L&S/stk/331 & 332
29th June, 2021

<u>BSELISTING</u> <u>NEAPS</u>

The Secretary **BSE Limited**, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Scrip Code No. 500472	The Manager, Listing Department **National Stock Exchange of India Limited** 'Exchange Plaza', C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Symbol: SKFINDIA

Dear Sir(s),

Sub: Annual Report for the Financial Year 2020-21 along with Notice of 60th Annual General Meeting

This is in Continuation to our letter dated May 14, 2021 and June 17, 2021, we would like to inform that the Sixtieth (60th) Annual General Meeting("AGM") of the members of the Company is scheduled to be held on Friday, July 23, 2021 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 Section 108 of the Companies Act, 2013 and Regulation 30 and 34(1) of SEBI Listing Regulations, we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the Financial Year 2020-21 which is being sent through electronic mode to the members whose email addresses are registered with the Company/ Registrar and Share Transfer Agent / Depositories.

SKF India Limited
Registered Office: Chinchwad, Pune 411 033, Maharashtra, India
Tel: +91 (20) 6611 2500. Web: www.skf.com, www.skfindia.com
CIN: L29130MH1961PLC011980

Pursuant to Regulation 42 of the SEBI Listing Regulations, the Company has fixed the Record Date as Wednesday, July 7, 2021 for determining eligibility/entitlement of members to receive the final dividend for the Financial Year ended March 31, 2021, if declared and approved by the shareholders at the ensuing AGM. The members of the Company, holding shares as on Friday, 16th July, 2021 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 Annual Report containing the Notice of AGM for the Financial Year 2020-21 is also uploaded on the Company's website www.skf.com/in.

Kindly take the same on record and display the same on the website of your Stock Exchange.

Thanking you,

Yours faithfully,
SKF India Limited

RANJAN KUMAR

Digitally signed by RANJAN KUMAR
DN: cn=RANJAN KUMAR, c=IN, o=SKF INDIA LIMITED, ou=INTERNAL AUDIT, LEGAL AND SECRETARIAL, email=ranjan.kumar@skf.com
Date: 2021.06.29 11:14:00 +05'30'

Ranjan Kumar
Company Secretary

cc:

1	National Securities Depository Ltd **Trade World, 4th Floor,** Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.	2	**Central Depository Services (India) Ltd** Unit No. A-2501, Marathon Futurex, Mafatlal Mills Compound, NM Joshi Marg, Lower Parel, Mumbai 400 013
3	**TSR Darashaw Consultants Pvt Ltd.** C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083.		

Enabling growth in a challenging environment.

Annual Report
2020-21

Across the pages

Please find the online version of the Annual Report at https://www.skf.com/in/investors/financial-results/index.html or scan the QR code

Investor information

Market capitalization as at March 31, 2021	:	INR 111205.7 million
CIN	:	L29130MH1961PLC011980
BSE code	:	500472
NSE symbol	:	SKFINDIA
Bloomberg code	:	SKF:IN
Dividend declared	:	145%
AGM date	:	July 23, 2021
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 forward-looking 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.

2020 was an unpredictable year.

Amidst challenges, SKF India made significant progress to strengthen its market penetration. While the company remained determined to safeguard the health and safety of its employees, it also strived to ensure business continuity. SKF focused on strategic priorities, intensified customer engagement, emphasised on operational execution and disciplined cost control to drive investments, gain market share and enhance margins.

It is the dedication and strength of the workforce that enabled SKF to fulfil its strategic, operational and commercial priorities. Besides, SKF remained committed to improve business growth in the long-term through digitalisation across its value chain – to transform its business and adopt new ways of working. Over the years, SKF has established its credibility to meet the evolving needs of customers across industry segments and designed unique solutions through new business offerings to sustain growth and innovation across its operations.

It not only enabled SKF to build business excellence and drive incredible success, it has also positioned the company for prolonged growth.

SKF India Limited, incorporated in 1961, has evolved from a pioneer ball-bearing manufacturing company to a knowledge-driven engineering company that helps customers achieve sustainable growth and business excellence.

SKF India at a glance

Over the years, we have evolved our product offerings to meet the needs of diverse customers and cater to the changing industry dynamics. Today, we offer innovative solutions to reduce friction, achieve energy efficiency, increase equipment longevity and reliability. Our manufacturing units in Pune, Bengaluru and Haridwar cater to automotive and industrial sectors near the industrial corridors of Northern and Peninsular India. Our manufacturing facilities are integrated with state-of-the-art testing centers for product validation and conformance and a plug-and-play REP center for facilitating condition monitoring. We also encourage the use of sustainable solutions across our organization and have installed solar rooftops to meet our energy needs.

Numbers that define us

3
Manufacturing facilities

12
Offices

455+
Distributors

1762
Employees
(as on 31st March 2021)

Message from Managing Director

> “Underlying our exceptional performance is the efforts of our people, who showed tremendous resilience, responsibility and resolve to support one another, our customers, our communities, and our suppliers.”

Manish Bhatnagar
Managing Director

Dear Shareholders,

As we all know, 2020 has been a uniquely challenging year and we have all been impacted by COVID-19, both in our professional and personal lives. Amidst a very challenging business landscape, your Company remained steadfast in executing its strategies, sustaining operational efficiencies, maintaining customer centricity, and ensuring cost discipline leading to a strong financial performance and increased shareholder value — which you will see in this report.

Our business was impacted in March 2020 as COVID-19 spread nationwide which led to a complete lockdown of the country for over six weeks. There were signs of gradual recovery towards the end of first quarter, partly led by automotive segment followed by an uptick in demand from the industrial segment, and the economic environment steadily improved by the end of the fiscal year.

Financial performance and strategic progress

The COVID-19 pandemic has brought unprecedented health crisis in our lives. And we have witnessed the most unpredictable times for businesses around the world. This posed significant headwinds, including lockdowns, travel restrictions, supply chain disruptions.

Your Company clocked Net Profits of INR 297.73 crore, up from INR 288.99 crore in FY20. Revenue stood at INR 2670.73 crore as compared to INR 2841.58 crore a year ago. We maintained a strong liquidity position and robust cash flow. We continued to drive execution on our strategic priorities, with a disciplined cost and investment approach. With a long-term vision in mind, we are transforming our ways of working with digitalization across the full value chain.

Reflecting on this performance in the backdrop of an extraordinary crisis makes it even more commendable, demonstrating the resilience and the spirit of winning of our people.

Ensuring health and safety of our employees

Underlying our exceptional performance is the efforts of our people, who showed tremendous resilience, responsibility and resolve to support one another, our customers, our communities, and our suppliers. We are incredibly proud of them and their family members who stood by us during these times.

From the very beginning of the pandemic, your Company prioritised the well-being, health, and safety of our own employees, and of our suppliers. We implemented comprehensive hygiene standards across all our locations and provided our employees with clear guidance – including introducing a structured program on safety behaviour for line managers and blue-collar employees, for encouraging and implementing mandatory safety protocols organisation-wide.

Your Company formed a special task force to monitor the situation on the ground and take necessary measures to support the employees in their time of need. Additionally, COVID Care centres were set up at multiple locations for employees and their families. The Company also facilitated online doctor consultations across India, organized vaccination camps and provided vaccination cost coverage for employees and their immediate family members.

Giving back to our communities

The events of the past year have demonstrated that societal issues disproportionately impact the most vulnerable. We continued deepening our relationships in the communities we serve as part of our Community Care initiatives. With the help of our NGO partners, we are using our resources, ingenuity, and collaborations with local municipal corporations to support our communities in the areas of education, skill development, employment, and environmental sustainability. From organizing vehicle disinfection camp at the peak of the lockdown, to providing PPE kits across

> “We maintained a strong liquidity position and robust cash flow. We continued to drive execution on our strategic priorities, with a disciplined cost and investment approach.”

local hospitals and donating medical equipment to hospitals, your Company took several measures to strengthen communities that have been disproportionately impacted.

Environmental sustainability

Environmental sustainability is an integral part of SKF. To contribute to the global strategy of all our manufacturing sites around the world becoming carbon neutral by 2030, we have framed our strategy of Lean, Green and Digital. As part of this strategy, your Company has taken several steps for actively reducing the environmental impact of our manufacturing operations and products across our value chain. We formed partnerships for power purchase through renewable sources such as solar energy. As of now we are using 42% of our energy from renewable sources, helping us reduce specific CO_2 emission by 25000 tonnes. In addition, we are continuously adopting sustainable solutions in our manufacturing facilities to considerably reduce our carbon footprint, minimize consumption of plastic, paper, water, and oil/chemicals. By integrating sustainability into our overall strategy, we will be able to create value and generate more competitive advantage

Looking forward - 2021 outlook

While we entered 2021 with a robust balance sheet, deep customer relationships, a strong brand, and strategically positioned business, the country has been severely impacted with the second wave of the pandemic. With virus resurging in parts of the country, many states are still under lockdown and people are working from home. Keeping this in mind, we expect our fiscal year 2021 to be difficult, particularly in the first two quarters. However, we are hopeful for a timely and efficient vaccination program and a return to pre-COVID-19 levels of business.

The effects of second wave of COVID-19 have not changed our strategy and we remain confident of the growth opportunities ahead.

> “We formed partnerships for power purchase through renewable sources such as solar energy. As of now we are using 42% of our energy from renewable sources, helping us reduce specific CO_2 emission by 25000 tonnes.”

In closing, I would like to take this opportunity to thank the Board of Directors for their continued support, our employees for the year they just delivered, and the commitment with which they serve our customers, and our suppliers for their collaboration and support.

Last, I would like to thank our shareholders, for the trust you continue to place in us and for supporting us in our growth journey.

Looking forward, we remain optimistic about better days, and are focused on improving our capabilities and efficiencies to deliver value for our shareholders while taking the Company to greater heights.

Regards,

Manish Bhatnagar
Managing Director

Financial overview

(INR in million)

	As per Ind AS						As per Indian-GAAP			
	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	December 31, 2011
Net Sales	26,329	27,959	29,960	27,686*	28,047*	31,848*	23,726	22,464	22,041	24,167
Profit before tax	3,963	3,868	5,242	4,555	3,756	3,945	3,062	2,530	2,831	3,139
Profit after tax	2,977	2,890	3,358	2,959	2,439	2,559	2,028	1,667	1,901	2,085
Cash earning per Share (INR)	72	70	75	66	55	62	49	41	44	47
Rate of dividend (%)	145	1300#	120	120	100	150	100***	75	75	75
Gross Block	12,586	12,146	11,234	11,021	10,657	10,315	10,315	10,351	10,045	9,190
Net Block	3,141	3,146	2,671	2,753	2,806	2,980	3,654	4,011	4,072	3,547
Total borrowings	-	-	900	850	340	650	-	-	-	-
Share Capital	494.4	494.4	494.4	513.4	527.0	527.0	527.0	527.0	527.0	527.0
Reserves & Surplus	15,144	18,558	16,475	17,860	17,585	16,119	13,635	12,228	11,026	9,585
Book Value per Share (INR)	316	385	332	356	343	316	269	242	219	192
Shareholders' Nos.	32,425	23,636	23,505	23,549	24,653	24,635	24,353	21,219	22,070	23,102
Employees' Nos.	1,762	1,716	1,759	1,779	1,789	1,824	1,962	2,052	2,053	2,165

* Net Sales for Q1 of 2017-18 , year ended March 31, 2017 & 15 months ended on March 31, 2016 includes Excise duty as per Ind AS, whereas 2014 & 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%

Sales
(INR in million)

FY21	26,329
FY20	27,959
FY19	29,960
FY18	27,686
FY17	28,047

Return on Networth
(%)

FY21	19
FY20	15
FY19	20
FY18	16
FY17	13

Earnings Per Share
(in INR)

FY21	60.2
FY20	58.5
FY19	65.7
FY18	57.3
FY17	46.3

Book Value
(INR per share)

FY21	316
FY20	385
FY19	332
FY18	356
FY17	343

Dividend
(INR in million and % of share)

FY21	145%	716.9
FY20	1300%	6426.9
FY19	120%	593.3
FY18	120%	616.1
FY17	100%	513.4

* Dividend figure for 2016-17 is at reduced capital after Buyback of equity shares

** Dividend figure for 2018-19 is at reduced capital after Buyback of equity shares

\# Special Dividend figure for 2019-20

Return on Capital Employed (ROCE)
(%)

FY21	25
FY20	20
FY19	30
FY18	24
FY17	21

ROCE = PBT / Capital Employed

How SKF creates value

Resources

Financial

INR 15638.08 Mn
Equity

INR 3785.89 Mn
Assets

Manufacturing

3
Manufacturing Units

8
Warehouses\Distribution centres

4
Solution Factories

Intellectual

12
Patents in Process

Human

1762
No of employees

23 hr
Training Hours per employee

INR 2463.1 Mn
Employee benefit expenses

Social and relationship

1900+
Suppliers

455
Authorized Distributors

INR 89.73 Mn
CSR Spend 20-21

652 Hours
Employee volunteering hours

6
CSR YES Training centers

2
CSR Environmental Eco Impact Parks

Natural

INR 25 Mn
Renewable energy investment

53568 MWh
Total Energy use

Vision
A world of reliable rotation

Mission
The undisputed leader in the bearing business

How SKF Creates Value

Products

The product value proposition meets customers' products application needs and performance requirements of specific parameters such as speed, load, noise and physical environment

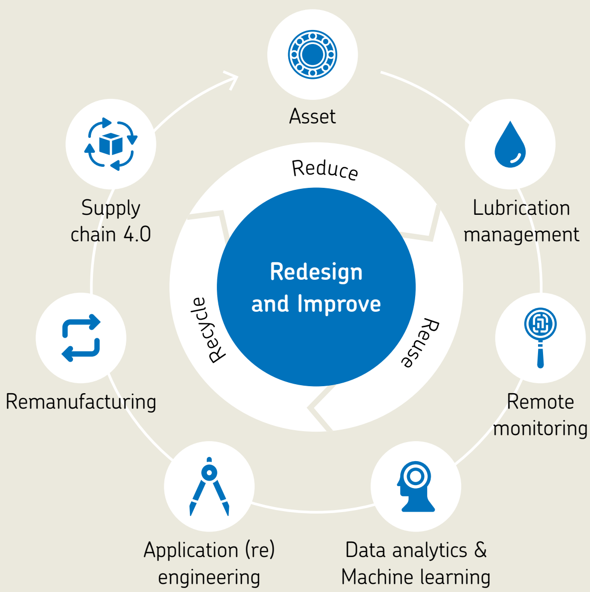
Rotating Equipment Performance

The Rotating Equipment Performance (REP) value proposition meets the needs of customers who operate critical machinery by maximizing performance.

...for increased customer value with SKF as partner...

Products and services + Application understanding = Rotating equipment performance (REP)

Increased customer value



... Contributing to the circular economy

The REP value proposition is a commercial relationship where SKF provides the customer with functionality at a fixed recurring fee, leveraging the full SKF portfolio: bearings, seals, lubrication systems, remanufacturing, oil regeneration and many other engineering services. In this business model, the needs and ambitions of customers and SKF are aligned where both benefit by improving productivity and eliminating waste in the production process.

Value Created

Financial

INR 26707.3 Mn
Revenue

INR 4563.6 Mn
EBITDA

INR 3962.8 Mn
PBT

INR 2977.3 Mn
PAT

24.8%
RoCE

INR 3239.6 Mn
Net Cash Flow (operations)

Manufacturing

118.24 Milliion
Bearing produced in FY

113
New products in pipeline

Intellectual

6
Patents filed

Human

11%
Gender diversity

5
Accidents

Zero
Fatalities

Social and Relationship

100%
Supplier covered under Code of conduct

80000+
Condition Monitoring points for customer performance improvement

2.2 lacs
Lives impacted through CSR initiatives

0.09 TMC
Water Saving outside fence

5659
Tree plantation outside fence

25
Automotive Business Startups

3312
Skilled workforce created through CSR

53
Sportspersons created

Natural

33156 Tonne
Co2 Emission scope 1+2

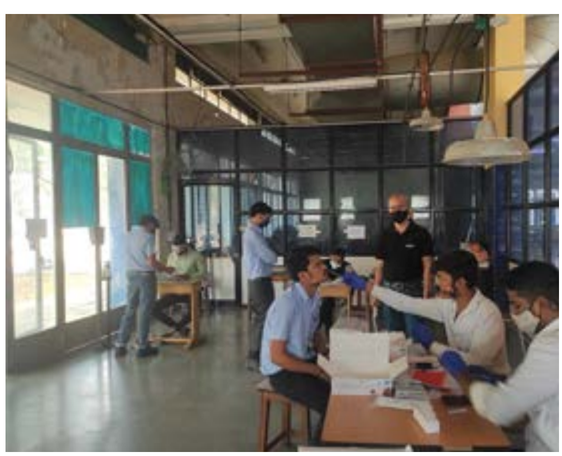
16162 MWh
Renewable energy

Employee care during the pandemic

Our first priority in 2020 was the health and safety of our people and the communities in which we operate. We supported and helped our ecosystem - our employees and partners, by putting in place dedicated safety, security, and work policies.

Prioritizing employee care

Several measures were taken to support employees and their families during their time of need.



- Establishing COVID Care Centre at 3 locations, for employees and their families, so far 220 employees have availed this facility.
- Collaboration with online doctor consultation platform 'Day 2 Day Health'.
- Arranged oxygen cylinders and oxygen concentrators at all locations.
- On-site vaccination camps for employees and their families.
- Thermal screening at all entry points to prevent any contamination.
- Implementing all COVID-19 appropriate behaviors.
- Ensured frequent sanitation of our premises and implemented strict standards of hygiene across our offices and manufacturing units.

Our strategy is strong and consistent

SKF continues to be a market leader by delivering value-added products and solutions. As the Company takes strides towards a promising future, it has laid down strategic priorities that comprise Digitalization, New business models, Innovation, World-class manufacturing, Cleantech, and a Future-ready workforce. These strategic priorities are rooted in the Company's vision, driving its mission, growth and sustainability.

Vision and Vision

A world of reliable rotation

The undisputed leader in the bearing business

Value Propositions

- Products
- Rotating Equipment Performance (REP)

Striving For Green

Strategic Focus Areas

Digital sales

New business models

Innovation

World-class manufacturing

Future workforce

Cleantech

Our Offerings

Bearings and units

Seals

Lubrication systems

Condition monitoring

Services

How SKF is winning

We continue to embark on our strategic journey and focus on the key areas that we had identified. We undertook several key initiatives in each of the focus areas across the full value chain.

Adapting to a dynamic environment

Our industry landscape has been evolving at a rapid pace. At SKF, we develop strategies based on changing market dynamics and emerging trends that impact our operations. We strive to support our customers by providing products and solutions that fulfill their various requirements and enable us to create value for our shareholders.

Some trends that continue to influence the industry in which we operate.

Condition monitoring

Equipment downtime and failure incur huge operational costs for a company. It may even result in capital expenditure for an organization. These issues can be prevented or minimized through early detection and timely intervention. The global condition monitoring market is projected to grow at a CAGR of 9.4% between 2021- 2026.

USD 5346.8 million

Value of global condition monitoring market by 2026

Renewables

To mitigate climate change, dependence on renewable energy continues to grow across the world. India has a high wind energy potential of 302 GW at 100 metres hub height and 695 GW at 120 metres. Harnessing its capacity for wind power generation, India has committed to install 60 GW of wind energy by December 2022 at CoP 21. India's favorable geographic location, with a long 7516 km coastline, provides ample opportunity for increasing the share of wind in the total energy mix.

60 GW

Wind energy generation target by 2022

Industrial Internet Of Things (IIOT)

The shift towards automation along with the need to provide remote monitoring solutions highlight the urgency of IIOT solutions. Furthermore, with 5G picking up pace across the globe and recent Capex investments by Indian telecom majors, preference for IIOT based technology and solutions is expected to accelerate further.

USD 27.05 billion

Value of global M2M market by 2023[2]

Electric Vehicles

Electric Vehicles (EV) hold the potential to reduce pollution across major cities of India and is anticipated to reduce dependence on fossil fuels, due to the integration of renewable energy with the feed network. With the growing acceptance for electric vehicles, the automotive industry is likely to witness a major shift.

50 million

EVs are expected to ply on India's roads by 2030.

Our Response Mechanism

- Plug-and-play model at our cloud-based Rotating Equipment (REP) centre at Pune enables real-time data analysis for predicting machine failures. A similar pilot project is underway at our Bengaluru facility.
- We have joined hands with wind turbine-related pressure groups to contribute to the development of this growing sector and have formed long-term partnership with one of the largest wind turbine manufacturers in the world, for the Indian market .
- We provide smart solutions and products that can easily integrate with neighboring systems inside parent machines such as CNC machines. This will help to ensure seamless production planning and control, by allowing smooth integration with the parent architecture.

[2]MarketWatch

Achieving sustainable growth is our priority. We have reached many milestones on our journey, but as we look to the future, we we will continue our work to further improve manufacturing operations, while also continuing to actively provide innovative products and solutions to support our customer's needs.

Accelerating sustainable growth

Through our unique initiatives for energy and water conservation, use of paper and natural resources within the entire supply chain, we are actively reducing the environmental impact of our manufacturing operations and driving sustainable growth.

Green manufacturing initiatives

We have launched several projects to reduce wastage of natural resources, promote reuse and recycling, wherever feasible, as part of our commitment to contribute towards a circular economy. All our projects are aimed at increasing awareness about our natural environment and ensure proactive participation from our employees.

The measures implemented by us include:

- Rainwater harvesting
- Paperless shop floor, an initiative under Industry 4.0.
- Reduction and reuse of oil consumption
- Online energy monitoring system and renewable procurement from solar power purchase.

42%
Green energy sourced and used in FY21

Target to source
75%
renewable energy by 2025

Modernizing manufacturing

Given our focus on developing world-class manufacturing processes, we have successfully installed a Channel Monitoring System at our Pune factory for real-time equipment performance monitoring and a maintenance cockpit for real-time machine health monitoring.

With access to real-time and remote monitoring, operators will be empowered to better predict and plan machine maintenance schedules, as well as develop long-term statistical evaluations of diagnostic data. This will also make our production more flexible and efficient as well as support our continued focus on energy efficiency.

Further, with the Equipment to Machine (E2M) connectivity project, we focus on reducing scrap and man-machine intervention while improveing built-in quality (BIQ). Soon, our plan is to scale this up to meet the needs of the entire factory.

Additionally, we've deployed e-Kanban lean management system for end-to-end material flow visibility across the value chain - from suppliers to customers, to detect and eliminate aspects that affect the final output and also efficiently optimise the inventory. The Gantt Online project, currently being run as a pilot, will enable us to improve the flow efficiency from production to shipment, helping us deliver customer orders on time and without any leakage.

Our online real-time energy monitoring systems have been successful in assessing potential savings and actual savings. The system helped us identify various projects in grinding channels and allowed us to optimise the performance of motors and work heads to minimise energy consumption. Furthermore, the Paperless project has been planned for eliminating the use of paper across the shop floor, including the supply chain.

We have initiated Kushal 4.0 program to provide training through IIOT labs. This will enable us to further upskill our employees and make them future ready.

Moving away from developing manual reports, we have adopted Power BI which is a Business Intelligence and Data Visualization tool for converting data from various data sources into interactive dashboards and analysis reports. It also enables the sales team to track their daily sales with a single click.

Digitalization is becoming increasingly important in industry, and the number of devices connected to the Internet keeps growing. At SKF India, we are focused on helping our customers through their digitalization journey to make sure they get the most from their rotating equipment.

Unlocking the power of digital

We are gradually transforming our facilities to aid the growth of a 'Future Factory', aided by a well-defined strategic roadmap to reach Manufacturing 4.0 by 2023-2024. Our approach involves an incremental transformation of the Supply Chain, Quality, Engineering and People processes to achieve our goal of sustaining excellence across operations. The process has already started in FY20 and we aim to take it further in the days ahead.

Launch of E-Market place

As COVID-19 and the related changes in business and customer buying patterns have accelerated the need for digital transformation, we launched emarketplace - an online store offering products from Automotive and Industrial business for retail and industrial buyers.

The launch was in line with our commitment of expanding reach to customers across market segments and continuously providing unmatched customer experience while contributing to the country's 'Digital India' initiative.

The 24*7 online store aims to provide direct access to genuine SKF products ranging from Bearings and Bearing Units, Housing and Accessories, Greases and other maintenance products, for both Industrial and Automotive segments. All the process industries, MSME's, traders, retailers, automotive aftermarket retailers, mechanics and fleet owners will benefit from this wide range of products and solutions.

Launch of Digiconnect

To ensure that our network of partners and stakeholders have the right digital capabilities that improves efficiency, lowers costs and supports continuous growth, we introduced Digiconnect - a self-serving digital platform designed to build productivity and increase efficiency. Aimed at simplifying the interactions between SKF and its Distributors, Digiconnect enables Channel Partners to analyze and track their business with SKF more efficiently.

Partnering with customers

In the year under review, SKF India signed a five year 'pay-per-ton' performance contract with Steel Authority of India Ltd., to increase the plant utilization level, making it a first-of-its-kind pay-per-ton contract in the metal segment for SKF.

With this futuristic partnership, SKF will be helping the customer manage the roll shop and the inventory of all products and technical services at SAIL's Bhilai facility.

This agreement is designed to boost productivity, cut maintenance costs, and make operations more sustainable. This is a significant win for SKF aimed at helping customers improve the efficiency of their machines, especially as we demonstrate the value of our performance-based business model. Importantly for SKF, we have used the pay per ton model to increase our share of bearing business from 0% to 100%.

