Date: 5th July,2022

National Stock Exchange of India Limited,	BSE Limited,
"Exchange Plaza" 5th Floor,	Phiroze Jeejeebhoy
Plot No. C-1, G Block,	Towers,Dalal Street,
Bandra Kurla Complex, Bandra (East),	Mumbai - 400001
Mumbai – 400051	
NSE Scrip Code – SKFINDIA	**BSE Scrip Code -500472**

Dear Sirs/Madam,

Sub: <u>Annual Report for the Financial Year 2021-22 along with Notice of 61st Annual General Meeting</u>

This is in Continuation to our letter dated May 11, 2022 and June 22, 2022, we would like to inform that the 61st Annual General Meeting("AGM") of the members of the Company is scheduled to be held on **Wednesday , July 27,2022 , at 3:00 P.M. (IST)** through Video Conferencing / Other Audio Visual Means in compliance with the applicable provisions of the Companies Act, 2013 read with Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations") read with General Circulars issued by the Ministry of Corporate Affairs ('MCA') and SEBI from time to time.

Pursuant to Regulation 30 & 34(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the Financial Year 2021-22 which is being sent through electronic mode to the members whose email addresses are registered with the Company/ Registrar and Share Transfer Agent / Depositories. It is also available at the website of the Company at below mentioned link.
https://www.skf.com/binaries/pub12/Images/094b75b118edae72-SKF-India-Annual-Report-2021-22_tcm_12-598592.pdf

Pursuant to Regulation 42 of the SEBI Listing Regulations, the Company has fixed the **Record Date** as **Wednesday , June 29, 2022,** for determining eligibility/entitlement of members to receive the final dividend for the Financial Year 2021-22, if declared and approved by the shareholders at the ensuing 61st Annual General Meeting of the Company.

The members of the Company, holding shares as on **Wednesday, 20th July 2022** i.e. cut-off date, either in physical form or in dematerialised form are eligible/entitled to vote on the resolutions proposed in the Notice of AGM. The remote e-voting commences on **Sunday, 24th July 2022 (9:00 a.m. IST)** and ends on **Tuesday, 26th July 2022 (5:00 p.m. IST).**

The details such as (i) registering/updating email address (ii) casting vote through evoting facility and (iii) attending the AGM through VC/ OAVM are set out in the Notice of AGM.

The above is for your information and record. You are hereby requested to disseminate this information on your respective websites.

Thanking you,

Yours faithfully,
SKF India Limited

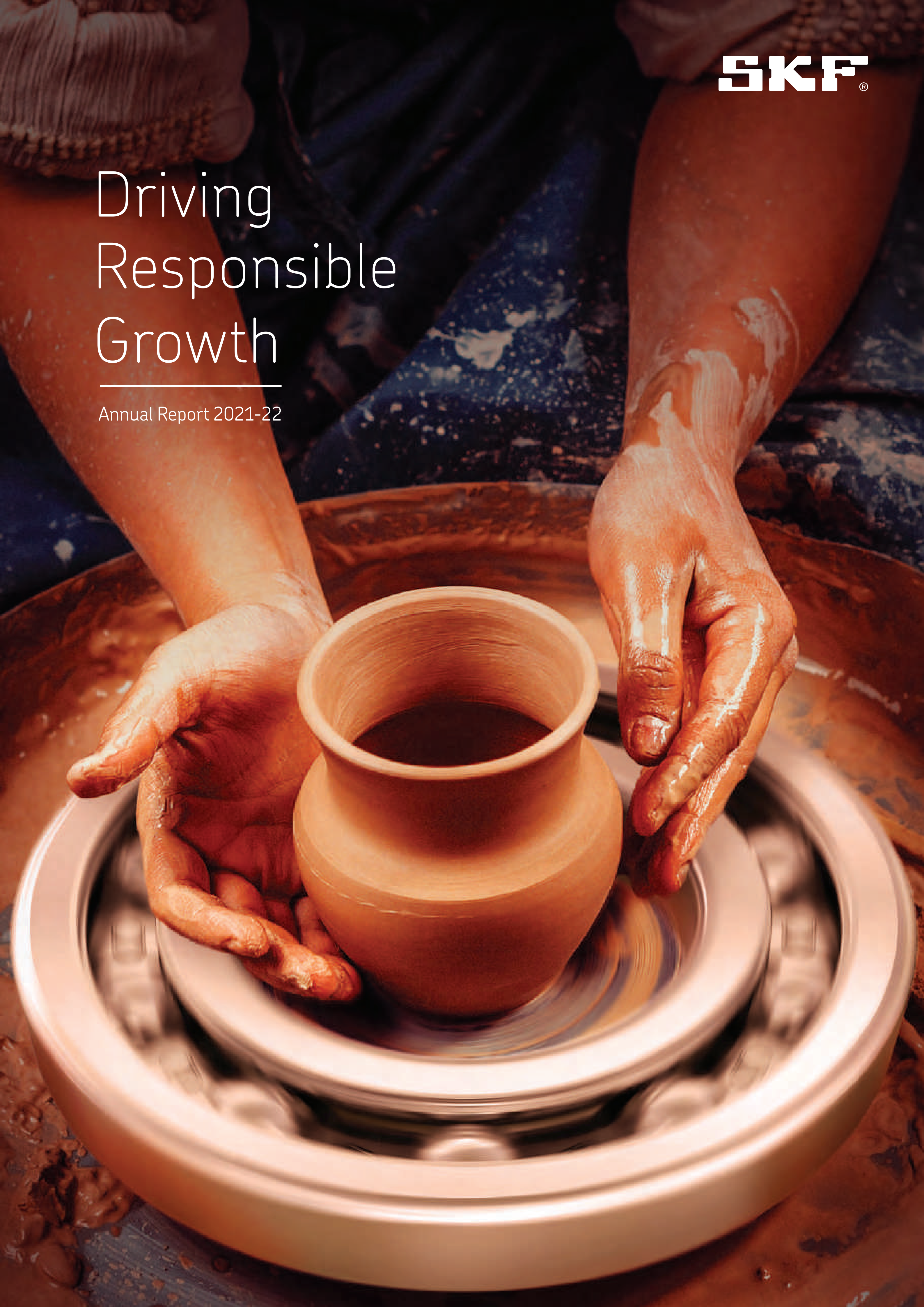
RANJAN KUMAR

Digitally signed by RANJAN KUMAR
DN: cn=RANJAN KUMAR, c=IN, o=PERSONAL, email=ranjan.kumar@skf.com
Date: 2022.07.05 18:32:20 +05'30'

Ranjan Kumar
Company Secretary & Compliance Officer

Driving Responsible Growth

Annual Report 2021-22



WHAT'S INSIDE

Corporate overview

Statutory reports

Financial statements

For the online version of the Annual Report, go to https://www.skf.com/in/investors/financial-results or scan the QR code

About SKF India

SKF India Limited (SKF India) is a leading supplier of solutions for rotating equipment in automotive and industrial segments.

We started operations as a ball-bearing manufacturing company in 1961. Over the years, we have evolved into a knowledge-driven engineering company that offers competitive advantages to customers, and at the same time, contributes to a sustainable society. At the centre of our responsible growth and value-creation strategy are our deep-rooted values and strong core, comprising experienced leadership, committed employees and robust processes.

Investor information

Market capitalization as at March 31, 2022	:	INR 174,733.54 million
CIN	:	L29130MH1961PLC011980
BSE code	:	500472
NSE symbol	:	SKFINDIA
Bloomberg code	:	SKF:IN
Dividend declared	:	145%
AGM date	:	July 27, 2022
AGM mode	:	Video Conferencing (VC) Other Audio-Visual Means (OAVM)

Disclaimer

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

What we offer

Innovative solutions to reduce friction, improve productivity, achieve energy efficiency, increase equipment longevity and reliability across industries.

What we are focused on

Delivering responsible growth by aligning to the customer needs and transforming business landscape.

What we believe in

Engaging meaningfully with our stakeholders to enable inclusive growth for all.

What drives our journey

Our vision

A world of sustainable rotation

SKF India in numbers

3
Manufacturing facilities

12
Offices

620
Distributors

1,681
Workforce

Awards and recognitions

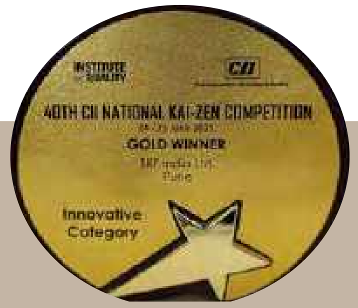
'Towards quality performance with sustenance without major claims' at the Yamaha Virtual Supplier Conference on April 21, 2022 under the 'Quality' category

Won at the 9th Annual Manufacturing Today Conference & Award - 2021, organised by Manufacturing Today, for our Pune, Haridwar and Bengaluru factories

CII Star Challenger Award (Challenger Trophy 2021)

Recognitions bestowed on our Pune factory

Gold Award to the Factory Maintenance Team for 'Energy Conservation – Kaizen' by QCFI



Gold Award to the Factory QPI Team at the 40th CII National Kai-Zen Competition

3 Gold Awards at the 54th QCFI Mini Convention

3 'Excellent' ratings at the QCFI 35th National Convention on Quality Concepts (NCQCC-2021)

Runner-up (Large) in the Machinist Super Shop Floor Awards to the Factory Maintenance Team by Ace Micromatic

Par Excellence Award at the 46th International Convention on Quality Control Circles in November 2021 (ICQCC-2021 hosted by QCFI)

Platinum Award by CII for Heat Treatment at Muda at the 3M Competition (Muda, Mura, Muri)

Gold Award by CII for Factory Resetting at Mura at the 3M Competition (Muda, Mura, Muri)

3 Gold Awards at the Kaizen Competition on SMED – 2022

2 Gold and 1 Silver Award at the QCFI Safety Kaizen Competition – 2022


Certificate

SKF India Ltd., Pune

PLATINUM WINNER

42nd CII National Kai-Zen Competition

Platinum Award at 42nd CII National Kai-Zen Competition - 2022 (Restorative Kaizen)


Certificate

SKF India Ltd

SILVER WINNER

42nd CII National Kai-Zen Competition

Silver Award at 42nd CII National Kai-Zen Competition - 2022 (Renovative Kaizen)

Recognitions bestowed on our Ahmedabad factory

Gold Award at the QCFI 32nd Annual Convention

Excellent' rating at the 46th International Convention on Quality Control Circles in November 2021 (ICQCC-2021 hosted by QCFI)

Portfolio of innovative and sustainable offerings

Industrial

SKF'S OFFERING

- Supplying more than 40 industries globally with products and services, both directly and indirectly through a network of more than 140 distributors in India
- Broad product range of bearings, seals and lubrication systems
- Rotating shaft services and solutions for machine health assessment, reliability engineering and remanufacturing

SKF'S POSITION

- A leading position in industries such as railway, heavy industries and industrial distribution market, and a prominent position in other industries

MARKET DRIVERS

- Reliable rotation is crucial for many industries.
- Climate change and the actions to address it influence most of SKF's customer industries.
- Other drivers vary from application to application, e.g., low friction, low energy use, maintenance-free solutions and total cost of ownership.
- Digitalisation enables monitoring and predictive maintenance throughout the product life cycle.

Automotive

SKF'S OFFERING

- Customised bearings, seals and related products for wheel-end, driveline, e-powertrain, engine, suspension and steering applications to manufacturers of cars, light and heavy trucks, trailers, buses and two-wheelers
- Supplying the vehicle aftermarket with spare parts, both directly and indirectly through a network of more than 540 distributors in India

SKF'S POSITION

- One of the leaders in the development of components for automotive electrification and wheel-end solutions
- Strong position in application-driven powertrain solutions
- Strong position in the aftermarket with an extensive distribution network

MARKET DRIVERS

- The light vehicle market: Electrification, energy efficiency and reduction of emissions
- The truck market: Total cost of ownership, connectivity and integrated systems
- The aftermarket: Changing buying patterns, new channels, product performance and cost optimisation

Distinguished leadership

as on March 31, 2022

Mr. Gopal Subramanyam

Chairman and Independent Director

Mr. Subramanyam has 45 years of experience in manufacturing, ranging from high-precision components to heavy equipment and machinery. He is the former Chief Executive of two joint ventures (JVs) – L&T Komatsu Ltd., India and L&T Howden Pvt. Ltd., India. He is Advisor to the L&T Skill Development Mission and is member of the Academic Council of Nettur Technical Training Foundation (NTTF). He is a founder member of several greenfield and brownfield projects – noteworthy ones being Hydraulic Component at L&T, Bengaluru in technical collaboration with Poclain Hydraulics, France; Agriculture Tractor project; Hydraulic Excavators Manufacturing; and Super critical Technology Boiler plant auxiliaries manufacturing business at Hazira, Gujarat (JVC with MHPS, Japan and later JVC with Howden, UK).

He is a certified Business Excellence assessor of the CII-EXIM Business Excellence Award (based on the EFQM model) and a trained Director at the Masterbatch for Directors by the Institute Of Directors (GOD), India.

Mr. Manish Bhatnagar

Managing Director

As the Managing Director, Mr. Bhatnagar sets the strategic direction for the SKF Group in India and its wide portfolio of offerings in bearing technologies. He has over 29 years of global experience in various industries, including consumer goods, materials, healthcare and environmental solutions. He has a strong track record of using strategic leadership to drive robust growth across industries, building businesses to leadership positions and driving high-performance cultures. He has previously held progressively increasing leadership roles at General Electric, Underwriters Laboratories and Lakme Lever.

He has recently been inducted into the Group Management Team of AB SKF to provide strategic guidance to the Industrial business of the South-East Asia region (besides his role as the Managing Director of the Company).

Mr. Aldo Cedrone

Non-Executive Director

Mr. Aldo Cedrone has been associated with the SKF Group since 1989 in various positions, including as Automotive Division Director; Head - Powertrain and Electrical TW; Factory Manager; and Quality and Production Manager. He is responsible for 'One Implementation Plan for DGBB and Ball Bearing Units Product Lines' and also for all the bearing manufacturing units for the automotive market. He is engaged in planning and execution of restructuring projects for SKF. He is also a member of the car electrification hybridisation team.

Ms. Ingrid Viktoria Van Camp

Non-Executive Director

As on March 31, 2022, Ms. Van Camp is the President of SKF Group / SKF Technology / Management of Aktiebolaget SKF. She brings around 26 years of experience to the Group. She has previously served as President Business and Product Development, Director of Industrial Market Technology and Solutions, and Director of Product Innovation Lubrication BU, besides holding other positions within SKF.

Ms. Anu Wakhlu

Independent Director

Ms. Wakhlu is the Chairperson of Pragati Leadership Institute Pvt. Ltd., where she was previously the Executive Director on their Board for over 18 years, out of which she served six years as the Managing Director. She is credited with creating the organisational DNA to align with their vision and mission, and enabling leadership development for top management teams. As a Strategic HR Consultant, she has worked closely with the manufacturing sector, transforming their HR systems to add value to the business. She is also President of Soroptomist International, an international organisation dedicated to the growth and empowerment of women worldwide. She has over 30 years of experience as a certified executive coach, consultant and facilitator across industry segments.

Mr. Shailesh Sharma

Whole Time Director

Mr. Sharma leads manufacturing and operational excellence at SKF in India and South East Asia and provides oversight for robust performance of the manufacturing processes. With over 30 years' experience in precision engineering industries, Mr. Sharma provides strategic and tactical leadership for manufacturing operations at SKF.

Prior to this role, he managed the Bengaluru and Pune factories with an overall responsibility of plant operations. Mr. Sharma has technical leadership and subject matter expertise in operation management, people leadership, union management, engineering and automation, grinding process and new technology absorption.

Driving responsible growth – today and tomorrow

As a future-ready organisation focused on accelerating growth, SKF India is continuously investing in new products and markets by harnessing its customer insights and core strengths.

> We are actively strengthening our competitive position within each of our business segments, investing in our future and delivering attractive returns to our shareholders. To realise our goals, we will continue to have momentum on robust cash flow, backed by a disciplined cost and investment approach.

Message from the Managing Director

Dear Shareholders,

2021 was a successful and an eventful year for us as we delivered on our strategy and made important progress on driving responsible growth despite the challenges. While substantial work lies ahead, we are pleased with how we have responded thus far.

We generated the highest revenue for three consecutive quarters, recording exceptional revenue growth over FY 21-22, even though the second quarter was significantly impacted by COVID. During the year, we gained market share in our businesses, demonstrated strong cost discipline, continued to maintain high customer centricity, and sustained operational efficiencies, leading to a strong financial performance and increased shareholder value — reflections of which you will see in this report.

A strong year of delivering responsible growth

We have consistently talked about the strategies we focus on to build a more resilient and high-performance company. From maintaining a strong balance sheet, constantly investing, and nurturing talent, to serving customers and communities, we have been committed to driving responsible growth. With our deep understanding of almost all industrial applications, incredible brand, broad array of products and solutions, and relentless focus on application engineering and design, we believe SKF is well positioned for the future.

I am happy to share that we achieved strong financial performance in FY 21-22, with increased net income and continued organic growth, while also investing in talent and technology to support our customers. Our profit before tax stood at INR 5,309.6 million and revenue at INR 36,658.9 million, up 37% over FY21. What is important is that we have achieved this growth despite supply chain bottlenecks, unprecedented inflation in commodity prices and persistent global supply chain disruptions. During the year, we took several decisive actions to improve efficiencies and better position us for the current operating environment. We implemented price increases to mitigate some of the cost inflation impact, and will continue to implement more of these as needed to recover the impact of raw material cost increases. We also worked to mitigate supply chain constraints and related inefficiencies. However, full cost recovery will take time, given the persistent inflationary trends and the uncertainty created by the current geopolitical situation.

Our results affirm that we are on the right track and are well-positioned to navigate the challenging times. Looking ahead to FY23, we will focus on rigorous execution of our new strategic framework. We are actively strengthening our competitive position within each of our business segments, investing in our future, and delivering attractive returns to our shareholders. To realise our goals, we will continue to have momentum on robust cash flow, backed by disciplined cost and investment approach.

Enhancing focus on sustainability

We are constantly exploring ways to make all areas of our operations more environmentally sustainable. In FY 21-22, we continued to take important steps to promote sustainability, reduce our environmental impact and ensure progress towards our 2030 sustainability targets. As part of our Lean, Green and Digital manufacturing strategy, we are sourcing 42% of energy from renewable sources, which helped us reduce specific CO_2 emissions by 21,850 tonnes during the year.

In 2021, SKF globally introduced its target to achieve a fully net zero supply chain by 2050. This is an important step for us and emphasises our commitment to sustainable business. We even identified the material issues for SKF India to make progress on our environmental, social and governance (ESG) goals, and will set specific KPIs to accelerate our initiatives. This is a major commitment that requires full dedication from the entire organisation. It means that we must raise the bar in everything we do across the value chain, and continue to become better every single day.

Looking ahead, we will focus on building a long-term sustainable business where every customer, partner, supplier and employee can benefit in the shared value of our business success.

> We have consistently talked about the strategies we focus on, to build a more resilient and high-performance company. From maintaining a strong balance sheet, constantly investing and nurturing talent, to serving customers and communities, we have been committed to driving responsible growth.

Nurturing a culture of employee engagement, health and safety

Our people and their experience and skills represent our Company's most important asset. We are committed to maintaining a culture in which the health, safety and well-being of all our employees is an integral part of our business.

Through regular trainings programmes and awareness sessions, we continued to advance employee health, safety, wellness and responsible business practices across our business and operations during FY21. We worked together as an organisation to enact additional safeguards and policies to protect our dedicated workforce, while meeting our customers' critical needs. During the year, we had five recordable accidents. We completed all major actions for ensuring the avoidance of similar accidents in future, including subsequent trainings. We have a zero-accident vision and have intensified our focus on this area by conducting various engagement and awareness activities, such as safety week, trainings, quizzes and contests for employees.

We continued to work towards fostering an environment where everyone feels they belong and have opportunities to advance. Given our focus on creating a culture of continuous improvement and based on feedback from our employees, we have introduced culture-building initiatives and adapted to flexible ways of working to help people manage their well-being and health.

Recognising and rewarding performance is another priority for us and we continued to lay great emphasis on celebrating successes with our employees. The results of our latest employee survey show that we have been able to maintain the engagement level, trust and commitment of our workforce. That said, we are striving to empower each employee to demonstrate high productivity and achieve their true potential.

Making an impact in the communities

During the year, we continued making substantial impact in the communities where we operate. In addition to providing INR 1.4 million in COVID-19 surge relief, we supported Swedish Chambers of Commerce in their COVID-19 response efforts.

In addition, we work together with our NGO partners in several important areas, with a focus on maximum impact. One of the ways we empower communities is through our education programmes. We are proud to share that our STEM initiative reaches out to more than 15,000 students in 35 schools across Mysuru, Ahmedabad, Haryana, Pune, Haridwar and Bengaluru. By improving access to quality STEM learning, this programme catalyses greater diversity among students taking up STEM as a career, thus helping build India's future talent pipeline. This year, we doubled down on our efforts towards employee volunteerism to positively impact the lives of the communities where we live and work, offering initiatives that call for direct, hands-on involvement.

Driving intelligent and clean growth

As we look to FY23 and beyond, we will strive to capture new opportunities and accelerate profitable growth by targeting segments and products where we can provide significant value to our customers. By focusing on the rigorous execution of our new intelligent and clean strategic framework, we will be well positioned to meet the evolving customer demands.

Further, given the buoyancy in the Indian economy, we are optimistic about sustaining our growth momentum across both the automotive and industrial segments. Despite challenges such as supply chain constraints and commodity price increases, the industry is showing positivity on the back of favourable government policies and consumer sentiment.

> By delivering against our new strategic priorities, bringing together our hands-on industry experience, and leveraging our vast product portfolio and knowledge, we will continue to create significant value for everyone associated with us.

For instance, we are seeing most automobile manufacturers embracing new technologies, especially in the electric mobility space. These trends augur well for us and we are fully geared to capitalise on these emerging opportunities. We are actively strengthening our competitive position within each of our business segments, investing in our future and delivering attractive returns to our shareholders.

Looking ahead

We had a fantastic year, but nothing makes me prouder than the incredible people who have made SKF India the company it is today. The work we have done this year and the progress we have made with our customers gives me confidence that we are on the right path to achieve responsible growth in the future.

We march into the upcoming year with strong momentum as we believe that SKF has the unique ability to solve its customers' problems around rotating equipment. By delivering against our new strategic priorities, bringing together our hands-on industry experience, and leveraging our vast product portfolio and knowledge, along with 100+ years of hard work, innovation and dedication, we will continue to create significant value for everyone associated with us.

On behalf of our leadership team and all employees, we thank you for your trust and ongoing support.

Best wishes,

Manish Bhatnagar

A strong year for SKF

	As per Ind AS							As per Indian-GAAP (INR in million)		
	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	15 months ended on March 31, 2016	December 31, 2014	December 31, 2013	December 31, 2012
Net sales	36,036	26,329	27,959	29,960	27,686*	28,047*	31,848*	23,726	22,464	22,041
Profit before tax	5,310	3,963	3,868	5,242	4,555	3,756	3,945	3,062	2,530	2,831
Profit after tax	3,951	2,977	2,890	3,358	2,959	2,439	2,559	2,028	1,667	1,901
Cash earning per share (INR)	91	72	70	75	66	55	62	49	41	44
Rate of dividend (%)	145	145	1,300#	120	120	100	150	100***	75	75
Gross block	13,557	12,586	12,146	11,234	11,021	10,657	10,315	10,315	10,351	10,045
Net block	3,650	3,141	3,146	2,671	2,753	2,806	2,980	3,654	4,011	4,072
Total borrowings	-	-	-	900	850	340	650	-	-	-
Share capital	494.4	494.4	494.4	494.4	513.4	527.0	527.0	527.0	527.0	527.0
Reserves and surplus	18,363	15,144	18,558	16,475	17,860	17,585	16,119	13,635	12,228	11,026
Book value per share INR	381	316	385	332	356	343	316	269	242	219
Shareholders (nos.)	41,009	32,425	23,636	23,505	23,549	24,653	24,635	24,353	21,219	22,070
Employees (nos.)	1,681	1,762	1,716	1,759	1,779	1,789	1,824	1,962	2,052	2,053

* Net sales for Q1 of FY18 , year ended March 31, 2017 and 15 months ended on March 31, 2016 includes Excise duty as per Ind AS, whereas 2014 and prior period are excluding Excise duty as per Indian-GAAP. In accordance with Ind AS 18- Revenue, GST (Goods and Services Tax) is not included in Net Sales w.e.f from July 1, 2017

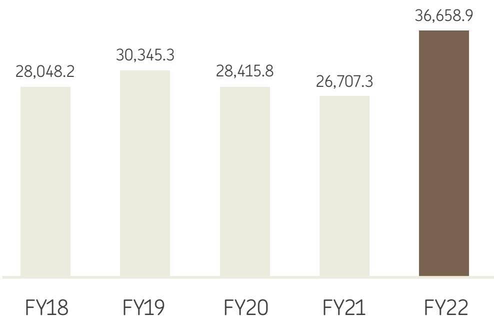
** Dividend of 70 % includes 10% golden jubilee special dividend

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

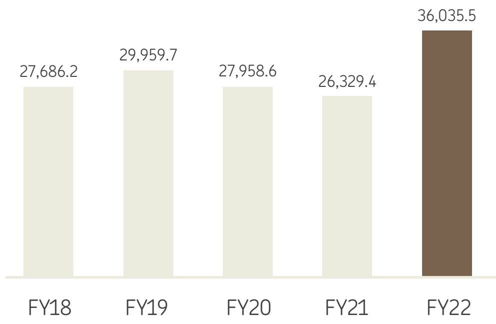
\# Special dividend 1300%

By remaining customer-focused at all times, SKF India has delivered a strong performance in FY22. Our results reflect the dedication and hard work of our talented people, who are focussed on creating value that matters for all our stakeholders—customers, shareholders, partners, and communities.

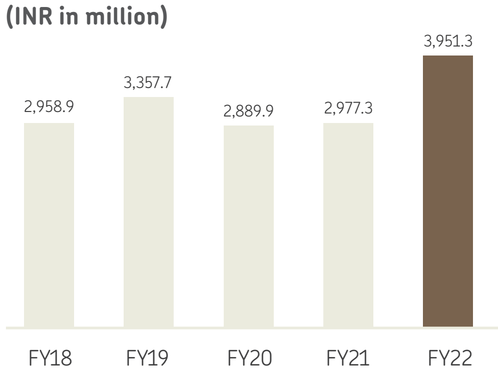
Revenue from operations (INR in million)



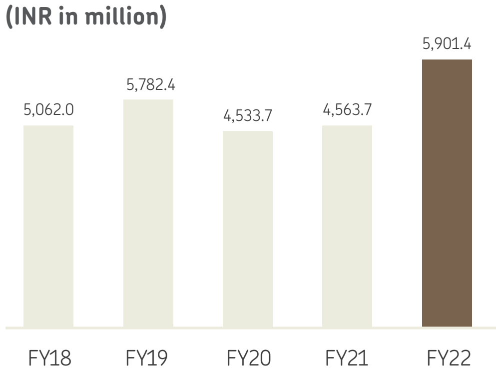
Net sales (INR in million)



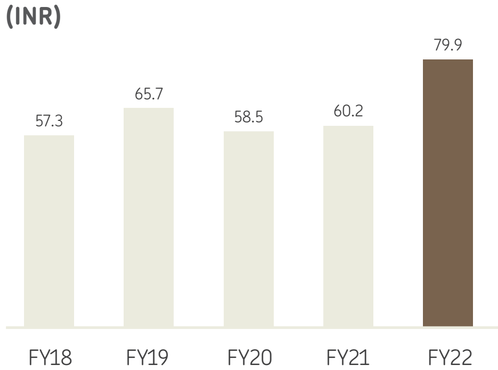
Profit added tax (PAT) (INR in million)



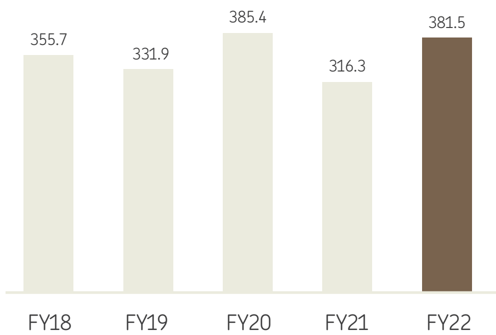
EBITDA (INR in million)



Earnings per share (EPS) (INR)



Book value per share (INR)

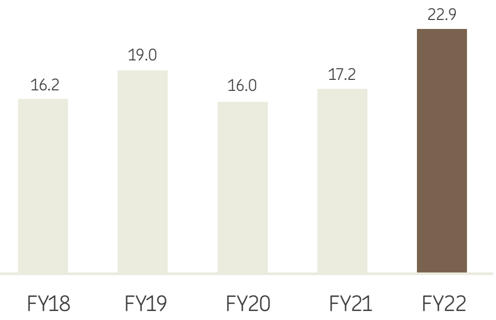


* Dividend figure for FY17 is at reduced capital after buyback of equity shares

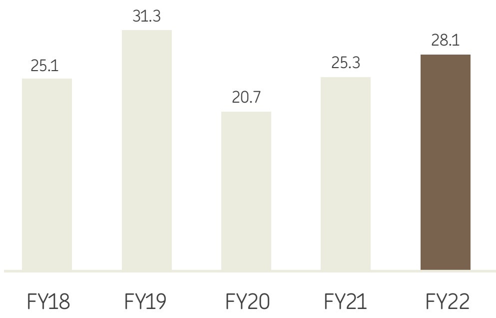
** Dividend figure for FY19 is at reduced capital after buyback of equity shares

\# Special dividend figure for FY20

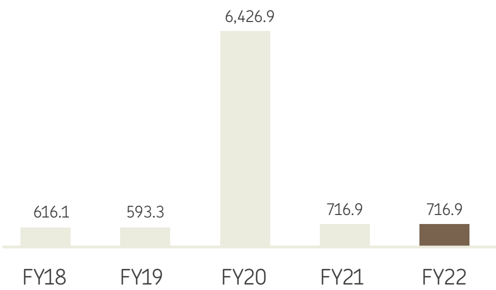
Return on net worth
(%)



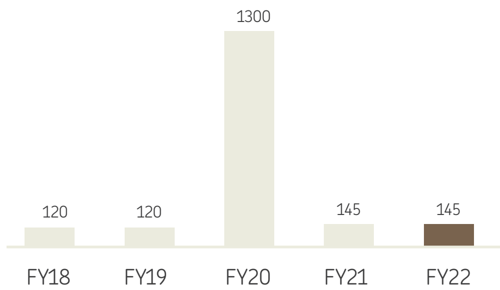
Return on capital employed (RoCE)
(%)



Dividend
(INR in million)



Dividend
(% of share)



* Dividend figure for FY19 is at reduced capital after buyback of equity shares

Special dividend figure for FY20

SKF Group strategic framework

At SKF, the focus remains on working consistently towards becoming an even more innovative, growth-focused and profitable industrial player. We have embarked on the next phase of our journey to accelerate profitable growth by targeting segments and products where we can provide significant value to customers.

Our aim is to build an SKF different than today, through the successful execution of our long-term strategy. By 2030, we will strive to grow faster and double the business, at improved margins. We will be more focused and efficient. We will be the technical partner of choice among our customers and lead the development of sustainable solutions.

For the realisation of these goals, SKF has defined a strategic framework based on two concepts: intelligent and clean. Intelligent means providing connected and tailored offerings for our customers, as well as using technology to make our operations more efficient. Clean reflects our ability to enable a more sustainable industry, whilst running our own business in a transparent and responsible manner.

These concepts will guide us as we embark on an exciting journey to become a more focused, innovative and profitable industrial player.

What we mean by intelligent and 'clean'

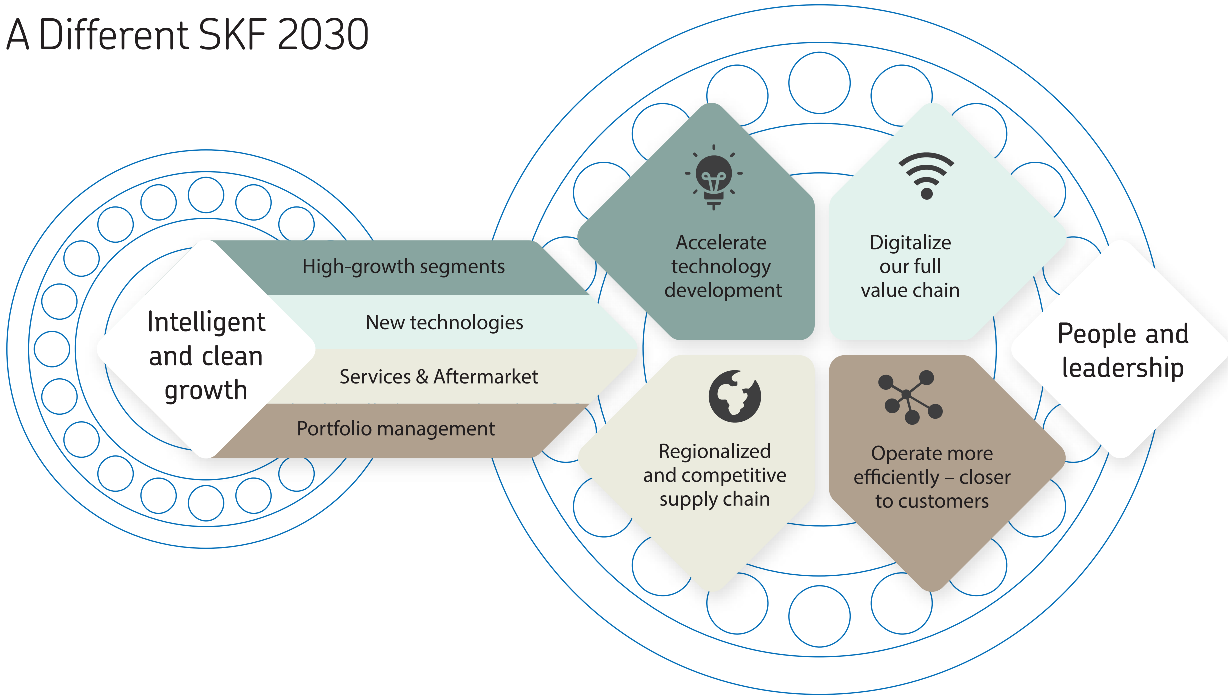
Intelligent

- Customer offerings and solutions
- Portfolio management
- Digital value chain and processes
- Capital allocation and resource deployment

Clean

- Technological applications
- Industries: Minimise friction and waste
- Value chain: Net zero emissions and high transparency
- Business practice and high ethics

A Different SKF 2030



Creating value by investing in intelligent and clean models

At SKF India, we are committed to creating holistic value, encompassing the entire stakeholder fabric of the Company. We make strategic investments to augment the resource base across capitals to boost our value-creation ability year on year.

We have structured our business model to drive our strategic approach to enable long-term and sustainable value creation and delivery, with focus on driving a circular economy. Our approach is pillared on redesigning and improving every facet of our operational and business value chain, with focus on the 3R (Recycle, Reduce, Reuse) principles.

Resources we deploy

FINANCIAL

- Equity: INR 18,859.02 million
- Assets (PPE & CWIP): INR 4,162.61 million

MANUFACTURING

- Manufacturing units: 3
- Warehouses / distribution centres: 8
- Solution factories: 4
- Total capacity: 183 million bearings

INTELLECTUAL

- Patents in process: 3

HUMAN

- Employees: 1,681
- Training hours per employee: 23.2
- Employee benefit expenses: INR 2,856.9 million

SOCIAL AND RELATIONSHIP

- Suppliers: 1,900+
- Code of Conduct sessions held: 12
- Supplier initiatives launched (ongoing): 7
- Certified Maintenance Practitioner trainings: 4
- CSR spend: 59.91 million
- Employee volunteering hours: 1,106
- CSR YES Training centres: 7
- CSR Environmental Eco Impact Parks: 1
- STEM Schools: 35

NATURAL

- Total energy use: 66625 MWH
- Projects for green manufacturing: 97

Value-creation approach

Value proposition

Our value proposition is driven by our products and our Rotating Equipment Performance (REP)

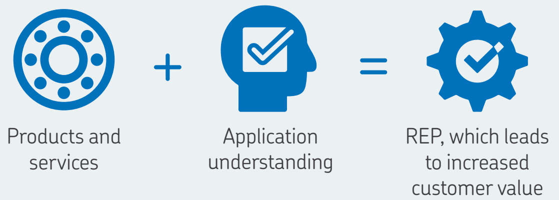
Products

Through our product value proposition, we meet the product application needs of our customers, as well as their performance requirements on specific metrics such as speed, load, noise and physical environment.

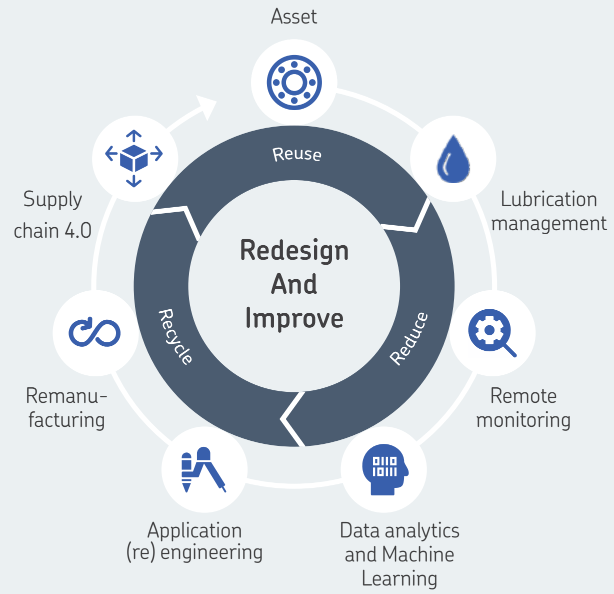
REP

Our REP value proposition meets the needs of customers who operate critical machinery by maximising performance.

Delivering customer value



Contribution to Circular Economy



Value we generate

FINANCIAL

- Revenue: INR 36,658.90 million
- EBITDA: INR 5,901.40 million
- Profit before tax (PBT): INR 5,309.60 million
- Profit after tax (PAT): INR 3,951.3 million
- RoCE: 27.6%
- Net cash flow (operations): INR 570.90 million

MANUFACTURING

- Bearings produced in FY 21-22: 135 million
- New products in pipeline: 50
- Customer delivery lead time for stock item: 1-3 days
- Refurbished/remanufactured bearing for customers: 20,179

INTELLECTUAL

- Patents filed: 14

HUMAN

- Gender diversity ratio: 6.26%
- Fatalities: None
- Accidents: 5

SOCIAL AND RELATIONSHIP

- Suppliers covered under the Code of Conduct: 100%
- Certified Maintenance Practitioners: 29
- Unique machines served by SKF practitioners: 19,000
- PTD lives impacted through CSR initiatives: 111,102
- Automotive business start-ups PTD: 39
- Skilled workforce created through CSR: 4,010
- STEM girls / Scholarship girls supported: 15,452
- Families benefitted through our waste management initiatives: 3,300
- Water saved outside the fence: 0.09 TMC
- Trees planted outside the fence: 5,659

NATURAL

- Scope 1 and 2 emissions: 26507 tCO2
- Renewable energy generated: 29876 MWh

Meeting the needs of the market

At SKF, we keep our business model and growth strategy aligned to the evolving market and customer needs. We leverage our deep understanding of the industry trends and the transforming aspirations of the new-age customer to meet their demands.

This helps us identify the growth drivers that will steer the realisation of our vision. It also aids us in strengthening our value proposition to harness the emerging business opportunities effectively, through timely and effective responses.

Our recent assessments and insights have led to the identification of the following key market drivers to steer our growth strategy.

Sustainability

GROWTH DRIVERS

The growing global climate change crises have necessitated the adoption of new and efficient business models, which are less dependent on physical resources by industries worldwide.

RESPONSE

We leverage our strengths to help customers move towards a circular economy. We provide our customers with products and solutions, condition monitoring, rotation as a service, and remanufacturing services to facilitate their transition to the Recycle-Reduce-Reuse (3R) model of business operations. We are also concurrently working on cutting down the CO2 emissions at our factories and across our supply chain.

Electrification

GROWTH DRIVERS

As in many other industries, the automotive industry is also fast embracing the electrification trend. The use of electric vehicles can lead to energy security, improvement in urban air quality, reduction in greenhouse gases and noise, among other sustainable benefits.

RESPONSE

With our portfolio of innovative solutions, we enable robust and efficient e-power train drives, of which bearings are an essential component.

Digitalisation

GROWTH DRIVERS

Improvement in value chain efficiencies is becoming increasingly linked with digital transformation sweeping the industry ecosystem. Digitalisation is helping in reducing the lead time, speeding up development cycles, reducing inventories and generating significant opportunities for resource efficiency.

RESPONSE

Our investments in connecting the value chain are helping improve ease of doing business with SKF, while equipping us to take more intelligent decisions in our own operations.

Regionalisation

GROWTH DRIVERS

Customisation of business strategy and approach is becoming essential in view of the pressure on global traders and the rapid increase in connectivity and information flows. These changes, coupled with a continued shift in economic power, makes it necessary to adopt a region-specific approach, led by manufacturing, sales and technical knowledge that resonates with customers.

RESPONSE

In response to these changes, we are making regular investments in automation and regionalisation of our manufacturing footprint and product development. This will help us further improve our competitiveness and ability to capture profitable growth.

Engaging with stakeholders

Engaging and building trust with a broad range of stakeholders is vital to support our progress towards our business and sustainability goals. It is aligned with sustainable development to meet the needs of the present without compromising the ability of future generation to meet their own needs.

At SKF, we have consciously embraced corporate sustainability as a business approach that creates long-term stakeholder value by managing risks and embracing opportunities by optimising the triple bottom line of people, planet and profit.

We have identified 10 internal and external stakeholders and laid down a systematic process of engaging with them to arrive at the material issues. Our stakeholder engagement plan comprises the following steps:

- Aligning business practices with the needs and expectations of stakeholders
- Identifying individuals with whom we must engage and establish ongoing dialogue
- Staying engaged with stakeholders through corresponding counterparts at SKF
- Using the engagements to receive feedback and inputs beneficial to the stakeholders and to SKF
- Addressing specific stakeholder concerns within the rubric of sustainability, that are important to them and have implications for SKF

Shareholders, investors and analysts

OBJECTIVES

- Appraise about the Company's periodic results and disclosures
- Improve their understanding of SKF's ESG commitments and performance

ESG/SUSTAINABILITY TOPICS

- Climate change physical and transition risks, and financial impact
- Social and environmental concerns in the supply/value chain
- Competitiveness

ENGAGEMENT FORUM

- AGM
- Analyst meets
- Investor calls
- Public disclosures and reports, including Annual Report, Quarterly Reports and Business Responsibility and Sustainable Report (BRR / BRSR)
- Transcripts/recordings of investor calls
- Media releases
- Websites

Customers, dealers and distributors

OBJECTIVES

- Develop/strengthen relations
- Improve customer experience
- Anticipate short- to long- term needs and expectations
- Expectations and needs sharing
- Policy and process communication
- Understanding market conditions and requirements

ESG/SUSTAINABILITY TOPICS

- Customer solutions enabling climate change mitigation
- New business models
- Recycled materials
- Environmental and social compliance
- Human rights
- Corruption
- Net Zero Communication

ENGAGEMENT FORUM

- One-on-one interactions
- Meets/conferences (physical/virtual)
- Surveys and assessments
- Exhibitions and trade shows
- Customer care
- Audits
- Trainings
- On-site visits

Suppliers and vendors

OBJECTIVES

- Mutual sharing of needs and expectations
- Quality, cost and delivery improvement
- Share knowledge and best practices, vendor recognition
- Strategic partnerships and value creation
- Responsible sourcing
- Implementing CoC for suppliers

ESG/SUSTAINABILITY TOPICS

- Social and environmental compliance to laws and SKF's requirements
- Responsible sourcing of Material, including carbon and energy intensity
- Waste reduction

ENGAGEMENT FORUM

- One-on-one interactions
- Meets/conferences
- Leaders' meetings
- Joint improvement projects, Sustainability \ ESG best practices competition
- Code of conduct audits
- Trainings

Community and NGOs

OBJECTIVES

- Increase environmental and social impact of SKF
- Collaborate to address local sustainability issues

ESG/SUSTAINABILITY TOPICS

- Waste Management
- Skills and livelihoods
- SKF's progress on SDGs

ENGAGEMENT FORUM

- Meets/conferences
- Interaction with the communities/NGOs
- CSR Committee meetings
- CSR surveys

Employees and unions

OBJECTIVES

- Relaying annual business priorities
- Drive continuous improvement on the working climate

ESG/SUSTAINABILITY TOPICS

- Environment, health and safety
- Employment and competency development
- Diversity and working climate
- Leadership and change management

ENGAGEMENT FORUM

- Townhalls
- Conferences
- Feedback/satisfaction survey

The three-step process to engage with our stakeholders

Kick-off

Kick-off Discussion

- Alignment with SKF's objectives
- Identify data gaps and information feed requirements
- Define purpose and scope

Stage I

Identify

Identify potential relevant topics

Review Sources | Assign Responsibility | Opportunity Area

- A selection of environmental, social and economic topics will be identified that may reasonably be considered important for SKF in India and AB SKF and its stakeholders.
- Various internal and external information sources would be used to identify these topics.

Stage II

Prioritize

Prioritization of topics important to SKF and its stakeholders and identify inputs to KPI and sustainability from the stakeholder engagement outcome

Cluster & Categories | Impacts of the topics

- The potential relevant topics identified in the previous step will be assessed to determine which ones are a priority to SKF and its stakeholders.
- Following critria will be used: importance to SKF and importance to stakeholders.
- Collation and analysis of outcome to identify the KPI and Sustainability strategy.

Stage III

Finalize

- Ranking of topics with relevance to SDG and finalisation of the the KPIs
- Provide recommendations on the sustainability strategy

Rank & Prioritize | Management and Discussion | Finalize KPI and Sustainibilty Strategy

- The issues prioritized by external stakeholders are now prioritized by cross-functional internal stakeholders.
- Reconcile with ERM on the threshold to be used.
- Present the materiality assessment to the mangement, incorporate their feedback and finalize the report with the KPI and sustainability strategy.

Stakeholder engagement at all stages

The results of the stakeholder engagement survey

73%
Were very satisfied with the current engagement

9%
Wanted improvement in the engagement

47%
Responded that they found fixed periodicity

53%
Reported to be connected with SKF on a need or ad-hoc requirement basis

38%
Were satisfied with SKF's sustainability initiatives

71%
Acknowledged sustainability in current communications

Analysing material matters

In 2021, we undertook a comprehensive materiality assessment to identify the environmental, social and governance topics that are most important to our organisation and stakeholders. The results led to the formulation of our sustainability strategy and helped define our sustainability goals.

Material aspects are those that are relevant for understanding SKF India's business performance, results of operations, as well as the effects of its business activities on the non-financial aspects.

Our multi-step process included internal research to identify key material topics, stakeholder engagement and feedback, and development of a methodology to prioritise issues and opportunities. To ensure that our strategy is aligned with industry best practices and stems from an unbiased point of view, we engaged independent consultants to assist with the assessment and validate our findings.

Our research included a review of customers and suppliers, as well as risk assessments, shareholder inquiries and resolutions, industry association reports, sustainability reporting frameworks and supplier surveys. We also interviewed a broad spectrum of board members, SKF group sustainability team and other stakeholders, including customers, investors and partners. Material topics were prioritised based on importance to stakeholders and impact on SKF and validated with the leadership team.

40 topics

Were identified as being used by various industry standards, sector benchmarks and SKF global materiality

18 topics

Were listed by our stakeholders as important for them and in need of SKF attention

14 topics

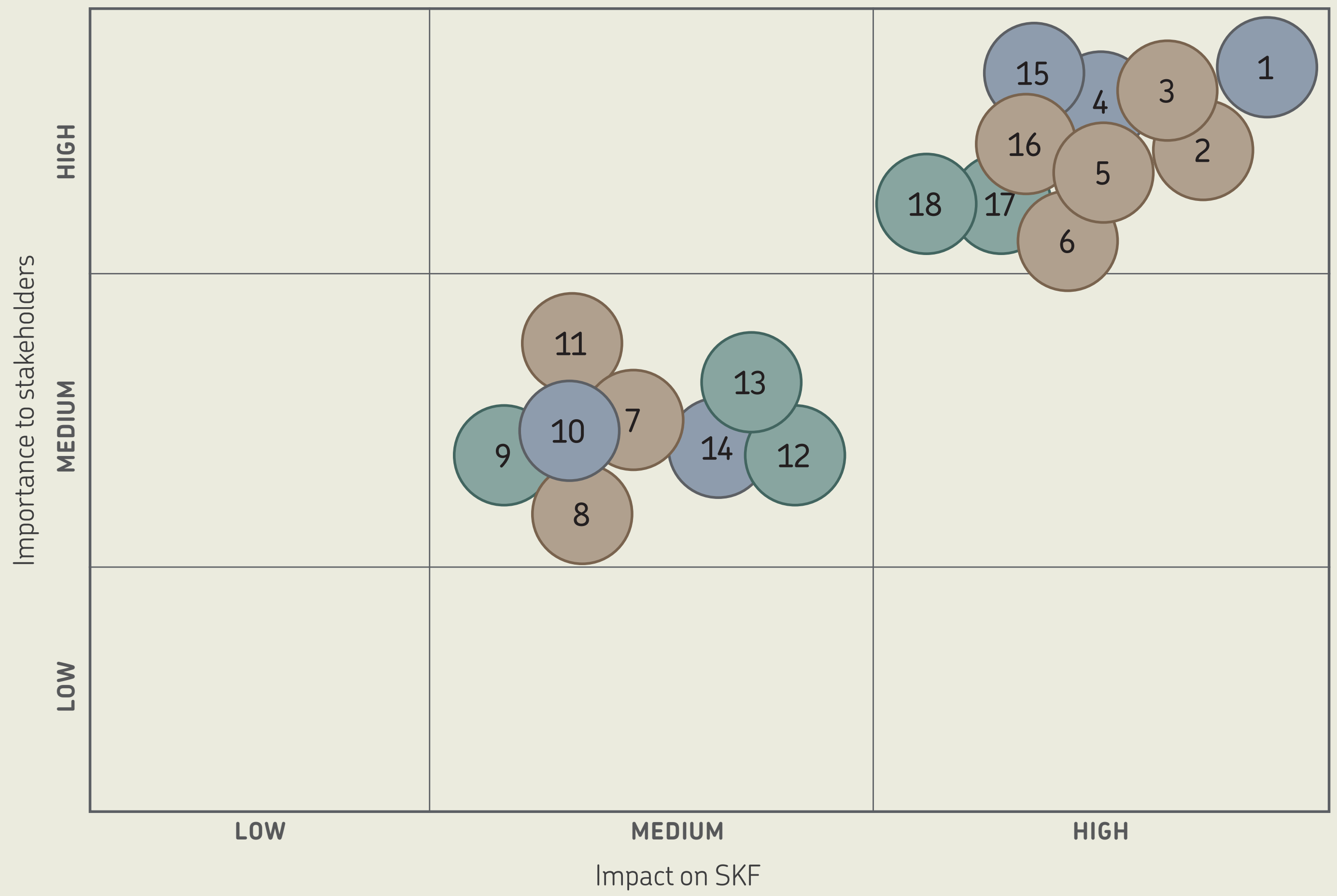
Selected by the SKF Management team after reviewing the 18 topics pointed out by stakeholders

7 groups of topics

Created by SKF for focused improvement projects

Identifying our material topics

We have collated a list of issues that we think are material to our organisation and to our stakeholders. We have presented the material issues – divided into three categories of Economic, Environment and Social – on a materiality matrix .



Economic

2	Customer performance
3	Economic performance
5	Information security
6	Energy and energy management
7	Supplier economic performance
8	Competitor behaviour
11	Supplier governance performance
16	Anti-corruption

Environment

9	Supplier environmental performance
12	Innovative mobility solutions
13	Ecological standards in the value chain
17	Environmental protection
18	Water

Social

1	Occupational health and safety
4	Product quality and safety
10	Social standards in the value chain
14	Supplier social perfomance
15	Human rights

We have referred to the GRI Standards, BRSR, Ecovadis and Sedex requirements in arriving at this consolidated list. The list consists of the KPIs connected with high-priority material issues.

We have mapped the high-priority material issues and the related Key Performance Indicators against the Sustainable Development Goals connected with the issue.

No. of material issues coming out of stakeholder consulation	4 Economic	3 Environment	2 Social
High material issues and SDGs	1. Customer Performance 2. Economic Performance 5. Supplier Economic Performance 6. Anticorruption	4. Energy & Energy Management 5. Supplier Environmental Performance 7. Water	3. Occupational health & safety 5. Supplier Social Performance
No. of KPIs identified for monitoring the high issues	28 Economic	47 Environment	45 Social

Sustainability Strategy

The SKF sustainability strategy is to project the direction for deep diving in to our economic, environment and social commitments. It has been established considering the value chain and inputs from the stakeholders engagement process, and the material issues thus identified.

Going further, we plan to:

- Explore the journey of adding value through products manufactured with care and a strong sustainability vision that is built on stakeholder participation.
- Define objectives for each material issue, the associated risks for SKF and internally identified sustainability risks.
- Propose programmes as part of the actions to be taken for further implementation, considering the material issues.

Responsible across the business

Responsible business fundamentals underpin everything we do.

Right from developing products and technologies to caring for our customers, people, the environment and communities, we remained steadfast in delivering responsible growth for all.

In FY 21-22, our Company executed well on each of these tenets.

Responsible innovation

SKF has been at the forefront of innovation since Sven Wingquist invented the double-row self-aligning ball bearing in 1907. That tradition of innovation continues even today, as the world demands new breakthroughs in research and innovation to drive continued growth and progress.

Innovations we undertook during the year

Maintenance-free, grease reducing solution

During FY 21-22, we created a SKF Unitised Solution - Wheel Unit, using SKF tapered bearing unit, having integrals premium quality rubber seals, and filled with grease which is sealed for life of the application, in this case it was wheel of pallet car used in steel sintering plant.

The SKF Unitised Solution - Wheel Unit deliveries provides various customer benefits, such as reduced need for maintenance, increased uptime and reliability, grease savings, environmentally-friendly, safer handling and ready mount unit.

One prime example for this SKF Unitised Solution is the Wheel Unit used in the sintering plant of steel-making industry. The demands made on SKF Unitised Solution includes extremely heavy loads, high temperatures and high contamination (water, dirt, scale, and coolant additives).

Normally, a sintering plant for wheels of pallet car requires tonnes of grease for purging to protect the wheel bearings from contamination. With SKF Unitised Solution which is completely maintenance-free, it can reduce grease consumption from 3,200 kg/year to 920 kg/year. The solution will increase the bearing Mean Time Between Failures - (MTBF) to 2 years from the current 3-6 months, thus ensuring zero production stoppage due to wheel failure. It will go into field validation in the first quarter of FY23.

Application

SKF Unitised Solution – Wheel Unit

SKF Tapered bearing unit with intergral seal and grease

Quiet-running deep-groove ball bearings

Electric motors are expected to run quietly. SKF India launched a low-noise and low-vibration bearing for electrical motors in the AEM range. This new SKF solution gives our customers peace of mind, knowing they are working with the latest bearing electric motor technology.

Deep-groove ball bearings have low friction and are optimised for low noise and low vibration, which enables high rotational speeds. They accommodate radial and axial loads in both directions, are easy to mount and require less maintenance compared to other bearing types.

Our new deep-groove ball bearing is designed to reduce vibration, friction and noise for electric motors in a range of applications, such as elevators, healthcare and EV applications.

Apart from solving the challenges of higher noise, the AEM range will enable us to serve our customers with an economically and environmentally sustainable solution. Additionally, our quiet-running ball bearings will help our customers have longer trouble-free operations with reduced operating cost.

The bearing will be produced at the SKF Bengaluru factory. Each bearing's noise level has been compared with pre-recorded good and bad audible noise. The bearing has been qualified based on good and bad noise, with the help of special equipment in mass produced channel.

Responsible manufacturing

To become the undisputed leader in our business, we must have the cleanest, smartest, safest, most efficient and flexible operations, which need to be close to our customers to ensure shorter lead times and transportation.

SKF is working on accelerating the modernisation of factories with technology step-up and footprint transformation, to provide the right products, at the right quality, at the right cost and at the right time to the customer, significantly reducing the energy and CO2 needed to produce and transport the products.

As we look to the future, we will continue our work to further improve manufacturing operations, while also continuing to actively provide innovative products and solutions to support our customers' needs.

Characteristics of our manufacturing facilities

- Strategically located in Pune, Bengaluru and Haridwar, from where they cater effectively to the automotive and industrial sectors near the industrial corridors of Northern and Peninsular India
- Equipped with world-class machinery and integrated with state-of-the-art testing centres for product validation and conformance
- Integrated with plug-and-play REP centre to facilitate condition monitoring
- Well-trained and experienced manpower, equipped to be flexible, enabling us to ensure that there were no stoppages due to manpower shortage even during COVID-19

Building a lean, green, digital factory

As part of our efforts to drive world-class manufacturing, we are following a 'Lean, Green, Digital' factory strategy, focussed on becoming a safer, digitised, innovative, sustainable and more customer-centric organisation. We have embarked on a journey to create a different SKF by 2030, mapped to the following focus areas:

Manufacturing strategy

LEAN

Eliminate waste, improve efficiency and increase productivity through implementation of:

- SKF Production System
- Manufacturing footprint
- Customer-centric lean

GREEN

A 'cleantech company' having less environmental impact & more sustainability by reducing:

- CO2 Emission
- Plastic Waste
- Oil / Grease Consumption
- Paper Usage
- Water Consumption

DIGITAL

A Smart Factory with digitally connected systems and automation for transformation in the areas of:

- Production
- Maintenance
- Supply Chain
- Quality

TALENT

Technical Competence | Leadership Competence | Future Competence

Green manufacturing initiatives

Led by our strong focus on sustainability, and in line with our efforts to promote the use of sustainable solutions, we have initiated several projects for energy and water conservation, and reduced the use of paper and natural resources within the entire operations. Our aim is to actively reduce the environmental impact of our manufacturing operations to drive sustainable growth.

During FY 21-22, we undertook the following green manufacturing initiatives across our factories:

Pune

- In line with ISO 50001 guidelines, identified significant energy users in the manufacturing processes, such as grinding channels (36%), heat treatment (21%), centralised utilities (19%), compressors (18%) and others (6%), through energy review process
- Identified and completed 67 energy-saving activities and projects to reduce both fixed and variable energy components
- Specific electrical energy consumption reduced from 15.3 MWh / MINR in FY21 to 14.7 MWh/MINR in FY22; VASC GWh reduced by 4% over FY21
- As part of SustEn Six Sigma umbrella project, identified and closed more than 750 compressed air leakages, reducing the specific energy consumption of compressors from 0.148 KW/CFM to 0.144 KW/CFM
- Online real-time energy monitoring system deployment resulted in various energy-saving projects, identified in centralised utility systems, grinding channels and heat treatment areas
- Heat treatment furnace insulation revamping carried out for 3 furnaces, resulting in reduced thermal losses and subsequent energy consumption reduction
- All prewashing units on all the furnaces modified with adequate PLC control systems with PID control system for washing media and hot air blowers, resulting in annual energy savings of 0.11 GWh
- With change in energy billing system from kWh to kVAh rating, special focus is given to maintain power factor at 0.997 for keeping kVAh as low as possible.

Bengaluru

- Specific electrical energy consumption reduced from 16.7 MWh/MINR in FY21 to 16.3 MWh/MINR in FY 21-22; VASC GWh reduced by 2.5% over FY21
- Installed a new variable speed compressor for better optimisation of energy at part loads at low as well as high pressure networks, with operating range of 200 to 755 CFM with specific energy from 0.148 to 0.122 KW/CFM
- Auto tube cleaning machine for chiller condenser installed to maintain the condenser efficiency; resultant energy saving of around 5,000 unit/year
- Installed a new efficient white spirit pump (4% higher efficiency), energy saving of around 72,000 units/year; LED plant lighting system completed by 65%, and plan to reach 100% by end of 2021 with an investment of INR 4 million
- Identified around 16 energy conservation projects with savings of INR 19 million
- 2.2 KW induction motor of work head replaced with 1 KW servo motor and drive on 22 machines, which will result in energy consumption reduction by 190 MWh per year

Haridwar

- Each machine has its own hydraulic power pack, and post improvement one hydraulic power pack is used for two machines, resulting in elimination of one power pack
- Energy saving by reduction of compressor air leakage at plant (~286 major leakage points)
- Energy consumption reduction for Air Handling Units (AHUs) in offices by establishing self-discipline in employees through communication and administrative control
- Reducing energy consumption through modification in conveyor systems
- Elimination of motorised system to gravity flow system in assembly machines
- Reduction of energy consumption in CL-660 machine by changing the operation logic from star delta to star connections
- Energy consumption reduction MWh/K bearing is 9.2% over 2020

In line with our commitment to maximise renewable sources of energy, such as solar, hydel and wind, we undertook various steps across our manufacturing facilities:

- Our Pune factory started receiving farm solar power through captive solar power purchase agreement. This was enabled through an off-site solar project of 8.4 MW capacity from April 1, 2021, catering to 30% of the plant's total yearly energy requirement.
- In FY 21-22, SKF Pune received 11.9 GWh of farm and roof top solar power, which is 33% of total power requirement.
- SKF Bengaluru received 17.7 GWh of farm and roof top solar power, which is 88% of total power requirement in FY 21-22.
- In our Hardiwar factory, we completed pre-assessment for rooftop and ground mount solar panels.

Responsible towards customers

Our customer-centric approach is propelled by our sustained focus on creating and delivering value through targeted initiatives. From enabling reduction in environmental footprint, to driving higher productivity and improved financial performance, we partner with our customers across the full value chain to continually develop new technologies that offer competitive advantages to them. We use our customer insights to innovate solutions designed to facilitate their long-term growth.

This has empowered us to collaborate and partner with automotive and industrial segments to drive their sustainability-led growth, with focus on efficiency enhancement, quality upgradation, optimal use of raw material, and reduction in their environmental footprint.

Here are a few ways in which we are partnering with our customers and offering them our innovative products and solutions, designed to meet their emerging and futuristic needs:

Rotating Equipment Performance (REP): Through our comprehensive performance-based agreements, we offer our customers tailored and asset-aware machine service through its lifecycle. SKF has, in recent years, accelerated its REP business growth across Asia, including India. We offer different service levels to choose from, aligned to meet the unique performance needs of our customers.

