory | 174.6 | 153.8 |
| Less : Closing inventory | 145.8 | 174.6 |
| | 28.8 | (20.8) |
| Increase in inventory of traded goods : | | |
| Opening inventory | 1,018.4 | 712.5 |
| Less : Closing inventory | 1,683.9 | 1,018.4 |
| | (665.5) | (305.9) |
| | (673.1) | (412.7) |
| 29 EMPLOYEE BENEFITS | | |
| Salaries, Wages and Bonus | 1,726.2 | 2,007.9 |
| Contribution to Provident and Other Funds (refer note 37) | 103.9 | 126.8 |
| Gratuity (refer note 37) | 39.5 | 53.0 |
| Leave compensation | 67.9 | 32.1 |
| Welfare Expenses | 284.3 | 320.8 |
| | 2,221.8 | 2,540.6 |
| 30 DEPRECIATION AND AMORTISATION | | |
| Depreciation of Property, Plant & Equipment | 472.2 | 676.0 |
| Amortisation of Intangible assets | 0.2 | 0.2 |
| Depreciation of Investment property | 6.4 | 8.1 |
| | 478.8 | 684.3 |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

| | For year ended March 31, 2017 | For 15 months ended March 31, 2016 |
|---|----------------------------------|---------------------------------------|
| 31 OTHER EXPENSES | | |
| Consumption of stores and spare parts | 762.7 | 865.8 |
| Excise duty related to increase/(decrease) in inventory of finished goods | (17.6) | 64.9 |
| Power and Fuel | 438.6 | 504.4 |
| Repairs | | |
| Building | 23.3 | 16.7 |
| Machinery | 398.0 | 430.3 |
| Royalty | 413.6 | 472.9 |
| IT Services | 374.5 | 450.3 |
| Trade mark fees | 271.2 | 315.0 |
| Rent | 68.2 | 62.6 |
| Insurance | 23.6 | 24.6 |
| Rates and Taxes | 114.5 | 139.1 |
| Travelling | 285.7 | 350.5 |
| Legal and professional fees | 238.6 | 223.8 |
| Payment to auditors (Refer note below) | 6.4 | 5.4 |
| Advertising and sales promotion | 163.1 | 206.9 |
| Logistic Cost | 329.3 | 328.2 |
| Provision for doubtful trade receivables | 39.4 | 36.6 |
| Bad debts written off | 0.4 | 2.7 |
| Directors' Commission / Sitting Fees | 8.3 | 9.5 |
| Expenditure incurred for Corporate Social Responsibility (Refer note below) | 40.5 | 39.1 |
| Miscellaneous expenses | 496.1 | 550.2 |
| | 4,478.4 | 5,099.5 |
| Note : Payments to auditors | | |
| As auditor | | |
| - Statutory audit | 3.7 | 3.0 |
| - Tax audit | 0.9 | 0.9 |
| - Limited review of quarterly results | 0.9 | 0.9 |
| - Other audit services (Group Audit & Certification Fees) | 0.9 | 0.6 |
| Reimbursement of expenses | - | - |
| | 6.4 | 5.4 |

NOTES TO FINANCIAL STATEMENTS

| | (₹ in Million) | |
|--|----------------------------------|---------------------------------------|
| | For year ended March 31, 2017 | For 15 months ended March 31, 2016 |
| Corporate social responsibility expenditure | | |
| Contribution to Education | 34.2 | 30.2 |
| Contribution to Women Empowerment | 3.1 | 5.8 |
| Contribution to Others | 3.2 | 3.1 |
| Total | 40.5 | 39.1 |
| Amount required to be spent as per Section 135 of the Act | 63.7 | 56.1 |
| Amount spent during the year on | | |
| (i) Construction/acquisition of an Assets | - | - |
| (ii) On purpose other than (i) above | 40.5 | 39.1 |
| | 40.5 | 39.1 |
| 32 INCOME TAX EXPENSE | | |
| (a) Current Tax | | |
| Current tax on profit during the year | 1,338.6 | 1,425.0 |
| Adjustments for current tax of prior periods | (3.3) | 9.7 |
| Total Current Tax expense | 1,335.3 | 1,434.7 |
| Deferred Tax | | |
| Deferred Tax expense | (18.2) | (48.8) |
| Income tax expense | 1,317.1 | 1,385.9 |
| (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate: | | |
| Profit from continuing operations before income tax expense | 3,756.0 | 3,944.8 |
| Tax at the Indian tax rate of 34.61% (Quarter ended March 31, 2015 rate was 33.99%) | 1,299.7 | 1,367.1 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income : | | |
| Others | 17.4 | 18.8 |
| Income tax expense | 1,317.1 | 1,385.9 |
| (c) Tax impact of measurement of post employment benefits obligation recognised in OCI | 10.9 | (6.7) |

NOTES TO FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENT

33 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying value and fair value of financial instrument by categories were as follows :

(₹ in Million)

| | March 31, 2017 | | March 31, 2016 | | January 1, 2015 | |
|-------------------------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| | Amortised Cost | Carrying Amount | Amortised Cost | Carrying Amount | Amortised Cost | Carrying Amount |
| Financial assets | | | | | | |
| Investment in Government securities | 1,488.4 | 1,488.4 | - | - | - | - |
| Trade receivables | 5,143.2 | 5,143.2 | 4,828.6 | 4,828.6 | 3,730.2 | 3,730.2 |
| Cash and bank balances | 5,914.5 | 5,914.5 | 6,973.3 | 6,973.3 | 5,347.5 | 5,347.5 |
| Loan to related party | 1,627.5 | 1,627.5 | 1,926.2 | 1,926.2 | 2,351.0 | 2,351.0 |
| Other Financial assets | 408.7 | 408.7 | 406.5 | 406.5 | 382.6 | 382.6 |
| Total Financial Assets | 14,582.3 | 14,582.3 | 14,134.6 | 14,134.6 | 11,811.3 | 11,811.3 |
| Financial Liabilities | | | | | | |
| Borrowings | 340.3 | 340.3 | 650.0 | 650.0 | - | - |
| Trade Payables | 3,040.1 | 3,040.1 | 2,929.2 | 2,929.2 | 3,366.5 | 3,366.5 |
| Other Financial Liabilities | 582.3 | 582.3 | 400.1 | 400.1 | 556.9 | 556.9 |
| Total Financial Liabilities | 3,962.7 | 3,962.7 | 3,979.3 | 3,979.3 | 3,923.4 | 3,923.4 |

The fair values of all financial instruments carried at amortised cost are not materially different from their carrying amounts since they are either short-term in nature or the interest rate applicable are equal to the current market rate of interest.

There are no financial instruments measured under the category of Fair value through Profit and Loss account and Fair value through OCI.

