

January 15, 2019

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001, India
Scrip Code: 500472

National Stock Exchange of India Limited

Exchange Plaza,
Plot no. C/1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai - 400 051, India
Symbol: SKFINDIA

Dear Sir/ Madam,

Subject: Submission of Letter of Offer for the Buyback through the tender offer process of not exceeding 1,900,000 fully paid-up equity shares of face value of INR 10 each (the "Equity Shares") of SKF India Limited (the "Company") at a price of INR 2,100 per Equity Share ("Buyback") for an aggregate maximum amount of INR 3,990 million, excluding transaction costs.

In connection with the captioned Buyback, we enclose a copy of the Letter of Offer dated January 14, 2019, which is being dispatched by the Company to the Eligible Shareholders of Equity Shares of the Company as on December 21, 2018, being the Record Date for the Buyback. A copy of the Letter of Offer is available on the website of the Company i.e., www.skfindia.com.

You are requested to take note of the following schedule of activities in relation of Buyback:

Activity	Date	Day
Buyback Opening Date	January 23, 2019	Wednesday
Buyback Closing Date	February 5, 2019	Tuesday
Last date of receipt of completed Tender Forms and other specified documents including physical share certificates (if and as applicable) by the Registrar to the Buyback	February 7, 2019	Thursday
Last date of intimation to the Stock Exchanges regarding Acceptance or non-acceptance of Equity Shares tendered by the Registrar to the Buyback	February 13, 2019	Wednesday
Last date of completion of settlement of bids on the Stock Exchanges	February 15, 2019	Friday

Note: Where last dates are mentioned for certain activities, such activities may take place on or before the respective last dates (except Buyback Opening and Closing date).

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Letter of Offer.

You are requested to kindly take note of the same.

For **SKF India Limited**



Pradeep Bhandari
Company Secretary

Encl.: As above

SKF India Limited

Registered Office: Mahatma Gandhi Memorial Building, Netaji Subhash Road, Charni Road, Mumbai 400 002, Maharashtra, India
Tel +91 (22) 6633 7777. Fax +91 (22) 2281 9074. Web www.skf.com, www.skfindia.com
CIN: L29130MH1961PLC011980

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as a registered Equity Shareholder of the Equity Shares of SKF India Limited as on the Record Date (December 21, 2018) in accordance with Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018. If you require any clarifications about the action to be taken, you should consult your stock broker or investment consultant or the Manager to the Buyback i.e., Edelweiss Financial Services Limited or the Registrar to the Buyback i.e., TSR Darashaw Limited. Please refer to the section "Definition of Key Terms" on page 3 for the definition of the capitalised terms used herein.

SKF INDIA LIMITED CIN: L29130MH1961PLC011980 Registered Office & Correspondence Address: Mahatma Gandhi Memorial Building, Netaji Subhash Road Charni Road (W), Mumbai 400 002, Maharashtra, India Tel.: +91 22 6633 7777 Fax: +91 22 2281 9074 Corporate Office: Chinchwad, Pune 411 033, Maharashtra, India Tel. No.: +91 20 6611 2500 Fax No.: +91 20 2747 3822 Contact Person: Pradeep Bhandari, Company Secretary & Compliance Officer Tel. No.: +91 22 6633 7777 Fax No.: +91 22 2281 9074 E-mail: investors@skf.com Website: www.skfindia.com		
<p>OFFER TO BUYBACK NOT EXCEEDING 1,900,000 (ONE MILLION AND NINE HUNDRED THOUSAND ONLY) FULLY PAID-UP EQUITY SHARES OF THE COMPANY OF THE FACE VALUE OF INR 10/- EACH, REPRESENTING 3.70% OF THE PAID-UP EQUITY SHARES OF THE COMPANY AS AT MARCH 31, 2018, FROM ALL ELIGIBLE SHAREHOLDERS (EQUITY SHAREHOLDERS AS ON THE RECORD DATE, BEING FRIDAY, DECEMBER 21, 2018) ON A PROPORTIONATE BASIS, THROUGH THE 'TENDER OFFER' PROCESS, AT A PRICE OF INR 2,100 (INDIAN RUPEES TWO THOUSAND ONE HUNDRED ONLY) PER EQUITY SHARE, PAYABLE IN CASH, FOR AN AGGREGATE MAXIMUM AMOUNT OF INR 3,990 MILLION (INDIAN RUPEES THREE THOUSAND NINE HUNDRED AND NINETY MILLION ONLY) EXCLUDING THE TRANSACTION COSTS.</p> <ol style="list-style-type: none"> (1) The Buyback is being undertaken in accordance with the Article 63 of the Articles of Association of the Company, Sections 68, 69 and 70, and other applicable provisions of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof and applicable rules thereunder including the Companies (Share Capital and Debentures) Rules, 2014, as amended and the SEBI Buyback Regulations. The Buyback is subject to receipt of such approvals, permissions, consents, sanctions and exemptions of the statutory, regulatory or governmental authorities, as may be required under the applicable laws including from the Securities and Exchange Board of India, Reserve Bank of India and/ or BSE Limited, and National Stock Exchange of India Limited. (2) The Buyback Offer Size is for an aggregate maximum amount of INR 3,990 million (Indian Rupees Three Thousand Nine Hundred and Ninety Million only) excluding the Transaction Costs, which represents 21.73% of the aggregate of the paid-up capital and free reserves as per the audited financial statements of the Company as on March 31, 2018 (the last audited financial statements available as on the date of the Board Resolution recommending the proposal of the Buyback). The Buyback Offer Size is within the statutory limit of 25% of the aggregate of paid-up capital and free reserves of the Company as per Section 68(2)(c) of the Companies Act and Regulation 4(i) of the SEBI Buyback Regulations. (3) The Letter of Offer is being sent to all Eligible Shareholders (Equity Shareholders as on the Record Date, being Friday, December 21, 2018). (4) For details of the procedure for tender and settlement, please refer to the "Procedure for Tender Offer and Settlement" on page 32. The Form of Acceptance-cum-Acknowledgement (the "Tender Form") is enclosed together with this Letter of Offer. (5) For details of the procedure for Acceptance, please refer to the "Process and Methodology for the Buyback" on page 28. For mode of payment of cash consideration to the Eligible Shareholders, please refer to "Procedure for Tender Offer and Settlement - Method of Settlement" on page 37. (6) A copy of the Public Announcement published on December 5, 2018, the Draft Letter of Offer and this Letter of Offer (including the Tender Form) shall be made available on the website of the Company i.e., www.skfindia.com and on the website of Securities and Exchange Board of India i.e., www.sebi.gov.in. (7) Eligible Shareholders are advised to read this Letter of Offer and in particular refer to "Details of Statutory Approvals" and "Note on Taxation" on pages 27 and 39, respectively, before tendering their Equity Shares in the Buyback. 		
MANAGER TO THE BUYBACK	REGISTRAR TO THE BUYBACK	
<div style="text-align: center;">  Edelweiss Ideas create, values protect </div> <p>Edelweiss Financial Services Limited 14th Floor, Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai - 400 098, Maharashtra, India Tel. No.: +91 22 4009 4400 Fax No.: +91 22 4086 3610 Email: skf.buyback@edelweissfin.com Contact Person: Shubham Mehta Website: www.edelweissfin.com SEBI Registration No.: INM0000010650 CIN: L99999MH1995PLC094641 Validity Period: Permanent</p>	<div style="text-align: center;">  </div> <p>TSR Darashaw Limited 6-10 Haji Moosa Patrawala Industrial Estate 20, Dr. E. Moses Road, Mahalaxmi Mumbai 400 011, Maharashtra, India Tel. No.: +91 22 6656 8484 Fax No.: +91 22 6656 8494 Email: SKFBuyback2019@tsrdarashaw.com Contact Person: Ms. Mary George Website: www.tsrdarashaw.com SEBI Registration No.: INR000004009 CIN: U67120MH1985PLC037369 Validity Period: Permanent</p>	
BUYBACK PROGRAMME		
BUYBACK OPENS ON	Wednesday, January 23, 2019	
BUYBACK CLOSING ON	Tuesday, February 5, 2019	
LAST DATE OF RECEIPT OF COMPLETED TENDER FORMS AND OTHER SPECIFIED DOCUMENTS BY THE REGISTRAR TO THE BUYBACK	Thursday, February 7, 2019 by 5:00 p.m.	

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1. SCHEDULE OF ACTIVITIES FOR THE BUYBACK

Sr. No.	Activity	Schedule of Activities	
		Date	Day
1.	Date of meeting of the Board of Directors approving the proposal for the Buyback	October 24, 2018	Wednesday
2.	Date of declaration of the result of the postal ballot approving the Buyback	December 3, 2018	Monday
3.	Date of publication of the Public Announcement for the Buyback in newspapers	December 5, 2018*	Wednesday
4.	Record Date for determining the names of the Eligible Shareholders and the Buyback Entitlement	December 21, 2018	Friday
5.	Buyback Opening Date	January 23, 2019	Wednesday
6.	Buyback Closing Date	February 5, 2019	Tuesday
7.	Last date of receipt of completed Tender Forms and other specified documents including physical share certificates (if and as applicable) by the Registrar to the Buyback	February 7, 2019	Thursday
8.	Last date of verification of Tender Forms by Registrar to the Buyback	February 13, 2019	Wednesday
9.	Last date of intimation to the Stock Exchange regarding Acceptance or non-acceptance of Equity Shares tendered by the Registrar to the Buyback	February 13, 2019	Wednesday
10.	Last date of completion of settlement of bids on the Stock Exchanges	February 15, 2019	Friday
11.	Last date of dispatch of share certificate(s) by the Registrar to the Buyback/ payment to Eligible Shareholders/ return of unaccepted demat shares by Stock Exchange to Eligible Shareholders	February 15, 2019	Friday
12.	Last date of extinguishment of the Equity Shares bought back	February 22, 2019	Friday

* Publication in the English and the Hindi national editions of the Business Standard daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper (Marathi being the regional language of Mumbai wherein the registered office of the Company is located), being the first Working Day after the date of the Public Announcement, i.e., December 4, 2018.

Note: Where last dates are mentioned for certain activities, such activities may take place on or before the respective last dates.

2. DEFINITION OF KEY TERMS

This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or specified otherwise, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification shall be to such legislation, act, regulation, rule, guideline, policy, circular, notification or clarification as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI Buyback Regulations, the Companies Act, the Depositories Act, and the rules and regulations made thereunder.

Term	Description
Acceptance	Acceptance of Equity Shares tendered by the Eligible Shareholders in the Buyback
Acquisition Window	The facility for acquisition of Equity Shares through mechanism provided by the Designated Stock Exchange i.e., National Stock Exchange of India Limited in the form of a separate window in accordance with the SEBI Circular
Additional Equity Shares	Additional Equity Shares tendered by an Eligible Shareholder over and above the Buyback Entitlement of such Eligible Shareholder up to the extent of Equity Shares held by such Eligible Shareholder on the Record Date
Articles of Association	Articles of Association of the Company, as amended from time to time

Term	Description
Board Meeting	Meeting of the Board of Directors held on October 24, 2018 (Wednesday), wherein among other things, the proposal for the Buyback was approved
Board/ Board of Directors	Board of directors of the Company which expression shall include the committee constituted by the Board to exercise its power related to the buyback i.e., the Buyback Committee
BSE	BSE Limited
Buyback Closing Date	Tuesday, February 5, 2019
Buyback Committee	A committee constituted by the Board (comprising of Rakesh Makhija, Chairman & Non-executive director, Manish Bhatnagar, Managing Director, Prakash M. Telang, Independent Director, Chandramowli Srinivasan, Finance Director, and Pradeep Bhandari, Company Secretary & Compliance Officer) pursuant to a resolution passed by the Board dated October 24, 2018, to exercise its certain powers in relation to the Buyback
Buyback Entitlement	The number of Equity Shares that an Eligible Shareholder is entitled to tender in the Buyback, which is computed based on the number of Equity Shares held by such Eligible Shareholder as on the Record Date and the ratio/ percentage of Buyback applicable in the category, to which such Eligible Shareholder belongs
Buyback Opening Date	Wednesday, January 23, 2019
Buyback Offer Price	Price at which Equity Shares will be bought back from the Eligible Shareholders i.e., INR 2,100 per Equity Share, payable in cash
Buyback Offer Size	Number of Equity Shares proposed to be bought back i.e., up to 1,900,000 Equity Shares multiplied by the Buyback Offer Price i.e., INR 2,100 per Equity Share) aggregating to INR 3,990 (Indian Rupees Three Thousand Nine Hundred and Ninety Million only). The Buyback Offer Size does not include any expenses incurred or to be incurred for the Buyback viz. brokerage, costs, fees, turnover charges, taxes such as securities transaction tax and goods and services tax (if any), stamp duty, advisors fees, printing and dispatch expenses and other incidental and related expenses and charges
Buyback Period	The period between the date of the declaration of results of the special resolution Meeting i.e., December 3, 2018 and the date on which the payment of consideration to the Eligible Shareholders who have accepted the Buyback is made
Buyback or Buyback Offer or Offer	Offer by SKF India Limited to buy back up to 1,900,000 fully paid-up Equity Shares at a price of INR 2,100/- per Equity Share from all the Eligible Shareholders, through the Tender Offer process in terms of SEBI Buyback Regulations with SEBI Circular on a proportionate basis in terms of the SEBI Buyback Regulations read with SEBI Circular
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Clearing Corporation	NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited)
Companies Act	Companies Act, 2013, as amended and rules framed thereunder
"Company" or "Our Company" or "we" or "us" or "our"	SKF India Limited
Company Demat Account	A demat account of the Company wherein Demat Shares bought back in the Buyback would be transferred
Company's Broker	Edelweiss Securities Limited
Depositories	Together, National Securities Depository Limited and Central Depository Services (India) Limited
Depositories Act	Depositories Act, 1996, as amended and rules framed thereunder
Designated Stock Exchange	National Stock Exchange of India Limited
DIN	Director Identification Number
Director(s)	Director(s) of the Company
DP	Depository Participant
Draft Letter of Offer	The Draft letter of offer dated December 12, 2018, filed with SEBI
Eligible Shareholders	Equity Shareholders eligible to participate in the Buyback and would mean all shareholders/ beneficial owners of the Equity Shares of the Company on the Record Date being Friday, December 21, 2018, and do not include such shareholders/ beneficial owners of the Equity Shares who are not permitted under the applicable law to tender shares in the Buyback
EPS	Earnings per Equity Share
Equity Shareholder(s)/ Shareholder(s)	Holders of Equity Shares and includes beneficial owners thereof
Equity Share(s)	Fully paid up equity share(s) of the Company having the face value of INR 10 (Indian Rupee Ten only) each
Escrow Account	The Escrow Account in the name and style of 'SKF India Limited-Buyback 2019-Escrow Account' opened with HDFC Bank Limited in accordance with the SEBI Buyback Regulations
Escrow Agent	HDFC Bank Limited
Escrow Agreement	The agreement dated January 14, 2019 entered into between the Company, Edelweiss Financial Services Limited and HDFC Bank Limited
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, including regulations, circulars, directors and notifications issued thereunder

Term	Description
FII(s)	Foreign Institutional Investor(s)
FPI	Foreign Portfolio Investors as defined under Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
General Category	Eligible Shareholders other than the Small Shareholders
HUF	Hindu Undivided Family
IT Act/ Income Tax Act	Income Tax Act, 1961, as amended
Letter of Offer	This letter of offer dated January 14, 2019 filed with SEBI
LTCG	Long-Term Capital Gains
“Manager to the Buyback” or “Merchant Banker to the Buyback”	Edelweiss Financial Services Limited
NA	Not applicable
Non-Resident Shareholders	Includes Non-resident Indians (NRI) and Foreign Portfolio Investor and Foreign Corporate Bodies (including erstwhile Overseas Corporate Bodies)
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
Public Announcement	Public announcement dated December 4, 2018 in connection with the Buyback in accordance with the SEBI Buyback Regulations which was published on December 5, 2018 in the English and the Hindi national editions of the Business Standards daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper (Marathi being the regional language of Mumbai wherein the registered office of the Company is located)
RBI	Reserve Bank of India
Record Date	The date for the purpose of determining the Buyback Entitlement and the names of the Eligible Shareholders to whom the Letter of Offer (including the Tender Form) is being sent, and who are eligible to participate in the proposed Buyback in accordance with the SEBI Buyback Regulations. The Record Date for the Buyback is Friday, December 21, 2018
“Registrar to the Buyback” or “Registrar”	TSR Darashaw Limited
Reserved Category	Small Shareholders eligible to tender Equity Shares in the Buyback
SEBI	Securities and Exchange Board of India
SEBI Buyback Regulations	Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Shareholder’s Broker	The stock brokers (who is a member of the BSE and/or NSE) of an Eligible Shareholder through whom the order for selling the Equity Shares will be placed in the Acquisition Window
Small Shareholder	As defined under Regulation 2(i)(n) of the SEBI Buyback Regulations and in relation to the Buyback means an Eligible Shareholder who holds Equity Shares of market value of not more than INR 2,00,000 (Indian Rupees Two Lakh only), on the basis of closing price on the Stock Exchange registering the highest trading volume as on the Record Date
SEBI Circular	The mechanism for acquisition of shares through stock exchange” specified by SEBI vide circular no. CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and circular no. CFD/DCR2/CIR/P/2016/131 dated December 9, 2016
STCG	Short-Term Capital Gains
Stock Exchanges	Together, BSE and NSE, being the stock exchanges where the Equity Shares of the Company are listed
Tender Form	Form of Acceptance–cum–Acknowledgement to be filled in and sent to the Registrar by the Eligible Shareholders to participate in the Buyback
Tender Offer	Method of buyback as defined in Regulation 2(i)(q) of the SEBI Buyback Regulations
Tendering Period	Period of 10 Working Days from the Buyback Opening Date (Wednesday, January 23, 2019) till the Buyback Closing Date (Tuesday, February 5, 2019) (both days inclusive)
Transaction Costs	Any expenses incurred or to be incurred for the buyback viz. brokerage, costs, fees, turnover charges, taxes such as securities transaction tax and goods and services tax (if any), stamp duty, advisors fees, printing and dispatch expenses and other incidental and related expenses and charges
TRS	Transaction Registration Slip generated by the exchange bidding system
U.S.	The United States of America
Working Day(s)	Working day as defined in the SEBI Buyback Regulations

Certain conventions, currency of presentation, use of financial information and stock market data

Page Numbers and Paragraph Numbers

Unless otherwise stated, all references to page numbers and paragraph numbers in this Letter of Offer are to page numbers of this Letter of Offer.

Currency and Units of Presentation

All references to “Rupee(s)”, “Rs.” Or “₹” or “INR” are to Indian Rupees, the official currency of the Republic of India.

Financial and Other Data

Unless stated or the context requires otherwise, our financial information in this Letter of Offer is derived from our (i) audited financial statements for the fiscal year 2016, 2017 and 2018, and (ii) unaudited results for six months ended September 30, 2018, which have been subjected to a limited review by the Statutory Auditor.

Till the financial year ended December 31, 2014 our Company followed the calendar year as the fiscal year. With effect from April 1, 2016 our Company's fiscal year commences on April 1 of each year and ends on March 31 of the next year (referred to herein as “Fiscal”, “Fiscal Year” or “FY”). Accordingly, references to a particular fiscal year are to the 12 months period ended December 31 of that particular year till December 31, 2014. Our financial data as of March 31, 2016 is for 15 months period, i.e., January 1, 2015 to March 31, 2016.