Aftermarket Service: We offer a wide range of quality products and variants to meet the spare parts needs of the automotive vehicle aftermarket, both directly and indirectly through our large distributor network. We are a trusted and established manufacturer of wheel end, engine, transmission, steering and suspension components. In addition, we supply bearing, tooling and lubrication products that underpin these systems.

New automotive aftermarket products to meet customers' evolving performance needs

At SKF India, we are constantly striving to innovate our products and solutions to address the transforming demands of customers across sectors. In line with this approach, the SKF Automotive Aftermarket business unit has launched five new products. The products are of high quality, superior strength and long life. Designed to support the enhanced performance needs of customers while balancing the same with value, they come with world-class quality, reliability and durability, which SKF is known for.

The innovations are in line with our commitment to leveraging our skills, experience and resources to help customers meet their ever-evolving needs.

New products

- Chain and Sprockets for motorcycles
- Steering and suspension for passenger cars
- Timing Belts for passenger cars
- CVT Belt for scooters
- Poly V Belt for passenger cars

Lubrication Business: With poor lubrication causing about 36% of all premature bearing failures, our innovative lubrication solutions are helping customers improve the lifetime of their bearings. SKF lubrication solutions range from specialised lubricants to state-of-the-art lubrication systems. Integrated SKF lubrication solutions combine our expertise in bearings, seals and condition monitoring with our tribology knowledge – the study of friction, wear and lubrication. We also offer technical support and services, including lubrication management programmes.

Roll gap lubrication system for steel major

Our Lubrication Business Unit (LBU) came out with a pioneering solution to address a steel major's problem of premature failure of bearings because of steep temperature rises at the rollers in their hot strip mills. We understood the challenge of the customer, who had to make frequent replacement of their bearings due to this problem, and proposed the installation of a 'Roll Gap Lubrication System' for spraying oil and water in rollers and bearings of the finishing mills at their steel plant.

This was our first ever order for this system in India. The system consists of two electrically driven pumps to spray oil and water as and when required, for proper and consistent lubrication and cooling as per the set time intervals. With its deployment, we helped the customer reduce the roller temperature and minimise the wear and tear, leading to lower maintenance and equipment breakdown, and higher ROI. We believe this has equipped us to replicate the system in other steel plants and unveiled more business opportunities for us.

RecondOil: Approximately 19 million tonnes of the oil used annually for industrial lubricants is largely used only once. This inefficient and unsustainable way of using a valuable, non-renewable resource is hindering plant owners in implementing financially and environmentally sound lubrication management systems.

Under the brand name 'SKF RecondOil', we deliver an innovation to turn the environmentally harmful use of industrial oil into an asset that can be used repeatedly with maintained performance. Taking the circular approach one step further, SKF introduced its patented Double Separation Technology (DST), which turns industrial oil from a costly consumable into a reliable, circular asset. The customer's oil purchase and disposal costs are significantly reduced and replaced with our profitable oil as a service fee- or performance-based contracts, in which we deliver SKF oils and technology in tailored, integrated packages.

How our products have helped customers

Wheel-end business win for Intermediate and Light Commercial Vehicle (ILCV)

One of our prestigious global customers, who implemented THU1S in their heavy-duty trucks range, has observed improvement in field performance with the use of this product. The customer had a good experience with SKF application engineering capabilities and considering the same, they decided to implement THU1s for their ILCVs range of vehicles. This has helped the customer simplify their operations at a better cost, and ultimately build stronger relations with their end customers.

New accomplishments for the Automatic Dual Clutch Transmission business

A major global customer with a strong presence in EU and China was in the process of establishing a powertrain assembly plant in India, with a complete portfolio of powertrain solutions for the passenger vehicles segment. SKF won the contract to cater to their bearings and seals requirement to support their manufacturing for dual clutch transmission for the passenger vehicle segment in India. The contract also enabled the customer to get SKF technical support and local supply development, which further resulted in their business growth.

Partnering with a leading player for supply of wheel-end bearings and seals

SKF India has collaborated with one of the world's leading automakers and a mobility provider in passenger vehicles to drive product innovations in the automotive sector. As part of this collaboration, SKF India is supplying wheel-end bearings and seals for the wheel-ends and engine under the customer's global sourcing programme from India, and catering to Europe, Africa and other geographies. The wheel-end bearings are produced in SKF India's Pune factory, while the seals are manufactured at our Mysuru factory. The win has also strengthened SKF India's commitment to the Indian government's 'Make in India' initiative, aimed at transforming the country into a global manufacturing hub. With our offerings, the customer is getting better fuel efficiency and more reliability, thereby enhancing their end-customers' satisfaction.

Business win with renowned EV manufacturer for HBU3 modular unit

SKF India partnered with one of the renowned light electric commercial vehicles (ECVs) manufacturer which is for sustainable last-mile transport for their load carrier electric 3-wheelers. The EV customer was seeking an expert solution provider who could address some of the issues they were facing with wheel-end hub mounting and fitment which was leading to field related issue.

SKF India, with its application engineering knowledge and global expertise came as a problem solver and won the contract by proposing HBU3 modular integrated as a solution, which is a 'Ready to Mount' unitized application for wheel ends, which address all the problems which customer was facing.

This resulted in significant gains in improving the performance of the e-vehicle thereby further improving customer's relationship with the end customers. Some of the key customer benefits include - right bearing selection with optimized structure; controlled pre-load for better life; lesser weight and friction and ready to mount.

Responsible towards employees

As a people-centric organisation, we know that engaged, purpose-driven and inspired employees are vital to achieving sustainable growth. Through initiatives focussed on employee development, diversity as well as their occupational safety and health, we aim to create an organisation that enables all employees to work actively with purpose and helps maximise their skills.

FY 21-22 achievements

By focusing on four areas – Talent and Leadership, Winning Culture and Inclusive Workspace, Extraordinary Performance and Reward, and Organisational Effectiveness – we provide employees with meaningful careers and development opportunities, as well as resources to help them fulfil their true potential and be recognised for their achievements.

We believe our agile approach to employee experience, enabled by HR digitalisation and capability, helps us create an organisation our people are proud to represent.

INR 7,000

Learning and development spend per full-time employee in FY 21-22

14+ hours

Average time spent on training and development per full-time employee in FY 21-22

Advancing our employees

As we prepare to pursue intelligent and clean growth strategy, we know that we need employees who can effectively respond to change, are purpose-driven and high-performing, and place customers at the heart of everything we do. Based on this belief, we are committed to the development of our employees' capabilities, enhancing skills and knowledge as well as building a diverse workforce to achieve current and future business objectives.

Learning opportunities

We strive to promote an organisation where all employees can learn and develop their skills. To ensure that our programmes continue being relevant, we collaborate with our employees and managers. Thousands of e-learning modules, on everything from technical skills to leadership tactics, are available for all our employees. This includes all behavioural, leadership, functional and higher education learning expense managed by the central L&D team.

Moving forward, our priorities for the next year include shifting our employees' mindset from mastering specific skills to continuous learning, and to make learning relevant not only to the immediate needs of employees but also to their future employability.

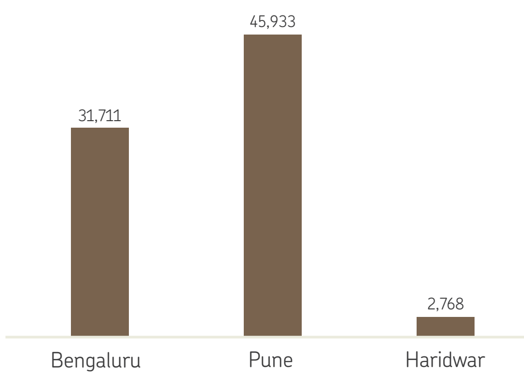
Talent and leadership

Developing our talent: Talent is the differentiator to a successful future, and we have instituted a range of tools, technologies, processes and programmes to ensure that we are attracting, cultivating and retaining the best-in-class talent. We believe in a world of opportunity where people can develop and grow their career within SKF. FY 21-22 saw deep focus on institutionalising the talent management process through extensive succession planning for critical leadership roles, and identifying and executing focused talent actions. As an example, we launched 'iAspire' with an objective to develop sales leaders with best-in-class future, go-to-market and leadership capabilities.

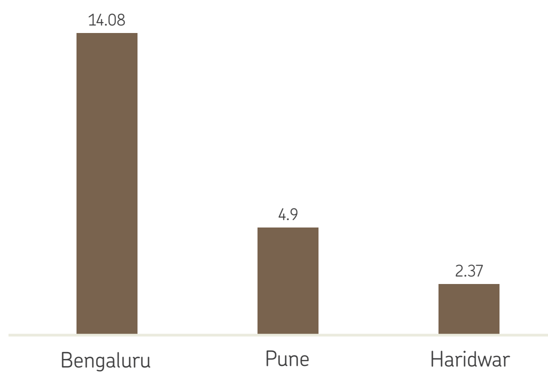
Growing our leadership capability: Managers play a critical role in the development and engagement of our employees. That is why we provide them with a host of resources for their development. Our leadership framework was conceptualised to cater to the development and transition needs of all employees at each level.

Transformational leadership programme: At SKF, we provide programmes that empower our employees to build and strengthen their leadership and professional skills throughout their careers. In FY 21-22, we invited a select group of senior business leaders to participate in the Transformational Leadership Programme (TLP). A carefully curated programme, this training provides exposure to varied experiences, colliding perspectives and elevated sensemaking – all tied to business objectives and aimed at creating an impact for self as well as business. We also launched the Manufacturing Leadership Academy with an objective to build subject matter expertise around core manufacturing capabilities.

Training man hours 2021-22



Training man days/employee - 2021-22



Winning culture and an inclusive workspace

At SKF, we are committed to fostering a culture where every employee is valued and respected for their experiences and perspectives, and feels empowered to do their best work and reach their full potential.

Winning culture: With the demands of new ways of working, we have completely reimagined employee engagement to retain our critical valuable talent. 'Spark' is our flagship initiative, which endeavours to create an engaging environment of fun beyond work. To help maintain robust employee engagement, we regularly solicit employee feedback through our focus groups, interviews and quarterly employee survey. This ongoing feedback ensures we can highlight employee perspectives in critical areas, such as commitment to values and safety culture, training and support, job satisfaction, work-life balance and teamwork.

Employee opinion scores showed sustained growth in these critical areas, and SKF is focused on continuing to enhance personal growth and development opportunities, team collaboration and building on our culture of winning. Based on our survey results, we focussed on enhancing our speak-up culture and creating an environment where employees are encouraged to share their ideas and concerns.

During FY 21-22, we conducted the SKF Pulse Survey to capture the experience and feelings of our employees as these factors influence how happy and engaged they feel at work. It was aimed at helping the Company identify the key areas that will improve the culture and effectiveness of each team. A set of 10 questions was posed to the employees with quarterly frequency. These were designed to assess employee satisfaction on metrics such as engagement levels, freedom of opinion, goal-setting, growth/skilling, contribution of work to positive outcomes, peer relations, feedback/recognition, workload manageability, alignment to the organisation's strategic purpose, and autonomy on how to do their work.

Living Blue: Our 'Living Blue' initiative is an effort to broaden our employees' perceptions and capabilities around our own actions and behaviours at the workplace. We hosted an immersive experience at multiple locations to deepen our understanding and challenge our assumptions, including recognising unconscious bias. By conducting active listening exercises and engaging team members, we are able to promote the need for a positive and collaborative culture where our employees can thrive.

Diverse and inclusive workplace: We are constantly working towards making the Company more inclusive and welcoming. We believe that diversity helps achieve our business objectives and contributes positively to the community. In short, we believe that diverse teams outperform. Every person brings unique knowledge, skills and experience, adding value to the SKF team. We ensure equal opportunities for all our employees and make an extra effort to attract diverse talent to SKF.

Gender diversity: We have ambitious plans for improving gender diversity in an industry that has traditionally faced challenges attracting women. We have adopted a two-pronged strategy around improving the intake of diverse candidates and creating the right environment within SKF to support diversity. The direction for diversity is 35% till 2025 for senior leadership positions.

SKF truly believes in being an equal opportunity employer, and to improve diversity, we have made concerted efforts towards building progressive policies and processes that create a conducive environment for all our employees. A central theme around policies and benefits at SKF is 'Creating Meaningful Choices', which gives all our employees the flexibility to choose the policy options that are most suitable for them.

For instance, we have best-in-class policies around maternity leave and childcare, where, in addition to the leave granted by law, our women employees have the option of extended leave / flexi working till their child turns a year old. For childcare, the employee is free to choose creche facilities or nanny reimbursement, based on the option that works best for them.

Similarly, we have continuously worked to create hybrid workplace policies to meet the current demands, creating best-in-class infrastructure for our employees across locations. Activity-based offices, flexible work from home policies, etc. are a few initiatives in this direction.

Employee feedback from SKF Pulse Survey

Engagement	7.9
Freedom of Opinion	8.3
Goal Setting	8.8
Growth	8.5
Meaningful Work	8.8
Peer Relationship	8.2
Recognition	8.1
Workload	7.6

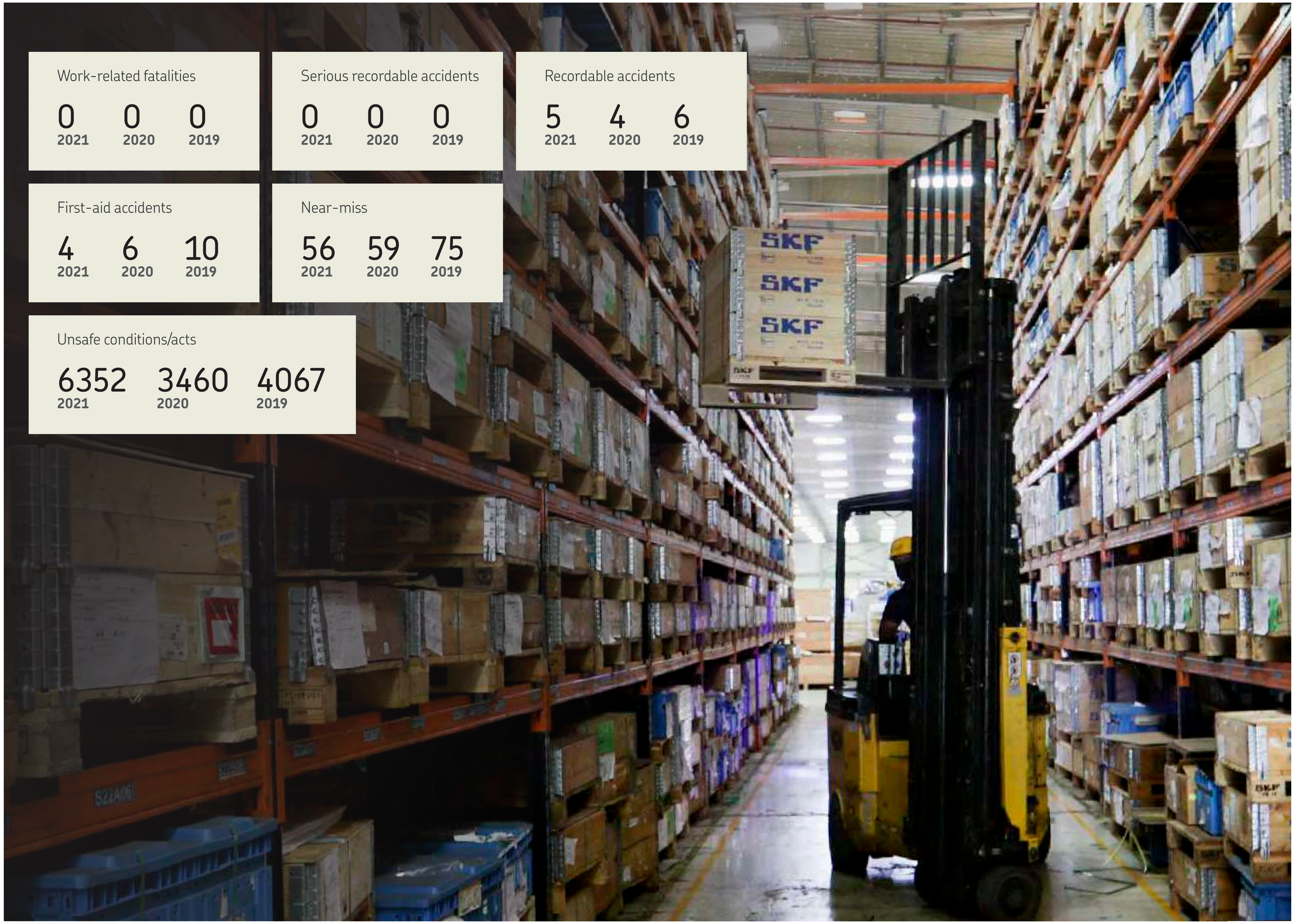
Extraordinary performance and reward

We strongly believe that collaboration between an employee and their manager is the best way to ensure strong performance and development growth. We support an annual performance development process, with regular check-ins throughout the year to encourage ongoing dialogue between employees and their managers. We also equip our managers with the tools they need to have meaningful conversations with their employees about their performance, potential and development.

Extraordinary performance: The fast-paced changes around us demand a forward-looking process, increased focus on business value, and people development. With this in mind, we have launched the new SKF performance development process – focussing on performance goals, development goals and competency-based goals. The purpose is to motivate and support people to continuously learn, drive things themselves and take accountability for the result. Regular discussions throughout the year ensure our employees are clear on their priorities. They also help in providing more opportunities for individual development to help our employees reach their full potential and achieve their career aspirations.

Our annual awards that celebrate exemplary performance are aptly named The India Excellence Awards. The awards this year recognised talent under the Performance Excellence, Value Chain Excellence, Technology Excellence and Leadership Excellence categories. We received a lot of nominations, and a jury comprising the top leadership selected the final winners, who were awarded at a glittering awards ceremony.

Reward: SKF believes in differentiated rewards and our entire Total Rewards strategy centres around this. Our compensation and benefit plans are designed to reward employees and provide them with opportunities to enjoy optimal physical, financial and emotional health. We regularly evaluate and measure our programme against established benchmarks to ensure that our employees receive a consistently great experience. In FY 21-22, we implemented differentiated performance-based incentives and key talent compensation, to name a few.



	2021	2020	2019
Work-related fatalities	0	0	0
Serious recordable accidents	0	0	0
Recordable accidents	5	4	6
First-aid accidents	4	6	10
Near-miss	56	59	75
Unsafe conditions/acts	6352	3460	4067

Organisation effectiveness and transformation

Talent acquisition: FY 21-22 was a landmark year in the industry, with high mobility of talent within and outside the organisation. We saw the ramp-up of Global In-house Centres (GICs) in SKF India, which has helped us create a dynamic talent pool for SKF.

HR capability and digitisation: The People Experience team significantly digitalised existing manual people processes to up the ante on employee experience. The initiatives included the 'MyBuddy' chatbot for employee service, a cloud-based integrated HR platform that automates HR processes (DarwinBox), etc.

Safety and occupational health

At SKF, our safety vision is 'zero-harm to our employees and society'.

Safety comes first and we believe that all work-related accidents can be prevented. Our primary goals include preventing injuries as well as safeguarding the health of all employees at the workplace and during work-related activities. We are very well aligned with goals to reduce cost, waste, safety risk and environmental impacts.

SKF is ISO 45001 certified and has assured compliance with the standards. We want to set standards that go above and beyond the certified management systems. We have implemented and maintained formal systems and procedures for risk assessment, identification and elimination. All employees can, and are encouraged to, report the hazards they observe. We conduct extensive, systematic safety inspections at regular intervals.

There is an equal focus on protecting the environment and the wellbeing of everyone. Health and wellbeing programmes are offered and maintained for all employees. The programmes are designed to address local needs and issues, such as fitness, nutrition, mental health and disease prevention.

We celebrate National Safety Month and World Environment Day to increase awareness about safety and the environment around us.

Responsible towards the environment

Reduction of climate and environmental impacts are integral to the development of a sustainable business. At SKF, we have aligned our business strategy to a sustainability-driven approach, with thrust on propelling a circular economy. This makes it the collective responsibility of all team members to support the Company's climate action initiatives, decarbonisation goals, energy-saving measures as well as waste and water management programmes.

Launched emission-reducing agenda

The fight against global warming is high on the agenda of many big companies, including SKF. We are intensifying our efforts by expanding our goal of net-zero emissions from our own operations in 2030 to cover the whole supply chain, from raw material to finished products, by 2050.

Enabling the decarbonisation of our customers

At SKF, we believe we can make our own significant contribution to helping the world become carbon free. We want to achieve this by driving innovation and growth for ourselves and for our customers. We have products, systems and services that can enable the growth of clean technologies, both existing and emerging ones. Indeed, SKF has already provided technology and innovation for clean technologies such as wind turbines, and is engaged in pioneering work with the emerging electric vehicles segment.

For all our customers, we believe we can support reduction of carbon emissions by optimising our own products and customer systems – for example through products of reduced weight and lower friction and by helping customers design more energy- and carbon-efficient systems.

Machine efficiency and reliability are the sustainability game changers. So we are helping customers create machines that last longer, consume fewer parts ,and produce more through innovative designs, superior quality products, as well as advanced technologies and monitoring and analyses systems.

Contributing towards a circular economy

With over 100 years of experience, SKF is a global leader in the development, design and manufacture of superior quality bearings, seals, lubrication systems and related cutting-edge technologies. We help our customers move towards a circular economy by providing sustainable products and solutions. Our capabilities also extend to machine health assessment (condition monitoring), reliability engineering and remanufacturing.

SKF also leads the market in reducing, reusing and recycling. Our connected lubrication systems, condition monitoring, data analytics and machine learning enable our engineers to optimise bearing selection, increase mean time between failures (MTBF), and use the right type and quantity of lubrication.

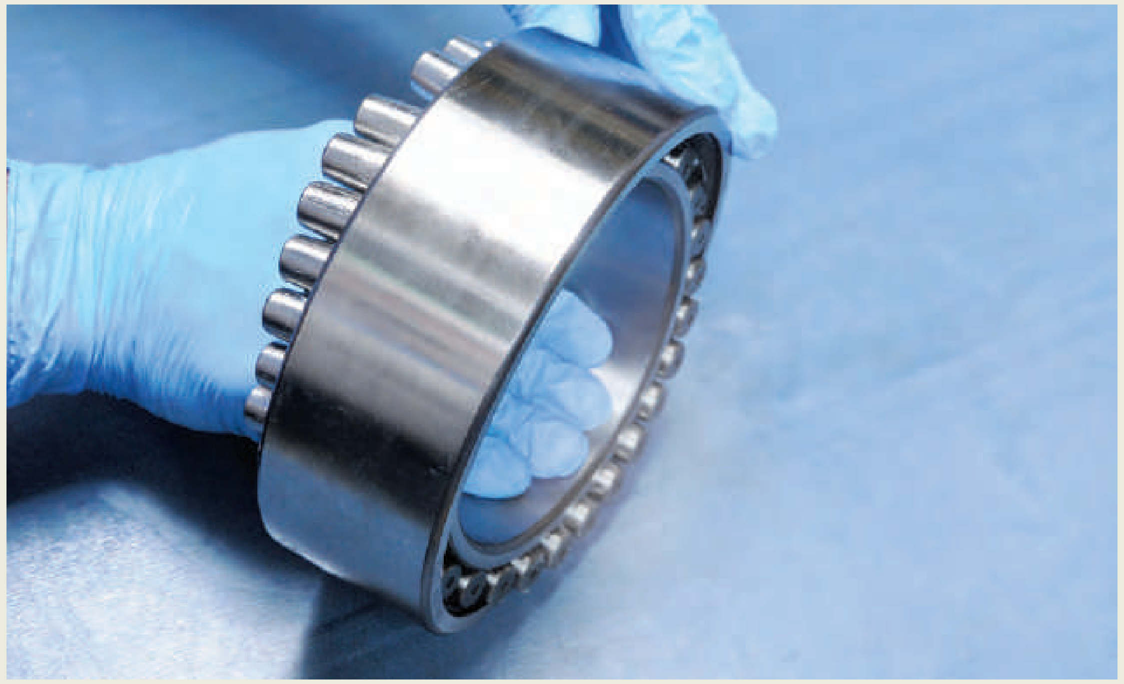
Prolonged component and system lifetime leads to a significant reduction of parts and energy consumption. Condition monitoring and data analytics enable the removal of a bearing before it fails. Using our remanufacturing capabilities, we help customers reduce their total cost of ownership and lead times as well as material consumption. Bearings not eligible for remanufacture can be recycled to produce new bearings, effectively closing the loop. Our remanufactured bearings and units conform to the same geometric, form and quality specifications as new SKF bearings and units. Remanufactured components also carry a six months' warranty, a testament to the high quality and reliability of these products.

By consolidating development and innovation efforts across our entire portfolio, we are on a sustainable path towards a circular economy where economic growth and environmental protection are not mutually exclusive. This is ultimately to the benefit of customers and the industry as a whole, but eventually the environment and our planet. This approach also aligns with SKF's strategy of always being able to adapt to an ever-changing industrial environment to offer customers sustainable, future-proof solutions.

Remanufacturing

For many medium- to large-size bearings in a number of demanding industries, remanufacturing can offer considerable benefits, including lower life-cycle costs and less unwanted downtime, especially if remanufacturing is combined with other SKF services and technologies. In addition, remanufacturing can support a company's efforts in the growing importance of sustainability issues. We apply our latest bearing manufacturing standards, processes, equipment, quality assurance, knowledge and expertise as a foundation for our bearing remanufacturing services, and we do so globally.

Depending on the amount of remanufacturing required, up to 90% less energy is needed to remanufacture a bearing instead of manufacturing a new one. Furthermore, cost-benefit analysis shows that significant cost savings can be achieved by remanufacturing bearings – depending on bearing size, complexity, bearing condition and price.



Recycled bearings for Indian Railways under the circular economy initiative

Indian Railways, our major customer, has benefitted from our TBU 130 X 230 product for their LHB coach's axle bearing. The Railways operate a large fleet of LHB coaches, which have higher speed capacity and safety compared to the older conventional coaches. Given the criticality of the bearings used in the axle of these coaches, the Indian Railways engaged with us to reduce the rejection rate and recycle the SKF bearings to increase their lifecycle. We successfully recycled 564 tonnes of steel and 20,000 bearings, helping the Railways save on 22 lakh KWH and avoid 1,432 tonnes of CO2 emission. They also benefitted from increased profitability, enhanced machine uptime, lower OPEX and reduced maintenance.

Green Initiatives

Our commitment to environmental conservation has translated into many actionable initiatives, aimed at creating a greener tomorrow for our customers and other stakeholders. We are focused on reduction in Greenhouse Gas (GHG) emissions through our environmental care initiatives. In line with the Group's targets, SKF India has set a target of 'Net Zero Carbon emission in manufacturing processes by 2030 and across all full value chains by 2050.'

Our initiatives are focused on GHG emission reduction, conservation of natural resources and elimination/reduction of generation of hazardous waste.

As part of our efforts to minimise the negative impact on the environment due to our manufacturing operations, products and services, we have rolled out the following initiatives:

Energy efficiency improvement and renewable energy saving

We have identified significant energy users based on the ISO 50001 energy review programme and initiated improvement actions, mainly in the areas of heat treatment furnaces, grinding machines, central utilities, HVACs and compressors. We are using energy-efficient motors, pumps and spindles. We are also sourcing renewable energy in the form of solar, wind and hydel power through third-party power purchase agreements.

Water conservation

We have undertaken assessment of water consumption data and preparation of activity plan to reduce such consumption. We have initiated the process of identifying various water leakage points and closure of abnormalities. We maximise the usage of treated water and rain water collected from rooftops for gardening. Installation and commissioning of digital water meters has been done for online tracking. Water-saving taps and waterless urinals have also been installed and commissioned at our factories. We have launched an awareness programme for all stakeholders to promote water saving.

Reduction of oil consumption

We have ensured robust coolant health management systems and have initiated a focused drive for identification and closure of hydraulic oil, grinding and honing coolant as well as washing media leakages. We are maximising the usage of sludge compacting systems to reclaim entrapped coolant for recycling. We are running a project for proactive prevention of hydraulic oil leakages through cylinders, pipes and fittings. We have ordered a Recond honing oil system to improve health of honing oil, with delivery expected in June 2022. We have launched pilot projects to eliminate washing machines and recycle residual oil inside bearing by using oil recovery systems.

Paper consumption reduction

We are committed to reduction in paper consumption to save trees. We are working towards elimination of the use of corrugated boxes for packaging bearings for customers and shifting to reusable plastic boxes or relevant material. We have undertaken replacement of corrugated boxes at our Vehicle Part Centre, where they are turned into returnable blue bins. For 3 TRB type bearings, we have changed filler material in the corrugated boxes to air bags.

Plastic waste reduction and waste management

Compared to 2020, we reduced our plastic consumption in FY 21-22 by 2 % to 9,018 kg/month across our manufacturing locations. To reduce and recycle the plastic, we have launched a Six Sigma project, which will be completed in 2022.

Plastic waste reduction at the balling machine installation

While installing the balling machine, the waste plastic got accumulated since we lacked storage space and vehicle availability from the disposal agency. On analysing the situation, we realised that this was due to the high volumetric nature of filter paper and underutilisation of truck-loading capacity. By ensuring that the trucks' capacity is fully used, we reduced the cost of transportation from INR 5.5/kg to INR 2.25/kg. Consequently, the number of trips also reduced from 72 to 29.

INR 0.4 million/annum
Total savings

60% reduction
In Scope 3 emissions

Plastic waste segregation at source

Earlier, plastic waste used to be disposed without being segregated. It was also not in compliance with the Plastic Waste Management (PWM) rule. On analysing the situation, we discovered that improper collection model and lack of the right infrastructure for segregation were the reasons for this. We undertook some immediate steps to ensure that integrated wate management practices are being followed and waste plastic is supplied to the authorised plastic recycler. As a result, the sales rate of plastic went up from INR 6/kg to INR 36.8/kg.

INR 1 million
Total profit

Compliance with the PWM rule

Responsible towards communities

We understand that as a business, we have a responsibility to contribute to the betterment of the communities where we operate and to help address the needs of the broader society. Through our CSR initiatives and employee volunteerism, our Company and our people come together to make a difference in our communities and in the lives of all beneficiaries.

Our CSR vision is driven by the aim to 'create a positive change in the communities neighbouring our operations, and create a meaningful difference from the recipients' perspective.'

Flagship programmes

We have identified areas for direct and sustained intervention to empower the communities around our operations and have launched four flagship programmes in these areas to empower lives.

STEM education

With technology touching every aspect of our lives, it has become a necessity for industries and the future workforce to have more technical knowledge than ever before. We are committed to advancing STEM education and raising awareness about career opportunities in these fields, especially among girls who are traditionally underrepresented in the engineering and manufacturing industries. While inspiring the next generation to enhance their learnings in STEM subjects, we are building India's talent pipeline of skilled STEM workers, scientists, innovators and engineers of tomorrow.

Our education programme – WeGyaan – enhances STEM learning in schools and promotes the value of STEM careers.

With a target to reach 1 lakh beneficiaries by 2025, we are committed to increasing the pipeline of STEM talent to help meet India's growth needs.

Through STEM labs, innovative learning tools and science kits, we are enhancing the level of interest and participation of children towards STEM and STEM-based career opportunities.

Through these initiatives, we are directly impacting more than 15,000 students through 35 schools across six locations in India. This programme includes facilitating science labs in schools, teachers training and utilisation of science lab, physical and mental health, career guidance and career counselling, followed by the SKF Girls Scholarship Programme for higher education in STEM-related career.

15,000+
Students impacted by STEM Scholarship in

35 schools
Across

6 locations

CONTRIBUTION TO SDGS

Aarti Gaikwad – The girl who went the distance

Aarti Gaikwad is from Nashik and belongs to a destitute family of eight members. She is a college dropout.

One of her friends shared the YES project mobilisation post. She visited the centre, interacted with the staff and enrolled in the course. She was aware that the automotive industry is male dominated and wanted to make a difference. The course helped her to easily adapt to the environment and made her comfortable.

She had a great learning experience during the course. She believes that her discipline and focus have given her early success. She has been selected in the same organisation where she was placed for on-job training –Excell Autovista, the Maruti Suzuki authorised dealer at Baner, Pune. She is working as a customer care executive on a pay of INR 10,000 per month.

Aarti says, "Mujhe khud ke pair par khade hona tha apni mehnat se" (I wanted to become independent through my own efforts).

We wish her a very bright further and many more successes.

SKF Girls' Scholarship Programme

We believe that the contribution of women is vital to the growth and development of any economy, and it is our endeavour to empower them in STEM-related careers.

Aimed to promote education and gender equality, our Young Women Scholarship programme supports deserving women to pursue higher education from a recognised college or university in India.

Apart from financial assistance, the scholarship programme provides holistic coaching and mentoring to improve employability and prepare beneficiaries for a meaningful career and variety of job roles in the industry.

Under these initiatives, we are providing scholarship to more than 350 girls, most of whom are pursuing a career in engineering, medicines, CA, teaching, etc. This project is being implemented in Pune, Mysore, Bengaluru, Ahmedabad and other locations in India.

350+

Girls are being offered scholarships

CONTRIBUTION TO SDGS

Empowering India's youth

Globalisation and competition have intensified the need for a highly skilled workforce. India's youth need skilling and vocational training to secure better-paying jobs and contribute to the technology-led, knowledge and innovation economy. We are committed to the national skilling agenda, to empower the youth from disadvantaged communities with various employable skills. We collaborate with many NGOs and training institutes to create relevant training materials with extensive resources and specialised expertise.

CONTRIBUTION TO SDGS

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

Youth Empowerment at SKF (YES)

This programme aims at empowering the youth with the know-how of modern automobile maintenance and servicing skills to help them gain employment or become entrepreneurs.

With a target to reach 10,000 beneficiaries by 2025, these short-term programmes are conducted across our YES centres to train the youth to work at various automotive OEMs, the dealer service network and workshops.

We believe that fostering entrepreneurship among youth becomes imperative for creating gainful employment opportunities. Under the YES programme, we impart entrepreneurial skills to enable the beneficiaries to set up their own low funding local businesses in future.

By nurturing their business ideas, we have trained and guided our beneficiaries in setting up their own vehicle service stations. Till date, we have turned over 27 enthusiastic individuals into successful entrepreneurs, thereby creating first-generation entrepreneurs.

Currently, YES is impacting more than 4,000 students and 70% of these students are being provided with job placements in auto mobile sectors.

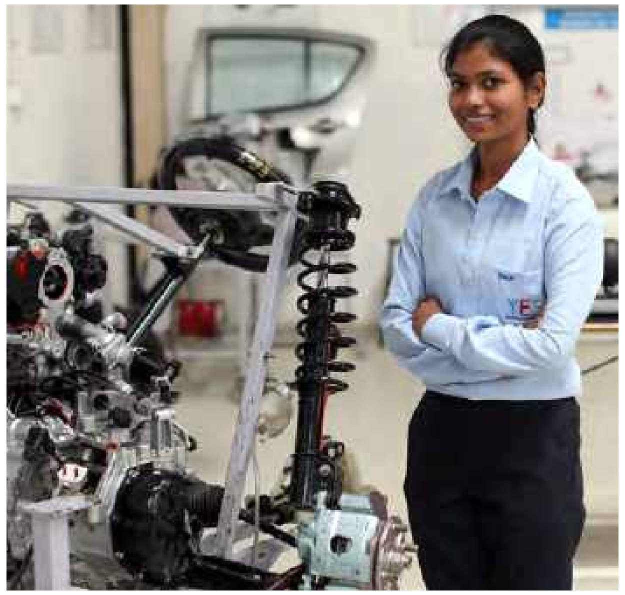
27

Individuals became successful entrepreneurs

CONTRIBUTION TO SDGS

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH



Manoj Tayde – A personification of steadfast commitment

Manoj Tayde is from Godda village near Akola district, Maharashtra. He belongs to a farmer's family. He faced a hard-hitting childhood due to low family income. His father somehow managed to support his education up to higher secondary. After passing his 12th grade, he had to hunt for a job to meet his family's needs.

But the unexpected pandemic made it more difficult and uncertainty increased. During the lockdown, he came across the mobilisation drive initiated under the SKF Skill Development Programme by the SKF Pune training centre team. He visited the SKF Skill Centre, and after counselling and centre visit, he was very excited to enrol in the course. Coming from a non-technical background, he struggled initially to cope with the challenge of domain knowledge. Gradually, he picked pace with the help of his trainers, who handheld him throughout the course.

Manoj was a dedicated learner and travelled 27 kms daily for the on-job training. Looking at his performance, the dealership team offered him a full-time job.

The employers, Gadi Master in Nagpur employed him on a monthly salary of INR 6,500. They also doubled his salary within 2 months to INR 12,500 per month for his excellent performance.

Manoj says, "Because of the training assistance and efforts taken by the trainer, I am able to work on any critical problem of any two-wheeler. The SKF Skill Development Programme has made me employable."

Manoj's dream is to start his own service station and be a successful entrepreneur.

Environmental sustainability

The scale of human impact on the planet has never been greater than it is now. From deforestation and biodiversity loss to pollution and increasing waste, it is clear that there are many challenges we face as a society.

We all have a stake in our environment and everyone should play a part in building sustainable and liveable communities. As part of our environmental sustainability initiatives, we are making efforts to conserve and rejuvenate natural resources, increase green cover through sapling and tree plantation, preserve biodiversity and develop cleaner communities through community-based solid waste management practices.

2,855 kg

Of waste collected daily from 4,000+ households

SKF Environment Programme

As India's population continues to grow and as waste generation increases, so does the importance of managing waste properly to reduce the impact on environment and human health.

Our Manbhar Swach Programme is a decentralised waste management initiative implemented in one of Delhi's low-income urban slum, aimed at improving the living conditions and hygiene levels in the community. From awareness around source segregation, door-to-door collection to sorting and composting, the programme focuses on diverting waste from landfills and increasing recovery of resources from household waste. It is also creating livelihood opportunities for sanitation workers.

CONTRIBUTION TO SDGS

LAKE CONSERVATION

1 dam, 1 lake

5,600+ trees

WATER DESILTING

0.09 TMC increased water

3,000+ lives impacted

WASTE MANAGEMENT

1 location (Delhi slum)

16,000 beneficiaries

WASTE SEGREGATION

3 tonnes compost waste segregated

16,000+ lives impacted

Responsible towards suppliers

Our mission is to help our customers improve the performance and reliability of their rotating equipment while reducing emissions and waste. SKF suppliers and subcontractors have an important role to play in our demand chain, reflecting our high-quality products and services.

As a company with manufacturing and sales operations across India, our conversations with suppliers focus on delivering great value and great quality products for our customers. To do so, we work to develop long-term partnerships to unlock value, differentiation and innovation for our customers, and to support our ambitions to reduce the environmental impact of our supply chains. During the last two years, we worked even more collaboratively with our supply base, leveraging our partnerships and capability to manage availability and provide value for customers.

– Through our net zero strategy, we seek to work closely with our suppliers to reduce the environmental impact of their operations. Our teams host regular trainings and seminars with the supplier partners to bring them on board our sustainability journey.
– We do regular Code of Conduct audits of suppliers to ensure compliance with the SKF Code of Conduct.
– A Quarterly Business Review (QBR) is conducted individually with top 10 suppliers to give business updates, discuss supplier performance and provide a forum for open discussion. Three rounds of such QBRs were conducted in FY 21-22.
– Lead Supplier Quality (LSQ) programme was run with three suppliers with whom we wanted to improve quality the most over the previous years.

Supplier meet

We believe that our supplier partnerships and their alignment to our vision is key to realising our growth ambitions. In line with this belief, we brought our top 50 suppliers together at the 'SKF India Supplier day – 2021' with the theme of 'Partnering For Growth'.

The day-long event was designed to provide our suppliers with the SKF India perspective and appraise them about our growth ambitions.

The event saw Mr. Manish Bhatnagar and Ms. Sai Meera (Head of Purchasing) underscoring the importance of deeper collaboration to fully tap the immense potential we see ahead of us.

The highlight of the event was the panel discussions on pertinent topics of 'Future of Manufacturing' and 'Transformation for Scaling', followed by an engaging keynote address by Mr. Niranjan Kirloskar, Managing Director, Fleetguard Filters Pvt. Ltd. on 'Theory of Constraints'. The event concluded with a Q&A session with the SKF India leadership team and felicitation of outstanding supplier performances across seven categories.

CORPORATE INFORMATION
as on 31st March 2022

BOARD OF DIRECTORS

Gopal Subramanyam
Non-executive Independent Director

Manish Bhatnagar
Managing Director

Aldo Cedrone
Non Executive Director

Anu Wakhlu
Non-Executive Independent Director

Ingrid Viktoria Van Camp
Non Executive Director

Shailesh Sharma
Whole Time Director
(from 10.02.2022)

Werner Hoffmann
Non Executive Director
(upto 09.02.2022)

KEY MANAGERIAL PERSONNEL

Manish Bhatnagar
Managing Director

Shailesh Sharma
Whole Time Director

Anurag Bhagania
Chief Financial Officer
(Upto 21.2.2022)

Ranjan Kumar
Company Secretary

AUDITORS

M/s. Price Waterhouse & Co Bangalore LLP
Business Bay, 7th Floor, Tower A, Wing 1
Airport Road, Yerwada,
Pune 411 006

BANKERS

The Hongkong & Shanghai Banking Corp. Ltd.
HDFC Bank Limited

SHARE TRANSFER AGENT

TSR Consultants Private Limited
(Formerly known as TSR Darashaw Consultants Pvt Ltd)
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli (West),
Mumbai 400 083

NOTICE OF 61ST ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Sixty-First ("61st") Annual General Meeting ("AGM")** of the Members of SKF India Limited ("the Company") will be held on **Wednesday, July 27 2022, at 3.00 p.m. IST** through **Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")** to transact the following business(es):

ORDINARY BUSINESSES:

1. To receive, consider and adopt:

    a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2022 together with Reports of the Board of Directors and the Auditors thereon and

    b) Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2022 together with the Report of the Auditors thereon.

2. To approve and declare final dividend of ₹ 14.50 per equity shares for the financial year ended 31st March, 2022.

3. To appoint a Director in place of Mr. Shailesh Kumar Sharma (DIN: 09493881), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

4. **To consider and approve the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accounts, (Firm Registration No. 117366W/W-100018) as Statutory Auditors of the Company for a term of five years**

    To consider and, if thought fit, pass the following resolution(s) as **Ordinary Resolution:**

    "RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or amendments or re-enactments thereof for the time being in force) M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366W/W-100018) be and are hereby appointed as the Statutory Auditors of the Company for a period of 5 years to conduct the Statutory Audit from Financial Year 2022-2023 to Financial year 2026-2027 and to hold office from the conclusion of 61st Annual General Meeting till the conclusion of Annual General Meeting to be held for the financial year 2026-2027, on such remuneration & terms of engagement, as may be mutually agreed between the Board/ Audit Committee and the Auditors of the Company from time to time."

SPECIAL BUSINESSES:

5. **Appointment of David Leif Henning Johansson (DIN NO: 0009651955) as Director**

    To consider and, if thought fit, pass the following resolution(s) as **Ordinary Resolution**

    "RESOLVED THAT pursuant to the provisions of Sections 149, 152 & other applicable provision of the Companies Act 2013 (" Act ") read with the rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Articles of Association of the Company and on recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. David Lief Henning Johansson (DIN NO: 0009651955), who was appointed as an Additional Director of the Company with effect from 28th June 2022 to hold office upto the date of 61st Annual General Meeting of the Company, who being eligible offer himself for appointment and is not debarred from holding the office of Director pursuant to any SEBI orders or any other such statutory authority(ies), and in respect of whom the Company has received a notice in writing from members under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, and shall be liable to retire by rotation.

    RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize and issue the letter of appointment to the concerned director and to do all such acts, deed and things as may be necessary expedient and desirable for the purpose of giving effect to this resolution."

6. **Appointment of Mr. Karl Robin Joakim Landholm (DIN NO: 0009651911) as Director**

    To consider and, if thought fit, pass the following resolution(s) as **Ordinary Resolution**

    "RESOLVED THAT pursuant to the provisions of Section 149, 152 & other applicable provision of the Companies Act 2013 ("Act") read with the rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Articles of Association of the Company and on recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. Karl Robin Joakim Landholm (DIN NO: 0009651911), who was appointed as an Additional Director of the Company with effect from 28th June 2022 to hold office upto the date of 61st Annual General Meeting of the Company, who being eligible offers himself for appointment and is not debarred from holding the office of Director pursuant to any SEBI orders or any other such statutory authority, and in respect of whom the Company has received a notice in writing from members under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, and shall be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize and issue the letter of appointment to the concerned director and to do all such acts, deed and things as may be necessary expedient and desirable for the purpose of giving effect to this resolution."

7. **Approve Amendment of resolution passed through Postal ballot regarding Appointment of Mr. Shailesh Kumar Sharma (DIN NO: 09493881) as Whole Time Director of the Company**

To consider and, if thought fit, pass the following resolution(s) as **Ordinary Resolution**

"RESOLVED THAT consent of the Members of the Company be and is hereby accorded to amend below mentioned clause of the Ordinary resolution passed by the Members of the Company on May 19, 2022 through Postal Ballot as contained in the Notice of Postal ballot dated 16th April, 2022 for Appointment of Mr. Shailesh Kumar Sharma (DIN NO: 09493881) as Whole Time Director of the Company:

"Mr. Shailesh Kumar Sharma shall be liable to retire by rotation"

RESOLVED FURTHER THAT the rest of the Ordinary resolution shall remain unchanged and be effective as passed by shareholders through Postal ballot.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolution"

8. **Appointment of M/s Deloitte Haskins and Sells LLP, Chartered Accountant (Firm Registration No :117366W/W-100018) as Statutory Auditors of the Company to fill-in causal vacancy arisen due to resignation of M/s Price Waterhouse & Co Bangalore LLP, Statutory Auditors(Firm Registration No: 007567S/S12).**

To consider and, if thought fit, pass the following resolution(s) as **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 139(8) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (The Rules), including any statutory modification(s) thereof for the time being in force and pursuant to recommendation made by the Audit Committee and Board of Directors at its meeting held on 11th May 2022, M/s Deloitte Haskins and Sells LLP, Chartered Accountants, (Firm Registration No. 117366W/W-100018), be and are hereby appointed as statutory auditors of the company for the financial year FY 2022-23, to fill casual vacancy caused by resignation of M/s Price Waterhouse & Co Bangalore LLP, Chartered Accountants, (Firm Registration No. - 007567S/S200012), and they shall hold office until the conclusion of the 61st Annual General Meeting, on such terms of engagement including remuneration, as may be mutually agreed between the Board/ Audit Committee and the Auditors."

9. **Approval of transactions with SKF GmbH, Schweinfurt, Germany, SKF Group Company**

To consider and if thought fit to pass,, the following Resolution as **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, if any, Regulation 18, 23, and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("SEBI Regulations") as amended till date, Foreign Exchange and Management Act, 1999 read with rules & regulations made thereunder, (including any statutory modifications or amendments or re-enactment thereof, for the time being in force), and the Company's policy on Related Party transaction(s), approval of the Members of the Company be and is hereby accorded to Board of Directors to enter into the material contracts / arrangements / transactions maximum upto 4,650 MINR, exceeding limits stated in Section 188 of Companies Act 2013 and regulation 23 of SEBI Regulations, as that are in the ordinary course of business and at arm's length basis with SKF GmbH, Schweinfurt, Germany ('SKF Germany'), a 'Related Party' as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1) (zb) of SEBI Regulations, on such terms and conditions as the Board of Directors may deem fit, for the financial year 2022-23 and upon such terms and conditions as may be mutually agreed between the Company and SKF GmbH, Schweinfurt, Germany."

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any of its duly constituted Committee or any officer/ executive/ representative and/ or any other person so authorized by the Board) be and is hereby authorized by the members of the Company to do all such acts and deeds to finalize the terms and conditions as may be considered necessary, expedient or desirable and to give effect to this Resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the

Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

10. **Ratification of Remuneration to Cost Auditor for the financial year 2021-22**

    To consider and if thought fit, to pass, the following resolution as **Ordinary Resolution:**

    "RESOLVED THAT pursuant to Section 148 and other applicable provisions if any of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to the recommendation of the Audit Committee and Board of Directors, members of the Company hereby ratify and approve the remuneration of Rs. 4,30,000/- (Rupees Four Lakhs and thirty thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the cost audit at actuals, if any, payable to M/s. R A & Co., (Membership No: 7628, Firm Registration No:000242) who have been appointed as Cost Auditors by the Board of Directors of the Company, to conduct cost audit of the cost records of The Company for the financial year ending FY 2021-22."

By Order of the Board
SKF India Limited

Ranjan Kumar
Company Secretary & Compliance Officer

Registered Office:
Chinchwad, Pune 411033, Maharashtra, India
CIN No.: L29130MH1961PLC011980
E-mail: investors@skf.com
Website: www.skf.com/in
Telephone No.:020- 66112500

Date: 28th June 2022

NOTES

1. In view of the massive outbreak and extraordinary circumstances created due to COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") vide its General Circular no. 14/2020 dated April 08, 2020, General Circular no.17/2020 dated April 13, 2020 and General Circular no. 20/2020 dated May 05, 2020, General Circular no. 02/2021 dated January 13, 2021, December 8 2021 and read with General Circular no 2/2022 dated May 5,2022 , ("MCA Circulars") has allowed to hold the Annual General Meeting ("AGM" or "meeting") of the Company during the calendar year 2022 through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") without the physical presence of the Members at a common venue. Therefore, in compliance to the MCA Circulars, applicable provisions of the Companies Act, 2013 ("Act") all applicable SEBI Circulars and Regulations, this 61st AGM of the Company is scheduled to be held through VC / OAVM in the manner given below. The deemed venue of this meeting shall be considered at the Registered Office of the Company situated at Chinchwad, Pune 411033, Maharashtra, India.

2. In view of relaxation given by MCA Circulars and SEBI Circular dated May 12, 2020 read with SEBI circular no. CIRCULARSEBI/HO/ CFD/CMD2/ CIR/P/ 2021/11 dated Janaury 15, 2021 and SEBI/HO/CFD/CMD2/ CIR/P/2022/62 dated May 13 2022 (hereinafter referred as "SEBI circulars"), the Annual Report including Financial statements, Auditor's report, Board's report, Notice of AGM along with all the annexures and attachments thereof is being sent through email to those Members whose email addresses are registered with the Company / Depositories as on June 29, 2022 and no physical copy of the same will be sent by the Company. Members may note that the Notice and Annual Report of the Company for the financial year 2021-22 will also be available on the Company's website www.skf.com/in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and is also available on the website of www.evoting.nsdl.com (agency for providing the remote e-voting facility) i.e. National Securities Depository Limited.

3. The Explanatory Statement, pursuant to Section 102 of the Act, setting out the material facts concerning the Special Business(s) in the Notice is annexed hereto and forms part of this Notice. The relevant details, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India ("ICSI")in respect of Directors seeking appointment/re-appointment at this meeting are also annexed as **Annexure- A**.

4. It is being informed that physical presence of the members have been dispensed with for attending the meeting through VC/OAVM, therefore, the facility to appoint proxy to attend and cast vote for the members will not be available for this AGM and the Proxy Form, Attendance Slip and route map are not annexed to this Notice.

5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

6. Pursuant to Section 113 of the Act, Institutional / Corporate members are requested to send a duly certified scanned copy (JPG / PDF Format) of the Board Resolution, governing body Resolution or Authorisation letter authorizing their representative to participate in remote e-voting or to attend and vote at the AGM at skf.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in before e-voting/ attending AGM from their registered email address.

7. As per Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Share Transfer Agents, M/s TSR Consultants Private Limited ("RTA") for assistance in this regard. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.

8. Pursuant to Section 72 of the Act, member(s) of the Company may nominate a person in whose name the shares held by him/them shall vest in the event of his/ their unfortunate death. Member(s) holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrars and Share Transfer Agents, M/s TSR Consultants Private Limited ("RTA"). In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.

9. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company, will be entitled to vote at the AGM and the dividend will be paid in the name of such first holder in the order of names.

10. The Record date is fixed as Wednesday, 29th June, 2022 for the purpose of determining eligibility of member(s) entitled to receive dividend, if declared at the AGM

11. The final dividend of ₹14.50. per equity shares of ₹ 10 each for the financial year 2021-22, as recommended by the Board of Directors of the Company, if declared at AGM, will be paid on or before the 30th day from the date of declaration of dividend, to the below members:

    (i) in respect of shares held in physical form, to those members whose names stand in the Register of Members of the Company *after giving effect to valid transmission or transposition requests lodged with the Company as of the end of day, on Wednesday, 29th June 2022*. and

    (ii) in respect of shares held in the dematerialized form, to those members whose names appear in the statement of Beneficial Owners furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose as of the end of day, on *Wednesday, 29th June 2022*.

12. Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1st April 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's Registrars and Share Transfer Agent's email address at csg-unit@tcplindia.co.in

13. Beneficial Owners holding shares in demat form are advised to get particulars of their bank account updated with the Depository Participant (DP) in terms of SEBI Guidelines and the regulations of NSDL & CDSL for the purpose of payment of dividend. The Company or RTA will not entertain requests for change of such bank details printed on their dividend warrants.

    Member(s) holding shares in physical form are requested to notify the Company or Company's RTA, of any change in their addresses/Bank Mandates.

14. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. For details, please refer to corporate governance report which is a part of this Annual Report.

15. The amount outstanding in unpaid dividend account in respect of financial year 2014-15 and shares where dividend had remained unpaid for last consecuitive seven years will be transferred to the 'Investor Education and Protection Fund' maintained with the Central Government.

    The Company has placed on its website www.skf.com/in, the information on unclaimed dividends.

16. Members who would like to express their views/ask questions before or during the meeting may send an email at Company's email address investors@skf.com from their registered email id with the Company or RTA mentioning their views/questions along with their full name, demat account number/folio number, registered email id, mobile number and such other details as may be deemed fit by July 15, 2022. Only the views/questions of those shareholders will be taken-up who has mailed it to the Company within prescribed time and will be replied suitably.

The Company has sent individual letters to all the Members holding shares of the Company in physical form for furnishing their PAN, KYC details and Nomination pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSDRTAMB/P/CIR/2021/655 dated November 3, 2021 in Form ISR-1. The Form ISR-1 is also available on the website of the Company at https://www.skf.com/in/investors/shareholder-information Attention of the Members holding shares of the Company in physical form is invited to go through and submit the said Form ISR–1.

(I) Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSDRTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/Exchange of securities certificate; Endorsement; Sub-division/Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition.

Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed

Form ISR–4, the format of which is available on the Company's https://www.skf.com/in/investors/shareholder-information-and on the website of the Company's RTA may be noted that any service request can be processed only after the folio is KYC compliant. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.

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

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

(i) The Company shall be providing two way teleconferencing facility for the ease of participation of the members.

(ii) Members are requested to participate on first come first serve basis. However, the participation of members holding 2% or more, promoters, institutional investors, directors, key managerial personnel, chairperson of audit committee, nomination and remuneration committee and stakeholders' relationship committee, the statutory auditors and the secretarial auditors of the Company is not restricted on first come first serve basis. Participation is restricted up to 1000 members only.

(iii) The facility for joining AGM through VC/OAVM will be opened 15 minutes before the scheduled time i.e. 2:45 p.m IST and the Company may close the window for joining the VC/OAVM facility 15 minutes after the scheduled time to start the 61st AGM.

(iv) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All other documents referred to in the Notice and Explanatory Statement will also be available for electronic inspection without any fee by the members upto the date AGM. Members seeking to inspect such documents are requested to send an email to investors@skf.com in advance.

(v) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the MCA Circulars and SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, the Company is providing (i) facility of remote e-voting for voting before the AGM and (ii) facility of e-voting at the AGM to its Members in respect of the businesses to be transacted at the 61st AGM to be held through VC / OAVM. For the purpose of providing remote e-voting and facility of e-voting at the AGM, the Company has entered into an agreement with National Securities Depository Limited ("NSDL") as the authorized agency.

(vi) The voting rights of Members for remote e-voting and for e-voting at AGM shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on cut-off date i.e. closing of business hours of July 20, 2022.

(vii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e closing of business hours of **July 20, 2022** only shall be entitled to avail the facility of remote e-voting / e-voting facility during the AGM. Any person who is not a member as on the Cut-off date should treat this notice for information purpose only.

The Members can opt for only one mode of voting i.e. remote e-Voting or e-voting at the AGM. In case of voting by both the modes, vote cast through remote e-Voting will be considered final and e-Voting at the AGM will not be considered.

(viii) The remote e-voting facility will be available during the following period for all the members who are either holding shares in physical mode or in demat mode:

(a) Commencement of remote e-voting: 24th July, 2022 (Sunday) at 9:00 a.m. (IST),

(b) End of remote e-voting : 26th July, 2022 (Tuesday) at 5:00 p.m. (IST)

(ix) During this period, Members holding shares either in physical form or in dematerialized form as on cut-off date, may cast their vote through remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.Those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM as per the process mentioned below in the Notice.

(x) Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in.

(xi) The Board of Directors of the Company has appointed Mr. P.N. Parikh of M/s. Parikh and Associates, (FCS: 327) Practicing Company Secretaries, as the Scrutinizer to scrutinize the voting process electronically or otherwise for remote e-Voting and e-Voting at the AGM in a fair and transparent manner.

(xii) The Scrutinizer shall on conclusion of the voting at the AGM first count the votes casted at the meeting and thereafter, unblock the votes casted through remote e-voting and make, not later than 48 hours of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The Chairman or the person authorised by him in writing shall forthwith on receipt of the consolidated Scrutiniser's Report, declare the Results of the voting.The results declared along with the Scrutinizer's Report shall be placed on the Company's website https://www.skf.com/in and on the website of NSDL www.evoting.nsdl.com and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed. The results of the voting shall also be placed on the Notice Board at the Registered Office of the Company.

(xiii) The helpline number / contact person regarding any technical query/assistance for remote e-voting or participation and e-voting in the AGM through VC/ OAVM is 1800-222-990 / 1800 1020 990 /1800 224 430, Ms. Soni Singh, email at evoting@nsdl.co.in

(xiv) Members who have not yet registered their email addresses or want to update their registered email address are requested to register / update the same by providing their Folio No., Name of shareholder, scanned copy of the share certificate(s) (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to company's RTA at csg-unit@tcplindia.co.in in case the shares are held by them in physical form. Further, if shares are held on demat mode, then the members may contact the Depository Participants (DPs) for registering / updating their email address as per the process advised by your DPs.

(xv) For receiving the dividend directly in their bank accounts, Members are requested to register / update their bank details by providing their Folio No., Name of shareholder, scanned copy of the share certificate(s) (front and back), self attested copy of their PAN original copy of cancelled cheque etc. to company's RTA at csg-unit@tcplindia.co.in in case the shares are held by them in physical form. Further, if shares are held on demat mode, then the members may contact their Depository Participant (DP) for registering / updating the bank account details as per the process advised by your DP.

(xvi) Any person who is not a member as on the cut-off date should treat this notice for information purpose only. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is casted by the Member, he / she shall not be allowed to change it subsequently.

(xvii) The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on closing of business hours of Wednesday, July 20, 2022. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date shall be entitled to avail the facility of e-voting, as well as voting at the meeting through electronic voting system.

(xviii) Any person who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of cut-off date i.e. closing of business of hours of Wednesday, July 20, 2022 may obtain the login id and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for e-voting then he/she can use his/her existing User ID and password for casting vote. If you forget your password, you can reset your password by using "Forgot user Details/Password" option or "Physical User Reset Password?" available on www.evoting.nsdl.com. If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password/PIN for casting your vote.

(xix) In case Shareholders are holding shares in demat mode, USER ID is the combination of (DPID + Client ID). In case, Shareholders are holding shares in Physical mode, USER ID is the combination of (EVEN No. +Folio No).

(xx) A Member may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be entitled to vote again.

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

The remote e-voting period begins on 24th July, 2022 at 9:00 A.M. and ends on 26th July, 2022 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

The remote e-voting period begins on Sunday, 24th July, 2022 at 9:00 A.M and ends on Tuesday, 26th July, 2022 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Wednesday, 20th July, 2022 , may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 20th July, 2022.

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

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

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
	4. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL**. Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

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

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.

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

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

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical		Your User ID is:
a)	For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b)	For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c)	For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. 20th July,2022, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 20th July,2022 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

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

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

    a) Click on **"Forgot User Details/ Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

    b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

    c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

    d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

<u>Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.</u>

<u>How to cast your vote electronically and join General Meeting on NSDL e-Voting system?</u>

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

<u>General Guidelines for shareholders</u>

1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to upload their Board Resolution / Power of Attorney / Authority Letter by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab or send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to skf.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in. with a copy marked to evoting@nsdl.co.in.

2 It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3 In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or 1800-22-4430 or send a request to NSDL at evoting@nsdl.co.in

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share

certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to csg-unit@tcplindia.co.in .

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to csg-unit@tcplindia.co.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

3. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at investors@skf.com by July 15, 2022.

6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investors@skf.com. The same will be replied by the company suitably.

7. The shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

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

Item No.3 & 7

To appoint a Director in place of Mr. Shailesh Kumar Sharma (DIN: 09493881) who retires by rotation and being eligible offers himself for re-appointment

As per the provisions of Section 152 (6) of the Companies Act 2013, except for Independent Directors, not less than two – third of the total number of remaining directors shall be the persons whose period of office is liable to determination by rotation and at least one-third of such Directors are liable to retire by rotation at every AGM. As per Article of Association of the Company, Managing Directors is not liable to retire by rotation.

Mr. Shailesh Kumar Sharma (DIN: 09493881) was appointed as Additional Director & Whole-time director on the Board of SKF India Limited w.e.f 10th February 2022, in compliance with the application provisions/laws. The Company had initiated Postal Ballot Process within 3 Months from appointment of Mr. Shailesh Kumar Sharma as Director and Whole-time Director as per regulation 17(1C) of SEBI LODR. The Postal ballot Notice dated 16th April 2022 was dispatched on April 18, 2022 to the Members and the Company kept voting lines open for postal ballot from April 20, 2022 to May 19, 2022 i.e, for 30 days as per provisions of the Companies Act, 2013. Results were declared on May 20, 2022.

Postal Ballot Resolution of Mr. Shailesh Kumar Sharma (DIN: 09493881) for appointment as Whole-time Director mentioned that he is not liable to retire by rotation.

However, in compliance to the provisions of Section 152 of the Companies Act, 2013 Mr. Shailesh Kumar Sharma shall retire by rotation and as he is the longest in office, he is retiring by rotation in this AGM

Accordingly, the Board places the resolution as provided in Item No.3 & 7 of the Agenda before the members to be passed as Ordinary Resolution.