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at 31st March 2017

| | Level 1 | Level 2 | Level 3 | Total March 31, 2017 |
|-------------------------------------|---------|---------|---------|-------------------------|
| Financial assets | | | | |
| Investment in Government securities | 1,488.4 | - | - | 1,488.4 |
| Trade receivables | - | - | 5,143.2 | 5,143.2 |
| Cash and bank balances | - | - | 5,914.5 | 5,914.5 |
| Loan to related party | - | - | 1,627.5 | 1,627.5 |

NOTES TO FINANCIAL STATEMENTS

| | (₹ in Million) | | | |
|------------------------------------|----------------|----------|-----------------|-------------------------|
| | Level 1 | Level 2 | Level 3 | Total March 31, 2017 |
| Other Financial assets | - | - | 408.7 | 408.7 |
| Total Financial assets | 1,488.4 | - | 13,093.9 | 14,582.3 |
| Financial Liabilities | | | | |
| Borrowings | - | - | 340.3 | 340.3 |
| Trade Payables | - | - | 3,040.1 | 3,040.1 |
| Other Financial Liabilities | - | - | 582.3 | 582.3 |
| Total Financial liabilities | - | - | 3,962.7 | 3,962.7 |

All the financial assets and liabilities as on March 31, 2016 and January 1, 2015 are categorised under Level 3. The carrying amounts of all these financial assets and liabilities as on the respective dates are equal to their fair values and so fair value hierarchy is not disclosed separately.

(ii) Valuation processes

The Company performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

34 FINANCIAL RISK MANAGEMENT

In the course of its business, the Company is exposed primarily to market risk, liquidity risk and credit risk, which may impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as credit risks. The risk management policy is approved by the board of directors.

The Risk Management framework aims to create a stable business planning environment by reducing the impact of market related risks, credit risks & currency fluctuations on the Company's earnings.

34 (A) MARKET RISK

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

i) Foreign currency risk

The Company transacts internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR and SEK. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The Company has both Import and Export transactions in Foreign currency. The Imports are higher than the exports and hence the Company has foreign currency exposure to the extent of purchases being higher than exports, but any material variation in currency is recovered from the customers, through on going negotiation process . Thus the risk for currency fluctuation is mitigated .

NOTES TO FINANCIAL STATEMENTS

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

(₹ in Million)

| | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|--|-------------------|-------------------|--------------------|
| Financial Assets | | | |
| Trade Receivables | | | |
| EURO | 181.5 | 169.2 | 156.5 |
| USD | 154.3 | 107.4 | 122.4 |
| SEK | 86.1 | 76.1 | 84.0 |
| SGD | 44.7 | 35.9 | 14.4 |
| JPY | 0 | 0.5 | 1.9 |
| Total exposure to foreign currency assets | 466.6 | 389.1 | 379.2 |
| Bank balance in EEFC | | | |
| EURO | - | 0.0* | 0.0* |
| USD | 1.8 | 0.0* | 0.0* |
| Total exposure to foreign currency assets | 468.4 | 389.1 | 379.2 |
| * Since denominated in Million | | | |
| Financial Liabilities | | | |
| Trade Payables | | | |
| EURO | 1,550.1 | 1,066.9 | 1,354.7 |
| USD | 358.9 | 656.4 | 356.3 |
| SEK | - | 5.7 | 4.2 |
| GBP | 4.4 | 0.5 | 0.4 |
| YEN | 20.4 | 18.4 | 14.9 |
| CHF | 2.2 | 3.2 | 4.3 |
| Total exposure to foreign currency risk (liabilities) | 1,936.0 | 1,751.1 | 1,734.8 |

ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

| | Impact on profit after tax | |
|---|----------------------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| EURO sensitivity | | |
| INR/EURO increased by 5 % (March 31, 2016 5%) | (68.4) | (44.9) |
| INR/EURO decreased by 5 % (March 31, 2016 5%) | 68.4 | 44.9 |
| USD sensitivity | | |
| INR/USD increased by 5 % (March 31, 2016 5%) | (10.2) | (27.5) |
| INR/USD decreased by 5 % (March 31, 2016 5%) | 10.2 | 27.5 |
| SEK sensitivity | | |
| INR/SEK increased by 5 % (March 31, 2016 5%) | 4.3 | 3.5 |
| INR/SEK decreased by 5 % (March 31, 2016 5%) | (4.3) | (3.5) |
| SGD sensitivity | | |
| INR/SGD increased by 5 % (March 31, 2016 5%) | 2.2 | 1.8 |
| INR/SGD decreased by 5 % (March 31, 2016 5%) | (2.2) | (1.8) |

NOTES TO FINANCIAL STATEMENTS

iii) Interest rate risk

The Company's borrowings are carried at amortised cost. The Company recovers interest charged by bank for discounted Bill of exchange from the customers who accept these bills of exchange. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The loan to related party is carried at amortised cost. The Company recovers interest as per the terms of the agreement. The interest rate approximates the market rate of interest and hence the interest risk for loan given to related party is not considered to be substantial.

34 (B) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to pay out obligations. Due to the dynamic nature of the underlying businesses, Company ensures availability of funds by managing the investments.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet this. The Company invests its surplus funds in bank fixed deposit and in quoted government debt securities.

Maturities of financial liabilities

All the financial liabilities as on March 31, 2017, March 31, 2016 and January 1, 2015 are due within 12 months. The carrying value of all the financial liabilities as on respective dates is considered as its maturity value since the impact of discounting is not significant.

34 (C) CREDIT RISK

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness.

Credit risk management

For banks and financial institutions, only high rated banks/institutions are accepted.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty ability to meet its obligations
- actual or expected significant changes in the operating results of the counterparty
- significant increase in credit risk on other financial instruments of the same counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

The definition of default is determined by considering the business environment in which entity operates and other macro-economic factors. All receivables past due are analysed and based on scrutiny provisions for Bad Debts are made on specific identification basis.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk, being the total of the carrying amount of balances with bank, short term deposits with banks, trade receivables and other financial assets is disclosed at the end of the each reporting period. Refer relevant notes for details.

NOTES TO FINANCIAL STATEMENTS

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other financial assets that are neither impaired nor past due, there were no indications at the end of each reporting period, that defaults in payment obligations will occur.

The Company follows 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) model for recognition of impairment loss on financial assets measured at amortised cost other than trade receivables. The Company follows lifetime expected credit loss model (simplified approach) for recognition of impairment loss on trade receivables.

The ageing of trade receivable as on balance sheet date is given below. The age analysis has been considered from the date when the invoices were due for payment.