Delivering high customer satisfaction

A global customer that is among the most renowned commercial vehicle manufacturer was looking for a reliable source who could provide them with engineering and application solutions support for upgrading the wheel ends of their MHCV and ULTRA platforms to improve the performance of their trucks. Moreover, they expected the provider to develop a local supply chain in a short period. SKF leveraged its Jinan unit in China for importing THUS1 products, meant for the truck industry, and planned for the localization of the part in 12-18 months at the Pune facility. The solution resulted in significant gains in the reliability and friction performance of the trucks, thereby improving end-customer satisfaction for the client. Furthermore, the competitive advantage gained in entering the THU1 market with an OEM of international repute created a strategic moat for the Company as it led to the growth of wheel-end business for trucks in India.

TVS Motors

TVS Motor Company is the third largest 2-wheeler company in India with an annual sale of more than 3 million units and an annual capacity of over 4.95 million vehicles. TVS Motor is also the 2nd largest exporter in India with exports to over 60 Countries. A member of the TVS Group, it is the largest company of the group in terms of size and turnover. SKF and TVSM as part of the business engagement are closely working towards increasing the share of business with SKF upto 3x. SKF forged a strategic partnership with TIER 1 suppliers of TVSM to integrate our DGBB Product line into their Crankshaft Assemblies, this strategic partnership has unlocked doors for increasing SKF Business share with TVSM and has helped gain access to critical applications for the bike and scooter platforms.

Our employees form the cornerstone of our success. Through the strong dedication and resilience of our people, we gain a competitive advantage and successfully fulfill organizational objectives.

Transforming our employee care

2020 was an unusually challenging year for our people. But even as lockdowns hit across India, the tremendous efforts of our people - whether on the factory floor or from a home office, enabled us to continue to support our customer needs. We quickly implemented new ways of working to address business problems.

Our Employee care program ensures the safety of the working environment and strives to prevent accidents, injuries and occupational health hazards. We always abide by the 'safety-first' mindset while making business decisions and treat accidents or fatality within our premises with utmost concern. During the year under review, we implemented safety behaviour protocols for all line managers and blue-collar employees.

Our people strategies are geared towards creating an employee experience through diverse learning opportunities, great careers, a strong employer brand and an empowering and winning culture to promote holistic development of our employees and foster personal and professional growth.

Even though our employee engagement survey showed a 1% increase in engagement score, we know we need to do more to support our people to ensure their overall physical and mental well-being.

Meaningful choices for our employees

To further strengthen our HR practices and build an inclusive and motivational workplace, we have embarked on a HR transformation journey focusing on the following core areas:

Talent & Leadership

- **Empowering teams:** We proactively re-dimension the workforce size, develop competencies and leadership for the need of the digital world. Given the reducing half-life of skills/competencies, and the younger generation planning for shorter career horizons, we strive to create opportunities for our employees so that they can re-invent themselves by upskilling & reskilling. Our extensive online learning programmes not only enable our people to upskill and reskill for their roles, but are helping them prepare for the changing landscape of work.

- **Leadership:** At SKF India, we nurture and build a new genre of leadership that can manage the return of investment, promotes value creation and can balance the impact of automation on one hand whilst being able to unlock capacity and feed businesses for growth.

Winning Culture & Inclusive Workforce:

- **Winning Culture:** We facilitate a culture that enables employees to meet their purpose and feel included. We are also driving the philosophy “SMART” in order to build a culture of “my company, my money”. It’s about taking ownership to optimize our monetary resources so that we reap the benefits of it tomorrow and about collaboratively making SMART investments in breakthrough ideas coming from our people. It’s not cost-saving, but building best-cost mindset.

- **Agile Ways of Working:** We’re also increasingly embedding ‘Agile’ ways of working to help us make better and faster decisions, innovate at pace and adjust quickly to changing market dynamics and customer demand.

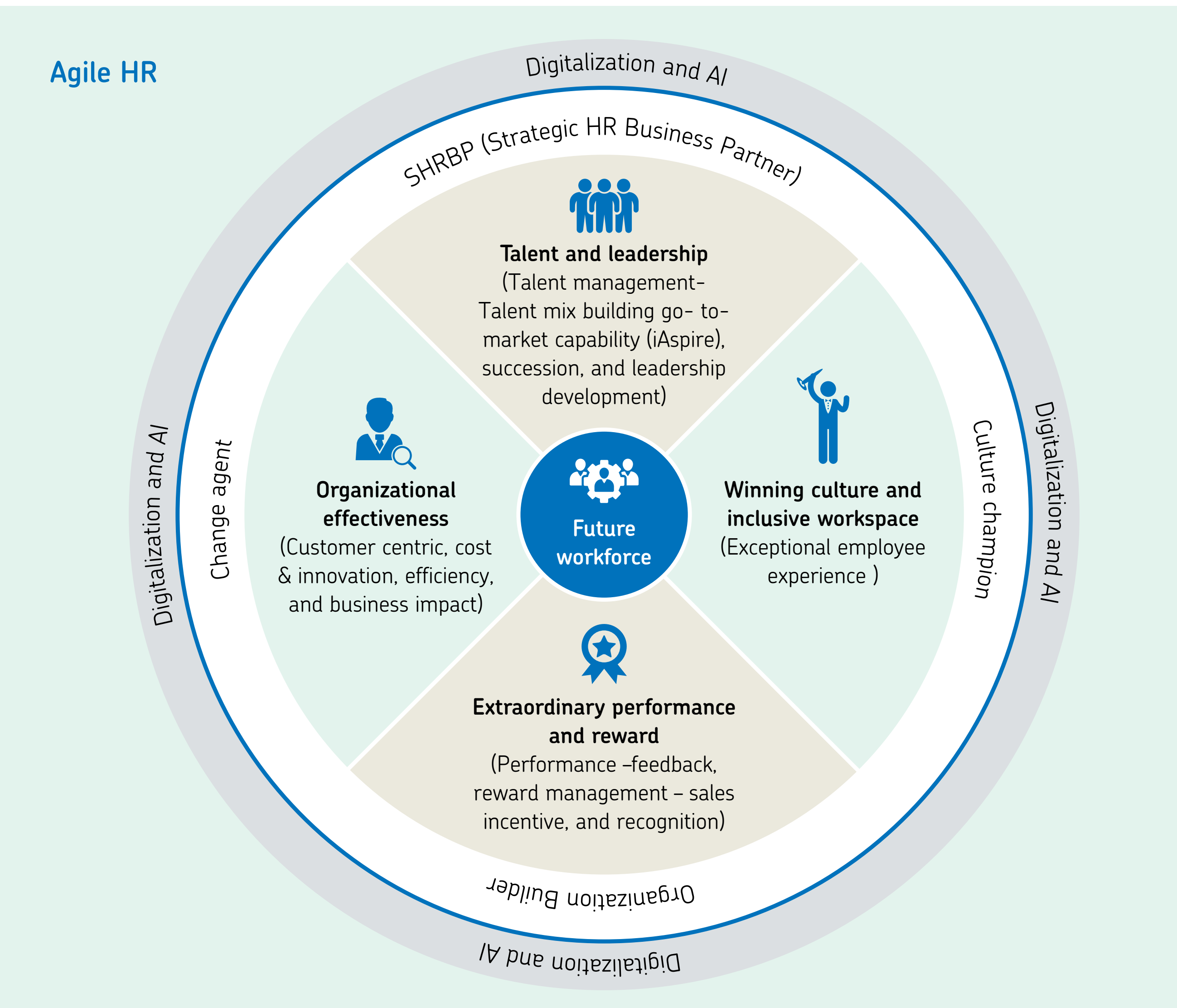
- **Inclusive Workplace:** Employee experience is only 'exceptional' when there is a convergence of three distinct environments: Physical, Digital & Emotional. Fostering a culture of diversity and inclusion is important to our company's success and by tapping into diversity and becoming more inclusive, we will have a direct link to the innovativeness and customer-centricity of SKF.

Extraordinary Performance & Reward

- **Extra-ordinary Performance:** We strive to create a highly effective organization that consistently delivers results ahead of expectations by a strong focus on Go-To-Market Capability (Sales Academy), robust goal-setting and alignment.
- **Reward:** We believe in differentiated rewards and we place a premium on contribution and reward our workforce much more in line with that, rather than a job level. We structure our variable components, linking value created to rewards, and paying a premium for key skills.

Organization Effectiveness and Transformation:

We have continued focus on redefining our workforce to ensure we create an effective organization. A flat & flexible structure with the right span of control and enriching unique roles to suit individuals.



We do what is right, and not what is easy

The SKF Code of Conduct defines how we behave and how we conduct our business. At SKF, it is vital that we act in an economically, socially, environmentally and ethically responsible way.

Full compliance with laws and regulations is a fundamental minimum requirement of our Code of Conduct.

In order to take our compliances to the next level of maturity, a robust & comprehensive compliance framework has been developed, which not only helps strengthening our culture of integrity but also enables us to look ahead and think strategically about tomorrow's risk.

> Ethics and Compliance is important to us and it is important for our shareholders, the community we work in and, to our customers. For shareholders it is important because they need to be reassured that the returns they get are free from any financial and reputational risk. This is important to our community to know that SKF is a responsible corporate citizen and, to our customer because they can trust us while doing business with SKF.
>
> **Manish Bhatnagar**
> Managing Director

Our compliance framework is fundamental

A unique E&C week was celebrated from 01st – 05th February 2021 by the employees of the company with the objectives of - improving awareness, strengthening ownership & enhancing inclusiveness.

During the five day program, several activities were conducted through multiple platforms covering compliance focused - messages from leaders, quiz, games, puzzles, competitions and many more such activities. Around 2100 employees from 16 different locations took part in this unique celebration.

2100

Employees and contractors

> "We at SKF, believe in collaborative efforts of strengthening our culture of integrity. Our goal is to set the highest standard when it comes to compliance."

Ranjan Kumar
Director Ethics, Legal & Internal Audit

Our CSR Vision

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'

We care for our communities

We believe that a successful business entity of today and tomorrow is one that understands the importance of responding to community challenges. As a responsible corporate citizen of the country, we strive to contribute towards uplifting the communities and economies and support a sustainable and inclusive growth of the nation.

INR 89.7 million
Invested in CSR activities in FY 2020-21

2.2 lakhs
Direct and indirect beneficiaries in FY 2020-21

Youth Empowerment at SKF (YES)

Our youth empowerment at SKF (YES) program is aimed at empowering under-privileged youth with the know-how of modern automobile maintenance and servicing skills to help them gain employment at automotive OEMS / automobile service stations or become entrepreneurs by setting up own vehicle service stations.

CASE Study -

Crafting dreams

Namdeo Rahul is a 2018 YES beneficiary, and has been working in the automobiles sector since then. After completing his training at the YES center at Pune, he secured a job. Then he thought of starting something of his own and he started a workshop, 'Arsha Bajaj Auto Garage' catering to three-wheelers, at Hinjawadi, Pune in 2020. Soon, he intends to expand his workshop and soon be able to provide complete services including a washing area. In the last year, Namdeo has serviced around 250 vehicles in his garage.

"After my training, I started my own garage with the experience I gained at the service centre. From my previous earnings of around INR 5000, I have substantially improved my revenue to INR 20,000 and now I can confidently support my family."

- Namdeo

SKF Sports Education Program

The objective of the SKF Sports Education Program is to provide children from underprivileged background an opportunity to both physical and mental growth and development through sports activities.

Environmental Sustainability program

Our Environmental sustainability program including waste management and conservation of natural resources. The program focuses on restoring water quality, removal of garbage, effluents and other pollutants, enhancing soil quality and increasing biodiversity around the project area (water bodies). This is done by de-silting - removal of soil from the lake, thereby increasing its capacity to withhold and store water, pitching of slit on the boundaries and excess silt is distributed free off cost to locals & farmers to gain their goodwill and participation. Also trees plantation is done around for environmental sustainability. The water bodies and the trees have become the resting, roosting and nesting sites for a wide variety of resident and migratory birds.

SKF Scholarship Program for Girls

This program is aimed at empowering young girls with structured partial educational support through scholarship. The program strives to make them capable of getting a meaningful career. It also provides economic support to girls to complete their higher education at opportune times. Thus, empowering them to fulfill their dreams and enable them to stand on their own feet and contribute to society better.

Profile of Board of Directors

Mr. Gopal Subramanyam
Chairman

Board member since
May 16, 2019

Born: 1955

DIN: 06684319

Education and job experience

Mechanical Engineering, University of Madras.

Experience

Gopal has an experience of 44 years in manufacturing, ranging from high precision components to heavy equipment and machineries. He is also the Former Chief Executive of two JVs: L&T Komatsu Ltd India and L&T Howden Pvt. Ltd, India and an Advisor at L&T Skill Development Mission. He is a Member of the Academic Council of Nettur Technical Training Foundation and a founder member of several greenfield and brownfield projects. Noteworthy among them being Hydraulic Component at L&T, Bangalore in technical collaboration with Poclain Hydraulics, France.

Mr. Manish Bhatnagar
Managing Director

Board member since
August 16, 2018

Born: 1969

DIN: 08148320

Education and job experience:

BE (Electrical/Electronics) BITS, Pilani, MBA - IIM, Kolkata

Experience:

Manish is the Managing Director of SKF India Limited and he sets the strategic direction for the SKF group in India. He has over 28 years of global experience in various industries including consumer goods, materials, healthcare and environmental solutions.

He also served as the Vice President & General Manager of Asia Pacific for Danaher's water businesses. In the past, he has held leadership roles at General Electric, Underwriters Laboratories and Lakme Lever.

Mr. Aldo Cedrone

Board member since
May 17, 2019

Born: 1958

DIN: 08455073

Education and job experience:

Master's in mechanical engineering, Rome University. School of Management, Rome University.

Experience:

Aldo is the Manufacturing Director, Ball Bearings Operation, in Italy. he has been associated with SKF Group since 1989 in various positions, including Automotive Division Director, Head - Powertrain & Electrical TW, Factory Manager, Quality and Production Manager. He He was also responsible for the 'One implementation Plan for DGBB and Ball Bearing Units Product Lines along with Bearing Manufacturing Units for the Automotive market. He also Planned and executed restructuring projects and is a Member of the car electrification forum.

Ms. Anu Wakhlu

Board member since
May 16, 2019

Born: 1957

DIN: 00122052

Education and job experience:

MSc Gold Medalist, Diploma in Strategic Management ICC Coach Accreditation (MCC)

Experience:

Anu is the Chairperson of Pragati Leadership Institute Pvt. Ltd and she has been an Executive Director on Pragati Leadership's Board for over 17 years, also serving as the a Managing Director for 6 years. She has helped to inculcate the Company's vision and mission into the organisational DNA, enabled leadership development programs for top management teams and undertook the role of a strategic HR consultant for the manufacturing segment. It helped the HR team to transform its systems and add value to the business.

Ms. Ingrid Viktoria Van Camp

Board member since
November 16, 2020

Born: 1966

DIN: 08945782

Education and job experience:

Master of Science in Mechanical Engineering, Ph.D. in Machine Elements; Luleå University of Technology, Sweden.

Experience:

Viktoria is presently the President of Innovation and Business Development at Aktiebolaget. She has earlier held positions such as President Business and Product Development, Director Industrial Market Technology and Solutions and Director of Product Innovation Lubrication BU, as well as several other positions within SKF.

Mr. Werner Hoffmann

Board member since
August 21, 2019

Born: 1969

DIN: 07685942

Education and job experience:

Diploma in Business Administration, Fern Universität Hagen, Germany.

Experience:

Werner held leadership position in leading financial organisations with up to 500 employees and has held senior management roles in a fast-changing market transitioning from traditional to semiconductor-based technology.

He also was a strategic partner for the realignment and development of the business in the Asia Pacific region. He was successful in heading result-oriented management of highly complex, business-critical projects with multinational cross-functional teams. He further has a broad scope of experience in the manufacturing environment. He is also experienced in M&A-projects and managing JVs.

Corporate Information

Board of Directors

Gopal Subramanyam
Chairman

Manish Bhatnagar
Managing Director

Aldo Cedrone

Anu Wakhlu

Bernd Stephan
(upto 15.11.2020)

Ingrid Viktoria Van Camp
(from 16.11.2020)

Werner Hoffmann

Key Managerial Personnel

Manish Bhatnagar
Managing Director

Anurag Bhagania
Director Finance & CFO

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

NOTICE

NOTICE is hereby given that the Sixtieth ("60th") Annual General Meeting ("AGM") of the Members of SKF India Limited ("the Company") will be held on Friday, July 23, 2021 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 March 31, 2021 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 March 31, 2021 together with the Report of the Auditors thereon.

2. To approve and declare final dividend of INR 14.50 per equity shares for the financial year ended March 31, 2021.

3. To appoint a Director in place of Mr. Werner Hoffmann, (DIN 07685942), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

SPECIAL BUSINESSES:

4. **Appointment of Ms. Ingrid Viktoria Van Camp (DIN 08945782) as a Director of the Company**

    To consider and if thought fit, to pass with or without modification(s), the following resolution **as an Ordinary Resolution:**

    "**RESOLVED THAT** in pursuance to the recommendations of the Nomination & Remuneration Committee and the Board of Directors of the Company and, in compliance to Section 149, 152 & other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Articles of Association of the Company, Ms. Ingrid Viktoria Van Camp (DIN: 08945782), who was appointed as an Additional Director of the Company with effect from November 16, 2020 to hold office up to the date of this Annual General Meeting, who being eligible offers himself for appointment and is not debarred from holding the office of Director pursuant to any SEBI order or any other such statutory authority, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her 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, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

5. **Remuneration to Non-Executive Directors by way of Commission**

    To consider and, if thought fit, to pass, with or without modification(s), the following resolution **as a Special Resolution:**

    "**RESOLVED THAT** pursuant to Article 131(3) of the Articles of Association of the Company, provisions of Section 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended from time to time and subject to other consents, if any, the commission equal to such amounts or proportions and in such manner and in all respects as may be decided by the Nomination & Remuneration Committee/Board of Directors, not exceeding in aggregate one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board of Directors or Committees thereof for each of the five financial years of the Company commencing from 1st April, 2021 be paid to and distributed amongst such Directors of the Company excluding the Managing Director, Whole-time Director(s) as may be determined by Board.

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

6. **Ratification of Remuneration to Cost Auditor for the financial year 2020-21**

To consider and if thought fit, to pass, with or without modification(s), the following resolution **as an Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the Section 148 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), the Company hereby ratifies and approve the remuneration of INR 410,000/- (Rupees four lakh and ten 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., Cost Auditor of the Company, having Registration No. 000242, who were appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company under the Companies (Cost Records and Audit) Rules, 2014 for the financial year 2020-21.

By Order of the Board
SKF India Limited

Ranjan Kumar
Company Secretary

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: May 14, 2021

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 read with General Circular no. 02/2021 dated January 13, 2021 ("MCA Circulars") has allowed to hold the Annual General Meeting ("AGM" or "meeting") of the Company during the calendar year 2021 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") and SEBI Circulars and Regulations, this 60th 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.

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 (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 18, 2021 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 2020-21 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 Darashaw 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. In case the dividend declared at AGM could not be paid due to non-availability of the details of the bank account, the company shall dispatch the dividend warrant cheque to such shareholder by post upon normalization of the postal services.

9. 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 Darashaw Consultants Private Limited ("RTA"). In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.

10. 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.

11. The Register of Members and Share Transfer Books of the Company will remain closed on Wednesday, July 7, 2021 for the purpose of determining eligibility of member(s) entitled to receive dividend, if declared at the AGM.

12. The final dividend of INR 14.50 per equity shares of INR 10 each for the financial year 2020-21, 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 the valid share transfer in physical form lodged with the Company on or before Wednesday, July 7, 2021; 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 at the end of the business hours on Wednesday, July 7, 2021.

13. 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 email address at csg-unit@tcplindia.co.in

14. 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.

15. 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.

16. The amount outstanding in unpaid dividend account in respect of financial year 2013-2014 and shares where dividend had remained unpaid for last consecutive 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.

17. 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 14, 2021. 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.

18. 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.

19. 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 60th 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 60th 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 16, 2021.

    (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 16, 2021 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: From 9:00 a.m. (IST) on 20th July, 2021,

(b) End of remote e-voting : Up to 5:00 p.m.(IST) on 22nd July, 2021

(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, failing him Mr. Mitesh Dhabliwala and failing him Ms. Sarvari Shah, of M/s. Parikh and Associates, 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 www.skfindia.com and on the website of NSDL www.evoting.nsdl.com and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed. The results of the voting shall also be placed on the Notice Board at the Registered Office of the Company.

(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 Friday, July 16, 2021. 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 Friday, July 16, 2021 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 20th July, 2021 at 9:00 A.M. and ends on 22nd July, 2021 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. July 16, 2021, 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 July 16, 2021.

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. 
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***

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.

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

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

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.

General Guidelines for shareholders

1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. 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.

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

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:

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. 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**.

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 EGM/AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the EGM/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 EGM/AGM.

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

   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 the same at https://www.evoting.nsdl.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members 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. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

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 14, 2021.

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. 4

The Board of Directors ("Board") on recommendation of Nomination & Remuneration Committee appointed **Ms. Ingrid Viktoria Van Camp (DIN 08945782)** as an Additional Director of the Company with effect from November 16, 2020. 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, Ms. Ingrid Viktoria Van Camp shall hold office of the Director up to the date of this 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 her candidature of Ms. Ingrid Viktoria Van Camp as a Director on the Board of the Company, liable to retire by rotation.

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

A brief profile and other information of Ms. Ingrid Viktoria Van Camp, 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, Ms. Ingrid Viktoria Van Camp 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. 4 in relation to appointment of Ms. Ingrid Viktoria Van Camp 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 Ms. Ingrid Viktoria Van Camp is in any way concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding, if any.

Item No.5

At the Fifty-Fifth Annual General Meeting of the Company held on 20th July, 2016, the shareholders had approved the payment of commission upto 1% per annum of the net profits of the Company to Directors (other than Managing / Whole-time Directors and the Non-resident Directors) effective from 1st April, 2016 for a period of five years. The period of five years has expired on 31st March, 2021.

In accordance with the Nomination and Remuneration Policy of the Company, the commission payable to Non-executive Director will be based on the remuneration structure as determined by the Board. In view of continued business activities of the Company, it is appropriate that pursuant to the provisions of the Companies Act, 2013 ("The Act"), a commission not exceeding in the aggregate 1% per annum of the net profits of the Company computed in the manner laid down in Section 197 & 198 of the Act may be paid for each of the five financial years of the Company commencing from 1st April, 2021 and be distributed to Non-executive Directors of the Company excluding Managing / Whole-time Director(s) as may be decided from time to time.

The proportion and manner of such payment and distribution would be as the Nomination and Remuneration Committee/ Board may decide from time to time and in accordance with the provisions of the law.

Apart from commission proposed to be paid to Non-Executive Directors in terms of the special resolution, such Directors also entitled to receive sitting fees and re-imbursement of expenses for each of the Board or Committee Meetings attended as the case may be.

All the Directors of the Company except Mr. Aldo Cedrone, Mr. Werner Hoffman, Ms.Ingrid Viktoria Van Camp and Mr. Manish Bhatnagar, Managing Director of the Company, may be deemed to be interested in this resolution.

Accordingly, approval of the members of the company is being sought by way of a Special resolution for payment of commission to Directors of the Company.

The Board recommends the passing of the resolution set out at Item No. 5 of this Notice by way of Special Resolution for your approval.

Item No. 6

The Company is required to have its cost records audited by Cost Accountant in practice. Accordingly, the Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of 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, 2021, at a remuneration INR 410,000/- (Rupees four lakh and ten 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. 6 of this Notice for ratification and approval of remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

The Board accordingly recommends the Ordinary Resolution as set out at Item No. 6 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

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: May 14, 2021

Annexure A

Information pursuant to the provisions of the 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 60th Annual General Meeting

Name of the Director	Mr. Werner Hoffmann	Ms. Ingrid Viktoria Van Camp
Director Identification Number	07685942	08945782
Date of Birth (age)	June 10, 1969 (51 years old)	April 28, 1966 (54 years old)
Nationality	Germany	Swedish
Date of first Appointment on Board of the Company	August 21, 2019	November 16, 2020
Qualification	Diploma in Business Administration, Fern Universität Hagen, Germany	Master of Science in Mechanical Engineering, PhD in Machine Elements; Luleå University of Technology, Sweden.
Experience	• Leadership position with responsibility for finance organization of up to 500 employees • Extensive experience in change management in different Sr. management roles in a fast-changing market transitioning from traditional to semiconductor-based technology • Strategic partner for the re-alignment and development of the business in Asia Pacific Region • Open and trustful leadership style with high degree of employee motivation • Successful, result-oriented management of highly complex, business-critical projects with multinational cross-functional teams • Broad scope of experience in leading responsibilities in manufacturing environment • Experienced in M&A-projects and managing JVs	Employed since 1996 Presently the CTO and President, Innovation and Business Development of Aktiebolaget SKF Previous positions • President Business and Product Development, • Director Industrial Market Technology and Solutions, • Director of Product Innovation Lubrication BU, as well as several other positions within SKF.
Terms & conditions of appointment/ re-appointment	As per the appointment letter	As per the appointment letter
Remuneration sought	NA	NA
Remuneration last drawn	NA	NA
Number of Board Meeting attended during the FY 2020-21	4/4	1/1 (Appointed as Additional Director on November 16, 2020)
Shareholding in SKF India Ltd	Nil	Nil
List of Directorship held in other Companies	N.A.	N.A.