All data related to financials are given in INR lakhs, unless otherwise stated.

Stock Market Data

Unless stated or the context requires otherwise, stock market data included in this Letter of Offer is derived from the websites of the Stock Exchanges.

Time

Unless otherwise stated, all references to time in this Letter of Offer are to Indian Standard Time.

3. DISCLAIMER CLAUSE

As required, a copy of this Letter of Offer has been submitted to SEBI. It is to be distinctly understood that submission of this Letter of Offer to SEBI should not, in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of the Company to meet the Buyback commitments or for the correctness of the statements made or opinions expressed in this Letter of Offer. The Manager to the Buyback, Edelweiss Financial Services Limited, has certified that the disclosures made in this Letter of Offer are generally adequate and are in conformity with the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018. This requirement is to facilitate Eligible Shareholders to take an informed decision for tendering their Equity Shares in the Buyback.

It should also be clearly understood that while the Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in this Letter of Offer, the Manager to the Buyback is expected to exercise due diligence to ensure that the Company discharges its duty adequately in this behalf and towards this purpose, the Manager to the Buyback, Edelweiss Financial Services Limited, has furnished to SEBI a due diligence certificate dated December 12, 2018 in accordance with the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, which reads as follows:

“We have examined various documents and materials contained in the annexure to this letter as part of the due diligence carried out by us in connection with the finalisation of the Public Announcement published on December 5, 2018 and the Draft Letter of Offer. On the basis of such examination and the discussions with the Company, we hereby state that:

- The Public Announcement and the Draft Letter of Offer are in conformity with the documents, materials and papers relevant to the Buyback;

- All the legal requirements connected with the said offer including Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, have been duly complied with;
- The disclosures in the Public Announcement and the Draft Letter of Offer are, to the best of our knowledge, true, fair and adequate in all material respects for the shareholders of the Company to make a well informed decision in respect of the captioned Buyback; and
- Funds used for the Buyback shall be as per the provisions of the Companies Act.”

The filing of offer document with SEBI does not, however, absolve the company from any liabilities under the provisions of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Buyback.

The promoters of the Company/ Board of Directors declare and confirm that no information/ material likely to have a bearing on the decision of Eligible Shareholders has been suppressed/ withheld and/ or incorporated in the manner that would amount to mis-statement/ misrepresentation and in the event of it transpiring at any point of time that any information/ material has been suppressed/ withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters of the Company/ directors and the Company shall be liable for penalty in terms of the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

The promoters of the Company/ Board of Directors also declare and confirm that funds borrowed from banks and financial institutions will not be used for the Buyback.

3.1 **Disclaimer for U.S. Persons:**

The information contained in this Letter of Offer is exclusively intended for persons who are not U.S. Persons as defined in Regulations of the U.S. Securities Act of 1933, as amended, and who are not physically present in the United States of America. This Letter of Offer does not in any way constitute an offer to sell, or an invitation to sell, any securities in the United States of America or in any other jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Potential users of the information contained in this Letter of Offer are requested to inform themselves about and to observe any such restrictions.

3.2 **Disclaimer for persons in other foreign countries:**

This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. This Letter of Offer does not in any way constitute an offer to sell, or an invitation to sell, any securities in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation would subject the Company or the Manager to the Offer to any new or additional requirements or registrations. Potential users of the information contained in this Letter of Offer are requested to inform themselves about and to observe any applicable legal requirement or restrictions.

This Letter of Offer has been prepared for the purposes of compliance with the SEBI Buyback Regulations. Accordingly, the information disclosed herein may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of India. The Company and the Manager to the Buyback are under no obligation to update the information contained herein at any time after the date of this Letter of Offer. The Letter of Offer shall be dispatched to all Eligible Shareholders (Equity Shareholders as on the Record Date) either through email or physically. However, receipt of the Letter of Offer by any Equity Shareholder in a jurisdiction in which it would be illegal to make this Offer, or where making this Offer would require any action to be taken (including, but not restricted to, registration of the Letter of Offer under any local securities laws), shall not be treated by such Equity Shareholders as an offer being made to them. Any Equity Shareholder who tenders his, her or its Equity Shares in the Buyback shall be deemed to have declared, represented, warranted and agreed that he, she or it is authorised under the provisions of any applicable local laws, rules, regulations and statutes to participate in the Buyback.

3.3 **Forward Looking Statement:**

This Letter of Offer contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases such as ‘believe’, ‘aim’, ‘anticipate’, ‘expect’, ‘estimate’, ‘intend’, ‘objective’, ‘plan’, ‘project’, ‘will’, ‘will pursue’, or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements. All forward-looking

statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, *inter-alia*, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which the Company operates.

4. TEXT OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS

Quote

“RESOLVED THAT pursuant to Article 63 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70, 110 and all other applicable provisions, if any, of the Companies Act, 2013 (the **“Companies Act”**) read with the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014 and other relevant rules made thereunder, each as amended from time to time and the provisions of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (**“SEBI Buyback Regulations”**), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (**“SEBI Listing Regulations”**) (including re-enactment of the Companies Act or the rules made thereunder or the SEBI Buyback Regulations, or the SEBI Listing Regulations) and subject to such other approvals, permissions, consents, sanctions and exemptions of Securities and Exchange Board of India (**“SEBI”**), Reserve Bank of India (**“RBI”**) and/ or other authorities, institutions or bodies (together with SEBI and RBI, the **“Appropriate Authorities”**), as may be necessary, and subject to such conditions, alterations, amendments and modifications as may be prescribed or imposed by them while granting such approvals, permissions, consents, sanctions and exemptions which may be agreed and subject to the approval by the shareholders by way of a special resolution by postal ballot including electronic voting, the board of directors of the Company (**“Board”**), which term shall be deemed to include any committee of the Board and/ or officials, which the Board may constitute/ authorise to exercise its powers, including the powers conferred by this resolution) hereby consents and approves the buyback by the Company of its fully paid-up equity shares having a face value of INR 10 (Indian Rupees Ten only) each (**“Equity Shares”**), not exceeding 1,900,000 Equity Shares (representing 3.70% of the total paid-up equity capital of the Company) at a price of INR 2,100 (Indian Rupees Two Thousand and One Hundred only) per Equity Share (**“Buyback Offer Price”**) payable in cash for an aggregate maximum amount of INR 3,990 million (Indian Rupees Three Thousand Nine Hundred and Ninety Million only), excluding any expenses incurred or to be incurred for the buyback viz. brokerage, costs, fees, turnover charges, taxes such as securities transaction tax and goods and services tax (if any), stamp duty, advisors fees, printing and dispatch expenses and other incidental and related expenses and charges (**“Transaction Costs”**) (such maximum amount hereinafter referred to as the **“Buyback Offer Size”**) which represents 21.73% of the aggregate of the Company’s paid-up capital and free reserves as on March 31, 2018 as per the audited financials of the company for the year ended as on March 31, 2018 from all the shareholders/ beneficial owners of the Equity Shares of the Company, including the Promoter (defined hereunder), as on a record date to be subsequently decided by the Board, through the “tender offer” route, on a proportionate basis as prescribed under the SEBI Buyback Regulations (hereinafter referred to as the **“Buyback”**). The term “Promoter” will be such person as defined in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.”

“RESOLVED FURTHER THAT, as required under Regulation 6 of the SEBI Buyback Regulations, the Company may buyback Equity Shares from the existing shareholders as on record date, on a proportionate basis, provided that fifteen percent of the number of Equity Shares which the Company proposes to buyback or number of Equity Shares entitled as per the shareholding of small shareholders, whichever is higher, shall be reserved for the small shareholders as defined in the SEBI Buyback Regulations.”

“RESOLVED FURTHER THAT, the Company shall implement the Buyback using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 read with the SEBI’s circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, or such other circulars or notifications, as may be applicable and the Company shall approach the stock exchange(s), as may be required, for facilitating the same.”

“RESOLVED FURTHER THAT, the proposed Buyback be implemented from the existing shareholders as on record date in a manner the Board may consider appropriate, from out of its free reserves and/or securities premium account and/or such other sources or by such mechanisms as may be permitted by applicable laws, and on such terms and conditions as the Board may decide from time to time, and in the absolute discretion of the Board, as it may deem fit.”

“RESOLVED FURTHER THAT, the draft of the Declaration of Solvency prepared in the prescribed form along with supporting affidavits and other documents, placed before the meeting be and is hereby approved and that Mr. Rakesh Makhija, Chairman and Mr. Manish Bhatnagar, Managing Director be and are hereby authorized jointly to sign the same, for and on behalf of the Board and file the same with the Registrar of Companies and the SEBI, in accordance with the applicable laws.”

“RESOLVED FURTHER THAT, the approval of the shareholders by way of a special resolution by postal ballot including electronic voting (**“Postal Ballot”**) be sought and the draft of the notice for the postal ballot (**“Postal Ballot Notice”**), the accompanying explanatory statement as circulated to the Board be and is hereby approved.”

“RESOLVED FURTHER THAT, Mr. P. N. Parikh and failing him Ms. Sarvari Shah of M/s Parikh and Associates, Practicing Company Secretaries be and is hereby appointed as the scrutinizer for the Postal Ballot in accordance with the Companies Act.”

“RESOLVED FURTHER THAT, National Securities Depository Limited be and is hereby appointed as an agency to provide electronic voting platform in connection with the resolutions proposed for approval of the members by postal ballot.”

“RESOLVED FURTHER THAT, that for the purpose of giving effect to this resolution, Mr. Manish Bhatnagar, Managing Director, Mr. Chandramowli Srinivasan, Finance Director, and Mr. Pradeep Bhandari, Company Secretary are hereby severally authorized to do all such acts and execute and sign all documents as may be required in connection with the above.”

“RESOLVED FURTHER THAT, the Buyback from shareholders who are persons resident outside India, including the foreign portfolio investors, erstwhile overseas corporate bodies and non-resident Indians, etc., shall be subject to such approvals if, and to the extent necessary or required from the concerned authorities including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder, if any.”

“RESOLVED FURTHER THAT, confirmation is hereby made by the Board that:

- all Equity Shares of the Company are fully paid up;
- that the Company has not completed a buyback of any of its securities during the period of one year immediately preceding the date of this Board meeting;
- the Company shall not raise further capital for a period of one year from the date on which the payment of consideration to shareholders who have accepted the buyback offer is made except in discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference share or debentures into equity shares;
- the Company shall not issue any Equity Shares or other specified securities including by way of bonus till the date on which the payment of consideration to shareholders who have accepted the buyback offer is made;
- the Company shall not buyback its Equity Shares or other specified securities from any person through negotiated deal whether on or off the stock exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback;
- the aggregate maximum amount of the Buyback, i.e. INR 3,990 million (Indian Rupees Three Thousand Nine Hundred and Ninety Million only) does not exceed 25% of the aggregate of the paid-up capital and free reserves as per the last audited financial statements of the Company as on March 31, 2018;
- the number of Equity Shares proposed to be purchased under the Buyback i.e. 1,900,000 (One Million Nine Hundred Thousand only) Equity Shares does not exceed 25% of the total paid-up equity capital of the Company.

- no public announcement of Buyback shall be made during the pendency of any scheme of amalgamation or compromise or arrangement pursuant to the provisions of the Companies Act;
- the Buyback would be subject to the condition of maintaining minimum public shareholding requirements as specified in Regulation 38 of the SEBI Listing Regulations;
- the Company shall not withdraw the Buyback offer after the draft letter of offer is filed with the SEBI or the public announcement of the offer of the Buyback is made;
- the Company shall comply with the statutory and regulatory timelines in respect of the buyback in such manner as prescribed under the Companies Act and/or the SEBI Buyback Regulations and any other applicable laws;
- the Company shall not utilize any money borrowed from banks or financial institutions for the purpose of buying back its shares;
- the Company shall not directly or indirectly purchase its Equity Shares:
 - (a) through any subsidiary company including its own subsidiary companies, if any or
 - (b) through any investment company or group of investment companies;
- the Company is in compliance with the provisions of Sections 92, 123, 127 and 129 of the Companies Act;
- there are no defaults subsisting in the repayment of deposits, interest payment thereon, redemption of debentures or payment of interest thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company;
- the Company shall not buyback locked-in Equity Shares or other specified securities, if any, and non-transferable Equity Shares or other specified securities, if any, till the pendency of the lock-in or till the Equity Shares or specified securities become transferable;
- the ratio of the aggregate of secured and unsecured debts owed by the Company after the Buyback shall not be more than twice its paid-up capital and free reserves.
- the Company shall transfer from its free reserves or securities premium account and/ or such sources as may be permitted by law, a sum equal to the nominal value of the Equity Shares purchased through the Buyback to the capital redemption reserve account and the details of such transfer shall be disclosed in its subsequent audited balance sheet.
- the Buyback shall not result in delisting of the Equity Shares from the stock exchanges.
- as per Regulation 24(i)(e) of the SEBI Buyback Regulations, the promoters and members of promoter group, and their associates, other than the Company, shall not deal in the Equity Shares or other specified securities of the Company either through the stock exchanges or off-market transactions (including inter-se transfer of Equity Shares among the promoters and members of promoter group) from the date of this resolution till the closing of the Buyback offer.

“RESOLVED FURTHER THAT, as required by clause (x) of Schedule I in accordance with Regulation 5(iv)(b) of the SEBI Buyback Regulations, the Board hereby confirms that it has made a full enquiry into the affairs and prospects of the Company, and taking into account all the liabilities including prospective and contingent liabilities payable as if the Company were being wound up under the provisions of the Companies Act 1956 or the Companies Act or the Insolvency and Bankruptcy Code 2016, and has formed an opinion that:

- immediately following the date of this resolution and the date on which the results of shareholders’ resolution passed by way of Postal Ballot will be declared (**“Postal Ballot Resolution”**), there will be no grounds on which the Company can be found unable to pay its debts;
- as regards the Company’s prospects for the year immediately following the date of this resolution and for the year immediately following the Postal Ballot Resolution, and having regard to the Board’s

intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the this resolution as well as from the date of the Postal Ballot Resolution.

"RESOLVED FURTHER THAT, the Buyback is being proposed in keeping with the Company's desire to (a) optimize returns to shareholders; (b) enhance overall shareholders value; and (c) optimize the capital structure."

"RESOLVED FURTHER THAT, the powers of the Board in respect of Buyback be and are hereby delegated to the committee comprising of Mr. Rakesh Makhija, Chairman, Mr. Manish Bhatnagar, Managing Director, Mr. Prakash M. Telang, Independent Director, Mr. Chandramowli Srinivasan, Finance Director, and Mr. Pradeep Bhandari, Company Secretary (the **"Buyback Committee"**).

"RESOLVED FURTHER THAT, the Buyback Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper, in relation to the Buyback, including but not limited to:

- finalizing the terms of Buyback including the mechanism for the Buyback, the schedule of activities including the dates of opening and closing of the Buyback, record date, entitlement ratio, the timeframe for completion of the Buyback;
- make any further or subsequent alterations, additions, omissions, variations, amendments or corrections to the Postal Ballot Notice prior to its circulation, as it, in its absolute discretion deems fit;
- negotiation and execution of escrow arrangement(s) in accordance with the SEBI Buyback Regulations;
- earmarking and making arrangements for adequate sources of funds for the purpose of the Buyback including arranging for bank guarantees as may be necessary for the Buyback in accordance with applicable laws;
- opening, operating and closing of all necessary accounts for this purpose, including bank accounts, trading account, depository accounts (including escrow account), special account, and authorizing persons to operate the such accounts;
- appointing and finalizing the terms of designated stock exchange, merchant bankers, brokers, escrow agents, registrars, legal counsel, depository participants, scrutinizer, compliance officer, advertising agency and such other intermediaries/ agencies / persons including by the payment of commission, brokerage, fee, charges etc. and enter into agreements/ letters in respect thereof;
- preparing, executing and filing of various documents as may be necessary or desirable in connection with or incidental to the Buyback including declaration of solvency, public announcement, draft and final letter of offer, extinguishment of Equity Shares and certificate of extinguishment and post-completion advertisement which are required to be filed in connection with the Buyback on behalf of the Board;
- extinguishment of dematerialized shares and physical destruction of share certificates and filing of certificate of extinguishment required to be filed in connection with the Buyback on behalf of the Company and/ or Board, as required under applicable law;
- providing such confirmation and opinions as may be required in relation to the Buyback;
- creating and maintaining requisite statutory registers and records and furnishing requisite returns to Appropriate Authorities;
- to deal with stock exchanges (including their clearing corporations), and to sign, execute, and deliver such documents as may be necessary or desirable in connection with implementing the Buyback using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 read with SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, including any further amendments thereof;

- to sign the documents as may be necessary with regard to the Buyback and use the common seal of the Company wherever necessary on relevant documents required to be executed for the Buyback and to initiate all necessary actions for preparation and issue of various documents and such other undertakings, agreements, papers, documents and correspondence as may be necessary for the implementation of the Buyback to the Appropriate Authorities, Registrar of Companies stock exchanges, and depositories;
- settling all such questions, difficulties or doubts that may arise in relation to the implementation of the Buyback;
- carrying out incidental documentation and to prepare applications and submit them to the Appropriate Authorities for their requisite approvals;
- to do all such acts, deeds, matters and things incidental and in connection with the Buyback and sign and deliver such documents as may be necessary, desirable and expedient; and
- delegating all or any of the authorities conferred as above to any authorized representative(s) of the Company to give effect to the aforesaid resolution or to accept any change(s) or modification(s) as may be suggested by the Appropriate Authorities or advisors.”

“RESOLVED FURTHER THAT, the quorum for any meeting of the Buyback Committee for implementing the Buyback shall be any three members (including at least two Directors) and Buyback Committee may regulate its own proceedings and meet as often as required, to discharge its functions and may approve the above resolutions including by way of circular resolutions.”

“RESOLVED FURTHER THAT, Mr. Pradeep Bhandari, Company Secretary be and is hereby authorized to affix the common seal of the Company on relevant documents required to be executed for the Buyback if any, including which would be signed in the presence of one director of the Company and countersigned by Mr. Pradeep Bhandari, Company Secretary.”

“RESOLVED FURTHER THAT, that for the purpose of giving effect to this resolution, Mr. Manish Bhatnagar, Managing Director is hereby authorized to give such directions as may be necessary or desirable and to settle any questions or difficulties whatsoever that may arise in relation to the Buyback.”

“RESOLVED FURTHER THAT, Mr. Pradeep Bhandari, Company Secretary be and is hereby appointed as the Compliance Officer for the Buyback, and M/s TSR Darashaw Limited be and is hereby designated as the investors service centre, as required under regulation 24(iii) of the SEBI Buyback Regulations.”

“RESOLVED FURTHER THAT, Edelweiss Financial Services Limited be and is hereby appointed as the merchant banker to the Buyback in accordance with the Companies Act, as amended and SEBI Buyback Regulations, on the terms as mutually agreed with them. The engagement letter be and is hereby approved, and Mr. Manish Bhatnagar, Managing Director or Mr. Chandramowli Srinivasan, Finance Director, be and are authorized to accept the same.”

“RESOLVED FURTHER THAT, L&L Partners (*Formerly Luthra & Luthra Law Offices*) be and is hereby appointed as legal counsel in relation to the Buyback, on the terms as set out in the engagement letter. The engagement letter, as placed before the meeting, be and is hereby approved, and Mr. Manish Bhatnagar, Managing Director or Mr. Chandramowli Srinivasan, Finance Director, be and are authorized to accept the same.”