(₹ in Million)

| | As at March 31, 2017 | | | As at March 31, 2016 | | | As at January 01, 2015 | | |
|----------------------------|----------------------|--------------|----------------|----------------------|-------------|----------------|------------------------|-------------|----------------|
| | Gross | Allowance | Net | Gross | Allowance | Net | Gross | Allowance | Net |
| Trade receivables | | | | | | | | | |
| Period (in months) | | | | | | | | | |
| Not due | 4,438.1 | - | 4,438.1 | 4,195.6 | - | 4,195.6 | 3,342.6 | - | 3,342.6 |
| Overdue up to 3 months | 663.8 | - | 663.8 | 545.8 | - | 545.8 | 364.2 | - | 364.2 |
| Overdue 3-6 months | 41.2 | - | 41.2 | 87.1 | - | 87.1 | 23.4 | - | 23.4 |
| Overdue more than 6 months | 106.9 | 106.9 | - | 91.6 | 91.6 | - | 56.0 | 56.0 | - |
| Total | 5,250.0 | 106.9 | 5,143.1 | 4,920.1 | 91.6 | 4,828.5 | 3,786.2 | 56.0 | 3,730.2 |

Reconciliation of loss allowance provision – Trade receivables

Amount (₹ in million)

| | |
|--|--------------|
| Loss allowance on January 1, 2015 | 56.0 |
| Change in loss allowance | 35.6 |
| Loss allowance on March 31, 2016 | 91.6 |
| Change in loss allowance | 15.3 |
| Loss allowance on March 31, 2017 | 106.9 |

35 CAPITAL MANAGEMENT

(a) Risk management

The company's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and short-term borrowings. The company's short term borrowings are only to the extent of discounted bills of exchange.

NOTES TO FINANCIAL STATEMENTS

(B) DIVIDENDS

(₹ in Million)

| | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| i) Equity shares | | |
| Dividend paid | | |
| March 31, 2016 (Rs 15 per share) | 791.0 | |
| January 1, 2015 (Rs 2.5 per share) | | 131.8 |
| ii) Dividends not recognised at the end of reporting period | 527.3* | 791.0 |

In addition to the above dividend, in point (1) above, post year end the directors have recommended the payment of a final dividend of INR 10/- per fully paid equity share (March 31, 2016 – INR 15). This proposed dividend is subject to the approval of shareholders in the Annual General meeting.

* The above amount of Dividend of Rs 527.3 MINR is subject to a change depending on the Outstanding number of shares on the record date of the payment of dividend since the Company is in the process of a Share Buy Back Program.

36 EARNINGS PER SHARE (EPS)

Basic and diluted earnings per share

The earnings per share (basic & diluted), computed as per the requirement under Accounting Standard 20 on 'Earnings per Share' is as under:

| | For Year Ended March 31, 2017 | For 15 Months Ended March 31, 2016 |
|--|-------------------------------|------------------------------------|
| Profit attributable to Equity Shareholders (Rupees in Million) | 2,438.9 | 2,558.9 |
| Basic/Weighted average number of Equity Shares outstanding during the year | 52,732,538 | 52,732,538 |
| Nominal value of Equity Shares (Rs.) | 10.0 | 10.0 |
| Basic Earnings per share (Rs.) | 46.3 | 48.5* |
| Diluted Earnings per share (Rs.) | 46.3 | 48.5* |

* The Earnings per Share for 15 months ended March 31, 2016 are not annualised and hence not comparable.

37 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS

I Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions in case of employees not covered under SKF Bearings India Limited, Provident Fund Scheme. The contributions are charged to the profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and Superannuation fund is as follows:

| Particulars | For Year Ended March 31, 2017 | For 15 Months Ended March 31, 2016 |
|--|-------------------------------|------------------------------------|
| Employee Provident Fund - Regional Provident Fund Contribution | 29.5 | 36.2 |
| Superannuation fund | 33.6 | 34.1 |
| | 63.1 | 70.3 |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

II Defined Benefit plans

i) Gratuity

The Company operates a post-employment defined benefit plan that provides gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive between 15 days to one month's salary for each year of completed service at the time of retirement/exit.

The following table summarises the position of assets and obligations.

| | Present value of obligation | Fair value of plan assets | Net Amount |
|---|-----------------------------------|------------------------------|-------------|
| Opening balance as on January 1, 2015 | 686.2 | 585.9 | 100.3 |
| Current service cost | 46.8 | - | 46.8 |
| Interest cost/income | 67.3 | 61.1 | 6.2 |
| Total amount recognised in profit & loss | 114.1 | 61.1 | 53.0 |
| Remeasurements | | | |
| Actual return on plan assets less interest on plan assets | - | 15.1 | (15.1) |
| (Gain)/loss from change in financial assumptions | 20.8 | - | 20.8 |
| Experience (gains)/losses | (32.7) | - | (32.7) |
| Total amount recognised in other comprehensive income | (11.9) | 15.1 | (27.0) |
| Employer contributions | - | 99.0 | (99.0) |
| Benefit payments | (55.9) | (55.9) | - |
| Closing balance as on March 31, 2016 | 732.5 | 705.2 | 27.3 |
| Opening balance as on April 1, 2016 | 732.5 | 705.2 | 27.3 |
| Current service cost | 38.5 | - | 38.5 |
| Interest cost/income | 55.4 | 54.4 | 1.0 |
| Total amount recognised in profit & loss | 93.9 | 54.4 | 39.5 |
| Remeasurements | | | |
| Actual return on plan assets less interest on plan assets | - | 11.4 | (11.4) |
| (Gain)/loss from change in financial assumptions | 22.1 | - | 22.1 |
| Experience (gains)/losses | 28.6 | - | 28.6 |
| Total amount recognised in other comprehensive income | 50.7 | 11.4 | 39.3 |
| Employer contributions | - | 28.4 | (28.4) |
| Benefit payments | (48.4) | (48.4) | - |
| Closing balance as on March 31, 2017 | 828.7 | 751.0 | 77.7 |

NOTES TO FINANCIAL STATEMENTS

The net liability disclosed above relates to funded and unfunded plans are as follows:

| | (₹ in Million) | | |
|---|-------------------|-------------------|--------------------|
| | March 31, 2017 | March 31, 2016 | January 1, 2015 |
| Present value of funded obligations | 828.7 | 732.5 | 686.2 |
| Fair value of plan assets | 751.0 | 705.2 | 585.9 |
| Deficit of funded plan | 77.7 | 27.3 | 100.3 |
| Principal actuarial assumptions used as at the reporting date: | | | |
| The significant actuarial assumptions were as follows: | | | |
| Discount rate | 7.5% | 7.8% | 8.2% |
| Salary growth rate | | | |
| for Management | 10.0% | 10.0% | 10.0% |
| for Non-Management | 6.0% | 6.0% | 6.0% |

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

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner.

ii) Provident Fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors. The actuary has provided a valuation and based on the below provided assumptions, shortfall recognised in the Statement of Profit and Loss during the year is Rs NIL (previous year 7.7 MINR).