Name of the Director	Mr. Werner Hoffmann	Ms. Ingrid Viktoria Van Camp
Chairmanship / Membership of Audit and Stakeholders Relationship Committee	Member of Audit Committee (AC) of SKF India Limited	Nil
Chairmanships / Memberships of the Committees of Boards of other Companies	Nil	Nil
Inter-se Relationship between the Directors and other Key Managerial personnel of the Company	Nil	Nil

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

Directors' Report 2020-21

Dear Members,

The Board of Directors of your Company are pleased to present the 60th Annual Report, with audited financial statements (standalone and consolidated) for the financial year ended on March 31, 2021.

Financial Results (Standalone and Consolidated)

(INR in millions)

Particulars	Year Ended		Year Ended
	March 31, 2021 Standalone	March 31, 2020 Standalone	March 31, 2021 Consolidated
Revenue from Operations	26,707.3	28,415.8	26,707.3
Other Income	362.3	1,039.2	362.3
Total Income	**27,069.6**	**29,455.0**	**27,069.6**
Operating Expenditure	22,527.2	25,016.1	22,527.2
Depreciation	579.5	571.2	579.5
Profit before tax	**3,962.9**	**3,867.7**	**3,962.9**
Share of Net Profit/(loss) of Associate	-	-	(0.4)
Provision for Taxation	985.6	977.9	985.6
Profit after Tax	**2,977.3**	**2,889.9**	**2,976.9**
Other Comprehensive Income	35.2	(91.6)	35.2
Total Comprehensive Income for the Period	3,012.5	2,798.3	3,012.1

Operations

The Standalone Revenue from operations of the Company for year ended March 31, 2021 stood at INR 26,707.3 million compared to INR 28,415.8 million in the previous year. The Company's Standalone Profit before tax for the year under review was INR 3,962.9 million compared to INR 3,867.7 million in the previous year.

The Standalone Profit After Tax for this period was INR 2,977.3 million, compared to INR 2,889.9 million during the previous year.

The Company incurred a capital expenditure of INR 753.4 million during the year.

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

Standalone and Consolidated Financial Statements

The standalone and consolidated financial statements of the Company for the Financial Year 2020-21 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 the Financial Year 2020-21.

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.

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

There have been no material changes and commitments affecting the financial position of the Company which 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 nature of the business of the Company.

Impact of COVID-19

The 54-day lockdown implemented due to the pandemic during the year under review saw a considerable impact on the business operations of the Company. The manufacturing facilities and the distribution centers started operating after taking all the necessary Government permissions where ever needed.

The Company took several measures to ensure the well-being of its employees and continues to do so. Some of the key actions that were taken are, forming a task force to monitor the situation and take appropriate actions, daily monitoring of employees' health, setting up of COVID-19 Care Centers, tie-up with hospitals, labs, and health agencies to provide various medical facilities to employees across locations, conducting antigen tests and vaccination drives, arranging financial assistance to the family members of employee passing away due to COVID-19, arranging for oxygen cylinders and concentrators among others.

The Company also drove community support initiatives, such as providing PPE kits to frontline workers, conducting vehicle disinfection camps for essential service personnel, providing ration and hygiene kits to labourers, and arranging one-time financial assistance to its contract workforce among others.

State of Company's Affairs

The Company's core businesses include manufacturing of bearings and its components in India. SKF India Limited is an affiliate of the Sweden based SKF Group, which was founded in 1907. SKF's mission is to be the undisputed leader in the bearings business by offering solutions that reduce friction and CO2 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 is represented in more than 130 countries and has around 17,000 distributor locations worldwide.

Dividend

The dividend recommended is in accordance with the Dividend Distribution Policy of the Company. For the Financial year 2020-21, the Company has declared dividend as final dividend of INR 14.50 per equity shares of INR 10/- each to its shareholders.

The Board of Directors at their meeting held on 14th May, 2021 has recommended the payment of INR 14.50 per equity share of the face value of INR 10/- each as final dividend for the financial year ended 31st March, 2021 compared to INR 130/- per equity shares for the preceding financial year ended 31st March, 2020. The pay-out is expected to be INR 716.9 million (Rupees seven hundred sixteen million nine hundred thousand only). The payment of final dividend is subject to the approval of the shareholders of the Company at the ensuing 60th Annual General Meeting (AGM) of the Company to be held on 23rd July, 2021.

The record date is Wednesday, July 7, 2021 for the purpose of determining eligibility of the shareholders for payment of the dividend for the financial year ended 31st March, 2021.

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company 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 as set out in this Annual Report and is also uploaded 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 the financial year 2012-13 was transferred to the Investor Education and Protection Fund (IEPF).

Share Capital Structure and Listing of Shares

The paid-up share capital of the Company as on 31st March, 2021 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 the financial year 2020-21. As on 31st March, 2021, none of the Directors of the Company hold any instruments convertible into equity shares of the Company.

Transfer to Reserves

The Board of Directors decided to retain the entire amount of profit for the financial year 2020-21 in the profit and loss account. No amount was transferred to the General Reserves of the Company.

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-emphasizes SKF's strong position in the Indian Manufacturing Industry. Some of the achievements are:

Company of the Year: (Bearings) was awarded to SKF India Limited at the India Wind Energy Forum 2020 Awards. SKF won the award amongst several entries from all over the industry who competed for this coveted award.

Companies with Great Managers was awarded to SKF India Limited at the 5th Edition of the 'Great Managers Awards' 2020. The Great Managers Awards™ is a People Business initiative, partnered by Economic Times and ET NOW. Two of its employees also won awards in the individual competition segment.

The Machinist Super Shopfloor award by Ace Micromatic - SKF's Pune factory maintenance team was declared the winner by Ace Micromatic for the best maintenance practices adopted at its Pune factory. SKF's Green Manufacturing team also won the runner-up award for showcasing best practices under green manufacturing.

Quality Month Celebration by QCFI: At a national level competition organised by Quality Circle Forum of India. SKF's Pune factory team won the Gold Award for one of its case study presentations. The study was about improving the inner ring groove honing quality.

3M (Muda, Mura, Muri) Kaizen Competition by CII: SKF's Pune factory also received two silver category awards, in 3M kaizen competition organised by CII. The award was for the case studies it had presented, on the subjects of, eliminating Muda of scrap and setting up a changeover. It is for the first time that SKF has received two awards at any CII event. A total of 70 different organisations participated in this competition.

Poka-yoke – Judoka competition by QCFI: The SKF Pune factory received the Gold award in the JIDOKA competition organised by QCFI. SKF's quality efforts are recognised at the external competition level.

Safety Kaizen Awards organised by QCFI: - SKF Pune factory won two gold awards for its case study presentations on the subject of 'Elimination of unsafe condition on two grinding machines' at the Quality Circle Forum of India's Safety Month celebration event.

Management's Discussion and Analysis and Outlook

The Management's Discussion & 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 **1**

Corporate Governance

The Corporate Governance Report highlighting the endeavours of the Company in ensuring transparency, integrity and accountability in its functioning has been incorporated as a separate section, forming a part of the Annual Report.

The Board of Directors reaffirm their continued commitment to good corporate governance practices. 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 a part of the Annual Report as **Annexure II**. At SKF India, good governance practices form a part of their business strategy, which includes, inter alia, focusing on long-term value creation and protecting stakeholders' interests by applying proper care, skill and diligence to business decisions. Pay-offs from strong governance practices have been in the sphere of valuations, stakeholders' confidence, market capitalisation and recognition from different stakeholders.

Directors and Key Managerial Personnel

During FY 2020-21, based on recommendation of the Nomination and Remuneration Committee ('NRC') of the Company, the Board of Directors has appointed Ms. Ingrid Viktoria Van Camp (DIN: 08945782) as an Additional Director (in the capacity of Non-Executive Non-Independent Director) of the Company with effect from 16th November, 2020.

As per the provisions of Section 161 of the Act and Articles of Association of the Company, Ms. Ingrid Viktoria Van Camp shall hold office as an Additional Director up to the date of the forthcoming 60th AGM and is eligible for appointment as Director. The draft resolutions for aforesaid appointment along with the brief profile of Ms.Ingrid Viktoria Van Camp forms a part of the Notice of the 60th AGM.

Therefore, appointment of Ms. Ingrid Viktoria Van Camp as a Director of the Company is recommended by the Board to the shareholders at 60th Annual General Meeting of the Company. Ms. Ingrid Viktoria Van Camp 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 20th June, 2018, issued by BSE Limited and the National Stock Exchange of India Limited.

Mr. Bernd Stephan, Non-Executive – Non-Independent Director of the Company, has resigned as Director of the Company with effect from 16th November, 2020, due to his personal reasons. The Board placed on record the appreciation for the valuable services, support and guidance extended by Mr. Bernd Stephan during his tenure as Director of the Company.

At the forthcoming 60th AGM, Mr. Werner Hoffmann (DIN: 07685942) retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

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

Pursuant to the provisions of Section 149 of the Act, the Independent Directors of the Company, Mr. Gopal Subramanyam (DIN: 06684319) and Ms. Anu Wakhlu (DIN: 00122052), have submitted declarations that each of them meet 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 Listing Regulations. They are also in compliance with Rule 6 (1) & (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.

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 20th June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited.

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.

Key Managerial Personnel

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

- Mr. Manish Bhatnagar, Managing Director
- Mr. Anurag Bhagania, Chief Financial Officer.
- Mr. Ranjan Kumar, Company Secretary.

Board and its Committees Meetings

Regular meetings of the Board and its Committees are held to discuss and decide on various business policies, strategies, financial matters and other businesses. The schedule of the Board/Committee Meetings to be held in the forthcoming Financial Year (2021-22) 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 2020-21, four meetings of the Board of Directors were held. The details of the attendance of Directors at the Board Meetings and Committees Meetings such as Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee are mentioned in the report on Corporate Governance annexed hereto.

Board Evaluation

The Board carries out annual performance evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its various committees as mandated under the Act and the 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 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, learning 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.

Familiarisation Programme

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

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 of the Company's website at https://www.skf.com/in

The criteria for the selection of candidates for the above positions cover various factors and attributes, which are considered by the N&RC and the Board of Directors while selecting candidates.

Audit Committee

The Audit Committee constituted in terms of the requirements of the Companies Act, 2013 and Listing Regulations, 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 Mr. Werner Hoffman (Non-Independent Director). The Committee comprises mostly of Independent Directors.

Details of the role 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.

Corporate Social Responsibility

We aim to build more capable, inclusive and resilient communities through a shared approach that takes into cognizance 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, empowerment of women, socially / economically backward groups, support during COVID-19 pandamic, etc. which have always been built on the Company's values of 'SKF Care' built 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 expenditure 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.

Risk Management

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 amongst 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 detailed section on business risks and opportunities forms part of Management Discussion and Analysis Report, which forms a part of the Annual Report.

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

Safety / Sustainability

Your company extends high focus on people care, safe workplace, good health and well-being of its employees. Through its Employee Care Program, SKF is committed to provide a healthy and safe work environment, free from accident, injuries and occupational health hazards. One of the major initiatives taken by your Company in this year is the introduction of a structured programme of Safety Behaviour for the line manager and blue-collar employee with the objective of encouraging a sustained culture upliftment in your factories.

Safety is one of the core values of the Company. Your Company has adopted a structured approach towards implementation of Safety Policies and Programme to integrate safety with business processes with an objective of continuously improving safety performance. The Company treats any accident or fatality on any of its premises and of any of its employee, contractor/associates' employee or any third party, with high gravitas. It is committed to take the entire working environments and behaviour to the highest safety standards. Your Company always takes the 'Safety First' approach while taking any business decision.

SKF India continues to work on safety and sustainability aspects of business. We continue to drive our unique energy conservation initiatives and constantly strive to provide product, services and solution which are environmentally friendly and socially viable.

'SKF Beyond Zero' is our strategy for actively reducing the environmental impact of our manufacturing operations, product, and supplier action. Our EHS Policy outlines necessary guidance for conservation and safeguard of energy, water, use of paper and natural resources for the entire supply chain and also promotes green procurements.

The Company has launched several projects under the green manufacturing initiatives and worked upon reducing the impact of the environment. Various project on saving of trees (reduction of paper usage), energy reduction, water reduction and oil consumption reduction were worked upon. The brief of various projects are as follows:

Water Saving

- Identification and repair of different points of losses/ leakages including suitable tap replacements (sprinkler tap)
- Improving utilisation of treated water for gardening and other suitable purpose.
- Waste walk to identify hidden potentials of water saving through waste reduction activities.
- Explore storage and use of rain water from roof.
- Creates awareness amongst employees for water conservation

Saving of Trees (Reduction in paper usage)

- Packaging modification for few customers to reduce the use of corrugated boxes, thus reducing the paper consumption
- Implementation of reusable/returnable bins for seven customers instead of corrugated boxes
- Conversion of returnable bins for rings and components reducing use of corrugated boxes at suppliers end

Reduction of Oil Consumption

- Regular oil health monitoring to reduce early replacement
- Conduct oil leakage audits through waste walks and implements actions to reduce wastage
- System established to collect and reuse the oil through filtration system
- Improved awareness and people engagements towards oil consumption reduction initiatives

Internal Controls with Respect to Financial Statements

The scope and authority of the internal audit function is defined in the Internal Audit Charter. To maintain independence and objectivity in its functions, the internal audit function reports directly to the Audit Committee of the Board.

At the beginning of each financial year, a risk-based annual audit plan is rolled out after it is approved by the Audit Committee of the Board. The annual audit plan aims to evaluate the efficacy and adequacy of the internal control system(s) and compliance(s) thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations.

Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Company's internal financial controls are commensurate with the scale and complexity of its operations. The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed.

The Company has put in place robust policies and procedures, which inter alia, ensure integrity in conducting its business, safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention & detection of frauds and errors.

Based on the framework of Compliance and, Internal Financial Controls (IFC) established and maintained by the Company, the work performed by Internal Auditors, Statutory Auditors, Cost Auditors and Secretarial Auditors including audit of IFC for financial reporting and, the reviews performed by the Management and Committees of the Board, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year ended March 31, 2021.

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 31st March, 2021, the applicable accounting standards have been followed and there are no material departures;

b. appropriate accounting policies have been selected and applied consistently. Judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2021 and of the profit of the Company for the period ended 31st March, 2021;

c. proper and sufficient care has been taken 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 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, and

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

Related Party Transactions

All transactions with related parties are placed before the Audit Committee as well as the Board for review and approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the RPTs on an annual basis, for the transactions which are foreseeable and repetitive in nature. The RPTs are entered with prior approvals of the Audit Committee and the same are subject to audit. A statement giving details of all RPTs is placed before the Audit Committee and the Board of Directors on a quarterly basis. The Audit Committee satisfies itself on the need of omnibus approval and that such approval is in the interests of the Company and ensures compliance with the requirements of Listing Regulations and the Companies Act, 2013.

The Company has formulated a Policy on Related Party Transactions in accordance with relevant provisions of Companies Act, 2013 and SEBI guidelines, which can be accessed on the Company's website at the web-link: https://www.skf.com/binaries/pub12/Images/0901d19680cb2a54-Policy-on-Related-Party-Transactions-2021_tcm_12-583317.pdf

All transactions with related parties during the year were on arm's length basis and were in the ordinary course of business. The Company has/has not 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 vis-à-vis the Company.

A confirmation as to compliance of Related Party Transactions as per Listing Regulations is also sent to the Stock Exchanges along with the quarterly compliance report on Corporate Governance.

Subsidiaries, Joint Venture and Associates Companies

Pursuant to Section 186(5) of the Companies Act, 2013 read with the Companies (Meeting of the Board and its Powers) Rules, 2014 made thereunder and subject to Regulation 30 read with Schedule III, Part A (A)(1) of the Listing Regulations, Articles of Association of the Company, the Board of Directors, at its meeting held on 6th February, 2020 approved the investments of 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 Pune plant of the Company. As per the 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. The first trench of investment was done in December, 2020 and second tranche of investment was done in March 2021 by SKF India.

Thus, as on 31st March, 2021, the Company has one Associate Company i.e. Sunstrength Renewables Private Limited. Further, there are no subsidiaries or joint venture companies.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's Associate Company in Form No. AOC-1 is attached to the financial statements of the Company.

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

Vigil Mechanism / Whistle-Blower Policy

Over the years, SKF India has established a reputation for doing business with integrity and display 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, violation of 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 Listing Regulations 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 beside 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 e-learning modules for creating greater awareness with respect to its Fair Competition Directive and Anti-Bribery and 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 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 organizational 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 has 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

Business Responsibility Report

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

Deposits

The Company has not accepted or renewed any deposits falling under the ambit of Chapter V of the Companies Act, 2013 and Rules framed thereunder. No amount on account of principal or interest on deposits from public was outstanding as on March 31, 2021.

Statutory Auditors

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, M/s Price Waterhouse & Co Bangalore LLP, Chartered Accountants (Firm Registration No. 007567S/S-200012) were re-appointed as Statutory Auditors of the Company for a term of four consecutive years, to hold office from the conclusion of 58th Annual General Meeting 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.

The Statutory Auditors have already submitted their consent to act as the Statutory Auditors of the Company and their eligibility letter confirming that their appointment meets the requirement of Section 141 of the Companies Act 2013. The requirement of annual ratification for appointment of Statutory Auditor has been omitted vide Companies (Amendment) Act, 2017. Therefore, the Statutory Auditors are no more required to be ratified at every Annual General Meeting of the Company.

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 2020-21, which forms a part of the Annual Report 2020-21. There are no observations, qualification, reservation, adverse remark or disclaimer of the Auditors in their Audit Reports that may call for any explanation from the Board of Directors.

Secretarial Auditor

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 has appointed M/s Parikh & Associates, Company Secretaries, as the Secretarial Auditor for conducting Secretarial Audit of the Company for the Financial Year 2020-21.

The report of the Secretarial Auditor for the financial year ended on 31st March, 2021 is attached as **Annexure V** of this Report. The Secretarial Audit Report is self-explanatory and do not call for any further comments. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. 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').

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 the financial year 2020-21 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 for the financial year ended 31st March, 2021 is under process and the Company will submit the Cost Auditors' report to the Central Government within the prescribed time. The Cost Audit Report of the Company for the financial year ended 31st March, 2020 was filed within the prescribed time limit.

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 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 60th Annual General Meeting.

Reporting of Fraud by Auditors

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor nor the Cost Auditor have 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.

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.

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 VI** to this Report.

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 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.

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 at the leadership position in the industry.

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 2,269,297.50 being the unpaid and unclaimed dividend amount pertaining to year 2012-13 to the IEPF.

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 thirty days of such shares becoming due to be transferred to the IEPF. Accordingly, the Company has transferred all the shares pertaining to year 2012-2013 to 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 financial year 2013-14 and shares where dividend had remained unpaid for 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 dividend are liable to be transferred to IEPF Authority to their latest available addresses.

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

Particulars of Loans, Guarantees or Investments

The particulars of loans given, investment 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. 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. 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, as reported in the Financial Statements, by SKF India in Sunstrength Renewables Private Limited to comply with the Captive requirements.

Web link of 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, 2021 has been placed on the website of the company. Same can be accessed by any person through below given web-link : https://www.skf.com/binaries/pub12/Images/0901d19680cb452b-Annual-Return-31-March-2021-websiteA_tcm_12-583319.pdf

Policy on Prevention of Sexual Harassment at Workplace

SKF is committed to create a healthy work environment that enables employees to work without fear or prejudice and gender bias and is an equal employment opportunity Company. As an organisation, the Company is committed to ensure that every employee is treated with dignity and respect and works in a healthy work environment, which promotes their professional growth and encourages equal opportunities. The Company has zero tolerance towards any act on the part of any executive, which may fall under the ambit of 'sexual harassment' at workplace, and is fully committed to uphold and maintain the dignity of every executive working in the Company.

SKF India has continuously endeavoured to build a work culture, which promotes the respect and dignity of all women employees across the organisation to provide an empowering and enabling atmosphere to women employees. This is enshrined in values and in the Code of Ethics & Conduct of the Company. Your Company also has in place 'the Prevention of Sexual Harassment at Workplace Policy'. This Anti-Sexual Harassment policy of the Company 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 which has been widely communicated internally and is uploaded on the Company's intranet portal.

An Internal Complaint Committee, including an external member has been duly constituted by your Company in compliance with the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The employees are sensitised from time to time in respect of matters connected with prevention of sexual harassment. Awareness programmes are conducted at unit levels to sensitise the employees to uphold the dignity of their colleagues at workplace. The Company also conducted an E-learning programme for employees to cover various aspects of the subject matter. Number of cases filed and their disposal under Section 22 of the POSH is as follows:

Particulars	Numbers
Number of complaints pending as on the beginning of the financial year 2020-21	0
Number of complaints filed during the financial year 2020-21	1
Number of Complaints disposed off during the year	0
Number of complaints pending as on the end of the financial year 2020-21	1

The Company has complied with provisions relating to the constitution of Internal Complaints Committee (ICC) under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassments.

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 '**VII**' to this Report

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 the financial year 2020-21.

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 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.

Compliance with Secretarial Standards

The Board of Directors 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.

Cautionary Statement

Statements in this 'Director's Report' & '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 & its prices, cyclical demand and pricing in the Company's principle 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.

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 14, 2021

Annexure – I to the Directors' Report

Management Discussion and Analysis

Global Economy

Amid a brewing trade war, protectionism tendency and global economic slowdown, the global economy struggled to contain the outbreak of the coronavirus, early CY2020. The containment measures led to the enforcement of lockdowns across countries, restricting mobility and voluntary adoption of social distancing by people. The global economy experienced a sharp contraction to register a negative growth rate of 3.3% in CY2020. While the impact of the pandemic was dependent on the pre-existing macroeconomic fundamentals and structural imbalances of the nations, advanced economies de-grew by 4.7% in CY2020.[1]

While industries were impacted by the disruption in the global supply chain and production networks, impact on the contact intensive sectors such as travel and tourism, airlines continue. The monetary easing policy was carried by most of the central banks which enabled the government to provide fiscal stimulus to cushion the economy. As per estimates, the fiscal stimulus exceeded more than one fifth of GDP for 9 countries led by Japan, while the US was the largest contributor in absolute terms.[2]

The gradual normalization in economic activities and increased reach of vaccination will further determine the outlook in 2021.

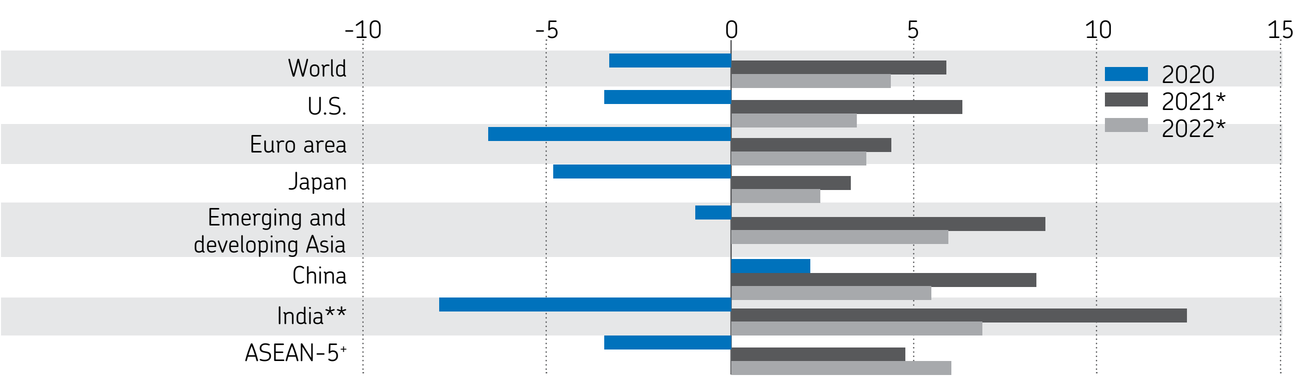
The global economy is expected to register a growth rate of 6% in CY2021 before reducing to 4.4% in CY2022.[1] The unequal impact of the pandemic coupled with the unequal access to the vaccine poses a significant threat to expected growth.[3] The fragility of the growth momentum is compounded by the fact that most nations entered the crisis with huge public debt and have limited capacity for enduring subsequent crisis.

Indian Economy

The Indian economy fell sharply by 7.3% in FY21[1] including an almost complete washout of Q1FY21, as the nationwide lockdown was enforced to contain the coronavirus. The social and economic shock of sudden pause in economic activity and social distancing is estimated to have significantly slowed down the poverty eradication process, curtail economic growth.

Most of the economic indicators slipped into the red zone in Q1FY21 which was the period of highest decline, as lockdown restrictions were at their peak. Agriculture remained comparatively unaffected with good monsoons in FY21. Although the economy gradually resumed post easing of lockdown, the pick-up in economic activity in Q3 was largely the result of pent-up demand. The economy continued the recovery momentum with a sequential increase in quarterly GDP in the last quarter of the fiscal year.

GDP growth rates



*Projections **Data for financial year ending March
+Indonesia, Malaysia, Philipines, Thailand, Vietnam

Source : IMF WEO April 2021

[1] IMF World Economic Outlook 2021
[2] Washington post - https://www.washingtonpost.com/world/2021/03/10/coronavirus-stimulus-international-comparison/
[3] World bank south Asia focus 2021

The economy was supported by series of policy actions from the central bank and government to stimulate demand while fulfilling its obligation for social security and economic opportunities to the citizens. The central bank ensured liquidity in the economy with regulatory support such as moratorium on loans and maintained an accommodative monetary policy despite breaching its inflation target range between 2% to 6%.[4] The government expanded its fiscal space to stimulate demand through a fiscal stimulus package, promoting a self-reliant economy and producing for the world. The budget for FY22 echoes the government's commitment to move towards infrastructure led development, which is expected to boost private investments and accelerate economic recovery.