“RESOLVED FURTHER THAT, Edelweiss Securities Limited be and is hereby appointed as the broker for the Buyback, to inter alia carry out the activities as brokers under the SEBI Buyback Regulations, on terms and conditions as may be mutually decided.”

“RESOLVED FURTHER THAT, the Board hereby takes on record the report dated October 24, 2018 issued by Price Waterhouse & Co. Bangalore LLP, Chartered Accountants, the statutory auditor of the Company, as required under clause (xi) of Schedule I of the SEBI Buyback Regulations.”

“RESOLVED FURTHER THAT, the Company shall, before opening of the Buyback offer, create an escrow account, either in form of bank guarantee or cash deposit or deposit of securities with appropriate margin or a combination thereof, towards security performance of its obligations as may be prescribed under the Companies Act and the SEBI Buyback Regulations and, on such terms, and conditions as the Board or the Buyback Committee thereof may deem fit.”

“RESOLVED FURTHER THAT, no information/ material likely to have a bearing on the decision of the shareholders has been/shall be suppressed/ withheld and/ or incorporated in the manner that would amount to mis-statement/ misrepresentation and in the event of it transpiring at any point of time that any information/ material has been suppressed/ withheld and/ or amounts to mis-statement/ misrepresentation, the Board and the Company shall be liable for penalty in terms of the provisions of the Companies Act and SEBI Buyback Regulations.”

“RESOLVED FURTHER THAT, nothing contained herein shall confer any right on any shareholder to offer, or confer any obligation on the Company or the Board or the Buyback Committee to buy back any shares, or impair any power of the Company or the Board or the Buyback Committee to terminate any process in relation to such Buyback, if permitted by law.”

“RESOLVED FURTHER THAT, the Company shall maintain a register of Equity Shares bought back wherein details of Equity Shares so bought, consideration paid for the Equity Shares bought back, date of cancellation of Equity Shares and date of extinguishing and physically destroying the Equity Shares and such other particulars as may be prescribed in relation to the Buyback shall be entered and that the Mr. Pradeep Bhandari, Company Secretary of the Company be and is hereby authorized to authenticate the entries made in the said register.”

“RESOLVED FURTHER THAT, the particulars of the Equity Share certificates extinguished and destroyed shall be furnished by the Company to the stock exchanges within seven days of such extinguishment or destruction of the certificates and the dematerialised Equity Shares shall be extinguished and destroyed in the manner as specified under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and the bye-laws, circulars, guidelines framed thereunder, each as amended, and that the Company Secretary & Compliance Officer be and is hereby authorized to do all such acts as may be required for this purpose.”

“RESOLVED FURTHER THAT any of the Directors or Mr. Pradeep Bhandari, Company Secretary of the Company be and are hereby severally authorized to send the necessary intimations to the Stock Exchanges in relation to this resolution, as may be required under the SEBI Listing Regulations.”

“RESOLVED FURTHER THAT any of the Directors of the Company and /or the Company Secretary for the time being, be and are hereby severally authorized to file necessary e-forms with the Registrar of Companies, and to do all such acts, deeds and things or incidental for signing and filing of forms, payment of fees etc. and to do all such other acts, things and deeds, as may be required for the aforesaid purpose or other services as that may be necessary to give effect to the above resolutions.”

Unquote

5. DETAILS OF THE PUBLIC ANNOUNCEMENT

In accordance with the Regulation 7 of the SEBI Buyback Regulations, the Company has made a Public Announcement for the Buyback which was published on Wednesday, December 5, 2018 in the newspapers mentioned below, which is within two Working Days from the date of declaration of the postal ballot including electronic voting results for approving the Buyback (Monday, December 3, 2018):

Name of the Newspaper	Language	Editions
Business Standard	English	National
Business Standard	Hindi	National
Navshakti	Marathi	Mumbai

The Company will publish further notices or corrigenda, if any, in the abovementioned newspapers.

A copy of the Public Announcement is available on the Company's website i.e., www.skfindia.com, the website of SEBI i.e., www.sebi.gov.in and on the websites of Stock Exchanges, i.e., www.bseindia.com and www.nseindia.com.

6. DETAILS OF THE BUYBACK

Pursuant to the resolution passed by the Board of Directors of SKF India Limited on October 24, 2018 and the special resolution dated December 1, 2018 passed by the shareholders of the Company through postal ballot including electronic voting, the results of which were declared on December 3, 2018, the Company, hereby, announces the buyback of not exceeding 1,900,000 (One Million and Nine Hundred Thousand only) fully paid up equity shares of the Company of face value INR 10 each (representing 3.70% of the total paid up equity

capital of the Company) from the shareholders/ beneficial owners of Equity Shares of the Company including the promoter and members of the promoter group as on the Record Date i.e., December 21, 2018 (for further details in relation to the Record Date, refer to paragraph 19.5 of this Letter of Offer), on a proportionate basis, through the "tender offer" process as prescribed under the SEBI Buyback Regulations, at a price of INR 2,100 (Indian Rupees Two Thousand and One Hundred only) per Equity Share, payable in cash, for an aggregate maximum amount of INR 3,990 million (Indian Rupees Three Thousand Nine Hundred and Ninety Million only). The Buyback Offer Size and the Buyback Offer Price do not include any expense incurred or to be incurred for the Buyback viz. brokerage, costs, fees, turnover charges, taxes such as securities transaction tax and goods and services tax (if any), stamp duty, advisors' fees, printing and dispatch expenses and other incidental and related expenses and charges. The Buyback Offer Size represents 21.73% of the aggregate of the Company's paid-up capital and free reserves as per the audited financials of the Company for the year ended as on March 31, 2018 (the last audited financial statements available as on the date of the Board Meeting recommending the proposal of the Buyback). The Buyback is subject to receipt of such approvals, permissions, consents, sanctions and exemptions of the statutory, regulatory or governmental authorities, as may be required under the applicable laws including from the Reserve Bank of India, Securities and Exchange Board of India, and/ or the Stock Exchanges.

The Buyback is pursuant to Article 63 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and 110 and all other applicable provisions, if any, of the Companies Act and the relevant rules made thereunder including the Companies (Share Capital and Debentures) Rules, 2014, each as amended from time to time and the provisions of the SEBI Buyback Regulations and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Buy-back shall be undertaken on a proportionate basis from the equity shareholders of the Company as on the Record Date through the tender offer process prescribed under Regulation 4(iv)(a) of the SEBI Buyback Regulations. Additionally, the Buyback shall be, subject to applicable laws, facilitated by tendering of Equity Shares by Eligible Shareholders and settlement of the same through the stock exchange mechanism as specified by SEBI in its circular bearing reference number CIR/ CFD/POLICYCELL/1/2015 dated April 13, 2015 and circular bearing reference number and CFD/DCR2/ CIR/P/2016/131 dated December 09, 2016, including any further amendments thereof. Please refer to paragraph 19.5 below for further details regarding the Record Date and shareholders' entitlement to tender the Equity Shares in the Buyback.

The aggregate paid-up capital and free reserves as on March 31, 2018 is INR 18,359.2 million (Indian Rupees Eighteen Thousand Three Hundred and Fifty-Nine Million and Two Hundred Thousand only). Under the provisions of the Companies Act and the SEBI Buyback Regulations, the Buyback shall not exceed 25% of the aggregate of the paid-up capital and free reserves of the Company i.e. INR 4,589.8 million (Indian Rupees Four Thousand Five Hundred and Eighty-Nine Million and Eight Hundred Thousand only) as per the last audited financial statements of the Company available as on the date of Board meeting recommending the proposal of the Buyback. The maximum amount proposed to be utilized for the Buyback, is INR 3,990 million (Indian Rupees Three Thousand Nine Hundred and Ninety Million only) excluding Transaction Costs and is therefore within the above-mentioned limit.

Further, under the Companies Act and the SEBI Buyback Regulations, the number of Equity Shares that can be bought back in any financial year shall not exceed 25% of the total paid-up equity capital of the Company in that financial year. Accordingly, the maximum number of Equity Shares that can be bought back in the current financial year is 12,834,490 Equity Shares. Since the Company proposes to buy back up to 1,900,000 Equity Shares, the same is within the aforesaid 25% limit.

The Buyback of Equity Shares from shareholders who are person resident outside India including foreign portfolio investors, erstwhile overseas corporate bodies and non-resident Indians, etc., shall be subject to such approvals if, and to the extent necessary or required from the concerned authorities including approvals from the RBI under the Foreign Exchange Management Act, 1999, and the rules, regulations framed thereunder, if any and such approvals shall be required to be taken by such non-resident Indian shareholders.

In terms of the SEBI Buyback Regulations, under the tender offer method, the promoter and members of the promoter group have the option to participate in the Buyback. In this regard, Aktiebolaget SKF, the promoter of the Company, and SKF UK Ltd and SKF Forvaltning AB, members of the promoter group, have expressed their intention to participate in the Buyback. The extent of their participation in the Buyback has been detailed in paragraph 6.2 of this Letter of Offer. Pursuant to the proposed Buyback and depending on the response to the Buyback, the aggregate voting rights of the promoter, members of the promoter group and persons in control in the Company may increase or decrease from the existing shareholding of the total equity capital and voting rights of the Company. The promoter, members of the promoter group and persons in control are already in control over the Company and therefore any further increase in the voting rights of the promoter, members of

the promoter group and persons in control will not result in any change in control of the Company. Please refer to paragraph 13.4 of this Letter of Offer for further details regarding shareholding (pre and post buyback) of the promoter and members of the promoter group in the Company

Upon completion of the Buyback, the Company has undertaken to comply with the requirement of maintaining a minimum public shareholding of at least 25% of the total paid up Equity Share capital as provided under Regulation 38 of the SEBI Listing Regulations.

6.1 Shareholding of the promoter and members of the promoter group:

Except as stated below, none of the (i) promoter; (ii) members of the promoter group (iii) directors of the promoter and members of the promoter group, where such promoter or member of the promoter group is a company; and (iv) persons who are in control of the Company, hold any Equity Shares as on the date of the Board Resolution, which was also the date of notice for postal ballot (October 24, 2018), the date of the Public Announcement (December 4, 2018) and the Record Date (December 21, 2018):

Sr. No	Name	Number of Equity Shares held	Percentage of paid-up Equity Share capital
1.	Aktiebolaget SKF	23,423,776	45.63%
2.	UK Limited	3,234,203	6.30%
3.	Forvaltning AB	202,989	0.39%
	Total	26,860,968	52.32%

6.2 Intention of the promoter and members of the promoter group to participate in the Buyback:

- (a) Aktiebolaget SKF (“Promoter”), SKF UK Limited and SKF Forvaltning AB (“Promoter Group”), the Promoter and Promoter Group of the Company have declared and confirmed that they intend to participate in the Buyback and they may tender up to a maximum number of Equity Shares as detailed below or such lower number of Equity Shares as may be permitted under the applicable law.

Sr No.	Name of the Promoter/ Promoter Group	Maximum number of Equity Shares which may be tendered
1.	Aktiebolaget SKF	1,656,870
2.	SKF UK Limited	228,770
3.	SKF Forvaltning AB	14,360
	Total	1,900,000

- (b) The details of the date and price of acquisition of the Equity Shares that the Promoter and Promoter Group intend to tender in the Buyback are set forth below:

Atktiebolaget SKF

Date	No. of equity shares	Issue Price/Transfer Price (per equity share)	Nature of Transaction	Face Value	Nature of Consideration
09.05.1962	78,472	INR 100	Further issuance of equity shares	INR 100	Cash
19.03.1974	50,000	-	Bonus issue	INR 100	Bonus
11.03.1980	37,215	-	Bonus issue	INR 100	Bonus
Total	165,687^a				

^a165,687 equity shares of face value of INR 100 each was split into 1,656,870 equity shares of INR 10 each with effect from October 18, 2001. These equity shares were originally issued at the face value of INR 100 each.

Maximum Equity Shares intended to be tendered - 1,656,870

SKF UK Ltd

Date	No. of equity shares	Issue Price/Transfer Price (per equity share)	Nature of Transaction	Face Value	Nature of Consideration
09.05.1962	19,220	INR 100	Further issuance of equity shares	INR 100	Cash
19.03.1974	3,657	-	Bonus issue	INR 100	Bonus
Total	22,877^a				

*22,877 equity shares of face value of INR 100 each was split into 228,770 equity shares of INR 10 each with effect from October 18, 2001. These equity shares were originally issued at the face value of INR 100 each.

Maximum Equity Shares intended to be tendered - 228,770

SKF Forvaltning AB

Date	No. of equity shares	Issue Price/Transfer Price (per equity share)	Nature of Transaction	Face Value	Nature of Consideration
09.05.1962	1,436	INR 100	Further issuance of equity shares	INR 100	Cash
Total	1,436^a				

^a1,436 equity shares of face value of INR 100 each was split into 14,360 equity shares of INR 10 each with effect from October 18, 2001. These equity shares were originally issued at the face value of INR 100 each.

Maximum Equity Shares intended to be tendered - 14,360

- (c) No Equity Shares or other specified securities in the Company were either purchased or sold (either through the stock exchanges or off market transactions) by any of the (i) promoter; (ii) members of the promoter group (iii) directors of the promoter and members of the promoter group, where such promoter or member of the promoter group is a Company; and (iv) persons who are in control of the Company during a period of twelve months preceding the date of the Public Announcement.

6.3 Shareholding of the Directors and/ or the key managerial personnel of the Company

None of the Directors and/ or the key managerial personnel of the Company hold any Equity Shares as on the date of the Board Resolution, which was also the date of notice for postal ballot (October 24, 2018), the date of the Public Announcement and the Record Date, except for the following:

Sr. No	Name	No. of Equity Shares held	Percentage of paid-up Equity Share capital
1.	Prakash M. Telang (Independent Director)	1,000	Negligible

7. AUTHORITY FOR THE BUYBACK

The Buyback is being undertaken in accordance with the Article 63 of the Articles of Association, Sections 68, 69 and 70, and other applicable provisions of the Companies Act, and applicable rules thereunder including the Companies (Share Capital and Debentures) Rules, 2014, and the SEBI Buyback Regulations. The Buyback is subject to receipt of such approvals, permissions and sanctions, as may be required under the applicable laws including from the SEBI and/ or the BSE, and the NSE.

The Buyback has been authorised by the resolution of the Board of Directors passed at their meeting which was held on October 24, 2018 (Wednesday), and the special resolution passed by the Equity Shareholders through postal ballot (including electronic voting), the results of which were declared on December 3, 2018.

8. NECESSITY OF THE BUYBACK

- 8.1 The proposed Buyback will help the Company achieve the following objectives: (a) Optimize returns to shareholders; (b) Enhance overall shareholders value; and (c) Optimizes the capital structure. The above objectives will be achieved by returning part of surplus cash back to shareholders through the Buyback process. This may lead to reduction in outstanding Equity Shares, improvement in earnings per Equity Share and enhanced return on invested capital. The Buyback will not in any manner impair the ability of the Company to pursue growth opportunities or meet its cash requirements for business operations. The Board at its meeting held on October 24, 2018, considered the accumulated free reserves as well as the cash liquidity reflected in the last audited financial statement as on March 31, 2018 and considering these, the Board decided to allocate a sum of INR 3,990 million (Indian Rupees Three Thousand Nine Hundred and Ninety Million only) excluding the Transaction Costs for distributing to the shareholders holding Equity Shares of the Company through the Buyback.
- 8.2 After considering several factors and benefits to the shareholders holding Equity Shares of the Company, the Board decided to recommend Buyback at a price of INR 2,100 (Indian Rupees Two Thousand One Hundred only) per Equity Share for an aggregate consideration of INR 3,990 million (Indian Rupees Three Thousand Nine Hundred and Ninety Million only). The Buyback is being undertaken, inter-alia, for the following reasons:

- (a) The Buyback will help the Company to return surplus cash to its shareholders holding Equity Shares broadly in proportion to their shareholding, thereby, enhancing the overall return to shareholders;
- (b) The Buyback, which is being implemented through the tender offer route as prescribed under the SEBI Buyback Regulations, would involve allocation of number of shares as per their entitlement or 15% of the number of shares to be bought back whichever is higher, reserved for the small shareholders. The Company believes that this reservation for small shareholders would benefit a large number of public shareholders, who would get classified as “small shareholder” as per Regulation 2(i)(n) of the SEBI Buyback Regulations;
- (c) The Buyback may help in improving return on equity, by reduction in the equity base, thereby leading to long term increase in shareholders’ value; and
- (d) The Buyback gives an option to the Shareholders holding Equity Shares of the Company, who can choose to participate and get cash in lieu of Equity Shares to be accepted under the Buyback offer or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post the Buyback offer, without additional investment.

9. MANAGEMENT DISCUSSION AND ANALYSIS AND THE LIKELY IMPACT OF BUYBACK ON THE COMPANY

- 9.1 The Company believes that the Buyback is not likely to cause any material impact on the profitability/ earnings of the Company except a reduction in the investment income, which the Company could have otherwise deployed towards generating investment income. Assuming there is full response to the Buyback, the funds deployed by the Company towards the Buyback would be INR 3,990 million (Indian Rupees Three Thousand Nine Hundred and Ninety Million only) excluding the Transaction Costs. This shall impact the investment income earned by the Company, on account of reduced amount of funds available.
- 9.2 The GST adjusted revenue from operations for the financial year ended March 31, 2018 was INR 27,504 million as against comparable GST adjusted revenue of ₹ 26,314 million in the previous year registering an increase of 4.5%. The profit after tax for the fiscal year 2017-18 amounted to Rs 2,959 million as against ₹ 2,439 million registering a growth of 21.3%.
- 9.3 The promoters and members of the promoter group intend to participate in the Buyback. For further details see, “*Details of the Buyback - Intention of the promoters and members of the promoter group to participate in the Buyback*” on page 15 of this Letter of Offer. Assuming response to the Buyback is to the extent of 100% from all the Equity Shareholders up to their entitlement (full acceptance), the aggregate shareholding of the promoter, members of the promoter group and persons in control may increase from the current pre Buyback shareholding of 52.32% to 52.60% of the post Buy-back equity share capital of the Company and the aggregate shareholding of the public shareholders may decrease from 47.68% to 47.40 % of the post Buy-back Equity Share capital of the Company.
- 9.4 The Buyback is not expected to result in a change in control or otherwise affect the existing management structure of the Company.
- 9.5 Consequent to the Buyback and based on the number of Equity Shares bought back from the Non-Resident Shareholders, Indian financial institutions, banks, mutual funds and the public including other bodies corporate, the shareholding under each category may undergo a change.
- 9.6 As required under Section 68(2)(d) of the Companies Act, 2013 and Regulation 4(ii) of the SEBI Buyback Regulations, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice its paid up Equity Share capital and free reserves post completion of the Buyback.
- 9.7 As per Regulation 24(i)(e) of the SEBI Buyback Regulations, the promoter and members of promoter group, and their associates, other than the Company, have not dealt in the Equity Shares or other specified securities of the Company either through the stock exchanges or off-market transactions (including inter-se transfer of Equity Shares among the promoter and members of promoter group) from the date of the board meeting i.e., October 24, 2018 till the date of this Letter of Offer and shall not deal in the Equity Shares or other specified securities of the Company either through the stock exchanges or off-market transactions (including inter-se transfer of Equity Shares among the promoter and members of promoter group) from the date of this Letter of Offer till the closing of the Buyback.