| | Present value of obligation | Fair value of plan assets | Net Amount |
|---|-----------------------------------|------------------------------|------------|
| Opening balance as on January 1, 2015 | 1,315.5 | 1,315.5 | - |
| Current service cost | 43.6 | - | 43.6 |
| Interest cost/income | 131.3 | 131.3 | - |
| Total amount recognised in profit & loss | 174.9 | 131.3 | 43.6 |
| Actual return on plan assets less interest on plan assets | - | 19.3 | (19.3) |
| (Gain)/loss from change in financial assumptions | 7.7 | - | 7.7 |
| Experience (gains)/losses | 19.3 | - | 19.3 |
| Total amount recognised in other comprehensive income | 27.0 | 19.3 | 7.7 |
| Employer contributions | - | 43.6 | (43.6) |
| Employee contributions | 111.5 | 111.5 | - |
| Assets Distributed on Settlements / acquired on acquisition | 5.5 | 5.5 | 0.0 |
| Benefit payments | (140.6) | (140.6) | - |
| Closing balance as on March 31, 2016 | 1,493.8 | 1,486.1 | 7.7 |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

| | Present value of obligation | Fair value of plan assets | Net Amount |
|---|-----------------------------------|------------------------------|--------------|
| Opening balance as on April 1, 2016 | 1,493.8 | 1,486.1 | 7.7 |
| Current service cost | 38.2 | - | 38.2 |
| Interest cost/income | 115.7 | 115.7 | - |
| Total amount recognised in profit & loss | 153.9 | 115.7 | 38.2 |
| Remeasurements | | | |
| Actual return on plan assets less interest on plan assets | - | 13.4 | (13.4) |
| (Gain)/loss from change in financial assumptions | (12.4) | - | (12.4) |
| Experience (gains)/losses | 18.1 | - | 18.1 |
| Total amount recognised in other comprehensive income | 5.7 | 13.4 | (7.7) |
| Employer contributions | - | 38.2 | (38.2) |
| Employee contributions | 96.1 | 96.1 | - |
| Assets Distributed on Settlements / acquired on acquisition | 4.7 | 4.7 | - |
| Benefit payments | (96.4) | (96.4) | - |
| Closing balance as on March 31, 2017 | 1,657.8 | 1,657.8 | (0.0) |

The net liability disclosed above relates to funded and unfunded plans are as follows:

| | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|-------------------------------------|-------------------|-------------------|--------------------|
| Present value of funded obligations | 1,657.8 | 1,493.8 | 1,315.5 |
| Fair value of plan assets | 1,657.8 | 1,486.1 | 1,315.5 |
| Deficit of funded plan | (0.0) | 7.7 | (0.0) |

Principal actuarial assumptions used as at the reporting date:

The significant actuarial assumptions were as follows:

| | March 31, 2017 | March 31, 2016 | January 1, 2015 |
|--|-------------------|-------------------|--------------------|
| Discount rate | 7.5% | 7.8% | 8.2% |
| Expected rate of return on plan assets | 8.8% | 8.4% | 8.6% |
| Discount rate for the remaining term to maturity of the investment | 7.1% | 7.9% | 8.1% |
| Average historic yield on the investment | 8.5% | 8.5% | 8.6% |
| Guaranteed rate of return | 8.7% | 8.8% | 8.8% |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

IV Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| | Impact on defined benefit obligation | | | | | | | |
|-------------------------------|--------------------------------------|-------------------|-------------|-----------------------|-------------------|-------------|-----------------------|-------------------|
| | Change in assumption | | | Increase in Valuation | | | Decrease in Valuation | |
| | March 31, 2017 | March 31, 2016 | | March 31, 2017 | March 31, 2016 | | March 31, 2017 | March 31, 2016 |
| Discount rate - Gratuity | 0.50% | 0.50% | Decrease by | 3.77% | 4.02% | Increase by | 4.01% | 4.28% |
| Salary growth rate - Gratuity | 0.50% | 0.50% | Increase by | 3.99% | 4.27% | Decrease by | 3.79% | 4.05% |
| RPFC guranteed rate | 0.50% | 0.50% | Increase by | 0.58% | 3.40% | Decrease by | - | 0.51% |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

NOTES TO FINANCIAL STATEMENTS

(vi) (a) The major categories of plans assets for Gratuity are as follows: (₹ in Million)

| | March 31, 2017 | | | | March 31, 2016 | | | | January 1, 2015 | | | |
|--------------------------------|----------------|------------|--------------|-------------|----------------|-------------|--------------|-------------|-----------------|-------------|--------------|-------------|
| | Quoted | Unquoted | Total | in % | Quoted | Unquoted | Total | in % | Quoted | Unquoted | Total | in % |
| <u>Debt instruments</u> | | | | | | | | | | | | |
| Corporate bonds | 119.3 | - | 119.3 | 16% | 104.4 | - | 104.4 | 15% | - | - | - | - |
| Government of India securities | 131.0 | - | 131.0 | 17% | 169.5 | - | 169.5 | 24% | 286.5 | - | 286.5 | 49% |
| Sub Total | 250.3 | - | 250.3 | - | 273.9 | - | 273.9 | - | 286.5 | - | 286.5 | - |
| Insurer Fund | 492.0 | - | 492.0 | 66% | 400.4 | - | 400.4 | 57% | 235.0 | - | 235.0 | 40% |
| Others | - | 8.8 | 8.8 | 0% | - | 30.9 | 30.9 | 4% | - | 64.4 | 64.4 | 11% |
| Total | 742.3 | 8.8 | 751.1 | 100% | 674.3 | 30.9 | 705.2 | 100% | 521.5 | 64.4 | 585.9 | 100% |

(vi) (b) The major categories of plans assets for Provident Fund are as follows:

| | March 31, 2017 | | | | March 31, 2016 | | | | January 1, 2015 | | | |
|--------------------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|-----------------|-------------|----------------|-------------|
| | Quoted | Unquoted | Total | in % | Quoted | Unquoted | Total | in % | Quoted | Unquoted | Total | in % |
| <u>Equity instruments</u> | | | | | | | | | | | | |
| | 50.0 | - | 50.0 | 3% | 10.5 | - | 10.5 | 1% | - | - | - | 0% |
| <u>Debt instruments</u> | | | | | | | | | | | | |
| Corporate bonds | 938.0 | - | 938.0 | 57% | 900.8 | - | 900.8 | 61% | 810.4 | - | 810.4 | 62% |
| Government of India securities | 588.0 | - | 588.0 | 35% | 503.4 | - | 503.4 | 34% | 407.2 | - | 407.2 | 31% |
| Sub Total | 1,526.0 | - | 1,526.0 | - | 1,404.2 | - | 1,404.2 | - | 1,217.6 | - | 1,217.6 | - |
| Others | - | 82.0 | 82.0 | 5% | - | 71.6 | 71.6 | 5% | - | 97.9 | 97.9 | 7% |
| Total | 1,576.0 | 82.0 | 1,658.0 | 100% | 1,414.7 | 71.6 | 1,486.3 | 100% | 1,217.6 | 97.9 | 1,315.5 | 100% |

NOTES TO FINANCIAL STATEMENTS

The weighted average duration of the defined benefit obligation is 7.78 years (2016 – 8.29 years, 2015- 9.26 years). The expected maturity analysis of undiscounted gratuity is as follows:

| | (₹ in Million) | | | | |
|----------------------------|---------------------|----------------------|----------------------|-----------------|-------|
| | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
| March 31, 2017 | | | | | |
| Defined benefit obligation | 78.8 | 125.6 | 234.7 | 1,211.6 | 1,651 |
| March 31, 2016 | | | | | |
| Defined benefit obligation | 45.4 | 111.3 | 195.1 | 1,225.1 | 1,577 |
| January 1, 2015 | | | | | |
| Defined benefit obligation | 51.5 | 83.9 | 187.7 | 1,247.1 | 1,570 |

V Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond yields A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long- term investments that are in line with the obligations under the employee benefit plans.