With the rollout of a large-scale vaccination program and revival in majority of the economic indicators, the optimism around India's recovery has been reiterated. The IMF estimates the growth rate of Indian economy to jump to 12.5% in FY22 and be stable at 6.9% in FY23.

Industry structure and development – Ball Bearing Industry

The ball bearings, a critical part in machines, are widely used in automotive and industrial sectors such as aerospace, defense, steel, as it reduces friction between the rotating parts to reduce wear and tear and improve performance.

The rolling bearings largely comprise of industrial and automotive sectors. Even as the restrictions lifted post lockdown, the demand surged in the second half of FY2021. The manufacturing sector witnessed positive trajectory, as companies boosted production to make up for the shutdown in the first quarter. The Nikkei Manufacturing Purchasing Managers' Index (PMI), compiled by IHS Markit, rose slightly to 56.4 in December 2020 from November's 56.3, above the 50-level separating growth from contraction. As per this PMI results, the Indian manufacturing sector continued to point to an economy on the mend, as a supportive demand environment and firms' efforts to rebuild safety stocks underpinned another sharp rise in production.

The lack of consumer spending, imposition of BS-VI norms and impact of COVID-19, did cause a steep downfall for the automotive sector for a major part of 2020. However, things did look up, as the sector underwent a transformation after COVID-19. The need for personal transportation gave a boost to the sector, with an increase in demand for passenger and two-wheeler vehicles. The predicted and better monsoons did favor the agriculture sector too, boosting the tractor sales in line with the expectations. The demand for commercial vehicles continued to be under pressure, with rising fuel prices and subdued manufacturing activity in the first half of 2020.

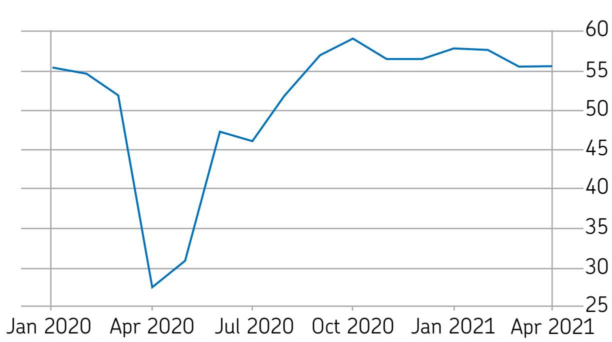
Key Segment updates

Automotive Segment

The Indian automobile industry, regarded as the barometer of the Indian economy, suffered sequential losses due to fundamental economic and regulatory challenges in FY20 leading up to the pandemic induced lockdown, triggered by a global health crisis, in Q1FY21. The pandemic crisis severely hurt the demand and interfered with the deeply intertwined supply chain.[5]

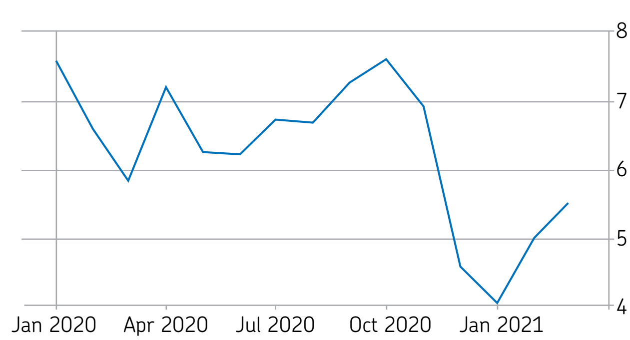
The transport equipment manufacturing industry contributes 10-12 percent of the GVA[5] within India's manufacturing sector and approximately 7% of the GDP.[6] The industry provides 37 million jobs besides creating employment opportunities in other industries.

Manufacturing PMI



Source: Trading Economics

CPI based inflation



Source : MOSPI

[4] MoSPI Press Note dated 31st May,2021
[5] Mckinsey – The Indian Automotive Industry 2021
[6] Invest India

As per industry body SIAM, the total sales in FY21 were little more than 1.8 million registering a negative 5-year (FY16 to FY21) CAGR of 2% from 5.7 % in the previous five years. The three wheelers were battered the most as volumes contracted sharply to 261 thousand units in FY21. Across the segments, Passenger vehicle (PV) witnessed quarterly growth over previous year, towards the end 2020, which is likely to drive industry volumes up. The uptick in sales in the second half of the year can be attributed to the phase wise easing of travel restrictions, a good harvest season and festive demand in H2CY2020. However, the commercial vehicles, whose volumes declined to a 11-year low, struggled, indicating slowdown in the downstream sectors such as infrastructure and mining among others.

The industry has shown considerable resilience while enduring domestic and international headwinds for the past two years. The automobile industry is expected to benefit from policy support such as USD 7.5 billion Production linked subsidy scheme to increase exports, vehicle scrappage policy to promote resales and technological disruptions which will create new markets. The industry is expected to provide 65 million jobs within India and become the third largest automotive market by volume by 2026[7].

Electric Vehicle

Across the globe, the growth in electric vehicle sector is driven by policy incentives, monetary support and aided by technology and regulation. While EU and China remain the key markets, advanced economies such as Japan have initiated policies to promote EV's.[8] Among the segments, electric vehicle (EV) is expected to grow at CAGR of 44% between 2020-2027 to reach annual sales of 6.34 million unit by 2027.[9]

The shift in mobility trends towards small format mobility as last mile delivery option has been picking up in Indian market and various startups have started catering to the demand.

Besides the required push from the government to increase uptake of EV's, the infrastructure gap in storage batteries and public charging infrastructure remains a critical bottleneck. While the EV bus segment demand is expected to continue to be driven by government subsidy, e-rickshaw market has huge potential for growth in tier 2 cities. However, the low and medium speed electric two wheelers continue to dominate the market in India.

As per estimates, the EV sales declined by 25% in Q1CY2020 globally but is poised to pick up in 2021 through government support and investment in related infrastructure. Rising fuel prices, oil import dependency and need for personal mobility, integrated with smart technologies, are enabling factors for EV in India. Many global PE firms are reportedly focusing on investing in the Indian auto component industry with a focus on companies that make parts for ICE and electric vehicles.[10]

Outlook

The second wave of the pandemic is expected to impact near-term automobile purchases, across segments. However, the Indian automotive industry also benefits from global supply-chain rebalancing, government incentives to increase exports, and technology disruptions. These developments will help create opportunities at all levels of the automotive value chain. Notably, encouraged with the government's revamped scrappage policy, many auto players are also focusing on targeting the repeat customers, making the resale market important.

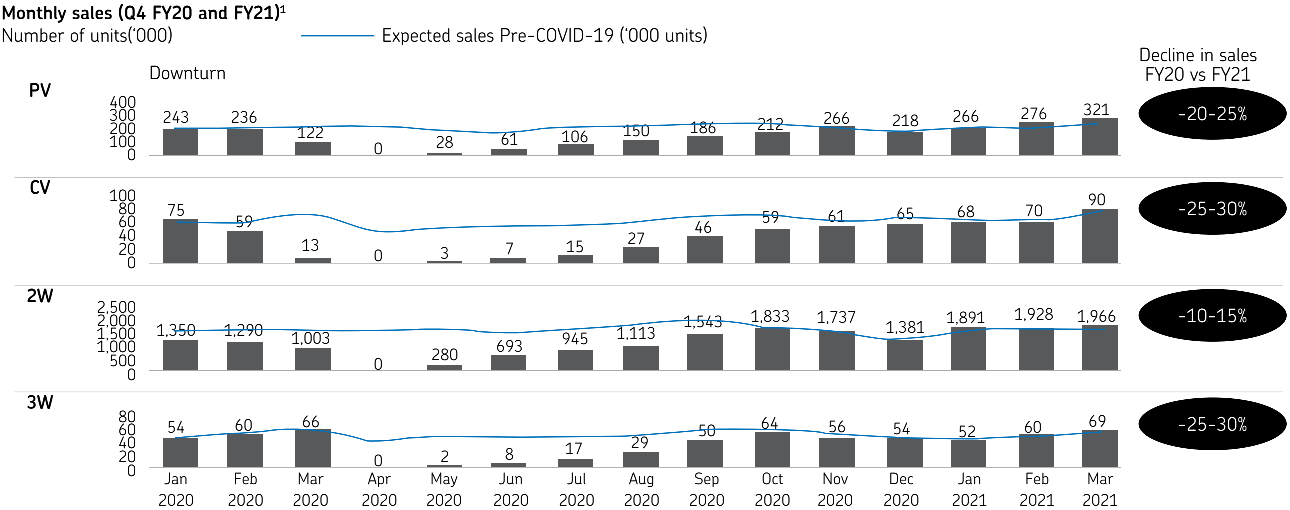
Given that the Indian government has taken adequate measures such as introducing production-linked incentives, which will total $7.5 billion over the next five years, and encourage exports, this is an opportunity for automotive suppliers to leverage their strengths, including their competitive costs, process expertise, high quality, and innovation focus, to pursue international growth and leverage the recent tailwinds.

[7] National Automotive Mission Plan 2016-26.
[8] IHS Markitt
[9] India Energy Storage Alliance (IESA)
[10] Livemint: https://www.livemint.com/companies/news/global-pe-firms-eye-india-s-auto-components-sector-11593566652128.html

Automobile retail sales

Sales across vechile categories are expected to underpreform in the first half of 2021.

Monthly sales (Q4 FY20 and FY21)[1]



[1]Based on monthly sales estimates; volumes estimated based on the average monthly sales form SIAM in 2015-17; updated based on June sales data for PVs and 2Ws and April/May data for CVs and 3Ws.

Source: Expert interviews; SIAM, IHS Markit; McKinsey analysis

Source : McKinsey report, 2021

Industrial segment

Indian Railways

The size of the railways market is determined by the budgetary allocation of the Ministry of Railways under two categories – the capital expenditure and purchases by the store department. The former provides estimate of investment in new infrastructure apart from buying new rolling stock while the latter accounts for maintaining the existing infrastructure[11]. The Union Budget has allocated INR 1.07 trillion for capital expenditure to expand the rail infrastructure in FY22 while the total capex for Indian Railways has been planned at INR 2.15 trillion.

The National railway plan for India-2030 aims to build railway infrastructure by 2030 to cater to the demand till 2050.[12] The capital expenditure for rolling stock (locomotives, wagons, coaches) till 2031 is estimated to be approximately 29% of the total capital expenditure requirements, while it is projected to constitute approximately 39% between 2031 and 2051.[13]

Outlook

The growth drivers from Indian railways are likely to result from increasing push for public transportation including metro trains and sub-urban train networks. Dedicated freight corridors and High-speed rail corridors, port connectivity network, trans Asian rail connectivity along with coaches for passenger convenience and safety are the future growth drivers of the sector. The increasing demand for sustainable development and clean transportation, along with the need for economy in logistics will enable uptake of rail transportation.

Capital Goods Industry

The capital goods industry remains critical to the Indian economy due to its multiplier effect on economic growth. It facilitates development of downstream industries and contributes 12% to the manufacturing output in India, providing ~5 million direct employment. As per Invest India report, government's investment facilitation portal, the capital goods in India have a market size of USD 43.2 billion.[14]

COVID-19 dealt a serious blow to the industry by disrupting the supply chain which interfered with the global and regional production networks. Reduction in global demand and trade, geopolitical tensions which have been continuing even before the pandemic and tendency towards protectionism impacted the industry.

The growth drivers for capital goods industry include power capacity addition and opportunity in transmission and distribution (T&D) segment including replacement of ageing requirements. Infrastructural expansions in terms of mining, roads, oil and gas extraction petrochemical among others While the industry is targeted to reach USD 100 billion by 2022[15], significant opportunity exists for import substitution given the industry imports is three times its exports. Among the unconventional sectors, nuclear capacity expansion in India holds potential for capital goods industry to grow soon.[15]

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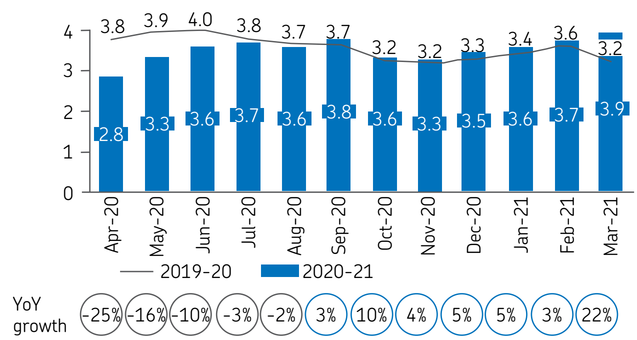
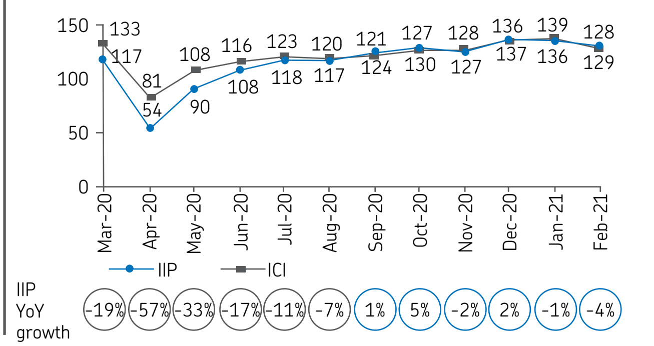
[11] FICCI EY: Indian Railways report 2017
[12] PIB
[13] National rail Plan 2020
[14] Last updated on 17th March 2021.
[15] Invest India – capital goods , EEPC India

Daily average power consumption, IIP

Daily average power consumption Volume ('000s MUs)



IIP[1] (Index) of Industrial Production) & ICI[2] (Index of Core Industries)[3]



Source: BCG India Economic Monitor

Outlook

While the COVID-19 impact disrupted the global supply chains, there exists opportunity for potential gain in import substitution and new export markets as rebalancing of supply chain takes effect. The government's policy to promote self-reliance, localization and produce for the world is likely to provide the required acceleration. The growth opportunity lies in the sub segments, of which T&D equipment represents substantial opportunity. The electrical equipment industry which consists of generation and T&D equipment is targeted to reach USD 100 billion by 2022[15]. Allocation of INR 5.54 trillion for capital expenditure and infrastructure projects in the Union Budget FY22 is likely to increase the orders from companies including those in the capital goods sector.

Outlook – Ball bearing Industry

Through adopting strategies such as building future capabilities and accelerating value chain processes, the industry moved swiftly to adapt to newer and faster automation processes. Opportunities in the horizon are expected to be created further as the Indian automobile industry introduces new products with better innovation. Similarly, for the industrial sector, increasing automation in every application in every sector ranging from medical and robotics to farm equipment, and household appliances to defense and aerospace, is expected to benefit the bearings manufacturers. The increasing focus of the manufacturers towards manufacturing lighter bearings by adopting new technologies and lightweight alloys, will further propel their growth.

Opportunities

The push for localization coupled with high opportunity for reducing import of bearings provides significant growth potential of the industry in the domestic market.[16] Given SKF's expertise in seals, lubrication systems, housings, condition monitoring, and services, the Company is in a position to offer a unique offering to the customer to decrease downtime and increase production output at end customers.

Moreover, potential opportunity for risk diversification and new market lies in the growing trend for rebalancing global supply chains away from China and the nascent EV market. Besides, the industry can harness the potential of digital disruption by integrating end-to-end digital and advanced analytics transformation to focus on business outcomes.

The FDI inflow in India between April to January in FY21 grew by 15% to reach USD 71.12 billion[17] compared to the same period in the previous fiscal. While the surge reiterates India's position as a preferred destination amongst the investors, it is also an effort to shift the global supply chain and making it less concentrated across a specific geographical area. The preparation of ground for strong investment potential has been an ongoing exercise with improvement in World Bank Ease of Doing Business rankings and encouraging policies such as Make in India, Production Linked Incentive (PLI) Schemes, National Infrastructure Pipeline and Digital India.

The increasing demand for precision bearing from aerospace and defense manufacturing industries is expected to generate demand for smart bearings. IoT and intelligent machines segments such as industrial robots, office automation, medical equipment is expected to fuel demand for bearings in the coming years.

Additionally, technological evolution across multiple sectors, improvement in processes and greater need for localization did create demand for customized bearings. The rural market also brings various opportunities for the industry due to anticipated investments in creating rural infrastructure and

[16] McKinsey – Shaping the new normal
[17] DIPP

farm machinery aided by enabling policies such as MGNREGA, Pradhan Mantri Gaon Sadak Yojana among others. Riding on the back of favorable monsoon conditions in recent years and New farm laws, rural economy is expected to witness increase in household consumption thus driving demand.

Threats

Raw materials

Commodity risks, characterized by fluctuations in demand and supply, and price movements poses significant risk in manufacturing industries. In the bearing industry, High grade steel, being the primary raw material for manufacturing bearings, is susceptible to risks arising from fluctuations in global steel price movement. The impact of such risks creates challenges in maintaining competitive advantage in price and quality of the product.

Digitalization

The accelerated adoption of digitalization in the entire value chain spanning across design, manufacturing, procurement and maintenance creates immense pressure on the bearing manufacturers. The challenges exist in shortage of skills, non-uniform rate in adopting technologies likely due to differentiated capabilities, lack of knowledge in use cases and absence of systems design thinking.

Counterfeit Products

Counterfeit ball bearings have the potential to drastically affect the performance of the equipment, increase production losses due to unplanned shutdowns, reduced sales for our customers. The total financial damage resulting from counterfeit products is difficult to quantify, besides loss in sales and brand image. Under such circumstances, educating the customers about the importance of genuine products is an on-going strategy.

Company overview

The company began its operations in India in 1923 and currently has a pan India footprint consisting of 3 manufacturing facilities, 12 offices, a supplier network of over 450 distributors and an employee base of 1762 dedicated professionals as on 31st March,2021.

The company draws its expertise from over 100 years of experience in design and manufacture of bearings, seals and lubrication systems. The company develops innovative solutions for companies across automotive and industrial sectors through its five technology centric platforms – bearings and units, seals, mechatronics, lubrication solutions and services. The company expanded its product portfolio by integrating digital technology and wireless sensors to provide machine health assessment, engineering and remanufacturing services. The company supplies its products to more than 40 industries globally with products and services, both directly and indirectly through a network of over 455 distributors

Over the years, the company has evolved from a pioneer in manufacturing of ball bearings into a knowledge-driven integrated solutions provider. The company is at the forefront of adopting technology across its value chain and is marching ahead with a mission to become the undisputed leader in the bearing business. The company follows a strategy encapsulating the philosophy of sustainable development by integrating clean technology, innovation and digital solutions along with exhibiting world class manufacturing facility. The company has a simple, clear and differentiated strategy across verticals such as industrial markets, automotive OEM and automotive aftermarkets.

COVID-19 Impact

The nation-wide complete lockdown enforced in the wake of COVID-19 pandemic by the Government significantly impacted the Company's business on various accounts. The Company's factories and other business units remained non-functional for nearly 45 days and operations resumed in a staggered manner in accordance with the guidelines issued by different authorities.

The consumer demand witnessed 30% - 40% decline as an immediate effect of the lockdown which led to a loss of revenue, along with under absorption of Company's fixed cost. The supply chain constraints resulted in procurement delays and an increase in freight costs, among others. The cost further escalated due to additional preventive steps implemented in the aftermath of the pandemic. The shortage of labor due to reverse migration also intensified production challenges amidst the crisis as output declined due to reduction in number of operations shifts per day. The supply-demand interplay resulted in low-capacity utilization and revenue loss which impacted the profitability of the Company.

Nevertheless, the Company's strong fundamentals and organizational discipline helped withstand the operational headwinds. While losses were not covered by Insurance and there was moderate impact on working capital, the Company primarily used its internal capital and financial resources to meet the operational needs. There was no impact on Company's internal financial reporting and control during the fiscal year 2020-21 and the Company maintained its liquidity at comfortable levels during the same period.

The Company was also able to meet its financial liabilities during the year despite the tough operating environment of the fiscal year 2020-21. The company continued to support its suppliers and customers during the pandemic period.

Financial Overview

Key Ratios

The Company's Standalone Revenue from operations stood at INR 26,707.3 million as compared to INR 28,415.8 million in the previous year. The Standalone Profit After Tax for the period ended March 31, 2021, was INR 2,977.3 million as compared to INR 2,889.9 million in the previous year.

SKF India is the most trusted brand/supplier in the industry for bearings and units, seals, lubrication systems, condition monitoring and services. It operates in a single segment, namely in bearings and related components, which are used in widespread applications across industries. The key financial ratios are given below:

Ratios	FY 2020-21	FY 2019-20
Debtors Turnover (no. of days)	4.5	6.4
Inventory Turnover (no. of days)	3.3	4.0
Interest Coverage Ratio (in times)	187.1	41.8
Current Ratio (in times)	2.4	3.6
Debt Equity Ratio (in times)	0	0
Operating Profit Margin (in %)	15.1%	12.9%
PAT Margin (in %)	11.3%	10.3%
Return on Net Worth (in %)	19.0%	15.2%

Risks and Concerns

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

Key Risk	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 long-lasting 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.

Human Resources

Human Resources (HR) in any industry plays a major role. In an increasingly fast-paced manufacturing environment, the Human Resources function holds great significance in ensuring the successful business growth of the company. From building capabilities to eliminate the skills shortage gap and setting up human resource strategies to navigate the challenges facing the industry to achieving ever-more efficient processes, HR creates a more inclusive culture that enables employees to meet their true growth potential and demonstrates the role that everyone plays in achieving the common organizational goal.

HR works closely with businesses on several areas including job design, recruitment, on-boarding, training and development, compensation and benefits, performance management, managerial relations and labor relations. Through performance-based reward systems, the equitable treatment of employees, and a people-centric approach, HR ensures great dividends in terms of enhanced employee performance and lower attrition rates, thus effectively steering the organization towards a prosperous future. The number of permanent employees on the rolls of the Company was 1762 in FY21.

Information Technology

The IT sector has seen a paradigm shift in 2020 and has emerged as an industry that fared better than other industries during the pandemic period. The world saw several successful examples of disruptive technologies, creating a significant impact in several areas. Companies too felt the need to upgrade their digital offering for both internal and external stakeholders and were eager to find solutions at a faster pace. Moreover, people have now accepted the ever-changing digital world and are becoming more tech-savvy as well which in turn is changing the digital world much faster than expected.

The IT department provides all the necessary support under its digitalization transformation strategy to enable/automate its business process and customer experience. It has initiated several actions for factory digitalization to improve the various process of manufacturing in the full value chain implementing the Industry 4.0 solutions. It has also initiated a journey towards Cloud First strategy which will enable the latest technology application deployment at a faster pace as well as improving users' experience in new normal. Globally IT has taken steps to develop a Global Competency Center (GCC) in India to focus on building digital capabilities In-house that will focus on faster delivery of digital solutions to focus on customer experience, operational process and new business models.

Internal Control system and their adequacy

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 organization. The management has implemented an effective three (3) lines of defense to monitor controls – First, at the Management level; second by implementing an effective internal control system monitored by Internal Controls team; and, third by Internal Audits. In order to strengthen its controls, the Company is largely focusing on the implementation of proactive controls by adopting a risk prevention approach.

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 customized control system required to be adhered to, across the globe, by all SKF companies. The standards specified by SICS are an integral part of standard operating procedures for all business functions.

A great extent of emphasis is placed on having compensating controls within the process, minimizing deviations and exceptions. The Internal Control team verifies the existence of adequate controls and tests them. The Internal Audit function conducts Process Audits. The Company also undergoes periodic audits by specialized external professional firms for business-specific compliances. Risks/improvement areas, identified out of the audits, are reviewed and mitigation plans are put in place. The status of implementation of action plans for major observations is submitted in 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, 2021, 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.

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.

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[i] The amount represents cumulative support for 5 years as initially planned under PLI scheme.
[ii] ICE – Internal Combustion Engine

Annexure – II to the Directors' Report

Corporate Governance Report 2020-21

PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

SKF India Limited ('SKF India' or 'the Company') 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's mission is to be the undisputed leader in the bearings business by offering solutions that reduce friction and CO2 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 is represented in more than 130 countries and has around 17,000 distributor locations worldwide.

2. GOVERNANCE STRUCTURE

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

The Company has set high standards of ethical and responsible conduct of business to create value for all stakeholders. For effective implementation of the Corporate Governance practices, the Company has a well-defined policy framework inter-alia consisting of the following:

- 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

4. BOARD OF DIRECTORS

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 is the only Executive Director on the Board.

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.

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 Board of Directors (Board) currently comprises six experts drawn from diverse fields / professions. 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 and Managing Director are liable to retire by rotation.

The Managing Director ("MD") is at the helm of operations and responsible for the Company's day-to-day operations. The Key Managerial Personnel function under the guidance and directions of the Board and provide strategic directions, laying down policy guidelines and ensuring the implementation of the decisions of the Board and its various Committees

The Country Management Team (CMT) comprises executives of the senior management cadre who are drawn from a cross-section of functions and responsibilities. The CMT supports the MD and operates within the framework of the policies laid down by the Board; and is responsible & accountable for the overall business deliverables.