A brief profile and other information of Mr.Shailesh Kumar Sharma, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2, is provided in the **Annexure A** to this Notice.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution set out at Item No. 3 & 7 of the Notice except Mr. Shailesh Kumar Sharma.

Item No.4

To consider and approve the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accounts, (Firm Registration No. 117366W/W-100018) as Statutory Auditors of the Company for a term of five years.

The Term of appointment of M/s Price Waterhouse & Co Bangalore LLP, Statutory Auditors expires in the next Annual General Meeting to be held in the year 2023. However, they had tendered their resignation as Statutory Auditors of the Company w.e.f. 11th May, 2022

On recommendation of the Audit Committee and the Board of Directors of the Company, it is proposed to the shareholders to appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366W/W-100018), one of the renowned Audit Firms, as Statutory Auditors of the Company pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 for a period of 5 years to hold office from the conclusion of ensuing 61st Annual General Meeting till the conclusion of Annual General Meeting to be held in the financial year 2026-2027, Profile of M/s. Deloitte Haskins & Sells LLP annexed as **Annexure B**

The Company has received eligibility certificate as required under Section 141 of Companies Act 2013 from M/s Deloitte Haskins and Sells LLP, Chartered Accountant (Firm Reg No: 117366W/W-100018) who have also conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

Proposed fees payable to the statutory auditor(s) along with terms of appointment will be as mutually decided by Board/Audit Commitee and Auditors and ,no major material change in the fee payable to such auditor from that paid to the outgoing auditor.

Accordingly, The Board of Directors recommends the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditor of the Company as set in item No. 4. for approval of the members as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution set out at Item No. 4 of the Notice.

Item No.5

Appointment of Mr. David Leif Henning Johansson (DIN No : 0009651955) as Director

The Board of Directors ("Board") on recommendation of Nomination & Remuneration Committee appointed Mr. David Leif Henning Johansson (DIN: 0009651955) as an Additional Director of the Company with effect from 28th June 2022 . Pursuant to Section 161(1) and other applicable provisions of the Companies Act, 2013 ("the Act") read with rules made thereunder and the Articles of Association of the Company, Mr. David Leif Henning Johansson shall hold office of the Director up to the date of this 61st Annual General Meeting and is eligible for appointment as a Director of the Company. The Company has received a notice in writing pursuant to Section 160 of the Act, from a Member proposing the candidature of Mr. David Leif Henning Johansson as a Director on the Board of the Company, liable to retire by rotation.

The Board of Directors are confident that with his vast Global knowledge and varied experience, he will be of great value to the Company.

A brief profile and other information of Mr. David Leif Henning Johansson, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2, is provided in the **Annexure A** to this Notice.

As per the circular issued by BSE Limited and National Stock Exchange of India Limited relating to the 'Enforcement of SEBI Orders' regarding appointment of Directors by the listed companies dated 20th June, 2018, Mr. David Leif Henning Johansson is not debarred from holding the office of Director pursuant to any SEBI order or any other such statutory authority. Accordingly, the Board, on recommendation of Nomination and Remuneration Committee, recommends the resolution as set forth in Item No. 5 in relation to appointment of Mr. David Leif Henning Johansson as a Director of the Company, for approval by the members of the Company, by way of Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than Mr. David Leif Henning Johansson is in any way concerned or interested, financially or otherwise, in this resolution.

Item No.6

Appointment of Mr. Karl Robin Joakim Landholm (DIN No: 0009651911) as Director

The Board of Directors ("Board") on recommendation of Nomination & Remuneration Committee appointed Mr. Karl Robin Joakim Landholm (DIN: 0009651911) as an Additional Director of the Company with effect from 28th June 2022 . Pursuant to Section 161(1) and other applicable provisions of the Companies Act, 2013 ("the Act") read with rules made thereunder and the Articles of Association of the Company, Mr. Karl Robin Joakim Landholm shall hold office of the Director up to the date of this 61st Annual General Meeting and is eligible for appointment as a Director of the Company. The Company has received a notice in writing pursuant to Section 160 of the Act, from a Member proposing the candidature of Mr. Karl Robin Joakim Landholm as a Director on the Board of the Company, liable to retire by rotation.

The Board of Directors are confident that with his vast Global knowledge and varied experience, he will be of great value to the Company.

A brief profile and other information of Mr. Karl Robin Joakim Landholm, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2, is provided in the **Annexure A** to this Notice.

As per the circular issued by BSE Limited and National Stock Exchange of India Limited relating to the 'Enforcement of SEBI Orders' regarding appointment of Directors by the listed companies dated 20th June, 2018, Mr. Karl Robin Joakim Landholm is not debarred from holding the office of Director pursuant to any SEBI order or any other such statutory authority. Accordingly, the Board, on recommendation of Nomination and Remuneration Committee, recommends the resolution as set forth in Item No. 6 in relation to appointment of Mr. Karl Robin Joakim Landholm as a Director of the Company, for approval by the members of the Company, by way of Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than Mr. Karl Robin Joakim Landholm is in any way concerned or interested, financially or otherwise, in this resolution .

Item No. 8

Appointment of M/s Deloitte Haskins and Sells LLP, Chartered Accountant Firm Registration No: 117366W/W-100018 as a Statutory Auditors of the Company to fill in causal vacancy due to resignation of M/s Price Waterhouse & Co Bangalore LLP, Statutory Auditors(Firm Registration no: 007567S/S-200012).

Due to resignation of M/s Price Waterhouse & Co Bangalore LLP, Statutory Auditors, and pursuant to compliance of Section 139(8) of Companies Act, 2013 and rules there under , Board is required to fill casual vacancy of Auditor's office within 30 days but if such casual vacancy is as a result of the resignation of an auditor, such appointment shall also be approved by the company at a general meeting convened within 3 months of the recommendation of the Board and the said Auditor shall hold the office till the conclusion of the next annual general meeting.

Pursuant to complaince of aforesaid Section , Board at its meeting held on 11th May 2022 has appointed M/s Deloitte Haskins and Sells LLP, Chartered Accountant, Statutory Auditors of the Company to fill-in causal vacancy caused due to resignation of M/s Price Waterhouse & Co Bangalore LLP and to hold office till the conclusion of ensuing 61st Annual General Meeting subject to approval of shareholder at ensuing general meeting which shall be conducted within 3 months from recommendation of Board.

On Recommendation of Audit Commitee and Board of Directors of the Company, it is proposed to appoint M/s Deloitte Haskins and Sells LLP, Chartered Accountant (Firm Reg No: 117366W/W-100018), one of the Renowned Audit Firms, as Statutory Auditors. The Company has received eligibility certificate as required under Section 141 of Companies Act 2013. M/s Deloitte Haskins and Sells LLP, Chartered Accountant (Firm Reg No: 117366W/W-100018) have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

Proposed fees payable to the statutory auditor(s) along with terms of appointment will be as mutually decided by board/Audit Commitee and Auditors and ,no major material change in the fee payable to such auditor from that paid to the outgoing auditor.

Accordingly, the Board places the resolution as provided in Item No.8 of the Agenda before the members to be passed as Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution set out at Item No. 8 of the Notice.

Item No.9

Approval of transactions with SKF GmbH, Schweinfurt, Germany, SKF Group Company

The Company is a subsidiary of Aktiebolaget SKF ("AB SKF"). SKF GmbH, Schweinfurt, Germany is also a subsidiary of AB SKF and is a 'Related Party' as per the definition under Section 2(76) of the Companies Act, 2013 Regulation-23 & Regulation-2(zb) of SEBI Regulations.

As per the provisions of Section 188 (1) of the Companies Act, 2013 read with rules made thereunder and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015(amended from time to time), the Material Related Party Transactions requires prior approval of the Shareholders by Ordinary Resolution where transactions proposed to be entered fall under threshold limit i.e , if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs 1000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower

The Company enters into contract with SKF GmbH for transactions related to Administrative & Service Fees, Purchase of Capital Goods & Services, Purchase of Raw Material, components, spares & Finished Goods, Reimbursements Paid and received, Sale of Goods and services purpose for business profitability. Considering business opportunities, aforesaid transactions might exceed aforesaid threshold limit.

In compliance to the aforesaid provision of the Companies Act 2013 & rules made thereunder and SEBI Regulations, aforesaid transaction requires approval of the members by way of an ordinary resolution.

All the transactions carried out by SKF India Limited with SKF GmbH, Schweinfurt are in the ordinary course of business and at arm's length basis and hence it is recommended for approval by the members for FY 2022-23.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021, as amended till date, particulars of the transactions with SKF GmbH, Schweinfurt, Germany are as follows:

Sr. No.	Particulars	Remarks
1	**Name of the related party**	SKF GmbH, Schweinfurt, Germany
2	**Nature of relationship**	SKF GmbH is Fellow Subsidiary. The Company is a subsidiary of Aktiebolaget SKF ("AB SKF"). SKF GmbH, Schweinfurt, Germany is also a subsidiary of AB SKF and is a 'Related Party' as per the definition under Section 2(76) of the Companies Act, 2013 and Regulation-2(zb) of SEBI Regulations. In terms of Regulation-23 of the SEBI Regulations
3	**Name of the Director or Key managerial personnel who is related, if any**	None of the Directors and Key Managerial Personnel or their relatives except Mr. David Leif Henning Johansson and Mr. Karl Robin Joakim Landholm representing SKF Group are concerned or interested in the resolution.
4	**Nature, material terms, monetary value and particulars of the contract or arrangements;**	Contract for Administrative & Service Fees, Purchase of Capital Goods & Services, Raw Material, components, spares & Finished Goods, Reimbursements Paid and received and Sale of Goods and services on a continuous basis Monetary value of proposed aggregate transactions during financial year 2022-23 is expected to be INR 4,650 MINR
5.	**Any other information relevant or important for the members to take a decision on the proposed resolution**	
5a	**Tenure and value of the proposed transaction**	The Related Party Transactions as aforesaid are necessary, normal and incidental to business as also play significant role. Tenure is during financial year 2022-2023 on such terms and conditions as may be mutually agreed between the Company and SKF, Germany wherein the value of proposed transaction is disclosed in the Annual Financial Statement.

Sr. No.	Particulars	Remarks
5b	**The percentage of the listed entity's immediately preceding financial year's annual consolidated turnover, represented by the value of the proposed transaction (for a RPT involving a subsidiary, percentage calculated on the basis of the subsidiary's annual standalone turnover to be additionally stated)**	11.42%
5c	**Justification as to why the RPT is in the interest of the Company**	Considering the dynamic business environment where neither demand nor foreign exchange rates can be predicted in advance, the Company expects the level of transactions to be above the materiality threshold as prescribed under the SEBI Regulations, for the period for which the approval of Members is sought as stated above. To sustain quality standards of the SKF Group and to ensure quantitative benefits to enable operational efficiency, this needs to be considered as an enabling resolution. The details of the Related Party Transactions will continue to be disclosed in the Annual Financial Statements. in the Company's business operations

The Related Party Transactions as aforesaid are necessary, normal and incidental to business as also play significant role in the Company's business operations and accordingly the Board recommends the Ordinary Resolution set forth in Item No 9 of the Notice for the approval of the Members in terms of Regulations 23 of SEBI Regulations.

None of the Directors and Key Managerial Personnel or their relatives except Mr. David Leif Henning Johansson and Mr. Karl Robin Joakim Landholm representing SKF Group are concerned or interested in the resolution.

The Members may note that in terms of the provisions of the SEBI Listing Regulations, the related parties as defined thereunder (whether such related party(ies) is a party to the aforesaid transactions or not), shall not vote to approve resolution under Item No. 9.

Item No. 10

Ratification of Remuneration to Cost Auditor for the financial year 2021-22

The Company is required to have its cost records audited by Cost Accountant in practice. Accordingly, the Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of M/s. R A & Co., Cost Accountants, having Firm Registration No. 000242 as Cost Auditors of the Company for the financial year ending March 31, 2022 at a remuneration Rs.430,000/- (Rupees four lakhs and thirty thousand only) plus out of pocket expenses as actual, if any and applicable taxes.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought by way of an Ordinary Resolution No. 10 of this Notice for ratification and approval of remuneration payable to the Cost Auditors for the financial year ending March 31, 2022.

The Board accordingly recommends the Ordinary Resolution as set out at Item No. 10 of this Notice for your approval.

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

By Order of the Board
SKF India Limited

Ranjan Kumar
Company Secretary & Compliance Officer

Registered Office:
Chinchwad, Pune 411033, Maharashtra, India
CIN No.: L29130MH1961PLC011980
E-mail: investors@skf.com
Website: www.skf.com/in
Telephone No.: 020 66112500

Date: 28th June 2022

Annexure A

Information pursuant to the Regulation 36(3) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India of Directors seeking re-appointment / appointment at the 61st Annual General Meeting

Name of the Director	Mr. Shailesh Kumar Sharma	Mr. David Leif Henning Johansson	Mr. Karl Robin Joakim Landholm
Director Identification Number	09493881	0009651955	0009651911
Date of Birth	04.09.1969	11.12.1980	10.06.1969
Age	53 years	41 Years	53 Years
Nationality	Indian	Swedish	Swedish
Date of first Appointment on Board of the Company	10th February 2022	28th June 2022	28th June 2022
Qualification	• B.E. (Mechanical), Government Engg. College Jabalpur, MP. • MBA, Symbiosis International University (covering - general management, operation, Finance, HR & marketing). Six Sigma Green Belt (United Latino Students Association)	Master's in science; Industrial Marketing, Electrical Engineering Chalmers University of Technology (Gothenburg, Sweden)	Master Degree in B.A and Economics. Major: Corporate Finance Exchange programme at University of Michigan (MBA)
Experience	He is having an overall experience of above 30 years. His last employment was with National Engineering Industrial Limited as Assistant Engineer Journey in SKF: • Factory Manager - Pune Factory • Factory Manager - Bangalore Factory • Manufacturing Engineering Manager - Bangalore Factory • Project Manager - Pune TRB Factory • Process Engineer - TRB Pune Factory	• 15+ years of Global automotive and industrial experience, incl. BU mgmt. with full value chain and P&L responsibility • 3.5+ years of working experience in China, leading local and Global operations, based in Shanghai 2018/09 - 2022/03 • Proven leadership skills based on emotional intelligence, empowerment and accountability, with ability to successfully build and develop the organisational and individuals' performance to deliver results in the short and long term • Strong strategic management skills, from strategy formulation to structuring, planning and effective implementation	He is having overall experience of above 30 years. He has worked in past with Axholmen Consulting, Hector Rail Group, SAS – Scandinavian Airlines. Journey in SKF Managing SKF's Group Operations function covering manufacturing, supply chain, IT, quality, EHS, sustainability and strategy

Name of the Director	Mr. Shailesh Kumar Sharma	Mr. David Leif Henning Johansson	Mr. Karl Robin Joakim Landholm
		• Lifecycle and TCO focus, with emphasis on sustainable profit generation through full value chain engagement	
Terms & conditions of appointment/ re-appointment	As per the appointment letter	As per the appointment letter	As per the appointment letter
Remuneration sought to be paid	As mentioned in the explanatory statement	NA	NA
Remuneration last drawn	As per Agreement	NA	NA
Number of Board Meeting attended during the FY 2021-22	0	0	0
Shareholding in SKF India Ltd	Nil	Nil	Nil
List of Directorship held in other Companies	Nil	Nil	Nil
Chairmanship / Membership of Audit and Stakeholders Relationship Committee	Nil	Member of Audit Committee w.e.f 28th June 2022	Nil
Chairmanships / Memberships of the Committees of Boards of other Companies	Nil	Nil	Nil
Inter-se Relationship between the Directors and other Key Managerial personnel of the Company	Nil	Nil	Nil

Note: Other directorship does not include directorships of foreign companies.

Annexure B

Profile of M/s. Deloitte Haskins and Sells LLP, Chartered Accountants

Deloitte Haskins & Sells LLP, registered since 1983, is one of the member firms of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). Each DTTL member firm provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Deloitte Haskins & Sells, LLP is registered with the Institute of Chartered Accountants of India (Registration No. 117366W/W-100018).

Deloitte is one of the world's largest professional services firms. Deloitte India is a leading professional services firm of the country and has the scale and capacity, to serve across locations. Deloitte is now a global network with circa 345,300+ people with revenues over $50 billion. Deloitte India has more than 18,000 professionals operating out of 12 cities – Ahmedabad, Bengaluru, Chennai, Coimbatore, Goa, Gurgaon, Hyderabad, Jamshedpur, Kochi, Kolkata, Mumbai and Pune providing professional services in the areas of Audit, Risk Advisory, Tax, Consulting, and Financial Advisory services to public and private clients spanning multiple industries. It draws its strength from its people, which include 2,600+ professionals in Audit, 2,250 + in Tax, 3,900+ in Consulting, 2,300+ in Risk Advisory and 1,200+ in Financial Advisory.

INFORMATION AT A GLANCE

Sr.No	Particulars	Details
1.	**Day, Date and Time of AGM**	Wednesday, July 27, 2022 at 15:00 Hrs (IST)
2	**Mode**	Video Conference (VC) and Other Audio Visual Means(OAVM)
3	**Participation through VC/OAVM**	Members can login from 03.00 P.M (IST) on the date of the AGM at https://evoting.nsdl.com
4	**Helpline Number for VC/OAVM participation**	1800 1020 990/1800 22 44 30
5.	**Submission of Questions/Queries before AGM**	Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Friday, July 15, 2022 through email on investors@skf.com. The same will be replied by the Company suitably.
6.	**Speaker Registration before AGM**	Members may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number to investors@skf.com on or before July 15, 2022
7.	**Recorded Transcript**	Will be made available post AGM at https://www.skf.com/in
8.	**Dividend for FY 2021-2022 recommended by the Board**	Rs 14.50 per equity share of the face value of Rs.10/- each
9.	**Dividend -Record Dates**	29th June, 2022 (Wednesday)
10.	**Dividend Payment Date**	On or before 26th August, 2022
11.	**Cut-off date for e-voting**	20th July, 2022
12.	**Remote e-voting start time and date**	24th July, 2022 (Sunday at 9:00 a.m. (IST)
13.	**Remote e-voting end time and date**	26th July, 2022 (Tuesday at 5:00 p.m. (IST)
14.	**Remote e-voting website**	**Shares held in Demat mode with NSDL:** 1. Shareholders registered for NSDL IDeAS facility: https://eservices.nsdl.com/ 2. Others: https://evoting.nsdl.com **Shares held in Demat mode with CDSL:** 1. Shareholders who have opted for Easi facility of CDSL: https://web.cdslindia.com/myeasi/home/login 2. Others: www.cdslindia.com **Logging in through Depositary Participants:** Members can also login using the login credentials of their demat account through your DP registered with NSDL /CDSL for e-voting facility.
15.	**Name, address and contact details of e-voting service provider and registrar and transfer agent**	**Registrar and Transfer Agent - TSR Consultants Private Limited** C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083 Tel : +91 22 66568484 **E-voting Service Provider** National Securities Depositories Limited ("NSDL") Trade World, A wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400013 Tel No: 1800-1020-990/1800-22-44-30
16	**Email Registration and Contact Updation Process**	**Demat Shareholders:** Contact respective Depository Participant **Physical Shareholders:** TSR Consultants Private Limited website – C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083

DIRECTORS' REPORT 2021-22

Dear Members,

The Board of Directors of your Company are pleased to present the 61st Annual Report, with audited financial statements (standalone and consolidated) for the financial year ended on March 31, 2022.

1. SUMMARY - FINANCIAL RESULTS (STANDALONE AND CONSOLIDATED)

(INR in millions)

	Year Ended		Year Ended	
	March 31, 2022 Standalone	March 31, 2021 Standalone	March 31, 2022 Consolidated	March 31, 2021 Consolidated
Revenue from Operations	36,658.9	26,707.3	36,658.9	26,707.3
Other Income	344.0	363.1	344.0	363.1
Total Income	**37,002.9**	**27,069.6**	**37,002.9**	**27,069.6**
Operating Expenditure	31,122.3	22,527.2	31,122.3	22,527.2
Depreciation	571.0	579.5	571.0	579.5
Profit before Tax	**5,309.6**	**3,962.9**	**5,309.6**	**3,962.9**
Share of Net Profit/ (loss) of Associate	-	-	(1.7)	(0.4)
Provision for Taxation	1,358.3	985.6	1,358.3	985.6
Profit after Tax	**3,159.3**	**2,977.3**	**3,949.6**	**2,976.9**
Other Comprehensive Income	(13.5)	35.2	(13.5)	35.2
Total Comprehensive Income for the Period	3,937.8	3,012.5	3,936.1	3,012.1

2. OPERATIONS

The Standalone Revenue from operations of the Company for the year ended on March 31, 2022 stood at INR 36,658.9 million compared to INR 26,707.3 million in the previous year. The Company's Standalone Profit before Tax for the year under review was INR 5,309.6 million compared to INR 3,962.9 million in the previous year.

The Standalone Profit after Tax for this period was INR 3,159.3 million, compared to INR 2,977.3 million during the previous year.

The Company incurred a capital expenditure of INR 916.8 million during the year.

The Company has contributed INR 2.4 million (LY INR 2.7 million) towards COVID-19 pandemic-related relief activities.

3. STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS

The standalone and consolidated financial statements of the Company for FY 21-22 are prepared in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') including Indian Accounting Standards specified under Section 133 of the Act. The audited standalone and consolidated Financial Statements together with the Auditors' Report thereon form parts of the Annual Report of FY 21-22.

Pursuant to Section 129(3) of the Act, a statement containing the salient features of the Financial Statements of the associate company in the prescribed Form AOC-1 forms a part of the Annual Report.

The Financial Statements of the associate company shall be made available to Members on request through email and are also available on the website of the Company, which can be accessed at www.skfindia.com under the 'Investors' section.

4. MATERIAL CHANGES AND COMMITMENTS IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the

Company to which the financial statements relate and up to the date of this report.

There was no change in the nature of the business of the Company.

5. IMPACT OF COVID-19

The world has been dramatically reshaped by the COVID-19 pandemic which has transformed life as we know it. The pandemic has been a sobering reminder to the world that change can come in unanticipated ways.

Our support during the COVID-19 pandemic has not only involved SKF employees. There have been numerous initiatives to help the communities where we live and work.

The manufacturing facilities, offices and distribution centres continued to operate in line with the state government norms applicable at different locations where they are located.

The Company continued to take several measures to ensure well-being. Various actions taken by the Company are – a central task force to monitor the countrywide situation and take appropriate actions, setting up and managing COVID-19 care centres for employees at various locations and conducting multiple COVID-19 testing and vaccination drives across the country to not only support the employees but also their family members. The COVID-19 care policies were launched for employees passing away due to COVID-19 to cover the permanent as well as temporary manpower working at various SKF locations.

Supporting employees with admission to hospitals, arranging emergency medicines and providing O2 cylinders and concentrators on a need basis are some other initiatives undertaken by the Company.

6. STATE OF COMPANY'S AFFAIRS

The Company empowers global enterprises with its latest technology for the next decade today. The Company's core businesses include manufacturing of bearings and their components in India. SKF India Limited is an affiliate of the Sweden-based SKF Group, which was founded in 1907. SKF started its operations in India in 1923 and continues to provide industry-leading automotive and industrial engineered solutions through its five technology-centric platforms: bearings and units, seals, mechatronics, lubrication solutions and services. Over the years, the Company has evolved from being a pioneer ball bearing manufacturing company to a knowledge-driven engineering company helping customers achieve sustainable and competitive business excellence.

SKF's solutions provide sustainable ways for companies across the automotive and industrial sectors to achieve breakthroughs in friction reduction, energy efficiency, and equipment longevity and reliability. With a strong commitment to research-based innovation, SKF India offers customised value-added solutions that integrate all its five technology platforms.

The state of affairs of the Company is presented as part of the Management Discussion and Analysis Report forming part of this Annual Report.

7. TRANSFER TO RESERVES

The Board of Directors decided to retain the entire amount of profit for FY 21- 22 in the profit and loss account. No amount was transferred to the General Reserves of the Company.

8. DIVIDEND

The dividend recommended is in accordance with the Dividend Distribution Policy of the Company. For FY 2021-22, the Company has declared dividend as the final dividend of INR 14.50 per equity share of INR 10/- each to its shareholders.

The significant improvement in the profitability in spite of challenges due to the COVID-19 pandemic was a result of efficient planning and robust operational performance. The Board of Directors at their meeting held on May 11, 2022 has recommended the payment of INR 14.50 per equity share of the face value of INR 10/- each as the final dividend for the financial year ended March 31, 2022, compared to INR 14.50 per equity share for the preceding financial year ended March 31, 2021. The pay-out is expected to be INR 716.9 million (Rupees seven hundred sixteen million nine hundred thousand only). The payment of the final dividend is subject to the approval of the shareholders of the Company at the ensuing 61st Annual General Meeting (AGM) of the Company to be held on July 27, 2022.

The record date is Wednesday, June 29, 2022, for the purpose of determining the eligibility of the shareholders for payment of the dividend for the financial year ended March 31, 2022.

As per the Income Tax Act, 1961 (the Act), as amended by the Finance Act, 2020, dividends paid or distributed by a company after 1st April 2020 shall be taxable in the hands of the shareholders

The Company shall, accordingly, make the payment of the final dividend after deduction of tax at source.

Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing

Regulations'), the Dividend Distribution Policy approved by the Board is available on the Company's website:

https://www.skf.com/binaries/pub12/Images/0901d196809a6abb-Dividend-Distribution-Policy-SKF-India-Feb-2017_tcm_12-526433.pdf

During this financial year, the unclaimed dividend amount pertaining to the dividend for FY 13-14 was transferred to the Investor Education and Protection Fund (IEPF).

9. SHARE CAPITAL STRUCTURE AND LISTING OF SHARES

The paid-up share capital of the Company as of March 31, 2022 is INR 494.38 million - divided into 49,437,963 equity shares of INR 10/- each. The Company's equity shares are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

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

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

The Company has not issued shares with differential voting rights or sweat equity shares during FY 21-22. As of March 31, 2022, none of the Directors of the Company hold any instruments convertible into equity shares of the Company.

10. AWARDS AND ACCOLADES

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

- SKF India was awarded 'Towards quality performance with sustenance without major claims' at the Yamaha Virtual Supplier Conference on April 21, 2022, under the 'Quality' category. SKF India has met and sustained its quality targets and requirements with no cases of a warranty claim or performance non-conformance. Yamaha Motors considers SKF as a reliable partner and the award is a testimony and a significant milestone in SKF India's journey towards operational excellence and our uncompromising commitment to customer-centricity.

  Golden Award for:

  Energy Conservation – Kaizen

  40th CII National Kaizen Competition

  54th Mini Convention for Roller, TRB 1, DGBB CH-2

  Runner Up-(Large) Award at 9th Annual Manufacturing Today Conference & Award-2021 for Pune, Haridwar and Bangalore factory

  Par Excellence Award at 46th International Convention on Quality Control Circles from November 24 to 27, 2021 in Novotel and HICC Hyderabad, for DGBB CH-03

  Star Challenger Award 2021 by CII for DGBB CH-02 and Factory Resetting

  Excellent Kaizen Award at 35th National Convention on Quality Concepts (NCQCC-2021) for DGBB CH-02, TRB T1 and Roller

  Platinum Award by CII 3M Competition (Muda, Mura, Muri) for Heat Treatment – Muda

  Platinum Awar1d by CII 42nd CII National Kai-Zen Competition - 2022 Restorative Kaizen for TRB T4 and Factory Resetting

  Golden Award by CII 3M Competition (Muda, Mura, Muri) for Factory Resetting –Mura

  Silver Award by CII 42nd CII National Kaizen Competition - 2022 Renovative Kaizen for HUB 1.2

  1st RUNNER UP by CII -SMED-QUICK CHANGEOVER for Factory Resetting – Auto sector

  GOLD AWARD by QCFI Kaizen Competition on SMED-2022 for TRB, DGBB Resetting, TRB Resetting, Factory Maintenance, Shared Operation

  Gold Award by QCFI 32nd Annual Convention for Ch-1

  SILVER AWARD BY QCFI Safety Kaizen Competition - 2022 for TRB T4

  Excellent by ICQCC-2021 host by QCFI 46th International Convention on Quality Control Circles from 24th to 27th November 2021 in Novotel and HICC Hyderabad

11. MANAGEMENT'S DISCUSSION AND ANALYSIS AND OUTLOOK

The Management's Discussion and Analysis (MDA) Report giving the details on review of operations, performance, opportunities and outlook of the Company, as required under Corporate Governance guidelines, has also been incorporated as a separate section forming a part of the Annual Report as **Annexure I**.

12. CORPORATE GOVERNANCE

Our corporate governance practices are a reflection of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. Corporate governance is about maximising shareholder value legally, ethically and sustainably. Our Corporate Governance Report for FY 21-22 forms part of this Annual Report

During the year under review, the Company complied with the provisions relating to corporate governance as provided under the Listing Regulations. The Corporate Governance Report, together with a certificate from the Company's Statutory Auditors confirming the compliance is provided in the Report on Corporate Governance, which forms part of the Annual Report as **Annexure II**.

At SKF India, the Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in international corporate governance. Pay-offs from strong governance practices have been in the sphere of valuations, stakeholders' confidence, market capitalisation and recognition from different stakeholders.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During FY 21-22, based on the recommendation of the Nomination and Remuneration Committee ('NRC') of the Company, the Board of Directors has appointed Mr. Shailesh Sharma (DIN: 09493881) as an Additional Director and Whole-time Director of the Company with effect from February 10, 2022.

Mr. Shailesh Sharma is not debarred or disqualified from holding the office of Director by virtue of any SEBI order or any other statutory authority as required under the Circular dated June 20, 2018, issued by the BSE and NSE.

Pursuant to Mr. Shailesh Sharma appointed as Whole-time Director, he has been designated as Key Managerial Personnel of the Company in accordance with Section 203 of the Act read with rules made thereunder.

The Company conducted a postal ballot for taking shareholders' approval on appointment of Mr. Shailesh Kumar Sharma as Director and Whole-time Director (Key Managerial Personnel) of the Company by ordinary resolution for 5 Years. Shailesh Sharma shall retire by rotation as per provision of Companies Act, 2013 and rules made thereunder.

Mr. Werner Hoffmann, Non-executive, Non-independent Director of the Company, has resigned as Director of the Company with effect from February 10, 2022, due to his other engagements. The Board placed on record the appreciation for the valuable services, support and guidance extended by Mr. Werner Hoffmann during his tenure as Director of the Company.

During the year under review, apart from the above-stated facts, there was no change in the composition of the Board of Directors and Key Managerial Personnel of the Company.

14. DECLARATION FROM INDEPENDENT DIRECTORS

Pursuant to the provisions of Section 149 of the Act, and under SEBI LODR the Independent Directors of the Company, Mr. Gopal Subramanyam (DIN: 06684319) and Ms. Anu Wakhlu (DIN: 00122052), have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) and 25(8) of the SEBI LODR . They are also in compliance with Rule 6 (1) and (2) of the Companies (Appointment & Qualifications of Directors) Rules, 2014. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act as well as the Code of Conduct for Directors and Senior Management Personnel.

All other Directors of the Company have also provided declarations on the fact that they are not debarred from holding the office of Director by virtue of any SEBI order or any other statutory authority as required under the Circular dated June 20, 2018, issued by the BSE and NSE.

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

15. CONTRIBUTION OF INDEPENDENT DIRECTORS TO THE GROWTH OF THE COMPANY

The Board of Directors of the Company strategically comprises of Independent Directors from different domains which adds value to the Company. Every Independent Director with his expertise and integrity has earned a vast experience and reputation in the industry. Our Independent Directors are experts in Finance, Company Laws, Information Technology, Commercial Laws and Audit. These domains are integral part of every business and therefore the collective expertise of these board members ensure that we are up to the mark with the global leaders in terms of ethics, corporate governance, best industry practices, transparency and technology. The online proficiency self-assessment test of Independent Directors conducted by Indian Institute of Corporate Affairs ensures that the skills and knowledge is appropriate and beneficial to the Company. All the Independent Directors have successfully passed the test.

16. KEY MANAGERIAL PERSONNEL

Mr. Anurag Bhagania, Finance Director and Chief Financial Officer (KMP) of the Company, has resigned from the Company with effect from February 22, 2022. The

Board placed on record its appreciation for his invaluable contribution, services, support and guidance extended during his tenure as Finance Director and Chief Financial Officer (KMP).

In terms of Section 203 of the Act, the following are the Key Managerial Personnel (KMPs) of the Company as March 31 2022 :

- Mr. Manish Bhatnagar, Managing Director
- Mr. Shailesh Sharma, Whole-time Director (from 10.2.2022)
- Mr. Anurag Bhagania, Chief Financial Officer (from 15.5.2019 till 21.2.2022)
- Mr. Ranjan Kumar, Company Secretary

Mr. Ashish Saraf has been appointed as Chief Financial Officer of the Company w.e.f 11.05.2022.

17. BOARD AND ITS COMMITTEE MEETINGS

Regular meetings of the Board and its Committees are held to discuss and decide on various policies, strategies, financial matters and other businesses. The schedule of the Board/Committee Meetings to be held in the forthcoming financial year (2022-23) is circulated to the Directors in advance to enable them to plan their schedule for effective participation in the meetings. Due to business exigencies, the Board has also been approving several proposals by circulation from time to time.

During FY 21-22, five meetings of the Board of Directors were held. The details of meetings of the Board and Committees such as the Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee, are included in the Corporate Governance Report, which is a part of this document.

Details of Committee is also available on website of the Company https://www.skf.com/in/investors/operating-committees

18. BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, the Board Committees and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations, as amended from time to time.

The process followed for Board evaluation includes:

i) Feedback is sought from each Director about their views on the performance of the Board (as a whole) / Committees / Independent Directors / Chairman / self-assessments, covering various relevant criteria such as degree of fulfilment of key responsibilities, effectiveness of Board processes, participation levels, culture and responsibilities to various Committees, etc.

ii) The Nomination and Remuneration Committee (NRC) then discusses the above feedback received from various Directors, including the assessment of individual directors by the Chairman.

iii) The Independent Directors (post their meeting) share their collective feedback on the performance of the Board with the Board Members.

iv) Significant highlights, learnings and action points arising out of the evaluation are presented to the Board and action plans are drawn up wherever required.

The Directors express their satisfaction with the entire evaluation process.

19. FAMILIARISATION PROGRAMME

The details of the training and familiarisation programme are provided in the Corporate Governance Report. Further, at the time of the appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities. The format of the letter of appointment is available on our website, at https://www.skf.com/binaries/pub12/Images/0901d196809bff6e-LetterofAppointmentofIDswebsite_tcm_12-541573.pdf

Over the years, the Company has developed a robust familiarisation process for the Independent Directors with respect to their roles and responsibilities, way ahead of the prescription of the regulatory provisions. The process has been aligned with the requirements under the Act and other related regulations. This process inter alia includes providing an overview of the industry, the Company's business model, the risks and opportunities, the new products, innovations, sustainability measures, digitisation measures, etc.

Details of the Familiarisation Programme for Independent Directors are explained in the Corporate Governance Report and is also available on the Company's website at https://www.skf.com/binaries/pub12/Images/0901d196809a6abc-Familiarisation-Programme-for-IDs_tcm_12-526435.pdf

20. APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY

The Company has in place a policy for the remuneration of Directors, Key Managerial Personnel and Senior Management Team as well as a well-defined criterion for the selection of candidates for appointment to the said positions. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive and Non-Executive Directors, Key Managerial Personnel and Senior Management Team.

The Appointment of Directors and Remuneration Policy is available on the Company's website at https://www.skf.com/binaries/pub12/Images/0901d19680cbc6e6-Policy-for-appointment-and-remuneration-for-Directors-2021_tcm_12-583864.pdf.

The criteria for the selection of candidates for the above positions cover various factors and attributes, which are considered by the Nomination & Remuneration Committee and the Board of Directors while selecting candidates. The policy on remuneration of Directors, Key Managerial Personnel and Senior Management Team is given in this Report.

21. AUDIT COMMITTEE

The Audit Committee constituted in terms of the requirements of the Section 177 of Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligation and Disclosure Requirements Regulations), 2015, it comprises of three (3) members. The Committee is chaired by Ms. Anu Wakhlu (Independent Director). The other Members of the Committee are Mr. Gopal Subramanyam (Independent Director) and Ms. Ingrid Viktoria Van Camp (Non-independent Director).Two - third members of Committee are of Independent Directors.

The Audit Committee was re-constituted due to the resignation of Mr. Werner Hoffmann (Non-independent Director) with effect from February 10, 2022. Ms. Ingrid Viktoria Van Camp was inducted as a Member of the Audit Committee in place of Mr. Werner Hoffmann with effect from February 10, 2022.

Details of the roles and responsibilities of the Audit Committee, the particulars of meetings held and attendance of the Members at such meetings are given in the Report on Corporate Governance, which forms a part of the Annual Report.

During the year under review, the recommendations made by the Audit Committee were accepted by the Board.

22. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee constituted in terms of the requirements of the Section 135 of Companies Act, 2013, comprises of three(3) members. The Committee is chaired by Mr. Manish Bhatnagar (Managing Director). The other Members of the Committee are Mr. Gopal Subramanyam (Independent Director) and Ms. Anu Wakhlu (Independent Director). Two - third members of Committee are of Independent Directors.

Details of the roles and responsibilities of the Corporate Social Responsibilities Committee, the particulars of meetings held and attendance of the Members at such meetings are given in the Report on Corporate Governance, which forms a part of the Annual Report as **Annexure II**.

CSR Policy is also disclosed on the website of the Company at https://www.skf.com/binaries/pub12/Images/0901d19680cb2f37-SKF-India-CSR-Policy-2021_tcm_12-583398.pdf

During the year under review, the recommendations made by the Corporate Social Responsibilities Committee were accepted by the Board.

23. CORPORATE SOCIAL RESPONSIBILITY

We aim to build more capable, inclusive and resilient communities through a shared approach that takes into cognisance the specific needs of each community. Our social strategy aligns with our core business strategy to empower communities and provide opportunities for us to create common value across our footprint.

The Company has been actively engaged in various CSR activities over the years, which cover the entire gamut of social welfare/upliftment activities across the nation. The thrust areas under CSR inter-alia included education, employment enhancing vocational skills, support during COVID-19 pandemic, etc., which have always been built on the Company's values of 'SKF Care' on four pillars of 'Business care, Employee care, Environment care and Community care'.

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

24. RISK MANAGEMENT

Risk is inherent in all businesses and the key to success is to anticipate risks and deploy an appropriate framework to manage them. In today's world, the external and internal environment is changing at an ever-increasing pace and which, in turn, requires businesses to not only manage the existing risks but anticipate emerging risks and deploy mitigating strategies on a continuous basis. Embracing the upside risk opportunities combined with deploying the mitigation strategies are key to success.

The Risk Management Committee (RMC) receives regular insights through its corporate governance structure, which has enabled and empowered its management, on risk exposures faced by the organisation, thereby enabling it to provide inputs on prompt actions to be taken as well as monitor the actions taken. The Board is also updated regularly on the risk assessment and mitigation procedures.

The Company's governance structure has well-defined roles and responsibilities, which enable and empower the Management to identify, assess and leverage business opportunities and manage risks effectively. There is also a comprehensive framework for strategic planning, implementation and performance monitoring of the business plan, which inter alia includes a well-structured Enterprise Risk Management (ERM) process.

The risks that fall under the purview of high likelihood and high impact are identified as key risks. This structured process of identifying risks supports the Senior Management Team in strategic decision-making and in the development of detailed mitigation plans. The identified risks are then integrated into the Company's planning cycle, which is a rolling process to, inter alia, periodically review the movement of the risks and the effectiveness of the mitigation plan. Your Company has constituted a Risk Management Committee, which oversees risk management activities. The Company's risk management initiatives are periodically updated to the Audit Committee and Board of the Company. The Company's assets continue to be adequately insured against the risk of fire, riot, earthquake, terrorism and the risk of loss of profits also stands insured among other things. In addition, adequate coverage has been taken to cover product liability, public liability and Director's and officer liability. Also, all the employees are covered against the risk of loss of life, hospitalisation and personal accident.

The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and Regulation 21 of the Listing Regulations. Risk Management Policy is hosted on website of the Company https://www.skf.com/binaries/pub12/Images/0901d19680a81036-Risk-Management-Policy_tcm_12-553194.pdf

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

25. SAFETY/SUSTAINABILITY

Your Company always gives main focus to safety and the well-being of employees. SKF is committed to providing a safe and healthy environment, which is free from accidents, injuries and occupational health hazards.

A focus on safety is one of the core values of the Company and this is also incorporated into our strategy. We build and operate our facilities with the aim of preventing incidents that may damage or harm our employees, contract staff, nearby communities, the environment or our assets. We strive to help improve safety by sharing our safety standards and experience with other operators, contractors and professional organisations. Safety risks are managed across our businesses using standards, controls and compliance systems. Continuous improvement cycle is maturing over the days to identify as well as reduce risks and minimise the potential impact of any incident. Training and awareness are considered key elements of our safety strategy. We commemorate National Safety Month and World Environment Day where we engage all stakeholders.

The COVID-19 pandemic necessitated new kinds of risk assessments beyond those that are normally conducted in our industry. The results led to us adopting extra measures to take care of our employees, our contractors, our customers and the communities we work with. The Company adapted to the new normal with a strong focus on everyone's health and safety. The pandemic sharpened the Company's focus on the overall well-being, health and safety of employees.

This year also we will continue with our structured programme of Safety Behaviour in all employees with the objective of encouraging a strong safety culture in your factories.

Your Company has adopted a structured approach toward the implementation of safety policies and programmes to integrate safety with the business process with an objective of continuously improving safety performance. Your Company always take a safety-first approach while taking any business decision.

SKF India is committed to reduction in greenhouse gas emissions (GHG) through its environmental care initiatives. In line with the Group's targets, SKF India has taken a target of net zero carbon emission in manufacturing processes by 2030 and across all full value chains by 2050.

SKF has launched its green manufacturing initiative focussing on GHG emission reduction, conservation of natural resources and eliminating/reducing the generation of hazardous waste.

We have rolled out the following initiatives as a part of the green manufacturing programme:

1. Energy efficiency improvement and renewable energy sourcing to reduce carbon emission footprint
2. Water conservation
3. Oil and chemical consumption reduction
4. Waste elimination
5. Saving trees

With these projects, we are aiming to reduce negative impacts on the environment due to our manufacturing operations, products and services.

The brief discussion about these projects are as follows:

1. Energy efficiency improvement and renewable energy saving
    - Identify significant energy users based on ISO50001 energy review programme and improvement actions mainly in the area of heat treatment furnaces, grinding machines, central utilities, HVACs and compressors

- Use energy-efficient motors, pumps and spindles
- Source renewable energy in the form of solar, wind, hydro energies through third-party power purchase agreements

2. Water conservation
   - Assess water consumption data and preparation of activity plan
   - Identify water leakage points and close abnormalities
   - Maximise usage of treated water and rainwater collected from rooftops for gardening
   - Install and commission digital water meters for online tracking
   - Install and commission water-saving taps and waterless urinals
   - Conduct awareness programmes for all stakeholders
3. Reduction of oil consumption
   - Ensure robust coolant health management systems
   - Focused drive for identification and closer of hydraulic oil, grinding and honing coolant, and washing media leakages
   - Maximise usage of sludge compacting systems to reclaim entrapped coolant for recycling
   - Run project to proactive prevention of hydraulic oil leakages through cylinders, pipes and fittings
   - Order Recond honing oil system to improve the health of honing oil (expected delivery in June 22)

     Pilot projects to eliminate washing machines and recycle residual oil inside bearing by using oil recovery systems
4. Saving trees (paper consumption reduction)
   - Projects to eliminate the use of corrugated boxes for packaging bearings to customers using reusable plastic boxes or relevant material, thereby reducing the usage of papers and subsequently saving trees
   - Replace corrugated boxes Vehicle Part centre into returnable blue bins
   - For 3 TRB types, filler material in the corrugated boxes changed filler corrugated material to airbags

26. INTERNAL CONTROLS WITH RESPECT TO FINANCIAL STATEMENTS

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

It helps keep the management informed about the existence and efficacy of the control systems and processes in the organisation.

The management has implemented an effective three (3) lines of defence to monitor controls – first at the Management level, second by implementing an effective internal control system monitored by the Internal Controls team and, third by Internal Audits.

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

A great extent of emphasis is placed on having compensating controls within the process, minimising deviations and exceptions. The Internal Controls team verifies the existence of adequate controls and test them. The Internal Audit function conducts Process Audits.

The Company also undergoes periodic audits by specialised external professional firms. Risks/improvement areas, identified in the audits, are reviewed and mitigation plans are put in place. The status of implementation of action plans for major observations is submitted to every Audit Committee for review.

The Audit Committee reviews reports submitted by the management and audit reports submitted by Internal and Statutory Auditors. The Audit Committee also meets Statutory Auditors to ascertain, inter alia, their views on the adequacy of internal control systems. Based on the Committee's evaluation, it was concluded that as of March 31, 2022, the internal financial controls were adequate and operating effectively.

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

27. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(5) of the Act:

a. in the preparation of Annual Accounts for the year ended on March 31, 2022, the applicable accounting standards have been followed and there are no material departures

b. Appropriate accounting policies have been selected and applied them consistently. And made Judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of March 31, 2022, and of the profit of the Company for the period ended March 31, 2022

c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

d. Annual accounts of the Company have been prepared on a going concern basis

e. Internal financial controls have been laid down and are being followed by the Company and that such internal financial controls are adequate and are operating effectively

f. Proper system to ensure compliance with the provisions of all applicable laws are in place and are adequate and operating effectively

28. RELATED PARTY TRANSACTIONS

In line with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Related Party Transactions (Policy) which is also available on the Company's website at https://www.skf.com/binaries/pub12/Images/0901d19680cb2a54-Policy-on-Related-Party-Transactions-2021_tcm_12-583317.pdf. The Policy is reviewed by the Board of Directors of the Company at regular intervals. The objective of the Policy is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties. The Audit Committee of the Company has granted omnibus approval for the Related Party Transactions (RPTs) which are of repetitive nature and/or entered in the Ordinary Course of Business and are at arm's length. The Audit Committee also reviews all RPTs on a quarterly basis in line with the omnibus approval granted by them.

All transactions with related parties during the year were on an arm's length basis and were in the ordinary course of business. The Company has entered into transactions with related parties, which are material in nature, i.e., transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements. The particulars of contracts or arrangements entered into by the Company with related parties referred to in Section 188(1) in the prescribed Form AOC-2, in accordance with Section 134(3) (h) of the Act, and Rule 8(2) of the Companies (Accounts) Rules, 2014, is attached as **Annexure IV** of this Report.

The disclosures related to RPTs in accordance with accounting standards are also provided in the Financial Statements.

None of the Directors and the Key Managerial Personnel have any pecuniary relationships or transactions with the Company.

A confirmation as to the compliance of Related Party Transactions as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also sent to the Stock Exchanges along with the quarterly compliance report on Corporate Governance.

29. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES COMPANIES

The Company has invested in fully paid-up equity shares representing 26% (Twenty Six Percent) of the share capital of the special purpose vehicle company (M/s Sunstrength Renewables Private Limited) for the execution of captive solar power project for the Pune plant of the Company in the year 2021. Your company is planning to expand this investment considering the recent changes in the local electricity laws.

Thus, as of March 31, 2022, the Company has one Associate Company, i.e., Sunstrength Renewables Private Limited. Further, there are no subsidiaries or joint venture companies.

The statement containing the salient features of the Financial Statements of the Company's subsidiaries/ joint ventures/ associates are given in Form AOC – 1, forming part of the Annual Report as **Annexure V**.

Further, pursuant to the provisions of Section 136 of the Act, the consolidated financial statements along with relevant documents are available on the website of the Company https://www.skf.com/in

30. VIGIL MECHANISM / WHISTLE-BLOWER POLICY

Over the years, SKF India has established a reputation for doing business with integrity and displaying zero tolerance for any form of unethical behaviour. Your Company has in place a system through which Directors, employees and business associates may report unethical behaviour, malpractices, wrongful conduct, fraud and violation of the Company's code of conduct without fear of reprisal. Your Company has framed a Vigil Mechanism Policy in confirmation with Section 177(9) of the Act and Regulation 22 of SEBI LODR wherein the employees are free to report any improper activity resulting in violation of laws, rules, regulations or code of conduct by any of the employees directly to the Chairperson of the Audit Committee besides others. The Board's Audit Committee oversees the functioning of this policy. The Audit Committee periodically reviews the existence and functioning of the mechanism. It reviews the status of complaints received under this policy on a quarterly basis.

During the year under review, the Company reached out to employees through Compliance Week Celebration, Workshops, e-learning modules and, periodic compliance communications for creating greater awareness with respect to its Code of Conduct including - Fair Competition Directive and Anti-bribery and Anti-Corruption Directive. This has helped in achieving a high level of engagement and compliance among the employees. The Vigil Mechanism Policy aims to:

- Allow and encourage stakeholders to bring to the Management's notice, concerns about unethical behaviour, malpractice, wrongful conduct, actual or suspected fraud or violation of policies and leak or suspected leak of any unpublished price sensitive information
- Ensure timely and consistent organisational response
- Build and strengthen a culture of transparency and trust
- Provide protection against victimisation

The above mechanism has been appropriately communicated within the Company across all levels and the details of the policy have been disclosed on the Company's website and can be accessed on https://www.skf.com/binaries/pub12/Images/0901d196809a699a-Vigil-Mechanism-Policy-April-2019_1115_tcm_12-526427.pdf

31. BUSINESS RESPONSIBILITY REPORT

The fulfilment of environmental, social and governance responsibility is an integral part of the way your Company conducts its business. The detailed Business Responsibility Report covering the above initiatives has been prepared in accordance of Regulation 34 of SEBI LODR and forms a part of the Annual Report.

32. DEPOSITS

The Company has not accepted or renewed any deposits falling under the ambit of Chapter V of the Companies Act, 2013 and the Rules framed thereunder. No amount on account of principal or interest on deposits from the public was outstanding as of March 31, 2022.

33. STATUTORY AUDITORS

At the 58th Annual General Meeting of the Company, M/s Price Waterhouse & Co Bangalore LLP, Chartered Accountants (Firm Registration No. 007567S/S-200012) were appointed as Statutory Auditors of the Company for a term of four consecutive years till the conclusion of the 62nd Annual General Meeting of the Company to be held in the year 2023, on such remuneration as may be decided by the Audit Committee / Board of Directors of the Company from time to time.

M/s Price Waterhouse & Co Bangalore LLP, Chartered Accountants (Firm Registration No. 007567S/S-200012), have submitted their Report on the Financial Statements of the Company for the FY 21-22, which forms a part of the Annual Report 2021-22. There are no observations, qualifications, reservations, adverse remarks or disclaimers of the Auditors in their Audit Reports that may call for any explanation from the Board of Directors.

M/s Price Waterhouse & Co Bangalore LLP have tendered their resignation from position of the Statutory Auditor of the Company w.e.f May 11, 2022 post completion of the audit for year ended March 31, 2022.

Company has submitted intimation to Stock Exchange for Resignation of Auditor dated May 11, 2022 along Annexure A – the information required from the Auditor in pursuance to SEBI Circular no C1R/CFD/CMD1/114/2019 dated October 18, 2019

Audit Committee is aligned with reason of Auditor Resignation

Board has filled casual vacancy for FY 2022-23 caused due to resignation of M/s Price Waterhouse & Co Bangalore LLP, Chartered Accountants from position of Statutory Auditors by appointing M/s Deloitte Haskins & Sells, LLP as statutory Auditor of the Company w.e.f 12th May 2022 till the conclusion of 61st Annual General Meeting , subject to approval of shareholders at ensuing 61st Annual General Meeting.

Board has also recommended appointment of M/s Deloitte Haskins & Sells, LLP for period of 5 years from conclusion of 61st Annual General Meeting.

M/s Deloitte Haskins & Sells, LLP have submitted their consent to act as the Statutory Auditors of the Company along with their eligibility letter confirming that their appointment meets the requirement of Section 141 of the Companies Act, 2013.

34. SECRETARIAL AUDITOR AND SECRETARIAL COMPLIANCE REPORT

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Audit Committee has recommended and the Board had appointed M/s Parikh & Associates, Company Secretaries, as the Secretarial Auditor for conducting Secretarial Audit of the Company for the FY 21-22.

The report of the Secretarial Auditor for the financial year ended on March 31, 2022 in MR-3 is attached as **Annexure VI** of this Report. The Secretarial Audit Report is self-explanatory and does not call for any further comments. The Secretarial Audit Report does not contain any qualification, reservation/observation or adverse remarks in Secretarial Audit Report. During the year under review, the Company is in compliance with the applicable Secretarial Standards, specified by the Institute of Company Secretaries of India (ICSI).

Pursuant to SEBI Circular CIR/CFD1/27/2019 dated 8th February 2019 read with and Regulation 24A of SEBI LODR, all listed entities shall, additionally, on annual basis, submit a report to the stock exchange(s) on compliance of all applicable SEBI Regulations and circulars / guidelines issued thereunder within 60 days of end of Financial Year. Such report shall be submitted by Company Secretary in practice to the Company in the prescribed format.

The Company has received Secretarial Compliance Report from M/s Parikh & Associates, Company Secretaries for the Financial Year ended 31st March 2022 and it has been submitted to the stock exchange(s) within the stipulated time. Certificate forms part this Annual Report as **Annexure VII**.

A certificate from M/s Parikh & Associates, Company Secretaries regarding compliance with sub regulation 10(i) of regulation 34(3) of schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also forms part of this Annual Report as **Annexure VIII**.

35. COST RECORDS AND COST AUDITOR

Maintenance of Cost Records

The Company is required to maintain cost records under Section 148(1) of the Act read with Companies (Cost Records and Audit) Rules, 2014. Accordingly, cost records have been maintained by the Company.

Cost Audit

In terms of Section 148 of the Act read with Companies (Cost Records and Audits) Rules, 2014, M/s. RA & Co. (Firm Registration No. 000242), Cost Accountants were appointed as Cost Auditors of the Company for FY 21- 22 by the Board of Directors on the recommendation of the Audit Committee. The Cost Auditors have confirmed by giving their written consent that their appointment meets the requirement of Section 141 of the Companies Act, 2013.

The Cost Audit Report for the FY 21-22 Company will be filed with the Ministry of Corporate Affairs on or before the due date.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor, as approved by the Board of Directors on the recommendation of the Audit Committee, is required to be placed before the Members in a general meeting for its ratification. Accordingly, a resolution for seeking Members' ratification for the remuneration payable to M/s RA & Co, Cost Auditor is included in the Notice convening the 61st Annual General Meeting.

36. REPORTING OF FRAUD BY AUDITORS

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor nor the Cost Auditor has reported to the Audit Committee of the Board, under Section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in this Report.

37. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

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

38. PARTICULARS OF EMPLOYEES

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

The statement containing names of the top 10 employees, in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members, excluding the aforesaid Annexure. In terms of Section 136 of the Act, the said Annexure is open for inspection and any member interested in obtaining a copy of the same may write to the Company Secretary at investors@skf.com.

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

39. INDUSTRIAL RELATIONS

The Company enjoys harmonious and healthy industrial relations due to its vibrant work culture and believes in a collaborative approach at work. This mutual trust and caring spirit helps in maintaining a harmonious environment across all business units. The enthusiasm and unstinting efforts of employees have enabled the Company to remain in the leadership position in the industry.

40. TRANSFER OF EQUITY SHARES / UNPAID AND UNCLAIMED AMOUNTS TO IEPF

Pursuant to the provisions of Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) and subsequent amendment thereof, the amount of dividends, which remained unpaid or unclaimed for a period of seven years from the due date, is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The Company has accordingly transferred INR 2,279,775./- (Rupees Twenty Two Lakhs Seventy Nine Thousand and Seven Hundred and Seventy Five only) being the unpaid and unclaimed dividend amount pertaining to the year 2013-14 to the IEPF in October, 2021 and INR 2,275,087.5 June 2021.

As per the IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority within a period of 30 days of such shares becoming due to be transferred to the IEPF. Accordingly, the Company has transferred all the shares pertaining to the year 2013-14 to the IEPF Authority in respect of which dividend has not been paid or claimed by shareholders for seven consecutive years or more after following the prescribed procedure.

Further amount due in respect of FY 14-15 and shares where dividend had remained unpaid for the last consecutive seven years will be transferred to the IEPF within the stipulated time period.

The Company has sent individual notices to the concerned shareholders, whose shares and dividends are liable to be transferred to the IEPF Authority to their latest available addresses.

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

41. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

There are no fresh investments done during FY 21-22. The Company had invested in the special purpose vehicle company, for the purchase of electricity generated from captive solar power project for the Pune plant of the Company. As per local electricity laws of Maharashtra, SKF India mandatorily needs to invest in at least 26% equity shares of the power producer company under the captive solar farm model. Accordingly, the first tranche of investment was done in December 2020 and the second tranche of investment was done in March 2021 by SKF India in Sunstrength Renewables Private Limited to comply with the captive requirements. Your company is planning to expand this investment considering the recent changes in the local electricity laws.

Please refer Note of financial statements for investments under Section 186 of the Companies Act, 2013.

42. ANNUAL RETURN

Pursuant to the provisions of Section 92(3) of the Act, a copy of the annual return of the Company for the Financial Year ended March 31, 2022 has been placed on the website of the Company. The same can be accessed by any person through the below-given weblink. https://www.skf.com/binaries/pub12/Images/0943da8e215cf1f8-Annual-Return-31-March-2022-website_tcm_12-597687.pdf.

43. POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

At SKF India, we strive to create an environment where there is no discrimination between individuals at any point on the basis of race, colour, gender, religion, political opinion, national extraction, social origin or age.

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

The Company has complied with provisions relating to the constitution of the Internal Committee (IC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment. This has been widely communicated internally and is uploaded on the Company's intranet portal.

Internal committees comprising management staff across locations and an external member are in place. These include majority women members to redress complaints relating to sexual harassment. The employees are sensitised from time to time in respect of matters connected with the prevention of sexual harassment. Awareness programmes are conducted at unit levels to sensitise the employees to uphold the dignity of their colleagues at the workplace. The Company also conducted an e-learning programme for employees to cover various aspects of the subject matter.

1.	Number of complaints pending as on the beginning of FY 21-22	[1]
2.	Number of complaints of sexual harassment received in the year	[0]
3.	Number of complaints disposed off during the year	[1]
4.	Number of complaints pending as on the end of FY 21-22	[0]

ICC Committee details are provided in Posh Policy The POSH Policy is available on website of the Company

https://www.skf.com/binaries/pub12/Images/0901d19680abcff8-PreventionOfSexualHarassmentatWorkplace_2020_tcm_12-558811.pdf

44. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

45. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE STATUTORY AUDITORS, SECRETARIAL AUDITORS

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in the Audit Report on the Standalone and Consolidated Financial Statements for the Financial year ended 31st March 2022.

The Report of Secretarial Auditors for the Financial Year ended 31st March 2022 is also unmodified.

46. PROCEEDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

No application or any proceeding has been filed against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) (IBC Code) during FY 21-22.

47. THE DETAILS OF THE DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION DONE AT THE TIME OF THE ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING A LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS, ALONG WITH THE REASONS THEREOF

During the year under review, the Company has not made any such settlement; therefore, the same is not applicable.

48. CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT

The Company has adopted the Code of Conduct for the Directors and Senior Management and the same is available on the Company's website https://www.skf.com/binaries/pub12/Images/0901d196809a6aba-Code-of-Conduct-for-Directors-Senior-Management_tcm_12-526431.pdf

All Directors and Senior Management personnel have affirmed their compliance with the said Code. A declaration pursuant to the Regulation 26 (3) read with part D of the Schedule V of the SEBI LODR, 2015 signed by Managing Director to this effect is annexed as a part of Annual Report as **Annexure XI**.

49. COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors, to the best of its knowledge, affirms that the Company has complied with the applicable Secretarial Standards (SS) issued by the ICSI (SS1 and SS2), respectively relating to Meetings of the Board and its Committees, which have mandatory application during the year under review.

50. CAUTIONARY STATEMENT

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

51. ACKNOWLEDGEMENTS

The Directors express their deep sense of gratitude to the Principals, Aktiebolaget SKF, customers, members, suppliers, employees, bankers, business partners/ associates and all other stakeholders for their exemplary and valued contribution and look forward to their continued assistance in future.

For and on behalf of the Board,
SKF India Limited

Gopal Subramanyam
Chairman
DIN: 06684319

Bengaluru
May 11, 2022

ANNEXURE – I TO THE DIRECTORS' REPORT

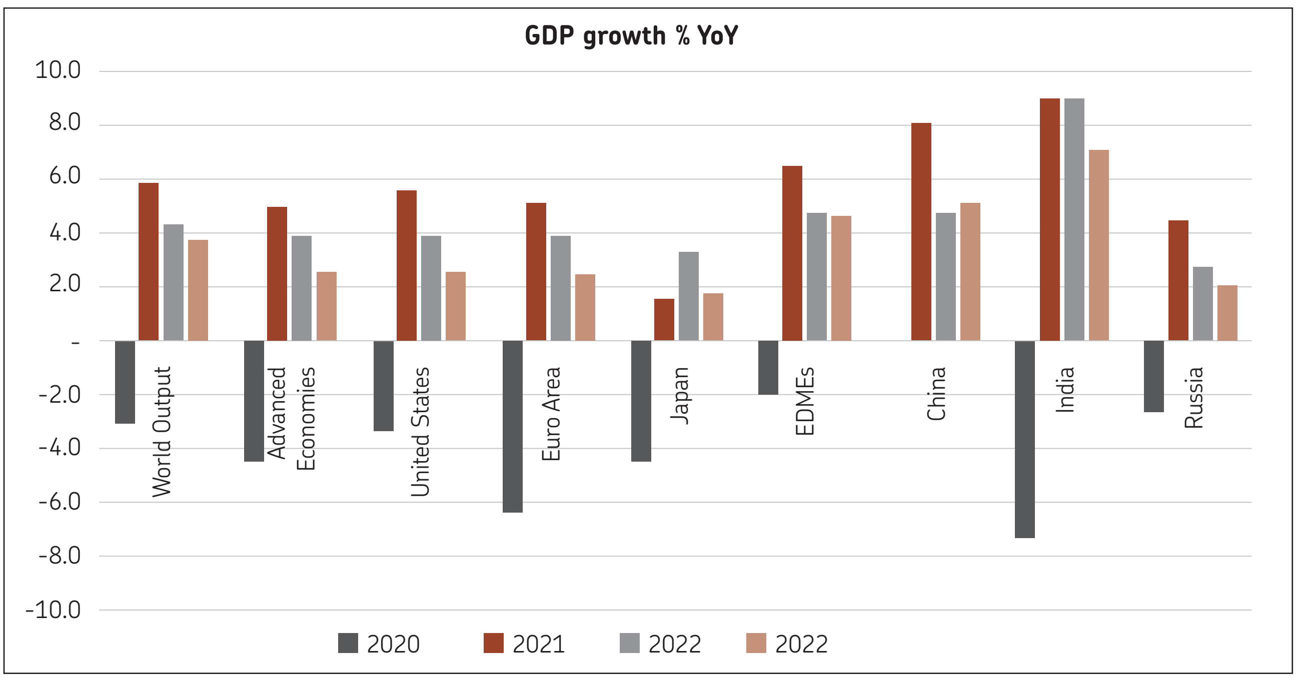
MANAGEMENT DISCUSSION AND ANALYSIS

1. ECONOMIC OVERVIEW

1.1. Global economy

Throughout 2021, the global economy continued to reel under the pressures of the Covid-19 pandemic. Consumer demand remained weak and several disruptions were caused in the global supply chain. Though rapid and effective vaccination programmes were conducted in most advanced economies, vaccination programmes in many emerging market and developing economies (EMDEs) were sluggish. Global supply chain networks were overloaded with the shift toward goods consumption, particularly in advanced economies. Pandemic-related impediments to transportation and staffing, and the inherently fragile nature of just-in-time logistics and lean inventories compounded the problem. Global trade was, thus, disrupted causing shortages and price inflation for imported consumer goods.