- 9.8 In compliance with the provisions of the Companies Act and SEBI Buyback Regulations, the Company shall not raise further capital for a period of one year from the date on which the payment of consideration to shareholders who have accepted the buyback offer is made except in discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference share or debentures into equity shares. Further, the Company shall not issue any Equity Shares or other securities including by way of bonus issue till the date on which the payment of consideration to shareholders who have accepted the buyback offer is made.
- 9.9 The Company believes that the Buyback will not in any manner impair their ability to pursue the growth opportunities or meet its cash requirements for business operations.
- 9.10 The Company is not undertaking the Buyback so as to delist its shares from the Stock Exchanges.
- 9.11 Salient financial parameters consequent to the Buyback based on the last audited financial statements as on March 31, 2018 are set forth below:

Parameter	Audited Financial Statements	
	Pre-Buyback	Post-Buyback [*]
Networth [#] (INR lakhs)	183,731.30	143,831.30
Return on Net worth [#] (%)	16.10%	20.57%
Basic earnings per share (INR)	57.29	59.85
Book value per share [#] (INR)	357.89	290.93
P/E as per the latest audited financial results [@]	29.90	28.62
Total Debt/Equity Ratio [#]	0.05	0.06

[#] Excluding revaluation reserves and miscellaneous expenditure to the extent not written off.

^{*} Assuming full acceptance of Equity Shares in the Buyback.

[@] Market price considered is based on the closing price as of October 24, 2018 on National Stock Exchange of India Limited.

Note:

1. Net worth = Equity Capital + Reserves and Surplus

2. Total Debt = Long Term Borrowings + Other Long Term Liabilities + Short Term Borrowings + Current Maturities of Long Term Borrowings.

The key ratios have been computed as below:

Key Ratios	Basis
Basic Earnings per share (INR)	Net profit after tax attributable to the Equity Shareholders/ Weighted average number of Shares outstanding during the year
Book Value per share (INR)	(Paid up Equity Share Capital + Reserves and Surplus) / Number of Equity Shares subscribed outstanding at year end
Return on Net worth (%)	Net profit after tax attributable to the Equity Shareholders/Net Worth (excluding revaluation reserves)
Debt-Equity Ratio	Total Debt/Net Worth
P/E Ratio	Market Value per Equity Share/ Earnings per Equity Share (Market price considered is based on the closing price on National Stock Exchange of India Limited as of October 24, 2018, being the date on which Board resolution was passed approving Buyback of equity shares, for both pre and post Buyback P/E ratio).

10. BASIS OF CALCULATING THE BUYBACK OFFER PRICE

- 10.1 The Buyback Offer Price being INR 2,100 (Indian Rupees Two Thousand and One Hundred Only) per Equity Share has been arrived at after considering various factors including, but not limited to the trends in the volume weighted average prices of the Equity Shares on the Stock Exchanges, the net worth of the Company, price earnings ratio, impact on other financial parameters and the possible impact of Buyback on the earning per share.
- 10.2 The Buyback Offer Price i.e., INR 2,100 (Indian Rupees Two Thousand One Hundred Only) represents: (i) premium of 22.42% and 22.42% over the volume weighted average market price of the Equity Shares on BSE and on NSE respectively, during the three months preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback i.e. October 19, 2018 and (ii) premium of 25.75% and 25.45% over the volume weighted average market price of the Equity Shares on BSE and on NSE respectively, for two weeks preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback i.e. October 19, 2018.

- 10.3 The closing market price of the Equity Shares as on the date of intimation of the date of the Board Meeting (October 19, 2018) was INR 1,691.00 and INR 1,699.80 on BSE and NSE which represents a premium of 24.19% and 23.54% on BSE and NSE, respectively. For trends in the market price of the Equity Shares, please refer to “Stock Market Data” on page 26 of this Letter of Offer.
- 10.4 Certain financial ratios as at March 31, 2018 (“Pre-Buyback”) as derived from our audited financial statements and the corresponding ratios assuming full acceptance of Equity Shares in the Buyback (“Post-Buyback”) are set forth below:

Particulars	Pre-Buyback	Post-Buyback ^a
Book value per Equity Share [#] (in INR)	357.89	290.93
Earning per share (in INR)	57.29	59.85
Return on net worth [#] (in %)	16.10%	20.57%

[#] Excluding revaluation reserves and miscellaneous expenditure to the extent not written off.

^a Assuming full acceptance of Equity Shares in the Buyback.

11. SOURCES OF FUNDS FOR THE BUYBACK

- 11.1 Assuming full acceptance, the funds that would be utilised by the Company for the purpose of the Buyback would be INR 3,990 million (Indian Rupees Three Thousand Nine Hundred and Ninety million only) excluding the Transaction Costs.
- 11.2 The funds required for implementation of the Buyback (including the Transaction Costs) will be sourced out of the free reserves of the Company (including securities premium account) or such other source as may be permitted by the SEBI Buyback Regulations and the Companies Act. The Company will transfer from its free reserves and/or securities premium account a sum equal to the nominal value of the Equity Shares bought back pursuant to the Buyback to the Capital Redemption Reserve Account and details of such transfer will be disclosed in the subsequent audited financial statements of the Company. The Company has neither raised nor does it intend to raise additional debt in connection with the Buyback. The Company will not be using any borrowed funds for the Buyback.
- 11.3 The Company confirms that the funds for the Buyback will be made available out of its internal accrual.

12. DETAILS OF THE ESCROW ACCOUNT AND THE AMOUNT DEPOSITED THEREIN

- 12.1 In accordance with Regulation 9(xi) of the SEBI Buyback Regulations, the Company has appointed HDFC Bank Limited, having its registered office at HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013 as the Escrow Agent for Buyback, and an Escrow Agreement (dated January 14, 2019) has been entered into amongst the Company, Edelweiss Financial Services Limited and Escrow Agent.
- 12.2 In accordance with the Escrow Agreement, the Company has opened an Escrow Account with the Escrow Agent in the name and style “SKF India Limited- Buyback 2019-Escrow Account” bearing account number “57500000315290”. In accordance with the Regulation 9(xi) of the SEBI Buyback Regulations, the Company will deposit a sum of INR 39.9 million (Indian Rupees Thirty Nine million and Ninety Thousand only) in cash, being 1% of the of the Buyback Offer Size in the Escrow Account and will procure an unconditional, irrevocable and on demand bank guarantee for an amount of INR 549 million (Indian Rupees Five Hundred Forty Nine Million only) issued by any scheduled commercial bank in favour of the Manager to the Buyback on or before the Buyback Opening Date (January 23, 2019) in accordance with the SEBI Buyback Regulations. In accordance with the SEBI Buyback Regulations, the Manager to the Buyback is empowered under the Escrow Agreement to operate the Escrow Account. Bank guarantee shall be valid until 30 days after the date on which the payment of consideration to shareholders who have accepted the buyback offer is made.
- 12.3 V.C. Venkatraman & Co., Chartered Accountants through their Partner, V C Venkatraman (Membership Number: 037730) have issued a certificate dated December 10, 2018, certifying that the Company has adequate and firm financial resources to fulfil its obligations under the Buyback. The contact details of the V.C. Venkatraman & Co., Chartered Accountants are set forth below:

V.C. Venkatraman & Co.

Chartered Accountants

11 Alka Classic, 20/1 Somwar Peth, Pune 411011

Tel: +91 9881498041

Fax: 020 26129485

ICAI Firm Registration No.: 0111372W

- 12.4 Based on the aforementioned certificate, the Manager to the Buyback confirms that it is satisfied that firm arrangements for fulfilling the obligations under the Buyback are in place and that the Company has the ability to implement the Buyback in accordance with the SEBI Buyback Regulations.

13. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

- 13.1 The present and the post-Buyback capital structure of the Company are set forth below:

Particulars	Present	Post completion of the Buyback
Authorised share capital	INR 1,000 million (100,000,000 Equity Shares of INR 10 each)	INR 1,000 million (100,000,000 Equity Shares of INR 10 each)
Fully paid up share capital	INR 513.4 million (51,337,963 Equity Shares of INR 10 each)	INR 494.4 million (49,437,963 Equity Shares of INR 10 each) [#]

[#]Note: Assuming the full Acceptance of the Buyback Offer Size. However, the post-Buyback issued, subscribed and paid-up capital may differ depending upon the actual number of Equity Shares bought back.

Note: 2488 shares are held in abeyance in respect of pending legal/ disputed cases.

- 13.2 Details of buyback programmes by the Company in the last 3 (three) years from the date of this Letter of Offer are given below:

Sr. No.	Opening Date	Closing Date	Method of Buyback	Equity Shares bought back
1.	May 23, 2017	June 5, 2017	Tender offer through Stock Exchange Mechanism	1,394,575

- 13.3 As on the date of this Letter of Offer:

- all Equity Shares are fully paid-up and there are no partly-up shares or calls-in-arrears;
- there are no outstanding convertible securities; and
- no scheme of amalgamation or compromise or arrangement pursuant to the Companies Act is pending in relation to the Company.

- 13.4 The shareholding pattern of the Company as on the date of the Record Date i.e., December 21, 2018 (pre-Buyback) and post-Buyback is set forth below:

Category of Shareholder	Pre-Buyback		Post-Buyback [#]	
	No. of Equity Shares	% to the existing Equity Share capital	No. of Equity Shares	% to the post-Buyback Equity Share Capital
Promoters and persons acting in concert (collectively "the Promoter")	26,860,968	52.32	26,002,679	52.60
Foreign Investors (including Non-Resident Indians / FIIs / Foreign Mutual Funds)	5,086,917	9.91	23,435,284	47.40
Financial Institutions/Banks/ Banks & Mutual Funds promoted by Banks/ Institutions	12,707,023	24.75		
Others (Public, Public Bodies Corporate etc.)	6,683,055	13.02		
Total	51,337,963	100.00	49,437,963	100.00

[#]Note: Assuming the full Acceptance of the Buyback Offer Size in accordance with the Buyback Entitlement for all Eligible Shareholders. However, the post-Buyback shareholding pattern may differ.

- 13.5 The (i) promoters; (ii) members of the promoter group (iii) directors of the promoter and members of the promoter group where such promoter or member of the promoter group is a company; (iv) persons who are in control of the Company, and (v) directors and key managerial personnel of the Company have neither purchased nor sold the Equity Shares or other specified securities of the Company, during a period of:

- six months preceding the date of the Board Resolution, which is also the date of notice for postal ballot (i.e., October 24, 2018); and
- twelve months preceding the date of the Public Announcement (December 4, 2018).

- 13.6 Assuming full acceptance of the Buyback, the issued, subscribed and paid up equity share capital of the Company would be INR 494.4 million comprising 49, 437,963 Equity Shares of ₹ 10/- each as more fully set out in paragraph 13.1 of this Letter of Offer.
- 13.7 Assuming response to the Buyback is to the extent of 100% (full acceptance) from all the Eligible Shareholders upto their entitlement, the aggregate shareholding of the promoter, members of the promoter group and persons in control may increase from the current pre-Buyback shareholding of 52.32% to 52.60% of the post Buy-back equity share capital of the Company.

14. BRIEF INFORMATION ABOUT THE COMPANY

- 14.1 The Company was originally incorporated as 'Associated Bearing Company Limited', a public limited company under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, Maharashtra ("RoC") on April 12, 1961 at Mumbai. Thereafter, name of the Company was changed to 'SKF Bearings India Limited' and a fresh certificate of incorporation was issued by the RoC on October 1, 1987. Subsequently, the name of the Company was changed to its present name 'SKF India Limited' and a fresh certificate of incorporation issued by the RoC on May 19, 2004. The contact details of the registered office, and the corporate office of the Company are set forth below:

Registered Office	Corporate Office
Mahatma Gandhi Memorial Building Netaji Subhash Road, Charni Road (W) Mumbai 400 002, Maharashtra, India Tel. No.: +91 22 6633 7777 Fax No.: +91 22 2281 9074	Chinchwad, Pune 411 033 Maharashtra, India Tel. No.: +91 20 6611 2500 Fax No.: +91 20 2747 3822

- 14.2 Our Company is a part of the SKF Group and is engaged in the business of manufacturing and supplying of bearings, seals, mechatronics, and lubrication systems. In the year 1965, our Company started its manufacturing facility at Chinchwad, Pune and in the year 1989 we established our second manufacturing facility at Bengaluru. Thereafter, in the year 1994, our marketing arm 'Skefko India bearing Company Limited' was merged with our Company. In the year 2010, our third manufacturing facility was established at Haridwar. Presently, our Company has: (i) manufacturing facilities in Pune, Bangalore and Haridwar, and (ii) approximately 20,000 direct and indirect distribution channel partners across India.

- 14.3 The GST adjusted revenue from operations for the financial year ended March 31, 2018 was INR 27,504 million as against comparable GST adjusted revenue of INR 26,314 million in the financial year ended March 31, 2017, registering an increase of 4.5%. The profit after tax for the financial year ended March 31, 2018 amounted to INR 2,959 million as against INR 2,439 million in the financial year ended March 31, 2017, registering an increase of 21.3%.

- 14.4 Details of the listing of the equity shares on the various stock exchanges is set forth below:

Name of the stock exchange	Date of listing	Whether continues to be listed
BSE	May 7, 1962	Yes
NSE	December 28, 1998	Yes

- 14.5 The Equity Shares are currently traded in compulsory dematerialised mode under the trading code(s) 500472 at BSE and SKFINDIA at NSE. The ISIN of the Equity Shares is INE640A01023.

- 14.6 The following table sets forth the history of the equity share capital of the Company since incorporation:

Date of allotment/ Date of Extinguishment	Number of equity shares	Face value per equity share (INR)	Issue price per equity share (INR)	Nature of consideration	Nature of transaction	Cumulative number of equity shares (INR)	Cumulative paid up equity share capital (INR)
April 11, 1961	5,300	100	100	Cash	Subscription to Memorandum of Association	5,300	530,000
December 31, 1961	394,700	100	100	Cash	Allotment	400,000	40,000,000
March 19, 1974	100,000	100	-	Bonus	Bonus issue of one equity share for every four	500,000	50,000,000

Date of allotment/ Date of Extinguishment	Number of equity shares	Face value per equity share (INR)	Issue price per equity share (INR)	Nature of consideration	Nature of transaction	Cumulative number of equity shares (INR)	Cumulative paid up equity share capital (INR)
					equity share held on the record date		
October 31, 1975	88,236	100	175	Cash	Further issue	588,236	58,823,600
March 11, 1980	294,118	100	-	Bonus	Bonus issue of one equity share for every two equity share held on the record date	882,354	88,235,400
March 18, 1986	352,941	100	-	Bonus	Bonus issue of two equity share for every five equity share held on the record date	1,235,295	123,529,500
July 11, 1990	1,235,295	100	-	Bonus	Bonus issue of one equity share for every one equity share held on the record date	2,470,590	247,059,000
December 31, 1995	44,132	100	100	Consideration other than cash	Shares allotted on amalgamation with SKEFCO India Bearings Company Limited to its shareholders	2,514,722	251,472,200
Pursuant to a shareholders' resolution dated March 30, 2001 with effect from October 18, 2001, each equity share of our Company of the face value of ₹100 was split into 10 equity shares of our Company of the face value of ₹10 each, and accordingly, 2,514,722 equity shares of our Company of the face value ₹100 each were split into 25,147,220 Equity Shares of the face value of ₹10 each.							
December 31, 2001	20,114,776*	10	25	Cash	Rights issue of 4 Equity Share for every 5 Equity Share held on the record date	45,261,996	452,619,960
November 26, 2002	320	10	25	Cash	Shares allotted out of the 3,000 rights shares held in abeyance at the time of rights issue.	45,262,316	452,623,160
February 3, 2003	192	10	25	Cash	Shares allotted out of the 3,000 rights shares held in abeyance at the time of rights issue.	45,262,508	452,625,080
January 13, 2005	7,470,030	10	-	Cash	Equity Shares were issued at a premium of ₹ 54/- per Equity Share against conversion of warrant	52,732,538	527,325,380
June 14, 2017	(1,394,575)	10	NA	NA	Buyback of Equity Shares at a price of INR 1,500 per Equity Share	51,337,963	513,379,630

*3,000 rights shares were kept in abeyance in respect of pending legal/ disputed cases.
Note: 2488 shares are held in abeyance in respect of pending legal/ disputed cases.

14.7 The following table sets forth details regarding the Board of the Directors as on the Record Date:

Name, Qualification, Occupation, Age (in years) and DIN	Designation	Date of appointment/ reappointment	Other Directorships
<p>Rakesh Makhija</p> <p><i>Qualification:</i> B. Tech (Chemical Engineering), Indian Institute of Technology, Delhi</p> <p><i>Occupation:</i> Business Executive</p> <p><i>Age:</i> 67</p> <p><i>DIN:</i> 0117692</p>	Chairman & Non-Executive Director	<ul style="list-style-type: none"> • He initially joined our Company as the Managing Director, with effect from June 1, 2002. • Thereafter he resigned from the post of Managing Director and was appointed as a director with effect from January 1, 2010. • From July 22, 2015, he has been the Chairman & Non-Executive Director of our Company and is liable to retire by rotation. 	<ol style="list-style-type: none"> 1. Tata Technologies Limited 2. Tata Marcopolo Motors Limited 3. Axis Bank Limited 4. A. TREDs Limited
<p>Manish Bhatnagar</p> <p><i>Qualification:</i> BE (Electrical/ Electronics), BITS, Pilani and MBA, Indian Institute of Management, Calcutta</p> <p><i>Occupation:</i> Business Executive</p> <p><i>Age:</i> 49</p> <p><i>DIN:</i> 08148320</p>	Managing Director	<ul style="list-style-type: none"> • He was appointed as Managing Director of our Company with effect from August 16, 2018 	<ol style="list-style-type: none"> 1. Lincoln Helios (India) Limited
<p>Prasad R. Menon</p> <p><i>Qualification:</i> B. Tech (Chemical Engineering), Indian Institute of Technology, Kharagpur</p> <p><i>Occupation:</i> Retired Executive</p> <p><i>Age:</i> 72</p> <p><i>DIN:</i> 00005078</p>	Independent Director	<ul style="list-style-type: none"> • On March 8, 2011, Prasad R. Menon joined our Company as the Independent Director and was subsequently re-appointed for a term of five years from July 18, 2014. 	<ol style="list-style-type: none"> 1. Singapore Tourism Board 2. Sanmar Group 3. Dr. Reddy's Laboratories Limited
<p>Prakash Manjanath Telang</p> <p><i>Qualification:</i> B.E. (Mechanical Engineering), VNIT Nagpur and Post-Graduate Diploma in Business Management from Indian Institute of Management - Ahmedabad</p> <p><i>Occupation:</i> Retired Executive</p> <p><i>Age:</i> 71</p> <p><i>DIN:</i> 00012562</p>	Independent Director	<ul style="list-style-type: none"> • On October 23, 2012, Prakash Manjanath Telang was appointed by our Company as an Additional Director. • Thereafter on April 30, 2013 he was appointed as Independent Director and was subsequently re-appointed for a term of five years from July 18, 2014. 	<ol style="list-style-type: none"> 1. Persistent Systems Limited 2. Cummins India Limited 3. TEMA India Limited 4. Lokmanya Hospitals Private Limited 5. Kennametal India Limited
<p>Hema Ashok Hattangady</p> <p><i>Qualification:</i> B.Com and post-graduate diploma (French) Karnataka University, Dharwad, Post-Graduate</p>	Independent Director	<ul style="list-style-type: none"> • On July 18, 2014, Hema Ashok Hattangady was appointed by our Company as an Independent Director for a term of five years. 	<ol style="list-style-type: none"> 1. Consul Realestate Bengaluru Private Limited 2. Consul Energy Private Limited 3. NELCO Limited

Name, Qualification, Occupation, Age (in years) and DIN	Designation	Date of appointment/ reappointment	Other Directorships
Diploma in Management from the Indian Institute of Management, Kolkata <i>Occupation:</i> Business Executive <i>Age:</i> 55 <i>DIN:</i> 00175563			4. Ace Designers Limited 5. Tatanet Services Limited
Bernd Stephan <i>Qualification:</i> BE (Mechanical), University of Essen <i>Occupation:</i> Business Executive <i>Age:</i> 62 <i>DIN:</i> 07835737	Non-executive Director	He was appointed as Director from June 8, 2017.	1. SKF Österreich Aktiengesellschaft, Steyr/ Austria 2. SKF GmbH, Schweinfurt German

14.8 The changes in our Board during the three years immediately preceding the Record Date are as follows:

Name of Director, Designation and DIN	Appointment/ Cessation	Effective Date	Reasons
Stephane Le- Mounier, Non-Executive Director, DIN 07221465	Cessation	April 28, 2017	Resignation
Bernd Stephan, Non-Executive Director, DIN 07835737	Appointment	June 8, 2017	-
Shishir Joshipura, Managing Director, DIN 00574970	Cessation	March 31, 2018	Resignation
Carl Orstadius, Managing Director, DIN 08080144	Appointment	April 1, 2018	-
Carl Orstadius, Managing Director, DIN 08080144	Cessation	August 16, 2018	Resignation
Manish Bhatnagar, Managing Director, DIN 08148320	Appointment	August 16, 2018	-

14.9 Our Independent Director, Prakash Manjanath Telang holds 1,000 Equity Shares, and certain of (i) promoters; (ii) members of the promoter group (iii) directors of the promoter and members of the promoter group where such promoter or member of the promoter group is a company; and (iv) persons who are in control of the Company, who hold Equity Shares may receive cash consideration from the Company pursuant to their respective participation in the Buyback in their capacity as the Eligible Shareholders. There may also be an increase or a decrease in their shareholding percentage as per the Acceptance in the Buyback, as a result of reduction in the Equity Share Capital post completion of the Buyback. For details of the shareholding of (i) promoters; (ii) members of the promoter group (iii) directors of the promoter and members of the promoter group where such promoter or member of the promoter group is a company); and (iv) persons who are in control of the Company, see “Details of the Buyback – Shareholding of the Promoters and Members of Promoter Group” on page 15 of this Letter of Offer.