The Company's core business(es) includes manufacturing of Bearings and its components in India. The Board reviewed the following list of core skills / expertise / competencies identified by the Board of Directors 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 2020-21, are as follows:

S. No.	Skills / Competency / Expertise	Directors
1.	Industry Experience	Aldo Cedrone / Werner Hoffmann / Manish Bhatnagar / Gopal Subramanyam / Ingrid Viktoria Van Camp
2.	Sector specific knowledge of bearings and its user industry	Aldo Cedrone / Werner Hoffmann / Manish Bhatnagar / Gopal Subramanyam / Ingrid Viktoria Van Camp
3.	Marketing	Manish Bhatnagar / Gopal Subramanyam / Ingrid Viktoria Van Camp
4.	Strategic thinking / planning	Anu Wakhlu / Aldo Cedrone / Werner Hoffmann / Manish Bhatnagar / Gopal Subramanyam / Ingrid Viktoria Van Camp
5.	Finance / Accounting Acumen	Werner Hoffmann / Manish Bhatnagar / Anu Wakhlu / Ingrid Viktoria Van Camp / Aldo Cedrone
6.	IT/System knowledge	Manish Bhatnagar / Aldo Cedrone / Werner Hoffmann / Ingrid Viktoria Van Camp
7.	Leadership skills	Anu Wakhlu / Aldo Cedrone / Werner Hoffmann / Manish Bhatnagar / Gopal Subramanyam / Ingrid Viktoria Van Camp
8.	Regulatory laws knowledge	Manish Bhatnagar / Gopal Subramanyam / Anu Wakhlu

Independent Directors play a significant role in the governance processes of the Board. By virtue of their varied experience & expertise, they enrich the Board's decision-making and prevent possible conflicts of interest that may emerge in such decision making.

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 Ms. Ingrid Viktoria Van Camp (DIN: 08945782) as an Additional Director (Non-Executive - Non Independent Director) of the Company, who is liable to retire by rotation with effect from 16th November, 2020 to hold office till the conclusion of the ensuing Annual General Meeting of the Company vide Board Circular Resolution No. 04/BOD/2020-21 unanimously approved by the Board Members on 16.11.2020 and noted at the Board Meeting held on 05.02.2021. At the forthcoming 60th AGM, Mr. Werner Hoffmann (DIN: 07685942) retires by rotation and being eligible offers himself for re-appointment.

Mr. Bernd Stephen (DIN: 07835737), Non-Executive Non-Independent Director resigned from the directorship of the Company due to his personal reasons. w.e.f. 16th November, 2020.

Brief profile of the persons sought to be appointed / re-appointed as Directors at the 60th 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 Board guides in developing Company's vision, strategic direction and evaluates the management policies and their effectiveness.

The Board meets at least once in a quarter to review all the relevant information, which is required to be placed before it pursuant to Schedule II to Regulation17 of SEBI Regulations such as:

- Annual operating plans and budgets, Capital budgets including any updates.
- Contracts, if any, in which Director(s) are interested.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of meetings of committees of the Board of Directors.
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have been passed with respect to the conduct of the company or taken an adverse view regarding another enterprise that may have negative implications on the company.
- Details of any joint venture or collaboration agreement, if any.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risk of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer.

The 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 four times during the year i.e. May 7, 2020, July 23, 2020, October 27, 2020 and February 5, 2021. The intervening period between two meetings were within the maximum time gap as prescribed under the applicable law. For the year, the Independent Directors of the Company met separately on March 25, 2021, 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 necessary quorum was present for all the meetings. The details relating to composition and category of Directors, Directorship held by them in other companies and their membership and chairmanship on various committees of Board for other companies and attendance of Directors at Board Meetings either in person or through video conference during the financial year 2020-21 and at the Annual General Meeting (AGM) of the Company are as reproduced 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	4/4	Yes	-	-	-
Ms. Anu Wakhlu DIN: 00122052 Non-Executive - Independent Director	4/4	Yes	-	-	-
Mr. Bernd Stephan DIN: 07835737 Non-Executive - Non Independent Director (Refer Note)	3/1	A	-	-	-

(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. Gopal Subramanyan DIN: 06684319 Non-Executive - Independent Director, Chairperson	4/4	Yes			
Ms. Ingrid Viktoria Van Camp DIN: 08945782 Non-Executive - Non Independent Director (Refer Note)	1/1	N.A	-	-	-
Mr. Werner Hoffmann DIN: 07685942 Non-Executive - Non Independent Director	4/4	Yes	-	-	-
Mr. Manish Bhatnagar DIN: 08148320 Managing Director	4/4	Yes	-	-	-

Notes:

a. Excluded alternate directorships / directorships of private limited companies and foreign companies 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.* Included only the Membership/ Chairmanship in Audit and Stakeholders Relationship Committee only in all public limited companies as per Regulation 26 of the SEBI Regulations.

c. None of the directors are related to each other.

d. No director is a member of more than 10 (ten) board committees or Chairman of more than 5 (five) Board Committees across all public limited companies. Further no Independent Directors serves as Independent Director in more than 7 (seven) listed companies.

e. Mr. Bernd Stephan, Non-executive Director resigned from the Board of Directors w.e.f November 16, 2020.

f. Ms. Ingrid Viktoria Van Camp was appointed as Non-Executive - Non Independent Director on the Board of Directors of the Company w.e.f. November 16, 2020.

g. None of the Directors hold Directorship in any Listed Company.

4.6. Familiarisation Programmes for Independent Directors

The Board familiarisation programme consists of detailed induction for all new Independent Directors when they join the Board of Directors of the Company and ongoing immersion sessions on business strategic, operational and functional matters.

The exhaustive induction for Independent Directors enables them to be familiarised with the Company, its history, values and purpose. The Managing Director also makes presentations in order to facilitate clear understanding of the business of the Company and the environment in which the Company operates.

In Board meetings, immersion sessions on business strategy, operational and functional matters provide good insights on the businesses carried on by the Company to the Independent Directors. These sessions also involve interactions with multiple levels of management. To make these sessions more productive, all the documents required and/or sought by them to have a good understanding of Company's operations, businesses and the industry as a whole are provided in advance. Further, they are periodically updated on material changes in regulatory framework and its impact on the Company. The

Company also arranges for visits to the Company's plants to enable them to get first-hand understanding of the processes.

Further, an information pack is handed over to the new Director(s) on the Board, which includes, the Company profile, Company's Codes and Policies, Strategy documents and such other operational information which enables them to discharge their duties in a better way.

Details on familiarization programs imparted to Directors of the Company is available on the website of the Company i.e. https://www.skf.com/binaries/pub12/Images/0901d196809a6abc-Familiarisation-Programme-for-IDs_tcm_12-526435.pdf

4.7. Performance Evaluation

The Board has carried out the annual performance evaluation of its own performance, the Directors & Chairman individually as well as the committees of the Board. The performance of the Board / Committees was evaluated after seeking inputs from the members on the basis of criteria such as the composition, structure, effectiveness of board processes, information and functioning etc.

In a separate meeting of independent directors, the performance of non-independent directors, the Chairman of the Company and the board as a whole was evaluated, taking into account the views of Executive and Non-Executive Directors.

The Nomination and Remuneration Committee and the Board reviewed the performance of Board, its committees. The Chairman and individual directors. Based on the inputs received from the Directors, an action plan is drawn up to encourage greater engagement of the Independent Directors with the Company. This performance evaluation included performance of the individual directors and fulfilment of the independence criteria as specified in the SEBI regulations and their independence from the management. The Directors expressed their satisfaction with the entire evaluation process.

4.8. Country Management Team (CMT):

The County Management team comprises persons belonging to the senior management cadre who are drawn from a cross-section of functions and responsibilities. The CMT supports the Managing Director and operates within the framework of the policies laid down by the Board; and is responsible and accountable for the overall business deliverables. The CMT meets regularly to review and monitor the performance vis-à-vis the annual plans and budgets, discusses cross- functional operational matters and addresses business challenges and issues.

4.9 Independent Directors Meeting

SEBI Regulations, Schedule IV of the Companies Act, 2013 and Secretarial Standard-1 on Meetings of the Board of Directors mandate that the Independent Directors of the Company will hold at least one meeting in a year, without the attendance of non–Independent Directors.

During the year, the Independent Directors met on March 25, 2021 inter alia, discussed & reviewed performance of Non-Independent Directors, the Board as a whole, the Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties in compliance with SEBI Regulations and Schedule IV of the Companies Act, 2013.

4.10 Details of Directorship

Name of Director	Category	Directorship in other entity
Mr. Gopal Subramanyam	Non- Executive, Independent Director and Chairman	NIL
Ms. Anu Wakhlu	Non-Executive, Independent Director	Pragati Leadership Institute Pvt Ltd Executive Director
Mr. Aldo Cedrone	Non- Executive, Non- Independent Director	NIL
Mr. Bernd Stephan (Up to 15.11.2020)	Non- Executive, Non- Independent Director	NIL
Ms.Ingrid Viktoria Van Camp (From 16.11.2020)	Additional Director Non-Executive - Non Independent Director	NIL
Mr. Werner Hoffmann	Non- Executive, Non- Independent Director	
Mr. Manish Bhatnagar	Executive (Managing Director)	

Note – Other Directorship do not include directorship of foreign companies and companies registered under Section 8 of the Act.

5. BOARD COMMITTEES

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 Listing Regulations.

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)

The Members of the Audit Committee have wide exposure and knowledge in areas of finance and accounting. The Audit Committee (AC) acts as a link between the statutory and internal auditors and the Board of Directors. It assists the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems & processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities.

The AC comprises three non- executive directors among whom two are independent directors.

Following is the Composition of Audit Committee:

a) Ms. Anu Wakhlu- Chairperson

b) Mr. Gopal Subramanyam- Member

c) Mr. Werner Hoffmann- 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. The previous AGM of the Company was held on July 23, 2020 and was attended by the Chairman of the Audit Committee.

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.

5.1 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 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. Review and monitor the auditor's independence and performance, and effectiveness of the audit process;

4. Review with the management the quarterly / annual financial statements before submission to the Board for approval with particular reference to:

    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;

    b. Changes, if any, in accounting policies and practices and reasons for the same;

    c. Major accounting entries involving estimates based on the exercise of judgment by management;

    d. Significant adjustments made in the financial statements arising out of audit findings;

    e. Compliance with listing and other legal requirements relating to financial statements;

    f. Qualifications in the draft audit report, if any;

5. Review, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

6. Review the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure and frequency of internal audits;

7. To review the functioning of the whistle-blower mechanism;

8. The scrutiny of inter-corporate loans and the investment policy of the Company;

9. Approval or any subsequent modification of transactions of the company with related parties;

10. Internal Audit Plan with a view to ensure adequate coverage;

11. Evaluation of internal financial controls and risk management systems;

12. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

13. Recommend to the Board the appointment of the CFO;

14. To mandatorily review the following information:

    a. Management discussion and analysis of financial conditions and results of operations;

    b. Statement of Disclosure of any related party transactions;

    c. Management letters / letters of internal control weaknesses issued by the statutory auditors;

    d. Internal audit reports and discussion about their findings with the management and suggesting corrective actions wherever necessary;

    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;

5.1.b Meetings and attendance

During the year four Audit Committee Meetings were held on May 7, 2020, July 22, 2020, October 27, 2020 and February 5, 2021.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	4
Mr. Gopal Subramanyam	Member	4
Mr. Werner Hoffmann	Member	4

5.2.NOMINATION AND REMUNERATION COMMITTEE (NRC)

The constitution of the Nomination and Remuneration Committee is in conformance with the requirements of Section 178 of the Companies Act, 2013 and also as per the requirements of Regulation 19 of the SEBI Regulations and comprises of at least three non-executive directors. Commission payable to non-executive directors is approved by the Board as per the mandate given by the shareholders in the General Meeting.

Nomination and Remuneration Committee has been entrusted with the following responsibilities:

1. To recommend appointment of a director and to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a remuneration policy for Directors, Key Managerial Personnel (KMP) and other employees.

2. To devise a policy on Board diversity.

3. To review goals and objectives relevant to the compensation of the Executive Director.

4. To evaluate the Executive Director's performance, determine and approve the compensation based on evaluation including annual increment and incentive remuneration after reviewing the performance.

5. To recommend to the Board, all remuneration in whatever form, payable to senior management.

6. To formulate the criteria for the evaluation of Board/ Committee / Individual member and support the Board in evaluation of the performance of the Board.

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 NRC was re-constituted which comprises three non-executive directors among whom two are independent directors.

The Board of Directors through Circular Resolution No. 05/BOD/2020-21 had re-constituted the Committee due to the resignation of Mr. Bernd Stephan from the directorship (including committee membership) of the Company.

Following is the Composition of the NRC:

a) Anu Wakhlu- Chairperson

b) Mr. Gopal Subramanyam- Member

c) Ms. Ingrid Viktoria Van Camp- Member

The NRC met two times on May 7, 2020 and March 26, 2021 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 2020-21 is detailed below:

Name of Director	Category	No. of Meetings Attended
Ms. Anu Wakhlu Chairperson	Independent Non-Executive	2
Mr. Gopal Subramanyan	Independent Non-Executive	2
Mr. Bernd Stephan (from 16.05.2019 till 15.11.2020)	Non-Independent Non-Executive	-
Ms.Ingrid Viktoria Van Camp (from 16.11.2020)	Non-Independent Non-Executive	1

5.1 Remuneration policy

The Nomination and Remuneration Policy of the Company empowers the Nomination and Remuneration Committee to formulate a process for effective evaluation of the performance of Individual Directors, Committees of the Board and the Board as a whole.

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.

The Independent Directors at their separate meeting review the performance of: non-independent directors and the Board as a whole, Chairperson of the Company after taking into account the views of Executive Director and non-executive directors, the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Based on the outcome of the performance evaluation exercise, areas have been identified for the Board to engage itself with and the same would be acted upon.

All Independent Directors are entitled to receive sitting fees and reimbursement of any expenses incurred for attending the Meetings of the Board and its Committees, as well as commission based on the net profits of the Company within the limits approved by the shareholders.

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

Directors

1. Remuneration to Executive Directors shall involve a balance between fixed and incentive pay reflecting 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.

   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.
3. An Independent Director shall not be eligible for any Stock option Scheme of the Company, if any such scheme exists.
4. The maximum remuneration payable to any one Managing Director or whole-time Director or maximum overall remuneration payable to all Directors including Managing Director and Executive Directors will be within overall limits as defined in the Companies Act, 2013.
5. The Commission payable to the Non-executive Directors shall not exceed 1% of the Net Profits of the Company during any financial year.

Other Employees

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

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

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 for the year under review are as under:

Description	Amount (RS)
Salary	23,813,454
Perquisites	-
Deferred Benefits (PF and Superannuation)	1,550,092
Stock Award*	-
Performance Linked Incentives	4,295,373
Total	**29,658,919**

* 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.

5.2b The details of the remuneration paid/ payable to other Non-Executive Directors are as under:

Name of Director	Sitting Fees (INR)	Commission	Total (INR)
Mr. Gopal Subramanyam	745,000	870,000	1,615,000
Ms. Anu Wakhlu	645,000	712,000	1,357,000

*payable subject to approval of annual accounts by the Shareholders at the 60th Annual General Meeting to be held on July 23, 2021. Mr. Aldo Cedrone, Mr. Bernd Stephan, Ms. Ingrid Victoria Van Camp and Mr. Werner Hoffmann were not entitled to any sitting fees during the financial year 2020-21.

5.3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Company's Corporate Social Responsibility (CSR) is guided by its corporate vision of caring for environment and community. The Company believes that CSR is its continuing commitment to conduct business in an ethical and sustainable manner and to contribute to the economic well-being of the country, while improving the quality of life of the local community residing in the vicinity of its establishments and society at large. In compliance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, the Company has framed a CSR Policy which is uploaded on the website of the Company i.e. https://www.skf.com/binaries/pub12/Images/0901d19680cb2f37-SKF-India-CSR-Policy-2021_tcm_12-583398.pdf

During the year, the Committee met two times on May 7, 2020 and February 5, 2021. 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
Ms. Anu Wakhlu	Independent Director	2
Mr. Gopal Subramanyam	Independent Director	2

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

5.4 STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee examines the grievances of stakeholders / investors and the system of redressal of the same. It also approves the issuance of share certificates. The Company endeavours to resolve complaints / grievances / queries of stakeholders /investors within a reasonable period of time. The Stakeholders' Relationship Committee comprises three members headed by Mr. Gopal Subramanyam, an Independent Director.

The broad terms of reference of this Committee inter-alia includes the following:

1. To approve transfer / transmission of shares, issue of duplicate shares;
2. To review the queries received from investors;
3. To review the work done by the share transfer agent;
4. To review corporate actions related to shareholder issues, if any.
5. To review the adherence to the service standards in respect of various services being rendered by the Registrar & Share Transfer Agent.
6. To ensure the timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company.

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.

During the year under review, the Stakeholders' Committee meeting was held on March 26, 2021.

The composition of the Stakeholders' Relationship Committee is as under:

Name of Director	Category	No. of Meetings Attended
Mr. Gopal Subramanyam – Chairman	Independent Director	1
Ms. Anu Wakhlu-Member	Independent Director	1
Mr. Manish Bhatnagar-Member	Executive Director (Managing Director)	1

During the financial year, M/s TSR Darashaw Consultants Private Limited continue to act as Registrar and Share Transfer Agents of the Company. To expedite the process of physical transfer of shares, the Board has delegated the authority to the Registrar & Share Transfer Agent for physical transfer of shares. The approval of physical transfers of shares are ratified at the subsequent Stakeholders' Relationship Committee meeting.

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:

(INR in millions)

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)	109	109	0
c	Issue of new drafts against unencashed drafts / recovery drafts	29	29	0
d	Non-receipt of warrants	0	0	0
e	Non-receipt of payments (where new instruments already issued)	21	20	1
f	Unclaimed and unpaid amounts transferred to ROC / IEPF	12	12	0
g	Miscellaneous	63	62	1
2.	Annual Report	0	0	0
3.	Change in name / status	6	5	1
4.	Communication received through SEBI and other statutory / regulatory bodies	7	7	0
5.	Conversion / demerger – scheme of arrangement / exchange/ merger – amalgamation of companies / sub-division	30	26	4
6	Demat / remat of Shares	2	1	1
7.	Document Registration	37	37	0
8.	Legal matters	0	0	0
9.	Loss of securities	163	159	4
10	Nomination	3	3	0
11	Tax Exemption	1	1	0
12.	Transfer of Securities			
13.	Transmission of Securities	46	44	2
14.	Other queries	82	77	5
15.	Change of address	29	29	0
16.	Change in Bank details	68	68	0
17.	Issue of new certificates on split / consolidation / renewal	2	2	0
18	Pan updation	57	57	0
TOTAL		**779**	**760**	**19**

Other queries in serial no 15 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 779 correspondences were received by the Company, out of which 760 correspondences were replied to the satisfaction of shareholders during the year under review and total 19 Outstanding correspondences as on March 31 2021, 19 have been attended by 14th April, 2021.

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

The Risk Management Committee (RMC) formed by the Board of Directors, is bound by the charter drawn up by the Board of Directors of the Company which lays down the rights, duties and responsibilities of the Risk Management Committee. The Risk Management Committee is responsible for oversight on overall risk management processes of the Company and to ensure that key strategic and business risks are identified and addressed by the management.

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; and

   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.

In view of the resignation of Mr. Bernd Stephan and appointment of Ms. Ingrid Viktoria Van Camp with effect from November 16, 2020, the Risk Management Committee was re-constituted vide Board Circular Resolution No. 05/BOD/2020-21 approved by the board members unanimously on November 16, 2021 and noted at the Board Meeting held on February 5, 2021 consisting of Mr. Gopal Subramanyam-Chairperson, Mr. Ingrid Viktoria Van Camp, Mr. Manish Bhatnagar, Mr. Anurag Bhagania and Mr. Ranjan Kumar as Members of the Committee.

During the year, the Committee met on May 7, 2020 and March 26, 2021.

The composition and attendance record of the RMC Committee are mentioned below:

Name of Director	Category	No. of Meetings Attended
Mr. Gopal Subramanyam Chairman	Independent Director	2
Mr. Manish Bhatnagar	Executive Director (Managing Director)	2
Mr. Bernd Stephan (Upto 15/11/20)	Non-Independent, Non-Executive Director	-
Ms. Ingrid Viktoria Van Camp	Non Independent Non-Executive Director	1
Mr. Anurag Bhagania	CFO & Director Finance	2
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
31.3.2018	Rangaswar Hall, 4th Floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai 400021	AGM	25.07.2018	Wednesday	3.00 P.M.	None.
31.3.2019	Kamalnayan Bajaj Hall, Bajaj Bhavan Ground Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400021	AGM	23.07.2019	Tue	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	Thur	3.00 P.M.	One Special Resolution: Shifting of Registered Office of the Company from Mumbai to Pune within the State of Maharashtra

6.1. Details of special resolution passed through postal ballot:

During the year, no Special Resolution was conduct and passed through notice of postal ballot. None of the businesses proposed to be transacted at the ensuring AGM requires passing of special resolution through postal ballot.

7. DISCLOSURES

7.1 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 A' to this report.

7.2 Related Party Transactions

There were no materially-significant related party transactions which had potential conflict with the interest of the Company. Prior omnibus approval of the Audit Committee was obtained for the transactions which were foreseen and were repetitive in nature or otherwise. All transactions entered into with related parties during the year were carried out in the ordinary course of business and on arm's-length basis. A statement in summary form of transactions with related parties is placed before the Audit Committee / Board on quarterly basis.

Transactions with the Related Parties as required under the Indian Accounting Standard (Ind AS) are disclosed in the financial statements forming a part of this Annual Report. The Company has framed a Policy on Related Party transactions and the same can be accessed through https://www.skf.com/binaries/pub12/Images/0901d19680cb2a54-Policy-on-Related-Party-Transactions-2021_tcm_12-583317.pdf

7.3 Risk Management

The Company truly believes that business has and will always involve risks. These risks are constantly evolving and changing, in terms of their impact, the probability of occurrence and more importantly the velocity with which they can occur. The Company constantly scans the external environment to identify the emerging risks and also assesses them for their impact on the Company's objectives. There are internal risks linked to operations, ethics, safety and the likes, which the Company continuously monitors. Risk Management is put in place for all the areas of operations in the Company and well-integrated in the business cycle. The Company has identified the risk areas in its operations along with its probability and severity, business unit and function wise. The Risk Management framework has been put in place in the company to analyse, control and mitigate risk. Under this framework, system and process are set to identify, gauge and mitigate any potential risk promptly and efficiently in order to manage and control them effectively.

The Company has formed a Risk Management Committee consisting of Board members and Senior management. The Board and the Audit Committee review the effectiveness of the Risk Management framework and provide advice to the Risk Management Committee. The SKF Internal Control Standard (SICS) defines each process and control with clear responsibility and authority. All high and medium risk controls defined in SICS are tested periodically. The progress on key risks is discussed at the Company's management level and thereafter, the same is presented to the Audit Committee and Board. The Company has framed a Policy on Risk Management and the same can be accessed through https://www.skf.com/binaries/pub12/Images/0901d19680a81036-Risk-Management-Policy_tcm_12-553194.pdf

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.

7.4 Accounting Treatment:

The Company adopted Indian Accounting Standards from April 1, 2016 and accordingly the financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

7.5 Compliances:

The Company has complied substantially with all the requirements of Stock Exchanges, the Securities and Exchange Board of India and other statutory authorities on matters relating to capital markets during the last three years and consequently no substantial penalties or strictures have been imposed on the Company by these authorities.

7.6 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, 2021 are as under:

Name of Director / KMP	No. of shares or convertible instruments held
Mr. Aldo Cedrone	Nil
Ms. Anu Wakhlu	Nil
Mr. Bernd Stephan (upto 15.11.2020)	Nil
Mr. Gopal Subramanyam	Nil
Ms. Ingrid Viktoria Van Camp (from 16.11.2020)	Nil
Mr. Werner Hoffmann	Nil
Mr. Manish Bhatnagar	Nil
Mr. Anurag Bhagania	Nil
Mr. Ranjan Kumar	Nil

7.7 Code of Conduct

SKF Code of Conduct is a comprehensive written code which is applicable to all employees, including the Managing Director. Your Company has adopted a separate Code of Conduct for members of the Board and Senior Management personnel, which is placed on the Company's website. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. In respect of financial year 2020-21, all Board Members and senior management personnel have affirmed compliance with the code of conduct and a declaration to this effect signed by the Managing Director is published in this Annual Report.

7.8 Vigil Mechanism / Whistle-Blower Policy:

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 Policy of the Company has been posted on the website of the Company. No personnel have been denied access to the Audit Committee.

The said policy has been put up on the website of the company:

https://www.skf.com/binaries/pub12/Images/0901d196809a699a-Vigil-Mechanism-Policy-April-2019_1115_tcm_12-526427.pdf

7.9 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 2020-21 has been issued by M/s Parikh & Associates, Practicing Company Secretaries, which forms part of this report.

7.10 A certificate has been received 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.

7.11 During the year 2020-21, all recommendations of Committee(s) of the Board of Directors, which are mandatorily required, were accepted by the Board.

7.12 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.

7.13 Fees Paid to Statutory Auditors:

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.

7.14 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.

8. MEANS OF COMMUNICATION

The Company has 32,425 shareholders as on March 31 2021. The Company follows multiple channels of communication viz., through dissemination of information on the on-line portal of the Stock Exchanges, press releases, the Annual Reports and uploading relevant information on its website. The shareholders' meeting is the company's highest decision-making body. The Annual General Meeting is the principal forum for face-to-face / live communication with shareholders, where the Board provides answers to specific queries of the shareholders. The Annual Report is circulated to shareholders and others entitled thereto. The Management Discussion and Analysis (MDA) Report and Corporate Governance Report form parts of the Annual Report. The Company provided live webcast of the proceedings of the AGM held on July 23, 2020.