2022 started on a rather feeble note owing to Omicron-related mobility restrictions, Russia-Ukraine conflict, rising energy prices and supply disruptions, resulting in high broad-based inflation, notably in the United States (US) and many emerging market and developing economies. Global growth is expected to moderate from 5.9% in 2021 to 4.4% in 2022. Global inflation is expected to surge led by the escalation of the Russia-Ukraine conflict, as European Union (EU) is highly dependent on Russia for trade and energy.



Expectations are that output and investment in advanced economies will return to pre-pandemic trends in 2022. However, EMDEs, particularly small states and fragile and conflict-afflicted countries, will continue to witness weak output and remarkedly low investment. This differentiation is attributable to lower vaccination rates, tighter fiscal and monetary policies, and more persistent scarring from the pandemic in EMDEs.

Global impact of Russia-Ukraine conflict

The global economy was already impacted by inflationary pressures amid rising food and energy prices and disrupted supply chains, following the coronavirus pandemic. Adding to the turbulence, the war between Russia and Ukraine is exacerbating supply and demand tensions, damaging consumer sentiment and threatening global economic growth.

The conflict triggered a costly humanitarian crisis. Economic damage that follows will contribute to a significant slowdown in global growth in 2022. A severe double-digit drop in GDP for Ukraine and a large contraction in Russia are evident. Worldwide spillovers through commodity markets, trade and financial channels have also impacted growth across the globe.

War-related interruptions to production, sanctions and strongly impaired access to cross-border payment systems will disrupt trade flows, notably for energy and food. Global inflation is expected to remain elevated, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7% in advanced economies and 8.7% in Emerging and Developing Economies (EMDEs). The magnitude of inflation depends not only on the decline in exports as a result of the conflict and sanctions, but also on the elasticity of global supply and demand. Prices of agricultural commodities are likely to rise further, particularly wheat (together, Russia and Ukraine account for close to 30% of global wheat exports) and, to a lesser extent, corn. Stagflation, a period of low growth (stagnation) and high inflation, is highly probable given the current scenario.

Fuel and food prices have increased rapidly, with vulnerable populations, particularly in low-income countries, being the most affected. Elevated inflation will complicate the trade-offs central banks face between containing price pressures and safeguarding growth. Interest rates are expected to rise as central banks tighten policy, exerting pressure on emerging market and developing economies. Moreover, many countries have limited fiscal policy space to cushion the impact of the war on their economies.

Sources:

- IMF January 2022 – World Economic Outlook
- World Bank January 2022 – Global Economic Prospects

1.2. Indian economy

The Indian economy contracted a historic 7.3% in the preceding year because of the Covid-19 pandemic that led to a nationwide lockdown, which hit both private consumption and output. However, it is expected that in FY22, the economy will witness strong recovery and surpass the pre-pandemic level. Agriculture is expected to lead the growth on the back of a good monsoon. Manufacturing and construction are estimated to grow in double digits, aided by a favourable base. However, growth in the services sector is expected to remain muted. Private consumption is expected to grow, signalling the lingering impact of the pandemic on consumer sentiment. Strong government spending along with improving exports and effective policy measures by the Reserve Bank of India (RBI) and the government are likely to support strong economic activities in FY23.

According to first advanced estimates by National Statistics Office (NSO), GDP growth rate is projected at 9.2% in FY22. The recovery is expected to be led by strong projected performance of major sectors including services, agriculture, manufacturing, mining, construction and energy. Q4 FY22 was impacted due to the third wave caused by the Omicron variant and geopolitical conflicts between Russia and Ukraine. The Russia-Ukraine conflict is likely to cause a sharp rise in international commodity prices as both countries are global suppliers of key commodities. If the conflict continues for a longer period, it will further hit supplies of major raw materials, including crude oil, natural gas, food, fertilisers and metals.

Indian economy is expected to remain resilient despite geopolitical conflicts that are likely to undermine the world GDP growth. India's GDP is estimated to grow at 7.4% in FY23 due to the strong economic fundamentals and growth-promising sectors such as engineering, pharmaceuticals, transportation, construction, etc.

1.3. Covid 19 and its impact

Rising cases hint at fourth wave of the Covid-19 pandemic though it does not pose any near-term risk to India's economic growth given successful vaccination of majority of the population and commencement of booster dose administration.

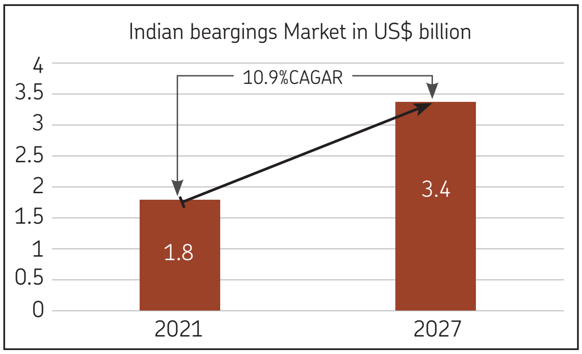
According to an RBI report, the economy may take over a decade to recoup the losses stemming amid the health emergency. Taking the actual growth rate of 6.6% for FY 2020-21, 8.9% for FY 2021-22 and assuming growth rate of 7.2% for FY 2022-23, and 7.5% beyond that, India is expected to overcome COVID-19 losses in FY 2034-35. The Currency and Finance (RCF) report estimates the output losses to be around INR 52 MINR crore. The individual yearly losses were calculated to be at INR 19.1 lakh crore, INR 17.1 lakh crore, and INR 16.4 lakh crore for FY 2020-21, FY 2021-22 and FY 2022-23, respectively.

Post steep contraction in the first quarter of FY 2020-21, gradual recovery took hold during the second half of the year till the second, more deadly wave in 2021. Similarly, the third wave's impact in January 2022, also hindered the recovery process. The downward risks to global and domestic growth are getting accentuated through surge in commodity prices and global supply chain disruptions amidst the Russia-Ukraine conflict.

Sustained thrust on capital expenditure by the government, push to digitalisation and growing opportunities for new investment in areas like e-commerce, start-ups renewables and supply chain logistics will contribute to step up growth.

2. OVERVIEW OF THE BALL BEARING INDUSTRY

A ball bearing, also known as an anti-friction component, is a highly engineered precisely made component that helps in supporting weight, facilitating efficient transmission of power and ensuring proper alignment of movable components. Owing to these properties, ball bearings are extensively used in all kinds of equipment and machinery in automotive components; industrial sectors such as aerospace, defense, steel, etc.; household appliances and farm equipment. Ball bearings are easy to maintain and are highly durable owing to their simplistic design. The total Indian bearings market, comprising both ball bearings and roller bearings, was valued at USD 1.8 billion in 2021.



The market for bearings has gained significant impetus led by growing proliferance of bearings in motors and rising popularity of electric vehicles (EV). Several government initiatives such as 'Make in India' and 'Atmanirbhar Bharat' aimed at reviving the manufacturing sector from the impact of Covid-19 related disruptions, works well for the ball bearings demand. However, low cost and easy availability of counterfeit products pose significant threat the organised ball bearings market.

Ball bearings play a crucial role in the automobile and capital goods industries. Both were impacted in 2020 due to the pandemic, but showed demand rebound in 2021. The automotive segment dominated the market and held ~50% share in 2021. As the demand for vehicles with technologically advanced solutions is escalating, vehicle manufacturing is on a rise, in turn increasing demand for instrumented products such as ball bearings. The bearing industry has been steadily growing in tandem with the expansion of the industrial and residential construction segments.

Sources:

- India Bearings Market - Industry Analysis and Forecast (astuteanalytica.com)
- Bearings Market Size & Share | Industry Report, 2021-2028 (grandviewresearch.com)

3. OVERVIEW OF THE KEY SEGMENTS

3.1. Automotive

FY22 was full of unforeseen challenges and new learnings for the automotive industry, such as the semiconductor shortage hampering production. The Indian auto industry worked hard against these challenges to keep the value chain running, to indigenise parts, control cost, invest in new technologies and enhance exports.

The Indian automotive market is the fifth-largest auto market in the world and was the seventh-largest manufacturer of commercial vehicles in 2019. The automobile industry is supported by various factors such as the availability of skilled labour at low cost, robust R&D centres and low-cost steel production. It also provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour. The industry (including component manufacturing) is expected to reach USD 300 billion by 2026, as per IBEF's Automobile Industry report (November 2021).

Domestic Vehicle Sales in India FY 2021-22

Category	FY 2021-22	FY 2020-21	Change (in units)	Change (YoY)
		Passenger Vehicles (PVs)		
Passenger Cars	14,67,056	15,41,866	-74,810	-4.85%
Utility Vehicles (UVs)	14,89,178	10,60,750	4,28,428	40.39&
Vans	1,13,265	1,08,841	4,424	4.06%
Total PVs	**30,69,499**	**27,11,457**	**3,58,042**	**13.20%**
		M&HCVs		
Passenger Carrier	11,804	7,322	4,482	61.21%
Goods Carrier	2,28,773	1,53,366	75,407	49.17%
Total M & HCVs	**2,40,577**	**1,60,688**	**79,899**	**49.72%**
		LCVs		
Passenger Carrier	19,957	12,088	7,869	65.10%
Goods Carrier	4,56,032	3,95,783	60,249	15.22%
Total LCVs	**4,75,989**	**4,07,871**	**68,118**	**16.70%**
Total CVs	**7,16,566**	**5,68,599**	**1,48,007**	**26.03%**
		Three Wheelers		
Passenger Carrier	1,83,607	1,35,414	48,193	35.59%
Goods Carrier	77,388	84,032	-6,644	-7.91%
Total Three Wheelers	**2,60,995**	**2,19,446**	**41,549**	**18.93%**

Domestic Vehicle Sales in India FY 2021-22

Category	FY 2021-22	FY 2020-21	Change (in units)	Change (YoY)
		Two Wheelers		
Scooters/Scooterettes	40,09,076	44,82,305	-4,73,229	-10.56%
Motorcycles	89,84,186	1,00,21,321	10,37,045	-10.35%
Mopeds	4,73,150	6,17,427	1,44,097	-23.35%
Total Two Wheelers	**1,34,66,412**	**1,51,20,783**	**16,54,371**	**-10.94%**
Quadricycle	124	-12	136	
Total	**1,75,13,596**	**1,86,20,233**	**11,,06,773**	**-5.94%**

Source:
Society of Indian Automobile Manufacturers (SIAM)

According to SIAM, the auto industry saw 6% decline in sales in FY22. All segments are facing supply-side challenges and the industry is yet to see a complete recovery, following the disruptions since early 2020. While the passenger vehicle (PV), commercial vehicle (CV) and three-wheeler (3W) segments have registered an uptick in performance, albeit, over a low year-ago base, two-wheelers (2W) continue to be the worst-hit segment, marred by high ownership costs and expensive fuel. With schools, colleges and offices remaining closed for the better part of FY22, demand for 2W was weak, with rising fuel prices further impacting their sales and also hitting rural demand despite a good monsoon. Despite notable growth, the PV segment witnessed several unforeseen challenges, including a second Covid wave in April-May 2021, followed by a continuing semiconductor shortage, high raw material prices, and the current Russia-Ukraine conflict which has impacted precious metal prices. The supply of components still remains a challenge and might have an impact on production in the near term. The uptick in the CV segment indicates early signs of economic recovery at large, driven by increased government spend on infrastructure activities both in rural and urban centres.

3.1.1.Electric vehicles (EVs)

The Indian EV market was valued at USD 1.4 trillion in 2021, and is expected to reach USD 15.4 trillion by 2027 at 47% CAGR according to a report by Mordor Intelligence. A study by CEEW Centre for Energy Finance recognised opportunities worth USD 206 billion for EV in India by 2030. This will necessitate a USD 180 billion investment in vehicle manufacturing and charging infrastructure. Between January and July 2021, EV component makers, electric commercial vehicles, and last-mile delivery companies invested a total of USD 3.67 billion on EVs. Several technologies and automotive companies have expressed interest and/ or made investments into the India EV space.

Electric vehicle sales in India

Segment	FY21	FY20	FY19	FY18
2W	1,43,837	1,52,000	1,26,000	54,800
3W	88,378	1,40,683	6,30,000	NA
PV	5,905	2,814	3,600	1,200
Total	**2,38,120**	**2,95,497**	**7,59,600**	**56,000**

Source:

Autocar India (Electric passenger vehicle sales grow in FY 2021 as cumulative EV sales fall | Autocar India)

The government of India has undertaken multiple initiatives to promote the manufacturing and adoption of EVs in India to reduce emissions pertaining to international conventions and develop e-mobility in the wake of rapid urbanisation. The Ministry of Heavy Industries has shortlisted 11 cities for the introduction of EVs in their public transport system under the FAME scheme. The first phase of the scheme was extended to March 2019, while in February 2019, the government approved the FAME-II scheme with a fund requirement of USD 1.39 billion for FY22. To promote the domestic EV industry, the Indian government provided tax exemptions and subsidies to EV manufacturers and consumers. As per the phased manufacturing proposal, the government has imposed a 15% customs duty on parts that are used to manufacture EVs and 10% on imported lithium-ion cells. The revised duty under the Phased Manufacturing Programme (PMP) has been proposed from April 2021.

As of June 2021, USD 117 million has been spent under the FAME-II scheme – 87,659 EVs have been supported through incentives and 6,265 electric buses have been sanctioned to various state/ city transportation undertakings.

Source:

- Electric Vehicle Market Size, Share, Report | 2022 - 27 (mordorintelligence.com)
- Outlook 2022: Top 3 trends transforming automotive industry | Zee Business (zeebiz.com)

3.1.2. Outlook

With FY23 being the first year of Covid-19 recovery after the impact of the lockdown, the Federation of Automobile Dealers Associations (FADA) expects the Indian auto industry to reach pre-pandemic highs by FY24. The near-term outlook will continue to remain challenging due to the current Russia-Ukraine war, lockdown in China in Q1 CY22 and rising fuel prices. With the international crude prices crossing the USD 100 mark for the first time since 2014, petrol and diesel prices have skyrocketed and have negatively impacted consumer confidence at the start of 2022.

The supplies chain disruption due to the global semi-conductor shortage may not dent demand of cars in the PV segment, but is expected to impact the extremely price-sensitive 2W segment. On the other hand, the 3W segment is also witnessing a shrinking market due to tactical shift from Internal Combustion Engine (ICE) to EV, reflected in 45% 3W market being driven by EVs.

With the recent reverberations of war tilting the balance of risks downwards in the country, the government's thrust on capital expenditure in FY23 can act as a game-changer by enhancing productive capacity, crowding in private investment and strengthening aggregate demand. FADA expects no further impact of Covid-19 on the Indian auto industry, since majority of the population being vaccinated, the severity of infections is likely to be controlled without the need for lockdowns.

3.2. Indian railways

Owing to the growing environmental concerns due to road and air transport, city congestion is increasing at a rapid rate. In this scenario, railway transportation is a cheap and environmental-friendly alternative. India has the fourth-largest railway system in the world, after the US, Russia and China. Indian railways is the single largest employer in India and eighth largest in the world, employing close to 1.3 million people.

In FY22, Indian railways set new milestones in various categories, including freight loading, electrification, new line, loco production and also the integration of technology for ensuring safety. Railways recorded the highest freight-loading of 1,418 MT. The freight revenues in 2021 were worth USD 16 billion. The sector aims to contribute about 1.5% to the country's GDP by building infrastructure to support 45% of the modal freight share of the economy.

The railway sector of India aims to electrify the entire network by 2023, which will lead to annual energy savings of USD 1.55 billion. Broad gauge railways network stands at 64,689 route km, of which 71% is electrified. Indian railways is focused on 2,843 km of dedicated freight corridors by June 2022. During the next three years, 400 new-generation Vande Bharat Trains are to be manufactured and 100 PM Gati Shakti Cargo terminals for multimodal logistics are to be developed. The Indian railways is set to get a capital expenditure push of INR 2.45 lakh crore in FY23, 14% higher than the budgeted capital expenditure of INR 2.15 lakh crore for FY22. The funds will be spent on building railway tracks, wagons, trains, electrification, signalling, developing facilities at stations, and focusing on safety.

3.2.1. Outlook

Indian railways have prepared a National Rail Plan (NRP) 2030 to create a 'future-ready' railway system by 2030. The NRP is aimed to formulate strategies based on both operational capacities and commercial policy initiatives to increase the modal share of railways in freight. The objective of the plan is to create capacity ahead of demand, which in turn would also cater to future growth in demand right up to 2050 and also increase the modal share of railways to 45% in freight traffic and to continue to sustain it. Increasing urbanisation and rising income (both urban and rural) is driving growth in the passenger segment. India is projected to account for 40% of the total global share of rail activity by 2050.

Source:

Railway Industry in India - Railway Sector Overview & Market (investindia.gov.in)

3.3. Capital goods

The Indian capital goods sector in India is valued at USD 43.2 billion and covers several sub-sectors, including engineering, construction, infrastructure and consumer goods. The industry is dominated by heavy electrical and power plant equipment segment, which constitutes 69% of aggregate output. The sector plays an important role in the Indian economy due to its multiplier effect on economic growth. The sector contributes ~12% to overall manufacturing in India and significantly contributes in the development of downstream industries. It provides approximately 1.4 million direct and 7 million indirect jobs in India.

The outlay for capital expenditure in the Union Budget 2022-23 was stepped up sharply by 35.4% from INR 5.54 lakh crore in FY22 to INR 7.50 lakh crore in FY23, amounting to 2.9% of GDP. The cascading effect of government spending on capex and infrastructure will boost order book and help the industry recover faster from the Covid-19 pandemic-induced slowdown.

Increasing industrialisation and economic development drive growth in the capital goods market. Growth in the power industry is expected to drive growth in the electrical equipment industry. With step up in infrastructure investment, demand for construction equipment will rise further. Capacity creation in sectors such as infrastructure, power, mining, oil and gas, refinery, steel, automotive and consumer durables is driving demand in the capital goods market.

3.3.1. Outlook

With the gradual improvement in the fresh announcement of capex and execution of existing projects on ground, demand for short cycle products such as bearings, pumps, material handling equipment, construction equipment, abrasives, etc. is likely to witness an uptick. Market-oriented reforms such as 'Power for All' along with plans to add 93 GW by 2022 will generate huge demand for power transmission and distribution (T&D) equipment. By 2025, the electrical equipment industry, comprising generation and T&D equipment, is targeted to reach USD 100 billion. The Smart City Mission aims to retrofit 100 urban centres across India with focus on mobility, low-cost housing and sewerage. Led by such growth plans by the government, including 'Make in India', the prospects for the capital goods sector remains bright.

Source:

Capital Goods Archives - Page 3 of 18 - IndBiz | Economic Diplomacy Division | IndBiz | Economic Diplomacy Division

4. FUTURE OF THE INDIAN BALL BEARING INDUSTRY

The Indian bearings industry is expected to grow at 10.9% CAGR to reach USD 3.4 billion by 2027. The robust demand in automotive, construction and mining equipment markets is expected to boost the ball bearing market. Rising demand for high-precision bearings in specific applications will further boost market growth. Ball bearings are gaining increasing popularity among various end-user segments due to their insulation against extreme environmental factors. It is expected that with growing pace of development in aerospace and defense, ship building, energy, capital goods, railways, etc. the ball bearings market will be positively influenced in the near term.

Source:

India Bearings Market – Industry Analysis and Forecast (astuteanalytica.com)

5. OPPORTUNITIES FOR THE INDUSTRY

The bearing market growth is determined by various factors such as surge in demand for PV, CV and 3W. It is also ascertained by elevation in the number of heavy, general and other industries and a larger demand from infrastructure growth, driving the market ahead. Bearings are extensively used in all the industries that require precision in dimension as a key to performance.

India is increasingly focusing on being self-reliant in all sectors and thus in the bearings market also, there has been a thrust on local production and reduced dependency on imports. China is the main import hub for India due to low cost. With increasing trade tensions, there is a sustained push for localisation.

The increasing demand for precision bearing from aerospace and the corresponding industries is expected to drive bearing market growth prospects. Further, the miniature bearings requirement in industrial robots will escalate growth.

Technological evolution in office automation, medical equipment and audio-visual equipment will fuel demand for bearings. The development of application-specific bearing is a factor enabling growth and will create demand for customised bearings.

Evolution of digitalisation and smart technologies embedded in bearings is fuelling market growth. The integration of sensors with bearings has evolved into smart bearings. Also, the addition of real-time enabled Internet of Things (IoT) and Artificial Intelligence (AI) is benefitting the end users to track the condition of bearings at all times. EVs also use bearings with advanced technologies.

India's manufacturing sector is fast developing into an investment hub for foreign players with foreign direct investment (FDI) of USD 54.1 billion between April and November 2021. With initiatives such as Make in India, Atmanirbhar Bharat, Production Linked Incentive (PLI) Schemes, National Infrastructure Pipeline and Digital India pushing local production as well as local assembly, India's manufacturing base has been steadily growing.

SKF India is in a sweet spot to capture the opportunities presented to the bearings market owing to its expertise in seals, lubrication systems, housings, condition monitoring and services. The Company offers unique products that enable reduction in downtime and enhance production output.

6. THREATS FOR THE INDUSTRY

6.1. Raw materials

Bearing manufacturing depends on the availability of raw materials at stable prices. Fluctuation in demand and supply, and/ or price pose risk to profitability. Fluctuation in global steel price/ availability leads to fluctuation in price/ availability of high-grade steel, the primary raw material for manufacturing bearings. This impacts various strategic decisions, putting profitability, pricing and competitiveness at risk.

6.2. Digitalisation

Bearing manufacturers are facing several challenges due to increasing digitalisation of the entire value chain spanning across design, manufacturing, procurement and maintenance. Non-uniform rate in adopting technologies due to differentiated capabilities, lack of knowledge in use cases, minimal availability of design thinking and limited skill availability lead to challenges in technological advancement.

6.3. Counterfeit products

Ball bearings form an integral part of machine designing and improper use due to counterfeit may significantly impact performance, leading to reduced production caused by unplanned shutdowns. Customer revenue, profitability and brand equity stand at risk due to the use of counterfeit. The organised players continuously endeavour to educate the customers about the importance of using genuine products.

7. COMPANY OVERVIEW

SKF India (the Company), the pioneer of ball bearing manufacturing in India, was incorporated in 1961. Having commissioned the first manufacturing plant in Pune in the year 1965, the Company has come a long way with three manufacturing facilities, 12 offices, a supplier network of over 450 distributors and an employee base of 1,681 dedicated professionals as on March 31, 2022. The Company is a well-known supplier of ball bearings, catering to over 40 industries globally with products and services, both directly and indirectly. Over the years, it has evolved into a knowledge-driven integrated solutions provider, helping customers achieve sustainable and competitive advantage.

Being one of the leading bearing manufacturers known for its deep grove ball bearings, the Company has a strong presence across the industrial and auto sectors. With a rich experience in design and manufacture of bearings, seals and lubrication systems, the Company is able to offer unique solutions for companies across automotive, agriculture, construction, food and beverage, oil and gas, metals and other industrial sectors through its five technology-centric platforms – bearings and units, seals, mechatronics, lubrication solutions and services.

The Company is keen to evolve with emerging technology and upgrade its value chain. Its aim is to become the undisputed leader in the bearing business. Keeping pace with technological advancements, the Company integrated digital technology and wireless sensors to expand its offerings to provide machine health assessment, engineering and remanufacturing services.

Sustainable development is at the heart of Company's operations. It has integrated clean technology, innovation and digital solutions across its world-class manufacturing facilities. The Company has a simple, clear and differentiated strategy across verticals such as industrial markets, automotive OEM and automotive aftermarkets. With support of the employees and suppliers across the value chain, the Company aims to have net zero GHG emissions across its production facilities by 2030 and to make the entire supply chain net zero by 2050.

8. FINANCIAL OVERVIEW

The Company's standalone revenue from operations increased from INR 26,707.3 million in the previous year to INR 36,658.9 million in FY22. Profit After Tax (PAT) for the period ended March 31, 2022 increased from INR 2,977.3 million in the previous year to INR 3,951.3 million in FY22.

8.1. Key ratios

Ratios	FY 201-22	FY 2020-21
Debtors turnover (times)	5.8	5.2
Inventory turnover (times)	3.3	3.3
Interest coverage ratio (times)	256.3	187.1
Current ratio (times)	2.8	2.4
Debt to equity ratio (times)	0.0	0.0
Operating profit margin (%)	14.8	15.1
PAT margin (%)	10.8	11.1
Return on net worth (%)	22.9	17.2
Debt service coverage ratio (times)	26.8	18.6
Creditors turnover ratio (times)	4.1	3.2
Return on investment (%)	21.6	16.7

9. RISKS AND THEIR MITIGATION MEASURES

Some of the critical risks identified by the Management including mitigation strategy thereof are:

Risks	Description	Mitigation Strategy
Economic uncertainty	A slowdown in the Indian economy triggered by the outbreak of COVID-19 pandemic might have adverse impact on the Company's operations.	The company is constantly monitoring the macro-environment situation, making detailed and timely assessments to ensure business continuity.
Competitive landscape/ challenges	Increased competition in the industry, both at global and domestic level, can lead to pressure on pricing and margins	The company's deep domain knowledge and strong brand value have created an unrivalled market leadership that has built longlasting relationship with its customers. Further, its innovative and superior quality offerings give it a competitive edge within the industry it operates.
Counterfeit products	Counterfeit products may result in loss of consumer confidence in the brand as well as have adverse impact on the company's profitability.	The company constantly creates awareness about genuine and fake products by conducting various training courses and programs in collaboration with various stakeholders. Those found misusing and promoting fake products are penalized with legal proceedings.
Data Security & Cyber Risk	Cyber-attacks could result in loss of data and confidential information. This might have adverse impact on the company's brand and impact operations.	The company has developed a comprehensive and multi-layer security system in place to identify any possible breach of security. It also has a detailed policy framework that is constantly upgraded to ensure effective data management flow.
Evolution of new business models	Challenges arising from e-commerce & fintech services may impact the business of the company.	The Company has aggressive plans to explore new business models (including but not limited to e-commerce platform) to ensure exponential growth of its businesss.

10. HUMAN RESOURCES

Human Resource (HR) is a key pillar of growth. The success of any organisation is the result of strong HR policies, which ensures high level of employee motivation and commitment to the business. The comprehensive HR policies ensure adequate availability of desired skill sets to equip the Company to efficiently combat the challenges posed to the industry. HR policies help align personal gaols of the employee with that of the organisation, thereby creating an inclusive work culture.

Our HR framework covers several business aspects, including job design, recruitment, on-boarding, training and development, compensation and benefits, performance management, managerial relations and labour relations. High retention rate and strong employee loyalty are the result of HR initiatives such as equitable treatment, people-centric approach and performance-based reward systems.

The number of permanent employees on the rolls of the Company was 1,681 in FY 21-22.

11. INFORMATION TECHNOLOGY

The Covid-19 pandemic led to an inevitable surge in the use of digital technologies. Digitalisation and blockchain technology became important tools for research on design and regulations. IT technology has been given the herculean task of workplace monitoring and dealing with technostress issues related to increase in digital presence. Digital adoption has taken a quantum leap at both the organisational and industry levels. Building the necessary infrastructure to support a digitised world and stay current in the latest technology has become imperative to remain competitive.

IT's digitalisation transformation strategy provides the required support to automate business process and customer experience. IT-enabled implementation of Industry 4.0 solutions led by factory digitalisation have led to significant improvement in the various process of manufacturing across the value chain. To allow faster deployment of latest technological advancements and improve user experience to suit the new normal, the Company adopted a Cloud-first strategy. With a strong focus on providing digital solutions that enhance customer experience, operational process and make way for new business models, the global IT team developed the Global Competency Center (GCC) in India. This helped in-house development of digital capabilities, allowing faster delivery of digital solutions.

12. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's policies and procedures are commensurate with its nature of business and ensure reliable and efficient business conduct. The internal control systems are periodically reviewed to confirm their effectiveness and adequacy. Internal audit, an indispensable part of management control systems, is responsible for keeping the management updated about the adequacy and efficacy of the control systems. The three-line defence monitoring and control approach comprising the Management, Internal Controls team and Internal Audits, enables effective control on the internal control system. The Company has adopted a risk prevention approach to strengthen its controls proactively.

The Company, during the year, reviewed its Internal Financial Control (IFC) systems and strived to establish a more robust and effective IFC framework. Being part of the SKF Group, the Company adheres to SICS (SKF Internal Control Standards), a customised control system required to be adhered to, across the globe, by all SKF companies. The standard operating procedures for the business functions comprise the standards specified by SICS. Compensating controls within the process, minimising deviations and exceptions are the key focus areas. The adequacy of controls is tested and verified by the Internal Control team. The Internal Audit function conducts Process Audits with the help of specialised external professional firms. Risks/improvement areas, identified out of the audits, are reviewed and mitigation plans are put in place. Every Audit Committee reviews the status of implementation of the action plans for major observations.

The reports submitted by the Management and the audit reports submitted by Internal and statutory auditors are reviewed by the Audit Committee. To ascertain, inter alia, their views on the adequacy of internal control systems, the Audit Committee also meets statutory auditors. Based on the Committee's evaluation, it was concluded that as of March 31, 2022, the internal financial controls were adequate and operating effectively. The Company has complied with the specific requirements as laid out under Section 134(5)(e) of the Companies Act, 2013. It calls for the establishment and implementation of an Internal Financial Control framework that supports compliance with the requirements of the Act concerning the Director's Responsibility Statement. The Internal Controls function regularly reviews the adequacy of controls of the processes. Suggestions to further strengthen the processes are shared with the respective process owners. The Audit Committee periodically reviews any significant observations, along with management response and status of action plans.

13. CAUTIONARY STATEMENT

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

ANNEXURE – II TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT 2021-22

PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Strong leadership and effective corporate governance practices have been SKF's hallmark inherited from the SKF Group culture and ethos.

SKF India Limited ('SKF India' or 'the Company') follows the SKF Group of building sustainable businesses that are rooted in the community and demonstrate care for the environment and has inherited a strong legacy of fair and transparent ethical governance.

Over the decades, SKF has consistently demonstrated a very principled conduct and has earned its reputation for trust and integrity while building a highly successful global business.

The company's core values are: Leading Change, Integrity, Respect for the Individual, Excellence, and Learning and Sharing.

SKF India has strengthened our industry leadership on the sturdy pillar of our corporate governance philosophy. Our governance framework enshrines the highest standards of ethical and responsible conduct of business to create lasting stakeholder value.

Our governance framework and philosophy are inspired by our ethics, values and culture of professionalism. We emulate the 'best practices' that are adhered to in the realm of corporate governance globally, and these practices are integrated into our growth strategy.

Across our day-to-day operations, we conform to complete transparency and accountability to protect stakeholder interests. Our governance framework drives optimal utilisation of resources and accountability for stewardship. The Board remains the custodian of trust and acknowledges its responsibilities towards our growing stakeholder fraternity for sustainable long-term wealth creation.

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

1. GROUP STRUCTURE

SKF India Limited is an affiliate of the Sweden-based SKF Group, which was founded in 1907. SKF serves presently nearly all industries, including automotive, aerospace, railways, renewable energy, medical, food & beverage etc. SKF's mission is to be the undisputed leader in the bearings business by offering solutions that reduce friction and CO_2 emissions, whilst at the same time increasing machine uptime and performance. Our products and services around the rotating shaft include bearings, seals, lubrication management, artificial intelligence and wireless condition monitoring. SKF works to reduce friction, make things run faster, longer, cleaner and more safely. By doing this in the most effective, productive and sustainable way SKF contributes to its vision of a world of reliable rotation. SKF works with its customers at every stage in their asset life cycle, providing solutions from design right through to maintenance and back to design upgrades. The Company's business runs across different industry verticals, geographical markets and is global in nature. SKF is represented in more than 130 countries and has around 17,000 distributor locations worldwide.

2. GOVERNANCE STRUCTURE

The corporate governance standards established (and updated from time to time) by the Board of the Company provide a structure within which directors and the Management can effectively pursue the Company's objectives for the benefit of its stakeholders.

SKF India's governance structure comprises the Board of Directors, Committees of the Board and the Management.

The Board sets out the overall corporate objectives and provides direction and independence to the management to achieve organisational objectives for value creation through sustainable profitable growth. The Board and its Committees guide, support and complement the management team's ideas and initiatives and also sets out standards of corporate behaviour and ensures compliance with laws and regulations, impacting the Company's business.

3. GOVERNANCE POLICIES

SKF India seeks to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, has mandated formulation of certain policies for all listed companies. The Board of Directors periodically reviews the Policies. Policies adopted by the Company are as under :

- Code of Conduct for Directors/ Senior Management/ Employees
- Code of Conduct for Prevention of Insider Trading

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

The corporate governance policies are available on the Company's website https://www.skf.com/in/investors,

Corporate governance guidelines

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as applicable, with regard to Corporate Governance.

4. BOARD OF DIRECTORS

The Board of Directors have the responsibility of ensuring effective management, long term business strategy, general affairs, performance and monitoring the effectiveness of the Company's corporate governance practices. The Managing Director reports to the Board and is in charge of the management of the affairs of the Company, executing business strategy in consultation with the Board and achieving annual and long term business goals.

SKF India is a professionally-managed Company functioning under the overall supervision of the Board of Directors ('Board'). Its Board comprises the required combination of Independent and Non-Independent Directors, including an Independent Woman Director in line with the provisions of the Companies Act, 2013 ('the Act') and the SEBI Listing Regulations. The Company's Managing Director and Whole Time Director are the Executive Directors on the Board.

Board independence is ensured by having independent members and by setting a high bar in terms of the qualifications, expertise and experience in selecting the right mix of individuals to serve on the Board, who can collectively serve the best interests of all stakeholders, maintain board and management accountability and drive corporate ethics, values and sustainability.

The Board of Directors is made up of highly experienced and persons of repute and eminence, who ensure sound standards of corporate governance is nurtured.

The Board seeks accountability of the management in creating long-term sustainable growth to ensure that the aspirations of the stakeholders are fulfilled.

There are no inter-se relationships between our Board members. The Company doesn't have any pecuniary relationship with any of the Non-Executive Directors.

With regard to the significant contributions that committees make in assisting the Board of Directors in discharging its duties and responsibilities, the Board through its following Committees closely monitor various areas of business. These committees comprise the (i) Audit Committee, (ii) Stakeholders' Relationship Committee, (iii) Nomination & Remuneration Committee, (iv) Risk Management Committee, and (v) Corporate Social Responsibility Committee.

4.1 Composition

The Company believes in a well-balanced and diverse Board which enriches discussions and enables effective decision making. The Board has an optimal mix of Executive and Non-Executive Directors, comprising Independent Directors and the same is also in line with the applicable provisions of Companies Act, 2013 ("the Act") and Listing Regulations. The Board of the Company is diverse in terms of qualification, competence, skills and expertise which enables it to ensure long term value creation for all the stakeholders.

The Company understands that sound succession planning for the members of the Board and Senior Management is essential for sustained growth of the Company.

The Chairman works actively with the nomination and remuneration committee to plan the composition of the Board and Board Committees, induct directors to the Board, plan for director succession, participate effectively in the Board evaluation process and meet with individual directors to provide constructive feedback and advice.

As on the date of this Report, the Board currently comprises of six experts drawn from diverse fields/ professions.

The board of directors of the top 1,000 listed companies, effective April 1, 2020, shall have at least one independent woman director and the Board has an optimum combination of Executive and Non-Executive Directors including two woman Directors, which is in conformity with the requirement of the Act and SEBI Listing Regulations in this regard as amended from time to time.

The Chairman of the Board is a Non-executive Independent Director. All Directors, except the Independent Directors, Whole Time Director and Managing Director are liable to retire by rotation.

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Company's business runs across different industry verticals, geographical markets and is global in nature. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries/ fields from where they come.

The key qualifications, skills, and attributes which are taken into consideration while nominating candidates to serve on the Board as required in the context of the Company's aforesaid business(es) for it to function effectively and those available with the Board as a whole:

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

The Board of Directors who possess the aforementioned skills/ expertise/ competency matrix as already reviewed and approved by the Board of the Director in the year 2021-22, are as follows:

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

All the Directors have made necessary disclosures regarding their directorships and other interests as required under Section 184 of the Companies Act, 2013 and the Committee positions held by them in other companies. The Company is in compliance with Section 165 (1) of the Companies Act, 2013 and

The Company is in compliance of regulation 17A of SEBI LODR, i.e. None of the Directors on the Company's Board

- hold the office of Director in more than 20 (Twenty) Companies or
- holds directorships in more than ten public companies,
- serves as Director or as Independent Directors (ID) in more than seven listed entities;

All the Independent Directors have confirmed that they meet the 'Independence' criteria as mentioned under Regulation 16 (1) (b) of the SEBI LODR and Section 149 (6) of the Companies Act, 2013 ("Act") and the Rules framed thereunder. In terms of Regulation 25(8) of the SEBI LODR, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule

6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

The Company is in compliance of Regulation 26 of the SEBI LODR, i.e. none of the Directors are members in more than 10 (Ten) Committees or act as a Chairperson of more than 5 (Five) committees, the committees being, Audit Committee and Stakeholders' Relationship Committee across all public limited companies, whether listed or not in which he/ she is a Director. All the Directors except Independent Directors and Managing Director, Whole-time Director are liable to retire by rotation.

The required information, including information as enumerated in Regulation 17(7) read together with Part A of Schedule II of the SEBI LODR is made available to the Board of Directors, for discussions and consideration at Board Meetings. The Board reviews compliance of all the applicable laws on a quarterly basis, as also steps taken to remediate instances of non-compliance, if any.

Pursuant to Regulation 27(2) of the SEBI LODR, the Company submits a quarterly Compliance Report on Corporate Governance to the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) within 21 days from the close of every quarter.

The MD and the CFO have certified to the Board on inter alia, the accuracy of the financial statements and adequacy of internal controls for financial reporting, in accordance with Regulation 17(8) read together with Part B of Schedule II of the SEBI LODR, pertaining to MD & CFO certification for the Financial Year ended 31st March 2022.

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

4.2. Disclosure regarding appointment/ re-appointment/ cessation of Directors

During the year under review, based on the recommendations of the Nomination & Remuneration Committee, the Board of Directors approved the appointment of Mr. Shailesh Kumar Sharma (DIN:09493881) as an Additional Director (Executive - Non Independent Director) of the Company, who is not liable to retire by rotation with effect from 10th February, 2022 to hold office till the conclusion of the ensuing Annual General Meeting of the Company. Mr. Shailesh Sharma (DIN: 09493881) is also appointed as an Whole Time Director, not liable to retire by rotation, for a period of five years with effect from February 10, 2022 on the terms and conditions and remuneration as contained in the agreement dated February 9, 2022 between the Company and Mr. Shailesh Kumar Sharma. Company is conducting postal ballot for taking shareholders' approval appointment of Mr. Shailesh Kumar Sharma as Directors and whole-time Director of the Company by ordinary resolution. Voting lines are open from April 20 to May 19, 2022 results will be declared by May 21, 2022.

Mr. Werner Hoffmann, Non-Executive – Non-Independent Director of the Company, has resigned as Director of the Company with effect from 10th February 2022, due to his other engagements.

Mr.Anurag Bhagania has been the Finance Director and Chief Financial Officer since May 2019 has resigned from the Company with effect from 22nd February, 2022.

Brief profile of the persons sought to be appointed/ re-appointed as Directors at the 61st Annual General Meeting of the Company are attached to the Notice of the Annual General Meeting sent to the shareholders.

4.3. Conduct of Board proceedings

The primary role of the Board is to protect and enhance shareholder value through strategic direction to the Company. It provides strategic guidance to the Company, ensures effective monitoring of the Management and is accountable to the Company and the shareholders.

The Chairman leads the Board. As Chairman, he is responsible for fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. The Chairman is primarily responsible for ensuring that the Board provides effective governance to the Company. In doing so, the Chairman presides over meetings of the Board and of the shareholders of the Company.

In order to facilitate effective discussions at the virtual meetings, the agenda is bifurcated into three Section, 1st section is pertaining to Introduction, 2nd Section pertaining to Reviews and Update by the Managing Director and Chief Financial Officer for each quarter, and the 3rd Section relating to 'Decisions and Approvals' and the 4th Section relating to 'Regulatory Matters'. The dates of the Board Meetings are fixed well in advance and intimated to the Board members to enable the Directors to plan their schedules accordingly.

The Directors are also provided the option to participate in the meeting through video conferencing and the facility is provided as and when requested/ needed. The agenda papers are circulated to the Directors in advance before the meeting. However, certain exigent proposals are tabled at the Board Meeting with the approval of the Chairman and consent of Directors. The agenda items are comprehensive and informative in nature to facilitate deliberations and appropriate decision-making at the Board Meeting. In case of matters requiring urgent approval of the Board, resolutions are passed through circulation in compliance with the applicable law/ standards.

Presentations are made to the Board on various functional and operational areas of the Company, Business Development activities as well as on major projects, financial highlights etc.

The Chief Financial Officer and respective Members of the Country Management Team of the Company are invited to attend meetings of the Board (on a case-to-case basis) and make presentations to the Board on matters including but not limited to the Company's performance, strategic plans, quarterly and annual financial results, compliance reports, etc.

The Company Secretary attends all the meetings of the Board and its Committees and is, inter alia, responsible for recording the minutes of such meetings. The draft minutes of the Board and its Committees are sent to the members for their comments in accordance with the Secretarial Standards. Thereafter, the minutes are entered in the minute book within 30 (thirty) days from the date of the respective meetings, subsequent to incorporation of the comments, if any, received from the Directors.

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

4.4. Board Meetings

The Board met five times during the year i.e. May 14, 2021, July 23, 2021, October 27, 2021 and February 2, 2022 and February 9, 2022. The intervening period between two meetings were within the maximum time gap as prescribed under the applicable law.

Pursuant to Clause VII of the Schedule IV (Code for Independent Directors) of the Companies Act 2013 and Regulation25(3) of SEBI (Listing Obligations and Disclosure) Regulations, 2015. For the year, the Independent Directors of the Company met separately on March 22, 2022, to review the performance of Non-Independent Directors, Chairman of the Company and the Board of the Company and to assess the quality, quantity and timeliness of flow of information between the Management of the Company and the Board. All the Independent Directors attended the meeting.

4.5. Attendance & other Directorships

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships/ Memberships held by them in other public limited companies as on March 31, 2022 are given herein below.

(INR in millions)

Name of Director, DIN and Designation	No. of Board Meetings held and attended	Attendance at the last Annual General Meeting	Directorship in other companies (other than SKF India) [Refer Note (a)]	*No. of Committees in which Chairman/ Member (other than SKF India) (Refer Note c)	
				Member	Chairman
Mr. Aldo Cedrone DIN: 08455073 Non-Executive – Non Independent Director	3/ 5	Yes	-	-	-
Ms. Anu Wakhlu DIN: 00122052 Non-Executive - Independent Director	5/ 5	Yes	-	-	-
Mr. Gopal Subramanyam DIN: 06684319 Non-Executive - Independent Director, Chairperson	5/ 5	Yes		-	-
Ms. Ingrid Viktoria Van Camp DIN: 8945782 Non-Executive - Non Independent Director (Refer Note)	5/ 5	Yes	-	-	-

(INR in millions)

Name of Director, DIN and Designation	No. of Board Meetings held and attended	Attendance at the last Annual General Meeting	Directorship in other companies (other than SKF India) [Refer Note (a)]	*No. of Committees in which Chairman/ Member (other than SKF India) (Refer Note c)	
				Member	Chairman
Mr. Werner Hoffmann DIN: 07685942 Non-Executive - Non Independent Director	4/ 5	Yes	-	-	-
Mr. Manish Bhatnagar DIN: 08148320 Managing Director	5/ 5	Yes	-	-	-
Mr.Shailesh Kumar Sharma DIN : 09493881 Whole Time Director	N.A.	N.A.	-	-	-

Notes:

a. Excluded alternate directorships/ directorships of private limited companies and foreign companies, high valued debt listed and companies incorporated under Section 8 of the Companies Act 2013, as per Regulation 26 of the SEBI Regulations wherever applicable.

b. None of the Directors have received any loans and advances from the Company.

c. Pursuant to Regulation 26 (1) (b) of SEBI LODR, Membership/ Chairmanship of only Audit Committees and Stakeholder Relationship Committee of all Public Limited companies whether listed or not have been considered.

d. None of the directors are related to each other.

e. Mr. Werner Hoffmann, Non-executive Director resigned from the Board of Directors w.e.f February 10, 2022.

f. Mr. Shailesh Kumar Sharma was appointed as Whole Time Director of the Company w.e.f. February 10, 2022.

g. None of the Directors hold Directorship in any Listed Company.

h. Number of shares and convertible instruments held by Non-Executive Directors as on 31st March 2022

4.6. Web link where details of familiarization programme imparted to Independent Directors is disclosed.

https://www.skf.com/binaries/pub12/Images/0901d196809a6abc-Familiarisation-Programme-for-IDs_tcm_12-526435.pdf

5. BOARD COMMITTEES

We believe that an active, well-informed, diversified and independent board is necessary to ensure the highest standards of corporate governance. With regard to the significant contributions that committees make in assisting the Board of Directors in discharging its duties and responsibilities, the Board, through its following Committees, closely monitors various areas of business.

These Committees are mandated under law and operate within the terms of reference laid down by the Board and under the SEBI LODR .

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

a) Audit Committee

b) Nomination and Remuneration Committee

c) Corporate Social Responsibility Committee

d) Stakeholders' Relationship Committee and

e) Risk Management Committee.

The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below.

5.1. Audit Committee (AC)

(a) Composition, Name of members and Chairperson:

The Audit Committee of the Company is constituted in compliance with the provisions of Regulation 18 of the SEBI LODR and the provisions of Section 177 of the Companies Act, 2013. All members of the Committee are financially literate, having therelevant accounting and financial management expertise.

The AC comprises three non- executive directors among whom two are independent directors.

The composition of the Audit Committee as on 31st March 2022 are as under:

Sr. No.	Name of Member	Designation	Position held in the Committee
1.	Ms. Anu Wakhlu	Independent Director	Chairperson
2	Mr. Gopal Subramanyam	Independent Director	Member
3.	Mr. Werner Hoffmann- Member (upto 09.02.2022)	Non-Executive Director	Member
4	Ms. Ingrid Viktoria Van Camp (from 09.02.2022)	Non-Executive Director	Member

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

Pursuant to Regulation 18(1) (d) of SEBI LODR, Ms. Anu Wakhlu, Chairman of the Audit Committee was present at the 60th Annual General Meeting of the Company held on 23rd July 2021.

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

All the recommendations of the Audit Committee have been accepted by the Board of Directors

(b) a Scope of Audit Committee

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommend to the Board, the remuneration and terms of appointment of the auditors of the company;
3. Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors, if any
4. Review with the management the annual financial statements before submission to the Board for approval with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub- section 3 of section 134 of the Companies Act, 2013;
    b. Changes, if any, in accounting policies and practices and reasons for the same;
    c. Major accounting entries involving estimates based on the exercise of judgment by management;
    d. Significant adjustments made in the financial statements arising out of audit findings;
    e. Compliance with listing and other legal requirements relating to financial statements;
    f. disclosures of any related party transactions and
    g. Qualifications/ modified opinion(s) in the draft audit report, if any;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
7. Approval of any subsequent modification of transactions of the Company with related parties.
8. Scrutiny of inter-corporate loans and investments.
9. Valuation of undertakings or assets of the Company, wherever it is necessary.
10. Evaluation of internal financial controls and risk management systems.

11. Reviewing with the management performance of statutory auditors, internal auditors and adequacy of internal control systems.

12. Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing, seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

13. Discussion with the internal auditors of any significant findings and follow-up thereon.

14. Reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.

16. Looking into the reasons for substantial defaults in the payment of depositors(if any) , debenture holders(if any), shareholders (in case of payment of declared dividends) and creditors.

17. Reviewing the functioning of the whistle blower mechanism.

18. Approval of appointment of chief financial officer after accessing the qualifications, experience and background etc., of the candidate.

19. reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing.

20. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

21. To mandatorily review the following information:

    a. Management discussion and analysis of financial conditions and results of operations;

    b. Management letters/ letters of internal control weaknesses issued by the statutory auditors;

    c. internal audit reports relating to internal control weaknesses; and

    d. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

    e. Major accounting entries involving estimates based on the exercise of judgment by management;

    f. Significant adjustments made in the financial statements arising out of audit findings, if any;

(c) Meetings and attendance

During the year five Audit Committee Meetings were held on May 14, 2021, July 23, 2021, October 27, 2021, February 2, 2022 and February 9, 2022. The quorum as required under the statute was maintained at all the meetings. Details of attendance at the aforementioned meetings are as follows:

Name of Director	Category	No. of Meetings Attended
Ms. Anu Wakhlu	Chairperson	5/ 5
Mr. Gopal Subramanyam	Member	5/ 5
Mr. Werner Hoffmann	Member	3/ 5

5.2. NOMINATION AND REMUNERATION COMMITTEE (NRC)

(a) Composition, Name of members and Chairperson:

The Nomination and Remuneration Committee (NRC) has been constituted by the Board in compliance with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR.

The composition of the Nomination and Remuneration Committee as on 31st March 2022 are as under:

Sr. No.	Name of Member	Designation	Position held in the Committee
1.	Ms. Anu Wakhlu	Independent Director	Chairperson
2.	Mr. Gopal Subramanyam	Independent Director	Member
3.	Ms. Ingrid Viktoria Van Camp	Non-Executive Director	Member

All the recommendations of the Nomination and Remuneration Committee have been accepted by the Board of Directors.

Pursuant to Regulation 19 (3) of SEBI LODR, Ms. Anu Wakhlu, Chairperson of the Nomination and Remuneration Committee was present at the 60th Annual General Meeting of the Company held on 23rd July 2021.

(b) Brief description of terms of reference:

The Nomination and Remuneration Committee functions according to its Charter that defines its composition, authority, responsibility and reporting functions in accordance with Section 178 of the Act, Regulation 19(4) read with Part D Para A of Schedule II of the SEBI LODR, 2015 as mentioned below:-

a) To formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

b) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.

   The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

   a. use the services of an external agencies, if required;

   b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

   c. consider the time commitments of the candidates

c) Devise a policy on Board diversity of Board of Directors .

d) formulation of criteria for evaluation of performance of independent directors and the board of directors;

e) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

f) Evaluating Executive Director performance, determine and approve the compensation based on evaluation including annual increment and incentive remuneration after reviewing performance.

g) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

h) recommend to the board, all remuneration, in whatever form, payable to senior management.

i) and term of reference mentioned in Company's Policy

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

The Chairman, Managing Director and CFO participate as invitees and the Company Secretary acts as the Secretary of the Committee.

(c) Meetings and attendance

The NRC met two times on February 2, 2022, and March 23, 2022 during the year under review.

The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings attended by the members of the committee during the financial year 2021-22 is detailed below:

Name of Director	Category	No. of Meetings Attended
Ms. Anu Wakhlu Chairperson	Independent Non-Executive	2/2
Mr. Gopal Subramanyam	Independent Non-Executive	2/2
Ms.Ingrid Viktoria Van Camp	Non- Independent Non-Executive	2/2

During the year, NRC Committee approved unanimously on 14th July 2021 amendments in the 'Nomination & Remuneration Policy" vide Circular Resolution No.01/ NRC/ 2021-22 to accommodate the new changes in law. Policy available website of the Company.

(d) Performance evaluation for Independent Directors

The Nomination and Remuneration committee shall carry out the evaluation of the Board as the whole, its committee and individual Directors as per the provisions of the Companies Act, 2013 and the Listing Regulations. The Board shall thereafter review the recommendation of the Nomination and Remuneration Committee. On the basis of the evaluation carried out, it shall be determined whether to extend the term of appointment of the Independent Directors.

The Board formally assesses its own performance based on parameters which, inter alia, include performance of the Board on deciding long term strategy, rating the composition and mix of Board members, discharging of governance and fiduciary duties, handling critical and dissenting suggestions, etc. The parameters for the performance evaluation of the Directors include contribution made at the Board meeting, attendance, instances of sharing best and next practices, domain knowledge, vision, strategy, engagement with senior management, etc.

The Chairperson(s) of the respective Committees shares a report to the Board based on the feedback received from the Committee members on the outcome of performance evaluation exercise of the Committee.

Remuneration of Directors

1. Remuneration to Executive Directors shall involve a balance between fixed and incentive pay reflecting the short and long-term performance objectives appropriate to the working of the Company and its goals.

2. An Independent Director may be paid remuneration by way of sitting fees for attending meetings of the Board of Directors or any Committee of the Board of Directors as may be decided by the Board. Such sitting fees shall not be reckoned for the purposes of the percentage of remuneration

3. The Independent Directors shall also be entitled for reimbursement of any expenses incurred in connection with participation at the meetings of the Board of Directors or any Committee thereof and commission.

4. An Independent Director shall not be eligible for any Stock option Scheme of the Company, if any such scheme exists.

5. The maximum remuneration payable to anyone Managing Director or whole-time Director or maximum overall remuneration payable to all Directors including Managing Director and Executive Directors will be within overall limits as defined in the Companies Act, 2013.

6. The Commission payable to the Non-executive Directors shall not exceed 1% of the Net Profits of the Company during any financial year.

Policy on Criteria for making payment to non- executive directors is disseminated on the website of the Company at below mentioned linked

https://www.skf.com/binaries/pub12/Images/0901d19680cbc6e6-Policy-for-appointment-and-remuneration-for-Directors-2021_tcm_12-583864.pdf

Other Employees

As per the revised Remuneration Policy the compensation and remuneration for the Senior Management including KMP was reviewed by the Nomination & Remuneration Committee.

In line with the requirements of Regulation 25(10) of the SEBI Listing Regulations, the Company has taken Directors and Officers Liability Insurance Policy for all its Directors and Members of the Senior Management for such quantum and for such risks as determined by the Board.

1. Details of remuneration to Mr. Manish Bhatnagar, Managing Director and Mr. Shailesh Kumar Sharma, Whole Time Director (w.e.f 10th February 2022) for the year under review are as under:

(INR)

Description	Mr. Manish Bhatnagar	Mr. Shailesh Kumar Sharma
Salary	11,675,820.00	509,441.00
Perquisites	13,518,852.40	908,795.00
Deferred Benefits (PF and Superannuation)	1,167,580,00	112,077.00
Stock Award*	-	-
Performance Linked Incentives	5,932,802.00	314,278.00
Total	**1,47,885,474.4**	**1,844,591.00**

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

No severance fees is payable to the Directors.

5.2b The details of the remuneration paid/ payable to other Non-Executive Directors are as under:

(INR)

Name of the Director	Sitting Fees (INR)	Commission	Total (INR)
Mr. Gopal Subramanyam	755,000	2,572,000	3,327,000
Ms. Anu Wakhlu	855,000	2,104,000	2,959,000

Note:

1) payable subject to approval of annual accounts by the Shareholders at the 61st Annual General Meeting to be held on July 27, 2022.

2) Mr. Aldo Cedrone, Ms. Ingrid Victoria Van Camp and Mr. Werner Hoffmann were not entitled to any sitting fees during the financial year 2021-22.

5.3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Company has always maintained a high level of social engagement and social responsibilities under the leadership of Mr. Manish Bhatnagar, Chairman of Committee and its Team. The initiatives in the social sphere have always been built on the Company's Values of "SKF Care" which comprises of four pillars, namely 'Business care / Employee care/ Environment care and Community care'. The Company considers it as its economic, environmental and social responsibility to foster sustainable local development as well as add value to the local communities in which it operates.

(a) Composition, Name of members and Chairperson

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Companies Act, 2013.

The Corporate Social Responsibility Committee members as on 31st March 2022 are as under

Sr. No.	Name of Member	Designation	Position held in the Committee
1.	Mr. Manish Bhatnagar,	Executive Director (Managing Director)	Chairman
2.	Ms. Anu Wakhlu	Non-Executive, Independent Director	Member
3.	Mr. Gopal Subramanyam	Non-Executive, Independent Director	Member

(b) Brief description of terms of reference:

i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which will indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Companies Act, 2013 amended from time to time.

ii. Recommending the amount of expenditure to be incurred on CSR activities.

iii. Monitor implementation and adherence to the CSR Policy of the Company from time to time

iv. Such other activities as the Board of Directors determine as they may deem fit in line with CSR Policy.

The Board has adopted the CSR Policy as formulated and recommended by the Committee.

CSR Committee at its meeting held on May 14, 2021 approved the amendments in the 'Corporate Social Responsibility Policy" to accommodate the new changes in law In compliance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, the Company revised CSR Policy is available on the website of the Company https://www.skf.com/binaries/pub12/Images/ 0901d19680cb2f37-SKF-India-CSR-Policy-2021_tcm_12-583398.pdf

The Annual Report on CSR activities for the Financial Year 2021-22 forms part of the Board's Report.

(c) Meetings and attendance during the year after meetings:

During the year, the Committee met 2 times on May 14, 2021, and February 9, 2022. The composition and attendance record of the CSR Committee are mentioned below:

Name of Director	Category	No. of Meetings Attended
Mr. Manish Bhatnagar, Chairman	Executive Director (Managing Director)	2/2
Ms. Anu Wakhlu	Independent Director	2/2
Mr. Gopal Subramanyam	Independent Director	2/2

The brief outline of the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure III of this report.

5.4 STAKEHOLDERS' RELATIONSHIP COMMITTEE

(a) Brief description of terms of reference:

The Stakeholders' Relationship Committee functions in accordance with Section 178 of the Act and Regulation 20 read with, Part D, Para B of Schedule II of the SEBI LODR. The suitably revised terms of reference enumerated in the Committee Charter, after incorporating therein the regulatory changes mandated under the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, are as follows:-

1. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

2. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the company

3. Review of measures taken for effective exercise of voting rights by shareholders.

4. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc

5. The Committee undertook an annual performance evaluation of its own effectiveness.

6. To approve transfer/ transmission of shares, issue of duplicate shares;

7. To review the queries received from investors;

8. To review the work done by the share transfer agent;

9. To review corporate actions related to shareholder issues, if any.

10. To review the adherence to the service standards in respect of various services being rendered by the Registrar & Share Transfer Agent.

11. To ensure the timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the company.

12. Carry out any other function contained in the equity listing agreement as and when amended from time to time.

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

(b) Composition , Name of members and Chairperson

The Stakeholders' Relationship Committee (SRC) has been constituted by Board in compliance of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI LODR.

The composition of the Stakeholders' Relationship Committee as on 31st March 2022 are as under:

Sr. No.	Name of Member	Designation	Position held in the Committee
1.	Mr. Gopal Subramanyam	Independent Director	Chairman
2.	Ms. Anu Wakhlu	Independent Director	Member
3.	Mr. Manish Bhatnagar	Executive Director (Managing Director)	Member

(c) Issue of New/ Duplicate Share Certificates

As and when request was received from our shareholders, the Stakeholders' Relationship Committee passed the following Circular Resolutions during the Financial year:

Sr. No.	SRC Circular Resolution No.	Unanimously passed on	Details of Approvals
1	1/SRC/2021-22	14.4.2021	issue of duplicate shares
2	2/SRC/2021-22	01.07.2021	issue of duplicate shares
3	3/SRC/2021-22	21.07.2021	issue of new share certificate of INR 10/- each
4	4/SRC/2021-22	08.09.2021	issue of new share certificate of INR 10/-
5	5/SRC/2021-22	02.10.2021	issue of new share certificate of INR 10/- each
6	6/SRC/2021-22	10.11.2021	issue of duplicate shares and transmission of shares
7	7/SRC/2021-22	01.12.2021	issue of new share certificate of INR 10/- each
8	8/SRC/2021-22	03.01.2022	issue of duplicate shares certificates
9	9/SRC/2021-22	21.02.2022	issue of duplicate shares and transmission of shares

(d) Meetings and attendance during the year:

During the year under review, the Stakeholders' Committee meeting was held on March 26, 2022.

Name of Director	Category	No. of Meetings Attended
Mr. Gopal Subramanyam – Chairman	Independent Director	1/1
Ms. Anu Wakhlu-Member	Independent Director	1/1
Mr. Manish Bhatnagar- Member	Executive Director (Managing Director)	1/1

During the financial year, M/ s TSR Consultants Private Limited continue to act as Registrar and Share Transfer Agents of the Company.

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

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

S. No.	Particulars		Total Received	Total Replied	Total Pending
1.	Payments				
	A	Instruments found already paid/ payment sent for Electronic Credit to Bank	10	10	0
	B	Outdated, Duplicate warrants and changes on live warrants (where new instruments being issued)	95	95	0
	C	Issue of new drafts against unencashed drafts/ recovery drafts	40	38	2
	D	Non-receipt of payments (where new instruments already issued)	9	9	0
	E	Unclaimed and unpaid amounts transferred to ROC/ IEPF	12	12	0
	F	Miscellaneous	37	36	1
2.	Annual Report		2	2	0
3.	Change in name/ status		5	5	0
4.	Communication received through SEBI and other statutory/ regulatory bodies		16	16	0
5.	Conversion/ demerger – scheme of arrangement/ exchange/ merger – amalgamation of companies/ sub-division		24	23	1
6	Demat/ remat of Shares		1	1	0
7.	Document Registration		150	138	12
8.	Legal matters		3	3	0
9.	Loss of securities		371	353	18
10	Nomination		1	1	0
11	Tax Exemption		1	1	0
12.	Transfer of Securities		13	13	0
13.	Transmission of Securities		49	48	1
14.	Other querier		46	45	1
15.	Change of address		77	74	3
16.	Change in Bank details		107	106	1
17.	Issue of new certificates on split/ consolidation/ renewal		0	0	0
18	Pan updation		76	76	0
	TOTAL		**1155**	**1106**	**40**

Other queries in serial no 14 above mainly includes inquiries relating to, beneficiary details for securities held in electronic form, signature case, incomplete/ incorrect details, mailing of certificates and split/ consolidation/ renewal queries 1155 correspondences were received by the Company, out of which 1106 correspondences were replied to the satisfaction of shareholders during the year under review and total 40 Outstanding correspondences as on March 31 2022 have been attended by 26th April, 2022.