Within this framework, the company's ALM objective is to match assets to the gratuity obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due.

The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

NOTES TO FINANCIAL STATEMENTS

38 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

(₹ in Million)

| a) Contingent liabilities: | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| Claims against the Company not acknowledged as debts | | |
| (i) Income-tax | 737.4 | 381.4 |
| (ii) Excise duty | 218.8 | 340.1 |
| (iii) Sales tax | 105.7 | 102.1 |
| (iv) Service tax | 6.6 | 8.1 |
| (v) Others | 74.5 | 67.5 |
| | 1,143.0 | 899.2 |

In addition to above, during the year the company has received a Draft assessment order for financial year 2012-13 (Assessment year 2013-14) u/s 143(3) read with section 144C of the Income Tax Act, 1961 ("Act") from the Assessing officer proposing an adjustment of Rs. 656 million towards Transfer Pricing addition resulting from the Transfer Pricing order under section 92CA of the Act and an adjustment of Rs. 162.5 million towards Income Tax issues. Thus the total addition of Rs. 818.5 million has been proposed in draft assessment order. Against this draft assessment order, the company has filed its objections with Dispute resolution panel (DRP) under section 144C of the Act. The matter will be heard by the DRP and directions shall be issued to the Assessing officer who shall, in conformity with the directions, pass the final assessment order under section 144C(13) of the Act. Given the fact that the company has not received final assessment order and that the hearings are pending before the Dispute resolution panel, the management is of the opinion that there is no tax liability against the company as on the balance sheet date.

| b) Commitments: | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances | 201.0 | 257.4 |
| | 201.0 | 257.4 |

39 DUES TO MICRO AND SMALL SUPPLIERS

| | | |
|---|------|------|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 1.0 | 4.5 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 0.0 | 3.3 |
| Principal amount paid to suppliers registered under the MSMED Act beyond the appointed day during the year | 34.5 | 36.4 |
| 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 | 0.3 | 0.5 |
| Further interest remaining due and payable for earlier years | 3.3 | 3.1 |

Note : The above information has been compiled by the Company on the basis of information made available by vendors during the 15 months ended March 31, 2016 and year ended March 31, 2017

NOTES TO FINANCIAL STATEMENTS

FIRST TIME ADOPTION OF IND AS

40 TRANSITION TO IND AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017 the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at January 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

40 (A) Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Ind AS optional exemptions

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties. Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

Ind AS mandatory exceptions

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 January 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The company has elected to apply the de-recognition provisions of Ind AS 109 retrospectively after the date of transition to Ind AS.

40 (B) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliations:

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101

1. Equity as at January 01, 2015 and March 31, 2016
2. Net profit for the 15 months ended March 31, 2016
3. Reconciliation of total equity as at January 1, 2015 & March 31, 2016
4. Reconciliation of total comprehensive income.
5. Reconciliation of statement of cash flows as on March 31, 2016.

NOTES TO FINANCIAL STATEMENTS

i) Reconciliation of equity as previously reported under previous GAAP to Ind AS

(₹ in Million)

| | Balance Sheet as at January 1, 2015 | | | Balance Sheet as at March 31, 2016 | | | |
|--------------------------------------|-------------------------------------|--------------------------------|-----------------------|------------------------------------|-------------------------------|-----------------------|----------|
| | Notes | Regrouped previous GAAP* | Ind AS Adjustments | Ind AS | Regrouped previous GAAP | Ind AS Adjustments | Ind AS |
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| Property, plant and equipment | | 3,469.4 | - | 3,469.4 | 2,978.7 | - | 2,978.7 |
| Capital work-in-progress | | 184.0 | - | 184.0 | 119.2 | - | 119.2 |
| Investment properties | | 196.3 | - | 196.3 | 189.2 | - | 189.2 |
| Intangible assets | | 0.1 | - | 0.1 | 0.3 | - | 0.3 |
| Financial assets | | | | | | | |
| (i) Loans | | 2,100.0 | - | 2,100.0 | 1,600.0 | - | 1,600.0 |
| (ii) Other financial assets | | 120.4 | - | 120.4 | 124.9 | - | 124.9 |
| Deferred tax assets (net) | | - | - | - | 86.0 | - | 86.0 |
| Non-Current Tax Asset | | - | - | 49.1 | 162.4 | - | 162.4 |
| Other non-current assets | | 99.8 | - | 50.7 | 97.4 | - | 97.4 |
| Total non-current assets | | 6,170.0 | - | 6,170.0 | 5,358.1 | - | 5,358.1 |
| Current assets | | | | | | | |
| Inventories | | 2,929.5 | - | 2,929.5 | 3,350.4 | - | 3,350.4 |
| Financial assets | | | | | | | |
| (i) Trade receivables | d | 3,730.2 | - | 3,730.2 | 4,178.6 | 650.0 | 4,828.6 |
| (ii) Cash and cash equivalent | | 1,931.3 | - | 1,931.3 | 945.8 | - | 945.8 |
| (iii) Bank balances other than above | | 3,416.2 | - | 3,416.2 | 6,027.5 | - | 6,027.5 |
| (iii) Loans | | 251.0 | - | 251.0 | 326.2 | - | 326.2 |
| (iv) Other financial asset | | 262.2 | - | 262.2 | 281.6 | - | 281.6 |
| Current Tax Asset | | 83.8 | - | 83.8 | - | - | - |
| Other current assets | | 337.3 | - | 337.3 | 367.3 | - | 367.3 |
| Total current assets | | 12,941.5 | - | 12,941.5 | 15,477.4 | 650.0 | 16,127.4 |
| TOTAL | | 19,111.5 | - | 19,111.5 | 20,835.5 | 650.0 | 21,485.5 |
| EQUITY AND LIABILITIES | | | | | | | |
| Equity | | | | | | | |
| Equity share capital | | 527.3 | - | 527.3 | 527.3 | - | 527.3 |
| Other equity | a | 13,634.0 | 158.7 | 13,792.7 | 15,166.6 | 952.0 | 16,118.6 |
| Total equity | | 14,161.3 | 158.7 | 14,320.0 | 15,693.9 | 952.0 | 16,645.9 |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