15. FINANCIAL INFORMATION ABOUT THE COMPANY

15.1 The salient financial information of the Company, as extracted from: (i) the audited financial statements for the fiscal year 2016, 2017, and 2018, and (ii) the unaudited results for six months ended September 30, 2018, which have been subjected to a limited review by the Statutory Auditor are given below:

(Amount in INR lakh)

Particulars	Un-Audited (Limited Review)	Audited	Audited	Audited
	For the six - months ended on September 30, 2018 [*]	For the year ended on March 31, 2018 [*]	For the year ended on March 31, 2017 [*]	For the fifteen months ended on March 31, 2016 [*]
Revenue from Operation	152,098.38	280,482.24	283,553.79	322,648.92
Other Income	4,396.83	7,135.64	8,733.43	10,138.31
Total Income	156,495.20	287,617.88	292,287.22	332,787.23
Total Expense (excluding Interest, Depreciation & Amortisation, Tax and Exceptional Items)	128,228.32	236,997.85	249,938.90	286,497.78
Interest Expense / (Income)	377.10	496.99	NIL	NIL
Depreciation & Amortisation	2,336.03	4,573.99	4,788.18	6,842.89
Exceptional Items	-	-	-	-
Profit Before Tax	25,553.75	45,549.04	37,560.14	39,448.00
Profit After Tax	16,516.00	29,589.01	24,389.31	25,589.00
Paid-up Equity Share Capital	5,133.80	5,133.80	5,273.25	5,273.25
Reserve & Surplus [#]	187,686.00	178,597.50	175,848.09	161,186.00
Net worth excluding revaluation reserves [#]	192,820.00	183,731.30	181,121.34	166,459.00
Total debt	10,000.00	8,500.00	3,402.98	6,500.00
- Secured Loans	NIL	NIL	NIL	NIL
- Unsecured Loans	10,000.00	8,500.00	3,402.98	6,500.00

[#] Excluding revaluation reserves and miscellaneous expenditure to the extent not written off.^{*} All figures as per Ind AS.

Key Ratios	For the six - months ended on September 30, 2018 (Un- Audited Limited Review)	For the year ended on March 31, 2018 (Audited)	For the year ended on March 31, 2017 (Audited)	For the fifteen months ended on March 31, 2016 (Audited)
Basic Earnings per Share (INR) [#]	32.17	57.29	46.25	48.53
Diluted Earnings per Share (INR) [#]	32.17	57.29	46.25	48.53
Book value per Share (INR)	375.59	357.89	343.47	315.66
Debt / Equity Ratio	0.05	0.05	0.02	0.04
Return on Net Worth [#] (%)	8.57%	16.10%	13.47%	15.37%

[#] Figures for the six months ended on September 30, 2018 are not annualized.

The key ratios have been computed as below:

Key Ratios	Basis
Basic Earnings per Share (INR)	Net Profit attributable to equity shareholders / Weighted average number of Shares outstanding during the year
Diluted Earnings per Share (INR)	Net Profit attributable to equity shareholders / Weighted average number of Shares outstanding during the year

Book value per Share (INR)	(Paid up Equity Share Capital + Reserves and Surplus) / Number of Equity Shares subscribed outstanding at year end
Debt-Equity Ratio	Total Debt / Net Worth
Return on Net Worth (%)	Net profit after tax attributable to the Equity Shareholders/Net Worth (excluding revaluation reserves)

15.2 The Company hereby declares that it will comply with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended, if it becomes applicable, in connection with the Buyback.

15.3 The Company hereby also declares that it has complied with as will comply with Sections 68, 69 and 70 of the Companies Act, and all other provisions of the Companies Act, as may be applicable to the Buyback.

16. STOCK MARKET DATA

16.1 The Equity Shares are currently traded in compulsory dematerialised mode under the trading code(s) 500472 at BSE and SKFININDIA at NSE.

16.2 The high, low and average market prices in preceding three fiscal years and the monthly high, low and average market prices for the six months preceding the date of publication of the Public Announcement and their corresponding volumes on BSE and NSE are given below:

For BSE:

Period	High* (₹)	Date of High	Number of Equity Shares traded on that date	Low* (₹)	Date of Low	Number of Equity Shares traded on that date	Average Price* (₹)	Total volume of Equity Shares traded in the period (No. of Equity Shares)
<i>Preceding three years</i>								
Fiscal 2018	2,010.00	January 1, 2018	1,035	1,489.65	August 11, 2017	3,798	1,648.91	1,161,335
Fiscal 2017	1,621.85	March 31, 2017	11,754	1,170.00	May 23, 2016	1,982	1,348.03	1,119,435
Fiscal 2016	1,540.35	April 8, 2015	3,425	1,040.00	February 12, 2016	3,395	1,284.10	778,097
<i>Preceding six months</i>								
November 2018	1,909.95	November 30, 2018	1,046	1,778.20	November 2, 2018	499	1,842.83	14,289
October 2018	1,807.95	October 25, 2018	8,377	1,620.00	October 8, 2018	400	1,701.81	24,313
September 2018	1,809.95	September 3, 2018	523	1,667.10	September 28, 2018	271	1,743.60	8,664
August 2018	1,812.00	August 27, 2018	1,008	1,664.40	August 2, 2018	305	1,737.96	9,319
July 2018	1,785.00	July 3, 2018	666	1,610.00	July 25, 2018	3,183	1,703.12	14,575
June 2018	1,840.00	June 1, 2018	878	1,710.05	June 28, 2018	133	1,764.18	18,049

Source: www.bseindia.com

*High and Low price for the period are based on intraday prices and Average Price is based on average of closing price.

For NSE:

Period	High* (₹)	Date of High	Number of Equity Shares traded on that date	Low* (₹)	Date of Low	Number of Equity Shares traded on that date	Average Price* (₹)	Total volume of Equity Shares traded in the period (No. of Equity Shares)
<i>Preceding three years</i>								
Fiscal 2018	1,970.00	January 1, 2018	7,684	1,477.00	August 11, 2017	7,510	1,648.98	4,095,362

Period	High* (₹)	Date of High	Number of Equity Shares traded on that date	Low* (₹)	Date of Low	Number of Equity Shares traded on that date	Average Price* (₹)	Total volume of Equity Shares traded in the period (No. of Equity Shares)
Fiscal 2017	1,620.00	March 31, 2017	70,562	1,180.10	May 23, 2016	8,213	1,349.45	4,282,930
Fiscal 2016	1,540.00	April 8, 2015	9,405	1,057.55	February 11, 2016	6,778	1,284.98	4,950,773
<i>Preceding six months</i>								
November 2018	1,909.90	November 30, 2018	12,919	1,780.05	November 5, 2018	12,514	1,842.96	166,685
October 2018	1,810.00	October 26, 2018	8,438	1,626.00	October 11, 2018	3,029	1,704.04	403,578
September 2018	1,820.00	September 3, 2018	3,762	1,667.30	September 28, 2018	4,537	1,744.42	173,399
August 2018	1,819.00	August 27, 2018	12,341	1,652.25	August 2, 2018	44,798	1,739.28	333,590
July 2018	1,797.95	July 13, 2018	4,832	1,600.50	July 25, 2018	281,776	1,706.87	552,586
June 2018	1,840.00	June 4, 2018	6,453	1,706.10	June 29, 2018	5,073	1,764.77	170,881

Source: www.nseindia.com

*High and Low price for the period are based on intraday prices and Average Price is based on average of closing price.

16.3 The closing market price of the Equity Shares of the Company:

- As on October 23, 2018 i.e., the trading day before October 24, 2018 being the date of Board Meeting approving the Buyback was INR 1,678.65 per Equity Share on BSE and INR 1,673.90 per Equity Share on NSE.
- As on October 24, 2018 i.e., the date of Board Meeting approving the Buyback was INR 1,708.15 per Equity share on BSE and INR 1,713.00 per Equity share on NSE.
- As on October 25, 2018 i.e., the day immediately after October 24, 2018 being the date of Board Meeting approving the Buyback and also the date of Notice of Postal Ballot was INR 1,784.50 per Equity Share on BSE and INR 1,789.40 per Equity Share on NSE.

17. DETAILS OF THE STATUTORY APPROVALS

- The Buyback will be subject to such necessary approvals as may be required under the applicable laws including from the SEBI and/ or the BSE, and the NSE, and the Buyback from Non-Resident Shareholders, erstwhile overseas corporate bodies and other applicable categories will be subject to such approvals of the Reserve Bank of India, if any, under the Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder.
- The Buyback from each Eligible Shareholder is subject to all statutory consents and approvals as may be required by such Eligible Shareholder under applicable laws and regulations. The Eligible Shareholder shall be solely responsible for obtaining all such statutory consents and approvals (including, without limitation the approvals from the Reserve Bank of India, if any) as may be required by them in order to sell their Equity Shares to the Company pursuant to the Buyback. An Eligible Shareholder would be required to provide copies of all such consents and approvals obtained by them to the Registrar to the Buyback. The Company will have the right to make payment in respect of the Equity Shareholders for whom no prior approval from the RBI is required and not accept Equity Shares from the Equity Shareholders in respect of whom prior approval from the RBI is required and in the event copies of such approvals are not submitted.
- By agreeing to participate in the Buyback, the non-resident Eligible Shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reportings, if required, including FC-TRS form, if necessary and undertake to provide assistance to the Company for such regulatory reporting if required by the Company.

- 17.4 As on date, the Company confirms that there is no other statutory or regulatory approval required by it for the Buyback as on the date of this Letter of Offer. If any statutory or regulatory approval becomes applicable subsequently, the Buyback will be subject to such statutory or regulatory approval(s) and the Company shall obtain such statutory approvals as may be required, from time to time, if any. In the event of any delay in receipt of any statutory / regulatory approvals, changes to the proposed timetable of the Buyback, if any, shall be intimated to the Stock Exchanges.

18. DETAILS OF REGISTRAR TO THE BUYBACK

Eligible shareholders are required to send Tender Form along with the other requisite document(s), as mentioned in "*Procedure for Tender Offer and Settlement*" on page 32 along with TRS generated by the stock exchange bidding system upon placing of a bid, either by registered post, speed post or courier or hand delivery to the Registrar to the Buyback, so that the same are received not later than 2 (two) days of Buyback Closing Date i.e., February 7, 2019 by 5:00 p.m. The envelope should be super scribed as "*SKF India Limited Buyback Offer 2019*". The Company has appointed TSR Darashaw Limited as the Registrar to the Buyback their contact details are set forth below:

TSR Darashaw Limited

6-10 Haji Moosa Patrawala Industrial Estate

20, Dr. E. Moses Road, Mahalaxmi

Mumbai 400 011, Maharashtra, India

Tel. No.: +91 22 6656 8484

Fax No.: +91 22 6656 8494

Email: SKFBuyback2019@tsrdarashaw

Investor grievance email: csg-unit@tsrdarashaw.com

Contact Person: Ms. Mary George

Website: www.tsrdarashaw.com

SEBI Registration No.: INR000004009

In case of any query, the shareholders may contact the Registrar to the Buyback on any day, except Saturday, Sunday and public holidays between 10:00 a.m. and 3:30 p.m.

THE TENDER FORM, TRS AND OTHER RELEVANT DOCUMENTS SHOULD NOT BE SENT TO THE COMPANY OR TO THE MANAGER TO THE BUYBACK.

ELIGIBLE SHAREHOLDERS ARE ADVISED TO ENSURE THAT THE TENDER FORM, TRS AND OTHER RELEVANT DOCUMENTS ARE COMPLETE IN ALL RESPECTS OTHERWISE THE SAME ARE LIABLE TO BE REJECTED.

19. PROCESS AND METHODOLOGY FOR THE BUYBACK

- 19.1 The Company has proposed the Buyback of not exceeding 1,900,000 (One million and Nine Hundred Thousand only) Equity Shares, representing 3.70% of the paid up equity capital of the Company, from all Eligible Shareholders on a proportionate basis, through the 'tender offer' process, at a price of INR 2,100 (Indian Rupees Two Thousand and One Hundred only) per Equity Share, payable in cash, for an aggregate maximum amount of INR 3,990 million (Indian Rupees Three Thousand Nine Hundred and Ninety Million only) excluding the Transaction Costs, which represents 21.73% of the aggregate of the paid up capital and free reserves as per the audited financial statements of the Company as on March 31, 2018 (the last audited financial statements available as on the date of the Board Meeting recommending the proposal of the Buyback).
- 19.2 The Buyback is pursuant to Article 63 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and 110 and all other applicable provisions, if any, of the Companies Act and the relevant rules made thereunder including the Companies (Share Capital and Debentures) Rules, 2014, each as amended from time to time and the provisions of the SEBI Buyback Regulations and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Buyback is subject to receipt of such approvals, permissions, consents, sanctions and exemptions of the statutory, regulatory or governmental authorities, as may be required under the applicable laws including from the RBI, SEBI, and/ or the Stock Exchanges.
- 19.3 The aggregate shareholding of the Promoter and Promoter Group as at the Record Date being December 21, 2018 is 26,860,968 Equity Shares which represents 52.32% of the existing equity share capital of the Company. In terms of the SEBI Buyback Regulations, under the Tender Offer route, the Promoter and

Promoter Group of the Company have an option to participate in the Buy-back. In this regard, the Promoter and Promoter Group have expressed their intention to participate in the Buy-back and offer up to an aggregate maximum of 1,900,000 Equity Shares or such lower number of shares as required in compliance with the SEBI Buyback Regulations.

- 19.4 Assuming response to the Buyback is to the extent of 100% from all the Equity Shareholders upto their entitlement (full acceptance), the aggregate shareholding of the promoter, members of the promoter group and persons in control may increase from the current pre-Buyback shareholding of 52.32% to 52.60 % of the post Buy-back equity share capital of the Company.

19.5 **Record Date, ratio of Buyback and Buyback Entitlement:**

- (a) As required under the SEBI Buyback Regulations, the Company has fixed Friday, December 21, 2018 as the Record Date for the purpose of determining the entitlement and the names of the Eligible Shareholders of the Equity Shares, who are eligible to participate in the Buyback.
 - (b) The Equity Shares to be bought back, as part of the Buyback is divided into two categories and the entitlement of a shareholder in each category shall be calculated accordingly:
 - (i) Reserved category for Small Shareholders ("**Reserved Category**"); and
 - (ii) General Category for all other Eligible Shareholders other than Small Shareholders ("**General Category**").
 - (c) 'Small Shareholder' has been defined under Regulation 2(i)(n) of the SEBI Buyback Regulations and in relation to the Buyback means an Eligible Shareholder who holds Equity Shares of market value of not more than INR 200,000 (Indian Rupees Two Lakh only), on the basis of closing price on BSE or NSE, whichever registers the highest trading volume in respect of the Equity Shares on the Record Date (December 21, 2018). As on the Record Date, the volume of Equity Shares traded on BSE was 884 Equity shares and on NSE was 16,223 Equity Shares. Accordingly, NSE being the stock exchange with highest trading volume, the closing price was INR 1,901.50 and hence all Eligible Shareholders holding not more than 105 Equity Shares as on the Record Date are classified as 'Small Shareholders' for the purpose of the Buyback.
 - (d) Based on the above definition, there are 25,606 Small Shareholders with aggregate shareholding of 7,95,085 Equity Shares (as on the Record Date), which constitutes 1.55% of the outstanding number of Equity Shares of the Company and 41.85% of the maximum number of Equity Shares which are proposed to be bought back as part of this Buyback.
 - (e) In furtherance to Regulation 6 of the SEBI Buyback Regulations, the reservation for the Small Shareholders (Reserved Category), will be higher of:
 - (i) 15% of the number of Equity Shares which the Company proposes to Buyback (15% of 1,900,000 Equity Shares), which works out to 285,000 Equity Shares; or
 - (ii) The number of Equity Shares to which the Small Shareholders are entitled as per their shareholding as on the Record Date (i.e., $7,95,085 / 5,13,37,963 \times 1,900,000$), which works out to 29,426 Equity Shares.
- All the outstanding Equity Shares have been used for computing the Buyback Entitlement of Small Shareholders since the promoters and members of the promoter group also intend to participate in the Buyback.
- (f) Based on the above and in accordance with Regulation 6 of the SEBI Buyback Regulations, 2,85,000 Equity Shares will be reserved for Small Shareholders. Accordingly, General Category shall consist of 16,15,000 Equity Shares.
 - (g) Based on the aforementioned, the entitlement ratio of Buyback for both categories is set forth below:

Category	Entitlement ratio in the Buyback ^a
Reserved Category	176 Equity Shares out of every 491 Equity Shares held on the Record Date

General Category	27 Equity Shares out of every 845 Equity Shares held on the Record Date
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* The above ratio of Buyback is approximate and provides an indicative Buyback Entitlement. Any computation of entitled Equity Shares using the above ratio may provide a slightly different number due to rounding off. The actual Buyback Entitlement for Reserved Category for Small Shareholders is 35.8452240955370% and General Category for all other Eligible Shareholders is 3.195306765079740%.