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

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

5.5. RISK MANAGEMENT COMMITTEE

Our Risk Management Committee enables the achievement of the Company's strategic objectives by identifying, analyzing, assessing, mitigating, monitoring and governing any risk or potential threat to these objectives. The systematic and proactive identification of risks, and mitigation thereof, enables our organization to boost performance with effective and timely decision-making. Strategic decisions are taken after careful consideration.

Our RMC encompasses all of the Company's risks, such as strategic, Operational, and legal & compliance risks. Any of these categories can have internal or external dimensions.

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

1. To consider the Risk Policy and determine the company's risk appetite and risk tolerance, ensure that risk assessments are performed periodically and that risk management measures are put in place to mitigate/ manage the risks.
2. To ensure that the company has and maintains an effective on-going risk assessment process; consisting of risk identification, risk quantification, risk evaluation, risk mitigation plan and risk management.
3. To identify risks and measure their potential impact and likelihood.
4. To evaluate all types of risks applicable including strategic, financial, operational, technological or cyber security and competition risks etc.
5. To consider both the upside and the downside of risk-taking and to take the "long view" — to think about the effects that something may impact in the future. Understanding of the regulatory environment in which the organisation operates and the prospective changes related to risk governance.
6. Risk assessment procedures:
   i) To ensure both qualitative and quantitative metrics are being used
   ii) Review regularly and approve the parameters used in these measures and the methodology adopted;
   iii) Set a standard risk register for the accurate and timely monitoring of critical, major and moderate risk and the management/ mitigation measures thereof
7. Review the company's procedures for detecting fraud and for the prevention of bribery.
8. Authority:

The committee is authorized:

i) To seek any information, it requires from any employee/ director of the company to perform its duties;

ii) To obtain, at the company's expense, external legal or other professional advice on any matter within its terms of reference where required; and

iii) To request the attendance of any employee at a meeting of the committee as and when required

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

Mr.Anurag Bhagania has resigned from the Company and Member of the Risk Management Committee with effect from 22 February, 2022.

During the year, the Committee met on October 27, 2021 and March 23, 2022.

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

Name of the Director	Category	No. of meetings attended
Mr. Gopal Subramanyam Chairman	Independent Director	2
Mr. Manish Bhatnagar	Executive Director (Managing Director)	1
Ms. Ingrid Viktoria Van Camp	Non-Independent Non-Executive Director	2
Mr. Anurag Bhagania (upto 22.2.2022)	CFO & Director Finance	1
Mr. Ranjan Kumar	Company Secretary & Director – Ethics, Legal & Internal Audit	2

6. GENERAL BODY MEETINGS

i) Details of General Meetings:

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

Financial Year ended	Location of the meeting	AGM/ EGM	Date	Day	Time	Special Resolutions
31.3.2019	Kamalnayan Bajaj Hall, Bajaj Bhavan Ground Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400021	AGM	23.07.2019	Tuesday	3.00 P.M.	None.
31.3.2020	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"). The deemed venue of this meeting was the Registered Office of the Company situated at M G M Building, Netaji Subhash Road, Mumbai 400002	AGM	23.07.2020	Thursday	3.00 P.M.	One Special Resolution: Shifting of Registered Office of the Company from Mumbai to Pune within the State of Maharashtra
31.3.2021	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"). The deemed venue of this meeting was the Registered Office of the Company situated at Chinchwad, Pune 411 033	AGM	23.07.2021	Friday	3.00 P.M.	One Special Resolution : Remuneration to Non-Executive Directors by way of Commission

a. Whether any special resolution passed last year through postal ballot – NO, details of voting pattern: **NA**

b. Person who conducted the postal ballot exercise: **NA**

c. Whether any special resolution is proposed to be conducted through postal ballot: **NA**

d. Procedure for postal ballot. **NA**

7. MEANS OF COMMUNICATION

The Quarterly, Half Yearly and Annual Results are regularly submitted to the Stock Exchanges in accordance with the SEBI LODR and are generally published in the Economic Times, MINT and (English) and Maharashtra Times (Marathi). The official news releases, including on the quarterly and annual results are submitted to Stock Exchanges and also posted on Company's website (https://www.skf.com/in/investors). The Company's website contains a dedicated section "Investors" where information for shareholders is available. The Annual Report, Quarterly Results, Shareholding Pattern, Corporate Governance Report, Quarterly Compliances, Intimation/ Outcome of Board Meetings and other relevant information of the Company are posted through BSE Listing Centre and NSE New Listing Corp portals for investor information. The Annual Report which includes inter alia, the Director's Report, the Report on Corporate Governance, Business Responsibility Report, the Management Discussion and Analysis, Notice of AGM, Financials of the Company is another channel of communication to the Shareholders. The Company provided live webcast of the proceedings of the AGM held on July 23, 2021.

The website of the Company provides information on unclaimed dividends, compliance reports and other relevant information of interest to the investors/ public. Reminders are sent to shareholders for claiming unpaid dividend and transfer of shares to Investors Education and Protection Fund.

8. GENERAL SHAREHOLDER INFORMATION

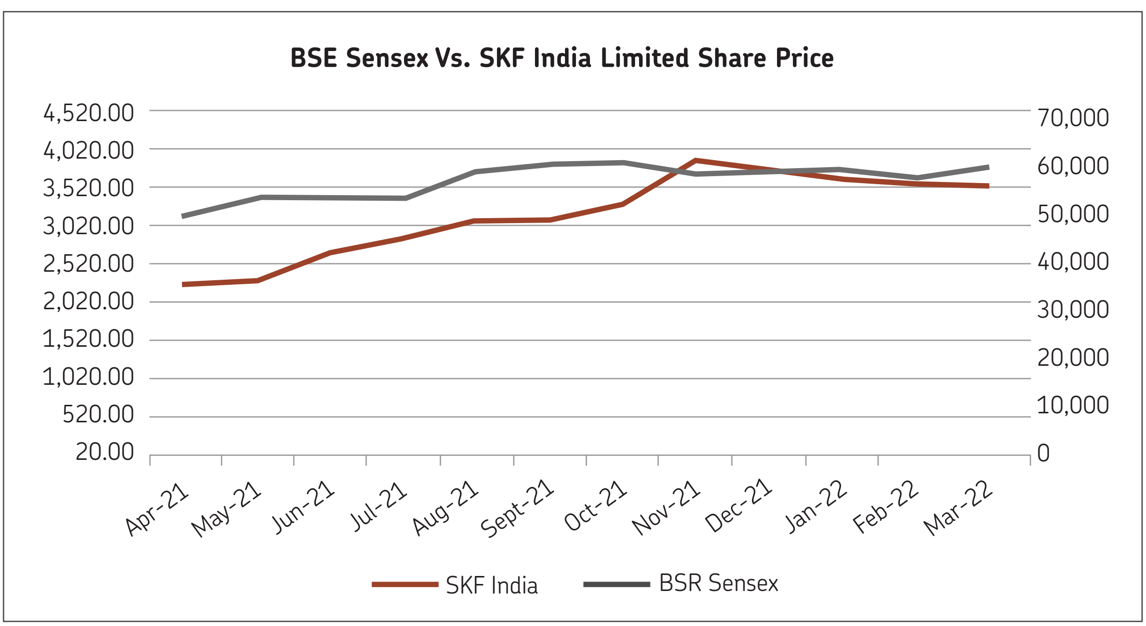
I.	Annual General Meeting – Date, Time and Venue	Wednesday, July 27, 2022, at 3.00 P.M. IST Through Video Conferencing ("VC")/ Other Audio visual Means ("OAVM")
II.	Video Conference, If Yes, Link	Yes Link is provided in Notes to the AGM Notice
III.	Financial Year	1st April 2021 to 31st March, 2022
IV.	Cut off for Dividend (if any)	Wednesday 29th June 2022
V.	Cut off for E - Voting	Wednesday 20th July 2022
VI.	Date of Dividend Payment	The Dividend, if declared at AGM will be paid on or before, 26th August 2022

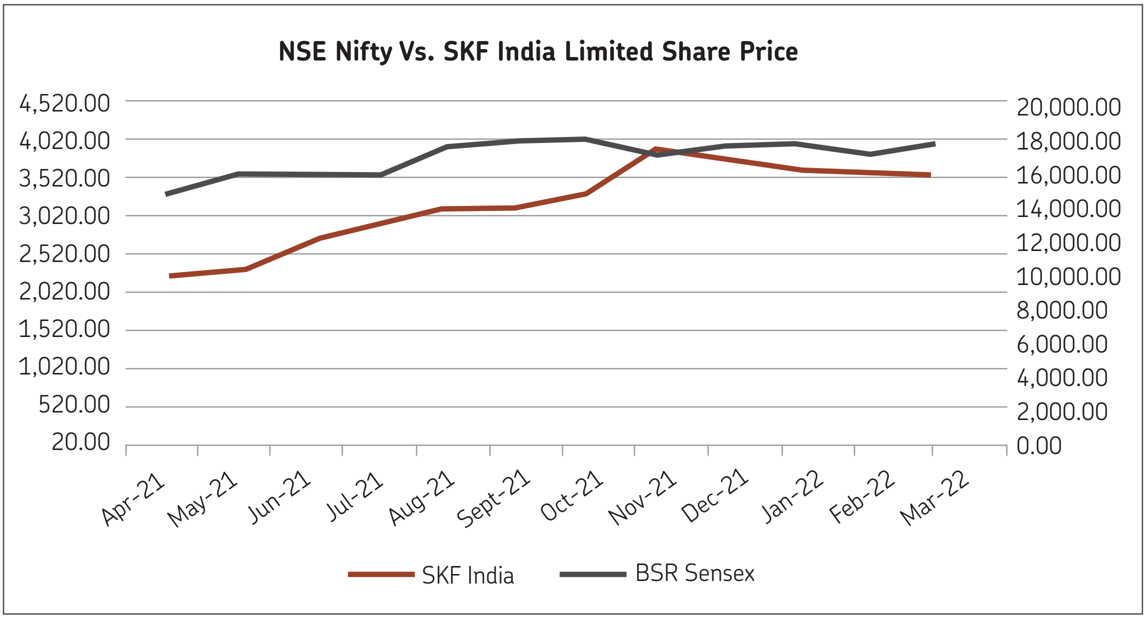
VII.	E Voting Lines open	Commence from 24th July, 2022 (Sunday) at 9:00 a.m. (IST) and ends on 26th July 2022 (Tuesday) at 5:00 p.m. (IST)	
VIII.	The name and address of each stock exchange(s) at which the listed entity's securities are listed	**BSE Ltd.** Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001, Maharashtra, India Tel No: : (022) 22721233/4, 91-22-66545695 Fax : (022) 22721919	**National Stock Exchange of India Ltd.,** Exchange Plaza, 5th Floor, Plot no.C-1,G Block, Bandra-Kurla Complex, Bandra(E), Mumbai-400051 Maharashtra, India Tel No: (022) 26598100 - 8114 Fax No: (022) 26598120
IX.	Stock Code	500472	SKFINDIA
X.	ISIN	INE640A01023	
XI.	Confirmation about payment of annual listing fee to each of such stock exchange(s);	The Company has paid Listing Fees for the financial year 2021-22 to each of the Stock Exchanges, where the equity shares of the Company are listed.	

8.1 Market price data- high, low during each month in last financial year:

Month	Price at Bombay Stock Exchange		Price at National Stock Exchange	
	High	Low	High	Low
April 21	2,479.50	2,077.50	2,288.00	2,091.15
May 21	2,514.45	2,207.70	2,519.00	2,210.05
Jun 21	2,725.00	2,303.70	2,727.00	2,302.00
July 21	3,020.00	2,503.65	3,024.00	2,502.30
Aug 21	3,095.00	2,715.00	3,100.00	2,722.25
Sept 21	3,265.00	2,860.00	3,263.00	2,855.35
Oct 21	3,440.00	3,065.95	3,440.00	3,057.30
Nov 21	4,159.30	3,281.30	4,164.00	3,280.00
Dec 21	4,245.25	3,560.95	4,239.95	3,551.95
Jan 22	4,056.30	3,619.00	4,054.00	3,615.15
Feb 22	3,807.75	3,101.00	3,840.00	3,181.35
Mar 22	3,555.45	3,108.80	3,557.65	3,111.55

8.2 Performance in comparison to broad-based indices such as BSE Sensex and NSE Nifty





8.3 No securities of the Company are suspended from the trading on platform where they are listed, hence the Directors' report contains not explanation :

8.4 Registrar to an issue and share transfer agents

TSR Consultants Private Limited (Formerly known as TSR DARASHAW CONSULTANTS PRIVATE LIMITED)
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli (West),
Mumbai 400 083
Tel.: +91 22 6656 8484; Fax: +91 22 6656 8494;
SEBI registration NO: INR 000004009
Email: csg-unit@tcplindia.co.in
Website: https://tcplindia.co.in

8.5 Share Transfer System

The shares of the Company are traded in dematerialised form as no physical transfer of share is allowed as per SEBI guidelines. As required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a certificate on yearly basis for transfer of equity shares and quarterly report on Reconciliation of Share Capital from a practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

8.6 Distribution of shareholding as on March 31, 2022

No of Equity Shares	No. of shareholders	% of shareholders	No. of shares	% to capital
1 to 500	2,161,020	4.37	40,090	94.91
501 to 1000	829,815	1.68	1,114	2.6
1001 to 2000	799,999	1.62	551	1.30
2001 to 3000	377,888	0.76	157	0.37
3001 to 4000	278,218	0.56	78	0.18
4001 to 5000	198,283	0.40	44	0.10
5001 to 10000	557,964	1.13	77	01.8
10000 and Above	44,234,776	89.47	128	0.30
TOTAL	**49,437,963**	**100**	**42,239**	**100**

8.7 Foreign exchange risk and hedging activities: Appropriate disclosure is given in Note of the Notes to the Standalone Financial Statements

8.8 Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs) etc:

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

8.10 Dematerialisation of Shares and Liquidity

The shares of the Company are traded in dematerialised form and these are available for trading system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The summarised position of shareholders in physical & demat as on March 31, 2022 is under:

Category of shareholders	No. of Shares	% of total capital issued
Held in dematerialized form in NSDL	4,61,67,363	93.384
Held in dematerialized form in CDSL	27,50,659	5.564
Physical	5,19,941	1.052
Total	**49,437,963**	**100.00**

8.11 PLANT LOCATIONS and Address for correspondence

Plants Locations:

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

Address for correspondence:

SKF India Limited

Registered Office & Corporate : Chinchwad, Pune 411 033, Maharashtra, India.

8.12 Dedicated email id for investors: To facilitate the investors to raise queries/ grievances through electronic mode, the Company has created a separate email id i.e. investors@skf.com.

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

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

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended March 31, 2022.

8.14 Details of Non-compliance -No penalty has been imposed by any stock exchange, SEBI or Any other statutory authority nor has there been any instance of non-compliance with any legal requirements, or on matters relating to the capital market over the last three years

8.15 During the year, the Company has not raised any fund through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of Listing Regulations.

9. OTHER DISCLOSURES

(a) There have been no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

(b) During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets

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

The Company affirms that no personnel had been denied access to the audit committee under Whistle Blower Policy

(d) The Company has complied with all the mandatory requirements under SEBI (LODR) Regulations, 2015, Company is also complying with non-mandatory requirement as mentioned in CG Report

(e) The policy for determining Material Subsidiaries formulated by the Board of Directors shall be disclosed on the Company's website. Below is the link for reference:- Not Applicable

(f) The policy for transactions with related party formulated by the Board of Directors is disclosed on the Company's website. Below is the link for reference https://www.skf.com/ binaries/ pub12/ Images/ 0901d19680cb2a54-Policy-on-Related-Party-Transactions-2021_tcm_12-583317.pdf

(g) Disclosure of commodity price risks and commodity hedging activities

Commodity Risk:

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

Foreign Exchange Risk:

The Company actively monitors the foreign exchange movements and takes forward covers as appropriate to reduce the risks associated with transactions in foreign currencies. The Company is a net importer and, therefore, is exposed to foreign exchange risk. However, the company does not hedge as a policy on trade account and instead tries, as far as possible, to hedge its business to protect itself against the vagaries of the currency by entering into appropriate contracts with its suppliers and customers.

(h) The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A).

(i) A certificate has been obtained from M/ s Parikh and Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority which forms part of this report.

(j) In accordance with the SEBI's Circular No. CIR/ CFD/ CMD1/ 27/ 2019 dated February 8, 2019, the Annual Secretarial Compliance Report for the year 2021-22 has been issued by M/ s Parikh & Associates, Practicing Company Secretaries, which forms part of this report.

(k) A certificate on compliance with the conditions of the Corporate Governance under the SEBI Regulations issued by M/ s. Price Waterhouse & Co Bengaluru LLP, Firm Registration Number 007567S/ S-200012, Chartered Accounts forms part of this report.

(l) The Board of Directors has accepted all recommendations of all committees of the Board, which is mandatorily required, in the Financial Year 2021-22.

(m) Brief details of the fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part:

Total fees (all services) paid by the Company on a consolidated basis to M/ s. Price Waterhouse & Co., Bengaluru LLP, Chartered Accountants, (Firm's Registration Number 007567S/ S-200012 with the ICAI), Statutory Auditors forms part of the Notes to Financial Statements.

(n) The Company has implemented policy for Prevention of Sexual Harassment of Women at Workplace.

Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy on Prevention of Sexual harassment at Workplace is available at https://www.skf.com/binaries/pub12/Images/0901d19680abcff8-PreventionOfSexualHarassmentatWorkplace_2020_tcm_12-558811.pdf

a. Number of complaints pending as on beginning of FY 2021-22 :1

b. Number of complaints filed during the year. 0

c. Number of complaints disposed of during the year. 1

d. Number of complaints pending as on end of financial year. 0

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

(o) Business Responsibility Report:

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

(p) Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount'. NIL

10. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF SUB-PARAS (2) TO (10) ABOVE, WITH REASONS THEREOF SHALL BE DISCLOSED. – NA

11. THE COMPANY HAS COMPLIED WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46.

12. THE COMPANY IS IN COMPLIANCE WITH THE DISCLOSURES REQUIRED TO BE MADE UNDER THIS REPORT IN ACCORDANCE WITH REGULATION 34(3) READ TOGETHER WITH SCHEDULE V (C) TO THE SEBI LISTING REGULATIONS.

13. DIVIDEND DISTRIBUTION POLICY

To bring transparency into the matter of declaration of dividend and to protect the interests of investors, SKF India has in place a Dividend Distribution Policy since long. The Policy was revised in line with Regulation 43A of the Listing Regulations and the Companies Act, 2013 which has been displayed on the Company's website, www.skf.com/in. The Policy is attached as '**Annexure XII**' to this report.

14. CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS:

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

The Code of Conduct for Prevention of Insider Trading lays down guidelines advising the Management, staff and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of SKF India, and while handling any unpublished price-sensitive information, cautioning them of the consequences of violations.

Mr. Ranjan Kumar, Director Ethics, Legal & Internal Audit has been appointed as the Company Secretary & Compliance Officer.

Shares held by the Directors and KMP as at March 31, 2022 are as under:

Name of Director/ KMP	No. of shares or convertible instruments held
Mr. Aldo Cedrone	Nil
Ms. Anu Wakhlu	Nil
Mr. Gopal Subramanyam	Nil
Ms. Ingrid Viktoria Van Camp	Nil
Mr. Werner Hoffmann (upto 09.2.2022)	Nil
Mr. Manish Bhatnagar	Nil
Mr. Shailesh Sharma (from 10.2.2022)	Nil
Mr. Anurag Bhagania (upto 21.2.2022)	Nil
Mr. Ranjan Kumar	Nil

15. OTHER INFORMATION FOR SHAREHOLDERS

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

In terms of the provisions of Section 125 of the Companies Act, 2013 as amended the Company is obliged to Transfer Dividends which remain unpaid or unclaimed for a period of seven years (from the date of the transfer into the Unpaid Dividend Account) to the credit of the Investor Education and Protection Fund (the Fund) established by the Central Government. Accordingly, the Company has transferred unpaid/ unclaimed dividend up to the financial year 2014 to the Fund and no claim shall lie against the Company or the Fund in respect of dividends remaining unclaimed or unpaid and transferred to the Fund. Members who have not yet encashed their dividend warrants for the years 2015 to 2021 may approach the Company for revalidation/ issue of duplicate dividend warrants as the unpaid/ unclaimed dividends for the aforesaid financial years are required to be transferred to the Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 125 of the Companies Act, 2013 after seven years from the date of declaration.

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

The Company also voluntarily sends intimations to those shareholders to whom dividend has been credited electronically, for their future reference.

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

Details of unclaimed dividend Year ending	As on 31.03.2022 (INR)
2015	905,022.50
2016	4,452,900.00
2017	3,355,050.00
2018	2,294,592.00
2019	1,993,632.00
2020	8,694,051.00
2021	2,365,507.50

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

In terms of Section 125(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer the shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government. As required under the said Rules, the Company has published a Notice in the newspapers inviting Members' attention to the aforesaid Rules. Company sends regular reminders to shareholders to claim their unclaimed dividends/ shares before it is transferred to IEPF. Shareholders may note that both the unclaimed dividends and corresponding shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed from IEPF following the procedure prescribed in the Rules. No claim shall lie in respect thereof with the Company.

Accordingly, the Company has transferred the shares in respect of which dividends had remain unpaid for a period of seven consecutive year – i.e. in respect of unpaid dividends till Year 2014. The procedure for claiming the unpaid dividend amount and shares transferred to the IEPF Authority is provided on the link: http://www.iepf.gov.in/IEPF/refund.html

16. 'GO GREEN' INITIATIVE:

The provisions of the Companies Act, 2013 and rules made thereunder permit paperless communication by allowing service of all documents in electronic mode. Further, the MCA as well as the SEBI in view of the nationwide lockdown has permitted that all communication to the shareholders may be served electronically. Accordingly, the Company would send the copy of the Annual Report for the year 2021-22 along with the notice convening the AGM through email to those shareholders whose email id is available as per registered records. As a continuing endeavour towards the 'Go Green' Initiative, the Company is sending intimation of annual report/ dividends by e-mail/ ECS to those shareholders whose e-mail addresses/ bank details were made available to the Depositories or Share Transfer Agents. Shareholders are requested to support this Green Initiative by providing e-mail addresses for receiving electronic communications.

17. The Company is in compliance with the disclosures required to be made under this report in accordance with Regulation 34(3) read together with Schedule V(C) to the SEBI Listing Regulations.

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

The Company is in compliance with applicable mandatory corporate governance requirements of the Listing Regulations. Specifically, Company confirms compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations. Also, the Company has adopted non-mandatory requirement as per details given below:

(a) The Board – The Company does not maintain a separate office for the Non-Executive Chairman.

(b) Shareholders' Rights:

The quarterly report, along with additional information and official news releases, are posted on our website, at https://www.skf.com/in The reports contain select financial data extracted from the audited standalone and consolidated financial statements. It is also submitted to the Stock Exchanges where the shares of the Company are listed. The half-yearly results are not separately circulated to the shareholders.

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

(d) Reporting of Internal Auditors : Internal Auditor reports observations to the Audit Committee and make detailed presentation at quarterly meetings.

For SKF India Limited

Bengaluru.
May 11, 2022

Gopal Subramanyam
Chairman

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of SKF India Limited

We have examined the compliance of conditions of Corporate Governance by SKF India Limited, for the year ended March 31, 2022 as stipulated in Regulations 17, 17A 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

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

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

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

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/ S200012
Chartered Accountants

Amit Borkar
Partner
Membership Number 109846
UDIN : 22109846AITOIA1566

Place: Pune
Date: May 11, 2022

ANNEXURE – III TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

For the financial year 2021-2022

1. A brief outline of CSR Policy of the Company: The Board of Directors of the Company has approved the revised Corporate Social Responsibility Policy ("Policy") on the recommendation of the CSR Committee on 14th May 2021 to accommodate the new changes in law. The Policy defines the Scope and Applicability, CSR Spend Approach, CSR Thrust Areas, Modes of Implementation, CSR Focus area, Planning, Implementation and Impact Assessment and other relevant aspects of spending CSR.

2. Composition of CSR Committee:

SL.NO	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Manish Bhatnagar	Chairperson and Managing Director	2 meetings	2 meetings
2.	Anu Wakhlu	Member (Independent Director)	2 meetings	2 meetings
3.	Gopal Subramanyam	Member (Independent Director)	2 meetings	2 meetings

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Impact assessment report (project name)	Link of reports
Skill Development Program	https://www.skf.com/binaries/pub12/Images/094c1580649f8fed-Impact-Asses_Skill-Project-report_FY21-22_tcm_12-598492.pdf

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required

Sl.No.	Financial Year	Amount available for set-off from preceding financial years (in INR)	Amount required to be setoff for the financial year, if any
1.	2019-2020	90,170,000	-
2.	2020-2021	88,600,000	(1,221,318)
3.	2021-2022	84,510,564	24,594,775/-
	Total	**263280564**	**23,373,457/-***

* Total unspent of FY 21-22 is (3) – (2).

6. Average net profit of the company as per section 135(5) – **4225 (MINR)**

7. a) Two percent of average net profit of the company as per section 135(5): INR **84,510,564/-**

   b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. **NA**

   c) Amount required to be set off for the financial year, if any: **23,373,457/-**

   d) Total CSR obligation for the financial year (7a+7b-7c).: **INR 84,510,564/-**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in INR)	Amount Unspent (in INR)				
	total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount.	Date of transfer.
84,510,564/-	23,373,457/-		NIL	NIL	NIL

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project		Project duration (in months)	Amount allocated for the project (in INR).	Amount spent in the current financial Year (in INR).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in INR).	Mode of Implementa tion - Direct (Yes/No)	Mode of Implementation Through Implementing Agency.
				State	District						Name and CSR Registration number
1	Youth Empowerment -Employment Enhancing Vocational Skills (On-going)	(ii)	N	Assam	Jorhat	48	3,445,740	2,763,460	682,280	No	Sambhav Foundation (CSR00000475)
			N					2,190,284	-2,190,284	Yes	North Eastern Knowledge Foundation
			Y	Gujarat	Baruch	36	871,936.5	841,873	30,064	No	Sambhav Foundation (CSR00000475)
			Y	Karnataka	Bengaluru	48	6,023,604	4,882,088	1,141,516	No	Sambhav Foundation (CSR00000475)
			Y	Maharashtra	Pune	36	7,403,030	7,058,922	344,108	No	TataStrive Community Initiative (CSR00002739)
			N	Gujarat	Gandhinagar	6	4,000,000	51,296	3,948,704	No	Ambuja Cement Foundation
			Y	Maharashtra	Pimpri - Chinchwad	48	3,817,950	2,952,189	865,761	No	Don Bosco Vyawasaik Prashikshan Kendra (CSR 00000686)
			Y	Uttarakhand	Haridwar	48	8,109,807	5,328,594	2,781,213	No	Sambhav Foundation (CSR00000475)
2	Promotion of Education – Scholarship for Girls (On-going)	(iii)	Y	Karnataka	Bengaluru	36	5,225,880	5,260,020	-34,140	No	United Way of Bengaluru (CSR 00000324)
			Y	Karnataka	Bengaluru	48	5,110,000	2,834,536	2,275,464	No	Preranan (CSR00002477)
			N	Maharashtra	Aurangabad	48	14,452,529	8,487,972	5,964,557	No	Grameen Shramik Prathishthan (CSR00003092)
	Promotion of Education – STEM School program (On-going)		N	Karnataka	Bengaluru	36	7,733,028	3,002,000	4,731,028		United Way of Bengaluru (CSR 00000324)
	Promotion of Education (On-going)	(iii)	Y	Gujarat	Ahmedabad	52	2,000,000	109,882	1,890,118	No	Kahaani Time Foundation
			Y	Maharashtra	Pune	36			0	Yes	
3	Environment - Ensuring Environmental Sustainability (On-going)	(iv)	N	Haryana	Gurgaon	15	4,617,060	5,899,042	-1,281,982	No	Saahas (CSR00000097)
			N	Maharashtra	Pune	48	500,000	510,000	-10,000	Yes	Green Thumb (CSR00006296)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project		Project duration (in months)	Amount allocated for the project (in INR).	Amount spent in the current financial Year (in INR).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in INR).	Mode of Implementa tion - Direct (Yes/No)	Mode of Implementation Through Implementing Agency.
	Other Ongoing projects										
4(a)	Promotion of Education Kraftsamla & COVID19	(i) and (xii)	Y	Gujarat	Ahmedabad	14	3,000,000	782,495	601,551	Yes	
			N	Uttarkhand	Uttarkashi	14		615,954		No	Habittat for India(CSR00000402)
			Y	Maharashtra	Pune	14		1,000,000		No	Swedish Chamber of Commerce India
4(b)	CSR IT Portal project (On-going)		Y	Maharashtra	Pune	5	4,200,000	1,345,182	2,854,818	Yes	Taru Leading Edge
							80,510,564	**55,915,790**	**24,594,775**		

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amounts spend of the project (in INR)	Mode of Implementa tion - Direct (Yes/No)	Mode of Implementation Through Implementing Agency.	
				State	District			Name	CSR Registration number

(d) Amount spent in Administrative Overheads: **INR 4,000,000/-**

(e) Amount spent on Impact Assessment, if applicable: **NA**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **INR 59,915,790/-**

(g) Excess amount for set off, if any: **Nil**

Sl. No.	Particular	Amount (in INR)
(i)	Two percent of average net profit of the company as per section 135(5)	84,510,564
(ii)	Total amount spent for the Financial Year	59,915,790
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in INR)	Amount spent in the reporting Financial Year (in INR).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in INR)
				Name of the Fund	Amount (in INR).	Date of transfer.	
1.	2019-2020	Nil	-	-	-	-	-
2.	2020-2021	Nil	-				
3.	2021-2022	17,685,619/-	Refer CSR CFO certificate				
	Total	**17,685,619/-**					

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration. (in months)	Total amount allocated for the project (in INR).	Amount spent on the project in the reporting Financial Year (in INR).	Cumulative amount spent at the end of reporting Financial Year. (in INR)	Status of the project - Completed / Ongoing.
1		Youth Empowerment -Employment Enhancing Vocational Skills	2018	48	3,445,740	4,953,744	37,930,582	Ongoing
			2019	36	831,936	841,873	33,818,711	Ongoing
			2018	48	6,023,603	4,882,088	37,858,926	Ongoing
			2019	36	7,403,029	7,058,922	40,035,760	Ongoing
			2022	6	4,000,000	51,296	51,296	Ongoing
			2019	36	3,817,950	2,952,189	35,929,027	Ongoing
			2018	48	8,109,807	5,328,594	38,305,432	Ongoing
2		Promotion of Education – Scholarship for Girls	2019	36	5,110,000	5,260,020	38,236,858	Ongoing
			2020	15	5,225,880	2,834,536	35,811,374	Ongoing
			2018	48	14,452,529	8,487,972	41,464,810	Ongoing
		Promotion of Education – STEM School program	2021	24	7,733,028	3,002,000	35,978,838	Ongoing
		Promotion of Education – Sports & Others	2019	36	2,000,000	109,882	33,086,720	Ongoing
			2019	36	0		32,976,838	Completed
3		Ensuring Environmental Sustainability	2020	24	4,617,060	5,899,042	38,875,880	Ongoing
			2018	48	500,000	510,000	33,486,838	Completed
4 (a) & (b)		Promotion of Education - Kraftsamla & Pratham & COVID19	2020	14	3,000,000	2,398,449	2,398,449	Ongoing
		CSR IT portal project (On-going)	2022	5	4,200,000	1,345,182	1,345,182	Ongoing
			Total		**80,470,562**	**55,915,789**	**517,591,521**	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

    (a) Date of creation or acquisition of the capital asset(s).

    (b) Amount of CSR spent for creation or acquisition of capital asset. 20 THE GAZETTE OF INDIA : EXTRAORDINARY [PART II-SEC. 3(i)]

    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).:

    o Due to pandemic (covid19) the education institutes were non-operational for the academic year FY 21-22, due to which the budgeted expenses towards Girls Scholarship program for higher education and STEM school project was not incurred.

    o Secondly due to relocation of Skill project centers the operational expenses were not incurred. The shortfall will be spent as per provisions of sections 135 of the Act.

Gopal Subramanyam
Member of CSR Committee
(Director).

Manish Bhatnagar
Chairman CSR Committee
(Managing Director)

CHIEF FINANCIAL OFFICER (CFO)/FINANCE CONTROLLER / HEAD-CSR CERTIFICATION

To,
CSR Committee/Board of Directors
SKF India Limited,

We, Ashish Saraf, Finance Controller/ acting CFO and Aparna Srivastava, Head - CSR of SKF India Limited ("the Company") have reviewed the Corporate Social Responsibility (CSR) expenditure done by the Company towards CSR obligation for FY 2021-22 ("period") and do hereby certify that:

a) During the period, the Company was required to spend **INR 84,510,564**/- i.e. two per cent of the average net profits of the company made during the three immediately preceding financial years.

b) Out of total CSR obligation, the Company has disbursed the following amount towards CSR activities during the FY 2021-22, as approved by Board on recommendation of CSR Committee from time to time:

(Detail statement enclosed as Annexure-A to this certificate)

c) The Company has spent a total amount of **INR 59,915,790**/- towards CSR for FY 2021-22 out of total CSR obligation of INR 84,510,564/- and an amount of INR 23,373,456/- is remaining unspent which shall be treated in the manner as per the applicable provisions of the Companies Act, 2013 read with rules made thereunder and the CSR Policy of the Company.

For and on behalf of
SKF India Limited

Date: 11.05.2022
Place: Pune

Ashish Saraf
Finance Controller / Acting CFO

Aparna Srivastava
Head - CSR

Annexure A to above Certificate

(Amount in INR)

S. No.	CSR Activities (Schedule VII)	Type of Project (On-going Project / Other than On-going)	Amount approved by the CSR Committee/ Board to be spent	Actual Amount Spent towards CSR in the FY 21-22	Mode of spending (Direct / Indirect)	Unspent amount, if any
1	Item no. (II)	Youth Empowerment -Employment Enhancing Vocational Skills (On-going)	33,672,067	26,068,707	Indirect	7,603,361
2 (a)	Item no. (III)	Promotion of Education – Scholarship for Girls (On-going)	24,788,409	16,582,528	Indirect	8,205,881
(b)	Item no. (III)	Promotion of Education – STEM School program (On-going)	773,3028	3,002,000	Indirect	47,31,028
(c)	Item no. (III)	Promotion of Education - Sports & Pratham projects (On-going)	2,000,000	109,882	Indirect	1,890,118
3	Item no. (IV)	Environment - Ensuring Environmental Sustainability (On-going)	5,117,060	6,409,042	Indirect	(1,291,982)
4	Other	Projects & Expenses				
(a)	Item no. (XII)	Other projects COVID-19 Kraftsmala	3,000,000	2,398,449	Direct	601,551
(b)		CSR IT Portal project (on-going)	4,200,000	1,345,182	Direct	2,854,818
		Sub total	**80,510,564**	**55,915,790**	**-**	**24,594,775**
5	(5% of budget)	Administrative Expenses (5% of CSR budget)	4,000,000	4,000,000*1	Direct	-
		Overspent of FY 2020-2021(less)			Direct	(1,221,318)
	Total	**FY 21-22**	**84,510,564**	**59,915,790**		**23,373,456*2**

*1 Administrative overhead of INR 4,000,000/-

*2 SKF CSR Unspent of FY 21-22, including NGO unspent

Note: Total unspent CSR amount for FY-2021-22 is INR 23,373,456/-. The SKF India Limited CSR Unspent Account for FY 2021-22 has balance as on 30th April, 2022 of INR 17,685,619/- .

As on 30th April, 2022 Unspent CSR amount of INR 4,150,647/- from two NGOs and unspent CSR amount of INR 1,537,190/- from SKF India Ltd are under process.

Ashish Saraf **Aparna Srivastava**

ANNEXURE – IV TO THE DIRECTORS' REPORT

FORM NO. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. **Details of contracts or arrangements or transactions not at Arm's length basis-** NIL,

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

Sr. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board, if any	Amount paid as advances, if any
1	SKF GMBH Fellow Subsidiary Co. (under the common control of AB SKF)	Transactions relating Administrative & Service fees, reimbursement received, reimbursement paid, Purchase of Capital Goods & Services, Purchase of raw material, components, Spare & finished goods, Sales of goods and services.	FY 2021-22	The transactions are entered as ordinary course of business. The detailed information forms part of the notes to financial statements for the financial year 2021-22	5 February, 2021	NIL

For and on behalf of the Board
SKF India Limited

Gopal Subramanyam
Chairman
DIN: 06684319

Place: Bengaluru,
Date: 11th May, 2022

ANNEXURE – V TO THE DIRECTORS' REPORT

FORM NO. AOC-1

Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries : There are no subsidiaries of the Company

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

MINR

Particulars	Name 1
Name of Associates/Joint Ventures	M/s. Sunstrength Renewables Private Limited
1. Latest audited Balance Sheet Date	31.12.2021
2. Shares of Associate/Joint Ventures held by the company on the year end	
No	0.30
Amount of Investment in Associates/Joint Venture	24.78
Extend of Holding %	26.7372%
3. Description of how there is significant influence	The Company has invested in the special purpose vehicle company, for purchase of electricity generated from captive solar power project, for Pune Plant of the Company in the year 2020.
4. Reason why the associate/joint venture is not consolidated	N.A.
5. Networth attributable to Shareholding as per latest audited Balance Sheet	22.7
6. Profit / Loss for the year	
i. Considered in Consolidation	-1.7
i. Not Considered in Consolidation	-4.64

Note : The above details are furnished as per the Unaudited Financial Statements of the Associate Company as on 31.3.2022

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

Gopal Subramanyam
Chairman
Place : Bengaluru

Manish Bhatnagar
Managing Director
Place : Pune

Ashish Saraf
Chief Financial Officer
Place : Pune
Date: May 11, 2022

Ranjan Kumar
Company Secretary
Place : Pune

ANNEXURE – VI TO THE DIRECTORS' REPORT

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

To,
The Members,
SKF India Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed, opinion and other records maintained by the company, to the extent the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2022, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the Company during the audit period)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

(vi) Other laws applicable specifically to the Company namely:

a. Factories Act, 1948

b. Contract Labour (Regulation & Abolition) Act, 1970

c. Industrial Laws

d. Environmental and Prevention of Pollution Laws

e. Legal Metrology Act, 2009

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

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

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

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above. The Company has spent an amount of INR 6.11 crores out of the amount of INR 8.45 crores to be spent during the year.

We further report that:

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

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

Decisions at the Board Meetings were taken unanimously.

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

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

For **Parikh & Associates**
Company Secretaries

Jigyasa N. Ved
Partner
FCS No: 6488 CP No: 6018

Date: 11.05.2022
UDIN: F006488D000300056

Place: Mumbai
PR No.: 1129/ 2021

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

'Annexure A'

To,
The Members
SKF India Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh & Associates**
Company Secretaries

Jigyasa N. Ved
Partner
FCS No: 6488 CP No: 6018
UDIN: F006488D000300056
PR No.: 1129/ 2021

Place: Mumbai
Date: 11.05.2022

ANNEXURE – VII TO THE DIRECTORS' REPORT

SECRETARIAL COMPLIANCE REPORT OF SKF INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2022

To,
SKF India Limited
Chinchwad,
Pune 411033

We Parikh & Associates have examined:

a) all the documents and records made available to us and explanation provided by SKF India Limited ("the listed entity"),

b) the filings/submissions made by the listed entity to the stock exchanges,

c) Website of the listed entity,

d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March, 2022 ("Review Period") in respect of compliance with the provisions of :

a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations (including amendments, modifications from time to time), whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the company during the review period)

c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;(Not applicable to the company during the review period)

e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the company during the review period)

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the company during the review period)

g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013; and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the company during the review period)

h) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

i) The Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018; and circulars/ guidelines issued thereunder;

and based on the above examination and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby report that, during the Review Period:

a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

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

b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.

c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
		-----------------------------------		

d) The listed entity has taken the following actions to comply with the observations made in previous reports:

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

For **Parikh & Associates**
Company Secretaries

Jigyasa N. Ved
Partner
FCS No.: 6488 C P No.:6018
UDIN: F006488D000300067
PR No.: 1129/ 2021

Place: Mumbai
Date: 11.05.2022

ANNEXURE – VIII TO THE DIRECTORS' REPORT

CERTIFICATE

To,
SKF India Limited
Chinchwad,
Pune 411033

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SKF India Limited** having CIN **L29130MH1961PLC011980** and having registered office at Chinchwad, Pune 411033 (hereinafter referred to as 'the Company'), produced before me/ us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of Appointment in Company *
1.	Anu Arun Wakhlu	00122052	16/ 05/ 2019
2.	Subramanyam Gopal	06684319	16/ 05/ 2019
3.	Manish Bhatnagar	08148320	16/ 08/ 2018
4.	Aldo Cedrone	08455073	17/ 05/ 2019
5.	Ingrid Viktoria Van Camp	08945782	16/ 11/ 2020
6.	Shailesh Kumar Sharma	09493881	10/ 02/ 2022

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

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

For Parikh & Associates
Practising Company Secretaries

Jigyasa N Ved
Partner
FCS: 6488 CP: 6018
Mumbai, 11.05.2022
UDIN: F006488D000300078
PR No.: 1129/2021

ANNEXURE – IX TO THE DIRECTORS' REPORT

Statement of Disclosure of Remuneration

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

(A) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2021-22; the percentage increase in remuneration of each Director

Name of Director / KMP	Designation	Ratio of remuneration of each Director/Chief Financial Officer/Company Secretary to the median remuneration	Percentage increase in remuneration (%)
Gopal Subramanyam	Non- Executive Chairman, Independent Director	2.02	112.20%
Manish Bhatnagar	Managing Director	30.42	58.96%
#Anurag Bhagania (upto 22.2.2022)	CFO Director Finance	10.00	6.65%
Ranjan Kumar	Company Secretary	5.58	8.00%
Anu Arun Wakhlu	Independent Director	1.68	110.69%
Aldo Cedrone	Non-Executive	NA	NA
Ingrid Viktoria Van Camp	Non-Executive	NA	NA
Werner Jurgen Dietrich Hoffmann (upto 09.02.2022)	Non-Executive	NA	NA
*Shailesh Sharma (From 10.02.2022)	Whole Time Director	8.14	30.27%

*Appointed during the year

Ceased during the year

(B) **The percentage increase in remuneration of Chief Financial officer (CFO) and Company Secretary (CS) in the financial year 2021-22:** 6.65% and 8% respectively.

(C) **The percentage increase in the median remuneration of employees in the financial year 2021-22** was 8.76%

(D) **The number of permanent employees on the rolls of company** was 1681

(E) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average percentile increases already made in the salaries of employees other than the managerial personnel (Directors & KMP) in the last financial year was 8.27% and its comparison with the percentile increase in the managerial remuneration i.e. 25.97% and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

(F) **Affirmation that the remuneration is as per the remuneration policy of the company;**

We hereby, affirm that remuneration paid to the Employees, Directors & Key Managerial Personnel is as per the Remuneration Policy of the Company. The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection and any Member interested in obtaining a copy of the same may write to the Company Secretary

For and on behalf of the Board
SKF India Limited

Gopal Subramanyam
Chairman
DIN: 06684319

Date: May 11, 2022
Place: Bengaluru

ANNEXURE X – TO THE DIRECTORS' REPORT

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO DISCLOSURES

A. CONSERVATION OF ENERGY

The year 2021-22 saw sudden increase in production volume compared to last year. The energy demand also picked up inproportion to production. As SKF India is committed towards sustainable growth, major initiatives were undertaken to improve energy efficiency of the equipment and identification and elimination of energy losses in value added and non-value-added processes.

1. THE STEPS TAKEN OR IMPACT ON CONSERVATION OF ENERGY;

Following important energy conservation activities were carried out at Pune, Bangalore and Haridwar plants.

1.1 Pune Plant

- In line with ISO50001 guidelines, identified significant energy users in the manufacturing processes such as grinding channels 36%, Heat treatment 21%, Centralized utilities 19%, Compressors 18% and others 6% through energy review process.
- Identified and completed 67 energy saving activities and projects to reduce both fixed and variable energy component.
- Specific electrical energy consumption was reduced from 15.3 for FY 2020-21 to 14.7 FY 2021-22 MWH/MINR VASC GWH, 4% reduction over 2020-21.
- As a part of SustEn six sigma umbrella project, identified and closed more than 750 compressed air leakages, reducing the specific energy consumption of compressors from 0.148 KW/CFM to 0.144 KW/CFM.
- Online real time energy monitoring system deployment resulted in various energy saving projects identified in centralized utility systems, grinding channels and heat treatment areas.
- Heat treatment furnace insulation revamping carried out for 3 furnaces resulting into reduced thermal losses and subsequent energy consumption reduction.
- All prewashing units on all the furnaces were modified with adequate PLC control systems with PID control system for washing media and hot air blowers resulting into energy saving of 0.11 GWH yearly.
- As the energy billing system was changed from KWH to KVAH rating, special focus was given to maintain power factor at 0.997 to maintain KVAH as low as possible.

1.2 Bangalore

- Specific electrical energy consumption was reduced from 16.7 FY 2020-21 to 16.3 FY 2021-22 MWH/MINR VASC GWH, 2.5% reduction over 2020-21.
- Installed new variable speed compressor for better optimization of energy at part loads at low as well as high pressure networks with operating range of 200 to 755 CFM with specific energy from 0.148 to 0.122 KW/CFM.
- Auto tube cleaning machine for chiller condenser. This machine is installed to maintain the condenser efficiency without reducing. Energy saving of around 5000 unit/year.
- Installed new efficient white spirit pump. Installed 4 percent higher efficiency pump. Energy saving of around 72000 units/year. Bangalore plant Lighting system completed 65% LED, 100% By end of 2021 with an investment of 4 MINR.
- Identified round 16 Energy conservation project with savings 19 MINR.
- Installed on Servo Work Head Up Gradation replacing 2.2 KW induction type motor with 1KW servo motor.

1.3 Haridwar

1. Assembly machines power pack motor optimization. (HHE and Laucage machine's)
2. Energy saving by reduction of compressor air leakage at plant, Approx.- 286 major leakage points.
3. Admirative control by communize the offices and complete stops of AHUs of administrative block.
4. Reducing energy consumption by modification in conveyor systems, elimination of motorized system to gravity flow system in assembly machines.
5. Reduction of energy consumption in CL-660 machine by changing the operation logic from star delta to star connections.

6. Energy Consumption reduction MWH/K bearing is 9.2% over 2020.

2. THE STEPS TAKEN BY THE COMPANY FOR UTILIZING ALTERNATE SOURCES OF ENERGY;

SKF India is committed to maximize renewable sources Such as Solar, Hydal and wind in Pune, Bangalore and Haridwar respectively .

Pune

- SKF Pune started receiving farm solar power through Captive Solar power purchase agreement through off site solar project of 8.4 MW capacity from 1st April 2021 catering to 30% of its total yearly energy requirement.
- In the FY 2021-22, SKF Pune received 11.9 GWH of farm and roof top solar power which is 33% of total power requirement.

Bangalore

In the FY 2021-22, SKF Bangalore received 17.7 GWH of farm and roof top solar power which is 88% of total power requirement.

Haridwar

Preassessment for rooftop and ground mount solar panel done.

3. THE CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENTS;

All the energy saving projects completed in this financial year in Pune, Bangalore and Haridwar are completed on revenue budget.

B. TECHNOLOGY ABSORPTION

1. THE EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION OF THE COMPANY

1.1 Pune

Product and Process Development / improvement and Import Substitution

- Truck HUB Unit (THU1s) developed for commercial vehicle and series Production started. This launch is done with complete local supply chain and robotic technology assembly setup developed in India.
- New channel mDGBB Range (52-100 mm) based on Low noise technology installed and series production started.
- Self-Aligning Ball Bearing (SABB) product manufacturing technology successfully transferred to Pune and Series supply started.
- mDGBB (100-140 mm) capacity addition done by adding new machines.
- Robotized paring and assembly successfully done for Taper HUB bearing.
- Pinion Unit developed for Trucks ramp up done with robotic assembly setup.

1.2. Bangalore

Improvements done for Product Improvements through use of upgraded Technologies

- New DGBB Manufacturing transfer channel Installation to increase capacity by 10 million brg. completed.
- New channel- assembly machines were locally designed and developed
- Oil recovery system introduced One channel.
- Greasing and weighing Machine from imported Italy installed.
- Electronics upgradation from MTC to NEW PLC system – 50 nos
- Local development of FACE grinding machines
- Grinding 2 Ring per Cycle Machine developed and Installed in on channel Ch 8

New Products developments

- Three No. Value Added Solution -New products Launched.
- One Flange roller for Electric customer launched.
- Steering column with SOBC for Electric scooter launched
- Drum support unit for washing machines developed and series production started.

Improvements for Cost reduction

- CBN wheel Introduction to increase the speed from 1000 to 1800 per hr
- Various Grinding stock reduction projects completed

1.3. Haridwar

Product and Process Development/improvement and Import Substitution:

- Total 17 New Variants started to Supply to OEM's.
- Application Specific Offers (ASO) developed for Two Wheeler wheel end series supply started.

Product and Process Development/improvement and Import Substitution:

- Total 17 New Variants started to Supply to OEM's.
- Application Specific Offers (ASO) developed for Two Wheeler wheel end series supply started.

Cost reduction:

- Integrated cost reduction (ICR) Projects completed to save the Direct Material cost.
- Projects on reducing tooling cost, abrasive cost and repair and Maintenance cost completed.

2. (II) THE BENEFITS DERIVED LIKE PRODUCT IMPROVEMENT, COST REDUCTION, PRODUCT DEVELOPMENT OR IMPORT SUBSTITUTION;

Pune

- Ten Taper Roller Bearing (TRB) and three new Wheel HUB bearing types products Launched.
- Self Aligning Ball Bearing (SABB) 16 Material family Product Transferred and successfully launched.
- Taper HUB Bearing -Robotic paring and assembly setup developed and series supply started.

3. (III) IMPORTED TECHNOLOGY

Pune

- New Channel based Low Noise technology is imported year 2021 and technology fully absorbed.
- Grinding and Honing machine for mDGBB (OD 100-140MM) is imported in 2021 and technology fully absorbed.

Haridwar

- Three Set of New Honing Machine for Outer Ring from Italy installed for three different Channels, ramp up in process and full technology absorption by 2022.
- Greasing & Capping Machine and bearing Inspection Machine Installed & Validated in sDGBB channel absorbed in 2021.

(IV) THE EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT:

Research and Development is done at group level.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- The Company continues to explore new product range to the overseas customers. Major Exports are to automotive OEMs & Industrial aftermarket in Europe and also to Automotive & Industrial aftermarket customers in Asia, Brazil and USA. In the current year, we developed and launched many new products for European and Asian automotive customers and volumes have ramped up in second half of 2021 onwards. This helped to increase exports. Exports is ₹. 4075 MINR which is about 11% per cent of the total sales. SKF factories in SEA region and Europe were facing strong demand and these factories requested SKF India factories for support production. This was one more reason for higher export.

  In 2021 export was higher by 1340 MINR compared to 2020

- The information on foreign exchange earnings and outgo is as below:

  Earnings in foreign exchange is ₹. 4,662 MINR which is about 13% per cent of the total sales, comprising of exports of ₹. 4,075 MINR and technical and other service income and reimbursement of expenses ₹. 587 MINR.

- Outgo in foreign currency-purchase of finished products ₹ 12,018 MINR; purchase of components, stores, capital goods ₹ 2,256 MINR; royalty ₹ 571 MINR, trademark fee ₹ 360 MINR, IT services ₹ 314 MINR, professional fees, travel and other expenses ₹. 58 MINR and dividend remitted ₹. 377 MINR.

For and on behalf of the Board
SKF India Limited

Gopal Subramanyam
Chairman
DIN: 06684319

Place : Bengaluru
Date : 11th May 2022

ANNEXURE – XI TO THE DIRECTORS' REPORT

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

Pursuant to the regulation 26 (3) read with part D of the Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 I hereby declare that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management for the Financial Year ended 31st March 2022.

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

Place: Pune
Date: 11th May 2022

MANISH BHATNAGAR
Managing Director
DIN: 08148320

ANNEXURE – XII TO THE DIRECTORS' REPORT

DIVIDEND DISTRIBUTION POLICY

I. INTRODUCTION

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

II. BACKGROUND

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

III. OBJECTIVE

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

a. Defining the internal and external factors that shall be considered in the dividend decision

b. The financial parameters affecting the dividend decision

c. Policy regarding the utilization of retained earnings

d. The circumstances leading to the declaration of dividend or the lack of dividend.

IV. PHILOSOPHY OF THE POLICY

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

V. PRINCIPLES GUIDING DIVIDEND DECISION

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

1. Reported Net Profit after Tax (PAT) available for distribution in the financial statements prepared in accordance with prescribed accounting standards for the current period.

2. Accumulated profits brought forward from prior years, available for dividend distribution, in accordance with the provisions of the Companies Act, 2013

3. Liquidity position and availability of free cash flows

4. Committed and projected cash flow needs to finance forecasted capital expenditure, network expansion, working capital requirements of the business, organic and inorganic growth opportunities

5. Optimal level of free cash to fund any emergencies in future

6. Earnings stability and fluctuations in business cycles

7. Regularity and stability in dividend payment

8. Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws, taxation policy

9. Contractual obligations / debt repayments, if any

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

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

VI. PROCESS FOR DECLARATION OF DIVIDEND

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

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

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

VII. AMENDMENTS TO THIS POLICY

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

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

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulations 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

INTRODUCTION

SKF is dedicated to delivering sustainable results via its business and business conduct. SKF Care is the Group's sustainability framework covering the business, environment, employee and community dimensions.

We have embarked on the journey of developing this Business Responsibility report (BR) based on the suggested framework of SEBI.

This is our sixth year of publishing the BR report and we consider this as an opportunity to showcase our performance and progress across Environmental, Social and Governance aspects. Through this report, we are committed to monitoring and reporting on the non-financial parameters and thereby maintaining confidence and trust of all our stakeholders.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company:

   L29130MH1961PLC011980
2. Name of the Company: SKF INDIA LIMITED
3. Registered address: Chinchwad, Pune 411 033, Maharashtra.
4. Website: https://www.skf.com/in
5. E-mail id: investors@skf.com
6. Financial Year reported: 2021-22
7. Sector(s) that the Company is engaged in (industrial activity code- wise): class sector

Class	Sector
2814	Bearings and its component

8. List three key products/services that the Company manufactures /provides as per the Balance Sheet for the financial year ended March 31, 2022

   Following are the Key products provided by SKF India Limited as per the Balance Sheet for the financial year ended March 31, 2022:

   1. Ball Bearing
   2. Hub Bearing
   3. Taper Roller Bearing

4. Total number of locations where business activity is undertaken by the Company

   (a) Number of International Locations - None

   (b) Number of National Locations – 3 Manufacturing Locations (Pune, Bengaluru and Haridwar). SKF India is having branch offices in major metro cities.

9. Markets served by the Company – SKF India Limited is present across the country and serves other group companies outside India.

SECTION B: FINANCIAL DETAILS OF THE COMPANY (ALL VALUES IN INR)

1. Paid up Capital – ₹ 494,379,630/-INR
2. Revenue from operations – 36,658,892,546 INR
3. Total profit after taxes – 3,949,606,237 INR
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.45% of average net profit for previous 3 years.
5. List of activities in which expenditure in 4 above has been incurred.

   The above expenditure has been incurred in the following activities:

   a) Skill development program (Employment Enhancing Vocational Skills)

   b) Skill development program (Livelihood Enhancement)

   c) Girls Scholarship program (Empowering Women)

   d) Education: WeGyaan (STEM School Program)

   e) Environmental program (Ensuring Environmental Sustainability)

   f) Sports Education program (Training to Promote Nationally recognized Sports)

   g) Other Projects (Promotion of Education).

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

- No.

2. **Whether the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**

   Not Applicable

3. Whether any other entity/entities (e.g., suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?

As part of Suppliers and distributors Code of conduct, SKF has done the awareness about key Business responsibility actions. The code of conduct is signed by all the suppliers and distributors.

4. If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30- 60%, More than 60%]

More than 60% of direct material suppliers have participated in business responsibility actions.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

Name	DIN number	Designation
Mr. Manish Bhatnagar	08148320	Managing Director

b) Details of BR head

Sr. no	Particulars	Details
1.	DIN Number (if applicable)	
2.	Name	Aparna Srivastava
3.	Designation	Head of Communications, Sustainability & CSR
4.	Telephone number	Tel: +91 (124) 4705004
5.	e-mail id	aparna.srivastava@skf.com

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

S. No.	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policy for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	The links for the policy to be viewed online are provided below: P1, P9 – The links for the policy to be viewed online are provided below: • P1 to P9 common for all https://www.skf.com/binaries/pub12/Images/0901d19680bccd5f-The-Code-of-Conduct-Handbook-SKF-in-India_tcm_12-567931.pdf • P1- https://www.skf.com/binaries/pub12/Images/0901d196809a699a-Vigil-Mechanism-Policy-April-2019_1115_tcm_12-526427.pdf • P2 & P6 - https://www.skf.com/binaries/pub12/Images/094e1bb46354cddc-Group-EHS-Policy_SKF_tcm_12-595022.pdf • P2 - https://www.skf.com/binaries/pub12/Images/SKF%20Code%20of%20Conduct%20for%20suppliers%20and%20sub-contractors_English%20version%201_tcm_12-45396.pdf#cid-45396 • P8 – https://www.skf.com/binaries/pub12/Images/0901d19680cb2f37-SKF-India-CSR-Policy-2021_tcm_12-583398.pdf • P9 - https://www.skf.com/binaries/pub12/Images/094fc3b8be9b69dd-20-0102---Quality-poster_210702_tcm_12-595156.pdf								

S. No.	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

- These policies have been approved by the Board or, by the Managing Director under the authority of the Board.

2a. If answer to Sr.no 1 against any principle, is 'No', please explain why:

S No	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within the next 1 year									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

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

A detailed assessment is carried out by the Board of Directors once in a year. Limited assessment / review of different elements of BRR is carried out every quarter during the Board Meeting, as part of MD's presentation to the Board. Country Management Team conducts several such reviews / assessments periodically under the guidance of Managing Director.

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

The Company publishes its BR Report every year, which forms part of its Annual Report.

Link: (BR Report for financial year 2020-21 (Refer Page number 104-119 of Annual Report) https://www.skf.com/binaries/pub12/Images/0901d19680cbb7e8-Annual-Report-2020-21_tcm_12-583838.pdf

SECTION E: PRINCIPLE-WISE PERFORMANCE.

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

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

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

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

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

- To society
- To our shareholders

We have also formulated a comprehensive Code of Conduct for our suppliers and sub-contractors which is extended to NGOs as well.

The objective is to remain committed and vigilant towards ethical conduct of business processes. The objective is to increase the understanding and instill a sense of ownership amongst the employees & business partners.

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

   We have developed a stringent process to enable our stakeholders to raise / share their concerns (if any) without any fear of retaliation. The process is working effectively resulting in continuous receipt of such concerns on an ongoing basis. All such concerns are handled / addressed appropriately within pre-determined timeline and necessary disciplinary / corrective steps are taken to mitigate future risks.

   We also have a strong mechanism to resolve investors queries. Details of investors queries and correspondence done during the year is shown in the Corporate Governance Report of the Company. During the FY 2021-22, 1155 correspondences were received by the Company out of which 95% correspondences were replied to the satisfaction of the investors. 14 have been attended by 07th April 2022 and the remaining queries were closed by 15th April 2022.

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

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

   SKF endorses both the Universal Declaration of Human Rights and the Global Compact, having Human Rights as an integral part of how SKF conducts its business.

   Furthermore, SKF also adheres to international guidelines such as the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Companies and the International Chamber of Commerce (ICC) Charter.

   Some examples of our Group products, designed in accordance with the above principles are produced and sold in India, as indicated below:

Sinter wheel application: For one of the leading steel manufacturing company in India, we have designed a Sinter wheel application which shall reduce the grease consumption by 62% throughout the life cycle.

The application shall also increase the Mean time between failure (MTBF) from 6 month to 3 years. The solution shall reduce consumption of grease, contamination ingress and results in lower total cost of ownership to customer.

Integrated Lubrication management: One of the leading sugarcane processing companies was facing the issue of inadequate lubrication and subsequent bearing failure in various equipment resulting in reduced overall plant performance. We offered comprehensive performance-based lubrication management and supply services for the plant, ensuring zero bearing failure because of inadequate lubrication. This is helping customer get resources efficiency by reduction in bearing failures and lubrication consumption.

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

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

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? What percentage of your inputs was sourced sustainably?**

   Our EHS policy outlines guidelines for conservation and safeguarding of energy, water and natural resources for the entire supply chain and promotes green procurement.

All the raw materials for our manufacturing are sourced through steel mills. In India, the steel mills are actively participating in sustainability initiatives and developments. Two of the steel mills and four major suppliers are certified for ISO 50001:2011 (Energy Management System). This has resulted in 80% of our steel procurement through sustainable sourcing. Moreover, 80% of our capital expenditure procurement is conducted through sustainable sourcing.

SKF's EHS Policy requires suppliers and sub-contractors to adopt the principles of this policy. Suppliers and sub-contractors are made aware of the policy through various means (contract, trainings etc.) and are expected to work according to SKF specifications.

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

Yes. Localization is an important element of our strategy. We encourage our local (within India) suppliers to improve their capability and conduct various audits like:

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

We have initiated various supplier development programs and trainings (APQP, PPAP, 8D, LSQ, FSD programme, green flow: direct online); including fire safety programmes, contract labour management programmes in steel mill etc., thus helping our suppliers improve their capability and capacity. All the Initiatives are focused on Direct Material suppliers as they are the maximum contributors in purchasing procurement. However, for Indirect Material commodity also we promote local & small producers which include packaging & tooling suppliers. Local & small producers contribute 50% of IDM buying value & 75% as Localization value (within India buying).