| | | Balance Sheet as at January 1, 2015 | | | Balance Sheet as at March 31, 2016 | | |
|--------------------------------------|-------|-------------------------------------|-----------------------|-----------------|------------------------------------|-----------------------|-----------------|
| | Notes | Regrouped previous GAAP* | Ind AS Adjustments | Ind AS | Regrouped previous GAAP | Ind AS Adjustments | Ind AS |
| Liabilities | | | | | | | |
| Non-current liabilities | | | | | | | |
| Financial liabilities | | | | | | | |
| Deferred tax liabilities | | 0.8 | - | 0.8 | - | - | - |
| Employee benefit obligations | | 191.3 | - | 191.3 | 207.7 | - | 207.7 |
| Provisions | | 78.9 | - | 78.9 | 67.0 | - | 67.0 |
| Total non-current liabilities | | 271.0 | - | 271.0 | 274.7 | - | 274.7 |
| Current liabilities | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | d | - | - | - | - | 650.0 | 650.0 |
| (ii) Trade payables | | 3,366.5 | - | 3,366.5 | 2,929.2 | - | 2,929.2 |
| (iii) Other financial liabilities | | 556.9 | - | 556.9 | 400.2 | - | 400.1 |
| Employee benefit obligations | | 125.5 | - | 125.5 | 43.6 | - | 43.6 |
| Provisions | | 170.3 | - | 170.3 | 174.4 | - | 174.4 |
| Current Tax Liabilities | | - | - | - | 43.9 | - | 43.9 |
| Other current liabilities | a | 460.0 | (158.7) | 301.3 | 1,275.7 | (952.0) | 323.7 |
| Total current liabilities | | 4,679.2 | (158.7) | 4,520.5 | 4,867.0 | (302.0) | 4,564.9 |
| TOTAL | | 19,111.5 | - | 19,111.5 | 20,835.6 | 650.0 | 21,485.5 |

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO FINANCIAL STATEMENTS

ii) Reconciliation statement of profit and loss as previously reported under previous GAAP to IND AS

(₹ in Million)

| | Notes | 15 months ended March 31, 2016 | | |
|--|-------|--------------------------------|-----------------------|-----------------|
| | | Regrouped previous GAAP* | Ind AS Adjustments | Ind AS |
| Revenue From Operations (including excise duty) | b | 29,972.8 | 2,292.1 | 32,264.9 |
| Other Income | | 1,013.8 | - | 1,013.8 |
| Total Revenue | | 30,986.6 | 2,292.1 | 33,278.7 |
| Expenses | | | | |
| Cost of materials consumed | | 7,207.2 | - | 7,207.2 |
| Purchases of Stock-in-Trade | | 11,922.9 | - | 11,922.9 |
| Changes in inventories of finished goods, Stock-in -Trade and work-in progress | | (412.7) | - | (412.7) |
| Excise duty | b | - | 2,292.1 | 2,292.1 |
| Employee benefits expense | c | 2,521.3 | 19.3 | 2,540.6 |
| Depreciation and amortization expense | | 684.3 | - | 684.3 |
| Other expenses | | 5,099.5 | - | 5,099.5 |
| Total expenses | | 27,022.5 | 2,311.4 | 29,333.9 |
| Profit before tax | | 3,964.1 | (19.3) | 3,944.8 |
| Tax expense: | | | | |
| Current tax | c | 1,425.0 | - | 1,425.0 |
| Deferred tax | | (42.1) | (6.7) | (48.8) |
| Short provision for tax in respect of earlier year | | 9.7 | - | 9.7 |
| | | 1,392.6 | (6.7) | 1,385.9 |
| Profit for the period / year | | 2,571.5 | (12.6) | 2,558.9 |
| Other Comprehensive Income (OCI) | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Measurements of post-employment benefit obligations | c | - | 19.3 | 19.3 |
| Income-tax on above | c | - | (6.7) | (6.7) |
| Total Other Comprehensive Income for the period | | - | 12.6 | 12.6 |
| Total Comprehensive Income for the period (TCI) | | 2,571.5 | (0.0) | 2,571.5 |

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO FINANCIAL STATEMENTS

iii) Reconciliation of total equity as at March 31, 2016 and January 01, 2015

(₹ in Million)

| | Notes | As at March 31, 2016 | As at January 01, 2015 |
|---|-------|-------------------------|---------------------------|
| Total equity (shareholder's funds) as per previous GAAP | | 15,693.9 | 14,161.8 |
| Adjustments: | | | |
| Proposed dividend | a | 791.0 | 131.8 |
| Tax effects of adjustments | a | 161.0 | 26.4 |
| Total adjustments | | 952.0 | 158.2 |
| Total equity as per Ind AS | | 16,645.9 | 14,320.0 |

iv) Reconciliation of total comprehensive income for the year ended March 31, 2016

| | Notes | As at March 31, 2016 |
|---|-------|-------------------------|
| Profit after tax as per previous GAAP | | 2,571.5 |
| Adjustments: | | |
| Remeasurements of post-employment benefit obligations | c | 19.3 |
| Tax effects of adjustments | c | (6.7) |
| Total adjustments | | 12.6 |
| Profit after tax as per Ind AS | | 2,558.9 |

v) Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

| | Notes | Year ended March 31, 2016 | | |
|---|-------|----------------------------|-----------------------|----------------|
| | | Regrouped previous GAAP | Ind AS Adjustments | Ind AS |
| Net cash flow from operating activities | d | 911.8 | (650.0) | 261.8 |
| Net cash flow from investing activities | | (1,738.5) | - | (1,738.5) |
| Net cash flow from financing activities | d | (158.7) | 650.0 | 491.3 |
| Net increase/(decrease) in cash and cash equivalents | | (985.4) | - | (985.4) |
| Cash and cash equivalents as at January 01, 2015 | | 1,931.2 | - | 1,931.2 |
| Effects of exchange rate changes on cash and cash equivalents | | - | - | - |
| Cash and cash equivalents as at March 31, 2016 | | 945.8 | - | 945.8 |

NOTES TO FINANCIAL STATEMENTS

A PROPOSED DIVIDEND

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend & tax thereon of MINR 952 as at 31 March 2016 (1 January 2015 – MINR 158.7) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

B EXCISE DUTY

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the 15 months ended 31 March 2016 by MINR 2,292.1. There is no impact on the total equity and profit.

C REMEASUREMENTS OF POST-EMPLOYMENT BENEFIT OBLIGATIONS

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by INR 12.6 million. There is no impact on the total equity as at 31 March 2016.

D RECOGNITION OF TRADE RECEIVABLE AND ASSOCIATED BORROWINGS

As per Ind AS 101, derecognition requirements in Ind AS 109 should apply prospectively to the transactions occurring on or after the date of transition. As per Ind AS 109, an entity shall remove a financial liability (or a part of a financial liability) from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Management has recognized trade receivable relating to bill discounting arrangement with customer and recognized corresponding financial liability as on March 31, 2016 MINR 650.

E OTHER COMPREHENSIVE INCOME

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

41 DISCLOSURE ON SPECIFIED BANK NOTES (SBN'S)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below

| Particulars | SBNs* | Amount in ₹ | |
|---|-----------|--------------------------|----------------|
| | | Other denomination notes | Total |
| Closing cash in hand as on November 8, 2016 | 287,500 | 198,356 | 485,856 |
| (+) Permitted receipts | - | 388,936 | 388,936 |
| (-) Permitted payments | (21,000) | (385,387) | (406,387) |
| (-) Amount deposited in Banks | (237,500) | - | (237,500) |
| Exchanged against valid denomination | (29,000) | 29,000 | - |
| Closing cash in hand as on December 30, 2016 | - | 230,905 | 230,905 |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 18, 2016.