19.6 Fractional Entitlements

If the Buyback Entitlement under Buyback, after applying the above mentioned ratios to the Equity Shares held on the Record Date, is not a round number (i.e. not in the multiple of 1 (one) Equity Share), then the fractional entitlement shall be ignored for computation of the Buyback Entitlement to tender Equity Shares in the Buyback for both categories of Eligible Shareholders.

On account of ignoring the fractional entitlement, those Small Shareholders who hold 2 or less Equity Shares as on the Record Date will be dispatched a Tender Form with zero entitlement. Such Small Shareholders are entitled to tender additional Equity Shares as part of the Buyback and will be given preference in the Acceptance of one Equity Share, if such Small Shareholders have tendered for additional Equity Shares.

19.7 Basis of Acceptance of Equity Shares validly tendered in the Reserved Category:

In accordance with this Letter of Offer, the Acceptance in the Buyback from the Reserved Category will be implemented in the following order of priority:

- (a) Full Acceptance (100%) Equity Shares from Small Shareholders in the Reserved Category, who have validly tendered their Equity Shares to the extent of their Buyback Entitlement, or the number of Equity Shares tendered by them, whichever is less.
- (b) Post-acceptance as described in paragraph 19.7(a) above, in case there are any Equity Shares left to be bought back from the Small Shareholders who were entitled to tender zero Equity Shares (on account of ignoring the fractional entitlement), and have tendered additional Equity Shares as part of the Buyback, shall be given preference and one Equity Share each from the additional Equity Shares applied by such Small Shareholders would be bought back in the Reserved Category.
- (c) Post-acceptance as described in paragraphs 19.7(a) and 19.7(b) above, in case there are any validly tendered unaccepted Equity Shares in the Reserved Category ("**Reserved Category Additional Equity Shares**") and Equity Shares left to be bought back in the Reserved Category, the Reserved Category Additional Equity Shares shall be accepted in a proportionate manner and the acceptances shall be made in accordance with the SEBI Buyback Regulations (i.e. valid Acceptance per Small Shareholder shall be equal to the Reserved Category Additional Equity Shares validly tendered by them divided by the total Reserved Category Additional Equity Shares and multiplied by the total pending number of Equity Shares to be accepted in Reserved Category). For the purpose of this calculation, the Reserved Category Additional Equity Shares taken into account for the Small Shareholders, from whom one Equity Share has been Accepted in accordance with paragraph 19.7(b) above, shall be reduced by one.
- (d) The procedure of adjustment for fractional results in case of proportionate Acceptance, as described in paragraph 19.7(c) above, is set forth below:
 - (i) For any Small Shareholder, if the number of Additional Equity Shares to be Accepted, calculated on a proportionate basis is not in the multiple of 1 (one) and the fractional Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - (ii) For any Small Shareholder, if the number of Additional Equity Shares to be Accepted, calculated on a proportionate basis is not in the multiple of 1 (one) and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

In case of any practical issues, resulting out of rounding-off of Shares or otherwise, the Buyback Committee or any person(s) authorized by the Buyback Committee will have the authority to decide such final allocation with respect to such rounding-off or any excess of Equity Shares or any shortage of Equity Shares after allocation of Equity Shares as set out in the process described in paragraph 19 of this Letter of Offer.

19.8 Basis of Acceptance of Equity Shares validly tendered in the General Category:

In accordance with the Letter of Offer, the Acceptance in the Buyback from the General Category will be implemented in the following order of priority:

- (a) Full Acceptance (100%) in the General Category from the Eligible Shareholders who have validly tendered their Equity Shares, to the extent of their Buyback Entitlement, or the number of Equity Shares tendered by them, whichever is less.
- (b) Post-acceptance as described in paragraph 19.8(a) above, in case there are any validly tendered unaccepted Equity Shares in the General Category ("**General Category Additional Shares**") and Equity Shares left to be bought back in the General Category, the General Category Additional Equity Shares shall be accepted in the proportionate manner and the acceptances shall be made in accordance with the SEBI Buyback Regulations (i.e. valid Acceptance per Eligible Shareholder shall be equal to the General Category Additional Equity Shares validly tendered by them divided by the total General Category Additional Equity Shares and multiplied by the total pending number of Equity Shares to be Accepted in General Category).
- (c) Adjustment for fractional results in case of proportionate acceptance as described in paragraph 19.8(b) above:
 - (i) For any Eligible Shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1(one) and the fractional Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer
 - (ii) For any Eligible Shareholder if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 (one) and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

19.9 Basis of Acceptance of Equity Shares between Categories:

- (a) In case there are any Equity Shares left to be bought back in one category ("**Partially Filled Category**") after Acceptance in accordance with the above described methodology for both the categories, and there are additional unaccepted validly tendered Equity Shares in the second category, then the Additional Equity Shares in the second category shall be Accepted proportionately (i.e. valid Acceptances per Eligible Shareholder shall be equal to the additional outstanding Equity Shares validly tendered by a Eligible Shareholder in the second category divided by the total additional outstanding Equity Shares validly tendered in the second category and multiplied by the total pending number of Equity Shares to be bought back in the Partially Filled Category).
- (b) If the Partially Filled Category is the General Category, and the second category is the reserved category for Small Shareholders, then for the purpose of this calculation, the Additional Equity Shares tendered by such Small Shareholders, from whom one Equity Share has been accepted in accordance with "*Basis of Acceptance of Equity Shares validly tendered in the Reserved Category*" will be reduced by one Equity Share.
- (c) Adjustment for fraction results in case of proportionate Acceptance, as described in paragraph 19.8(a) and (b) above:
 - (i) For any Eligible Shareholder, if the number of Additional Equity Shares to be Accepted, calculated on a proportionate basis is not in the multiple of 1 (one) and the fractional Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - (ii) For any Eligible Shareholder, if the number of Additional Equity Shares to be Accepted, calculated on a proportionate basis is not in the multiple of 1 (one) and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

19.10 For avoidance of doubt, it is clarified that:

- (a) the Equity Shares Accepted under the Buyback from each Eligible Shareholder, in accordance with paragraphs above, shall not exceed the number of Equity Shares tendered by the respective Eligible Shareholder;

- (b) the Equity Shares Accepted under the Buyback from each Eligible Shareholder, in accordance with paragraphs above, shall not exceed the number of Equity Shares held by respective Eligible Shareholder as on the Record Date; and
- (c) the Equity Shares tendered by any Eligible Shareholder over and above the number of Equity Shares held by such Eligible Shareholder as on the Record Date shall not be considered for the purpose of Acceptance in accordance with the paragraphs above.

19.11 Clubbing of Entitlements

In order to ensure that the same Eligible Shareholders with multiple demat accounts/folios do not receive a higher entitlement under the Small Shareholder category, the Company proposes to club together the Equity Shares held by such Eligible Shareholders with a common PAN for determining the category (Small Shareholder or General) and entitlement under the Buyback. In case of joint shareholding, the Company will club together the Equity Shares held in cases where the sequence of the PANs of the joint shareholders is identical and where the PANs of all joint shareholders are not available, the Company will check the sequence of the names of the joint holders and club together the Equity Shares held in such cases where the name of joint shareholders are identical. In case of Eligible Shareholders holding physical shares, where the sequence of PANs is identical and where the PANs of all joint shareholders are not available, the Registrar to the Buyback will check the sequence of the names of the joint holders and club together the Equity Shares held in such cases where the sequence of the PANs and name of joint shareholders are identical. The shareholding of institutional investors like mutual funds, pension funds/trusts and insurance companies etc., with common PAN will not be clubbed together for determining the category and will be considered separately, where these Equity Shares are held for different schemes and have a different demat account nomenclature based on information prepared by the Registrar to the Buyback as per the shareholder records received from the depositories.

20. PROCEDURE FOR TENDER OFFER AND SETTLEMENT

A. GENERAL

- 20.1 The Buyback is open to all Eligible Shareholders (Equity Shareholders as on the Record Date, being December 21, 2018), holding either Physical Shares or Demat Shares.
- 20.2 The Company proposes to implement the Buyback through the tender offer process, on a proportionate basis. The Letter of Offer and Tender Form, outlining the terms of the Buyback and additional disclosures as specified in the SEBI Buyback Regulations, will be emailed to Eligible Shareholders whose names appear on the register of members of the Company, or who are beneficial owners of Equity Shares as per the records of Depositories, on the Record Date and who have their email IDs registered with the Company and for all remaining Eligible Shareholders who do not have their email IDs registered with the Company, the Letter of Offer along with Tender Form will be sent physically by registered post/ speed post/ courier. However, on receipt of a request by the Manager to the Buyback or Registrar to the Buyback to receive a copy of Letter of Offer in physical format from such Eligible Shareholder to whom Letter of Offer and Tender Form were emailed, the same shall be dispatched physically by registered post/ speed post/ courier.
- 20.3 An unregistered shareholder may also tender his shares for buy-back by submitting the duly executed transfer deed for transfer of shares, purchased prior to Record Date, in his name, along with the offer form, copy of his PAN card and of the person from whom he has purchased shares and other relevant documents as required for transfer, if any. For further details please refer to paragraph 20.23 of this Letter of Offer.
- 20.4 The Company will not accept any Equity Shares offered for Buyback where there exists any restraint order of a Court/ any other competent authority for transfer/ disposal/ sale or where loss of share certificates has been notified to the Company or where the title to the Equity Shares is under dispute or otherwise not clear or where any other restraint subsists.
- 20.5 The Company shall comply with Regulation 24(i)(v) of the SEBI Buyback Regulations which restricts the Company from buying back the locked-in Equity Shares and non-transferable Equity Shares till the pendency of the lock-in or till the time the Equity Shares become transferable.
- 20.6 The Eligible Shareholders participation in the Buyback will be voluntary. The Eligible Shareholders can choose to participate, in full or in part, and get cash in lieu of Equity Shares to be accepted under the Buyback or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post-Buyback, without additional investment. The Eligible Shareholders may also tender a part of their Buyback Entitlement. The Eligible Shareholders also have the option of tendering additional Equity Shares (over and above their

Buyback Entitlement) and participate in the shortfall created due to non-participation of some other Eligible Shareholders, if any. Acceptance of any Equity Shares tendered in excess of the Buyback Entitlement by the Eligible Shareholder, shall be in terms of procedure outlined in this Letter of Offer.

- 20.7 The Company will accept Equity Shares validly tendered for the Buyback by the Eligible Shareholders, on the basis of their Buyback Entitlement.
- 20.8 Eligible Shareholders will have to transfer their Demat Shares from the same demat account in which they were holding such shares (as on the Record Date) and in case of multiple demat accounts, Eligible Shareholders are required to tender the applications separately from each demat account. In case of any changes in the demat account in which the Demat Shares were held (as on Record Date), such Eligible Shareholders should provide sufficient proof of the same to the Registrar to the Buyback, and such tendered Demat Shares may be accepted subject to appropriate verification and validation by the Registrar. The Board of Buyback Committee authorised by the Board will have the authority to decide such final allocation in case of non-receipt of sufficient proof by such Eligible Shareholder.
- 20.9 The Equity Shares proposed to be bought back in the Buyback is divided into two categories and the entitlement of a shareholder in each category shall be calculated accordingly:
- (i) Reserved Category for Small Shareholders; and
 - (ii) the General Category for all other Eligible Shareholders.
- 20.10 After Accepting the Equity Shares tendered on the basis of Buyback Entitlement, Equity Shares left to be bought as a part of the Buyback, if any, in one category shall first be accepted, in proportion to the Equity Shares tendered, over and above their Buyback Entitlement, by Eligible Shareholders in that category, and thereafter, from Eligible Shareholders who have tendered over and above their Buyback Entitlement, in other category.
- 20.11 The maximum tender under the Buyback by any Eligible Shareholder cannot exceed the number of Equity Shares held by the Eligible Shareholder as on the Record Date.
- 20.12 For implementation of the Buyback, the Company has appointed Edelweiss Securities Limited as Company's Broker through whom the purchases and settlements on account of the Buyback would be made by the Company. The contact details of the Company's Broker are as follows:

Edelweiss Securities Limited

Edelweiss House, 5th floor, Off C.S.T Road,
Kalina, Mumbai 400 098

Tel. No.: +91 22 6623 3325

Fax No.: +91 22 2286 4411

Contact Person: Atul Benke

Email: instops@edelweissfin.com

Website: <https://edelweissfin.com/>

SEBI Registration Number: INZ000166136

CIN: U67110AP1993PLC052266

- 20.13 The Buyback will be implemented using the "*Mechanism for acquisition of shares through Stock Exchange*" issued by SEBI vide circular no. CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and circular no. CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, and in accordance with the procedure prescribed in the Companies Act and the SEBI Buyback Regulations, and as may be determined by the Board of Directors, or the Buyback Committee, on such terms and conditions as may be permitted by law from time to time. In this regard, the Company will request NSE to provide the Acquisition Window to facilitate placing of sell orders by the Eligible Shareholders who wish to tender their Equity Shares in the Buyback. For the purpose of this Buyback, NSE would be the Designated Stock Exchange. The details of the Acquisition Window will be as specified by NSE from time to time. All Eligible Shareholders may place orders in the Acquisition Window, through their respective stock brokers ("**Shareholder Broker**").
- 20.14 In the event the Shareholder Broker of any Eligible Shareholder is not registered with NSE as a trading member / stock broker / Shareholder Broker, then that Eligible Shareholder can approach any NSE registered stock broker and can register himself by using Web Based Unique Client Code Application (UCI online) facility through that NSE registered stock broker (after submitting all details as may be required by such NSE registered stock broker in compliance with applicable law). In case the Eligible Shareholder is unable to register himself by using Web Based Unique Client Code Application (UCI

online) facility through any other NSE registered stock broker, then that Eligible Shareholder may approach the Company's Broker, viz. Edelweiss Securities Limited, to register himself by using Web Based Unique Client Code Application (UCI online).

- 20.15 The Eligible Shareholder approaching Designated Stock Exchange registered stock broker (with whom he does not have an account) may have to submit the requisite documents as may be required. The requirement of documents and procedures may vary from broker to broker.
- 20.16 During the Tendering Period, the order for selling the Equity Shares will be placed in the Acquisition Window by the Eligible Shareholders through their respective Shareholder Broker during normal trading hours of the secondary market. The Shareholder Broker can enter orders for Demat Shares as well as Physical Shares. In the tendering process, the Company's Broker may also process the orders received from the Eligible Shareholders.
- 20.17 Multiple bids made by single Eligible Shareholder for selling the Equity Shares shall be clubbed and considered as 'one' bid for the purposes of Acceptance.
- 20.18 Modification/ cancellation of orders and multiple bids from a single Eligible Shareholder will be allowed during the Tendering Period of the Buyback.
- 20.19 The cumulative quantity tendered shall be made available on the website of NSE i.e., www.nseindia.com throughout the trading session and will be updated at specific intervals during the Tendering Period.
- 20.20 The non-receipt of the Letter of Offer by, or accidental omission to dispatch the Letter of Offer to any person who is eligible to receive the Letter of Offer, shall not invalidate the Buyback in any manner. In case of non-receipt of the Letter of Offer, Eligible Shareholders may participate in the offer by applying on the Tender Form downloaded from the Company's website i.e., www.skfindia.com or obtain a duplicate copy of the same by writing to the Registrar to the Buyback. Such Eligible Shareholders may also participate in the Buyback by providing their application in plain paper in writing signed by such shareholder (in case jointly held then signed by all shareholders), stating name, address, folio number number of shares held, Client ID number, DP name, DP ID number, number of Equity Shares tendered and other relevant documents as detailed in "*Procedure to be followed by Eligible Shareholders holding Physical Shares*" on page 35 in case of Physical Shares. If the signature(s) of the Eligible Shareholders provided in the plain paper application differs from the specimen signature(s) recorded with the Registrar and Transfer Agent of the Company or are not in the same order (although attested), such applications are liable to be rejected under this Buyback. Eligible Shareholder(s) have to ensure that their bid is entered in the Acquisition Window prior to the closure of the Offer. Please note that the Company shall accept Equity Shares from the Eligible Shareholders on the basis of their holding and Buyback Entitlement. Eligible Shareholder(s) who intend to participate in the Buyback using the 'plain paper' option as mentioned in this paragraph are advised to confirm their Buyback Entitlement from the Registrar to the Buyback, before participating in the Buyback.
- 20.21 All documents sent by Eligible Shareholders will be at their own risk. Eligible Shareholders are advised to safeguard adequately their interests in this regard.
- 20.22 **Procedure to be followed by Eligible Shareholders holding Demat Shares:**
 - (a) Eligible Shareholders holding Demat Shares who desire to tender their Demat Shares under the Buyback would have to do so through their respective Shareholder Broker by indicating to the concerned Shareholder Broker, the details of Equity Shares they intend to tender under the Buyback.
 - (b) The Shareholder Broker would be required to place an order/ bid on behalf of the Eligible Shareholder who wish to tender Demat Shares in the Buyback using the Acquisition Window of the NSE. Before placing the bid, the Eligible Shareholder would be required to transfer the tendered Demat Shares to the Clearing Corporation, by using the settlement number through the early pay in mechanism of the Depositories prior to placing the bid by the Shareholder Broker. This shall be validated by the Shareholder Broker at the time of order/bid entry. The details of the settlement number for the Buyback will be provided in a separate circular which shall be issued at the time of issue opening by Clearing Corporation.
 - (c) For custodian participant orders for Demat Shares, early pay-in is mandatory prior to confirmation of order/bid by custodians. The custodian shall either confirm or reject the orders not later than the closing of trading hours on the last day of the tendering period. Thereafter, all unconfirmed orders

shall be deemed to be rejected. For all confirmed custodian participant orders, any order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.

- (d) Upon placing the bid, the Shareholder Broker shall provide a TRS generated by the stock exchange bidding system to the Eligible Shareholder on whose behalf the order/ bid has been placed. TRS will contain details of order submitted like Bid ID No., Application No., DP ID, Client ID, No. of Equity Shares tendered etc.
- (e) Eligible Shareholders who have tendered their Demat Shares in the Buyback may deliver the Tender Form duly signed (by all Eligible Shareholders in case shares are in joint names) in the same order in which they hold the Equity Shares, along with TRS generated by the stock exchange bidding system upon placing of a bid, either by registered post, speed post or courier or hand delivery to the Registrar to the Buyback at the address mentioned on the cover page of this Letter of Offer, so that the same are received not later than 2 (two) days of Buyback Closing Date i.e., February 7, 2019 by 5:00 p.m. The envelope should be super scribed as “SKF India Limited Buyback Offer 2019”. In the event of non-receipt of the completed Tender Form and other documents, but receipt of Equity Shares in the special account of the Clearing Corporation and a valid bid in the stock exchange bidding system, the Buyback shall be deemed to have been Accepted for such shareholders holding Demat Shares.
- (f) The Eligible Shareholders who have tendered their Demat Shares in the Buyback will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or partial acceptance. Further, Eligible Shareholders will have to ensure that they keep the bank account attached with the DP account active and updated to receive credit remittance due to acceptance of Buyback of shares by the Company.
- (g) Excess Demat Shares or unaccepted Demat Shares, if any, tendered by the Eligible Shareholders would be returned to them by Clearing Corporation. If the securities transfer instruction is rejected in the depository system, due to any issue then such securities will be transferred to the Shareholder Broker’s depository pool account for onward transfer to the Eligible Shareholder. In case of custodian participant orders, Demat Shares or unaccepted Demat Shares, if any, will be returned to the respective custodian depository pool account.
- (h) The details of the account opened with DP as given below in to which the Equity Shares tendered are to be transferred:

DP ID	12032300
DP Name	Edelweiss Broking Limited
Beneficiary Client ID	02907504
Client Account Name	SKF INDIA LIMITED- ESCROW ACCOUNT-BUYBACK-2018

- (i) Eligible Shareholders who have tendered their Demat Shares in the Buyback shall also provide all relevant documents, which are necessary to ensure transferability of the Demat Shares in respect of the Tender Form to be sent. Such documents may include (but not be limited to):
 - (i) Duly attested power of attorney, if any person other than the Eligible Shareholder has signed the Tender Form;
 - (ii) Duly attested death certificate and succession certificate/ legal heirship certificate, in case any Eligible Shareholder is deceased or court approved scheme of merger/ amalgamation for a company; and
 - (iii) In case of companies, the necessary certified corporate authorisations (including board and/ or general meeting resolutions).