8.1. RESULTS: The quarterly audited / unaudited financial results are announced within the time prescribed under the SEBI Listing Regulations. The results are published in leading newspapers, in an English and a vernacular newspaper like, The Economic Times, Business Standard, The Mint and Maharashtra Times (Marathi Newspaper) / Aapla Mahanagar. The financial results are also hosted on the Company's website www.skf.com.in

8.2. NEWS RELEASES: The Company issues news releases on significant corporate decisions / activities and posts them on its website as well as notifies the stock exchanges as and when deemed necessary.

8.3. WEBSITE: The Company's website is a comprehensive reference on its leadership, management, vision, mission, policies, corporate governance, sustainability, investor relations, products and processes and updates and news. The section on 'Investors' serves to inform the Shareholders, by giving complete financial details, stock exchange compliances including shareholding patterns amongst others, corporate benefits, information relating to Stock Exchanges, details of Registrars & Transfer Agent and frequently asked questions.

8.4. Presentation to Institutional Investors / analyst: The compliance reports, details of analysts and institutional investor meetings, if any and other announcements are sent to the National Stock Exchange of India Limited and the BSE Limited through NEAPS and BSE Listing respectively, which is a web-based application designed for Corporates.

- The Securities and Exchange Board of India has commenced processing of investor complaints in a centralized web-based complaints redress system 'SCORES'. Accordingly, all complaints are viewed & Action Taken Reports are electronically submitted by the Company through SCORES.

8.5. 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.

8.6. 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

The disclosure regarding the complaints of sexual harassment is given in the Board's Report.

9. GENERAL SHAREHOLDER INFORMATION

9.1 Annual General Meeting

Day, Date and Time: Friday, July 23, 2021 at 3.00 P.m. IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")

9.2. Venue:

The deemed venue of this meeting shall be at the Registered Office of the Company situated at Chinchwad, Pune 411033

9.3. Financial Calendar

The Financial Year of the Company was from April 01, 2020 to March 31, 2021. The financial calendar to approve quarterly / annual financial results for the year 2021-22 is given below:

Quarter ending June 30, 2021	On or before August 14, 2021
Quarter ending September 30, 2021	On or before November 14, 2021
Quarter ending December 31, 2021	On or before February 14, 2022
Quarter & year ending March 31, 2022	On or before May 30, 2022

In addition to any other time period notified by the Company Secretary, the Trading Window for dealing in securities of the Company shall remain closed for "Insiders" of the Company from the end of each quarter till 48 hours after the financial results for the quarter are filed with stock exchanges and become generally available.

9.4. Record Date

Wednesday July 7, 2021

9.5. Dividend payment date after July 23, 2021

Dividend shall be paid to all eligible shareholders within 30 days from the date of declaration of dividend at the 60th Annual General Meeting.

9.6. Registered Office

Chinchwad, Pune 411 033, Maharashtra, India.

9.7. Listing of Equity Shares on Stock Exchanges

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

Equity Shares of the Company are presently listed on the following Stock Exchanges:

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

National Stock Exchange of India Ltd.

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

The Company has paid the listing fees for the period April 1, 2020 to March 31, 2021 to both the Stock Exchanges and respective depositories where the shares of the Company are listed.

9.8. Stock Code

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

Equity Shares: INE640A01023

9.9. Corporate Identity Number (CIN)

The Company is registered with the Registrar of Companies (RoC) in the State of Maharashtra, India. The CIN allotted to the Company by the Ministry of Corporate Affairs (MCA) is L29130MH1961PLC011980 and our Company Registration Number is 011980.

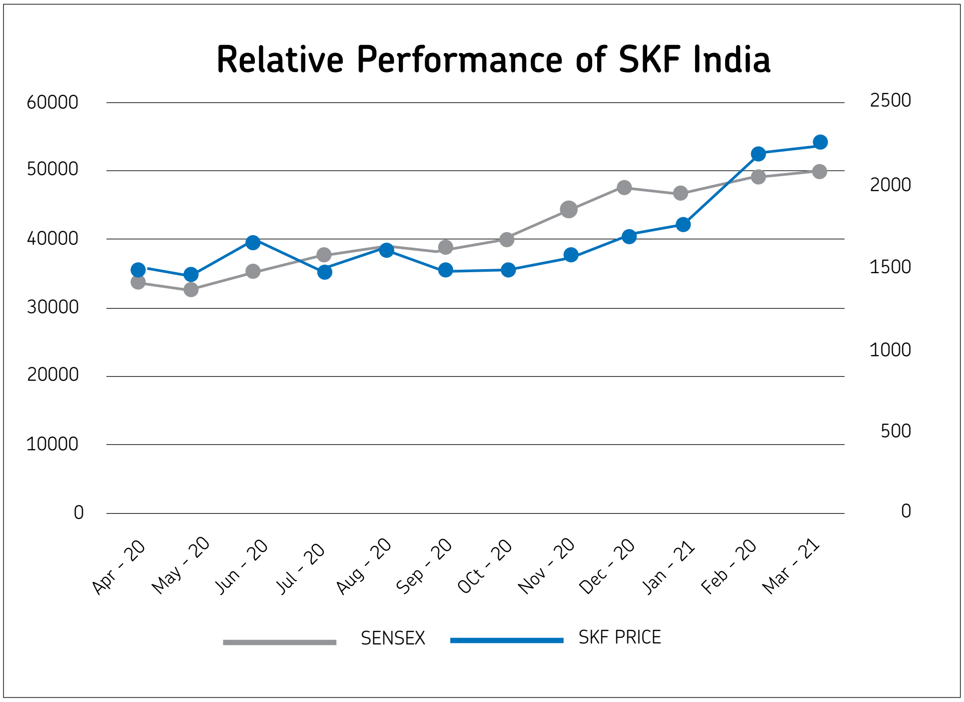
9.10. Stock Price Data

Month	Price at Bombay Stock Exchange		Price at National Stock Exchange		Indices: Sensex	
	High	Low	High	Low	High	Low
April 20	1,532.00	1,378.60	1,534.00	1,375.00	33,887.25	27,500.79
May 20	1,524.90	1,336.15	1,517.10	1,333.50	32,845.48	29,968.45
Jun 20	1,698.00	1,425.00	1,682.00	1,423.45	35,706.55	32,348.10
July 20	1,825.00	1,455.00	1,977.50	1,450.00	38,617.03	34,927.20
Aug 20	1,688.00	1,428.70	1,672.95	1,426.55	40,010.17	36,911.23
Sept 20	1,664.00	1,431.00	1,661.00	1,436.10	39,359.51	36,495.98
Oct 20	1,529.55	1,440.05	1532.00	1,440.65	41,048.05	38,410.20
Nov 20	1,600.00	1,463.20	1,601.95	1,465.05	44,825.37	39,334.92
Dec 20	1,740.00	1,541.10	1,740.00	1,552.30	47,896.97	44,118.10
Jan 21	1,888.45	1,704.55	1,899.00	1,702.00	50,184.01	46,160.46
Feb 21	2,514.00	1,740.00	2,512.40	1,740.65	52,516.76	46,433.65
Mar 21	2,399.00	2,059.50	2,399.00	2,051.05	51,821.84	48,236.35

9.11 Performance in comparison with BSE SENSEX

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

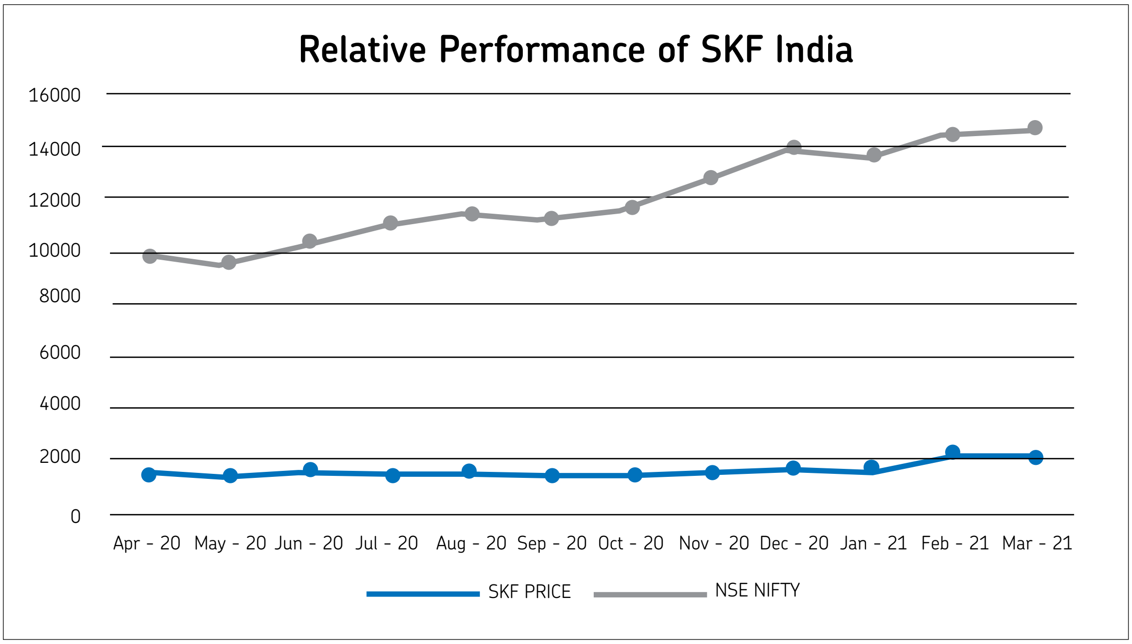
Relative Performance of SKF India Ltd



9.12 PERFORMANCE IN COMPARISON WITH NSE NIFTY

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

Relative Performance of SKF India Ltd.



9.13 No securities of the Company are suspended from the trading on platform where they are listed.

9.14 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. At present, the share transfers received in physical form are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. As required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a certificate on half yearly basis 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.

Distribution of shareholding as on March 31, 2021

No of Equity Shares	No. of shareholders	% of shareholders	No. of shares	% to capital
1 to 500	30,348	93.59	2,072,574	4.19
501 to 1000	1,066	3.29	799,169	1.62
1001 to 2000	551	1.70	787,806	1.59
2001 to 3000	132	0.41	316,351	0.64
3001 to 4000	83	0.26	296,229	0.60
4001 to 5000	45	0.14	203,543	0.41
5001 to 10000	79	0.24	559,753	1.13
10000 and Above	121	0.37	44,402,538	89.82
TOTAL	**32,425**	**100**	**49,437,963**	**100**

9.14 Share Transfer System (Contd..)

Category of shareholders	No. of shareholders	% of Voting strength	No. of shares held
Foreign Holding (FIIs, OCBs & NRIs)	1,010	5.86	2,895,768
FIs, Insurance Companies & Banks	61	3.96	1,957,268
Other Corporate Bodies	436	1.77	877,035
Promoters, Directors and their Relatives	3	52.58	25,992,059
Mutual Funds	54	25.24	12,479,793
Others (RI, HUF, IEPF, AIF, BC-NBFC)	30,861	10.59	5,236,040
Total	**32,425**	**100.00**	**49,437,963**

9.15 Top Ten Shareholders Other Than Promoters

S. No.	Name of the Shareholder	Number of shares as on 01.04.2020	No of shares as on 31.03.2021	Net Changes	% of total paid up change in Share Capital
1.	HDFC Mtual Fund (*)	4,572,949	4,410,925	-162024	-0.33
2.	Mirae Asset Focused Fund	1,098,106	2,495,000	1,396,894	2.83
3.	Sbi Magnum Global Fund (SBI Magnum Mutual Fund (*)	1,922,826	1,975,606	52,780	0.11
4.	Kotak Infrastructure & Economic Reform Fund	452,430	1,206,156	753,726	1.52
5.	Uti-Mastershare Unit Scheme (mentioned UTI Mutual fund (*)	1,049,411	993,790	-55,621	-0.11
6.	Franklin India Prima Fund	783,689	553,689	-230,000	-0.47
7.	Hdfc Life Insurance Company Limited	450,005	538,412	88,407	0.18
8.	The New India Assurance Company Limited	494,515	494,515	0	0.00
9.	Kotak Funds - India Midcap Fund	115,962	424,796	308,834	0.62
10	Tata Aia Life Insurance Company Limited Ac Reserve Fund Pension Individual (TATA AIA Life Insurance Co Ltd (*)	372,083	387,197	15,114	0.03

(*) various sub-accounts

9.16 Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) etc:

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

9.17 Dematerialisation of Shares

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, 2021 is as under:

Category of shareholders	No. of Shares	% of total capital issued
Held in dematerialized form in NSDL	46,392,415	93.84
Held in dematerialized form in CDSL	2,502,489	5.06
Physical	543,049	1.10
Total	**49,437,963**	**100.00**

9.18 PLANT LOCATIONS

- Chinchwad, Taluka Haveli, Pune - 411 033,
- Plot 2, Bommasandra Industrial Area, Hosur Road, Bengaluru – 560 099,
- Plot No 2, Industrial Park II, Salempur- Mehdood, Haridwar - 249402

For any queries relating to the shares of the Company, correspondence may be addressed to the Company's Registrar and Share Transfer Agent at:

TSR Darashaw Consultants Private Limited (TSRDL)
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;
Email: csg-unit@tcplindia.co.in
Website: https://tcplindia.co.in

The documents will also be accepted at the Registered Office of the Company:

Ranjan Kumar
Company Secretary & Compliance Officer
SKF India Limited
Chinchwad, Pune 411 033
Phone: +91 20 66112500
E-mail: investors@skf.com

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 .

9.19 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, 2021.

9.20 Details of Non-compliance - During last financial year, there were no material strictures or penalties imposed on

The Company either by the Stock Exchanges or SEBI or any other statutory authority for non-compliance of any matter related to capital markets.

9.21 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.

10. OTHER INFORMATION FOR SHAREHOLDERS

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

In terms of the provisions of Section 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 2013 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 2014 to 2020 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 31.03.2021 (INR)
2014	2,287,687.5
2014	2,306,175.0
2015	916,722.5
2016	4,536,150.0
2017	3,408,050.0
2018	2,361,192.0
2019	2,030,112.0
2020	9,147,036.0

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

In terms of Section 125(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer the shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government. As required under the said Rules, the Company has published a Notice in the newspapers inviting Members' attention to the aforesaid Rules. The Company has also sent out individual communication to the concerned Members whose shares are liable to be transferred to the IEPF Account, pursuant to the said Rules to take immediate action in the matter.

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 2012. 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

10.3. '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 2020-21 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.

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

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

(d) Reporting of Internal Auditor: The Internal Auditors of the Company report their observations to the Audit Committee and make detailed presentation at quarterly meetings.

For SKF India Limited

Bengaluru.
May 14, 2021

Gopal Subramanyam
Chairman

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.

Secretarial Compliance Report of SKF India Limited for the year ended 31st March, 2021

To,
SKF India Limited
M G M Building,
Netaji Subhash Road,
Mumbai - 400002

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, 2021 ("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, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the company during the Review Period)

c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;(Not applicable to the company during the Review Period)

e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the company during the Review Period)

f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the Review Period)

g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not applicable to the company during the Review Period);

h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

i) Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018; and circulars/ guidelines issued thereunder;

and based on the above examinationand 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:-

S. 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:

S. 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:

S. 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

Signature:
Jigyasa N. Ved
Partner
FCS No: 6488 CP No: 6018
UDIN: F006488C000299275

Place: Mumbai
Date: 14.05.2021

Certificate

To
SKF India Limited
Mahatma Gandhi Memorial Building,
N.S. Road, Charni Road,
Mumbai - 400002

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 Mahatma Gandhi Memorial Building, N. S. Road, Charni Road, Mumbai – 400002 (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 officersand 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, 2021 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.	Werner Jurgen Dietrich Hoffmann	07685942	21/08/2019
4.	Manish Bhatnagar	08148320	16/08/2018
5.	Aldo Cedrone	08455073	17/05/2019
6.	Ingrid Viktoria Van Camp	08945782	16/11/2020

*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, 14.05.2021
UDIN:F006488C000299275

Declaration affirming compliance with the Code of Conduct of Board of Directors and Senior Management

To the Members of

SKF India Limited

This is to confirm that the SKF India Limited ("Company") has adopted a Code of Conduct for all members of Board of Directors and Senior Management personnel and the same has been placed on the Company's website. All members of Board of Directors and Senior Management personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended March 31, 2021

Manish Bhatnagar
Managing Director
DIN: 08148320

Place: Pune
Date: May 14, 2021

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, 2021 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/S-200012
Chartered Accountants

Amit Borkar
Partner
Membership No: 109846
UDIN: 21109846AAAAEI8085

Place: Pune
Date: May 14, 2021

Annexure – III to the Directors' Report

Annual Report on CSR Activities

For the financial year 2020-21

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 recommedaton 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:

S. 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
01	Manish Bhatnagar	Chairperson and Managing Director	2 meeting	2 meeting
02	Anu Wakhlu	Member (Independent Director)	2 meeting	2 meeting
03	Gopal Subramanyam	Member (Independent Director)	2 meeting	2 meeting

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:

   https://www.skf.com/binaries/pub12/Images/0901d196809a69e4-SKFIndiaCSRPolicy2019_1115-%283%29_tcm_12-526429.pdf

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). **NA**

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 for set off for the financial year, if any

S. 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	2018-2019	80,330,000	
2	2019-2020	90,170,000	
3	2020-2021	88,510,667	-
	Total	259,010,667	

6. Average net profit of the company as per section 135(5). – 4,338 (MINR)

7. (a) Two percent of average net profit of the company as per section 135(5): INR 88,510,667/-

   (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: Nil.

   (d) Total CSR obligation for the financial year (7a+7b-7c).: INR 88,510,667/-

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.
88,510,667/-	NIL	NIL	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	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 Implementation - Direct (Yes/ No)	Mode of Implementation Through Implementing Agency.
				State	District						Name and CSR Registration number
1	Environmental Program	(iv)	N	Haryana	New Delhi	0.3 year	0	3816660	0	No	Saahas (CSR00000097)
			Y	Karnataka	Bommasandra	3 years	2000000	2360600	0	No	United Way of Bengaluru (CSR 00000324)
			Y	Maharashtra	Pune	4 years	2000000	2040500	0	No	Green Thumb
2	Girls Scholarship Program	(ii)	Y	Karnataka	Bengaulru	2 years	2000000	17978660	0	No	United Way of Bengaluru (CSR 00000324)
			Y		Bommasandra	0.2 year	10000000	2310486	0	No	Preranan(CSR00002477)
			N	Maharashtra	Ausa	3 years	14000000	14368140	0	No	Grameen Shramik Prathishthan (CSR00003092)
3	Skill Development Program		N	Assam	Koraikhowa	3 years	8000000	6609569	0	No	Sambhav Foundation (CSR00000475)
			Y	Gujarat	Bharuch	2 years	9000000	6442030	0	No	Sambhav Foundation (CSR00000475)
			Y	Karnataka	Bommasandra	3 years	3000000	1490928	0	No	Sambhav Foundation (CSR00000475)
			Y	Maharashtra	Pune	1 years	8000000	8702835	0	No	TataStrive Community Initative (CSR00002739)
			Y		Pune	4 years	2000000	1498054	0	No	DON BOSCO VYAWASAIK PRASHIKSHAN KENDRA (CSR00000686)
			Y	Uttarakhand	Bahadrabad	4 years	1000000	401627	0	No	Sambhav Foundation (CSR00000475)
4	Sports Education Program	(vii)	Y	Gujarat	Ghuma	5 years	8000000	5035401	0	No	Kahaani Time Foundation
			Y	Maharashtra	Pune	2 years	5000000	544999	0	No	United Way of Mumbai (CSR00000762)
	Total						**74000000**	**73600489**	0		

(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**		**Amount 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**
1	Other Projects		N	Assam	Golaghat	7203862	Assam	Pratham Education Foundation	CSR00000258
			Y	Karnataka	Bommasandra	26260	Karnataka	Hospice Trust, Bengaluru	CSR00002889
			Y		Osla	715954		Habitat For Humanity of India	CSR00000686
2	COVID-19 Support	(i) and (xii)	Y	Maharashtra	Pune	984000	Maharashtra	Municipal corporation, Pimpri Pune	
			Y	Maharashtra	Pune	82917	Maharashtra	Don Bosco Vyawasaik Prashikshan Kendra	CSR00000686
			Y	Uttarakhand	Bahadrabad	1400000	Uttarakhand	Habitat For Humanity of India	(CSR00000402)
			Y	Uttarakhand	Osla	205200	Uttarakhand	Habitat For Humanity of India	(CSR00000402)
3	Desigining, Monitoring & Evaluation			Maharashtra	Pune	1513303	Maharashtra	SKF India Ltd	
	Total					**12131496**			

(d) Amount spent in Administrative Overheads: 4,000,000/-

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): INR 89,731,985/-

(g) Excess amount for set off, if any _ NA

S. No.	Particular	Amount (in INR)
(i)	Two percent of average net profit of the company as per section 135(5)	88,510,667
(ii)	Total amount spent during the financial year	89,731,985
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1,131,985
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

9. (a) Details of Unspent CSR amount for the preceding three financial years: NI

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.	-	-	-	-	-	-	-
2.							
	Total						

(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.**	**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		Environmental Program	2020	0.3 year	0	3816660	3790000	Ongoing
			2018	3 years	2000000	2360600	11041501	Completed
			2018	3 years	2000000	2040500	9175642	Completed
2		Girls Scholarship Program	2019	2 years	2000000	17978660	21321189	Ongoing
			2020	0.2 year	10000000	2310486	1798000	Ongoing
			2018	3 years	14000000	14368140	36007097	Ongoing
3		Skill Development Program	2018	3 years	8000000	6609569	26471034	Ongoing
			2019	2 years	9000000	6442030	14738105	Ongoing
			2018	3 years	3000000	1490928	13471178	Ongoing
			2020	1 years	8000000	8702835	8670000	Ongoing
			2016	5 years	2000000	1498054	11518857	
			2017	4 years	1000000	401627	19651438	Ongoing
4		Sports Education Program	2016	5 years	8000000	5035401	18574399	Completed
			2017	4 years	5000000	544999	14528401	Completed
	Total				**74000000**	**73600489**		

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 yea

(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).: N.A.

Member of CSR Committee (Director)
Gopal Subramanyam

Chairman of CSR Committee (Managing Director)
Manish Bhatnagar

Date - 14.05.2021

Annexure – IV to the Directors' Report

[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:

Particulars	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	Aktiebolaget SKF Promoter / Holding Company	Transactions relating Administrative & Service fees, reimbursement received, Technical & Service Income, Royalty and Trademarks fees.	FY 2020-21	The information forms part of the notes to financial statements for the financial year 2020-21	February 06, 2020	NIL

For and on behalf of the Board
SKF India Limited

Gopal Subramanyam
Chairman
DIN: 06684319

Place: Bengaluru,
Date: 14.05.2021

Annexure – V to the Directors' Report

FORM No. MR-3

Secretarial Audit Report

For the financial year ended 31st March, 2021

(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, 2021, 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, 2021 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; (Not applicable to the Company during the audit period)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008; (Not applicable to the Company during the audit period)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 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.

We further report that:

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

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

Decisions at the Board Meetings were taken unanimously.

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

We further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

1) The Company made an investment in M/s Sunstrength Renewables Private Limited ('the Investee Company') by subscribing to 24,78,000 fully paid up equity shares of INR 10/- each equivalent to 26.74% of the total issued and paid-up share capital of the Investee Company.

For **Parikh & Associates**
Company Secretaries

Signature:
Jigyasa N. Ved
Partner
FCS No: 6488 CP No: 6018
UDIN: F006488C000299275

Place: Mumbai
Date: 14.05.2021

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

Signature:
Jigyasa N. Ved
Partner
FCS No: 6488 CP No: 6018
UDIN: F006488C000299275

Place: Mumbai
Date: 14.05.2021

Annexure – VI to the Directors' Report

Statement of Disclosure of Remuneration

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

(A) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2020-21; the percentage increase in remuneration of each Director

Name of Director / KMP	Designation	Ratio of remuneration of each director to the median remuneration	Percentage increase in remuneration (%)
Gopal Subramanyam	Non- Executive Chairman, Independent Director	1.18	-23%
Manish Bhatnagar	Managing Director	18.83	9%
Anurag Bhagania	CFO Director Finance	9.55	3.5%
Ranjan Kumar	Company Secretary	5.29	3.3%
Anu Arun Wakhlu	Independent Director	0.99	-23%
Aldo Cedrone	Non-Executive	N.A.	N.A.
Bernd Dieter Stephan (upto 15.11.2020) #	Non-Executive	N.A.	N.A.
Ingrid Viktoria Van Camp	Non-Executive	N.A.	N.A.
Werner Jurgen Dietrich Hoffmann	Non-Executive	N.A.	N.A.

*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 2020-21: 3.5%

(C) The percentage increase in the median remuneration of employees in the financial year 2020-21 was 8.1%

(D) The number of permanent employees on the rolls of company was 1762.

(E) The average percentile increases already made in the salaries of employees other than the managerial personnel (Directors & KMP) in the last financial year was 6.0.% and its comparison with the percentile increase in the managerial remuneration i.e. 6.4.% 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:14.5.2021
Place:Bengaluru

Annexure – VII to the Directors' Report

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

Disclosures

A. CONSERVATION OF ENERGY

The year 2020-21 was full of challenges primarily posed by COVID-19 Pandemic. However, even in these difficult times, energy conservation and efficiency measures were undertaken in various areas of manufacturing, through Operational, Capex and Technology driven measures by SKF India towards improving its performance on sustainability.