NOTES TO FINANCIAL STATEMENTS

42 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.

43 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)

| Sr. No. | Name of the Related Party |
|---------|--|
| 1 | SKF GmbH, Schweinfurt |
| 2 | SKF Industrie S.p.A, Torino |
| 3 | SKF Sverige AB |
| 4 | SKF USA Inc |
| 5 | SKF Argentina S.A., Buenos Aires |
| 6 | SKF Uruguay S.A |
| 7 | SKF Österreich AG., Steyr |
| 8 | Lincoln Helios (India) Limited |
| 9 | SKF International AB (Treasury Centre), Göteborg |
| 10 | SKF Mekan AB, Katrineholm |
| 11 | SKF Actuators AB, Göteborg |
| 12 | SKF Eurotrade AB, Göteborg |
| 13 | SKF Sealing Solutions AB (former Sealpool AB), Landskrona |
| 14 | SKF Lubrications Systems Germany AG |
| 15 | SKF Danmark A/S, Hvidovre |
| 16 | SKF (U.K.) Limited, Luton |
| 17 | SKF France S.A., Montigny |
| 18 | Transrol S.A.S., Chambéry |
| 19 | RKS S.A.-SKF Slewing Bearings, Avallon |
| 20 | SKF Aero France S.A., Saint-Vallier-sur-Rhone |
| 21 | SKF Espanola S.A., Madrid |
| 22 | RFT S.p.A., Villanova d'Asti |
| 23 | SKF CZ a.s |
| 24 | SKF Actuation System (Liestal) AG (Magnetic Elektromotoren AG) |
| 25 | SKF Bearings Bulgaria EAD |
| 26 | SKF European Distribution Centre (EDC), Tongeren |
| 27 | SKF USA Inc., Kulpsville/Lansdale, PA |
| 28 | SKF de Mexico, S.A. de C.V. Mexico D.F. |

NOTES TO FINANCIAL STATEMENTS

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

| | |
|----|--|
| 29 | SKF Latin Trade S.A. |
| 30 | SKF del Peru S.A., Lima |
| 31 | SKF do Brasil Ltda., Sao Paulo |
| 32 | SKF Venezolana S.A., Caracas |
| 33 | SKF Technologies India Private Ltd., Bangalore |
| 34 | Peer Mechanical Parts Co Ltd |
| 35 | SKF Asia Pacific Pte. Ltd (former SKF South East Asia and Pacific Pte. Ltd.), Singapore |
| 36 | SKF China Ltd., Hong Kong |
| 37 | SKF Taiwan Co. Ltd. |
| 38 | SKF Japan Ltd., Tokyo |
| 39 | SKF (Shanghai) Bearings Ltd. |
| 40 | SKF Korea Ltd, Pusan |
| 41 | SKF Bearing Industries (Malaysia) Sdn. Bhd, Nilai |
| 42 | SKF Malaysia Sdn. Bhd., Kuala Lumpur |
| 43 | Beijing Nankou SKF Railway Bearings Co.Ltd., Beijing |
| 44 | SKF Sealing Solutions (WUHU) CO., LTD (former Anhui CR Seals Co. Ltd.), Anhui |
| 45 | P.T. SKF Indonesia, Jakarta |
| 46 | SKF China Company Ltd., Shanghai |
| 47 | PT Skefindo Primatama, Jakarta |
| 48 | SKF Automotive Technologies Co |
| 49 | SKF China Sales |
| 50 | SKF Dalian Bearings & Prec. Co |
| 51 | SKF Distribution Shanghai Co Ltd |
| 52 | SKF Actuation system(Pinghu) Co., Ltd (former Jaeger (Pinghu) Precision Actuatronic Ltd) |
| 53 | ABBA LINEAR TECH CO LTD (Taipei) |
| 54 | SKF Australia Pty. Ltd., Melbourne |
| 55 | SKF Ukraine (former Lutsk Bearing Plant), Lutsk |
| 56 | SKF B.V., Nieuwegein |
| 57 | SKF Linearsysteme GmbH, Schweinfurt |
| 58 | SKF Sealing Solutions GmbH, Leverkusen-Opladen |
| 59 | SKF South Africa (Pty) Ltd., Witfield |
| 60 | SKF Sealing Solution Austria GMBH |
| 61 | Economos India Private Ltd, New Delhi |

NOTES TO FINANCIAL STATEMENTS

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

| | |
|----|---|
| 62 | Corporate office Ann Arbor |
| 63 | SKF Treasury Centre Asia Pacific, Singapore |
| 64 | SKF (Thailand) Ltd, Bangkok |
| 65 | SKF Philippines, Manila |
| 66 | Kaydon Corporation |
| 67 | JSC SKF Ukraine |
| 68 | SKF POLSKA S.A. |
| 69 | SKF (Jinan) Bearing & Precision Technology Co. Ltd. |
| 70 | ABBA HITECH (SHANGHAI) CO LTD |

Key Management Personnel

| | |
|---|---|
| 1 | Mr. Shishir Joshipura (Managing Director) |
| 2 | Ms. H. Hattangady |
| 3 | Mr. P. M. Telang |
| 4 | Mr. P.R. Menon |
| 5 | Mr. Rakesh Makhija |
| 6 | Mr. K.C.Mehra |

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 year ended March 31, 2017 | | For 15 months ended March 31, 2016 | |
|----------------------------|--|----------------------------------|---------|---------------------------------------|---------|
| | | Amount | Amount | Amount | Amount |
| A Purchases | | | | | |
| i | Raw Materials and Finished Goods | 8,975.8 | | 9,779.4 | |
| | SKF Asia Pacific Pte Ltd, Singapore | | 2,508.6 | | 4,559.0 |
| | SKF GmbH, Germany | | 2,043.7 | | 1,613.6 |
| | SKF Technologies India Private Ltd. | | 1,714.1 | | 1,435.4 |
| | SKF Sverige AB | | 638.3 | | 521.3 |
| | SKF Industrie S.p.A | | 522.7 | | 374.0 |
| | Others | | 1,548.4 | | 1,276.1 |
| ii | Capital Goods & Services | 22.5 | | 33.0 | |
| | SKF Österreich AG., Austria | | 19.1 | | 24.3 |
| | SKF Industrie S.p.A. | | 1.5 | | - |
| | SKF AUSTRIA | | - | | 5.5 |
| | Others | | 1.9 | | 3.2 |
| B Services received | | | | | |
| i | Administrative and Service Fees | 211.3 | | 294.2 | |
| | AB SKF, Sweden | | 176.3 | | 227.1 |
| | Others | | 35.0 | | 67.1 |
| C Royalty | | 413.6 | | 472.9 | |
| | AB SKF, Sweden | | 413.6 | | 472.9 |
| D Trade Mark Fees | | 271.2 | | 315.0 | |
| | AB SKF, Sweden | | 271.2 | | 315.0 |
| E Sales | | | | | |
| i | Goods and Services | 1,957.8 | | 2,201.4 | |
| | SKF GmbH, Germany | | 690.1 | | 798.3 |
| | SKF USA Inc., | | 266.1 | | 327.1 |
| | SKF European Distribution Centre (EDC) | | 259.5 | | 332.5 |
| | Others | | 742.1 | | 743.5 |
| ii | Technical and other service income | 180.7 | | 288.7 | |
| | AB SKF, Sweden | | 180.7 | | 288.7 |
| F Other Income | | | | | |
| i | Rent Income | 35.5 | | 48.9 | |
| | SKF Technologies India Private Ltd. | | 35.5 | | 48.9 |
| ii | Commission Income | 23.7 | | 25.6 | |
| | SKF Asia Pacific Pte Ltd | | 23.7 | | 25.6 |
| G Reimbursements | | | | | |
| i | Received | 82.9 | | 142.9 | |
| | SKF Technologies India Private Ltd. | | 58.1 | | 77.5 |
| | SKF Industrie S.p.A | | 5.2 | | 8.2 |
| | AB SKF, Sweden | | 4.7 | | 25.6 |