20.23 Procedure to be followed by Eligible Shareholders holding Physical Shares:

- (a) The SEBI Buyback Regulations provide for buyback of both Demat Shares and Physical Shares, and accordingly, the Eligible Shareholders who hold Equity Shares in physical form and intend to tender such Equity Shares in the Buyback, shall follow the procedure provided herein below.

- (b) Eligible Shareholders who are holding physical Equity Shares and intend to participate in the Buyback will be required to approach their respective Shareholder Broker along with the complete set of documents for verification procedures to be carried out before placement of the bid. Such documents will include the (i) the Tender Form duly signed (by all Eligible Shareholders in case shares are in joint names) in the same order in which they hold the shares, (ii) original share certificate(s), (iii) valid share transfer form(s)/Form SH-4 duly filled and signed by the transferors (i.e. by all registered Shareholders in same order and as per the specimen signatures registered with the Company) and duly witnessed at the appropriate place authorizing the transfer in favour of the Company, (iv) self-attested copy of PAN Card(s) of all Eligible Shareholders, (v) any other relevant documents such as power of attorney, corporate authorization (including board resolution/specimen signature), notarized copy of death certificate and succession certificate or probated will, if the original shareholder is deceased, etc., as applicable. In addition, if the address of the Eligible Shareholder has undergone a change from the address registered in the register of members of the Company, the Eligible Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid Aadhar card, voter identity card or passport.
- (c) Based on the documents mentioned above, the concerned Shareholder Broker shall place an order/bid on behalf of the Eligible Shareholders holding Equity Shares in physical form who wish to tender Equity Shares in the Buyback, using the acquisition window of NSE. Upon placing the bid, the Shareholder Broker shall provide a TRS generated by the exchange bidding system to the Eligible Shareholder. TRS will contain the details of order submitted like folio no., certificate no., distinctive no., no. of Equity Shares tendered etc.
- (d) Any Shareholder Broker/Eligible Shareholder who places a bid for physical Equity Shares, is required to deliver the original share certificate(s) & documents (as mentioned above) along with TRS generated by exchange bidding system upon placing of bid, either by registered post, speed post or courier or hand delivery to the Registrar to the Buyback i.e. TSR Darashaw Limited (at the address mentioned at paragraph 18 above) not later than 2 (two) days from the offer closing date. The envelope should be super scribed as "SKF India Limited Buyback Offer 2019". One copy of the TRS will be retained by Registrar to the Buyback and it will provide acknowledgement of the same to the Shareholder Broker.
- (e) The Eligible Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents are submitted. Acceptance of the physical Equity Shares for Buyback by the Company shall be subject to verification as per the SEBI Buyback Regulations and any further directions issued in this regard. The Registrar to the Buyback will verify such bids based on the documents submitted on a daily basis and till such verification, NSE shall display such bids as 'unconfirmed physical bids'. Once Registrar to the Buyback confirms the bids, they will be treated as 'confirmed bids'.
- (f) In case any Eligible Shareholder has submitted Equity Shares in physical form for dematerialisation, such Eligible Shareholders should ensure that the process of getting the Equity Shares dematerialised is completed well in time so that they can participate in the Buyback before the closure of the tendering period of the Buyback.
- (g) All documents as mentioned above, shall be enclosed with the valid Tender Form, otherwise the Equity Shares tendered will be liable for rejection. The Equity Shares shall be liable for rejection on the following grounds amongst others: (i) If there is any other company's equity share certificate(s) enclosed with the Tender Form instead of the Equity Share certificate(s) of the Company; (ii) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders; (iii) If the Eligible Shareholders tender Equity Shares but the Registrar to the Buyback does not receive the Equity Share certificate(s); (iv) In case the signature on the Tender Form and Form SH-4 does not match as per the specimen signature recorded with Company/Registrar and Transfer Agent of the Company.
- (h) All Equity Shareholders holding the Physical Shares shall note that in accordance with the proviso to regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (notified by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018), read with SEBI's press release dated December 3, 2018, transfers of securities shall not be processed unless the securities are held in the dematerialized form with a depository with effect from April 1, 2019. In case the applicable

law restricts the buyback of Equity Shares held in physical form, the Company may not be able to accept the tender of such Equity Shares held in physical form from April 1, 2019.

20.24 **Additional requirements in respect of tenders by the Non-Resident Shareholders:**

- (a) While tendering their Equity Shares under the Buyback, all Eligible Shareholders being Non-Resident Shareholders (excluding FIIs) shall enclose a copy of the permission received by them from RBI, if applicable, to acquire the Equity Shares held by them.
- (b) In case the Equity Shares are held on a repatriation basis, the Non-Resident Eligible Shareholders shall obtain and enclose a letter from the Eligible Shareholder's authorised dealer/ bank confirming that at the time of acquiring the said Equity Shares, payment for the same was made by the Non-Resident shareholder from the appropriate account (e.g. NRE a/c) as specified by RBI in its approval. In case the Non-Resident shareholder is not in a position to produce the said certificate, the Equity Shares would be deemed to have been acquired on non-repatriation basis and in that case the Non-Resident Eligible Shareholder shall submit a consent letter addressed to the Company, allowing the Company to make the payment on a non-repatriation basis in respect of the valid Equity Shares Accepted in the Buyback.
- (c) If any of the above stated documents, as applicable, are not enclosed along with the Tender Form, the Equity Shares tendered under the Buyback are liable to be rejected.

The participation of the Eligible Shareholders in the Buyback is entirely at the discretion of the Eligible Shareholders. The Company does not accept any responsibility for the decision of any Eligible Shareholder to either participate or to not participate in the Buyback. The Company will not be responsible in any manner for any loss of Share certificate(s) and other documents during transit and the Eligible Shareholders are advised to adequately safeguard their interest in this regard.

B. ACCEPTANCE OF ORDERS

The Registrar to the Buyback shall provide details of order Acceptance to the Clearing Corporation within specified timelines.

C. METHOD OF SETTLEMENT

Upon finalisation of the basis of acceptance as per SEBI Buyback Regulations:

- (a) The settlement of trades shall be carried out in the manner as detailed in the following paragraphs, which is similar to settlement of trades in the secondary market.
- (b) The Company will pay the consideration to the Company's Broker who will transfer the funds pertaining to the Buyback to the Clearing Corporation's bank account as per the prescribed schedule and as intimated by the Clearing Corporation from time to time and in compliance with the SEBI Circular.
- (c) The Demat Shares Accepted in the Buyback would be transferred directly to the demat account of the Company opened for the Buyback (the "**Company Demat Account**") provided it is indicated by the Company's Broker or it will be transferred by the Company's Broker to the Company Demat Account on receipt of the Equity Shares from the clearing and settlement mechanism of NSE.
- (d) The Eligible Shareholders holding Demat Shares will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of Demat Shares, due to rejection or due to non-acceptance in the Buyback.
- (e) Excess Demat Shares or unaccepted Demat Shares, if any, tendered by the Eligible Shareholder would be returned to them by the Clearing Corporation directly to the respective Eligible Shareholder's DP account. If the securities transfer instruction is rejected in the depository system, due to any issue then such securities will be transferred to the Shareholder Broker depository pool account for onward transfer to the Eligible Shareholder. In case of custodian participant orders, excess demat Shares or unaccepted demat Shares, if any, will be returned to the respective custodian participant. The Shareholder Broker would return these unaccepted Equity Shares to their respective clients on whose behalf the bids have been placed. Any excess Physical Shares pursuant to proportionate acceptance/rejection will be returned back to the concerned Eligible Shareholders directly by the Registrar to the

Buyback. The Company is authorized to split the share certificate and issue new consolidated share certificate for the unaccepted Physical Shares, in case the Physical Shares accepted by the Company are less than the Physical Shares tendered in the Buyback.

- (f) The settlements of fund obligation for Demat Shares and Physical Shares shall be effected as per the SEBI circulars and as prescribed by NSE and Clearing Corporation from time to time. For Demat Shares accepted under the Buyback, the Clearing Corporation will make direct funds payout to the respective Eligible Shareholders and in case of Physical Shares, the Clearing Corporation will release the funds to the Shareholder Broker(s) as per secondary market payout mechanism. If such Eligible Shareholder's bank account details are not available or if the funds transfer instruction is rejected by the RBI/ bank(s), due to any reasons, then the amount payable to the Eligible Shareholder will be transferred to the Shareholder Broker for onward transfer to such Eligible Shareholders.
- (g) In case of certain shareholders viz., NRIs, non-residents etc. (where there are specific regulatory requirements pertaining to funds payout including those prescribed by the RBI) who do not opt to settle through custodians, the funds payout would be given to their respective Shareholder Broker's settlement accounts for releasing the same to such shareholder's account. For this purpose, the client type details would be collected from the Depositories, whereas amount payable to the Eligible Shareholder pertaining to the bids settled through custodians will be transferred to the settlement bank account of the custodian, each in accordance with the applicable mechanism prescribed by the NSE and the Clearing Corporation from time to time.
- (h) Eligible Shareholders who intend to participate in the Buyback should consult their respective Shareholder Broker for details of any cost, applicable taxes, charges and expenses (including brokerage) that may be levied by the Shareholder Broker upon the selling shareholders for tendering Equity Shares in the Buyback (secondary market transaction). The Buyback consideration received by the selling shareholders in respect of accepted Equity Shares could be net of such costs, applicable taxes, charges and expenses (including brokerage) and the Manager to the Buyback and Company accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling shareholders.
- (i) The Shareholder Broker would issue contract note to the Eligible Shareholders tendering Equity Shares in the Buyback. The Company's Broker would also issue a contract note to the Company for the Equity Shares accepted under the Buyback.
- (j) The Equity Shares lying to the credit of the Company Demat Account and the Physical Shares bought back and accepted will be extinguished in the manner and following the procedure prescribed in the SEBI Buyback Regulations.

D. Special Account opened with the Clearing Corporation

The details of transfer of the Demat Shares to the special account by trading member or custodians shall be informed in the issue opening circular that will be issued by the NSE or the Clearing Corporation.

E. Rejection Criteria

The Equity Shares tendered by Eligible Shareholders would be liable to be rejected on the following grounds:

For Eligible Shareholders holding Equity Shares in the dematerialized form if:

- the Equity Shareholder is not an Eligible Shareholder of the Company as on the Record Date; or

For Eligible Shareholders holding Equity Shares in the physical form if:

- The documents mentioned in the Tender Form for Eligible Shareholders holding Equity Shares in physical form are not received by the Registrar on or before the close of business hours February 7, 2019 by 5:00 p.m.;
- If there is any other company's share certificate enclosed with the Tender Form instead of the share certificate of the Company;

- If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders;
- If the Eligible Shareholders bid the Equity Shares but the Registrar does not receive the physical Equity Share certificate; or
- In the event the signature in the Tender Form and Form SH-4 do not match as per the specimen signature recorded with Company or Registrar and Transfer Agent.
- The documents mentioned in instruction number 3 and 4 of the Tender Form for physical Equity Shareholders are not received by the Registrar before the close of business hours to the Registrar on or before February 7, 2019 by 5:00 p.m.
- Where there exists any restraint order of a Court/any other competent authority for transfer/disposal/sale or where loss of share certificates has been notified to the Company or where the title to the Equity Shares is under dispute or otherwise not clear or where any other restraint subsists.

21. NOTE ON TAXATION

Disclosures in this section are based on expert opinion sought by the Company from Sudit K. Parekh & Co., Chartered Accountants.

IN VIEW OF THE PARTICULARIZED NATURE OF TAX CONSEQUENCES, ELIGIBLE SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE TAX OFFICERS IN THEIR CASE, AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE.

THE SUMMARY OF THE TAX CONSIDERATIONS IN THESE PARAGRAPHS ARE BASED ON THE CURRENT PROVISIONS OF THE TAX LAWS OF INDIA AND THE REGULATIONS THEREUNDER, THE JUDICIAL AND THE ADMINISTRATIVE INTERPRETATIONS THEREOF, WHICH ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT TAX IMPLICATIONS.

THE COMPANY DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE. THEREFORE, ELIGIBLE SHAREHOLDERS CANNOT RELY ON THIS ADVICE AND THE SUMMARY TAX IMPLICATIONS RELATING TO THE TREATMENT OF INCOME TAX IN THE CASE OF BUY BACK OF LISTED EQUITY SHARES ON THE STOCK EXCHANGE SET OUT BELOW SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.

1.1. GENERAL

The basis of charge of Indian Income-Tax depends upon the residential status of the taxpayer during a tax year. The Indian tax year runs from April 1 until March 31. A person who is an Indian tax resident is liable to taxation in India on his worldwide income, subject to certain tax exemptions, which are provided under the Income Tax Act, 1961 (hereinafter referred as Income Tax Act).

A person who is treated as non-resident for Indian Income-Tax purposes is generally subject to tax in India only on such person's income which is accrued or has been received in India. Any gains arising to a non-resident on transfer of Equity Shares should be taxable in India under the Income Tax Act. Further, as per the provisions of the Income Tax Act, the non-resident can avail the beneficial provisions of the Double Taxation Avoidance Agreements (DTAA) between India and the respective jurisdiction of the shareholder subject to meeting relevant conditions and providing and maintaining necessary information and documents as prescribed under the Income Tax Act.

The Income Tax Act also provides for different tax regimes / rates applicable to the gains arising on buyback of shares, based on the period of holding, residential status and category of the shareholder, nature of the income earned, etc. The summary of tax implications on buyback of listed equity shares on the stock exchange is set out below. All references to equity shares in this note refer to listed equity shares unless stated otherwise.

1.2. CLASSIFICATION OF SHAREHOLDERS

Shareholders can be classified under the following categories:

(a) Resident Shareholders being:

- Individuals, Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individuals (BOI)
- Others (including companies, partnership firms and co-operative societies)

(b) Non-Resident Shareholders being:

- Non-Resident Indians (NRIs)
- Foreign Portfolio Investors (FIIs)
- Others:
 - Company
 - Other than Company

1.2.1 CLASSIFICATION OF INCOME

Shares can be classified under the following 2 (two) categories:

(a) Shares held as investment (income from transfer taxable under the head “Capital Gains”)

(b) Shares held as stock-in-trade (income from transfer taxable under the head “Profits and Gains from Business or Profession”)

Gains arising from the transfer of shares may be treated either as “capital gains” or as “business income” for tax purposes, depending upon whether such shares were held as a capital asset or trading asset (i.e. stock-in-trade). Traditionally, the issue of characterization of income arising from sale of shares has been a subject matter of litigation with the tax authorities. The apex body of Income-tax has issued Circular no. 6 of 2016, as per which, if the taxpayer opts to consider the shares as stock-in-trade, the income arising from the transfer of such shares would be treated as its business income. Also, if such shares are held for a period of more than 12 months, and if the taxpayer desires to treat the income arising from the transfer thereof as “capital gains”, the same shall not be put to dispute by the Tax Officer.

Further, investments by FII in any securities in accordance with the regulations made under the Securities Exchange Board of India Act, 1992 would be treated as capital asset under the provisions of the Income Tax Act.

1.2.2 SHARES HELD AS INVESTMENT

As per the provisions of the Income Tax Act, where the shares are held as investments, income arising from the transfer of such shares is taxable under the head “Capital Gains”. Capital gains on buyback of shares are governed by the provisions of Section 46A of the Income Tax Act and would attract capital gains in the hands of shareholders as per provisions of Section 48 of the Income Tax Act. The provisions of buy back tax under Section 115QA in Chapter XII-DA of the Income Tax Act do not apply for shares listed on the stock exchange and accordingly, the exemption provided under section 10(34A) of the Income Tax Act shall not be applicable.

1.2.3 Period of holding

Depending on the period for which the shares are held, the gains would be taxable as “short term capital gain” or “long term capital gain”:

- In respect of equity shares held for a period of less than or equal to 12 months prior to the date of transfer, the same shall be treated as a short-term capital asset, and the gains arising therefrom shall be taxable as “short term capital gains” (“STCG”).
- Similarly, where equity shares are held for a period of more than 12 months prior to the date of transfer, the same shall be treated as a long-term capital asset, and the gains arising therefrom shall be taxable as “long-term capital gains” (“LTCG”).

1.2.4 Buyback of shares through a recognized stock exchange.

Since the buyback is undertaken on the stock exchange, such transaction is chargeable to Securities Transaction Tax ("STT"). STT is a tax payable in India on the value of securities on every purchase or sale of securities that are listed on the Indian Stock Exchange. Currently, the STT rate applicable on the purchase or sale of shares on the stock exchange is 0.1% of the value of security.

Where transaction for transfer of such equity shares (i.e. buyback) is transacted through a recognized stock exchange and subjected to STT then the taxability will be as under (for all categories of shareholders):

a) Long Term Capital Gains

Prior to the introduction of Finance Act, 2017, section 10(38) of the Income Tax Act provided that the income arising from a transfer of long term capital asset, being equity share in a company is exempt from tax if the transaction is subjected to STT.

Vide Finance Act, 2017 section 10(38) of the Income Tax Act was amended to provide that the exemption under section 10(38) shall not be applicable in scenarios where the equity shares sold is purchased on or after 1st October, 2004 without payment of STT. However, vide Notification No. 60/2018 dated 1st October 2018, an exemption from the requirement of STT being paid at the time of acquisition of shares provided to certain modes of acquisition including acquisition of shares by a non-resident under the FDI policy. If acquisition is made in such specified modes, the exemption under section 10(38) shall continue to apply, even if no STT was paid at the time of acquisition of the shares.

Further vide Finance Act, 2018 section 10(38) of the Income Tax Act was further amended to withdraw the exemption contained therein on income arising from transfer of equity share in a company after 1st April, 2018.

A new section namely section 112A was inserted in the Income Tax Act vide Finance Act, 2018 to provide for the following:

- Tax @ 10% on LTCG, exceeding INR 1 Lac, arising from transfer of equity share in a company on or after 1st April, 2018 without considering the benefit of the first proviso and the second proviso to section 48 of the Income Tax Act.
 - Capital Gains accrued on such equity shares till 31st January, 2018 have been grandfathered.
 - Cost of acquisition in respect of equity shares in a company transferred on or after 1st April, 2018 shall be as follows:
 - In case where the equity share in a company is acquired before 1st February, 2018; higher of the following :
 - i. The actual cost of acquisition of such equity shares acquired before 1st February, 2018; or
 - ii. The lower of the following :-
 - a) The highest price of the equity share of the company quoted on a recognized stock exchange on 31st January, 2018; or
 - b) The actual sale consideration received from transfer of such equity share in a company
- (The benefit of the first proviso and the second proviso to section 48 of the Income Tax Act will not be available)
- In case where the equity share in a company is acquired on or after 1st February, 2018, the cost of acquisition shall be the cost of acquisition without considering the benefit of the first proviso and the second proviso to section 48 of the Income Tax Act

Section 115AD of the Income Tax Act has been amended to provide that tax @ 10% shall be applicable on income arising to FII from transfer of long term capital asset being equity shares in a company.