SKF has conducted workshops for local vendors focusing on spreading awareness on Code of Conduct, its need in the modern day and the legal requirements embedded in CoC4S. SKF values the contribution of local vendors in its businesses. Hence, we have conducted workshops for local vendors. In the year, 2021, the key focus was on capacity & capability building of the tooling suppliers in and around SKF Pune location. The following topics were covered: Kaizen/GD & T/Legal Compliances/SKF Code of Conduct for Suppliers & Sub contractors/Usage of Purchasing system /Communication for successful business practices/Quality required for sustenance in market.

5. **Does the company have mechanism to recycle products and waste? What is the percentage of recycling waste and products?**

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

Principle 3: Businesses should promote the wellbeing of all employees

Our employees are our most important assets, and we undertake several initiatives to foster a culture of continuous growth and development. It is our constant endeavour to empower them with safety and skill-upgradation trainings for professional and personal development.

We recognize that our success is the outcome of the competence and commitment exhibited by our employees to drive business. We are committed to providing an environment that is conducive for continuous development and wellbeing of all our employees. All our policies and practices promote this commitment. Our policies on leave, higher education, health care, career progression, flexible work hours, maternity / paternity benefits, multi-skill development, grievance redressal, human rights and employee relations are focused on ensuring overall well-being of our employees.

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

We have sponsored "Employee Assistance Program" designed to address personal or family problems, such as mental health, substance abuse, addictions, marital problems, parenting issues, emotional problems, or financial or legal concerns. This is an independent counselling and resource service available 24/7 to employees via phone, e-mail, or live chat. The objective is to aid employees on personal issues that could interfere with overall health, happiness, and work.

It provides counselling and family support, including legal and financial information. The personal information is kept confidential.

1. Please indicate the Total number of employees. 1681
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. Temporary employees(Trainee) – 825 Contractual employees - 1453
3. Please indicate the Number of permanent women employees – 67
4. Please indicate the Number of permanent employees with disabilities - 1

Benefits for employees:

The permanent employees in management cadre can avail benefits related to leave, health insurance, higher education, flexi working time, superannuation scheme, travel, health checks etc. The unionized employees are governed by agreements reached in wage settlements for various benefits. For the temporary employees we ensure that leave, PF, gratuity, holidays, ESIC are compliant to the provisions of the law. We provide canteen and transport facility to our temporary and permanent employees likewise. 74 employees have received parental leave (Maternal/Paternal) benefits.

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

Yes. We have employee associations that are recognized by the management at Pune, Bangalore and Haridwar factories.

There is no multiplicity of unions in the factories and all unions follow a democratic way of functioning, with periodic election of office bearers, committee, and general body meetings. Management supports the unions in conducting the elections peacefully during working hours. SKF believes in nurturing the union and organizes various programs for the development of the union leaders and its members. Two members of the leadership team from Pune union attend the 'World Council of Unions' meetings in Europe every year. Union and Management collaboration workshops are organized for strengthening the partnership in running the business.

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

53 % of our permanent employees are members of the recognized employee associations.

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

S. No.	Category	No of Complaints filed during the financial Year	No of complaints pending as on end of this financial year
1	Child labor/ forced labor/ involuntary labor	0	0
2	Sexual harassment	0	0
3	Discriminatory employment	0	0

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

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

Higher Education Policy (DISHA): SKF has a higher education policy to support employee learning in courses such as MBA and M Tech. We believe in training our employees on a variety of behavioural competencies. To facilitate skill development and training, all three factories have dedicated training centres named as "Kushal". These centres ensure continuous skill upgradation and technical knowledge enhancement among employees. Multi-skill development is an initiative to tap the potential of employees and enhance flexibility. Our factories at Pune and Haridwar have structured policies for promoting multi-skill development among employees and improve flexibility in operations. All permanent and temporary employees undergo structured classroom and on-the-job induction programs. Our contractual employees also receive training from their contractors on the specific areas of their job.

SKF College Campus: At Pune, we have a learning centre (One of 5 such centres worldwide), where we design and deploy variety of technical / behavioural competency development, leadership development and high potential employee development programs. The objective of these programs is to equip our employees with the right skills and capabilities to deliver as expected. We also offer a combination of local and global development programs to ensure employees have the right opportunities to develop themselves and grow in the organization.

Performance and Career Development: We have a structured online process for Performance Management of the staff. Impetus is placed not only on the goal achievement by the employees but also on the behaviour exhibited. Structured programs are conducted for critical talent development and succession planning.

Average hours of training on:		Employees at Management level		Employees at non-Management level		Temporary Employees		Contractual Employees		Permanent Employees with Disabilities	
		M	F	M	F	M	F	M	F	M	F
a)	Safety	1	1	1	0.5	6	8	0.5	0.5	0.5	0
b)	Skill Upgradation	8	8	5	2	35	58	0.5	0.5	0.5	0
c)	Others Management trainings	16	22	0	0	0	0	0	0	0	0

We consider our employees to be our most important assets and undertake initiatives to foster a culture of continuous growth. It is our constant endeavour to empower them with safety and skill-upgradation trainings to motivate professional and personal development. In SKF India last year we had five recordable accidents. All major actions for the avoidance of similar accidents in future has been carried out and subsequent communication and trainings have been completed. Following are the key training initiatives:

We have created Skill Matrix for workmen for yearly skill assessment and identifying training needs. For management staff, we have Individual Development Plan in place. The Circle Leader model in the Pune factory gives the capable operators an opportunity to exhibit their leadership capabilities in teams. We have various leadership development programs such as Manage, lead and coach program in place.

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

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

Our internal stakeholders are our employees (contractual and temporary employees), whereas our external stakeholders are our customers, distributors, suppliers, and community. We engage with our stakeholders on a regular basis to understand and address their concerns, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.

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

List the Stakeholder Engagements in the reporting period	Major topics covered in the Stakeholder Engagement	Frequency of the Stakeholder Engagement
All stakeholder	Stakeholder Engagement survey and Material issues of stakeholders.	Once in three years.
Investors	Analyst Meet	Two times in a year.
Customers	Customer meets / Distributor's exhibitions	Quarterly
Customer	Site visit for physical verification of bearings and customer awareness for	Monthly
Distributors	Training on Handling Anti-counterfeit issues to Authorized distributors	Monthly
Distributor Meet	Distributors meet	As and when required

List the Stakeholder Engagements in the reporting period	Major topics covered in the Stakeholder Engagement	Frequency of the Stakeholder Engagement
Supplier Meet	Supplier Strategy, Net zero	As and when required
Retailers	Training on Handling Anti-counterfeit issues to Retailer	Monthly
Customers	Customer Dossiers	Monthly

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

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

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?

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

a) Skill development program (Employment Enhancing Vocational Skills)

b) Skill development program (Livelihood Enhancement)

c) Girls Scholarship program (Empowering Women)

d) Education: WeGyaan (STEM School Program)

e) Environmental program (Ensuring Environmental Sustainability)

f) Sports Education program (Training to Promote Nationally recognized Sports)

g) Other Projects (Promotion of Education).

Principle 5: Businesses should respect and promote human rights.

Upholding and protecting human rights principles and labour standards, within our organization and our value chain are of the utmost importance to SKF. We ensure employee rights by requiring that all employees respect the human rights and forbid discrimination against, or harassment of others based on race, caste, religion, nationality, gender, physical capability, marital status, sexual orientation, age, ancestry, or other reasons.

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

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

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

Our responsible sourcing team visits and audits suppliers for observing issues such as missing employment contract, wage disparity for women, not paying overtime wages and other benefits of employment like leave payment. It can also be about chemical handling, environmental pollution due to waste handling, or employee health and safety. This helps supplier to adhere to social and environmental compliance and human rights

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

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

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

We did not receive any stakeholder complaints related to violation of Human Rights during the FY 2021-22.

The basis of SKF's Code of Conduct for Suppliers (CoC4S) is the respect of human rights in supply chain. It is a fundamental part of the supplier approval process and is uniform globally in the SKF universe. SKF CoC4S is applicable to all the suppliers (Direct or Indirect/Tier 1 & 2), service providers-irrespective of spend of business. It is a zero-tolerance policy and any violation is strictly dealt with. No business relationship is initiated with a supplier/service provider who does not consent to adhere to SKF's COC4S. We ensure that our value chain respects the human rights of all the employees engaged (direct/indirect/pay roll and/or contractual migrant). Human rights with different angles of child labour, forced labour, discrimination, disciplinary practices, working hours, legal compensation, health, and safety practices during manufacturing are covered in CoC4S. In addition to this, impact on environment from manufacturing activity has been of pivotal importance in CoC4S reporting. A close look at the management commitment from suppliers for protection of human rights in their manufacturing set-up as well as their respective supply chain is also reported in CoC4S. All the mentioned parameters are well-defined and measured during the on-site/online audits & corrective action follow-ups are undertaken. All the Direct Material suppliers have to undergo the CoC4S audit evaluation (all new supplier for direct material, steel suppliers) and major suppliers of Indirect Materials like packaging material, oil & lub, abrasive also need to undergo this evaluation before becoming a supplier to SKF. Even for customer approved suppliers, Code of Conduct audits must be performed and there are no deviations to this rule. This is applicable for all business units in India.

SKF India has success stories which reflect the effectiveness of SKF CoC4S related to human rights like basic personal protective equipments (for women and contractual workers); legal wages for women employee & contractual employee; health check-up, insurance and social benefits will be ensured for all employee at supplier site through SKF CoC4S audits.

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

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

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

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

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

   We work continuously to run our operations in the most energy- and carbon-efficient manner to reduce the environmental impact and to increase SKF's competitive advantage. By making products lighter, more efficient, longer lasting, and repairable, we're doing everything we can to help our customers reach significant energy and carbon while supporting their need for growth. Under SKF Care, Environmental Care is one of the most important principles. We undertake various steps to address environmental impacts at different stages of our product 'life cycles and our entire value chain' on a periodic basis.

   In June of 2020, SKF announced the next major step and commitment in our journey to address climate change. SKF is committed for all our manufacturing operations around the world to become Carbon Neutral by 2030. By 2050, our entire supply chain, from raw materials to the delivered products, will be net zero. Reaching a goal that not only involves our own operations but concerns the full value chain will require a strong commitment and determination from everyone who is a part of this chain.

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

   Our global environmental targets as available on below link and applicable to SKF India.

   https://www.skf.com/in/organisation/sustainability

   In line with the Environmental Care principle of the SKF Group, we have initiated "SustEn" (Sustainable Energy) to focus on the demand and supply side projects along with use of bilateral power trading of renewable and non-renewable energy sources and roof top solar installations. SustEn 6 project is started during financial year 2021-22 for Pune, Bangalore and Haridwar plant with more focus on reducing fixed energy component

This has led to multiple benefits such as:

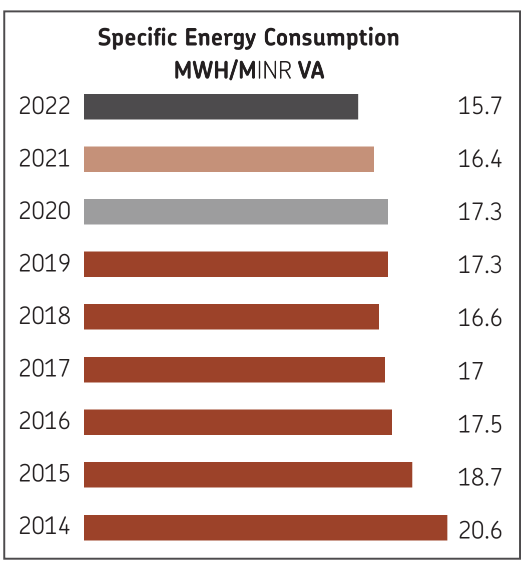
- Reduction in specific energy consumption
- Reduction in GHG emissions
- Improved renewable energy mix

We have adopted a three-pronged approach which includes the following:

- Reduction in energy consumption through six sigma projects at all 3 locations
- Bilateral and trading models of sourcing
- Solar installation

In the reporting period, we have initiated 121 energy saving projects (supply and demand side) at all locations with potential savings. Till 31 March 2022, we have completed 97 projects with a saving of 59 MINR including farm solar energy savings

- Our energy mix has improved over the years. Prior to 2014, our energy requirements were sourced 100% from thermal (State grid). In 2021-22, our energy mix of renewable energy is 42% which includes rooftop/Farm solar, hydel and wind energy.



- Through farm solar/wind and hydal open access procurement @ 17.7 GWH renewable power for Bangalore plant which is 88% of the total requirement of Bangalore plant.
- Pune plant sourced 11.9 GWH of farm Solar and rooftop solar energy during 2021_22.
- Total 29.6 GWH of renewable energy is used by all the 3 plants.
- Specific energy consumption has improved by 25% in FY 2021 over the base of 2014 despite low delivery volumes at all locations and addition of new channels and furnaces.

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

Yes, we have a mechanism to identify and assess potential environmental risks across our operations and in our value chain. We have adopted guidelines of SKF Care principles which focus on the environmental aspects like energy, water, soil and air. The risks are identified in co-ordination with business heads and location teams and steps are taken to mitigate risks.

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

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

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

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

Yes, the initiatives are mentioned in Question 2

For more information, Kindly visit https://www.skf.com/in/organisation/sustainability

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

Yes, all our manufacturing plants comply with the permissible limits of air emissions/ waste generation given by CPCB/ SPCB for the financial year. In the financial year, our direct GHG Emissions were 26507 tCO2, this has reduced due to use of renewable energy use.

Type of Waste Generated	Quantity of Waste Generated in the reporting period Metric tonne / Day
Grinding Dust	6.05
ETP Sludge	0.22
Filter Papers	0.78

Type of Waste Generated	Quantity of Waste Generated in the reporting period Metric tonne / Day
Waste / Spend Oil	0.53
Scrap Bearing components	1.85
Garbage / Factory rubbish	1.38
Corrugated boxes	0.22
Waste Wooden Material	0.56
Metal Scrap	0.27
Plastic Scrap	0.23
Gr. Wheel	0.21

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

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

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

We recognize our responsibility and the magnitude of influence our inputs can have on vital topics of our interest.

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

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

Yes, the names of some of them are :

1 Confederation of Indian industry
2 Society of Indian Automobile Manufacturers
3 Indian Wind Turbine Association
4 Textile Machinery Manufacturer Association
5 Indian Machine Tools Manufacturers Association
6 Swedish Chambers of Commerce
7 Condition Monitoring Society of India
8 Bangalore Chamber of Industry and Commerce
9 Institute of Internal Auditors
10 National Safety Council
11 Quality Circle Forum of India
12 Indian National Suggestion Scheme's Association (INSSAN)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

If yes specify the broad areas.

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

SR No	Associations, Trade, and chambers to which we are a member	Objective for which we have taken membership in these association for public good
1	Confederation of Indian industry	TPM, Quality, Sustainability, CSR, Sales, Industrial relations, Supplier TPM deployment and other admin issues related to the local industries
2	Indian Wind Turbine Association	Wind Industry and Policy updates and influence
3	Textile Machinery Manufacturer Association	Textile industry updates and connect
4	Indian Machine Tools Manufacturers Association	Machine tool industry updates and connect
5	Swedish Chambers of Commerce	Association of Swedish companies in India
6	Condition Monitoring Society of India	To promote more Reliability of equipment. Paid lifetime subscription.
7	Bangalore Chamber of Industry and Commerce	Employee training and development
8	Institute of Internal Auditors	Connect with the Internal Auditors community and sharing of knowledge and best practices
9	National Safety Council	Providing guidance and services to make workplaces safer, healthier and environment friendly.

SR No	Associations, Trade, and chambers to which we are a member	Objective for which we have taken membership in these association for public good
10	Quality Circle Forum of India	Propagation of quality concepts and philosophy with special focus on Quality Circles for promoting material, human and spiritual level of people.
11	Indian National Suggestion Scheme's Association (INSSAN)	Promotion of Suggestion Schemes of Employees for effective Employee involvement towards increasing organisational competitiveness and productivity.

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

Activity/ Initiative	Undertaken through:
Skill development program (Employment Enhancing Vocational Skills)	o Don Bosco Vyavasaik Prashikshan Sanstha, o Sambhav Foundation, o North East Knowledge Foundation, o IMC ITI Bavla Ahmedabad, o Ambuja Cement Foundation o Tata Strive Community Initiative Trust
Skill development program (Livelihood Enhancement)	o Tata Strive Community Initiative Trust
Girls scholarship program (Empowering Women)	o Gramin Shamik Prathisthan, o Prerana, o United way of Bengaluru, (all are NGOs')
Wegyaan, STEM School program (Education Program)	o United way of Bengaluru, NGO
Environmental Program Ensuring Environmental Sustainability	o Green Thumb o United Way of Bengaluru o Saahas (all are NGOs')
Monitoring & Evaluation, IT tool and Audits	o IN2X Sustainability Advisors LLP o Renalysis Consultants Pvt Ltd o Suresh Surana & Associates LLP o Taru Leading Edge
Other Projects : Promotion of Health care and sanitation	o Habitat For Humanity Of India, NGO
SKF Sport Education Program (Training to Promote Nationally recognized Sports)	o Kahaani Time Foundation, NGO
Support for COVID19 pandemic actions	Govt. Authorities o Pimpri Chinchwad Municipal Corporation Hospital, o Hospital @ Ahmedabad o Swedish Chamber of Commerce, India

As a responsible organization, SKF India Limited, is committed to making a meaningful difference in the communities we operate. All our CSR projects work towards the holistic development of the individual and society. Our vision is "To create a Positive change in the life of the communities where we are present, and through our activities create a meaningful difference from the recipients' perspective."

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to principle 8?**

   We have a community care model in which the program is structured in accordance with United Nations Global compact principles and The Business Charter for Sustainable Development by International Chamber of Commerce. We are guided by the SKF Group's, SKF Social Policy which delineates a framework to undertake activities with an intent of holistic development of the society.

   During the reporting period, we focused on Education, Vocational Training, Health and Hygiene, Sports, Women Empowerment and Social well-being. By working on the following initiatives, we reinforced our commitment towards socio-economic and inclusive development:

   o Promotion of Education

   o Empowering Women

   o Employment Enhancing Vocational Skills

   o Ensuring Environmental Sustainability

   o Training to Promote Nationally recognized Sports

   o Promotion of Health care and sanitation

   o Support for COVID19 pandemic

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

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

3. **Have you done any impact assessment of your initiative?**

   Impact assessment has been conducted for three different projects, all the assessment are done by third party expert in domain of social sector and reports has been shared with board and learning have been considered for further project implementation:

   1. 'Skill development program (Employment Enhancing Vocational Skills)' & 'Skill development program (Livelihood Enhancement), all the skill centre were in the scope of impact assessment
   2. 'Girls scholarship program (Empowering Women)'
   3. Environmental Program Ensuring Environmental Sustainability – Khadakwasla project

4. **What is your company's direct contribution to community development projects- amount in M**INR **and the details of the projects undertaken ?**

   Our contribution towards community development for the current financial year was allocated as follows:

Detailed contribution is part of CSR Report

Initiatives undertaken by SKF India limited for Supporting inclusive Development	Amount Contributed directly in the Initiative by SKF India limited in million INR
Skill development program (Employment Enhancing Vocational Skills)	26.06
Girls scholarship program (Empowering Women scholarship program).	16.58
Wegyaan, STEM School program (Education Program)	3.0
Environmental Program (Ensuring Environmental Sustainability)	6.4
CSR IT portal project ,	1.34
Others : Promotion of Health care COVID19 and Sanitation	2.39
SKF Sport Education Program (Training to Promote Nationally recognize Sports)	0.10
Admin as per sec.135	4.00

6 **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Based on our vision, we create our community care program around three broad focus areas – 'Education, Empowerment, Environment.'

We ensure that the initiatives and the developmental activities are successfully communicated in the communities through various platforms such as print, posters, social media, and word-of-mouth publicity meetings with stakeholders. For successful implementation of the programs and to ensure it is adopted in the communities we serve, we work closely with the NGO partners, Universities, community mobilisers, as well as the local government bodies.

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

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

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

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

To address our customers' grievances, we have different channels such as Complaint Handling system (administrative and technical), Customer care and website. During the reporting year, we received 352 admin complaints, 197 technical complaints and 2641 customer care calls. Out of these, 0 (0%) admin complaints, 90 (45%) technical complaints and 0 (0%) customer care calls are pending to be resolved as of 31st March 2021. Technical complaints closure is having elaborate action process of quick investigation, customer review and validation, corrective and prevention actions and customer satisfaction.

In the Customer care calls, 82% have inquires on products, price, packaging, distributor location and other areas.

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

Yes, along with mandatory declaration in compliance under the legal metrology laws i.e., the Legal Metrology (Packaged Commodities Rules) 2011, we declare certain information of the product for traceability, special anti-counterfeit marking to identify genuineness.

We have taken a no tolerance approach towards counterfeiting. We continuously strive to increase awareness about the existence of counterfeits.

In 2021-22, we improved the "SKF Authenticate app" which generally enables customers to share photographs of bearings to identify genuineness by including a "Scan Code" feature for customers to check if code displayed on the product package or Distributor certificate is a "Valid" code. This is a step towards instant verification by customers. We continued to conduct awareness seminars about our anti-counterfeit activities with our customers, Distributors (owners & customer facing employees) & SKF employees. We continued to support customers with "Stock Verifications" for their stock, based on requests. In 2021, we have received 5,077 verification requests through the SKF Authenticate App. Of these, about 17% of the request turned out that the customer had bought a fake product. This is helping customer to identify genuine products and ensure that they buy from the right source (Authorized Distributors) in future. A total of 5,093 customers downloaded the "SKF Authenticate" app.

In our continued effort to ensure our Distributors are clean and free from counterfeits, we have strengthened the Distributor Self-Assessment process. The process clearly defines the do's and don'ts related to counterfeits. All Industrial distributors and about 80% VSM Distributors have completed the process.

In the "New Distributor Appointment" process, we have introduced a new step of "Brand Protection Check" to ensure that new Distributors getting appointed have not been involved in sale of counterfeits, from available information. A stock check of all SKF marked products has also been introduced to ensure that new Distributors carry only "Genuine" stock into the new partnership, and they are "clean" from counterfeits from day 1.

In 2021, we have conducted 16 raids across India, with support from local authorities. A number of bearings with estimated value of 22 MINR on MRP were seized. We have sent 52 notice letters to various sellers across India selling counterfeit SKF products warning them to stop selling counterfeit SKF products or risk facing criminal action.

Efforts taken	Type of communication channel	Frequency of such communication	Geographical extent of such communication	Number of such efforts taken in the reporting period	Total number of participants in the reporting period
Virtual Tech Day and Tech session for Auto OE & General Machinery customers	Virtual & Onsite	Once a year	PAN India	2	120
Facebook SKF Auto club Group for Vehicle aftermarket.	FB - Digital	Throughout the year	PAN India	48	8500+ follower
Vehicle aftermarket new product Campaign Timing Belt, Chain and Sprocket, CVT Belt and Steering & Suspensions	Digital+ Print	Once in a quarter	PAN India	12	20 K Impassions, 20 K prints
Vehicle aftermarket Udaan project Marcom (Brochures, POSM, Videos)	Digital - Print	On going	PAN India	1	10000+
Digital Campaign for Machined Seals, Spindle Service, Chassis lubrication, THU, Fork Seal, Low Friction Seals Automotive OE, REP Good to great	Digital - LinkedIn paid and emailer	Once a year	PAN India	9	2.01 Lacs impressions 1000+ unique view
Advt + Advertorial - Rail Analysis, Iron & Steel review magazine	Print	Once in a quarter	PAN India	2	43700 subscribers.
Organic Social Media Posts	Facebook, Twitter and Linkedin	2/3 times a week	Pan India	180+	3 lacs +
Stock verification	Checking bearings for counterfeit	On going	Pan India	59	NA
Distributor Awareness	Seminars/Webinars	On going	Pan India	8	230
Customer Awareness (specific to Brand Protection)	Webinars	On going	Pan India	5	145
Customer Awareness	Emails	On going	Pan India	60000	NA

3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

There has been no case filed against company not any case pending, either for unfair trade practices, irresponsible advertising, or anti-competitive behaviour during the reporting period.

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

Yes, consumer surveys are performed at regular intervals to get insights from the consumers and drive continuous improvement. In addition to the consumer surveys, consumer satisfaction trend is monitored monthly along with voice of customer. We have customer rating tracker where customer is assessing our performance on various parameters regularly. The overall average Customer rating from Customers in India for FY2021-22 is 95.65%.

CERTIFICATE PURSUANT TO REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
Board of Directors,
SKF India Limited
Chinchwad, Pune 411 033,
Maharashtra, India

We, the undersigned in our respective capacities as Managing Director and Chief Financial Officer of SKF India Limited ("Company"), to the best of our knowledge and belief, certify that:

a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2022 and that to the best of their knowledge and belief:

    i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    ii) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year 31st March 2022 which are fraudulent, illegal or violative of the listed entity's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

d) we have indicated to the auditors and the Audit committee:

    i) There are no significant changes in internal control over financial reporting during the year, as Company has good internal controls, if any in future, same will be indicated.

    ii) There are no changes in accounting policies during the year, hence, same is not disclosed in the notes to the financial statements, and

    iii) There are no instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

MANISH BHATNAGAR
Managing Director
DIN: 08148320
Date: 11th May 2022
Place: Pune

ASHISH SARAF
Chief Financial Officer

Date: 11th May 2022
Place: Pune

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of **SKF India Limited**

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying standalone financial statements of SKF India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Assessment of Contingencies relating to Transfer pricing Matters</td></tr>
<tr><td>Refer to note 2 (A) and 38 of the standalone financial statements for the related disclosures</td><td></td></tr>
<tr><td>The Company has received income tax demands mainly pertaining to disallowances towards pricing of intragroup services for the financial years 2010-11 to 2016-17. The aggregate amount of demand on these matters is ₹ 2,819 million (including interest of ₹ 1,048 million as per the demand orders), which have been disclosed as Contingent Liabilities in the Standalone Financial Statements. The Company has filed appeals against the above orders with appropriate tax authorities. The management's assessment, as supported by their tax expert's views, is that no provision is required against these matters.

The assessment of the likely outcome of the appeals and the need for provision against the demands in case of an unfavourable outcome, is an area of significant judgement requiring involvement of tax expert and evaluation of data presented during the assessment proceedings. This has been considered a key audit matter in view of the uncertain outcome of the litigations and involvement of significant management judgement in assessing the probability of outflow of economic resources.</td><td>Our audit procedures included:

• Understanding and evaluation of processes and controls designed and implemented by the management for assessment of tax contingencies and testing their operating effectiveness.

• Verification of the supporting documents such as agreements and invoices pertaining to the group costs incurred by the Company.

• Enquiry with the management on their assessment of the probability of outcome and the likelihood of outflow of economic resources.

• Evaluation of the management assessment including view from the management's tax expert and the submissions made by the Company to tax authorities, with the involvement of auditor's tax experts to examine the positions taken.

• Assessed the adequacy of disclosures in the standalone financial statements.

On the basis of the above procedures performed, we noted the management's assessment of the contingent liabilities in respect of transfer pricing matters to be reasonable.</td></tr>
</table>

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the standalone financial statements and our auditors' report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with gover nance for the financial statements

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

7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of |such communication.

Report on other legal and regulatory requirements

12. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38 to the standalone financial statements;

        ii. The Company was not required to recognise a provision as at March 31, 2022 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2022.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.

        iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 46 to the standalone financial statements);

            (b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 46 to the standalone financial statements); and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.

14. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/ S200012
Chartered Accountants

Amit Borkar
Partner
Membership Number 109846
UDIN: 22109846AITNUE1395

Place: Pune
Date: May 11, 2022

ANNEXURE A to Independent Auditor's Report

REFERRED TO IN PARAGRAPH 13 (F) OF THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SKF INDIA LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Subsection 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of SKF India Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

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

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not

be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/ S200012
Chartered Accountants

Amit Borkar
Partner
Membership Number 109846
UDIN: 22109846AITNUE1395

Place: Pune
Date: May 11, 2022

ANNEXURE B to Independent Auditor's Report

REFERRED TO IN PARAGRAPH 12 OF THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF SKF INDIA LIMITED ON THE STANDALONE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2022.

i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3 and 4 on to the financial statements, are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii) (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) The Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, from bank on the basis of security of current assets. The Company has filed quarterly statements with such bank which are in agreement with the unaudited books of account.

(Also refer Note 41 to the financial statements)

ii) (a) The Company has made investment in one associate and has granted secured loan to one Company. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loan is as per the table given below:

	Loan (₹ Million)
Aggregate amount granted during the year - Fellow Subsidiary	NIL
Balance outstanding as at balance sheet date - Fellow Subsidiary	856

(Also refer Note 44 to the financial statements)

The Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured to firms, Limited Liability Partnerships or any other parties.

(b) In respect of the aforesaid loan the terms and conditions under which such loan is granted is not prejudicial to the Company's interest.

(c) In respect of the aforesaid loan, the schedule of repayment of principal and payment of interest has been stipulated, and the party is regular in payment of interest. There was no loan which fell due during the year and hence we do not make any comment on the regularity of repayment of principal.

(d) In respect of the aforesaid loan there is no amount which is overdue for more than ninety days.

(e) There was no loan which fell due during the year and was renewed/ extended. Further, no fresh loans were granted to same parties to settle the existing overdue loan.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees, and securities provided, as applicable.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including Goods and Service Tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

Also refer note 38 to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of customs, service tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of excise and value added tax as at March 31, 2022 which have not been deposited on account of a dispute, are as follows:

(INR in million)

Name of the statute	Nature of dues	Amount	Amount Paid under protest	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty (including interest and penalty if applicable)	221.30	10.60	Various Years	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Income Tax Act, 1961	Income Tax (including interest and penalty if applicable)	481.5	136.70	Various Years	Commissioner of Income-tax (Appeals)
		2,458.5	538.20	Various Years	Income Tax Appellate Tribunal (ITAT)
Central and Local Sales Tax Act	Sales Tax (including interest and penalty if applicable)	45.42	3.11	FY 2013-14 to FY 2017-18	Appellate Deputy Commissioner
		27.55	2.63	FY 2007-08 to FY 2011-12	Appellate Revision Board
		64.54	5.44	FY 2008-09 to FY 2015-16	Appellate Tribunal
		25.78	5.91	FY 2005-06 to FY 2015-16	Assessing Officer
		41.05	-	FY 2011-12 to FY 2013-14	Deputy Commissioner, Appeal
		4.44	4.44	FY 2003-04 to FY 2009-10	Deputy Commissioner of Commercial Taxes –Audit
		22.31	10.26	FY 2010-11 to FY 2015-16	Joint Commissioner (Appeal)
		12.43	0.30	FY 2008-09 to FY 2016-17	Objection Authority Department of Trade & Taxes, New Delhi

viii. According to the information and explanations given to us and the records of the Company examined by us, there is no income surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

xi. a) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term purposes.

(e) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order are not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under Clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures, specified under Section 133 of the Act.

xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial/ housing finance activities during the year. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under Clause 3(xvi)(d) of the Order is not applicable to the Company.

xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under Clause (xviii) is not applicable.

xiv. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 46 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.

(b) The Company has transferred the amount of Corporate Social Responsibility remaining unspent under sub-section (5) of section 135 of the Act in pursuant to ongoing projects, to a special account in compliance with the provision of sub-section (6) of section 135 of the Act. Details are as given below:

(INR in millions)

Financial year	Amount to be spent in accordance with section 135(5)	Amount remaining unspent as at the year-end to be transferred special account u/s 135(6)	Amount transferred to Special Bank Account u/s 135(6), within 30 days from end of financial year	Amount transferred to Special Bank Account u/s 135(6), after a period of 30 days from end of financial year	Amount not transferred to Special Bank Account u/s 135(6), till the date of audit report
2021-2022	84.5	23.3	17.7	-	5.6

(Also refer Note 30 to the financial statements)

xxi. The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/ S200012
Chartered Accountants

Amit Borkar
Partner
Membership Number 109846
UDIN: 22109846AITNUE1395

Place: Pune
Date: May 11, 2022

STANDALONE BALANCE SHEET

as at March 31, 2022

(INR in millions)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current Assets			
Property, plant and equipment	3 (a)	3,647.4	3,138.3
Right-of-use assets	3 (b)	153.7	154.7
Capital Work-in-progress	3 (a)	515.2	647.6
Investment properties	4	221.3	156.9
Intangible assets	5	2.5	2.6
Investments accounted for using the equity method	6	24.8	24.8
Financial assets			
Loans	7	456.0	856.0
Others Financial assets	8	358.9	587.5
Deferred tax assets (net)	9	222.4	199.1
Non-Current Tax Asset (net)	10	989.9	813.9
Other non-current assets	11	110.7	130.4
Total non-current assets		**6,702.8**	**6,711.8**
Current Assets			
Inventories	12	6,768.2	4,680.0
Financial Assets			
Trade receivables	13	6,871.3	5,834.4
Cash and cash equivalents	14	3,885.2	4,420.1
Bank balance other than above	15	133.3	583.0
Loans	7	400.0	14.6
Others Financial assets	8	279.9	192.1
Other Current Assets	11	1,245.8	590.5
Total current assets		**19,583.7**	**16,314.7**
TOTAL ASSETS		**26,286.5**	**23,026.5**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	16	494.4	494.4
Other Equity			
Reserves and surplus	17	18,364.6	15,143.7
Total Equity		**18,859.0**	**15,638.1**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Lease Liabilities	3 (b)	104.9	102.1
Provisions	18	68.2	69.6
Employee benefit obligation	19	302.5	285.6
Total non-current liabilites		**475.6**	**457.3**
Current Liabilities			
Financial Liabilities			
Lease Liabilities	3 (b)	56.1	73.7
Trade Payables	20		
Outstanding dues of micro and small enterprises		225.0	183.2
Outstanding dues other than micro and small enterprises		5,019.1	5,585.7
Other Financial liabilities	21	1,067.6	773.9
Provisions	18	123.0	132.3
Employee benefit obligations	19	99.8	54.5
Current tax liabilites	10	66.8	-
Other current liabilites	22	294.5	127.8
Total current liabilities		**6,951.9**	**6,931.1**
Total Liabilities		**7,427.5**	**7,388.4**
TOTAL EQUITY AND LIABILITIES		**26,286.5**	**23,026.5**
Significant accounting policies	1		
Critical accounting estimates and judgements	2		

The accompaning notes are an integral part of these Standalone financial statements

In terms of our report of even date

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2022

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

Gopal Subramanyam
Chairman
Place: Bengaluru

Manish Bhatnagar
Managing Director
Place: Pune

Ashish Saraf
Chief Financial Officer

Place: Pune
Date: May 11, 2022

Ranjan Kumar
Company Secretary

Place: Pune

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(INR in millions)

	Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
1	Revenue from Operations	23	36,658.9	26,707.3
	Other Income	24	344.0	363.1
	Total Income		**37,002.9**	**27,070.4**
2	**Expenses**			
	(a) Cost of materials consumed	25	9,007.0	5,948.1
	(b) Purchases of stock-in-trade	26	15,177.1	9,563.7
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(1,732.2)	100.6
	(d) Employee benefit expense	28	2,856.9	2,463.1
	(e) Depreciation and amortisation expense	29	571.0	579.5
	(f) Other expenses	30	5,792.7	4,431.2
	(g) Finance costs	31	20.8	21.3
	Total Expenses		**31,693.3**	**23,107.5**
3	**Profit before Tax**		**5,309.6**	**3,962.9**
4	Income tax expense:	32		
	Current tax		1,386.8	1,052.8
	Deferred tax charge/ (credit)		(18.7)	(41.8)
	Short/ (excess) tax provision for earlier years		(9.8)	(25.4)
	Total tax expense		**1,358.3**	**985.6**
5	**Profit for the year (3 - 4)**		**3,951.3**	**2,977.3**
6	**Other comprehensive income, net of tax -**			
	Items that will not be reclassified to profit and loss			
	Remeasurement of post employment benefits obligation		(18.1)	47.0
	Income tax (charge)/ credit relating to these items		4.6	(11.8)
	Other comprehensive income for the year (net of tax)		**(13.5)**	**35.2**
7	**Total comprehensive income for the year (5 + 6)**		**3,937.8**	**3,012.5**
8	**Earnings per equity share [nominal value of share ₹ 10 (previous year: ₹ 10)**	36		
	Basic and Diluted EPS		79.9	60.2
	Significant accounting policies	1		
	Critical accounting estimates and judgements	2		

The accompaning notes are an integral part of these Standalone financial statements

In terms of our report of even date

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2022

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

Gopal Subramanyam
Chairman
Place: Bengaluru

Manish Bhatnagar
Managing Director
Place: Pune

Ashish Saraf
Chief Financial Officer

Place: Pune
Date: May 11, 2022

Ranjan Kumar
Company Secretary

Place: Pune

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

A) EQUITY SHARE CAPITAL

(INR in millions)

	Notes	Year ended March 31, 2022
Balance as at March 31, 2020		494.4
Changes in equity share capital	16	-
Balance as at March 31, 2021		494.4
Changes in equity share capital	16	-
Balance as at March 31, 2022		**494.4**

B) OTHER EQUITY

(INR in millions)

	Retained earnings	Capital redemption reserve	General reserve	Total Other Equity
Balance as at March 31, 2020	15,686.3	32.9	2,838.9	18,558.1
Profit for the year ended March 31, 2021	2,977.3	-	-	2,977.3
Other comprehensive income for the year ended March 31, 2021	35.2	-	-	35.2
Total comprehensive income for the year ended March 31, 2021	**3,012.5**	**-**	**-**	**3,012.5**
Transactions with owners in their capacity as owners				
Dividend paid (₹ 130 per share)	(6,426.9)	-	-	(6,426.9)
Balance as at March 31, 2021	**12,271.9**	**32.9**	**2,838.9**	**15,143.7**
Profit for the year ended March 31, 2022	3,951.3	-	-	3,951.3
Other comprehensive income for the year ended March 31, 2022	(13.5)	-	-	(13.5)
Total comprehensive income for the year ended March 31, 2022	**3,937.8**	**-**	**-**	**3,937.8**
Transactions with owners in their capacity as owners				
Dividend paid (₹ 14.50 per share)	(716.9)	-	-	(716.9)
Balance as at March 31, 2022	**15,492.8**	**32.9**	**2,838.9**	**18,364.6**

The above Standalone statement of changes in equity should be read in conjunction with the accompanying notes.
In terms of our report of even date

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2022

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

Gopal Subramanyam
Chairman
Place: Bengaluru

Manish Bhatnagar
Managing Director
Place: Pune

Ashish Saraf
Chief Financial Officer
Place: Pune
Date: May 11, 2022

Ranjan Kumar
Company Secretary
Place: Pune

STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(INR in millions)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A. Cash flow from Operating Activities		
Profit before tax	5,309.6	3,962.9
Adjusted for:		
Depreciation and amortisation expenses	571.0	579.5
Allowance for doubtful receivables written back	(43.9)	(0.7)
Profit on sale of Property Plant & Equipment (net)	(2.3)	(11.8)
Finance costs	20.8	21.3
Interest income	(184.0)	(288.5)
	361.6	**299.8**
Operating Profit before working capital changes	5,671.2	4,262.7
Adjusted for:		
Decrease/ (increase) in inventories	(2,088.2)	(162.2)
Decrease/ (increase) in trade receivables	(993.0)	(1,476.7)
Decrease/ (increase) in current & non-current assets	(512.5)	(105.9)
(Decrease)/ increase in trade payables	(524.8)	1,648.8
(Decrease)/ increase in other liabilities and provisions	504.4	129.4
	(3,614.1)	**33.4**
Cash generated from operations	2,057.1	4,296.1
Income taxes paid	(1,486.2)	(1,056.5)
Net cash flow from Operating Activities (A)	**570.9**	**3,239.6**
B. Cash flow from Investing Activities		
Proceeds from Sale of investments	-	1,971.8
Investment in associate company	-	(24.8)
Payments for Property Plant & Equipment	(916.3)	(735.8)
Payments for Investment properties	(71.9)	-
Proceed from sale of Property Plant & Equipment	8.5	42.6
Deposits placed during the year	(109.0)	(765.8)
Deposits matured during the year	555.8	5,210.0
Interest Received	141.2	370.6
Interest received on loan to related party	65.8	73.0
Repayment of loan by related party	-	394.0
Net cash inflow/ (outflow) from Investing Activities (B)	**(325.9)**	**6,535.6**
C. Cash flow from Financing Activities		
Dividend paid	(716.9)	(6,426.9)
Principal elements of lease payments	(42.2)	(69.4)
Finance cost	(20.8)	(21.3)
Net cash outflow from Financing Activities (C)	**(779.9)**	**(6,517.6)**
Net changes in Cash and Cash Equivalents (A+B+C)	**(534.9)**	**3,257.6**
Cash and Cash Equivalents at beginning of the year	4,420.1	1,162.5
Cash and Cash Equivalents at the end of the year	3,885.2	4,420.1
Net changes in Cash and Cash Equivalents	**(534.9)**	**3,257.6**

The above Standalone statement of cash flows should be read in conjunction with the accompanying notes.

In terms of our report of even date

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2022

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

Gopal Subramanyam
Chairman
Place: Bengaluru

Manish Bhatnagar
Managing Director
Place: Pune

Ashish Saraf
Chief Financial Officer
Place: Pune
Date: May 11, 2022

Ranjan Kumar
Company Secretary
Place: Pune

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

BACKGROUND

SKF India Limited (the 'Company') is a company, listed in India on recognised stock exchanges, limited by shares, incorporated and domiciled in India. The Company is a leading supplier of products, solutions & services within rolling bearing, seals, mechatronics, and lubrication systems. The Company's manufacturing facilities are located at Pune, Bangalore & Haridwar.

1 SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Basis of preparation

i) Compliance with Ind AS

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

ii) Historical cost convention

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

a) certain financial assets and liabilities that are measured at fair value;

b) assets held for sale – measured at fair value less cost to sell;

c) defined benefit plans – plan assets measured at fair value;

iii) New Amendments issued but not effective

The Ministry of Corporate Affairs (MCA) has wide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting Standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

iv) Amendments to Schedule III

The Ministry of Corporate Affairs (MCA) amended the Schedule III of the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from April 1, 2021. Consequent to the above, Company has made additional disclosures in these financial statements.

1.2 Segment reporting

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

1.3 Foreign currency translation

i) Functional and presentation currency

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

ii) Transactions and balances

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

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

1.4 Revenue recognition

Revenue is recognized when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

Revenue recognition policy

The Company has following streams of revenue:

(i) Sale of goods

(ii) Sale of Services

If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Company performs, or

(b) The customer controls the work-in-progress, or

(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date.

If none of the criteria above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

Contracts are modified to account for changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

Revenue recognized at a point-in-time:-

For sale of products and sale of services, revenue is recognized at point in time when control of goods is transferred and service is rendered to the customer - based on delivery terms, payment terms, customer acceptance and other indicators of control as mentioned above.

1.5 Income tax

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

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period. Management periodically evaluates position taken in tax return under applicable tax regulations which is subject to interpretation. It establishes appropriate tax provisions on likely tax liabilities for the accounting period.

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

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

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

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

1.6 Impairment of assets

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

1.7 Cash and cash equivalents

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

1.8 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

1.9 Inventories

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

1.10 Financial assets and financial liabilities

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

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

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

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

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

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

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

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

The company has adopted deemed cost of Property, plant and equipment (PPE) as its carrying value as per earlier GAAP.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over the estimated useful lives.

The useful lives are:

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

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

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Investment Properties

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

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

Intangible assets

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

- Software in use - 3 years

1.12 Leases

a) As lessee

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by 'SKF India Limited, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company use that rate as a starting point to determine the incremental borrowing rate.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

b) As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

1.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are paid as per the terms of payments.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.14 Borrowings

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

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

1.15 Provisions

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

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

1.16 Post employment benefits

Employee benefits

i) Short-term obligations

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

ii) Other long-term employee benefit obligations

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

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligations

The company operates the following post-employment schemes:

a) defined benefit plans such as gratuity and provident fund (for employees who are members of SKF India Limited Provident Fund Scheme)

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

Defined Benefit Plans

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

With respect to employees who are members of SKF India Limited Provident Fund Scheme ('the Trust') contribution for provident fund to the Trust is a defined benefit plan as the Company has an obligation to make good the shortfall, if any, between the return from investments made by the Trust and notified interest rate. Both

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the employee's salary. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government.

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

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

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

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

Defined contribution plans

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

iv) Bonus Plans

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

v) Termination benefits

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

1.17 Contributed Equity

Equity shares are classified as equity

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

1.18 Dividends

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

1.19 Earnings per share

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

1.20 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

1.21 Rounding of amounts

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

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

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

2(A) Significant Judgement

a) Tax Contingencies

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

2(B) Significant estimate

a) Impairment of financial assets

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

b) Fair valuation of financial instruments

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

c) Defined benefit plan

The cost of the defined benefit gratuity plan, other retirement benefits, the present value of the gratuity obligation and other retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on Indian Assured Lives Mortality (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 37(II).

d) Fair Valuation of Investment Property

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

3 A) PROPERTY PLANT & EQUIPMENT

(INR in millions)

	Freehold Land	Building	Furniture & Fixtures*	Office Equipment	Plant & Machinery*	Vehicles	Total	Capital work in progress
Year ended March 31, 2021								
Gross carrying amount as at April 1 , 2020	269.1	618.2	135.5	73.4	4,332.5	114.2	5,542.9	410.7
Additions	-	30.8	34.2	6.9	430.6	14.0	516.5	753.4
Disposals	-	-	(1.6)	-	(56.1)	(21.1)	(78.8)	-
Transfers							-	(516.5)
Closing gross carrying amount	269.1	649.0	168.1	80.3	4,707.0	107.1	5,980.6	647.6
Accumulated Depreciation as at April 1, 2020	-	106.0	129.2	47.2	2,072.5	42.5	2,397.4	-
Depreciation charged during the year		22.7	2.0	22.3	421.9	24.0	492.9	-
Disposal	-	-	(1.6)	-	(31.4)	(15.0)	(48.0)	-
Closing accumulated depreciation	-	128.7	129.6	69.5	2,463.0	51.5	2,842.3	-
Net carrying amount as at March 31, 2021	**269.1**	**520.3**	**38.5**	**10.8**	**2,244.0**	**55.6**	**3,138.3**	**647.6**
Year ended March 31, 2022								
Gross carrying amount as at April 1 , 2021	269.1	649.0	168.1	80.3	4,707.0	107.1	5,980.6	647.6
Additions		40.5	32.9	12.3	942.7	20.8	1,049.2	916.8
Disposals		-	(1.5)	-	(49.0)	(29.2)	(79.7)	-
Transfers							-	(1,049.2)
Closing gross carrying amount	269.1	689.5	199.5	92.6	5,600.7	98.7	6,950.1	515.2
Accumulated Depreciation as at April 1, 2021	-	128.7	129.6	69.5	2,463.0	51.5	2,842.3	-
Depreciation charged during the year		23.8	22.5	2.3	464.2	21.1	533.9	-
Disposal		-	(1.4)	-	(48.0)	(24.1)	(73.5)	-
Closing accumulated depreciation	-	152.5	150.7	71.8	2,879.2	48.5	3,302.7	-
Net carrying amount as at March 31, 2022	**269.1**	**537.0**	**48.8**	**20.8**	**2,721.5**	**50.2**	**3,647.4**	**515.2**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

3 A) PROPERTY PLANT & EQUIPMENT (CONTD..)

Aging of CWIP:

(INR in millions)

	March 31, 2022				
	Amounts in capital work-in-progress for				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	500.5	14.3	0.4	-	515.2
Projects temporarily suspended	-	-	-	-	-
Total	**500.5**	**14.3**	**0.4**	**-**	**515.2**

(INR in millions)

	March 31, 2021				
	Amounts in capital work-in-progress for				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	637.0	10.6	-	-	647.6
Projects temporarily suspended	-	-	-	-	-
Total	**637.0**	**10.6**	**-**	**-**	**647.6**

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

(INR in millions)

Description	Plant & Machinery	Furniture & Fixtures
Year ended March 31, 2021		
Gross carrying amount as at April 1, 2020	53.0	7.0
Additions	-	-
Closing gross carrying amount	53.0	7.0
Accumulated Depreciation as at April 1, 2020	37.1	4.6
Depreciation charged during the year	7.4	0.1
Closing accumulated depreciation	44.5	4.7
Net carrying amount as at March 31, 2021	**8.5**	**2.3**
Year ended March 31, 2022		
Gross carrying amount as at April 1, 2021	53.0	7.0
Addition	7.0	-
Closing gross carrying amount	60.0	7.0
Accumulated Depreciation as at April 1, 2021	44.5	4.7
Depreciation charged during the year	6.6	0.1
Closing accumulated depreciation	51.1	4.8
Net carrying amount as at March 31, 2022	**8.9**	**2.2**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

B) LEASES

This note provides information for leases where the Company is a lessee. The Company has taken buildings on lease and the lease contracts are typically made for fixed periods of 1 year to 8 years.

i) Amounts recognised in the Balance sheet

The balance sheet shows the following amounts relating to lease:

(INR in millions)

Right-of-use of assets	March 31, 2022	March 31, 2021
Buildings at various location	153.7	154.7
Total	**153.7**	**154.7**

(INR in millions)

	March 31, 2022		March 31, 2021	
Lease Liabilities	Current	Non-Current	Current	Non-Current
Buildings	56.1	104.9	73.7	102.1
Total	**56.1**	**104.9**	**73.7**	**102.1**

ii) Amounts recognised in the Statement of Profit & Loss

The statement of profit and loss shows the following amounts relating to lease:

(INR in millions)

Right-of-use of assets	March 31, 2022	March 31, 2021
Depreciation charge on right-of-use assets	28.3	79.1
Interest expense (included in Finance cost)	20.2	10.5
Expense relating to short-term leases/ leases of low-value assets (included in other expenses)	7.3	11.3
Total	**55.8**	**100.9**

The total cash outflow for leases for the year was INR 59.4 Million (March 31, 2021 was INR 81.3 Million).

4 INVESTMENT PROPERTIES

(INR in millions)

Description	March 31, 2022	March 31, 2021
Gross carrying amount		
Opening gross carrying amount	197.3	197.3
Additions	71.9	-
Closing gross carrying amount	269.2	197.3
Accumulated depreciation		
Opening accumulated depreciation	40.4	33.9
Depreciation	7.5	6.5
Closing accumulated depreciation	47.9	40.4
Net carrying amount	**221.3**	**156.9**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

4 INVESTMENT PROPERTIES (CONTD)

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

(INR in millions)

Description	March 31, 2022	March 31, 2021
Rental Income	36.0	33.9
Depreciation	7.5	6.5
Profit from Investment properties	**28.5**	**27.4**

Leasing arrangements

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

(INR in millions)

Description	March 31, 2022	March 31, 2021
Within one year	38.4	33.6
Later than one year but less than 5 year	192.0	168.0

Fair Value

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

(INR in millions)

Description	March 31, 2022	March 31, 2021
Investment properties	449.0	428.0

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

5 INTANGIBLE ASSETS

(INR in millions)

Description	March 31, 2021
Year ended March 31, 2021	
Gross carrying amount as at April 1, 2020	4.2
Additions	2.7
Closing gross carrying amount	6.9
Accumulated amortization as at April 1, 2020	3.3
Amortised during the year	1.0
Closing accumulated amortization	4.3
Net carrying amount as on March 31, 2021	**2.6**
Year ended March 31, 2022	
Gross carrying amount	
Gross carrying amount as at April 1, 2021	6.9
Additions	1.2
Closing gross carrying amount	8.1
Accumulated amortization as at April 1, 2021	4.3
Amortised during the year	1.3
Closing accumulated amortization	5.6
Net carrying amount as on March 31, 2022	**2.5**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

6 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(INR in millions)

	March 31, 2022	March 31, 2021
Investment in associate		
Sunstrength Renewables Private Limited		
309,750 equity shares (March 31, 2021 - 309,750) of ₹ 10/- each fully paid	24.8	24.8
	24.8	**24.8**

During the year ended March 31, 2021, the Company has subscribed to 26.74% equity shares in Sunstrength Renewables Private Limited (SRPL) (the 'associate company'), a Company incorporated pursuant to the requirements of the Electricity Act, 2002 and its rules.

7 FINANCIAL ASSETS

(INR in millions)

	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Loans				
Secured, considered good				
Loan to related party *	400.0	456.0	14.6	856.0
Total	**400.0**	**456.0**	**14.6**	**856.0**

Details of loans and advances in the nature of loans granted to promoters, directors, key managerial personnel and related parties (as defined under Companies Act, 2013):

(INR in millions)

	March 31, 2022		March 31, 2021	
	Amount outstanding	% to the total loans and advances in the nature of loans	Amount outstanding	% to the total loans and advances in the nature of loans
Amounts repayable on demand				
Other related parties				
Loan to related party *	856.0	100%	870.6	100%
Total	**856.0**	**100%**	**870.6**	**100%**

(*) Loan given to SKF Engineering and Lubrication India Private Limited (a fellow subsidiary) (formerly known as SKF Technologies (India) Private Limited) with original repayment starting from financial year 2014 onwards, as amended.

The said loan together with interest is secured by first charge by way of hypothecation on all the fixed assets of the borrower.

Loan is considered to be recoverable considering favourable loan to security ratio, no defaults in repayment in the past, improved operational performance of the borrower, support by the borrower's holding company in the past and supported by reasonable assumption used for future cash flow. The rate of interest on the loan is the Average Deposit and lending rate (higher of the two) for the period of the loan and prevailing yield for the government securities closest to the tenure of the loan, whichever is higher.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

8 OTHER FINANCIAL ASSETS

(INR in millions)

	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Security Deposits	-	89.6	-	99.1
EMD and other deposits	-	268.8	-	487.9
Other receivables:-				
Related party (refer note:- 44 (iii))	263.5	-	179.2	-
Other than related party	15.7	0.5	3.8	0.5
Interest accrued on fixed deposits with banks	0.7	-	9.1	-
	279.9	**358.9**	**192.1**	**587.5**

9 DEFERRED TAX ASSET/ (LIABILITIES) NET

(INR in millions)

	March 31, 2022	March 31, 2021
Deferred tax assets		
Provision for employee benefits	116.5	91.3
Provision for doubtful trade receivables	36.8	47.9
Other timing differences	95.6	87.5
	248.9	**226.7**
Deferred tax liabilities		
Depreciation	(26.5)	(27.6)
	(26.5)	**(27.6)**
Net deferred tax assets	**222.4**	**199.1**

Movements in deferred tax asset/ (liabilities) net

(INR in millions)

	Provision for employee benefits	Provision for doubtful trade receivables	Other timing differences	Depreciation	Total
As at April 1, 2020	77.0	48.2	81.9	(38.0)	169.1
(Charged)/ credited:					
- to profit and loss a/ c	26.1	(0.3)	5.6	10.4	41.8
- to other comprehensive income	(11.8)	-	-	-	(11.8)
As at March 31, 2021	91.3	47.9	87.5	(27.6)	199.1
(Charged)/ credited:					
- to profit and loss a/ c	20.6	(11.1)	8.1	1.1	18.7
- to other comprehensive income	4.6	-	-	-	4.6
As at March 31, 2022	**116.5**	**36.8**	**95.6**	**(26.5)**	**222.4**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

10 NON - CURRENT TAX ASSET/ (LIABILITY) NET

(INR in millions)

	March 31, 2022	March 31, 2021
Tax Assets (net of provision ₹ 18,272 millions, March 31, 2021 - ₹ 16,907 millions)	923.1	813.9
	923.1	**813.9**
Presented as non current tax assets	989.9	813.9
Presented as current tax liabilities	(66.8)	-

Movement of Tax

(INR in millions)

	March 31, 2022	March 31, 2021
Opening Balance (Tax Asset/ (Liability) (Net))	813.9	784.8
Add: Taxes paid	1,486.2	1,056.5
Less: Current tax payable	(1,377.0)	(1,027.4)
Closing Balance	**923.1**	**813.9**

11 OTHER ASSETS

(INR in millions)

	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Capital Advance	-	46.0	-	55.3
Prepaid Expenses	116.3	-	99.6	-
Advances for supply of goods and rendering of services	366.6	-	154.0	-
Advances for supply of goods and rendering of services from related party (Refer note 44 (ii) and 44 (iii))	193.7	-	-	-
Export benefits/ duty entitlements	76.0	-	106.2	-
Balances with Sales tax/ Excise authorities	364.2	-	230.7	-
Other receivables *	129.0	64.7	-	75.1
	1,245.8	**110.7**	**590.5**	**130.4**

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

CURRENT ASSETS

12 INVENTORIES

(INR in millions)

	March 31, 2022	March 31, 2021
Raw Materials and Bought-Out Components	1,188.8	841.9
including material in transit ₹ 217.0 millions (As on March 31, 2021 ₹ 132.0 millions)		
Stores and Spares	508.0	499.0
including material in transit ₹ 10.9 millions (As on March 31, 2021 ₹ 14.7 millions)		
Work-in-progress	133.3	109.8
Finished Products	4,938.1	3,229.3
including Goods in transit ₹ 1,790.8 millions (As on March 31, 2021 ₹ 1,659.0 millions)		
	6,768.2	**4,680.0**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

13 TRADE RECEIVABLES

(INR in millions)

	March 31, 2022	March 31, 2021
Trade receivables from contract with customers – billed	5,829.8	5,501.9
Trade receivables from contract with customers – related parties	1,187.8	522.7
Less: Loss allowance	(146.3)	(190.2)
Total receivables	**6,871.3**	**5,834.3**
Current portion	6,871.3	5,834.3
Non-current portion	-	-
Break-up of security details	6,871.3	5,834.3
Trade receivables considered good – secured	-	-
Trade receivables considered good – unsecured	6,871.3	5,956.8
Trade receivables which have significant increase in credit risk	146.3	67.8
Total	**7,017.6**	**6,024.6**
Loss allowance	(146.3)	(190.2)
Total trade receivables	**6,871.3**	**5,834.4**

Aging of trade receivables:

(INR in millions)

	March 31, 2022							
	Outstanding for following periods from the due date							
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables								
considered good other than related parties	-	4,869.0	814.5	-	-	-	-	5,683.5
considered good - related parties (Refer note 44 (iii))	-	996.3	185.6	5.2	-	0.7	-	1,187.8
which have significant increase in credit risk	-	-	49.8	2.3	0.9	0.9	7.7	61.6
credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	4.3	15.4	16.6	6.7	41.7	84.7
credit impaired	-	-	-	-	-	-	-	-
Total	**-**	**5,865.3**	**1,054.2**	**22.9**	**17.5**	**8.3**	**49.4**	**7,017.6**
Less: Loss allowance								**(146.3)**
Total receivables								**6,871.3**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

13 TRADE RECEIVABLES (CONTD.)

(INR in millions)

	March 31, 2021							
	Outstanding for following periods from the due date							
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables								
considered good other than related parties	-	4,485.8	903.6	14.0	8.7	17.2	4.8	5,434.1
considered good - related parties (Refer note 44 (iii))	-	445.9	72.9	3.2	-	0.7	-	522.7
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	9.6	4.8	7.0	6.8	39.6	67.8
credit impaired	-	-	-	-	-	-	-	-
Total	**-**	**4,931.7**	**986.1**	**22.0**	**15.7**	**24.7**	**44.4**	**6,024.6**
Less: Loss allowance								**(190.2)**
Total receivables								**5,834.4**

14 CASH AND CASH EQUIVALENTS

(INR in millions)

	March 31, 2022	March 31, 2021
Balances with Banks		
- On Current Account	196.1	206.6
- On EEFC Account	27.7	16.5
On Deposit Account (with original maturity of 3 months or less)	3,661.4	4,197.0
Cash & Bank Balances	**3,885.2**	**4,420.1**

15 BANK BALANCES OTHER THAN THE ABOVE

(INR in millions)

	March 31, 2022	March 31, 2021
Bank deposits with original maturity of more than 3 months and		
remaining maturity of less than 12 months.	109.0	555.8
Unclaimed Dividend Account*	24.3	27.2
	133.3	**583.0**

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

16 EQUITY SHARE CAPITAL

(INR in millions)

	No of shares (in million)	Amount
Authorised Equity share capital		
As at March 31, 2020	100.0	1,000.0
Changes during the year	-	-
As at March 31, 2021	100.0	1,000.0
Changes during the year	-	-
As at March 31, 2022	**100.0**	**1,000.0**
Movement in Equity share capital		
As at March 31, 2020	49.4	494.4
Changes during the year	-	-
As at March 31, 2021	49.4	494.4
Changes during the year	-	-
As at March 31, 2022	**49.4**	**494.4**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in the proportion to their shareholding.

Shares of the company held by holding company and their subsidiaries

(INR in millions)

	March 31, 2022		March 31, 2021	
	Number of shares (Million)	Amount	Number of shares (Million)	Amount
Equity shares of ₹ 10 each fully paid up held by				
(a) Holding company				
Aktiebolaget SKF (AB SKF)	22.7	226.7	22.7	226.7
(b) Subsidiaries of holding company				
SKF U.K. Limited	3.1	31.3	3.1	31.3
SKF Forvaltning AB	0.2	2.0	0.2	2.0
	26.0	**260.0**	**26.0**	**260.0**

Particulars of shareholders holding more than 5% shares of a class of shares

(INR in millions)

	March 31, 2022		March 31, 2021	
	Number of shares (Million)	% of total shares in the class	Number of shares (Million)	% of total shares in the class
Equity shares of ₹ 10 each fully paid up held by				
Aktiebolaget SKF, holding company	22.7	45.8%	22.7	45.8%
SKF U.K. Limited, fellow subsidiary company	3.1	6.3%	3.1	6.3%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

16 EQUITY SHARE CAPITAL (CONTD)

Details of Shareholding of Promoters

(INR in millions)

Name of the promoter	March 31, 2022			March 31, 2021		
	Number of shares (Million)	% of total shares in the class	% of change during the year	Number of shares (Million)	% of total shares in the class	% of change during the year
Aktiebolaget SKF (AB SKF)	22.7	45.8%	0.0%	22.7	45.8%	0.0%
SKF U.K. Limited	3.1	6.3%	0.0%	3.1	6.3%	0.0%
SKF Forvaltning AB	0.2	0.4%	0.0%	0.2	0.4%	0.0%

17 RESERVES AND SURPLUS

(INR in millions)

	March 31, 2022	March 31, 2021
General reserve	2,838.9	2,838.9
Capital redemption reserve	32.9	32.9
Retained earnings	15,492.8	12,271.9
	18,364.6	**15,143.7**
General reserve *		
At the commencement of the year	2,838.9	2,838.9
Closing Balance	**2,838.9**	**2,838.9**
Capital redemption reserve		
At the commencement of the year	32.9	32.9
Closing Balance	**32.9**	**32.9**
Retained earnings		
At the commencement of the year	12,271.9	15,686.3
Profit for the year	3,951.3	2,977.3
Other comprehensive income recognised directly in retained earning:-		
Remeasurements of post-employment benefit obligation, net of tax	(13.5)	35.2
Less: Appropriations		
Dividend on Equity shares ₹ 14.5 per share (Previous year ₹ 130 per share)	(716.9)	(6,426.9)
Closing Balance	**15,492.8**	**12,271.9**

*** Nature and Purpose of Other Reserves:**

This reserve represents amounts transferred from retained earnings in earlier years as per the requirements of the erstwhile Companies Act, 1956.