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

- In line with ISO50001 guidelines, identified significant energy users in the manufacturing processes such as grinding channels 34%, Heat treatment 22%, Centralized utilities 21%, Compressors 18% and others 5% through energy review process.
- Identified and completed 57 energy saving activities and project to reduce both fixed and variable energy component.
- Total electrical consumption was reduced from 32.7 GWH (2019) to 28 GWH (2020). Reduction of 14.4% over 2019.
- As a part of SustEn six sigma umbrella project, I4.0 compatible Sigma Air Manager SAM was installed to improve energy efficiency of compressors on real time basis. Low pressure compressed air line installed on all channels which resulted into reduction of specific energy consumption from 0.165 KW/CFM to 0.148 KW/CFM
- To reduce energy consumption in utility areas, which was fixed irrespective of production workload, variable speed drive installation with real time pressure feedback was executed in most of the coolant filtration and delivery systems.
- With the help of online real time energy monitoring system, various energy saving projects were identified in grinding channels and optimization of various grinding, work head and conveyor motors carried out to reduce energy consumption. The energy monitoring system was useful in evaluating the saving potential and actual savings.
- As the energy billing system was changed from KWH to KVAH rating, special focus was given to maintain unity power factor to maintain KVAH as low as possible.
- Roller furnace brick refractory insulation was revamped during planned shut down to minimize heat losses ultimately yielding electrical energy saving.

1.2 Bangalore

- In line with SKF Group Sustainability drive, successfully reduced CO2 emission in by 513 Tons by implementing various projects in energy conservation, and majorly by bilateral power (power wheeling from Hydel and wind source and Roof top and Off site solar).
- Plant compressed air network line implemented with 2 Pressures lines, 2 Bar Low pressure and 4.2 Bar High pressure line.
- 40 High pressure compressor air points were converted to low pressure points.
- Energy efficient motor with VFD's installed for filtration system motors.
- Reduction in Air Leakage by doing leakage audit and fixing the findings saving of 0.35 Minr.
- Installation of Canthal heaters in place of Simplicity tube heaters for furnace 04 a saving of 1 Minr.

1.3 Haridwar

- Haridwar has identified 12 Projects start of the Year related to Energy conservation.
- Three phase induction motors converted to energy efficient motor of grinding area and utility sections. (Hydraulic power pack, utilities pumps).
- Old Pneumatic tubing's and fittings replacement in assembly machines and conveyor system to arrest all the leakages and maintained the optimal

pressure at the compressor resulted less loading of compressor and less energy consumption as well.

- Added capacitor panel load side, to reduce the losses because of low power factor, resulted the optimum power factor – 1(Lowest limit)
- LED lights phase-2 implementation on shop floor.
- Actual Energy consumption reduction from 8175 (Year 2019) MWH to 6026 (Year 2020) MWH in total. Total 8% Reduction Quantified w.r.t Year 2019.

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.

- SKF Pune plant sourced 1.16 GWH wind energy during the last quarter of 2020.
- SKF Pune entered into an agreement with Captive Solar power purchase agreement through off site solar project of 8.4 MW capacity. The generation and supply will start from 1st April 2021 catering to 30% of its total yearly energy requirement
- Bangalore plant operated on 86 % Green energy Sources, Solar Roof top, Form Solar, Wind and Hydel Energy
- The SKF Haridwar plant is in-process to explore the option of rooftop solar plant this year. Mapping has been completed. Target to use 30% of Total consumption as the renewable energy component

3. The capital investment on energy conservation equipments;

SKF Pune invested INR 25 million in captive farm solar project of 8.4 MW capacity, delivering 13 GWH energy yearly during this financial year.

B. TECHNOLOGY ABSORPTION

1. The efforts made towards technology absorption of the company

1.1 Pune

Product and Process Development/improvement and Import Substitution:

- New product development for Truck Wheel End :Split Truck HUB Units (sTHU)
- Development of SABB Product on DGBB channel.
- Digitalization – Implementation of CMS on all channels.
- Digitalization: Maintenance cock pit to track real time machine health monitoring system.
- Robotic Assembly on mTRB channel for Super precision Pinion Unit bearings.
- Development of New mDGBB channel with capability of Producing Application Specific Products.
- CH07 SGP62 machine obsolete MTC controller replaced Mitsubishi Q PLC

Imported Technology

- New Third Generation Wheel Bearing (HUBIII) Manufacturing Line has been installed in 2017 and technology is fully operationalized in 2020.

Cost reduction:

- Centralized Greasing system in DGBB Channels is operational.
- AVCR projects for reduction in shop supplies and maintenance cost.

1.2 Bangalore

Product and Process Development/improvement and Import Substitution :

- Greasing and weighing Machines from DMI Italy installed to Prevent Greasing Customer Complaints
- Obsolete Electronic Control System of Channel Machines Upgraded with Mitsubishi Control Systems
- Vacuum Washing System installed to improve Quality Level.
- Online condition Monitoring System Implemented.
- Crack detection Machine Installed for VAS Products
- CBN wheel Introduction for Race grinders to Improve Quality
- 360 degree Guarding of Machines Implemented for safety
- New Caging Machines Installed to Improve Caging Defects

- For OD & IR Online Measurements advanced Keyence Probes Introduced

New Products developments

- Two DGBB and One VAS Product Launched.

Imported Technology

- Bearings washing technology imported. Year of Absorption 2019.

Implemented. 40 % implemented. Phase wise investment planned and will be implemented by 2022

- Greasing Technology imported. Year of Absorption 2018. Implemented 65 %. Balance will be implemented by 2022

Cost reduction :

- 3 D Printed Tooling Implementation
- Advanced Abrasives and Honing Stones introduced
- Automation Greasing for VAS Products
- Automation of OD and Width Sorting for VAS Products
- Cost saving in Direct Materials by design Change (Components)

1.3 Haridwar

Improvements thru use of Upgraded Technologies

Product and Process Development/improvement and Import Substitution :

- Electronic upgradation of Bore & OD Measuring machine (MMK) with latest technology hardware & software to increase the Reliability.
- Electronic upgradation of Utility systems to Reduce the unplanned failure.
- New generation vibration measurement software BVR+ installed on two machines for vibration checking machine to improve measuring capabilities
- Latest technology Laser marking machines two nos. procured to improve marking quality
- Development of Automatic width Inspection machines.
- Camera to detect Component (Seal & Shield) Missing.
- Development of detection equipment to distinguish ring mix-up.

New Products developments

- New Product Development (ASO) of three Material Family for Two-Wheeler Application.

Cost reduction:

- ICR Projects to save the Direct Material cost (Cage , Ball, Seal & Rings)
- Projects on Repair and Maintenance- Localization of imported filters, projects on Electronic components.
- Projects on Tooling and abrasives to Reduce the cost of shop-supply.

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 of will ramp up in second half of 2021 onwards. Exports is INR 1,920 MINR which is about 8% per cent of the total sales and was affected due to lockdown in first quarter.
- The information on foreign exchange earnings and outgo is as below:

  Earnings in foreign exchange is INR 2,245 MINR, comprising of exports of INR 1,920 MINR and technical and other service income and reimbursement of expenses INR 325 MINR.
- Outgo in foreign currency-purchase of finished products INR 7,025 MINR ; purchase of components, stores, capital goods INR 1,706 MINR; royalty INR 429 MINR, trademark fee INR 274 MINR, IT services INR 293 MINR, professional fees, travel and other expenses INR 10 MINR and dividend remitted INR 3,379 MINR.

For and on behalf of the Board
SKF India Limited

Gopal Subramanyam
Chairman
DIN: 06684319

Place : Bengaluru
Date : 14th May 2021

Business Responsibility Report

Pursuant to Regulations 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Introduction

SKF is dedicated to deliver 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 fifth 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: 2020-21
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, 2021

   Following are the Key products provided by SKF India Limited as per the Balance Sheet for the financial year ended March 31, 2021:

   1. Ball Bearing
   2. Hub Bearing
   3. Taper Roller Bearing

4. Total number of locations where business activity is undertaken by the Company 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.

10. Markets served by the Company – SKF India Limited is presently 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 – 26,707,221,837.6 INR
3. Total profit after taxes – 2,977,268,015 INR
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2 % 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) Sports Education program (Training to Promote Nationally recognized Sports)
   b) Skill development program (Employment Enhancing Vocational Skills)
   c) Skill development program (Livelihood Enhancement)
   d) Girls Scholarship program (Empowering Women)
   e) Environmental Program (Ensuring Environmental Sustainability)
   f) 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 distributor.

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 Y/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/0901d19680cb9f31-SKF-EHS-Policy--English_tcm_12-583697.pdf • P2 - http://www.skf.com/binary/21-45396/SKF-Code-of-Conduct-for-suppliers-and-sub-contractors_English-version-1.pdf • 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/0901d19680cb9f30-Quality-Policy-SKF-India_tcm_12-583695.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 next 6 months									
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 2019-20 (Refer Page number 106-119 of Annual Report) https://www.skf.com/binaries/pub320/Images/SKF AR_19-20_29620_tcm_320-561758.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 instil 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 2020-21, 779 correspondences were received by the Company out of which 97% correspondences were replied to the satisfaction of the investors. The remaining queries were closed by 14th April, 2021.

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 to the above principles are produced and sold in India, as indicated below:

Truck hub Unit

We are suppling Unitized Wheel bearings (Truck Hub Unit) to one of the biggest truck manufacturers in India. The bearing is a combination of two taper roller bearing, which are greased and sealed for life. This results in less consumption of grease thereby reducing impact on environment as no grease disposal is required. As these bearings have longer life and less tyre wear, it helps in reducing the resources required to manufacture bearings and tyres as well as their change frequency.

Low friction products for Electric Vehicles:

Electrification and growing market of electric and connected vehicles is a good opportunity for SKF. Today, SKF India has a wide portfolio of transmission, motors, wheel end bearings that enable robust and efficient e-powertrain drive for two-wheeler and four-wheeler vehicles.

These bearings have lower friction values, and contribute to extended battery life, improved energy savings and reduced emissions, thereby lowering the total cost of ownership.

Low Friction Taper roller Bearing (TRB)

With emissions norms becoming stringent, automotive OEMs want products and technologies that could lower the fuel consumption and emissions. SKF has developed low friction TRBs for powertrain and other applications. These bearings have 20-30% lower friction compared to current counterparts. Lower friction results in less drag torque and less fuel consumption directly impacting CO2 footprint. For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product:

We are aware of the environmental impacts of our operations. 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 Group' s 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 such as TPM Cluster, Vikas Saath Saath, Saathi, Unnati Code of Conduct trainings, COVID19 Compliances and trainings, 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 IDM (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).

   A) 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 business, hence we have conducted several workshops for local vendors. In the year, 2020, 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.

   (B) Vikas Sath Sath - The vision of Vikas Sath Sath program is: 'To develop the long-term capability of our key suppliers to meet and exceed SKF needs with a benchmarking level of QCDIM parameters'. By creating a common "Learning- by-Doing" platform, we are improving supplier process capacity and capabilities. The supplier get exposure to TPM, 5S and change management methodologies. Top 14 suppliers for direct material are covered under Vikas Sath Sath in 2020 and aiming for 80% coverage by 2021.

(C) Communication & trainings on COVID-19: A central team was formed to simplify and communicate the Government mandated requirements to all the critical Tier 1 & 2 suppliers of Direct and Indirect Materials as well as service providers at all SKF locations. To make it more effective, all the SKF factories formed local teams for communicating the local Government guidelines. Also, assistance was provided to the suppliers for applying to the local authorities for permission to restart the operations. Regular monitoring was done to ensure that the suppliers follow Government guidelines and safety measures.

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 to motivate 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 provide assistance to 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.** 1,762

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

   Temporary employees – 743 ; Contractual employees - 1,178

3. **Please indicate the Number of permanent women employees.**

   56

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. 30 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?**

58 % 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	NIL	NIL
2	Sexual harassment	One	NIL
3	Discriminatory employment	NIL	NIL

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?**

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. Following are the Key training initiatives. We have reported 5 accidents this year.

Higher Education Policy (DISHA): SKF has a higher education policy to support employee learning in courses such as MBA . 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.

Online training during COVID19 Pandemic

Employee care is one of important pillar of SKF care. During the pandemic, keeping high morale for employees was a challenging task. especially for our blue-collar workforce, who was anxious with the lockdown.

SKF operations team took a challenge to keep the workforce motivated and engaged such as organizing - "SKF Corona knowledge Worriers' Premier League" - a unique online engagement program to learn and have fun. Various trainings on newer technologies and behavioural aspects were conducted by team using quiz and awards sessions. This helped employees engage with company during lockdown and keep the winning spirit alive. Over 1000 employees have undergone 9000+ hours of training hours.

At SKF, we believe in providing continuous learning opportunities to our employees. We have a Higher Education Policy and a Work Integrated Learning Program to enable our employees to build their professional capabilities and implement those learnings at work.

External opportunities for learning: Apart from the in-house programs, we encourage employees to attend external programs even at international levels. Even the operators are sent to organizations like Asia Plateau for self-development programs. Many of our managers attend programs run by premier institutes apart from seminars and workshops which provide them with unique learning experiences. Our Leaders are sent for programs conducted at SKF Globally, like the International Management Program, and Global Leadership Programme. Learning through participation in Global projects is also encouraged.

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. 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, Manage, lead and coach program in place

Average hours of training on:	Total Employees		Employees at Management level		Employees at Non-Management level		Temporary Employees		Contractual Employees		Permanent Employees with Disabilities	
	M	F	M	F	M	F	M	F	M	F	M	F
a) Safety	6	5	4	5	0.5	0	8	10	0.5	0.5	0.5	0
b) Skill Upgradation	23	32	26	1	4	0	35	58	0.5	0.5	0.5	0
c) Others Management trainings	5	1	2	2	0	0	0	0	0	0	0	0

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.

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

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

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

List the Stakeholder Engagements in the reporting period	Major topics covered in the Stakeholder Engagement	Frequency of the Stakeholder Engagement
Customers	Customer meets /Distributors exhibitions for Segments railways, Textile. Paper, Sugar, Small OEMs,	Quarterly
Customer	Site visit for physical verification of bearings and customer awareness for anti-counterfeit.	Monthly
Distributors	Training on Handling Anti-counterfeit issues to Authorized distributors	Monthly
Retailers	Training on Handling Anti-counterfeit issues to Retailer	Monthly
Customers	Customer Dossiers	Monthly
Suppliers	“Vikas Saath Saath” supplier productivity development program	Quarterly

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

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

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

   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:

   - SKF Sport Education Program (Providing Training to Promote Nationally recognized Sports)
   - Skill development program (Providing Employment Enhancing Vocational Skills)
   - Skill development program (Providing Livelihood Enhancement)
   - Girls scholarship program (Empowering Women)
   - Environmental Program (Ensuring Environmental Sustainability)
   - Others (Promotion of Education)
   - Others (Promotion of Sanitation)

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 2020-21.

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

   Everyone working at SKF has a role to play in tackling the climate crisis – and that is what "Striving for green" symbolizes. Striving for green is first and foremost an attitude that starts by questioning and seeking to understand the environmental impacts SKF can influence, then translates that into action – making positive and proactive choices to reduce that impact.

   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/environment-and-climate

   In line with the Environmental Care principle of the SKF Group, we have initiated "SustEn". "SustEN" (Sustainable Energy) focuses on the demand and supply side projects along with use of bilateral power trading of renewable and non-renewable energy sources and roof top solar installations. SustEn 6 project is started during financial year 2020-21 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

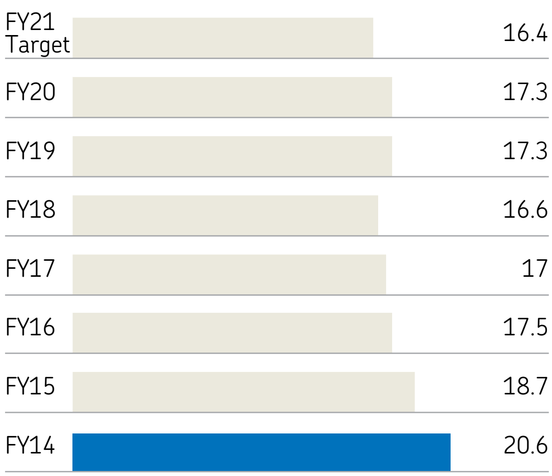
We have adopted a Three-Pronged Approach which includes the following:

- 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 83 energy saving projects (supply and demand side) at all locations with potential savings. Till Mar end 2021, we have completed 69 projects with a saving of 34 MINR.

- Our energy mix has improved over the years. Prior to 2014, our energy requirements were sourced 100% from thermal (State grid). In 2020-21, our energy mix of renewable energy is 31% which includes rooftop/ Farm solar, hydal and wind energy.

Specific Energy Consumption MWH/MINR VA



- Through farm solar open access procurement @ 11.3 GWH solar power for Bangalore plant and total 13 GWH renewable power mix was consumed which is 76% of the total requirement of Bangalore plant.
- Pune plant sourced 1.16 GWH of wind energy during last quarter of 2020.
- Total 15.2 GWH of renewable energy is used by all the 3 plants.
- SKF Pune entered into a captive solar power purchase agreement with a solar plant of capacity 8.4 MW. The Solar power generation and supply started from 1st April 2021. This will supply solar power of 13 GWH annually and is 30% of the total requirement.
- Specific energy consumption has improved by 16% in 2020 over the base of 2014 despite low delivery volumes at all locations and addition of new channels and furnaces.
- In spite of lower delivery volume due to COVID 19 situation, specific energy consumption was maintained same as the last year through completion of energy saving projects for compressors and utility areas.

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 33156 MT CO2e, 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	4.8
ETP Sludge	0.0
Filter Papers	0.6
Waste / Spend Oil	0.4
Scrap Bearing components	1.5
Garbage / Factory rubbish	1.1
Corrugated boxes	0.2
Waste Wooden Material	0.7
Metal Scrap	0.2
Plastic Scrap	0.1
Gr. Wheel	0.1

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 life time 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.
12	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.

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 our attention towards 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:

   - Training to Promote Nationally recognized Sports
   - Employment Enhancing Vocational Skills
   - Empowering Women
   - Promotion of Education
   - Promotion of Health care and sanitation
   - Ensuring Environmental Sustainability
   - 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.

Activity/ Initiative	Undertaken through:
Skill development program (Employment Enhancing Vocational Skills)	All NGOs Don Bosco Vyavasaik Prashikshan Sanstha, Sambhav Foundation, North East Knowledge Foundation, IMC ITI Bavla Ahmedabad (all NGOs'), TATA Strive, NGO
Girls scholarship program (Empowering Women)	Gramin Shamik Prathisthan, NGO Prerana, NGO
Environmental Program Ensuring Environmental Sustainability	Green Thumb NGO, United Way of Bengaluru NGO, Saahas. New Delhi NGO
Skill development program (Livelihood Enhancement)	I-CREATE NGO
Promotion of Education Others	Pratham NGO United Way of Bengaluru, NGO
SKF Sport Education Program (Training to Promote Nationally recognized Sports)	United Way of Mumbai NGO, Kahaani Time Foundation, NGO
Others (Promotion of healthcare and sanitation)	Habitat for Humanity India, NGO
Support for COVID19 pandemic actions	Govt. Authorites • Pimpri Chinchwad Municipal Corporation Hospital, • Pimpri Chinchwad Municipal and Police, frontline workers • Habitat for Humanity India

3. **Have you done any impact assessment of your initiative?**

   Impact assessment has been conducted for 'Education through Sports' by external agency and for 'Education through Skill Development' and 'Empowering Women'. This assessment is done internally and learnings from the same are taken ahead.

4. **2. What is your company's direct contribution to community development projects- amount in MINR and the details of the projects undertaken?**

   Our contribution towards community development for the current financial year was allocated as follows:

Initiatives undertaken by SKF India limited for Supporting inclusive Development	Amount contributed directly in the initiative by SKF India limited in million Inr
SKF Sport Education Program (Training to Promote Nationally recognize Sports)	3.5
Skill development program (Employment Enhancing Vocational Skills)	25.1
Girls scholarship program (Empowering Women scholarship program).	18.7
Empowering Women STEM School program	17.9
COVID19	2.6
Others (Promotion of Education)	7.1
Others (Promotion of Health care and sanitation)	0.7
Environmental Program (Ensuring Environmental Sustainability)	8.1
M & E Audits, Communication	1.5

   Detailed contribution is part of CSR Report

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 308 admin complaints, 237 technical complaints and 1733 customer care calls. Out of these, 0 (0%) admin complaints, 57 (24%) technical complaints and 0 (0%) customer care calls are pending to be resolved as of 31st March 2021. With use of Six Sigma and LEAN tools we have identified gaps in services and reduced admin compliant by 45% and Technical compliant by 30% with respect to Year 2019-20.

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, photographs of bearings to identify genuineness.

   We have taken a no tolerance approach towards counterfeiting. We continuously strive to increase awareness about the existence of counterfeits.

We developed an app which enables customers to share photographs of bearings to identify genuineness. Moreover, we also conduct awareness seminars about anticounterfeit for our customer, Distributors, distributor's partner, Employees. We do stock verifications for customer's stock based on requests. In 2020-21 we have received 2656 verification requests received through the SKF Authenticate App. Of these, about 28% of the request turned out that the customer had bought a fake product. This is helping customer to identify genuine products.

All Authorized distributor certificates are now equipped with a scan code which can be scanned and verified using Authenticate App 2.0. This greatly reduces the number of fake certificates being issued by many suppliers in the market.

In our effort to ensure our Distributors are clean and free from counterfeits, we have rolled out a Distributor Self-Assessment process, which clearly defines the DO's & DON'T's related to counterfeits. All Industrial distributors & about 25% VSM Distributors have completed the process.

Focusing on providing genuine products to customers, we have requested to competent authorities for conducted raids in market and we have sent notices to sellers selling counterfeit SKF products. Total 7 (Seven) raids conducted in the year and about 19,000 bearings of value estimated 18 MINR of MRP were ceased.

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
Product Campaign for VSM 2W	SMS and WhatsApp Campaign	Once in a fortnight	PAN India	20	20000
Virtual Seminars on Distributor & Customer awareness, Brand protection Seminar	Virtual Seminar	Ongoing	PAN India	37	765
Email and Digital Campaign on Electric Vehicles,	Email Campaign	3	PAN India	3	807
Point of Sale Materials for VSM	Retail Branding	Once	PAN India	1	9000
SKF Customer Meets (Virtual)	Workshops/ Trainings / Seminars	4	PAN India	5	1380
Industrial Expo	Exhibition	1	West & South	1	152
Stock verification of Counterfeit check and awareness	Bearings Check and awareness	Ongoing	PAN India	96	NA
Social Media campaign	Social media outreach	Ongoing	PAN India	514 posts	30,00,000
Email Campaign for Distributors	Mail (AD)	Monthly	PAN India	24	350

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 done communication, deployment and corrective action plan implementation for the Customer Satisfaction Survey conducted earlier.

Our customer vendor rating for various Businesses is between 93% to 100%

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 "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	31.12.2020
2. Shares of Associate/Joint Ventures held by the company on the year end	
No	309,750
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.
4. Reason why the associate/joint venture is not consolidated	N.A.
5. Networth attributable to Shareholding as per latest audited Balance Sheet	24.01
6. Profit / Loss for the year	
i. Considered in Consolidation	(0.39)
i. Not Considered in Consolidation	(1.09)

Note : The above details are furnished as per the Unaudited Financial Statements of the Associate Company as on 31.3.2021

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

Gopal Subramanyam
Chairman
Place :- Bengaluru

Manish Bhatnagar
Managing Director
Place :- Pune

Anurag Bhagania
Finance Director
Place :- Pune

Ranjan Kumar
Company Secretary
Place :- Pune

Date: May 14, 2021

Independent Auditor's 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, 2021, the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone 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, 2021, 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 Standalone 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 standalone 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 standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone 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 39 and 2(A) of the standalone 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 2015-16. The demand (including interest of INR 742 million as per the demand order) on these matters is INR 2,403 million, 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 experts' views, is that no provision is required against these matters. The assessment of outcome from and the need for provisions in case of an unfavourable outcome is an area of significant judgement involving the tax expert as well as 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.	Our audit procedures included: • Understanding and evaluation of processes and controls designed and implemented by the management for assessment of litigations and testing their operating effectiveness; • Verification of the supporting documents such as agreements and invoices pertaining to the group costs incurred by the company. • Discussion 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 experts and the submissions made by the Company to tax authorities, with the involvement of auditors' 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 observed the management's assessment of the contingent liabilities relating to litigations 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 Annual report, but does not include the standalone financial statements and our auditor's 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 governance for the standalone 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 standalone 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 standalone 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 standalone financial statements

8. Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 standalone 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, 2016 ("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 Cash Flow Statement 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 standalone 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, 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 standalone financial statements – Refer Note 39 to the standalone financial statements;

        ii. The Company has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2021

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.