If STT is not paid at the time of acquisition of the shares being bought back, entire LTCG arising to the shareholder shall be subject to tax @ 10% under Section 112 of the IT Act (or 20% after claiming indexation benefit which is relevant in case of resident shareholders).

b) Short Term Capital Gains

STCG arising from such transaction would be subject to tax @ 15% under section 111A of the Income Tax Act.

In case of resident Individual or HUF, if the short term Capital Gain is below the maximum amount not chargeable to tax in that case such short term Capital Gain shall be reduced by the amount of shortfall. In addition to the above STCG tax, Surcharge, Health and education cess are leviable.

For non-residents, taxability of capital gains would be subject to taxability under the Income tax act or beneficial provisions of applicable Double Taxation Avoidance Agreement ("DTAA"), which ever is more beneficial but subject to fulfilling relevant conditions and submitting/ maintaining necessary documents prescribed under the Income Tax Act.

1.3 SHARES HELD AS STOCK-IN-TRADE.

If the shares are held as stock-in-trade by any of the shareholders of the Company, then the gains would be characterized as business income and taxable under the head "Profits and Gains from Business or Profession. In such a case, the provisions of Section 46A of the Income Tax Act will not apply.

1.3.1 Resident Shareholders.

- (a) For individuals, HUF, AOP, BOI, profits would be taxable at slab rates.
- (b) Domestic Company having turnover or gross receipts not exceeding INR 250 crore of the previous year 2016-17 would be taxable @ 25%.
- (c) For persons other than stated in (a) and (b) above, profits would be taxable @ 30%.

In addition to the above, Surcharge and Health and education cess are leviable. Further no benefit of indexation by virtue of period of holding would be available in any case.

1.3.2 Non-Resident Shareholders.

- (a) When DTAA provisions are applicable:

Non-resident shareholders can avail beneficial provisions of the applicable DTAA entered into by India with relevant country in which the shareholder is resident, but subject to fulfilling relevant conditions and submitting/ maintaining necessary documents prescribed under the Income Tax Act.

- (b) Where DTAA provisions are not applicable:

- For non-resident individuals, HUF, AOP, BOI, profits would be taxable at slab rates
- For foreign companies, profits would be taxed in India @ 40%
- For other non-resident shareholders, such as foreign firms, profits would be taxed in India @ 30%.

In addition to the above, Surcharge, Health and education cess are leviable.

1.4 TAX DEDUCTION AT SOURCE.

1.4.1 In case of Resident Shareholders.

In absence of any specific provision under the Income Tax Act, the Company is not required to deduct tax on the consideration payable to resident shareholders pursuant to the said Buyback.

1.4.2 In case of Non-resident Shareholders.

Since the buy-back is through the stock exchange, the responsibility of discharge of the tax due on the gains (if any) is primarily on the non-resident shareholder. It is therefore important for the non-resident shareholders to suitably compute such gains (if any) on this transaction and immediately pay taxes in India (either through deduction at source or otherwise) in consultation with their custodians / authorized dealers / tax advisors / stock broker appropriately.

In the event, the Company is held liable for the tax liability of the Shareholder, the same shall be to the account of the Shareholder and to that extent the Company is entitled to be indemnified. The non-resident shareholders also undertake to provide the Company, on demand, the relevant details in respect of the taxability / non-taxability of the proceeds arising on buyback of Equity Shares by the Company, copy of tax return filed in India, evidence of the tax paid etc.

1.5 RATE OF SURCHARGE AND CESS.

In addition to the basic tax rate, Surcharge, Health and education cess are leviable as under:

1.5.1 Surcharge.

- a) In case of foreign companies: Surcharge is levied @ 2% on the amount of income tax if total income exceeds Rs. 1 crore but does not exceed Rs. 10 crore and @ 5% on the amount of income-tax if total income exceeds Rs. 10 crore.
- b) In case of other non-resident assesses (i.e. other than foreign companies): Surcharge @ 15% for non-resident individual/HUF is levied where the total income exceeds Rs.1 crore and @ 10% where income exceeds INR 50 Lacs but does not exceed INR 1 crore.
- c) In case of domestic companies: Surcharge @ 7% is levied where the total income exceeds Rs.1 crore but does not exceeds Rs.10 crores and @ 12% is levied where the total income exceeds Rs.10 crores.
- d) In case of Individuals, Hindu Undivided family, Association of Persons, and Body of Individuals: Surcharge @ 15% will be applicable where the total income exceeds INR 1 crore and @ 10% where the income exceeds INR 50 Lacs but does not exceed INR 1 crore.
- e) In case of Co-op. Societies, Firms & Local Authority: Surcharge @ 12% is leviable where the total income exceeds INR 1 crore.

1.5.2 Cess.

Health and education cess @ 4% is leviable on income tax and surcharge, as applicable.

1.6 NOTES.

- (a) The above note on taxation sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the disposal of equity shares.
- (b) This note is neither binding on any regulators nor can there be any assurance that they will not take a position contrary to the comments mentioned herein. Hence, you should consult with your own tax advisors for the tax provisions applicable to your particular circumstances.
- (c) All the above benefits are as the per the current tax laws (including amendments made by the Finance Act, 2018), legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any changes or amendments in the law or relevant regulations would necessitate a review of the above.
- (d) Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the provisions of the relevant sections under the relevant tax laws.
- (e) The tax rate and other provisions may undergo changes.

22. DECLARATION BY THE BOARD OF DIRECTORS

Declaration as required under clause (ix) and clause (x) of Schedule I to the SEBI Buyback Regulations:

The Board of Directors made the following declaration as on the date of the Board Resolution approving the Buyback (October 24, 2018):

- (a) there are no defaults subsisting in the repayment of deposits, interest payment thereon, redemption of debentures or payment of interest thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company; and
- (b) it has made a full enquiry into the affairs and prospects of the Company, and taking into account all the liabilities including prospective and contingent liabilities payable as if the Company were being wound up under the provisions of the Companies Act, 1956 or the Companies Act or the Insolvency and Bankruptcy Code, 2016, and has formed the opinion that: :
- immediately following the date of the Board meeting, and the date on which the results of shareholders' resolution passed by way of Postal Ballot including e-voting were declared ("**Postal Ballot Resolution**"), approving the Buyback, there will be no grounds on which the Company could be found unable to pay its debts;
 - as regards the Company's prospects for the year immediately following the date of the Board meeting approving the Buyback as well as for the year immediately following the date of Postal Ballot Resolution, and having regard to the Board's intention with respect to the management of Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board meeting and from the date of Postal Ballot Resolution.

This declaration is made and issued under the authority of the Board of Directors in terms of the resolution passed at the meeting of held on October 24, 2018.

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

Name: Rakesh Makhija
Designation: Chairman & Non-Executive Director
DIN: 0117692

Name: Manish Bhatnagar
Designation: Managing Director
DIN: 08148320

23. REPORT BY THE COMPANY'S STATUTORY AUDITOR

The text of the report dated December 4, 2018 received from Price Waterhouse & Co Bangalore LLP, the statutory auditor of the Company, addressed to the Board of Directors of the Company is reproduced below:

Quote:

The Board of Directors
 SKF India Limited
 Mahatma Gandhi Memorial Building,
 Netaji Subash Road, Charni Road,
 Mumbai 400 002

Auditors' Report on Buy Back of Shares pursuant to the requirement of Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 and the Companies Act, 2013 and rules thereunder

1. This report is issued in accordance with our agreement dated October 19, 2018.
2. We have been engaged by SKF India Limited (the "Company") to perform a reasonable assurance engagement on determination of the amount of permissible capital payment as detailed in the accompanying Annexure I in connection with the proposed buy back by the Company of its equity shares in pursuance of Sections 68, 69 and 70 of the Companies Act, 2013 (the "Act") and The Companies (Share Capital and Debentures) Rules, 2014 and the regulations as specified in the 'Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018' (the "Regulations") and on the opinions expressed by the Board of Directors of the Company, as required under the Regulations. We have initialled the Annexure I for identification purposes only.

Board of Directors Responsibility

3. The Board of Directors of the Company is responsible for the following:

- (i) The amount of capital payment for the buy-back is properly determined; and
- (ii) It has made a full inquiry into the affairs and prospects of the Company and has formed the opinion that the Company will not be rendered insolvent within a period of one year from the date on which the results of the shareholders' resolution passed by way of postal ballot including electronic voting approving the buy-back is declared ("Postal Ballot Resolution"); and
- (iii) A declaration is signed by at least two directors of the Company, that the Board of Directors has made a full enquiry into the affairs and prospects of the Company and has formed the opinion that the Company will not be rendered insolvent within a period of one year from the date of the Postal Ballot Resolution and in forming the opinion, it has taken into account the liabilities as if the Company were being wound up under the provisions of the Act.

Auditor's Responsibility

4. Pursuant to the requirement of the Regulations, it is our responsibility to obtain reasonable assurance on the following "Reporting Criteria":
 - (i) whether the amount of capital payment for the buy-back has been properly determined and is within the permissible limit computed in accordance with the provisions of Section 68 of the Act and the Regulations; and
 - (ii) whether the Board of Directors has formed the opinion, as specified in Clause (x) of Schedule I to the Regulations, on reasonable grounds that the Company having regard to its state of affairs will not be rendered insolvent within a period of one year from date of the Postal Ballot Resolution.
5. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting Criteria. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated with the Reporting Criteria. Within the scope of our work, we performed the following procedures:
 - (i) Examined authorisation for buy back from the Articles of Association of the Company;
 - (ii) Examined that the amount of capital payment for the buy-back as detailed in Annexure I is within the permissible limit computed in accordance with the provisions of Section 68 of the Act;
 - (iii) Examined that the ratio of the debt owned by the Company, if any, is not more than twice the capital and its free reserves after such buy-back;
 - (iv) Examined that all the shares for buy-back are fully paid-up;
 - (v) Inquired into the state of affairs of the Company with reference to the audited financial statements of the Company as at and for the year ended March 31, 2018 (the "Audited Financial Statements") and unaudited financial statements for the six months ended September 30, 2018 which has been prepared by the Management of the Company; and examined budgets and projections prepared by the Management;
 - (vi) Examined minutes of the meetings of the Board of Directors and minutes of the Postal Ballot Resolution;
 - (vii) Examined Directors' declarations for the purpose of buy-back and solvency of the Company; and
 - (viii) Obtained appropriate representations from the Management of the Company.
6. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

8. The financial statements referred to in paragraph 5 (v) above, have been audited by us on which we issued an unmodified audit opinion vide our report dated May 8, 2018. Our audit of these financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

Opinion

9. As a result of our performance of aforementioned procedures, we report that:
- (i) The amount of capital payment of INR 3,990.0 million for the equity shares in question, as stated in the accompanying certified extract of the minutes of the Board of Directors' meeting held on October 24, 2018, which we have initialled for identification, is within the permissible capital payment of INR 4,589.8 million, as calculated in Annexure I based on the Audited Financial Statements, which, in our opinion, is properly determined in accordance with Section 68 of the Act and the Regulations; and
 - (ii) The Board of Directors in their meeting held on October 24, 2018 has formed the opinion, as specified in Clause (x) of Schedule I to the Regulations, on reasonable grounds that the Company having regard to its state of affairs will not be rendered insolvent within a period of one year from date of the Postal Ballot Resolution.

Restrictions on Use

10. Our work was performed solely to assist you in meeting your responsibilities with reference to the Regulations. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.
11. This report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the Regulations solely to enable the Board of Directors of the Company to include in the Public Announcement to be made to the shareholders of the Company, the Draft Letter of Offer and the Letter of Offer to be issued by the Company which will be filed with (a) the Securities and Exchange Board of India (b) the Registrar of Companies as required by the Regulations (c) the Central Depository Services (India) Limited and the National Securities Depository Limited for the purpose of extinguishment of equity shares (d) merchant banker to the buy-back appointed by the Company, (e) the authorised dealer for the purpose of capital payment, and (f) the National Stock Exchange of India Limited and BSE Limited and should not be used for any other purpose. Price Waterhouse & Co Bangalore LLP does not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report, or Public Announcement which includes our report, is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Jeetendra Mirchandani
Partner
Membership Number: 48125

Place: Mumbai
Date: December 4, 2018

Annexure 1

Statement of determination of the permissible capital payment towards Buy back of Equity Shares in accordance with Section 68 of the Companies Act, 2013 and Regulation 4 of the Regulations based on the last audited financial statements:

Particulars as on March 31, 2018	Amount in INR million
Paid up Equity share capital as on March 31, 2018 (A)	513.4

[5,13,37,963 equity shares of face value Rs. 10 each]		
Free Reserves		
General Reserve	6,835.0	
Surplus in Statement of Profit and Loss	11,010.8	
Total Reserves (B)		17,845.8
Total paid up capital and free reserves (A) + (B)		18,359.2
Maximum amount permissible for buy back under Section 68 of the Companies Act, 2013 (25% of paid up capital and free reserves)		4,589.8
Maximum amount permitted by Board resolution dated October 24, 2018 approving buyback, based on the audited accounts for the year ended March 31, 2018.		3,990.0
Buy back size as a percentage of total paid-up equity capital and free reserves		21.73%

Unquote

24. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at Mahatma Gandhi Memorial Building, Netaji Subhash Road Charni Road (W), Mumbai 400 002, Maharashtra, India between 10.30 a.m. and 5.00 p.m. on any day, except Saturday, Sunday and public holidays, during the Tendering Period:

- (1) Copy of the Certificate of Incorporation;
- (2) Memorandum and Articles of Association of the Company
- (3) Copy of the annual reports of the Company for the fiscal years ended March 31, 2018, March 31, 2017 and March 31, 2016 and limited review results for the six months ended September 30, 2018;
- (4) Copy of the resolution passed by the Board of Directors at the meeting held on October 24, 2018 approving the proposal for Buyback and the copy of the special resolution dated December 1, 2018 passed by the Shareholders of the Company;
- (5) Copy of Report dated December 4, 2018 received from Price Waterhouse & Co Bangalore LLP, Chartered Accountants, the Statutory Auditor of the Company, in terms of clause (xi) of Schedule I of the SEBI Buyback Regulations;
- (6) Copy of Declaration of solvency and an affidavit verifying the same in Form SH-9, as prescribed under Section 68(6) of the Companies Act;
- (7) Observations from SEBI on the Draft Letter of Offer issued by its letter no. CFD/DCR/OW/2019/1065 dated January 9, 2019;
- (8) Copy of Escrow Agreement dated January 14, 2019 entered into amongst the Company, the Manager to the Buyback and the Escrow Agent;
- (9) Copy of the certificate from V.C. Venkatraman & Co., Chartered Accountants (Firm Registration No: 0111372W), dated December 10, 2018 certifying that the Company has adequate funds for the purposes of Buyback;
- (10) Copy of Public Announcement for Buyback published on December 5, 2018 in the English and Hindi national editions of the Business Standards and the Mumbai edition of Navshakti, a Marathi daily; and
- (11) Copy of the Bank Guarantee drawn at the Hongkong and Shanghai Banking Corporation Limited in favour of the Manager to Buyback.

25. DETAILS OF COMPANY SECRETARY & COMPLIANCE OFFICER

The Company has designated Mr. Pradeep Bhandari as the compliance officer for the purpose of the Buyback ("Compliance Officer").

Pradeep Bhandari
Company Secretary & Compliance Officer
SKF India Limited
Mahatma Gandhi Memorial Building
Netaji Subhash Road
Charni Road (W), Mumbai 400 002
Maharashtra, India
Tel. No.: +91 22 6633 7777
Fax No.: +91 22 2281 9074
Email: investors@skf.com

Investors may contact the Compliance Officer for any clarification or to address their grievances, if any, during office hours i.e. 9:00 a.m. to 5:00 p.m. on all working days except Saturday, Sunday and public holidays at the above-mentioned address.

26. DETAILS OF THE REMEDIES AVAILABLE TO THE SHAREHOLDERS/ BENEFICIAL OWNERS

- (a) In case of any grievances relating to the Buyback (including non-receipt of the Buyback consideration, share certificate, demat credit, etc.), the Eligible Shareholders can approach the Company Secretary & Compliance Officer and/or Manager to the Buyback and/or Registrar to the Buyback for redressal.
- (b) If the Company makes any default in complying with the provisions of Sections 68, 69, 70 of the Companies Act including the rules thereunder, the Company or any officer of the Company who is in default shall be punishable with imprisonment for a term and its limit, or with a fine and its limit or with both in terms of the Companies Act, as applicable.
- (c) The address of the concerned office of the Registrar of Companies is as follows:

The Registrar of Companies
Ministry of Corporate Affairs,
Office of Registrar of Companies
100, Everest Building,
Marine Drive, Mumbai 400 002

27. INVESTOR SERVICE CENTRE AND REGISTRAR TO THE BUYBACK

In case of any query, the shareholders may contact the Registrar to the Buyback on any day, except Saturday, Sunday and public holidays between 10:00 a.m. and 3:30 p.m. at the following address:

tsr DARASHAW
Total Solutions Repository

TSR Darashaw Limited
6-10 Haji Moosa Patrawala Industrial Estate
20, Dr. E. Moses Road
Near Famous Studio,
Mahalaxmi (West), Mumbai 400 011
Maharashtra, India
Tel No.: +91 22 6656 8484
Fax No.: +91 22 6656 8494
Email: SKFBuyback2019@tsrdarashaw.com
Contact Person: Ms. Mary George
Website: www.tsrdarashaw.com
SEBI Registration Number: INR000004009

28. **MANAGER TO THE BUYBACK**



Edelweiss Financial Services Limited
14th Floor, Edelweiss House, Off. C.S.T. Road
Kalina, Mumbai - 400 098
Tel. No.: +91 22 4009 4400
Fax No.: +91 22 4086 3610
Contact Person: Shubham Mehta
Email: skf.buyback@edelweissfin.com
Website: www.edelweissfin.com
SEBI Registration No.: INM0000010650
CIN: L99999MH1995PLC094641

29. **DECLARATION BY THE DIRECTORS REGARDING AUTHENTICITY OF THE INFORMATION IN THE LETTER OF OFFER**

As per Regulation 24(i)(a) of the SEBI Buyback Regulations, the Board of Directors accepts full responsibility for the information contained in this Letter of Offer and for the information contained in all other advertisements, circulars, brochures, publicity materials etc. which may be issued in relation to the Buyback and confirms that the information in such documents contain and will contain true, factual and material information and does not and will not contain any misleading information. This Letter of Offer is issued under the authority of the Board and in terms of the resolution passed by the Board on October 24, 2018.

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

Sd/-
Name: Rakesh Makhija
Designation: Chairman & Non-Executive Director
DIN: 0117692

Sd/-
Name: Manish Bhatnagar
Designation: Managing Director
DIN: 08148320

Sd/-
Name: Pradeep Bhandari
Designation: Company Secretary & Compliance Officer
Membership No.: 14177

Place: Pune
Date: January 14, 2019