The reserve is a free reserve.

18 PROVISIONS

(INR in millions)

	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Disputed statutory and other matters	-	59.5	-	54.0
Warranty	-	1.7	-	5.5
Coupons & Incentives	123.0	7.0	132.3	10.1
	123.0	**68.2**	**132.3**	**69.6**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

18 PROVISIONS (CONTD.)

Movements in provisions

Movements in each class of provision during the financial year

(INR in millions)

	Disputed statutory and other matters	Warranty	Coupons & Incentives	Total
As on April 1, 2020	54.0	1.9	144.3	200.2
Provision made during the year	-	4.0	408.2	412.2
Provision utilised during the year	-	(0.4)	(410.1)	(410.5)
As on March 31, 2021	**54.0**	**5.5**	**142.4**	**201.9**
Provision made during the year	5.5	-	589.1	594.6
Provision utilised during the year	-	(3.7)	(601.6)	(605.3)
As on March 31, 2022	**59.5**	**1.8**	**129.9**	**191.2**

All provisions are measured at carrying values since the impact of discounting is not significant.

(i) Provision for disputed statutory and other matters: This represents provisions made for probable liabilities/ claims arising out of pending disputes/ litigations with various regulatory authorities and those arising out of commercial transactions with vendors/ others. Above provisions are affected by numerous uncertainties and management has taken all efforts to make a best estimate. Timing of outflow of resources will depend upon timing of decision of cases.

(ii) Provision for warranties: A provision is estimated for expected warranty claims in respect of products sold during the year on the basis of a technical evaluation and past experience regarding failure trends of products and costs of rectification or replacement. The timing and amount of cash flows that will arise from these matters will be determined at the time of receipt of claims.

(iii) The provision for other obligations is on account of coupons given on products sold by the Company and other retailers and distributors incentive schemes. The provision for coupons is based on the historical data/ estimated figures. The timing and amount of the cash flows that will arise will be determined at the time of receipt of claims from customers, which is generally upto 18 months.

19 EMPLOYEE BENEFIT OBLIGATION

(INR in millions)

	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Compensated absences	55.8	302.5	54.5	285.6
Provision for Gratuity (Refer note 37)	44.0	-	-	-
	99.8	**302.5**	**54.5**	**285.6**

FINANCIAL LIABILITIES

20 TRADE PAYABLES

(INR in millions)

	March 31, 2022	March 31, 2021
Current		
i) Outstanding dues of micro and small enterprises (refer note 39)	225.0	183.2
ii) Outstanding dues of creditors other than micro and small enterprises & related parties	1,483.6	1,451.5
iii) Payable to related parties (Refer note 44 (iii))	3,535.5	4,134.2
	5,244.1	**5,768.9**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

20 TRADE PAYABLES (CONTD.)

Aging of trade payables:

(INR in millions)

	March 31, 2022						
	Outstanding for following periods from the due date						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade payables							
Micro enterprises and small enterprises	-	215.7	8.1	1.0	0.2	-	225.0
Others	1,258.8	2,976.1	635.4	73.4	4.0	71.4	5,019.1
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**1,258.8**	**3,191.8**	**643.5**	**74.4**	**4.2**	**71.4**	**5,244.1**

(INR in millions)

	March 31, 2021						
	Outstanding for following periods from the due date						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade payables							
Micro enterprises and small enterprises	-	181.8	1.2	0.2	-	-	183.2
Others	1,604.0	2,902.7	1,014.6	0.9	-	63.5	5,585.7
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**1,604.0**	**3,084.5**	**1,015.8**	**1.1**	**-**	**63.5**	**5,768.9**

21 OTHER CURRENT FINANCIAL LIABILITIES

(INR in millions)

	March 31, 2022	March 31, 2021
Salaries and Incentives	279.0	271.7
Liabilities for dealer incentives	639.9	358.4
Unclaimed dividend *	23.3	27.1
Payables on account of capital purchases	60.7	68.3
Other liabilities **	64.7	48.4
	1,067.6	**773.9**

* There is no amount due and outstanding as at the balance sheet to be credited to Investor Education and Protection Fund

** includes amount payable towards retention amount for trade payables, etc.

22 OTHER CURRENT LIABILITIES

(INR in millions)

	March 31, 2022	March 31, 2021
Statutory dues payable	184.3	124.0
Liability towards corporate social responsibility (Refer note 30)	21.8	-
Advances received from customers	88.4	3.8
	294.5	**127.8**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

23 REVENUE FROM OPERATIONS

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Revenue from contracts with customers:-		
Sale of products:-		
Manufactured goods	19,834.8	14,661.5
Traded goods	15,540.2	11,257.0
Sale of products (total)	35,375.0	25,918.5
Sale of services	660.5	410.9
Other operating revenue:-		
Scrap sales	43.7	25.3
Technical and other service income	473.0	279.3
Miscellaneous Operating Income (includes export benefits etc)	106.7	73.3
	36,658.9	**26,707.3**

24 OTHER INCOME

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Interest Income from Financial assets at amortised cost		
- Fixed deposits with banks	132.8	223.0
- On loan given to related party	51.2	65.5
Rental income	36.0	33.9
Discount on license purchased	40.8	5.4
Miscellaneous Income	80.9	23.5
Profit on sale of Property Plant & Equipment (net)	2.3	11.8
	344.0	**363.1**

25 COST OF MATERIAL CONSUMED

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Inventory at the beginning of the year		
Purchases during the year	841.9	637.3
Inventory at the end of the year	9,353.9	6,152.7
Cost of material consumed	1,188.8	841.9
	9,007.0	**5,948.1**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

26 PURCHASE OF STOCK IN TRADE

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Purchases of traded goods	15,177.1	9,563.7
	15,177.1	**9,563.7**

27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Increase in inventory of finished goods:		
Opening inventory	899.7	978.0
Less: Closing inventory	1,418.0	899.7
	(518.3)	**78.3**
Increase in inventory of work in progress:		
Opening inventory	109.8	155.8
Less: Closing inventory	133.3	109.8
	(23.5)	**46.0**
Increase in inventory of traded goods:		
Opening inventory	2,329.7	2,306.0
Less: Closing inventory	3,520.1	2,329.7
	(1,190.4)	**(23.7)**
	(1,732.2)	**100.6**

28 EMPLOYEE BENEFIT EXPENSE

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Salaries, Wages and Bonus	2,251.2	1,932.0
Contribution to Provident and Other Funds (refer note 37)	152.8	126.4
Gratuity (refer note 37)	35.1	37.6
Compensated absences	55.9	41.7
Staff welfare expenses	361.9	325.4
	2,856.9	**2,463.1**

29 DEPRECIATION AND AMORTISATION EXPENSE

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Depreciation of Property, Plant & Equipment	533.9	492.9
Depreciation on right-of-use assets	28.3	79.1
Amortisation of Intangible assets	1.3	1.0
Depreciation of Investment property	7.5	6.5
	571.0	**579.5**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

30 OTHER EXPENSES

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Consumption of stores and spare parts	1,154.4	755.0
Power and Fuel	506.4	432.1
Repairs and maintenance		
Building	47.3	30.7
Machinery	471.3	425.4
Royalty	571.4	429.4
IT Services	637.3	549.8
Trade mark fees	359.5	274.0
Rental charges	7.3	11.3
Insurance	74.7	32.8
Rates and Taxes	32.9	16.2
Travel and conveyance	177.5	113.0
Legal and professional fees	133.3	232.5
Payment to auditors (Refer note below)	9.0	7.3
Advertising and sales promotion	62.8	32.7
Logistic Cost	452.9	360.6
Bad debts written off	19.4	49.2
Directors' Commission/ Sitting Fees	6.3	4.0
Expenditure incurred for Corporate Social Responsibility (Refer note below)	84.5	89.8
Net Exchange Loss	125.5	86.0
Miscellaneous expenses	859.0	499.4
	5,792.7	**4,431.2**

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Note: Payments to auditors		
As auditor		
- Statutory audit *	8.1	4.1
- Tax audit	0.9	0.9
- Other audit services	-	2.3
* Includes ₹ 1.3 Million in respect of year ended 31st March, 2021 charged in current year	**9.0**	**7.3**
Corporate social responsibility expenditure		
Contribution towards Education	34.5	34.4
Contribution towards Women Empowerment	33.7	31.1
Others	16.3	24.3
Total	**84.5**	**89.8**
Amount required to be spent as per Section 135 of the Act	**84.5**	**88.5**
Amount spent during the year on		
(i) Construction/ acquisition of an Assets	-	-
(ii) On purpose other than (i) above	59.9	89.8
	59.9	**89.8**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

30 OTHER EXPENSES (CONTD.)

Details of ongoing CSR projects under Section 135 (6) of the Act

(INR in millions)

	March 31, 2022	March 31, 2021
Amount required to be spent by the company during the year	84.5	88.5
Amount of expenditure incurred	59.9	89.8
Amount of shortfall for the year	24.6	(1.3)
Amount of cumulative shortfall at the end of the year *	23.3	-

The Company has made a provision of INR 21.8 millions towards CSR liability at the year end (Previous year NIL).

During the year, the Company has spent INR 59.9 millions towards donation to NGO's, foundations in relation to Girls Scholarship programs for higher education, STEM school projects etc. Due to COVID-19, Educational institutes were not fully operational which resulted into an unspent amount of INR 23.3 million as at 31st March, 2022. The company has transferred the unspent amount of INR 17.7 million to an special bank account within 30 days from the end of the financial year. The remaining unspent amount of INR 5.6 million will be transferred to special bank account by 31st May, 2022. The shortfall will be spent by 31st December 2022 by the Company.

31 FINANCE COSTS

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Interest on Pre shipment rupee export credit loan	-	7.5
Interest and finance charges on lease liability	20.8	13.8
	20.8	**21.3**

32 INCOME TAX EXPENSE

(INR in millions)

		For year ended March 31, 2022	For year ended March 31, 2021
(a)	**Current Tax**		
	Current tax on profit during the year	1,386.8	1,052.8
	Adjustments for current tax of prior periods	(9.8)	(25.4)
	Total Current Tax expense	**1,377.0**	**1,027.4**
	Deferred Tax		
	Deferred tax expense	(18.7)	(41.8)
	Income tax expense	**1,358.3**	**985.6**
(b)	**Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:**		
	Profit from continuing operations before income tax expense	5,309.6	3,962.9
	Tax at the Indian tax rate of 25.17 %	1,336.4	997.5
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Adjustments for current tax of prior periods	(9.8)	(25.4)
	Corporate social responsibility expenditure	21.3	-
	Others	10.4	13.5
	Income tax expense	**1,358.3**	**985.6**
(c)	**Tax impact of remeasurement of post employment benefits obligation recognised in OCI**	4.6	(11.8)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

FAIR VALUE MEASUREMENT

33 FINANCIAL INSTRUMENTS BY CATEGORY

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

(INR in millions)

	March 31, 2022		March 31, 2021	
	Amortised Cost	Carrying Amount	Amortised Cost	Carrying Amount
Financial assets				
Trade receivables	6,871.3	6,871.3	5,834.4	5,834.4
Cash and bank balances	4,018.5	4,018.5	5,003.1	5,003.1
Loan to related party	856.0	856.0	870.6	870.6
Other Financial assets	638.8	638.8	779.6	779.6
Total Financial Assets	**12,384.6**	**12,384.6**	**12,487.7**	**12,487.7**
Financial Liabilities				
Trade Payables	5,244.2	5,244.2	5,768.9	5,768.9
Other Financial Liabilities	1,067.6	1,067.6	773.9	773.9
Total Financial Liabilities	**6,311.8**	**6,311.8**	**6,542.8**	**6,542.8**

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

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

i) Fair value hierarchy

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

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

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

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

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at 31st March 2022

(INR in millions)

	Level 1	Level 2	Level 3	Total March 31, 2022
Financial assets				
Trade receivables	-	-	6,871.3	6,871.3
Cash and bank balances	-	-	4,018.5	4,018.5
Loan to related party	-	-	856.0	856.0
Other Financial assets	-	-	638.8	638.8
Total Financial assets	**-**	**-**	**12,384.6**	**12,384.6**
Financial Liabilities				
Trade Payables	-	-	5,244.1	5,244.1
Other Financial Liabilities	-	-	1,067.6	1,067.6
Total Financial liabilities	**-**	**-**	**6,311.7**	**6,311.7**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

33 FINANCIAL INSTRUMENTS BY CATEGORY (CONTD.)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at 31st March 2022

(INR in millions)

	Level 1	Level 2	Level 3	Total March 31, 2021
Financial assets				
Trade receivables	-	-	5,834.4	5,834.4
Cash and bank balances	-	-	5,003.1	5,003.1
Loan to related party	-	-	870.6	870.6
Other Financial assets	-	-	779.6	779.6
Total Financial assets	**-**	**-**	**12,487.7**	**12,487.7**
Financial Liabilities				
Trade Payables	-	-	5,768.9	5,768.9
Other Financial Liabilities	-	-	773.9	773.9
Total Financial liabilities	**-**	**-**	**6,542.8**	**6,542.8**

(ii) Valuation processes

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

34 FINANCIAL RISK MANAGEMENT

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

The Risk Management framework aims to create a stable business planning environment by reducing the impact of market related risks, credit risks & currency fluctuations on the Company's earnings. Also refer Note 43 for COVID assessment.

34 (A) Market risk

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

i) Foreign currency risk

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

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

34 FINANCIAL RISK MANAGEMENT (CONTD.)

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

(INR in millions)

	March 31, 2022	March 31, 2021
Financial Assets		
Trade Receivables		
EURO	217.8	82.0
USD	354.1	200.1
SEK	376.0	171.5
SGD	123.7	57.7
CNY	41.8	81.9
AUD	39.4	4.8
THB	46.5	-
Total exposure to foreign currency assets	**1,199.3**	**598.0**
Bank balance in EEFC		
EURO	1.7	0.0
USD	5.6	15.2
Total exposure to foreign currency assets	**1,206.6**	**613.2**

(INR in millions)

	March 31, 2022	March 31, 2021
Financial Liabilities		
Trade Payables		
EURO	2,831.2	2,645.0
USD	536.9	763.0
SEK	2.3	1.6
GBP	0.2	0.2
YEN	9.6	14.4
CHF	1.4	1.7
CNY	1.7	12.3
Total exposure to foreign currency risk (liabilities)	**3,383.3**	**3,438.2**

ii) Sensitivity

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

(INR in millions)

	March 31, 2022	March 31, 2021
EURO sensitivity		
₹/ EURO increased by 5 %	(130.7)	(128.1)
₹/ EURO decreased by 5 %	130.7	128.1
USD sensitivity		
₹/ USD increased by 5 %	(9.1)	(28.1)
₹/ USD decreased by 5 %	9.1	28.1

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

34 FINANCIAL RISK MANAGEMENT (CONTD.)

(INR in millions)

	March 31, 2022	March 31, 2021
SEK sensitivity		
₹/ SEK increased by 5 %	18.7	8.5
₹/ SEK decreased by 5 %	(18.7)	(8.5)
SGD sensitivity		
₹/ SGD increased by 5 %	6.2	2.9
₹/ SGD decreased by 5 %	(6.2)	(2.9)

iii) Interest rate risk

The Company's has very limited exposure to borrowings.

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

34 (B) Liquidity risk

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

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

Maturities of financial liabilities

Contractual maturities of financial liabilities

(INR in millions)

	Less than 1 year	1-3 years	Over 3 years
31-Mar-2022			
Lease Liabilities (undiscounted)	51.1	93.9	36.4
Total liabilities	**51.1**	**93.9**	**36.4**

All the financial liabilities as on March 31, 2022 were due within 12 months. The carrying value of all the financial liabilities as on respective dates is considered as its maturity value since the impact of discounting is not significant.

34 (C) Credit risk

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

Credit risk management

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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34 FINANCIAL RISK MANAGEMENT (CONTD.)

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

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

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

Exposure to credit risk

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

Financial assets that are neither past due nor impaired

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

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

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

(INR in millions)

	March 31, 2022			March 31, 2021		
	Gross	Allowance	Net	Gross	Allowance	Net
Trade receivables						
Period (in months)						
Not due	5,865.3	-	5,865.3	4,931.7	-	4,931.7
Overdue up to 3 months	1,006.0	-	1,006.0	902.7	-	902.7
Overdue 3-6 months	48.2	(48.2)	-	83.4	(83.4)	-
Overdue more than 6 months	98.1	(98.1)	-	106.8	(106.8)	-
Total	**7,017.6**	**(146.3)**	**6,871.3**	**6,024.6**	**(190.2)**	**5,834.4**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

34 FINANCIAL RISK MANAGEMENT (CONTD.)

Reconciliation of loss allowance provision – Trade receivables

(INR in millions)

	Over 3 years
Loss allowance on April 1, 2020	191.2
Change in loss allowance	(1.0)
Loss allowance on March 31, 2021	190.2
Change in loss allowance	(43.9)
Loss allowance on March 31, 2022	**146.3**

35 CAPITAL MANAGEMENT

(a) Risk management

The company's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and short-term borrowings.

(b) Dividends

(INR in millions)

		March 31, 2022	March 31, 2021
i)	**Equity shares**		
	Dividend paid		
	March 31, 2021 (₹ 14.5 per share)	716.9	
	March 31, 2020 (₹ 130.0 per share)		6,426.9
	DDT on dividend		-
ii)	**Dividends not recognised at the end of reporting period**		
	In addition to the dividend in point (i) above, post year end the directors have recommended the payment of a dividend of ₹ 14.5 per fully paid equity share (31 March 2021 – ₹ 14.5). This proposed dividend is subject to the approval of shareholders in the Annual General meeting.	716.9	716.9

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

36 EARNINGS PER SHARE (EPS)

Basic and diluted earnings per share

The earnings per share (basic & diluted), computed as per the requirement under Indian Accounting Standard (IND AS 33) on 'Earnings per Share' is as under:

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Profit attributable to Equity Shareholders (Rupees in Million)	3,951.3	2,977.3
Basic/ Weighted average number of Equity Shares outstanding during the year	49,437,963	49,437,963
Nominal value of Equity Shares (₹)	10.0	10.0
Basic Earnings per share (₹)	79.9	60.2
Diluted Earnings per share (₹)	79.9	60.2

37 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS

I Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions in case of employees not covered under SKF Bearings India Limited, Provident Fund Scheme. The contributions are charged to the profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and Superannuation fund is as follows:

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Employee Provident Fund - Regional Provident Fund Contribution	45.6	39.0
Superannuation fund	42.7	35.7
	88.3	**74.7**

II Defined Benefit plans

i) Gratuity

The Company operates a post-employment defined benefit plan that provides gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive between 15 days to one month's salary for each year of completed service at the time of retirement/ exit.

The following table summarises the position of assets and obligations.

(INR in millions)

	Present value of obligation	Fair value of plan assets	Net Amount
Opening balance as on April 1, 2020	1,078.5	917.0	161.5
Current service cost	27.9	-	27.9
Interest cost/ income	67.2	57.4	9.8
Total amount recognised in profit & loss	**95.1**	**57.4**	**37.6**
Remeasurements			
Return on plan assets less interest on plan assets	-	14.3	(14.3)
(Gain)/ loss from change in financial assumptions	3.6	-	3.6
Experience (gains)/ losses	(36.2)	-	(36.2)
Total amount recognised in other comprehensive income	**(32.6)**	**14.3**	**(47.0)**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

37 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD.)

(INR in millions)

	Present value of obligation	Fair value of plan assets	Net Amount
Employer contributions	-	161.5	(161.5)
Benefit payments	(117.9)	(117.9)	-
Closing balance as on March 31, 2021	**1,023.1**	**1,032.3**	**(9.2)**
Opening balance as on April 1, 2021	**1,023.1**	**1,032.3**	**(9.2)**
Current service cost	35.7	-	35.7
Interest cost/ income	61.5	62.1	(0.6)
Total amount recognised in profit & loss	**97.2**	**62.1**	**35.1**
Remeasurements			
Return on plan assets less interest on plan assets	-	(4.2)	4.2
(Gain)/ loss from change in financial assumptions	(16.7)	-	(16.7)
Experience (gains)/ losses	30.6	-	30.6
Total amount recognised in other comprehensive income	**13.9**	**(4.2)**	**18.1**
Employer contributions	-	-	-
Benefit payments	(77.2)	(77.2)	-
Closing balance as on March 31, 2022	**1,057.0**	**1,013.0**	**44.0**

The net liability disclosed above relates to funded and unfunded plans are as follows:

(INR in millions)

	March 31, 2022	March 31, 2021
Present value of funded obligations	1,057.0	1,023.1
Fair value of plan assets	1,013.0	1,032.3
Deficit/ (Surplus) of funded plan	44.0	(9.2)

Principal actuarial assumptions used as at the reporting date:

The significant actuarial assumptions were as follows:

(INR in millions)

	March 31, 2022	March 31, 2021
Discount rate	6.90%	6.45%
Salary growth rate		
for Management employees	10.00%	9.50%
for Non-Management employees	6.00%	6.00%

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

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner .

Expected contribution to post employment benefit plans for the year ended March 31, 2022 is Nil.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

37 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD.)

ii) Provident Fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors. The actuary has provided a valuation and based on the below provided assumptions, shortfall recognised in the Statement of Profit and Loss during the year is NIL (previous year NIL MINR).

(INR in millions)

	Present value of obligation	Fair value of plan assets	Net Amount
Opening balance as on April 1, 2020	2,037.0	2,037.0	-
Current service cost	46.4	-	46.4
Interest cost/ income	131.5	131.5	-
Total amount recognised in profit & loss	**177.9**	**131.5**	**46.4**
Remeasurements			
Return on plan assets less interest on plan assets	-	94.4	(94.4)
(Gain)/ loss from change in financial assumptions	-	-	-
Experience (gains)/ losses	94.4	-	94.4
Total amount recognised in other comprehensive income	**94.4**	**94.4**	**-**
Employer contributions	-	46.4	(46.4)
Employee contributions	125.4	125.4	-
Assets Distributed on Settlements/ acquired on acquisition	27.9	27.9	-
Benefit payments	(245.3)	(245.3)	-
Closing balance as on March 31, 2021	**2,217.3**	**2,217.3**	**-**
Opening balance as on April 1, 2021	**2,217.3**	**2,217.3**	**-**
Current service cost	58.7	-	58.7
Interest cost/ income	160.9	160.9	-
Total amount recognised in profit & loss	**219.6**	**160.9**	**58.7**
Remeasurements			
Return on plan assets less interest on plan assets	-	(850.8)	850.8
(Gain)/ loss from change in financial assumptions	(5.3)	-	(5.3)
Experience (gains)/ losses	(845.5)	-	(845.5)
Total amount recognised in other comprehensive income	**(850.8)**	**(850.8)**	**-**
Employer contributions	-	58.7	(58.7)
Employee contributions	137.6	137.6	-
Assets Distributed on Settlements/ acquired on acquisition	128.6	128.6	-
Benefit payments	229.4	229.4	-
Closing balance as on March 31, 2022	**2,081.7**	**2,081.7**	**-**

The fair value of plan assets is ₹ 2,209.8 millions. However surplus of ₹ 128.1 millions is not recognised.

The net liability disclosed above relates to funded and unfunded plans are as follows:

(INR in millions)

	March 31, 2022	March 31, 2021
Present value of funded obligations	2,081.7	2,217.3
Fair value of plan assets	2,081.7	2,217.3
Deficit of funded plan	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

37 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD.)

Principal actuarial assumptions used as at the reporting date:
The significant actuarial assumptions were as follows:

(INR in millions)

	March 31, 2022	March 31, 2021
Discount rate	6.90%	6.45%
Expected rate of return on plan assets	8.62%	8.32%
Discount rate for the remaining term to maturity of the investment	6.75%	6.40%
Average historic yield on the investment	8.47%	8.27%
Guaranteed rate of return	8.10%	8.50%

III Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(INR in millions)

	Change in assumption		Impact on defined benefit obligation					
				Increase in Valuation			Decrease in Valuation	
	March 31, 2022	March 31, 2021		March 31, 2022	March 31, 2021		March 31, 2022	March 31, 2021
Discount rate - Gratuity	0.50%	0.50%	Decrease by	29.2	29.6	Increase by	30.7	31.2
Salary growth rate - Gratuity	0.50%	0.50%	Increase by	30.4	30.9	Decrease by	29.2	29.6
RPFC guaranteed rate	1.00%	0.50%	Increase by	62.4	43.2	Decrease by	21.5	-

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

IV (a) The major categories of plans assets for Gratuity are as follows:

(INR in millions)

	March 31, 2022				March 31, 2021			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Debt instruments								
Corporate bonds	9.9	-	9.9	1%	48.8	-	48.8	5%
Government of India securities	154.6	-	154.6	15%	128.4	-	128.4	12%
Sub Total	**164.5**	**-**	**164.5**		**177.2**	**-**	**177.2**	
Insurer Fund	-	953.7	953.7	94%	897.6	-	897.6	87%
Others *	-	(105.2)	(105.2)	-10%	-	(42.5)	(42.5)	-4%
Total	**164.5**	**848.5**	**1,013.0**	**100%**	**1,074.8**	**(42.5)**	**1,032.3**	**100%**

* Includes payable to SKF India Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

37 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD.)

(b) The major categories of plans assets for Provident Fund are as follows:

(INR in millions)

	March 31, 2022				March 31, 2021			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Equity instruments	229.8	-	229.8	10%	122.5	-	122.5	6%
Debt instruments								
Corporate bonds	836.7	-	836.7	38%	961.1	-	961.1	43%
Government of India securities	959.1	-	959.1	43%	1,054.2	-	1,054.2	48%
Sub Total	**1,795.8**	**-**	**1,795.8**		**2,015.3**	**-**	**2,015.3**	
Others	-	184.2	184.2	8%	-	79.5	79.5	4%
Total	**2,025.6**	**184.2**	**2,209.8**	**100%**	**2,137.8**	**79.5**	**2,217.3**	**100%**

The weighted average duration of the defined benefit obligation is 5.67 years (2021 – 5.94 years). The expected maturity analysis of undiscounted gratuity is as follows:

(INR in millions)

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2022					
Defined benefit obligation	153.4	243.9	406.9	877.7	1,681.9
March 31, 2021					
Defined benefit obligation	139.1	217.0	348.1	893.9	1,598.1

V Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond yields: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

Within this framework, the company's ALM objective is to match assets to the gratuity obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due.

The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

38 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

a) Contingent liabilities:

(INR in millions)

	March 31, 2022	March 31, 2021
Claims against the Company not acknowledged as debts		
(i) Income-tax *	3,010.0	2,475.3
(ii) Excise duty	221.7	221.7
(iii) Sales tax	185.9	243.1
(iv) Others	70.5	65.7
	3,488.1	**3,005.8**

* Including interest of ₹ 1,062 Millions as per the demand order.

In addition to the above, during the year the company has received a Draft assessment order for the Financial Year 2017-18 (Assessment Year 2018-19) u/s 143(3) read with section 144C of the Income Tax Act, 1961 ("Act") from the Assessing officer proposing an adjustment of ₹ 1,018.87 million towards Transfer Pricing addition resulting from the Transfer Pricing order under section 92CA(3) of the Act and an adjustment of ₹14.77 million towards income tax issue. Thus, the total addition of ₹ 1,033.64 million has been proposed in the draft assessment order. Upon receipt of the draft assessment order, the company has filed its objections with the Dispute resolution panel under section 144C of the Act. The matter shall be heard by Dispute resolution panel and directions shall be issued to the Assessing Officer who shall, in conformity with the directions, pass the final order under section 144C(13) of the Act. Given the fact that the company has not received the final assessment order and that the hearings are pending before the Dispute resolution panel, the management is of the opinion that there is no tax liability against the company as on the balance sheet date.

The Company has evaluated the impact of the recent supreme court judgment in case of "Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II), West Bengal" and the related circular (Circular No. -C-I/ 1(33)2019/ Vivekananda Vidya Mandir/ 284) dated March 20, 2019 issued by the Employees' Provident Fund Organization in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in books.

b) Commitments:

(INR in millions)

	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	349.7	251.2
	349.7	**251.2**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

39 DUES TO MICRO AND SMALL SUPPLIERS

(INR in millions)

	March 31, 2022	March 31, 2021
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end *	225.0	183.2
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	17.0	9.7
Principal amount paid to suppliers registered under the MSMED Act beyond the appointed day during the year	535.9	582.5
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year	Nil	Nil
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act for payment already made	6.6	5.6
Further interest remaining due and payable for earlier years	9.7	4.2

* Includes amount of ₹ 215.7 million (March 31, 2021 ₹ 181.8 million) outstanding, but not overdue to micro and small as on March 31, 2022.

Note: The above information has been compiled by the Company on the basis of information made available by vendors during the year ended March 31, 2022 and year ended March 31, 2021.

40 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker. The Board of Directors has been identified as the Chief operating decision maker (CODM).

The Company operates in only one business segment viz. 'Bearings'. This is the principal activity for the Company. The segment revenue is measured in the same way in Statement of Profit and Loss.

Information about geographical segments

(INR in millions)

	March 31, 2022	March 31, 2021
Segment revenue		
Within India	32,348.0	24,673.9
Outside India	4,310.9	2,033.4
	36,658.9	**26,707.3**
Segment assets *		
Within India	5,665.5	5,069.2
Outside India	-	-
	5,665.5	**5,069.2**

* Non Current Assets excludes Deferred Tax assets and Financial Instruments

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

41 THE COMPANY HAS FACILITY FROM BANKS FOR

Working capital / working capital demand loans sanctioned in October 2020 amounting to 200 MINR but not utilised any time during the year.

The working capital / working capital demand loans is secured by pari passu charge of :

a) all tangible movable properties and assets , both present and future, including stocks of Raw Materials, Semi-finished goods and Finished goods, excluding movable Machinery Spares, Tools and Accessories and Stores and Spares.

b) all present and future Book Debts outstanding, Monies receivable, Claims and Bills.

The Company is filing returns / statements in compliance with facility agreement with the bank.

42 IND AS 115:- REVENUE FROM CONTRACTS WITH CUSTOMERS

(INR in millions)

	March 31, 2022	March 31, 2021
Reconciliation of revenue with contract price:-		
Revenue as per statement of PL	36,658.9	26,707.3
Add: Incentive/ rebates etc	2,095.0	564.4
Add: Discounts	4.2	14.5
Add: Liquidated damages	14.1	8.4
Contract price	**38,772.2**	**27,294.6**

43 The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on these financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

44 RELATED PARTY DISCLOSURES

(i) List of Related Parties & relationship:

a) Ultimate Parent Entity/ Ultimate Controlling Party and Immediate Parent Entity/ Immediate Controlling Party:

Sr. No.	Name of the Related Party
1	Aktiebolaget SKF (AB SKF)

Associate:

Sr. No.	Name of the Related Party
1	Sunstrength Renewables Private Limited w.e.f December 2, 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

44 RELATED PARTY DISCLOSURES (CONTD.)

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

Sr. No.	Name of the Related Party
	Fellow subsidiary Companies (All under the common control of AB SKF)
1	SKF GMBH
2	SKF INDUSTRIE S.P.A
3	SKF SVERIGE AB
4	SKF USA INC.
5	SKF ARGENTINA S.A.
6	SKF OSTERREICH AG
7	KAYDON CORPORATION
8	SKF INTERNATIONAL AB
9	SKF MEKAN AB
10	SKF (U.K.) LIMITED
11	SKF FRANCE
12	RKS SAS
13	SKF BELGIUM NV/ SA
14	RFT S.P.A.
15	SKF BEARING BULGARIA EAD
16	SKF INTERNATIONAL AB EDC
17	SKF DE MEXICO SA DE CV
18	SKF LATIN TRADE S.A.S
19	SKF DEL PERU S.A.
20	SKF DO BRASIL LTDA
21	SHANGHAI PEER BEARING COMPANY LTD
22	PEER BEARING COMPANY-CHANGSHAN
23	ZHE JIANG XINCHANG PEER BEARING CO LTD
24	SKF TURK SANAYI VE TICARET LIMITED
25	SKF ENGINEERING AND LUBRICATION INDIA PRIVATE LIMITED
26	SKF ASIA PACIFIC PTE. LTD.
27	SKF JAPAN LTD.
28	SKF (SHANGHAI) BEARINGS CO.LTD
29	SKF KOREA LTD
30	SKF MALAYSIA SDN BHD
31	SKF SEALING SOLUTIONS(WUHU) CO.,LTD
32	PT SKF INDONESIA
33	SKF SEALING SOLUTIONS KOREA CO., LT
34	SKF INDUSTRIAL INDONESIA
35	SKF (SHANGHAI) AUTOMOTIVE TECHNOLOGIES CO., LTD
36	SKF (CHINA) SALES CO. LTD
37	SKF (DALIAN) BEARINGS AND PRECISION TECHNOLOGIES CO. LTD.
38	SKF (JINAN) BEARINGS AND PRECISION
39	SKF DISTRIBUTION (SHANGHAI) CO. LTD

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

44 RELATED PARTY DISCLOSURES (CONTD.)

Sr. No.	Name of the Related Party
40	SKF AUSTRALIA PTY LTD
41	PSC SKF UKRAINE
42	SKF SEALING SOLUTIONS GMBH
43	SKF SOUTH AFRICA (PTY) LTD
44	SKF MAGNETIC MECHATRONICS
45	SKF SEALING SOLUTIONS AUSTRIA GMBH
46	SKF METAL STAMPING S.R.L
47	SKF MARINE SINGAPORE PTE LTD.
48	SKF ESPANOLA S.A., MADRID
49	SKF CHILENA S.A.I.C.
50	SKF (THAILAND) LTD
51	BEIJING NANKOU SKF RAILWAY BEARINGS CO.LTD.
52	SKF B.V.
53	SKF (XINCHANG) BEARINGS AND PRECISION TECHNOLOGIES CO. LTD
54	SKF BEARING INDUSTRIES SDN.BHD.
55	SKF VIETNAM CO LTD
56	SKF BULGARIA LTD
57	SKF CANADA LIMITED
58	NINGBO GENERAL BEARING CO LTD
59	SKF PHILIPPINES INC.
60	SKF TAIWAN CO. LTD.
61	SKF SEALING SOLUTIONS GMBH
62	SKF EUROTRADE AB
63	SKF ECONOMOS INDIA PVT. LTD.
64	OY SKF AB
65	SKF SEALING SOLUTIONS SA DE CV
66	SKF CZ, A.S.
	Key Management Personnel
1	Mr Gopal Subramanyam (Chairman)
2	Mr Manish Bhatnagar (Managing Director)
3	Mr Aldo Cedrone (Director)
4	Ms Anu Wakhlu (Director)
5	Mr Bernd Stephan (Upto 16th November, 2020) (Director)
6	Ms Ingrid Viktoria Van Camp (from 16th November, 2020) (Director)
7	Mr Werner Hoffman (Upto 10th February, 2022) (Director)
8	Mr Shailesh Sharma (from 10th February, 2022) (Director)
	Emloyees' Benefit plans where there is Significant influence
1	SKF India Limited Provident Fund Scheme
2	SKF Bearings India Limited Superannuation Scheme
3	SKF Bearings India Limited Bangalore Superannuation Scheme
4	SKF Bearings India Limited Employees Gratuity Fund
5	SKF Bearings India Limited Bangalore Employees Gratuity Fund

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

44 RELATED PARTY DISCLOSURES (CONTD.)

(ii) Disclosure of related party transactions:

(INR in millions)

Sr. No.	Nature of transaction/ relationship/ major parties	For year ended March 31, 2022		For year ended March 31, 2021	
		Amount	Amount	Amount	Amount
A	**Purchases**				
	i. Raw Materials, components, spares and Finished Goods	**14,827.6**		**8,700.6**	
	SKF GMBH		3,754.8		2,111.8
	SKF Engineering and Lubrication India Private Limited		2,352.0		1,511.6
	SKF Sverige AB		1,906.7		924.4
	SKF France S.A.		1,142.6		656.1
	Others		5,671.5		3,496.8
	ii. Property, Plant and Equipment	**21.3**		**138.4**	
	SKF Osterreich AG		15.3		48.0
	SKF Engineering and Lubrication India Private Limited		3.5		
	SKF GMBH		2.5		
	Others				90.4
B	**Services received**				
	i. Administrative and Service Fees	**27.3**		**26.5**	
	SKF International AB		19.5		8.9
	SKF AB Sweden		3.8		5.5
	Others		4.0		12.1
	ii. IT services	**314.4**		**292.8**	
	AB SKF		314.4		292.8
C	**Royalty**	**571.4**		**429.4**	
	AB SKF		571.4		429.4
D	**Trade Mark Fees**	**359.5**		**274.0**	
	AB SKF		359.5		274.0
E	**Sales**				
	i. Goods and Services	**3,850.7**		**1,754.1**	
	SKF International AB EDC		936.8		294.2
	SKF GMBH		454.1		251.0
	SKF Do Brazil Ltda		452.8		153.2
	SKF USA Inc		394.3		274.5
	SKF Industrie Spa		271.7		24.7
	Others		1,341.0		756.5
	ii. Technical and other service income	**473.0**		**279.3**	
	AB SKF		415.5		277.7
	Others		57.5		1.6
F	**Other Income**				
	i. Rent Income	**36.0**		**33.9**	
	SKF Engineering and Lubrication India Private Limited		36.0		33.9
	ii. Commission Income	**1.4**		**1.1**	
	SKF Asia Pacific Pte Ltd		1.4		1.1

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

44 RELATED PARTY DISCLOSURES (CONTD.)

(INR in millions)

Sr. No.	Nature of transaction/ relationship/ major parties	For year ended March 31, 2022		For year ended March 31, 2021	
		Amount	Amount	Amount	Amount
G	**Reimbursements**				
	i. Received	**180.0**		**123.8**	
	SKF Engineering and Lubrication India Private Limited		52.0		79.1
	Others		128.0		44.7
	ii. Paid	**92.3**		**9.3**	
	SKF Engineering and Lubrication India Private Limited		92.3		4.5
	SKF Industries SPA				2.4
	Others		-		2.4
H	**Inter Corporate Loan & Interest**				
	i Loan Received Back	**-**		**394.0**	
	SKF Engineering and Lubrication India Private Limited		-		394.0
	ii. Interest Income on Loan	**51.2**		**65.5**	
	SKF Engineering and Lubrication India Private Limited		51.2		65.5
I	**Dividend Paid**	**376.9**		**3,378.9**	
	AB SKF		328.7		2,946.6
	SKF (UK) Ltd.		45.4		406.8
	SKF Forvaltning AB		2.8		25.5
J	**Trade Advance given**	**750.0**		**-**	
	SKF Engineering and Lubrication India Private Limited		750.0		-
K	**Managerial Remuneration:-**	**38.5**		**30.4**	
	Short-term employee benefits		36.6		28.8
	Long-term employee benefits		1.9		1.6
L	**Payment to Directors**	**6.3**		**4.0**	
	Sitting fees & Commission		6.3		4.0
M	**Investment in equity shares of Associate Company**	**-**		**24.8**	
	Sunstrength Renewables Private Limited		-		24.8
N	**Employees' Benefit plans where there is Significant influence**				
	i. Contributions Paid	**228.0**		**367.3**	
	SKF India Limited Provident Fund Scheme		192.7		171.1
	SKF Bearings India Limited Superannuation Scheme		31.3		31.2
	SKF Bearings India Limited Bangalore Superannuation Scheme		4.0		3.5
	SKF Bearings India Limited Employees Gratuity Fund		-		161.5
	ii Reimbursements Received For Settlements	**32.0**		**122.9**	
	SKF Bearings India Limited Employees Gratuity Fund		23.0		122.9
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		9.0		-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

(iii) Amount due to/ from related parties

(INR in millions)

Sr. No.	Nature of transaction/ relationship	March 31, 2022		March 31, 2021	
		Amount	Amount	Amount	Amount
1	**Accounts receivable**	**1,187.8**		**522.7**	
	SKF International AB		1,104.5		513.5
	Others		83.3		9.2
2	**Other receivable**	**160.4**		**111.9**	
	AB SKF		111.1		101.0
	Others		49.3		10.9
3	**Accounts payable**	**3,535.5**		**4,134.2**	
	SKF International AB		2,851.6		2,815.2
	AB SKF		268.1		226.3
	Others		415.8		1,092.7
4	**Loan (including interest accrued)**	**856.0**		**870.6**	
	SKF Engineering and Lubrication India Private Limited		856.0		870.6
5	**Trade Advance receivable**	**193.7**		**-**	
	SKF Engineering and Lubrication India Private Limited		193.7		-
6	**Employees' Benefit plans where there is Significant influence**				
	Other Receivable	**103.1**		**67.3**	
	SKF Bearings India Limited Employees Gratuity Fund		85.8		50.0
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		17.3		17.3
	Other Payable	**44.0**		**-**	
	SKF Bearings India Limited Employees Gratuity Fund		44.0		-
	SKF Bearings India Limited Bangalore Employees Gratuity Fund				-
7	**Director's commission**	**4.7**	4.7	**1.6**	1.6

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

45 FINANCIAL RATIOS

(INR in millions)

Ratio	Numerator	Denominator	Current year	Previous year	Change %	Explanation
Current ratio (in times)	Total current assets	Total current liabilities	2.8	2.4	19.7%	
Debt-Equity ratio (in times)	Debt consists of borrowings and lease liabilities	Total Equity	0.01	0.01	-24.1%	
Debt service coverage ratio (in times)	Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments	Debt service = Interest and lease payments	26.8	18.6	43.8%	The coverage has increased due to increase in profitability
Return on equity ratio (in %)	Profit for the year	Average total equity ((Opening + Closing)/ 2)	22.9%	17.2%	33.5%	Increased due to increase in profits for the year
Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables ((Opening + Closing)/ 2)	5.8	5.2	10.1%	
Trade payables turnover ratio (in times)	Cost of goods sold	Average trade payables ((Opening + Closing)/ 2)	4.1	3.2	29.1%	Increase in operations year on year
Net capital turnover ratio (in times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	2.9	2.8	2.0%	
Net profit ratio (in %)	Profit for the year	Revenue from operations	10.8%	11.1%	-3.3%	
Return on capital employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Lease liabilities	28.1%	25.3%	11.0%	
Return on investment (in %)	Profit before tax and finance costs	Average total assets ((Opening + Closing)/ 2)	21.6%	16.7%	29.5%	Increased due to increase in profits for the year

46 ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the company under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The company has no borrowings from banks and financial institutions.

(iii) Wilful defaulter

The company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

(iv) Relationship with struck off companies

The company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(v) Compliance with number of layers of companies

The company has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) Compliance with approved scheme(s) of arrangements

The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vii) Utilisation of borrowed funds and share premium

The company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(viii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(ix) Details of crypto currency or virtual currency

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(x) Valuation of PP&E, intangible asset and investment property

The company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2022

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

Gopal Subramanyam
Chairman
Place: Bengaluru

Manish Bhatnagar
Managing Director
Place: Pune

Ashish Saraf
Chief Financial Officer
Place: Pune
Date: May 11, 2022

Ranjan Kumar
Company Secretary
Place: Pune

INDEPENDENT AUDITORS' REPORT

To the Members of **SKF India Limited**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying consolidated financial statements of SKF India Limited (hereinafter referred to as the "Company") and its associate (refer Note 45 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2022 and the consolidated Statement of Profit and Loss (including Other Comprehensive Income) , the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its associate as at March 31, 2022, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained, other than the unaudited financial information as certified by the management and referred to in sub-paragraph 14 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of Contingencies relating to Transfer pricing Matters	
Refer to note 2(A) and 38 of the consolidated financial statements for the related disclosures	
The Company has received income tax demands mainly pertaining to disallowances towards pricing of intragroup services for the financial years 2010-11 to 2016-17. The aggregate amount of demand on these matters is ₹ 2,819 million (including interest of ₹ 1,048 million as per the demand orders), which have been disclosed as Contingent Liabilities in the Standalone Financial Statements. The Company has filed appeals against the above orders with appropriate tax authorities. The management's assessment, as supported by their tax expert's views, is that no provision is required against these matters. The assessment of the likely outcome of the appeals and the need for provision against the demands in case of an unfavourable outcome, is an area of significant judgement requiring involvement of tax expert and evaluation of data presented during the assessment proceedings.	Our audit procedures included: • Understanding and evaluation of processes and controls designed and implemented by the management for assessment of tax contingencies and testing their operating effectiveness. • Verification of the supporting documents such as agreements and invoices pertaining to the group costs incurred by the Company. • Enquiry with the management on their assessment of the probability of outcome and the likelihood of outflow of economic resources. • Evaluation of the management assessment including view from the management's tax expert and the submissions made by the Company to tax authorities, with the involvement of auditor's tax experts to examine the positions taken.

Key audit matter	How our audit addressed the key audit matter
This has been considered a key audit matter in view of the uncertain outcome of the litigations and involvement of significant management judgement in assessing the probability of outflow of economic resources.	• Assessed the adequacy of disclosures in the standalone financial statements. On the basis of the above procedures performed, we noted the management's assessment of the contingent liabilities in respect of transfer pricing matters to be reasonable.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Company including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the Company and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

7. In preparing the consolidated financial statements, the Board of Directors of the Company and of its associate are responsible for assessing the ability of the Company and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8. The respective Board of Directors of the Company and of its associate are responsible for overseeing the financial reporting process of the Company and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

11. We communicate with those charged with governance of the Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

14. The consolidated financial statements also include the Company's share of loss of ₹ (1.7) million and total comprehensive income (comprising of loss and other comprehensive income) of ₹ (1.7) million for the year ended March 31, 2022 as considered in the consolidated financial statements, in respect of an associate, whose financial information has not been audited by us. This financial information is unaudited and has been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the associate and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Company.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

15. The statutory audit report of Sunstrength Renewables Private Limited, an associate has not been issued until the date of this report. Accordingly, no comments for the said associate have been included for the purpose of reporting under this clause.

16. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Company as on March 31, 2022 taken on record by the Board of Directors of the Company none of the directors of the Company is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Company– Refer Note 38 to the consolidated financial statements.

ii. The Company is not required to recognise a provision as at March 31, 2022 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2022.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.

iv. (a) The management of the Company has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 47 to the consolidated financial statements);

(b) The management of the Company has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 47 to the consolidated financial statements); and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend declared and paid during the year by the Company is in accordance with Section 123 of the Act.

17. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/ S200012
Chartered Accountants

Amit Borkar
Partner
Membership Number 109846
UDIN: 22109846AITNZB1838

Place: Pune
Date: May 11, 2022

ANNEXURE A to Independent Auditor's Report

REFERRED TO IN PARAGRAPH 16 (F) OF THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SKF INDIA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Subsection 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of SKF India Limited (hereinafter referred to as the "Company") and its associate , which is a company incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to consolidated financial statements is not applicable to the associate incorporated in India namely Sunstrength Renewables Private Limited, pursuant to MCA notification GSR 583(E) dated 13 June 2017.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

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

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/ S200012
Chartered Accountants

Amit Borkar
Partner
Membership Number 109846
UDIN: 22109846AITNZB1838

Place: Pune
Date: May 11, 2022

CONSOLIDATED BALANCE SHEET
as at March 31, 2022

(INR in millions)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current Assets			
Property, plant and equipment	3 (a)	3,647.4	3,138.3
Right-of-use assets	3 (b)	153.7	154.7
Capital Work-in-progress	3 (a)	515.2	647.6
Investment properties	4	221.3	156.9
Intangible assets	5	2.5	2.6
Investments accounted for using the equity method	6	22.7	24.4
Financial assets			
Loans	7	456.0	856.0
Others Financial assets	8	358.9	587.5
Deferred tax assets (net)	9	222.4	199.1
Non-Current Tax Asset (net)	10	989.9	813.9
Other non-current assets	11	110.7	130.4
Total non-current assets		**6,700.7**	**6,711.4**
Current Assets			
Inventories	12	6,768.2	4,680.0
Financial Assets			
Trade receivables	13	6,871.3	5,834.4
Cash and cash equivalents	14	3,885.2	4,420.1
Bank balance other than above	15	133.3	583.0
Loans	7	400.0	14.6
Others Financial assets	8	279.9	192.1
Other Current Assets	11	1,245.8	590.5
Total current assets		**19,583.7**	**16,314.7**
TOTAL ASSETS		**26,284.4**	**23,026.1**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	16	494.4	494.4
Other Equity			
Reserves and surplus	17	18,362.5	15,143.3
Total Equity		**18,856.9**	**15,637.7**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Lease Liabilities	3 (b)	104.9	102.1
Provisions	18	68.2	69.6
Employee benefit obligation	19	302.5	285.6
Total non-current liabilites		**475.6**	**457.3**
Current Liabilities			
Financial Liabilities			
Lease Liabilities	3 (b)	56.1	73.7
Trade Payables	20		
Outstanding dues of micro and small enterprises		225.0	183.2
Outstanding dues other than micro and small enterprises		5,019.1	5,585.7
Other Financial liabilities	21	1,067.6	773.9
Provisions	18	123.0	132.3
Employee benefit obligations	19	99.8	54.5
Current tax liabilites	10	66.8	-
Other current liabilites	22	294.5	127.8
Total current liabilities		**6,951.9**	**6,931.1**
Total Liabilities		**7,427.5**	**7,388.4**
TOTAL EQUITY AND LIABILITIES		**26,284.4**	**23,026.1**
Significant accounting policies	1		
Critical accounting estimates and judgements	2		

The accompaning notes are an integral part of these Consolidated financial statements

In terms of our report of even date

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2022

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

Gopal Subramanyam
Chairman
Place: Bengaluru

Manish Bhatnagar
Managing Director
Place: Pune

Ashish Saraf
Chief Financial Officer

Place: Pune
Date: May 11, 2022

Ranjan Kumar
Company Secretary

Place: Pune

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(INR in millions)

	Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
1	Revenue from Operations	23	36,658.9	26,707.3
	Other Income	24	344.0	363.1
	Total Income		**37,002.9**	**27,070.4**
2	**Expenses**			
	(a) Cost of materials consumed	25	9,007.0	5,948.1
	(b) Purchases of stock-in-trade	26	15,177.1	9,563.7
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(1,732.2)	100.6
	(d) Employee benefit expense	28	2,856.9	2,463.1
	(e) Depreciation and amortisation expense	29	571.0	579.5
	(f) Other expenses	30	5,792.7	4,431.2
	(g) Finance costs	31	20.8	21.3
	Total Expenses		**31,693.3**	**23,107.5**
3	**Profit before Tax**		**5,309.6**	**3,962.9**
4	**Share of net profit/(loss) of associate accounted for using the equity method**		**(1.7)**	**(0.4)**
4	Income tax expense:	32		
	Current tax		1,386.8	1,052.8
	Deferred tax charge/ (credit)		(18.7)	(41.8)
	Short/ (excess) tax provision for earlier years		(9.8)	(25.4)
	Total tax expense		1,358.3	985.6
5	**Profit for the year (3 - 4)**		**3,949.6**	**2,976.9**
6	**Other comprehensive income, net of tax -**			
	Items that will not be reclassified to profit and loss			
	Remeasurement of post employment benefits obligation		(18.1)	47.0
	Income tax (charge)/ credit relating to these items		4.6	(11.8)
	Other comprehensive income for the year (net of tax)		**(13.5)**	**35.2**
7	**Total comprehensive income for the year (6 + 7)**		**3,936.1**	**3,012.1**
8	**Earnings per equity share [nominal value of share ₹ 10 (previous year: ₹ 10)**	36		
	Basic and Diluted EPS		79.9	60.2
	Significant accounting policies	1		
	Critical accounting estimates and judgements	2		

The accompaning notes are an integral part of these Consolidated financial statements

In terms of our report of even date

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2022

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

Gopal Subramanyam
Chairman
Place: Bengaluru

Manish Bhatnagar
Managing Director
Place: Pune

Ashish Saraf
Chief Financial Officer

Place: Pune
Date: May 11, 2022

Ranjan Kumar
Company Secretary

Place: Pune

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

A) EQUITY SHARE CAPITAL

(INR in millions)

	Notes	Year ended March 31, 2021
Balance as at March 31, 2020		494.4
Changes in equity share capital	16	-
Balance as at March 31, 2021		494.4
Changes in equity share capital	16	-
Balance as at March 31, 2022		**494.4**

B) OTHER EQUITY

(INR in millions)

	Retained earnings	Capital redemption reserve	General reserve	Total Other Equity
Balance as at March 31, 2020	15,686.3	32.9	2,838.9	18,558.1
Profit for the year ended March 31, 2021	2,976.9	-	-	2,976.9
Other comprehensive income for the year ended March 31, 2021	35.2	-	-	35.2
Total comprehensive income for the year ended March 31, 2021	**3,012.1**	**-**	**-**	**3,012.1**
Transactions with owners in their capacity as owners				
Dividend paid (₹ 130 per share)	(6,426.9)	-	-	(6,426.9)
Balance as at March 31, 2021	**12,271.5**	**32.9**	**2,838.9**	**15,143.3**
Profit for the year ended March 31, 2022	3,949.6	-	-	3,949.6
Other comprehensive income for the year ended March 31, 2022	(13.5)	-	-	(13.5)
Total comprehensive income for the year ended March 31, 2022	**3,936.1**	**-**	**-**	**3,936.1**
Transactions with owners in their capacity as owners				
Dividend paid (₹ 14.50 per share)	(716.9)	-	-	(716.9)
Balance as at March 31, 2022	**15,490.7**	**32.9**	**2,838.9**	**18,362.5**

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
In terms of our report of even date

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

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Partner
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Ranjan Kumar
Company Secretary

Place: Pune
Date: May 11, 2022

Place: Pune

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(INR in millions)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A. Cash flow from Operating Activities		
Profit before tax	5,309.6	3,962.9
Adjusted for:		
Depreciation and amortisation expenses	571.0	579.5
Allowance for doubtful receivables written back	(43.9)	(0.7)
Profit on sale of Property Plant & Equipment (net)	(2.3)	(11.8)
Finance costs	20.8	21.3
Interest income	(184.0)	(288.5)
	361.6	**299.8**
Operating Profit before working capital changes	5,671.2	4,262.7
Adjusted for:		
Decrease/ (increase) in inventories	(2,088.2)	(162.2)
Decrease/ (increase) in trade receivables	(993.0)	(1,476.7)
Decrease/ (increase) in current & non-current assets	(512.5)	(105.9)
(Decrease)/ increase in trade payables	(524.8)	1,648.8
(Decrease)/ increase in other liabilities and provisions	504.4	129.4
	(3,614.1)	**33.4**
Cash generated from operations	2,057.1	4,296.1
Income taxes paid	(1,486.2)	(1,056.5)
Net cash flow from Operating Activities (A)	**570.9**	**3,239.6**
B. Cash flow from Investing Activities		
Proceeds from Sale of investments	-	1,971.8
Investment in associate company	-	(24.8)
Payments for Property Plant & Equipment	(916.3)	(735.8)
Payments for Investment properties	(71.9)	-
Proceed from sale of Property Plant & Equipment	8.5	42.6
Deposits placed during the year	(109.0)	(765.8)
Deposits matured during the year	555.8	5,210.0
Interest Received	141.2	370.6
Interest received on loan to related party	65.8	73.0
Repayment of loan by related party	-	394.0
Net cash inflow/ (outflow) from Investing Activities (B)	**(325.9)**	**6,535.6**
C. Cash flow from Financing Activities		
Dividend paid	(716.9)	(6,426.9)
Principal elements of lease payments	(42.2)	(69.4)
Finance cost	(20.8)	(21.3)
Net cash outflow from Financing Activities (C)	**(779.9)**	**(6,517.6)**
Net changes in Cash and Cash Equivalents (A+B+C)	**(534.9)**	**3,257.6**
Cash and Cash Equivalents at beginning of the year	4,420.1	1,162.5
Cash and Cash Equivalents at the end of the year	3,885.2	4,420.1
Net changes in Cash and Cash Equivalents	**(534.9)**	**3,257.6**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

In terms of our report of even date

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2022

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

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Chief Financial Officer
Place: Pune
Date: May 11, 2022

Ranjan Kumar
Company Secretary
Place: Pune

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

BACKGROUND

SKF India Limited (the 'Company') is a company, listed in India on recognised stock exchanges, limited by shares, incorporated and domiciled in India. The Company is a leading supplier of products, solutions & services within rolling bearing, seals, mechatronics, and lubrication systems. The Company's manufacturing facilities are located at Pune, Bangalore & Haridwar.

1 SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Basis of preparation

i) Compliance with Ind AS

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

ii) Historical cost convention

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

a) certain financial assets and liabilities that are measured at fair value;

b) assets held for sale – measured at fair value less cost to sell;

c) defined benefit plans – plan assets measured at fair value;

iii) Principles of consolidation and equity accounting

a) Associates

Associates are all entities over which the company has significant influence but not control or joint control. This is generally the case where the company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

b) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the company's share of the post-acquisition profits or losses of the investee in profit and loss, and the company's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. When the company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the company and its associates are eliminated to the extent of the company's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the company. The carrying amount of equity accounted investments are tested for impairment in accordance with the policy of the Company.

iv) New Amendments issued but not effective

The Ministry of Corporate Affairs (MCA) has wide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting Standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

v) Amendments to Schedule III

The Ministry of Corporate Affairs (MCA) amended the Schedule III of the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from April 1, 2021. Consequent to the above, Company has made additional disclosures in these financial statements.

1.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of segments , has been identified as the Board of Directors .

1.3 Foreign currency translation

i) Functional and presentation currency

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

ii) Transactions and balances

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

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

1.4 Revenue recognition

Revenue is recognized when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

Revenue recognition policy

The Company has following streams of revenue:

(i) Sale of goods

(ii) Sale of Services

If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Company performs, or

(b) The customer controls the work-in-progress, or

(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date.

If none of the criteria above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

Contracts are modified to account for changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

Revenue recognized at a point-in-time:-

For sale of products and sale of services, revenue is recognized at point in time when control of goods is transferred and service is rendered to the customer - based on delivery terms, payment terms, customer acceptance and other indicators of control as mentioned above.

1.5 Income tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period. Management periodically evaluates position taken in tax return under applicable tax regulations which is subject to interpretation. It establishes appropriate tax provisions on likely tax liabilities for the accounting period.

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

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

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

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

1.6 Impairment of assets

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

1.7 Cash and cash equivalents

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

1.8 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

1.9 Inventories

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

1.10 Financial assets and financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

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

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

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

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

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

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

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

The company has adopted deemed cost of Property, plant and equipment (PPE) as its carrying value as per earlier GAAP.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over the estimated useful lives.

The useful lives are:

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

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

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Investment Properties

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

Intangible assets

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

- Software in use - 3 years

1.12 Leases

a) As lessee

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by 'SKF India Limited, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company use that rate as a starting point to determine the incremental borrowing rate.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

b) As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

1.13 Trade and other payables

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

1.14 Borrowings

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

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

1.15 Provisions

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

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

1.16 Post employment benefits

Employee benefits

i) Short-term obligations

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

ii) Other long-term employee benefit obligations

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

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligations

The company operates the following post-employment schemes:

a) defined benefit plans such as gratuity and provident fund (for employees who are members of SKF India Limited Provident Fund Scheme)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

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

Defined Benefit Plans

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

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

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

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

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

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

Defined contribution plans

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

iv) Bonus Plans

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

v) Termination benefits

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

1.17 Contributed Equity

Equity shares are classified as equity

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

1.18 Dividends

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

1.19 Earnings per share

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

1.20 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

1.21 Rounding of amounts

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

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

2(A) Significant Judgement

a) Tax Contingencies

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

2(B) Significant estimate

a) Impairment of financial assets

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

b) Fair valuation of financial instruments

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

c) Defined benefit plan

The cost of the defined benefit gratuity plan, other retirement benefits, the present value of the gratuity obligation and other retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on Indian Assured Lives Mortality (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 37(II).

d) Fair Valuation of Investment Property

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

3 A) PROPERTY PLANT & EQUIPMENT

(INR in millions)

	Freehold Land	Building	Furniture & Fixtures*	Office Equipment	Plant & Machinery*	Vehicles	Total	Capital work in progress
Year ended March 31, 2021								
Gross carrying amount as at April 1 , 2020	269.1	618.2	135.5	73.4	4,332.5	114.2	5,542.9	410.7
Additions	-	30.8	34.2	6.9	430.6	14.0	516.5	753.4
Disposals	-	-	(1.6)	-	(56.1)	(21.1)	(78.8)	-
Transfers							-	(516.5)
Closing gross carrying amount	269.1	649.0	168.1	80.3	4,707.0	107.1	5,980.6	647.6
Accumulated Depreciation as at April 1 , 2020	-	106.0	129.2	47.2	2,072.5	42.5	2,397.4	-
Depreciation charged during the year		22.7	2.0	22.3	421.9	24.0	492.9	-
Disposal	-	-	(1.6)	-	(31.4)	(15.0)	(48.0)	-
Closing accumulated depreciation	-	128.7	129.6	69.5	2,463.0	51.5	2,842.3	-
Net carrying amount as at March 31, 2021	**269.1**	**520.3**	**38.5**	**10.8**	**2,244.0**	**55.6**	**3,138.3**	**647.6**
Year ended March 31, 2022								
Gross carrying amount as at April 1 , 2021	269.1	649.0	168.1	80.3	4,707.0	107.1	5,980.6	647.6
Additions		40.5	32.9	12.3	942.7	20.8	1,049.2	916.8
Disposals		-	(1.5)	-	(49.0)	(29.2)	(79.7)	-
Transfers							-	(1,049.2)
Closing gross carrying amount	269.1	689.5	199.5	92.6	5,600.7	98.7	6,950.1	515.2
Accumulated Depreciation as at April 1 , 2021	-	128.7	129.6	69.5	2,463.0	51.5	2,842.3	-
Depreciation charged during the year		23.8	22.5	2.3	464.2	21.1	533.9	-
Disposal		-	(1.4)	-	(48.0)	(24.1)	(73.5)	-
Closing accumulated depreciation	-	152.5	150.7	71.8	2,879.2	48.5	3,302.7	-
Net carrying amount as at March 31, 2022	**269.1**	**537.0**	**48.8**	**20.8**	**2,721.5**	**50.2**	**3,647.4**	**515.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

3 A) PROPERTY PLANT & EQUIPMENT (CONTD..)

Aging of CWIP:

(INR in millions)

	March 31, 2022				
	Amounts in capital work-in-progress for				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	500.5	14.3	0.4	-	515.2
Projects temporarily suspended	-	-	-	-	-
Total	**500.5**	**14.3**	**0.4**	**-**	**515.2**

(INR in millions)

	March 31, 2021				
	Amounts in capital work-in-progress for				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	637.0	10.6	-	-	647.6
Projects temporarily suspended	-	-	-	-	-
Total	**637.0**	**10.6**	**-**	**-**	**647.6**

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

(INR in millions)

Description	Plant & Machinery	Furniture & Fixtures
Year ended March 31, 2021		
Gross carrying amount as at April 1 , 2020	53.0	7.0
Additions	-	-
Closing gross carrying amount	53.0	7.0
Accumulated Depreciation as at April 1 , 2020	37.1	4.6
Depreciation charged during the year	7.4	0.1
Closing accumulated depreciation	44.5	4.7
Net carrying amount as at March 31, 2021	**8.5**	**2.3**
Year ended March 31, 2022		
Gross carrying amount as at April 1 , 2021	53.0	7.0
Addition	7.0	-
Closing gross carrying amount	60.0	7.0
Accumulated Depreciation as at April 1 , 2021	44.5	4.7
Depreciation charged during the year	6.6	0.1
Closing accumulated depreciation	51.1	4.8
Net carrying amount as at March 31, 2022	**8.9**	**2.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

B) LEASES

This note provides information for leases where the Company is a lessee. The Company has taken buildings on lease and the lease contracts are typically made for fixed periods of 1 year to 8 years.

i) Amounts recognised in the Balance sheet

The balance sheet shows the following amounts relating to lease:

(INR in millions)

Right-of-use of assets	March 31, 2022	March 31, 2021
Buildings at various location	153.7	154.7
Total	**153.7**	**154.7**

(INR in millions)

	March 31, 2022		March 31, 2021	
Lease Liabilities	Current	Non-Current	Current	Non-Current
Buildings	56.1	104.9	73.7	102.1
Total	**56.1**	**104.9**	**73.7**	**102.1**

ii) Amounts recognised in the Statement of Profit & Loss

The statement of profit and loss shows the following amounts relating to lease:

(INR in millions)

Right-of-use of assets	March 31, 2022	March 31, 2021
Depreciation charge on right-of-use assets	28.3	79.1
Interest expense (included in Finance cost)	20.2	10.5
Expense relating to short-term leases/ leases of low-value assets (included in other expenses)	7.3	11.3
Total	**55.8**	**100.9**

The total cash outflow for leases for the year was ₹ 59.4 Million (March 31, 2021 was ₹ 81.3 Million).