NOTES TO FINANCIAL STATEMENTS

(₹ in Million)

(ii) Disclosure of related party transactions:

| Sr. No. | Nature of transaction / relationship / major parties | For year ended March 31, 2017 | | For 15 months ended March 31, 2016 | |
|----------|--|-------------------------------|--------|------------------------------------|--------|
| | | Amount | Amount | Amount | Amount |
| | SKF Asia Pacific Pte Ltd | | 4.2 | | 10.1 |
| | SKF SVERIGE AB | | 3.7 | | 5.2 |
| | Others | | 7.0 | | 16.3 |
| ii | Paid | 7.2 | | 5.9 | |
| | SKF Technologies India Private Ltd. | | 3.8 | | 3.0 |
| | SKF Industries SPA | | 2.2 | | 0.4 |
| | Others | | 1.2 | | 2.5 |
| H | Inter Corporate Loan & Interest | | | | |
| i | Loan Received Back | 290.0 | | 410.0 | |
| | SKF Technologies India Private Ltd. | | 290.0 | | 410.0 |
| ii | Interest Income on Loan | 138.9 | | 234.2 | |
| | SKF Technologies India Private Ltd. | | 138.9 | | 234.2 |
| I | Dividend Paid | 423.8 | | 70.6 | |
| | AB SKF, Sweden | | 369.6 | | 61.6 |
| | SKF (UK) Ltd. | | 51.0 | | 8.5 |
| | Others | | 3.2 | | 0.5 |
| J | Performance Share Award | 1.3 | | - | |
| | AB SKF, Sweden | | 1.3 | | - |
| K | Managerial Remuneration | 24.5 | | 25.2 | |
| | Mr. Shishir Joshipura | | 24.5 | | 25.2 |
| L | Payment to Directors | 8.3 | | 9.5 | |
| | Sitting fees & Commission | | 8.3 | | 9.5 |
| M | Employees' Benefit plans where there is Significant influence | | | | |
| i | Contributions Paid | 196.7 | | 291.2 | |
| | SKF India Limited Provident Fund Scheme | | 134.2 | | 155.6 |
| | SKF Bearings India Limited Superannuation Scheme | | 30.8 | | 33.4 |
| | SKF Bearings India Limited Bangalore Superannuation Scheme | | 3.3 | | 3.2 |
| | SKF Bearings India Limited Employees Gratuity Fund | | 16.6 | | 45.4 |
| | SKF Bearings India Limited Bangalore Employees Gratuity Fund | | 11.8 | | 53.6 |
| ii | Reimbursements Received For Settlements | 18.5 | | 56.4 | |
| | SKF Bearings India Limited Employees Gratuity Fund | | 17.2 | | 48.6 |
| | SKF Bearings India Limited Bangalore Employees Gratuity Fund | | 1.3 | | 7.8 |

NOTES TO FINANCIAL STATEMENTS

(iii) Amount due to/from related parties

(₹ in Million)

| Sr. No. | Nature of transaction / relationship | For year ended March 31, 2017 | | For 15 months ended March 31, 2016 | |
|------------|--|----------------------------------|---------|---------------------------------------|---------|
| | | Amount | Amount | Amount | Amount |
| 1 | Accounts receivable | 542.5 | | 408.0 | |
| | SKF International AB (Treasury Centre), Göteborg | | 473.3 | | 371.5 |
| | SKF Asia Pacific Pte Ltd | | 2.0 | | 1.6 |
| | SKF China Ltd | | 1.8 | | 16.2 |
| | Others | | 65.4 | | 18.6 |
| 2 | Other receivable | 47.1 | | 55.0 | |
| | AB SKF Goteborg, Sweden | | 43.8 | | 49.8 |
| | Others | | 3.3 | | 5.2 |
| 3 | Accounts payable | 1,983.0 | | 2,063.4 | |
| | SKF International AB | | 1,425.9 | | 1,061.5 |
| | SKF Asia Pacific Pte Ltd | | 286.2 | | 662.9 |
| | AB SKF Goteborg, Sweden | | 178.9 | | 159.8 |
| | Others | | 92.0 | | 179.2 |
| 4 | Loan (including interest accrued) | 1,627.5 | | 1,926.2 | |
| | SKF Technologies India Private Limited | | 1,627.5 | | 1,926.2 |
| 5 | Managerial Remuneration payable | 0.9 | | 2.2 | |
| | Mr. Shishir Joshipura | | 0.9 | | 2.2 |
| 6 | Employees' Benefit plans where there is Significant influence | | | | |
| | Other Receivable | 46.0 | | 28.0 | |
| | SKF Bearings India Limited Employees Gratuity Fund | | 33.5 | | 26.7 |
| | SKF Bearings India Limited Bangalore Employees Gratuity Fund | | 12.5 | | 1.3 |
| 7 | Director's commission | 6.6 | | 7.6 | |
| | Ms. H. Hattangady | | 1.6 | | 1.8 |
| | Mr. P. M. Telang | | 1.6 | | 1.8 |
| | Mr. P.R. Menon | | 1.6 | | 1.8 |
| | Mr. Rakesh Makhija | | 1.9 | | 1.1 |
| | Mr. K.C.Mehra | | - | | 1.1 |

(iv) Terms and Conditions

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders.

The loans to related party is repayable along with interest as per the terms of the agreement.

Goods and Services were sold/purchased to/from related parties during the year based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

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

Place: Pune

Date: May 26, 2017

Chandramowli S.
Finance Director

P. Bhandari
Company Secretary

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

Rakesh Makhija
Chairman

Shishir Joshipura
Managing Director

P.R. Menon

P. M. Telang

H. Hattangady

Directors

May 26, 2017, Mumbai

Notes



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