4 INVESTMENT PROPERTIES

(INR in millions)

Description	March 31, 2022	March 31, 2021
Gross carrying amount		
Opening gross carrying amount	197.3	197.3
Additions	71.9	-
Closing gross carrying amount	269.2	197.3
Accumulated depreciation		
Opening accumulated depreciation	40.4	33.9
Depreciation	7.5	6.5
Closing accumulated depreciation	47.9	40.4
Net carrying amount	**221.3**	**156.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

4 INVESTMENT PROPERTIES (CONTD)

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

(INR in millions)

Description	March 31, 2022	March 31, 2021
Rental Income	36.0	33.9
Depreciation	7.5	6.5
Profit from Investment properties	**28.5**	**27.4**

Leasing arrangements

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

(INR in millions)

Description	March 31, 2022	March 31, 2021
Within one year	38.4	33.6
Later than one year but less than 5 year	192.0	168.0

Fair Value

(INR in millions)

Description	March 31, 2022	March 31, 2021
Investment properties	449.0	428.0

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

5 INTANGIBLE ASSETS

(INR in millions)

Description	March 31, 2021
Year ended March 31, 2021	
Gross carrying amount as at April 1 , 2020	4.2
Additions	2.7
Closing gross carrying amount	6.9
Accumulated amortization as at April 1 , 2020	3.3
Amortised during the year	1.0
Closing accumulated amortization	4.3
Net carrying amount as on March 31, 2021	**2.6**
Year ended March 31, 2022	
Gross carrying amount as at April 1 , 2021	6.9
Additions	1.2
Closing gross carrying amount	8.1
Accumulated amortization as at April 1 , 2021	4.3
Amortised during the year	1.3
Closing accumulated amortization	5.6
Net carrying amount as on March 31, 2022	**2.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

6 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(INR in millions)

	March 31, 2022	March 31, 2021
Investment in associate		
Sunstrength Renewables Private Limited		
309,750 equity shares (March 31, 2021 - 309,750) of ₹ 10/- each fully paid	22.7	24.4
	22.7	**24.4**

During the year ended March 31, 2021, the Company has subscribed to 26.74% equity shares in Sunstrength Renewables Private Limited (SRPL) (the 'associate company'), a Company incorporated pursuant to the requirements of the Electricity Act, 2002 and its rules.

Refer note 45 for Information in respect of Investment accounted for using the equity method.

7 FINANCIAL ASSETS

(INR in millions)

	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Loans				
Secured, considered good				
Loan to related party *	400.0	456.0	14.6	856.0
Total	**400.0**	**456.0**	**14.6**	**856.0**

Details of loans and advances in the nature of loans granted to promoters, directors, key managerial personnel and related parties (as defined under Companies Act, 2013):

(INR in millions)

	March 31, 2022		March 31, 2021	
	Amount outstanding	% to the total loans and advances in the nature of loans	Amount outstanding	% to the total loans and advances in the nature of loans
Amounts repayable on demand				
Other related parties	856.0	100%	870.6	100%
Total	**856.0**	**100%**	**870.6**	**100%**

(*) Loan given to SKF Engineering and Lubrication India Private Limited (a fellow subsidiary) (formerly known as SKF Technologies (India) Private Limited) with original repayment starting from financial year 2014 onwards, as amended.

The said loan together with interest is secured by first charge by way of hypothecation on all the fixed assets of the borrower.

Loan is considered to be recoverable considering favourable loan to security ratio, no defaults in repayment in the past, improved operational performance of the borrower, support by the borrower's holding company in the past and supported by reasonable assumption used for future cash flow. The rate of interest on the loan is the Average Deposit and lending rate (higher of the two) for the period of the loan and prevailing yield for the government securities closest to the tenure of the loan, whichever is higher.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

8 OTHER FINANCIAL ASSETS

(INR in millions)

	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Security Deposits	-	89.6	-	99.1
EMD and other deposits	-	268.8	-	487.9
Other receivables:-				
Related party (refer note:- 44 (iii))	263.5	-	179.2	-
Other than related party	15.7	0.5	3.8	0.5
Interest accrued on fixed deposits with banks	0.7	-	9.1	-
	279.9	**358.9**	**192.1**	**587.5**

9 DEFERRED TAX ASSET/ (LIABILITIES) NET

(INR in millions)

	March 31, 2022	March 31, 2021
Deferred tax assets		
Provision for employee benefits	116.5	91.3
Provision for doubtful trade receivables	36.8	47.9
Other timing differences	95.6	87.5
	248.9	**226.7**
Deferred tax liabilities		
Depreciation	(26.5)	(27.6)
	(26.5)	**(27.6)**
Net deferred tax assets	**222.4**	**199.1**

Movements in deferred tax asset/ (liabilities) net

(INR in millions)

	Provision for employee benefits	Provision for doubtful trade receivables	Other timing differences	Depreciation	Total
As at April 1, 2020	77.0	48.2	81.9	(38.0)	169.1
(Charged)/ credited:					
- to profit and loss a/ c	26.1	(0.3)	5.6	10.4	41.8
- to other comprehensive income	(11.8)	-	-	-	(11.8)
As at March 31, 2021	91.3	47.9	87.5	(27.6)	199.1
(Charged)/ credited:					
- to profit and loss a/ c	20.6	(11.1)	8.1	1.1	18.7
- to other comprehensive income	4.6	-	-	-	4.6
As at March 31, 2022	**116.5**	**36.8**	**95.6**	**(26.5)**	**222.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

10 NON - CURRENT TAX ASSET/ (LIABILITY) NET

(INR in millions)

	March 31, 2022	March 31, 2021
Tax Assets (net of provision ₹ 18,272 millions, March 31, 2021 - ₹ 16,907 millions)	923.1	813.9
	923.1	**813.9**
Presented as non current tax assets	989.9	813.9
Presented as current tax liabilities	(66.8)	-

Movement of Tax

(INR in millions)

	March 31, 2022	March 31, 2021
Opening Balance (Tax Asset/ (Liability) (Net))	813.9	784.8
Add: Taxes paid	1,486.2	1,056.5
Less: Current tax payable	(1,377.0)	(1,027.4)
Closing Balance	**923.1**	**813.9**

11 OTHER ASSETS

(INR in millions)

	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Capital Advance	-	46.0	-	55.3
Prepaid Expenses	116.3	-	99.6	-
Advances for supply of goods and rendering of services	366.6	-	154.0	-
Advances for supply of goods and rendering of services from related party (Refer note 44 (ii) and 44 (iii))	193.7	-	-	-
Export benefits/ duty entitlements	76.0	-	106.2	-
Balances with Sales tax/ Excise authorities	364.2	-	230.7	-
Other receivables *	129.0	64.7	-	75.1
	1,245.8	**110.7**	**590.5**	**130.4**

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

CURRENT ASSETS

12 INVENTORIES

(INR in millions)

	March 31, 2022	March 31, 2021
Raw Materials and Bought-Out Components	1,188.8	841.9
including material in transit ₹ 217.0 millions (As on March 31, 2021 ₹ 132.0 millions)		
Stores and Spares	508.0	499.0
including material in transit ₹ 10.9 millions (As on March 31, 2021 ₹ 14.7 millions)		
Work-in-progress	133.3	109.8
Finished Products	4,938.1	3,229.3
including Goods in transit ₹ 1,790.8 millions (As on March 31, 2021 ₹ 1,659.0 millions)		
	6,768.2	**4,680.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

13 TRADE RECEIVABLES

(INR in millions)

	March 31, 2022	March 31, 2021
Trade receivables from contract with customers – billed	5,829.8	5,501.9
Trade receivables from contract with customers – related parties	1,187.8	522.7
Less: Loss allowance	(146.3)	(190.2)
Total receivables	**6,871.3**	**5,834.3**
Current portion	6,871.3	5,834.3
Non-current portion	-	-
Break-up of security details	6,871.3	5,834.3
Trade receivables considered good – secured	-	-
Trade receivables considered good – unsecured	6,871.3	5,956.8
Trade receivables which have significant increase in credit risk	146.3	67.8
Total	**7,017.6**	**6,024.6**
Loss allowance	(146.3)	(190.2)
Total trade receivables	**6,871.3**	**5,834.4**

Aging of trade receivables:

(INR in millions)

	March 31, 2022							
	Outstanding for following periods from the due date							
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables								
considered good other than related parties	-	4,869.0	814.5	-	-	-	-	5,683.5
considered good - related parties (Refer note 44 (iii))	-	996.3	185.6	5.2	-	0.7	-	1,187.8
which have significant increase in credit risk	-	-	49.8	2.3	0.9	0.9	7.7	61.6
credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	4.3	15.4	16.6	6.7	41.7	84.7
credit impaired	-	-	-	-	-	-	-	-
Total	**-**	**5,865.3**	**1,054.2**	**22.9**	**17.5**	**8.3**	**49.4**	**7,017.6**
Less: Loss allowance								**(146.3)**
Total receivables								**6,871.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

13 TRADE RECEIVABLES (CONTD.)

(INR in millions)

	March 31, 2021							
	Outstanding for following periods from the due date							
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables								
considered good other than related parties	-	4,485.8	903.6	14.0	8.7	17.2	4.8	5,434.1
considered good - related parties (Refer note 44 (iii))	-	445.9	72.9	3.2	-	0.7	-	522.7
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	9.6	4.8	7.0	6.8	39.6	67.8
credit impaired	-	-	-	-	-	-	-	-
Total	**-**	**4,931.7**	**986.1**	**22.0**	**15.7**	**24.7**	**44.4**	**6,024.6**
Less: Loss allowance								**(190.2)**
Total receivables								**5,834.4**

14 CASH AND CASH EQUIVALENTS

(INR in millions)

	March 31, 2022	March 31, 2021
Balances with Banks		
- On Current Account	196.1	206.6
- On EEFC Account	27.7	16.5
On Deposit Account (with original maturity of 3 months or less)	3,661.4	4,197.0
Cash & Bank Balances	**3,885.2**	**4,420.1**

15 BANK BALANCES OTHER THAN THE ABOVE

(INR in millions)

	March 31, 2022	March 31, 2021
Bank deposits with original maturity of more than 3 months and		
remaining maturity of less than 12 months.	109.0	555.8
Unclaimed Dividend Account*	24.3	27.2
	133.3	**583.0**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

16 EQUITY SHARE CAPITAL

(INR in millions)

	No of shares (in million)	Amount
Authorised Equity share capital		
As at March 31, 2020	100.0	1,000.0
Changes during the year	-	-
As at March 31, 2021	100.0	1,000.0
Changes during the year	-	-
As at March 31, 2022	**100.0**	**1,000.0**
Movement in Equity share capital		
As at March 31, 2020	49.4	494.4
Changes during the year	-	-
As at March 31, 2021	49.4	494.4
Changes during the year	-	-
As at March 31, 2022	**49.4**	**494.4**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in the proportion to their shareholding.

Shares of the company held by holding company and their subsidiaries

(INR in millions)

	March 31, 2022		March 31, 2021	
	Number of shares (Million)	Amount	Number of shares (Million)	Amount
Equity shares of ₹ 10 each fully paid up held by				
(a) Holding company				
Aktiebolaget SKF (AB SKF)	22.7	226.7	22.7	226.7
(b) Subsidiaries of holding company				
SKF U.K. Limited	3.1	31.3	3.1	31.3
SKF Forvaltning AB	0.2	2.0	0.2	2.0
	26.0	**260.0**	**26.0**	**260.0**

Particulars of shareholders holding more than 5% shares of a class of shares

(INR in millions)

	March 31, 2022		March 31, 2021	
	Number of shares (Million)	% of total shares in the class	Number of shares (Million)	% of total shares in the class
Equity shares of ₹ 10 each fully paid up held by				
Aktiebolaget SKF, holding company	22.7	45.8%	22.7	45.8%
SKF U.K. Limited, fellow subsidiary company	3.1	6.3%	3.1	6.3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

16 EQUITY SHARE CAPITAL (CONTD)

Details of Shareholding of Promoters

(INR in millions)

Name of the promoter	March 31, 2022			March 31, 2021		
	Number of shares (Million)	% of total shares in the class	% of change during the year	Number of shares (Million)	% of total shares in the class	% of change during the year
Aktiebolaget SKF (AB SKF)	22.7	45.8%	0.0%	22.7	45.8%	0.0%
SKF U.K. Limited	3.1	6.3%	0.0%	3.1	6.3%	0.0%
SKF Forvaltning AB	0.2	0.4%	0.0%	0.2	0.4%	0.0%

17 RESERVES AND SURPLUS

(INR in millions)

	March 31, 2022	March 31, 2021
General reserve	2,838.9	2,838.9
Capital redemption reserve	32.9	32.9
Retained earnings	15,490.7	12,271.5
	18,362.5	**15,143.3**
General reserve*		
At the commencement of the year	2,838.9	2,838.9
Closing Balance	**2,838.9**	**2,838.9**
Capital redemption reserve		
At the commencement of the year	32.9	32.9
Closing Balance	**32.9**	**32.9**
Retained earnings		
At the commencement of the year	12,271.5	15,686.3
Profit for the year	3,949.6	2,976.9
Other comprehensive income recognised directly in retained earning:-		
Remeasurements of post-employment benefit obligation, net of tax	(13.5)	35.2
Less: Appropriations		
Dividend on Equity shares ₹ 14.5 per share (Previous year ₹ 130 per share)	(716.9)	(6,426.9)
Closing Balance	**15,490.7**	**12,271.5**

*** Nature and Purpose of Other Reserves**:

This reserve represents amounts transferred from retained earnings in earlier years as per the requirements of the erstwhile Companies Act, 1956.

The reserve is a free reserve.

18 PROVISIONS

(INR in millions)

	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Disputed statutory and other matters	-	59.5	-	54.0
Warranty	-	1.7	-	5.5
Coupons & Incentives	123.0	7.0	132.3	10.1
	123.0	**68.2**	**132.3**	**69.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

18 PROVISIONS (CONTD.)

Movements in provisions

Movements in each class of provision during the financial year

(INR in millions)

	Disputed statutory and other matters	Warranty	Coupons & Incentives	Total
As on April 1, 2020	54.0	1.9	144.3	200.2
Provision made during the year	-	4.0	408.2	412.2
Provision utilised during the year	-	(0.4)	(410.1)	(410.5)
As on March 31, 2021	**54.0**	**5.5**	**142.4**	**201.9**
Provision made during the year	5.5	-	589.1	594.6
Provision utilised during the year	-	(3.7)	(601.6)	(605.3)
As on March 31, 2022	**59.5**	**1.8**	**129.9**	**191.2**

All provisions are measured at carrying values since the impact of discounting is not significant.

(i) Provision for disputed statutory and other matters: This represents provisions made for probable liabilities/ claims arising out of pending disputes/ litigations with various regulatory authorities and those arising out of commercial transactions with vendors/ others. Above provisions are affected by numerous uncertainties and management has taken all efforts to make a best estimate. Timing of outflow of resources will depend upon timing of decision of cases.

(ii) Provision for warranties: A provision is estimated for expected warranty claims in respect of products sold during the year on the basis of a technical evaluation and past experience regarding failure trends of products and costs of rectification or replacement. The timing and amount of cash flows that will arise from these matters will be determined at the time of receipt of claims.

(iii) The provision for other obligations is on account of coupons given on products sold by the Company and other retailers and distributors incentive schemes. The provision for coupons is based on the historical data/ estimated figures. The timing and amount of the cash flows that will arise will be determined at the time of receipt of claims from customers, which is generally upto 18 months.

19 EMPLOYEE BENEFIT OBLIGATION

(INR in millions)

	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Compensated absences	55.8	302.5	54.5	285.6
Provision for Gratuity (Refer note 37)	44.0	-	-	-
	99.8	**302.5**	**54.5**	**285.6**

FINANCIAL LIABILITIES

20 TRADE PAYABLES

(INR in millions)

	March 31, 2022	March 31, 2021
Current		
i) Outstanding dues of micro and small enterprises (refer note 39)	225.0	183.2
ii) Outstanding dues of creditors other than micro and small enterprises & related parties	1,483.6	1,451.5
iii) Payable to related parties (Refer note 44 (iii))	3,535.5	4,134.2
	5,244.1	**5,768.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

20 TRADE PAYABLES (CONTD.)

Aging of trade payables:

(INR in millions)

	March 31, 2022						
	Outstanding for following periods from the due date						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade payables							
Micro enterprises and small enterprises	-	215.7	8.1	1.0	0.2	-	225.0
Others	1,258.8	2,976.1	635.4	73.4	4.0	71.4	5,019.1
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**1,258.8**	**3,191.8**	**643.5**	**74.4**	**4.2**	**71.4**	**5,244.1**

(INR in millions)

	March 31, 2021						
	Outstanding for following periods from the due date						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade payables							
Micro enterprises and small enterprises	-	181.8	1.2	0.2	-	-	183.2
Others	1,604.0	2,902.7	1,014.6	0.9	-	63.5	5,585.7
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**1,604.0**	**3,084.5**	**1,015.8**	**1.1**	**-**	**63.5**	**5,768.9**

21 OTHER CURRENT FINANCIAL LIABILITIES

(INR in millions)

	March 31, 2022	March 31, 2021
Salaries and Incentives	279.0	271.7
Liabilities for dealer incentives	639.9	358.4
Unclaimed dividend *	23.3	27.1
Payables on account of capital purchases	60.7	68.3
Other liabilities **	64.7	48.4
	1,067.6	**773.9**

* There is no amount due and outstanding as at the balance sheet to be credited to Investor Education and Protection Fund

** includes amount payable towards retention amount for trade payables, etc.

22 OTHER CURRENT LIABILITIES

(INR in millions)

	March 31, 2022	March 31, 2021
Statutory dues payable	184.3	124.0
Liability towards corporate social responsibility (Refer note 30)	21.8	-
Advances received from customers	88.4	3.8
	294.5	**127.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

23 REVENUE FROM OPERATIONS

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Revenue from contracts with customers:-		
Sale of products:-		
Manufactured goods	19,834.8	14,661.5
Traded goods	15,540.2	11,257.0
Sale of products (total)	35,375.0	25,918.5
Sale of services	660.5	410.9
Other operating revenue:-		
Scrap sales	43.7	25.3
Technical and other service income	473.0	279.3
Miscellaneous Operating Income (includes export benefits etc)	106.7	73.3
	36,658.9	**26,707.3**

24 OTHER INCOME

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Interest Income from Financial assets at amortised cost		
- Fixed deposits with banks	132.8	223.0
- On loan given to related party	51.2	65.5
Rental income	36.0	33.9
Discount on license purchased	40.8	5.4
Miscellaneous Income	80.9	23.5
Profit on sale of Property Plant & Equipment (net)	2.3	11.8
	344.0	**363.1**

25 COST OF MATERIAL CONSUMED

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Inventory at the beginning of the year		
Purchases during the year	841.9	637.3
Inventory at the end of the year	9,353.9	6,152.7
Cost of material consumed	1,188.8	841.9
	9,007.0	**5,948.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

26 PURCHASE OF STOCK IN TRADE

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Purchases of traded goods	15,177.1	9,563.7
	15,177.1	**9,563.7**

27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Increase in inventory of finished goods:		
Opening inventory	899.7	978.0
Less: Closing inventory	1,418.0	899.7
	(518.3)	**78.3**
Increase in inventory of work in progress:		
Opening inventory	109.8	155.8
Less: Closing inventory	133.3	109.8
	(23.5)	**46.0**
Increase in inventory of traded goods:		
Opening inventory	2,329.7	2,306.0
Less: Closing inventory	3,520.1	2,329.7
	(1,190.4)	**(23.7)**
	(1,732.2)	**100.6**

28 EMPLOYEE BENEFIT EXPENSE

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Salaries, Wages and Bonus	2,251.2	1,932.0
Contribution to Provident and Other Funds (refer note 37)	152.8	126.4
Gratuity (refer note 37)	35.1	37.6
Compensated absences	55.9	41.7
Staff welfare expenses	361.9	325.4
	2,856.9	**2,463.1**

29 DEPRECIATION AND AMORTISATION EXPENSE

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Depreciation of Property, Plant & Equipment	533.9	492.9
Depreciation on right-of-use assets	28.3	79.1
Amortisation of Intangible assets	1.3	1.0
Depreciation of Investment property	7.5	6.5
	571.0	**579.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

30 OTHER EXPENSES

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Consumption of stores and spare parts	1,154.4	755.0
Power and Fuel	506.4	432.1
Repairs and maintenance		
Building	47.3	30.7
Machinery	471.3	425.4
Royalty	571.4	429.4
IT Services	637.3	549.8
Trade mark fees	359.5	274.0
Rental charges	7.3	11.3
Insurance	74.7	32.8
Rates and Taxes	32.9	16.2
Travel and conveyance	177.5	113.0
Legal and professional fees	133.3	232.5
Payment to auditors (Refer note below)	9.0	7.3
Advertising and sales promotion	62.8	32.7
Logistic Cost	452.9	360.6
Bad debts written off	19.4	49.2
Directors' Commission/ Sitting Fees	6.3	4.0
Expenditure incurred for Corporate Social Responsibility (Refer note below)	84.5	89.8
Net Exchange Loss	125.5	86.0
Miscellaneous expenses	859.0	499.4
	5,792.7	**4,431.2**

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Note : Payments to auditors		
As auditor		
- Statutory audit *	8.1	4.1
- Tax audit	0.9	0.9
- Other audit services	-	2.3
* Includes ₹ 1.3 Million in respect of year ended March 31, 2021 charged in current year	**9.0**	**7.3**
Corporate social responsibility expenditure		
Contribution towards Education	34.5	34.4
Contribution towards Women Empowerment	33.7	31.1
Others	16.3	24.3
Total	**84.5**	**89.8**
Amount required to be spent as per Section 135 of the Act	**84.5**	**88.5**
Amount spent during the year on		
(i) Construction/acquisition of an Assets	-	-
(ii) On purpose other than (i) above	59.9	89.8
	59.9	**89.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

30 OTHER EXPENSES (CONTD.)

Details of ongoing CSR projects under Section 135 (6) of the Act

(INR in millions)

	March 31, 2022	March 31, 2021
Amount required to be spent by the company during the year	84.5	88.5
Amount of expenditure incurred	59.9	89.8
Amount of shortfall for the year	24.6	(1.3)
Amount of cumulative shortfall at the end of the year *	23.3	

During the year, the Company has spent ₹ 61.4 millions towards donation to NGO's, foundations in relation to Girls Scholarship programs for higher education, STEM school projects etc. Due to COVID-19, Educational institutes were not fully operational which resulted into an unspent amount of ₹ 23.1 million as at March 31, 2022. The company has transferred the unspent amount of ₹ 17.7 million to an special bank account within 30 days from the end of the financial year. The remaining unspent amount of ₹ 4.1 million will be transferred to special bank account by May 31, 2022. The shortfall will be spent by December 31, 2022 by the Company.

31 FINANCE COSTS

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Interest on Pre shipment rupee export credit loan	-	7.5
Interest and finance charges on lease liability	20.8	13.8
	20.8	**21.3**

32 INCOME TAX EXPENSE

(INR in millions)

		For year ended March 31, 2022	For year ended March 31, 2021
(a)	**Current Tax**		
	Current tax on profit during the year	1,386.8	1,052.8
	Adjustments for current tax of prior periods	(9.8)	(25.4)
	Total Current Tax expense	**1,377.0**	**1,027.4**
	Deferred Tax		
	Deferred tax expense	(18.7)	(41.8)
	Income tax expense	**1,358.3**	**985.6**
(b)	**Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:**		
	Profit from continuing operations before income tax expense	5,309.6	3,962.9
	Tax at the Indian tax rate of 25.17 %	1,336.4	997.5
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Adjustments for current tax of prior periods	(9.8)	(25.4)
	Corporate social responsibility expenditure	21.3	-
	Others	10.4	13.5
	Income tax expense	**1,358.3**	**985.6**
(c)	**Tax impact of remeasurement of post employment benefits obligation recognised in OCI**	4.6	(11.8)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

FAIR VALUE MEASUREMENT

33 FINANCIAL INSTRUMENTS BY CATEGORY

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

(INR in millions)

	March 31, 2022		March 31, 2021	
	Amortised Cost	Carrying Amount	Amortised Cost	Carrying Amount
Financial assets				
Trade receivables	6,871.3	6,871.3	5,834.4	5,834.4
Cash and bank balances	4,018.5	4,018.5	5,003.1	5,003.1
Loan to related party	856.0	856.0	870.6	870.6
Other Financial assets	638.8	638.8	779.6	779.6
Total Financial Assets	**12,384.6**	**12,384.6**	**12,487.7**	**12,487.7**
Financial Liabilities				
Trade Payables	5,244.2	5,244.2	5,768.9	5,768.9
Other Financial Liabilities	1,067.6	1,067.6	773.9	773.9
Total Financial Liabilities	**6,311.8**	**6,311.8**	**6,542.8**	**6,542.8**

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

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

i) Fair value hierarchy

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

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

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

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

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2022

(INR in millions)

	Level 1	Level 2	Level 3	Total March 31, 2022
Financial assets				
Trade receivables	-	-	6,871.3	6,871.3
Cash and bank balances	-	-	4,018.5	4,018.5
Loan to related party	-	-	856.0	856.0
Other Financial assets	-	-	638.8	638.8
Total Financial assets	**-**	**-**	**12,384.6**	**12,384.6**
Financial Liabilities				
Trade Payables	-	-	5,244.2	5,244.2
Other Financial Liabilities	-	-	1,067.6	1,067.6
Total Financial liabilities	**-**	**-**	**6,311.8**	**6,311.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

33 FINANCIAL INSTRUMENTS BY CATEGORY (CONTD.)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at 31st March 2021

(INR in millions)

	Level 1	Level 2	Level 3	Total March 31, 2021
Financial assets				
Trade receivables	-	-	5,834.4	5,834.4
Cash and bank balances	-	-	5,003.1	5,003.1
Loan to related party	-	-	870.6	870.6
Other Financial assets	-	-	779.6	779.6
Total Financial assets	**-**	**-**	**12,487.7**	**12,487.7**
Financial Liabilities				
Trade Payables	-	-	5,768.9	5,768.9
Other Financial Liabilities	-	-	773.9	773.9
Total Financial liabilities	**-**	**-**	**6,542.8**	**6,542.8**

(ii) Valuation processes

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

34 FINANCIAL RISK MANAGEMENT

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

The Risk Management framework aims to create a stable business planning environment by reducing the impact of market related risks, credit risks & currency fluctuations on the Company's earnings. Also refer Note 43 for COVID assessment.

34 (A) Market risk

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

34 (a) i) Foreign currency risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

34 FINANCIAL RISK MANAGEMENT (CONTD.)

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

(INR in millions)

	March 31, 2022	March 31, 2021
Financial Assets		
Trade Receivables		
EURO	217.8	82.0
USD	354.1	200.1
SEK	376.0	171.5
SGD	123.7	57.7
CNY	41.8	81.9
AUD	39.4	4.8
THB	46.5	-
Total exposure to foreign currency assets	**1,199.3**	**598.0**
Bank balance in EEFC		
EURO	1.7	0.0
USD	5.6	15.2
Total exposure to foreign currency assets	**1,206.6**	**613.2**

(INR in millions)

	March 31, 2022	March 31, 2021
Financial Liabilities		
Trade Payables		
EURO	2,831.2	2,645.0
USD	536.9	763.0
SEK	2.3	1.6
GBP	0.2	0.2
YEN	9.6	14.4
CHF	1.4	1.7
CNY	1.7	12.3
Total exposure to foreign currency risk (liabilities)	**3,383.3**	**3,438.2**

ii) Sensitivity

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

(INR in millions)

	March 31, 2022	March 31, 2021
EURO sensitivity		
₹/ EURO increased by 5 %	(130.7)	(128.1)
₹/ EURO decreased by 5 %	130.7	128.1
USD sensitivity		
₹/ USD increased by 5 %	(9.1)	(28.1)
₹/ USD decreased by 5 %	9.1	28.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

34 FINANCIAL RISK MANAGEMENT (CONTD.)

(INR in millions)

	March 31, 2022	March 31, 2021
SEK sensitivity		
₹/ SEK increased by 5 %	18.7	8.5
₹/ SEK decreased by 5 %	(18.7)	(8.5)
SGD sensitivity		
₹/ SGD increased by 5 %	6.2	2.9
₹/ SGD decreased by 5 %	(6.2)	(2.9)

iii) Interest rate risk

The Company's has very limited exposure to borrowings.

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

34 (B) Liquidity risk

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

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

Maturities of financial liabilities

Contractual maturities of financial liabilities

(INR in millions)

	Less than 1 year	1-3 years	Over 3 years
31-Mar-2022			
Lease Liabilities (undiscounted)	51.1	93.9	36.4
Total liabilities	**51.1**	**93.9**	**36.4**

All the financial liabilities as on March 31, 2022 were due within 12 months. The carrying value of all the financial liabilities as on respective dates is considered as its maturity value since the impact of discounting is not significant.

34 (C) Credit risk

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

Credit risk management

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

34 FINANCIAL RISK MANAGEMENT (CONTD.)

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

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

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

Exposure to credit risk

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

Financial assets that are neither past due nor impaired

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

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

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

(INR in millions)

	March 31, 2022			March 31, 2021		
	Gross	Allowance	Net	Gross	Allowance	Net
Trade receivables						
Period (in months)						
Not due	5,865.3	-	5,865.3	4,931.7	-	4,931.7
Overdue up to 3 months	1,006.0	-	1,006.0	902.7	-	902.7
Overdue 3-6 months	48.2	(48.2)	-	83.4	(83.4)	-
Overdue more than 6 months	98.1	(98.1)	-	106.8	(106.8)	-
Total	**7,017.6**	**(146.3)**	**6,871.3**	**6,024.6**	**(190.2)**	**5,834.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

34 FINANCIAL RISK MANAGEMENT (CONTD.)

Reconciliation of loss allowance provision – Trade receivables

(INR in millions)

	Over 3 years
Loss allowance on April 1, 2020	191.2
Change in loss allowance	(1.0)
Loss allowance on March 31, 2021	190.2
Change in loss allowance	(43.9)
Loss allowance on March 31, 2022	**146.3**

35 CAPITAL MANAGEMENT

(a) Risk management

The company's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and short-term borrowings.

(b) Dividends

(INR in millions)

		March 31, 2022	March 31, 2021
i)	**Equity shares**		
	Dividend paid		
	March 31, 2021 (₹ 14.5 per share)	716.9	
	March 31, 2020 (₹ 130.0 per share)		6,426.9
	DDT on dividend		-
ii)	**Dividends not recognised at the end of reporting period**		
	In addition to the dividend in point (i) above, post year end the directors have recommended the payment of a dividend of ₹ 14.5 per fully paid equity share (March 31, 2021 – ₹ 14.5). This proposed dividend is subject to the approval of shareholders in the Annual General meeting.	716.9	716.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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36 EARNINGS PER SHARE (EPS)

Basic and diluted earnings per share

The earnings per share (basic & diluted), computed as per the requirement under Indian Accounting Standard (IND AS 33) on 'Earnings per Share' is as under:

(INR in millions)

	For year ended March 31, 2022	For year ended March 31, 2021
Profit attributable to Equity Shareholders (Rupees in Million)	3,949.6	2,976.9
Basic/ Weighted average number of Equity Shares outstanding during the year	49,437,963	49,437,963
Nominal value of Equity Shares (₹)	10.0	10.0
Basic Earnings per share (₹)	79.9	60.2
Diluted Earnings per share (₹)	79.9	60.2

37 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS

I Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions in case of employees not covered under SKF Bearings India Limited, Provident Fund Scheme. The contributions are charged to the profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and Superannuation fund is as follows:

(INR in millions)

Particulars	For year ended March 31, 2022	For year ended March 31, 2021
Employee Provident Fund - Regional Provident Fund Contribution	45.6	39.0
Superannuation fund	42.7	35.7
	88.3	**74.7**

II Defined Benefit plans

i) Gratuity

The Company operates a post-employment defined benefit plan that provides gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive between 15 days to one month's salary for each year of completed service at the time of retirement/ exit.

The following table summarises the position of assets and obligations.

(INR in millions)

	Present value of obligation	Fair value of plan assets	Net Amount
Opening balance as on April 1, 2020	1,078.5	917.0	161.5
Current service cost	27.9	-	27.9
Interest cost/ income	67.2	57.4	9.8
Total amount recognised in profit & loss	**95.1**	**57.4**	**37.6**
Remeasurements			
Return on plan assets less interest on plan assets	-	14.3	(14.3)
(Gain)/ loss from change in financial assumptions	3.6	-	3.6
Experience (gains)/ losses	(36.2)	-	(36.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

37 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD.)

(INR in millions)

	Present value of obligation	Fair value of plan assets	Net Amount
Total amount recognised in other comprehensive income	**(32.6)**	**14.3**	**(47.0)**
Employer contributions	-	161.5	(161.5)
Benefit payments	(117.9)	(117.9)	-
Closing balance as on March 31, 2021	**1,023.1**	**1,032.3**	**(9.2)**
Opening balance as on April 1, 2021	**1,023.1**	**1,032.3**	**(9.2)**
Current service cost	35.7	-	35.7
Interest cost/ income	61.5	62.1	(0.6)
Total amount recognised in profit & loss	**97.2**	**62.1**	**35.1**
Remeasurements			
Return on plan assets less interest on plan assets	-	(4.2)	4.2
(Gain)/ loss from change in financial assumptions	(16.7)	-	(16.7)
Experience (gains)/ losses	30.6	-	30.6
Total amount recognised in other comprehensive income	**13.9**	**(4.2)**	**18.1**
Employer contributions	-	-	-
Benefit payments	(77.2)	(77.2)	-
Closing balance as on March 31, 2022	**1,057.0**	**1,013.0**	**44.0**

The net liability disclosed above relates to funded and unfunded plans are as follows:

(INR in millions)

	March 31, 2022	March 31, 2021
Present value of funded obligations	1,057.0	1,023.1
Fair value of plan assets	1,013.0	1,032.3
Deficit/ (Surplus) of funded plan	44.0	(9.2)

Principal actuarial assumptions used as at the reporting date:

The significant actuarial assumptions were as follows:

(INR in millions)

	March 31, 2022	March 31, 2021
Discount rate	6.90%	6.45%
Salary growth rate		
for Management employees	10.00%	9.50%
for Non-Management employees	6.00%	6.00%

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

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner.

Expected contribution to post employment benefit plans for the year ended March 31, 2022 is Nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

37 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD.)

ii) Provident Fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors. The actuary has provided a valuation and based on the below provided assumptions, shortfall recognised in the Statement of Profit and Loss during the year is NIL (previous year NIL MINR).

(INR in millions)

	Present value of obligation	Fair value of plan assets	Net Amount
Opening balance as on April 1, 2020	2,037.0	2,037.0	-
Current service cost	46.4	-	46.4
Interest cost/ income	131.5	131.5	-
Total amount recognised in profit & loss	**177.9**	**131.5**	**46.4**
Remeasurements			
Return on plan assets less interest on plan assets	-	94.4	(94.4)
(Gain)/ loss from change in financial assumptions	-	-	-
Experience (gains)/ losses	94.4	-	94.4
Total amount recognised in other comprehensive income	**94.4**	**94.4**	**-**
Employer contributions	-	46.4	(46.4)
Employee contributions	125.4	125.4	-
Assets Distributed on Settlements/ acquired on acquisition	27.9	27.9	-
Benefit payments	(245.3)	(245.3)	-
Closing balance as on March 31, 2021	**2,217.3**	**2,217.3**	**-**
Opening balance as on April 1, 2021	**2,217.3**	**2,217.3**	**-**
Current service cost	58.7	-	58.7
Interest cost/ income	160.9	160.9	-
Total amount recognised in profit & loss	**219.6**	**160.9**	**58.7**
Remeasurements			
Return on plan assets less interest on plan assets	-	(850.8)	850.8
(Gain)/ loss from change in financial assumptions	(5.3)	-	(5.3)
Experience (gains)/ losses	(845.5)	-	(845.5)
Total amount recognised in other comprehensive income	**(850.8)**	**(850.8)**	**-**
Employer contributions	-	58.7	(58.7)
Employee contributions	137.6	137.6	-
Assets Distributed on Settlements/ acquired on acquisition	128.6	128.6	-
Benefit payments	229.4	229.4	-
Closing balance as on March 31, 2022	**2,081.7**	**2,081.7**	**-**

The fair value of plan assets is ₹ 2,209.8 millions. However surplus of ₹ 128.1 millions is not recognised.

The net liability disclosed above relates to funded and unfunded plans are as follows:

(INR in millions)

	March 31, 2022	March 31, 2021
Present value of funded obligations	2,081.7	2,217.3
Fair value of plan assets	2,081.7	2,217.3
Deficit of funded plan	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

37 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD.)

Principal actuarial assumptions used as at the reporting date:

The significant actuarial assumptions were as follows:

(INR in millions)

	March 31, 2022	March 31, 2021
Discount rate	6.90%	6.45%
Expected rate of return on plan assets	8.62%	8.32%
Discount rate for the remaining term to maturity of the investment	6.75%	6.40%
Average historic yield on the investment	8.47%	8.27%
Guaranteed rate of return	8.10%	8.50%

III Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(INR in millions)

	Change in assumption		Impact on defined benefit obligation					
			Increase in Valuation			Decrease in Valuation		
	March 31, 2022	March 31, 2021		March 31, 2022	March 31, 2021		March 31, 2022	March 31, 2021
Discount rate - Gratuity	0.50%	0.50%	Decrease by	29.2	29.6	Increase by	30.7	31.2
Salary growth rate - Gratuity	0.50%	0.50%	Increase by	30.4	30.9	Decrease by	29.2	29.6
RPFC guaranteed rate	1.00%	0.50%	Increase by	62.4	43.2	Decrease by	21.5	-

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

IV (a) The major categories of plans assets for Gratuity are as follows:

(INR in millions)

	March 31, 2022				March 31, 2021			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Debt instruments								
Corporate bonds	9.9	-	9.9	1%	48.8	-	48.8	5%
Government of India securities	154.6	-	154.6	15%	128.4	-	128.4	12%
Sub Total	**164.5**	**-**	**164.5**		**177.2**	**-**	**177.2**	
Insurer Fund	-	953.7	953.7	94%	897.6	-	897.6	87%
Others *	-	(105.2)	(105.2)	-10%	-	(42.5)	(42.5)	-4%
Total	**164.5**	**848.5**	**1,013.0**	**100%**	**1,074.8**	**(42.5)**	**1,032.3**	**100%**

* Includes payable to SKF India Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

37 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD.)

(b) The major categories of plans assets for Provident Fund are as follows:

(INR in millions)

	March 31, 2022				March 31, 2021			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Equity instruments	229.8	-	229.8	10%	122.5	-	122.5	6%
Debt instruments								
Corporate bonds	836.7	-	836.7	38%	961.1	-	961.1	43%
Government of India securities	959.1	-	959.1	43%	1,054.2	-	1,054.2	48%
Sub Total	**1,795.8**	**-**	**1,795.8**		**2,015.3**	**-**	**2,015.3**	**-**
Others	-	184.2	184.2	8%	-	79.5	79.5	4%
Total	**2,025.6**	**184.2**	**2,209.8**	**100%**	**2,137.8**	**79.5**	**2,217.3**	**100%**

The weighted average duration of the defined benefit obligation is 5.67 years (2021 – 5.94 years). The expected maturity analysis of undiscounted gratuity is as follows:

(INR in millions)

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2022					
Defined benefit obligation	153.4	243.9	406.9	877.7	1,681.9
March 31, 2021					
Defined benefit obligation	139.1	217.0	348.1	893.9	1,598.1

V Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond yields: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

Within this framework, the company's ALM objective is to match assets to the gratuity obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due.

The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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38 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

a) Contingent liabilities:

(INR in millions)

	March 31, 2022	March 31, 2021
Claims against the Company not acknowledged as debts		
(i) Income-tax *	3,010.0	2,475.3
(ii) Excise duty	221.7	221.7
(iii) Sales tax	185.9	243.1
(iv) Others	70.5	65.7
	3,488.1	**3,005.8**

* Including interest of ₹ 1,062 Millions as per the demand order.

In addition to the above, during the year the company has received a Draft assessment order for the Financial Year 2017-18 (Assessment Year 2018-19) u/s 143(3) read with section 144C of the Income Tax Act, 1961 ("Act") from the Assessing officer proposing an adjustment of ₹ 1,018.87 million towards Transfer Pricing addition resulting from the Transfer Pricing order under section 92CA(3) of the Act and an adjustment of ₹14.77 million towards income tax issue. Thus, the total addition of ₹ 1,033.64 million has been proposed in the draft assessment order. Upon receipt of the draft assessment order, the company has filed its objections with the Dispute resolution panel under section 144C of the Act. The matter shall be heard by Dispute resolution panel and directions shall be issued to the Assessing Officer who shall, in conformity with the directions, pass the final order under section 144C(13) of the Act. Given the fact that the company has not received the final assessment order and that the hearings are pending before the Dispute resolution panel, the management is of the opinion that there is no tax liability against the company as on the balance sheet date.

The Company has evaluated the impact of the recent supreme court judgment in case of "Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II), West Bengal" and the related circular (Circular No. -C-I/1(33)2019/ Vivekananda Vidya Mandir/ 284) dated March 20, 2019 issued by the Employees' Provident Fund Organization in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in books.

b) Commitments:

(INR in millions)

	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	349.7	251.2
	349.7	**251.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

39 DUES TO MICRO AND SMALL SUPPLIERS

(INR in millions)

	March 31, 2022	March 31, 2021
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end *	225.0	183.2
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	17.0	9.7
Principal amount paid to suppliers registered under the MSMED Act beyond the appointed day during the year	535.9	582.5
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year	Nil	Nil
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act for payment already made	6.6	5.6
Further interest remaining due and payable for earlier years	9.7	4.2

* Includes amount of ₹ 215.7 million (March 31, 2021 ₹ 181.8 million) outstanding, but not overdue to micro and small as on March 31, 2022.

Note: The above information has been compiled by the Company on the basis of information made available by vendors during the year ended March 31, 2022 and year ended March 31, 2021.

40 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker. The Board of Directors has been identified as the Chief operating decision maker (CODM).

The Company operates in only one business segment viz. 'Bearings'. This is the principal activity for the Company. The segment revenue is measured in the same way in Statement of Profit and Loss.

Information about geographical segments

(INR in millions)

	March 31, 2022	March 31, 2021
Segment revenue		
Within India	32,348.0	24,673.9
Outside India	4,310.9	2,033.4
	36,658.9	**26,707.3**
Segment assets *		
Within India	5,663.4	5,068.8
Outside India	-	-
	5,663.4	**5,068.8**

* Non Current Assets excludes Deferred Tax assets and Financial Instruments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

41 THE COMPANY HAS FACILITY FROM BANKS FOR

Working capital/ working capital demand loans has sanctioned amounting to 200 MRs but not utilised any time during the year.

The Company is filing returns/ statements in compliance with facility agreement with the financial institutions.

a) all tangible movable properties and assets , both present and future, including stocks of Raw Materials, Semi-finished goods and Finished goods, excluding movable Machinery Spares, Tools and Accessories and Stores and Spares.

b) all present and future Book Debts outstanding, Monies receivable, Claims and Bills.

42 IND AS 115:- REVENUE FROM CONTRACTS WITH CUSTOMERS

(INR in millions)

	March 31, 2022	March 31, 2021
Reconciliation of revenue with contract price:-		
Revenue as per statement of PL	36,658.9	26,707.3
Add: Incentive/ rebates etc	2,095.0	564.4
Add: Discounts	4.2	14.5
Add: Liquidated damages	14.1	8.4
Contract price	**38,772.2**	**27,294.6**

43 The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on these financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

44 RELATED PARTY DISCLOSURES

(i) List of Related Parties & relationship:

a) Ultimate Parent Entity/ Ultimate Controlling Party and Immediate Parent Entity/ Immediate Controlling Party:

Sr. No.	Name of the Related Party
1	Aktiebolaget SKF (AB SKF)

Associate:

Sr. No.	Name of the Related Party
1	Sunstrength Renewables Private Limited w.e.f December 2, 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

44 RELATED PARTY DISCLOSURES (CONTD.)

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

Sr. No.	Name of the Related Party
	Fellow subsidiary Companies (All under the common control of AB SKF)
1	SKF GMBH
2	SKF INDUSTRIE S.P.A
3	SKF SVERIGE AB
4	SKF USA INC.
5	SKF ARGENTINA S.A.
6	SKF OSTERREICH AG
7	KAYDON CORPORATION
8	SKF INTERNATIONAL AB
9	SKF MEKAN AB
10	SKF (U.K.) LIMITED
11	SKF FRANCE
12	RKS SAS
13	SKF BELGIUM NV/ SA
14	RFT S.P.A.
15	SKF BEARING BULGARIA EAD
16	SKF INTERNATIONAL AB EDC
17	SKF DE MEXICO SA DE CV
18	SKF LATIN TRADE S.A.S
19	SKF DEL PERU S.A.
20	SKF DO BRASIL LTDA
21	SHANGHAI PEER BEARING COMPANY LTD
22	PEER BEARING COMPANY-CHANGSHAN
23	ZHE JIANG XINCHANG PEER BEARING CO LTD
24	SKF TURK SANAYI VE TICARET LIMITED
25	SKF ENGINEERING AND LUBRICATION INDIA PRIVATE LIMITED
26	SKF ASIA PACIFIC PTE. LTD.
27	SKF JAPAN LTD.
28	SKF (SHANGHAI) BEARINGS CO.LTD
29	SKF KOREA LTD
30	SKF MALAYSIA SDN BHD
31	SKF SEALING SOLUTIONS(WUHU) CO.,LTD
32	PT SKF INDONESIA
33	SKF SEALING SOLUTIONS KOREA CO., LT
34	SKF INDUSTRIAL INDONESIA
35	SKF (SHANGHAI) AUTOMOTIVE TECHNOLOGIES CO., LTD
36	SKF (CHINA) SALES CO. LTD
37	SKF (DALIAN) BEARINGS AND PRECISION TECHNOLOGIES CO. LTD.
38	SKF (JINAN) BEARINGS AND PRECISION
39	SKF DISTRIBUTION (SHANGHAI) CO. LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

44 RELATED PARTY DISCLOSURES (CONTD.)

Sr. No.	Name of the Related Party
40	SKF AUSTRALIA PTY LTD
41	PSC SKF UKRAINE
42	SKF SEALING SOLUTIONS GMBH
43	SKF SOUTH AFRICA (PTY) LTD
44	SKF MAGNETIC MECHATRONICS
45	SKF SEALING SOLUTIONS AUSTRIA GMBH
46	SKF METAL STAMPING S.R.L
47	SKF MARINE SINGAPORE PTE LTD.
48	SKF ESPANOLA S.A., MADRID
49	SKF CHILENA S.A.I.C.
50	SKF (THAILAND) LTD
51	BEIJING NANKOU SKF RAILWAY BEARINGS CO.LTD.
52	SKF B.V.
53	SKF (XINCHANG) BEARINGS AND PRECISION TECHNOLOGIES CO. LTD
54	SKF BEARING INDUSTRIES SDN.BHD.
55	SKF VIETNAM CO LTD
56	SKF BULGARIA LTD
57	SKF CANADA LIMITED
58	NINGBO GENERAL BEARING CO LTD
59	SKF PHILIPPINES INC.
60	SKF TAIWAN CO. LTD.
61	SKF SEALING SOLUTIONS GMBH
62	SKF EUROTRADE AB
63	SKF ECONOMOS INDIA PVT. LTD.
64	OY SKF AB
65	SKF SEALING SOLUTIONS SA DE CV
66	SKF CZ, A.S.
	Key Management Personnel
1	Mr Gopal Subramanyam (Chairman)
2	Mr Manish Bhatnagar (Managing Director)
3	Mr Aldo Cedrone (Director)
4	Ms Anu Wakhlu (Director)
5	Mr Bernd Stephan (Upto 16th November, 2020) (Director)
6	Ms Ingrid Viktoria Van Camp (from 16th November, 2020) (Director)
7	Mr Werner Hoffman (Upto 10th February, 2022) (Director)
8	Mr Shailesh Sharma (from 10th February, 2022) (Director)
	Emloyees' Benefit plans where there is Significant influence
1	SKF India Limited Provident Fund Scheme
2	SKF Bearings India Limited Superannuation Scheme
3	SKF Bearings India Limited Bangalore Superannuation Scheme
4	SKF Bearings India Limited Employees Gratuity Fund
5	SKF Bearings India Limited Bangalore Employees Gratuity Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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44 RELATED PARTY DISCLOSURES (CONTD.)

(ii) Disclosure of related party transactions:

(INR in millions)

Sr. No.	Nature of transaction/ relationship/ major parties		For year ended March 31, 2022		For year ended March 31, 2021	
			Amount	Amount	Amount	Amount
A	**Purchases**					
	i.	Raw Materials, components, spares and Finished Goods	**14,827.6**		**8,700.6**	
		SKF GMBH		3,754.8		2,111.8
		SKF Engineering and Lubrication India Private Limited		2,352.0		1,511.6
		SKF Sverige AB		1,906.7		924.4
		SKF France S.A.		1,142.6		656.1
		Others		5,671.5		3,496.7
	ii.	Property, Plant and Equipment	**21.3**		**138.4**	
		SKF Osterreich AG		15.3		48.0
		SKF Engineering and Lubrication India Private Limited		3.5		
		SKF GMBH		2.5		
		Others				90.4
B	**Services received**					
	i.	Administrative and Service Fees	**27.3**		**26.5**	
		SKF International AB		19.5		8.9
		SKF AB Sweden		3.8		5.5
		Others		4.0		12.1
	ii.	IT services	**314.4**		**292.8**	
		AB SKF		314.4		292.8
C	**Royalty**		**571.4**		**429.4**	
	AB SKF			571.4		429.4
D	**Trade Mark Fees**		**359.5**		**274.0**	
	AB SKF			359.5		274.0
E	**Sales**					
	i.	Goods and Services	**3,850.7**		**1,754.1**	
		SKF International AB EDC		936.8		294.2
		SKF GMBH		454.1		251.0
		SKF Do Brazil Ltda		452.8		153.2
		SKF USA Inc		394.3		274.5
		SKF Industrie Spa		271.7		24.7
		Others		1,341.0		756.5
	ii.	Technical and other service income	**473.0**		**279.3**	
		AB SKF		415.5		277.7
		Others		57.5		1.6
F	**Other Income**					
	i.	Rent Income	**36.0**		**33.9**	
		SKF Engineering and Lubrication India Private Limited		36.0		33.9
	ii.	Commission Income	**1.4**		**1.1**	
		SKF Asia Pacific Pte Ltd		1.4		1.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

44 RELATED PARTY DISCLOSURES (CONTD.)

(INR in millions)

Sr. No.	Nature of transaction/ relationship/ major parties	For year ended March 31, 2022		For year ended March 31, 2021	
		Amount	Amount	Amount	Amount
G	**Reimbursements**				
	i. Received	**180.0**		**123.8**	
	SKF Engineering and Lubrication India Private Limited		52.0		79.1
	Others		128.0		44.7
	ii. Paid	**92.3**		**9.3**	
	SKF Engineering and Lubrication India Private Limited		92.3		4.5
	SKF Industries SPA				2.4
	Others		-		2.4
H	**Inter Corporate Loan & Interest**				
	i Loan Received Back	**-**		**394.0**	
	SKF Engineering and Lubrication India Private Limited		-		394.0
	ii. Interest Income on Loan	**51.2**		**65.5**	
	SKF Engineering and Lubrication India Private Limited		51.2		65.5
I	**Dividend Paid**	**376.9**		**3,378.9**	
	AB SKF		328.7		2,946.6
	SKF (UK) Ltd.		45.4		406.8
	SKF Forvaltning AB		2.8		25.5
J	**Trade Advance given**	**750.0**		**-**	
	SKF Engineering and Lubrication India Private Limited		750.0		-
K	**Managerial Remuneration:-**	**38.5**		**30.4**	
	Short-term employee benefits		36.6		28.8
	Long-term employee benefits		1.9		1.6
L	**Payment to Directors**	**6.3**		**4.0**	
	Sitting fees & Commission		6.3		4.0
M	**Investment in equity shares of Associate Company**	**-**		**24.8**	
	Sunstrength Renewables Private Limited		-		24.8
N	**Employees' Benefit plans where there is Significant influence**				
	i. Contributions Paid	**228.0**		**367.3**	
	SKF India Limited Provident Fund Scheme		192.7		171.1
	SKF Bearings India Limited Superannuation Scheme		31.3		31.2
	SKF Bearings India Limited Bangalore Superannuation Scheme		4.0		3.5
	SKF Bearings India Limited Employees Gratuity Fund		-		161.5
	ii Reimbursements Received For Settlements	**32.0**		**122.9**	
	SKF Bearings India Limited Employees Gratuity Fund		23.0		122.9
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		9.0		-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

(iii) Amount due to/ from related parties

(INR in millions)

Sr. No.	Nature of transaction/ relationship	March 31, 2022		March 31, 2021	
		Amount	Amount	Amount	Amount
1	**Accounts receivable**	**1,187.8**		**522.7**	
	SKF International AB		1,104.5		513.5
	Others		83.3		9.2
2	**Other receivable**	**160.4**		**111.9**	
	AB SKF		111.1		101.0
	Others		49.3		10.9
3	**Accounts payable**	**3,535.5**		**4,134.2**	
	SKF International AB		2,851.6		2,815.2
	AB SKF		268.1		226.3
	Others		415.8		1,092.7
4	**Loan (including interest accrued)**	**856.0**		**870.6**	
	SKF Engineering and Lubrication India Private Limited		856.0		870.6
5	**Trade Advance receivable**	**193.7**		**-**	
	SKF Engineering and Lubrication India Private Limited		193.7		-
6	**Employees' Benefit plans where there is Significant influence**				
	Other Receivable	**103.1**		**67.3**	
	SKF Bearings India Limited Employees Gratuity Fund		85.8		50.0
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		17.3		17.3
	Other Payable	**44.0**		**-**	
	SKF Bearings India Limited Employees Gratuity Fund		44.0		-
	SKF Bearings India Limited Bangalore Employees Gratuity Fund				-
7	**Director's commission**	**4.7**	4.7	**1.6**	1.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

45 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(INR in millions)

	As at March 31, 2022	As at March 31, 2021
Investment in associate		
Sunstrength Renewables Private Limited		
309,750 equity shares (March 31, 2021 - 309,750) of ₹ 10/- each fully paid	22.7	24.8
Total (unquoted investments)	**22.7**	**24.8**

Set out below is the associate of the Company as at March 31, 2022 which, in the opinion of the directors, is not material to the Company. The entity listed below has share capital consisting solely of equity shares, which are held directly by the Company. The country of incorporation or registration is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

(INR in millions)

Name of Entity	Place of Business	% of ownership interest	Relationship	Accounting method	Quoted fair value March 31, 2021	Carrying amount March 31, 2022
Sunstrength Renewables Private Limited	Mumbai, Maharashtra India	26.74%	Associate	Equity method	_*	22.7

Sunstrength Renewables Private Limited is engaged in the business of generation and distribution of solar power and design, development, operation and maintenance of solar power generation system as per the agreement with the customers.

* Unlisted entity - no quoted price available

(i) Significant judgement: existence of significant influence

Through the shareholders' agreement, SKF India Limited is guaranteed one seat (Observer) on the board of Sunstrength Renewables Private Limited and participates in all significant financial and operating decisions. It holds 26.74% of the voting rights. The Company has therefore determined that it has significant influence over this entity.

(ii) Commitments and contingent liabilities in respect of associate

(INR in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital commitment	-	82.9

(iii) Summarised financial information for associate

The summarized financial information for associate disclosed below, reflects the amounts presented in the financial statements of the relevant associate and not the Company's share of those amounts.

(INR in millions)

Summarised balance sheet	March 31, 2022	March 31, 2021
Current assets		
Cash and cash equivalents	63.0	24.9
Other assets	5.8	0.5
Total current assets	**68.8**	**25.4**
Non-current assets		
Property, plant and equipment	286.8	10.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended March 31, 2022

(INR in millions)

Summarised balance sheet	March 31, 2022	March 31, 2021
Capital work-in-progress	-	224.8
Other non-current assets	-	31.5
Total non-current assets	**286.8**	**267.2**
Current liabilities		
Financial liabilities	3.0	2.8
Other liabilities	29.1	169.0
Total current liabilities	**32.1**	**171.8**
Non-current liabilities		
Financial liabilities	238.0	29.5
Other liabilities	0.5	-
Total non-current liabilities	**238.5**	**29.5**
Net assets	**85.0**	**91.3**

Reconciliation to carrying amounts

(INR in millions)

Particulars	March 31, 2022	March 31, 2021
Opening net assets	91.3	(0.6)
Equity infusion	0.0	93.4
Profit/ (loss) for the year	(6.3)	(1.5)
Other comprehensive income	-	-
Dividend paid	-	-
Closing net assets	**85.0**	**91.3**
SKF India Limited share in %	26.74%	26.74%
SKF India Limited share in ₹ (Million)	22.7	24.4
Goodwill	-	-
Carrying amount	**22.7**	**24.4**

Summarised statement of profit and loss

(INR in millions)

Particulars	March 31, 2022	March 31, 2021
Revenue	42.0	-
Interest income	-	-
Depreciation and ammortisation	(22.3)	-
Interest expenses	(18.7)	-
Income tax expenses	-	-
Other expense	(7.3)	(1.5)
Profit/ (loss) from continuing operations	**(6.3)**	**(1.5)**
Profit/ (loss) from discontinued operations	-	-
Profit/ (loss) for the year	**(6.3)**	**(1.5)**
Other comprehensive income	-	-
Total comprehensive income	**(6.3)**	**(1.5)**

(iv) Share of profit/ (loss) from associate

(INR in millions)

Particulars	March 31, 2022	March 31, 2021
Share of profit/ (loss) from associate	(1.7)	(0.4)
	(1.7)	**(0.4)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

46 FINANCIAL RATIOS

(INR in millions)

Ratio	Numerator	Denominator	Current year	Previous year	Change %	Explanation
Current ratio (in times)	Total current assets	Total current liabilities	2.8	2.4	19.7%	
Debt-Equity ratio (in times)	Debt consists of borrowings and lease liabilities	Total Equity	0.01	0.01	-24.1%	
Debt service coverage ratio (in times)	Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments	Debt service = Interest and lease payments	26.8	18.6	43.8%	The coverage has increased due to increase in profitability
Return on equity ratio (in %)	Profit for the year	Average total equity ((Opening + Closing)/ 2)	22.9%	17.2%	33.4%	Increased due to increase in profits for the year
Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables ((Opening + Closing)/ 2)	5.8	5.2	10.1%	
Trade payables turnover ratio (in times)	Cost of goods sold	Average trade payables ((Opening + Closing)/ 2)	4.1	3.2	29.1%	Increase in operations year on year
Net capital turnover ratio (in times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	2.9	2.8	2.0%	
Net profit ratio (in %)	Profit for the year	Revenue from operations	10.8%	11.1%	-3.3%	
Return on capital employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Lease liabilities	28.1%	25.3%	11.1%	
Return on investment (in %)	Profit before tax and finance costs	Average total assets ((Opening + Closing)/ 2)	21.6%	16.7%	29.5%	Increased due to increase in profits for the year

47 ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the company under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The company has no borrowings from banks and financial institutions.

(iii) Wilful defaulter

The company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

(iv) Relationship with struck off companies

The company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(v) Compliance with number of layers of companies

The company has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) Compliance with approved scheme(s) of arrangements

The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vii) Utilisation of borrowed funds and share premium

The company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(viii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(ix) Details of crypto currency or virtual currency

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(x) Valuation of PP&E, intangible asset and investment property

The company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2022

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

Gopal Subramanyam
Chairman
Place: Bengaluru

Manish Bhatnagar
Managing Director
Place: Pune

Ashish Saraf
Chief Financial Officer
Place: Pune
Date: May 11, 2022

Ranjan Kumar
Company Secretary
Place: Pune

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SKF India Limited

Registered Office:
Chinchwad, Pune 411 033, Maharashtra, India.

CIN : L29130MH1961PLC011980

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