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/S-200012
Chartered Accountants

Amit Borkar
Partner
Membership Number: 109846
UDIN: 21109846AAAAEG6481

Place: Pune
Date: May 14, 2021

Annexure A to Independent Auditors' Report

REFERRED TO IN PARAGRAPH 13 (F) OF THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF SKF INDIA LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 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, 2021 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Amit Borkar
Partner
Membership Number: 109846
UDIN: 21109846AAAAEG6481

Place: Pune
Date: May 14, 2021

Annexure B to Independent Auditors' 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, 2021

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3 and 4 on fixed assets to the standalone financial statements, are held in the name of the Company.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 39 to the standalone 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, 2021 which have not been deposited on account of a dispute, are as follows:

Particulars	Useful Life (in years)	Useful Life (in years)	Useful Life (in years)	Useful Life (in years)	Useful Life (in years)
Central Excise Act, 1944	Excise Duty (including interest and penalty if applicable)	221.6	29.8	Various Years	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Income Tax Act, 1961	Income Tax (including interest and penalty if applicable)	311.1	136.7	FY 2010-11	Commissioner of Income-tax (Appeals)
		436.1	0	FY 2015-16	Assessing Officer
		1,661.7	382.6	Various Years	Income Tax Appellate Tribunal (ITAT)

Particulars	Useful Life (in years)	Useful Life (in years)	Useful Life (in years)	Useful Life (in years)	Useful Life (in years)
Central and Local Sales Tax Act	Sales Tax (including interest and penalty if applicable)	55.7	8.5	FY 2011-12 to FY 2017-18	Appellate Deputy Commissioner
		43.0	3.9	FY 2007-08 to FY 2011-12	Appellate Revision Board
		4.1	4.1	FY 2008-09 to FY 2014-15	Appellate Tribunal
		5.3	1.9	FY 2011-12 to FY 2014-15	Assessing Officer
		80.6	2.4	FY 2011-12 to FY 2013-14	Deputy Commissioner, Appeal
		55.7	3.1	FY 2003-04 to FY 2016-17	Deputy Commissioner of Commercial Taxes –Audit
		23.2	10.5	FY 2010-11 to FY 2015-16	Joint Commissioner (Appeal)
		28.5	0.3	FY 2005-06 to FY 2016-17	Objection Authority Department of Trade & Taxes, New Delhi

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Amit Borkar
Partner
Membership Number: 109846
UDIN: 21109846AAAAEG6481

Place: Pune
Date: May 14, 2021

Balance Sheet

(INR in millions)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current Assets			
Property, plant and equipment	3 (a)	3,138.3	3,145.5
Right-of-use assets	3 (b)	154.7	206.7
Capital Work-in-progress	3 (a)	647.6	410.7
Investment properties	4	156.9	163.4
Intangible assets	5	2.6	0.9
Investments accounted for using the equity method	6	24.8	–
Financial assets			
Loans	7	856.0	800.0
Others Financial assets	8	587.5	504.6
Deferred tax assets (net)	9	199.1	169.1
Non-Current Tax Asset (net)	10	813.9	784.8
Other non-current assets	11	130.4	106.7
Total non-current assets		**6,711.8**	**6,292.4**
Current Assets			
Inventories	12	4,680.0	4,517.8
Financial Assets			
Investments	13	–	1,971.8
Trade receivables	14	5,834.4	4,357.0
Cash and cash equivalents	15	4,420.1	1,162.5
Bank balance other than above	16	583.0	5,020.4
Loans	7	14.6	472.1
Others Financial assets	8	192.1	301.9
Other Current Assets	11	590.5	597.7
Total current assets		**16,314.7**	**18,401.2**
TOTAL ASSETS		**23,026.5**	**24,693.6**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	17	494.4	494.4
Other Equity			
Reserves and surplus	18	15,143.7	18,558.1
Total Equity		**15,638.1**	**19,052.5**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Lease Liabilities	3 (b)	102.1	133.0
Provisions	19	69.6	70.9
Employee benefit obligation	20	285.6	272.2
Total non-current liabilites		**457.3**	**476.1**
Current Liabilities			
Financial Liabilities			
Lease Liabilities	3 (b)	73.7	85.1
Trade Payables	21		
Outstanding dues of micro and small enterprises		1.3	1.2
Outstanding dues other than micro and small enterprises		5,767.6	4,118.9
Other Financial liabilities	22	773.9	485.9
Provisions	19	132.3	129.3
Employee benefit obligations	20	54.5	227.5
Other current liabilites	23	127.8	117.1
Total current liabilities		**6,931.1**	**5,165.0**
Total Liabilities		**7,388.4**	**5,641.1**
TOTAL EQUITY AND LIABILITIES		**23,026.5**	**24,693.6**
Significant accounting policies	1		
Critical accounting estimates and judgements	2		

The accompaning notes are an integral part of these financial statements

In terms of our report of even date

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 14, 2021

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

Gopal Subramanyam
Chairman
Place:- Bengaluru

Manish Bhatnagar
Managing Director
Place :- Pune

Anurag Bhagania
Finance Director & CFO

Place: Pune
Date: May 14, 2021

Ranjan Kumar
Company Secretary

Place: Pune

Statement of Profit and Loss

(INR in millions)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
1 Revenue from Operations	24	26,707.3	28,415.8
Other Income	25	362.3	1,039.2
Total Income		**27,069.6**	**29,455.0**
2 Expenses			
(a) Cost of materials consumed	26	5,948.1	6,028.0
(b) Purchases of stock-in-trade	27	9,563.7	12,032.2
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	100.6	(155.0)
(d) Employee benefits expense	29	2,463.1	2,396.6
(e) Depreciation and amortisation expense	30	579.5	571.2
(f) Other expense	31	4,430.4	4,619.5
(g) Finance cost	32	21.3	94.8
Total Expenses		**23,106.7**	**25,587.3**
3 Profit before Tax		**3,962.9**	**3,867.7**
4 Income tax expense :	33		
Current tax		1,052.8	901.5
Deferred tax charge / (credit)		(41.8)	90.1
Short / (excess) tax provision for earlier years		(25.4)	(13.8)
Total tax expense		985.6	977.8
5 Profit for the year (3 - 4)		**2,977.3**	**2,889.9**
6 Other comprehensive income, net of tax -			
Items that will not be reclassified to profit and loss			
Remeasurement of post employment benefits obligation		47.0	(122.4)
Income tax (charge) / credit relating to these items		(11.8)	30.8
Other comprehensive income for the year (net of tax)		**35.2**	**(91.6)**
7 Total comprehensive income for the year (5 + 6)		**3,012.5**	**2,798.3**
8 Earnings per equity share [nominal value of share INR 10 (previous year : INR 10)]	37		
Basic and Diluted EPS		60.2	58.5
Significant accounting policies	1		
Critical accounting estimates and judgements	2		

The accompaning notes are an integral part of these financial statements

In terms of our report of even date

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Company Secretary

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Date: May 14, 2021

Place: Pune

Statement of Changes in Equity

A) EQUITY SHARE CAPITAL

(INR in millions)

Particulars	Notes	
Balance as at March 31, 2019		494.4
Changes during the year	16	–
Balance as at March 31, 2020		494.4
Changes during the year	16	–
Balance as at March 31, 2021		**494.4**

B) OTHER EQUITY

(INR in millions)

	Retained earnings	Capital redemption reserve	General reserve	Total Other Equity
Balance as at March 31, 2019	13,603.2	32.9	2,838.9	16,475.0
Profit for the year ended March 31, 2020	2,889.9	–	–	2,889.9
Other comprehensive income for the year ended March 31, 2020	(91.6)	–	–	(91.6)
Total comprehensive income for the year ended March 31, 2020	**2,798.3**	**-**	**-**	**2,798.3**
Transactions with owners in their capacity as owners				
Dividend paid (INR 12 per share)	(593.3)	–	–	(593.3)
Dividend distribution tax	(121.9)	–	–	(121.9)
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 (INR 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**

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

In terms of our report of even date

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Ranjan Kumar
Company Secretary

Place: Pune

Statement of Cash Flows

(INR in millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Cash flow from Operating Activities		
Profit before tax	3,962.9	3,867.7
Adjusted for :		
Depreciation and amortisation	579.5	571.2
Allowance for doubtful receivables	48.5	0.6
Profit on sale of fixed assets (net)	(11.8)	(351.2)
Finance cost	21.3	94.8
Interest income	(288.5)	(575.6)
	349.0	**(260.2)**
Operating Profit before working capital changes	4,311.9	3,607.5
Adjusted for :		
Decrease / (increase) in inventories	(162.2)	92.2
Decrease / (increase) in trade receivables	(1,525.9)	855.0
Decrease / (increase) in current & non-current assets	(105.9)	(497.5)
(Decrease) / increase in trade payables	1,648.8	628.7
(Decrease) / increase in other liabilities and provisions	129.4	(172.9)
	(15.8)	**905.5**
Cash generated from operations	4,296.1	4,513.0
Income taxes paid	(1,056.5)	(1,215.1)
Net cash flow from Operating Activities (A)	**3,239.6**	**3,297.9**
B. Cash flow from Investing Activities		
Proceeds from Sale of investments	1,971.8	(1,530.1)
Investment in associate company	(24.8)	–
Purchase of Property Plant & Equipment	(735.8)	(953.0)
Sale of Property Plant & Equipment	42.6	360.7
Deposits placed during the year	(765.8)	(6,450.1)
Deposits matured during the year	5,210.0	6,280.0
Interest Received	370.6	463.5
Interest received on loan to related party	73.0	113.6
Repayment of loan by related party	394.0	175.0
Net cash from / (used in) Investing Activities (B)	**6,535.6**	**(1,540.4)**
C. Cash flow from Financing Activities		
Proceeds/(Repayment) of Borrowings (net)	–	(900.0)
Dividend paid	(6,426.9)	(593.3)
Dividend distribution tax on above	–	(121.9)
Principal elements of lease payments	(69.4)	(68.6)
Finance cost	(21.3)	(94.8)
Net cash used in Financing Activities (C)	**(6,517.6)**	**(1,778.6)**
Net changes in Cash and Cash Equivalents (A+B+C)	**3,257.6**	**(21.1)**
Cash and Cash Equivalents at beginning of the year	1,162.5	1,183.6
Cash and Cash Equivalents at the end of the year	4,420.1	1,162.5
Net changes in Cash and Cash Equivalents	**3,257.6**	**(21.1)**

In terms of our report of even date

For **Price Waterhouse & Co Bangalore LLP**
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Chartered Accountants

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Partner
Membership No. 109846

Place: Pune
Date: May 14, 2021

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

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Finance Director & CFO
Place: Pune
Date: May 14, 2021

Ranjan Kumar
Company Secretary
Place: Pune

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

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;

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.

<u>Revenue recognition policy</u>

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

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

(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.

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.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

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.

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

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

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

Investment Properties

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

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

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

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

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 uses 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. 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,

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

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.

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 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.

Notes to the Standalone Financial Statements
as at and for the year ended March 31, 2021

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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

2(A) Significant Judgement

a) Tax Contingencies

The Company has received orders and notices from tax authorities in respect of direct taxes and indirect

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

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 35C 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, 2021

3 a) PROPERTY PLANT & EQUIPMENT

(INR in millions)

Description	Freehold Land	Building	Furniture & Fixtures*	Office Equipment	Plant & Machinery *	Vehicles	Total	Capital work in progress
Year ended March 31, 2020								
Gross carrying amount as at April 1 , 2019	269.2	557.2	131.9	66.2	3,479.5	126.6	4,630.6	621.8
Additions	–	61.0	3.6	7.2	865.5	31.8	969.1	758.0
Disposals	(0.1)	–			(12.5)	(44.2)	(56.8)	–
Transfers	–	–	–	–	–	–	–	(969.1)
Closing gross carrying amount	269.1	618.2	135.5	73.4	4,332.5	114.2	5,542.9	410.7
Accumulated Depreciation as at April 1 , 2019	–	84.6	127.7	25.5	1,672.4	50.8	1,961.0	–
Depreciation charged during the year	–	21.4	1.5	21.7	412.6	26.5	483.7	–
Disposal	–	–	–	–	(12.5)	(34.8)	(47.3)	–
Closing accumulated depreciation	–	106.0	129.2	47.2	2,072.5	42.5	2,397.4	–
Net carrying amount as at March 31, 2020	**269.1**	**512.2**	**6.3**	**26.2**	**2,260.0**	**71.7**	**3,145.5**	**410.7**
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**

* 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:

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

3 A) PROPERTY PLANT & EQUIPMENT (CONTD..)

(INR in millions)

Description	Plant & Machinery	Furniture & Fixtures
Year ended March 31, 2020		
Gross carrying amount as at April 1 , 2019	53.0	7.0
Additions	–	–
Closing gross carrying amount	53.0	7.0
Accumulated Depreciation as at April 1 , 2019	29.8	4.5
Depreciation charged during the year	7.3	0.1
Closing accumulated depreciation	37.1	4.6
Net carrying amount as at March 31, 2020	**15.9**	**2.4**
Year ended March 31, 2021		
Gross carrying amount as at April 1 , 2020	53.0	7.0
Addition	–	–
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**

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, 2021	March 31, 2020
Buildings	154.7	206.7
Total	**154.7**	**206.7**

(INR in millions)

Lease Liabilities	March 31, 2021		March 31, 2020	
	Current	Non-Current	Current	Non-Current
Buildings	73.7	102.1	85.1	133.0
Total	**73.7**	**102.1**	**85.1**	**133.0**

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)

	March 31, 2021	March 31, 2020
Depreciation charge on right-of-use assets	79.1	79.9
Interest expense (included in Finance cost)	10.5	23.9
Expense relating to short-term leases /leases of low-value assets (included in other expenses)	11.3	14.4
Total	**100.9**	**118.2**

The total cash outflow for leases for the year was INR 81.3 million (March 31, 2020 was INR 95.4 million).

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

4 INVESTMENT PROPERTIES

(INR in millions)

Description	March 31, 2021	March 31, 2020
Gross carrying amount		
Opening gross carrying amount	197.3	197.3
Additions	–	–
Closing gross carrying amount	**197.3**	**197.3**
Accumulated depreciation		
Opening accumulated depreciation	33.9	27.4
Depreciation	6.5	6.5
Closing accumulated depreciation	40.4	33.9
Net carrying amount	**156.9**	**163.4**

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

(INR in millions)

Description	March 31, 2021	March 31, 2020
Rental Income	33.9	33.8
Depreciation	6.5	6.5
Profit from Investment properties	**27.4**	**27.3**

Leasing arrangements

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

(INR in millions)

Description	March 31, 2021	March 31, 2020
Within one year	33.6	33.6
Later than one year but less than 5 year	168.0	168.0

Fair Value

(INR in millions)

Description	March 31, 2021	March 31, 2020
Investment properties	428.0	401.0

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.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

5 INTANGIBLE ASSETS

(INR in millions)

Description	Computer Software
Year ended March 31, 2020	
Gross carrying amount as at April 1 , 2019	3.8
Additions	0.4
Closing gross carrying amount	4.2
Accumulated amortization as at April 1 , 2019	2.2
Amortised during the year	1.1
Closing accumulated amortization	3.3
Net carrying amount as on March 31, 2020	**0.9**
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**

6 INVESTMENTS

(INR in millions)

Description	March 31, 2021	March 31, 2020
Investment in associate		
Sunstrength Renewables Private Limited		
309,750 equity shares (March 31, 2020 Nil) of INR 10/- each fully paid	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, 2021		March 31, 2020	
	Current	Non-Current	Current	Non-Current
Loans				
Secured, considered good				
Loan to related party *	14.6	856.0	472.1	800.0
	14.6	**856.0**	**472.1**	**800.0**

"(*) 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.

Notes to the Standalone Financial Statements
as at and for the year ended March 31, 2021

7 FINANCIAL ASSETS (CONTD..)

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.

National Company Law Tribunal (NCLT) vide its order dated 14th February 2020 approved the merger of SKF Technologies (India) Private Limited with Lincoln Helios India Limited (fellow subsidiary) where appointed date was 1st April 2018.

8 OTHER FINANCIAL ASSETS

(INR in millions)

	March 31, 2021		March 31, 2020	
	Current	Non-Current	Current	Non-Current
Security Deposits	–	99.1	–	95.5
EMD and other deposits	–	487.9	–	408.6
Other receivables :-				
Related party (refer note :- 45 (iii))	179.2	–	138.4	–
Other than related party	3.8	0.5	6.8	0.5
Interest accrued on fixed deposits with banks	9.1	–	156.7	–
	192.1	**587.5**	**301.9**	**504.6**

9 DEFERRED TAX ASSET / (LIABILITIES) NET

(INR in millions)

Description	March 31, 2021	March 31, 2020
Deferred tax assets		
Provision for employee benefits	91.3	77.0
Provision for doubtful trade receivables	47.9	48.2
Other timing differences	87.5	81.9
	226.7	**207.1**
Deferred tax liabilities		
Depreciation	(27.6)	(38.0)
	(27.6)	**(38.0)**
Net deferred tax assets	**199.1**	**169.1**

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, 2019	99.5	70.4	129.9	(71.4)	228.4
(Charged)/credited :					
- to profit and loss a/c	(53.3)	(22.2)	(48.0)	33.4	(90.1)
- to other comprehensive income	30.8	–	–	–	30.8
As at March 31, 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**

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

10 NON - CURRENT TAX ASSET /(LIABILITY) NET

(INR in millions)

Description	March 31, 2021	March 31, 2020
Tax Assets/(Liability) (net of provision)	813.9	784.8
	813.9	**784.8**

Movement of Tax

(INR in millions)

Description	March 31, 2021	March 31, 2020
Opening Balance (Tax Asset /(Liability) (Net))	784.8	457.4
Add: Taxes paid	1,056.5	1,215.1
Less: Current tax payable	(1,027.4)	(887.7)
Closing Balance	**813.9**	**784.8**

11 OTHER ASSETS

(INR in millions)

	March 31, 2021		March 31, 2020	
	Current	Non-Current	Current	Non-Current
Capital Advance	–	55.3	–	23.9
Prepaid Expenses	99.6	–	44.5	–
Advances for supply of goods and rendering of services	154.0	–	321.0	–
Export benefits / duty entitlements	106.2	–	138.4	–
Balances with Sales tax / Excise authorities	230.7	–	12.8	–
Other receivables *	–	75.1	81.0	82.8
	590.5	**130.4**	**597.7**	**106.7**

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

CURRENT ASSETS

12 INVENTORIES

(INR in millions)

Description	March 31, 2021	March 31, 2020
Raw Materials and Bought-Out Components	841.9	637.3
including material in transit INR 132.0 million (As on March 31, 2020 INR 86.2 million)		
Stores and Spares	499.0	440.8
including material in transit INR 14.7 million (As on March 31, 2020 INR 14.7 million)		
Work-in-progress	109.8	155.8
Finished Products	3,229.3	3,283.9
including material in transit INR 1659.0 million (As on March 31, 2020 INR 1412.4 million)		
	4,680.0	**4,517.8**

13 CURRENT INVESTMENT

(INR in millions)

Description	March 31, 2021	March 31, 2020
Quoted		
Investment in Government of India treasury bills	–	1,971.8
(interest rate ranging between 5 % to 6 % and maturing in less than 12 months)	**–**	**1,971.8**

Notes to the Standalone Financial Statements
as at and for the year ended March 31, 2021

14 TRADE RECEIVABLES

(INR in millions)

Description	March 31, 2021	March 31, 2020
Current		
Trade receivables other than related party	5,501.9	4,044.9
Receivables from related party (Refer note 45 (iii))	522.7	503.3
Less : Allowance for doubtful receivables	(190.2)	(191.2)
Total Receivables	**5,834.4**	**4,357.0**
Current portion	5,834.4	4,357.0
Non-current portion	–	–
Break up of security details		
Unsecured, considered good	5,834.4	4,357.0
Doubtful	190.2	191.2
Total	**6,024.6**	**4,548.2**
Allowance for doubtful debts	(190.2)	(191.2)
Total Trade receivables	**5,834.4**	**4,357.0**

15 CASH AND CASH EQUIVALENTS

(INR in millions)

Description	March 31, 2021	March 31, 2020
Cash on hand	–	0.4
Balances with Banks		
- On Current Account	206.6	237.4
- On EEFC Account	16.5	74.7
On Deposit Account (with original maturity of 3 months or less)	4,197.0	850.0
Cash & Bank Balances	**4,420.1**	**1,162.5**

16 BANK BALANCES OTHER THAN THE ABOVE

(INR in millions)

Description	March 31, 2021	March 31, 2020
Bank deposits with original maturity of more than 3 months and remaining maturity of less than 12 months.	555.8	5,000.0
Unclaimed Dividend Account*	27.2	20.4
	583.0	**5,020.4**

*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, 2021

17 EQUITY SHARE CAPITAL

Description	No of shares (in million)	Amount (INR in millions)
Authorised Equity share capital		
As at March 31, 2019	100.0	1,000.0
Changes during the year	–	–
As at March 31, 2020	100.0	1,000.0
Changes during the year	–	–
As at March 31, 2021	**100.0**	**1,000.0**
Movement in Equity share capital		
As at March 31, 2019	49.4	494.4
Changes during the year	–	–
As at March 31, 2020	49.4	494.4
Changes during the year	–	–
As at March 31, 2021	**49.4**	**494.4**

The Company has only one class of equity shares having a par value of INR 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 held by holding company and their subsidiaries

(INR in millions)

	March 31, 2021		March 31, 2020	
	Number of shares (million)	Amount	Number of shares (million)	Amount
Equity shares of INR 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

	March 31, 2021		March 31, 2020	
	Number of shares (million)	% of total shares in the class	Number of shares (million)	% of total shares in the class
Equity shares of INR 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, 2021

18 RESERVES AND SURPLUS

(INR in millions)

Particulars	March 31, 2021	March 31, 2020
General reserve	2,838.9	2,838.9
Capital redemption reserve	32.9	32.9
Retained earnings	12,271.9	15,686.3
	15,143.7	**18,558.1**
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**
Surplus (Profit and loss balance)		
At the commencement of the year	15,686.3	13,603.2
Profit for the year	2,977.3	2,889.9
Other comprehensive income recognised directly in retained earning :-		
Remeasurements of post-employment benefit obligation, net of tax	35.2	(91.6)
Less : Appropriations		
Dividend on Equity shares INR 130 per share (Previous year INR 12 per share)	(6,426.9)	(593.3)
Tax on dividend as above	–	(121.9)
Closing Balance	**12,271.9**	**15,686.3**

*** 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.

19 PROVISIONS

(INR in millions)

	March 31, 2021		March 31, 2020	
	Current	Non-Current	Current	Non-Current
Disputed statutory and other matters	–	54.0	–	54.0
Warranty	–	5.5	–	1.9
Coupons & Incentives	132.3	10.1	129.3	15.0
	132.3	**69.6**	**129.3**	**70.9**

Notes to the Standalone Financial Statements
as at and for the year ended March 31, 2021

19 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, 2019	66.5	8.4	188.5	263.4
Provision made during the year	–	4.3	349.4	353.7
Provision utilised during the year	–	(10.8)	(303.7)	(314.5)
Reversal of provision during the year	(12.5)	–	(89.9)	(102.4)
As on March 31, 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**

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.

20 EMPLOYEE BENEFIT OBLIGATION

(INR in millions)

	March 31, 2021		March 31, 2020	
	Current	Non-Current	Current	Non-Current
Compensated absences	54.5	285.6	66.0	272.2
Provision for Gratuity (Refer note 38)	–	–	161.5	–
	54.5	**285.6**	**227.5**	**272.2**

FINANCIAL LIABILITIES

21 TRADE PAYABLES

(INR in millions)

Particulars	March 31, 2021	March 31, 2020
Current		
(i) Outstanding dues of micro and small enterprises (refer note 40)	1.3	1.2
(ii) Outstanding dues of creditors other than micro and small enterprises & related parties	1,633.4	1,298.9
(iii) Payable to related parties (Refer note 45(iii))	4,134.2	2,820.0
	5,768.9	**4,120.1**

Notes to the Standalone Financial Statements
as at and for the year ended March 31, 2021

22 OTHER CURRENT FINANCIAL LIABILITIES

(INR in millions)

	March 31, 2021	March 31, 2020
Salaries and Incentives	271.7	189.6
Liabilities for dealer incentives	358.4	216.3
Unclaimed dividend *	27.1	20.4
Payables on account of capital purchases	68.3	17.3
Other liabilities **	48.4	42.3
	773.9	**485.9**

* There is no amount due and outstanding as at the balance sheet to be credited to Investor Education and Protection Fund
** includes amount payable towards retention amount for trade payables, etc.

23 OTHER CURRENT LIABILITIES

(INR in millions)

	March 31, 2021	March 31, 2020
Statutory dues payable	124.0	95.5
Advances received from customers	3.8	21.6
	127.8	**117.1**

24 REVENUE FROM OPERATIONS

(INR in millions)

	For year ended March 31, 2021	For year ended March 31, 2020
Revenue from contracts with customers :-		
Sale of products :-		
Manufactured goods	14,661.5	14,673.5
Traded goods	11,257.0	12,987.2
Sale of products (total)	25,918.5	27,660.7
- Sale of services	410.9	297.9
Other operating revenue :-		
Scrap sales	25.3	27.7
Technical and other service income	279.3	296.0
Miscellaneous Operating Income (includes export benefits etc)	73.3	133.5
	26,707.3	**28,415.8**

25 OTHER INCOME

(INR in millions)

	For year ended March 31, 2021	For year ended March 31, 2020
Interest Income from Financial assets at amortised cost		
- Fixed deposits with banks	223.0	467.1
- On loan given to related party	65.5	108.5
Rental income	33.9	33.8
Discount on license purchased	5.4	23.0
Miscellaneous Income	22.7	55.6
Profit on sale of Assets (net) *	11.8	351.2
	362.3	**1,039.2**

* includes profit of INR 349 MINR towards sale of unused land during the year ended March 31, 2020 for a consideration of INR 354.6 million.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

26 COST OF MATERIAL CONSUMED

(INR in millions)

	For year ended March 31, 2021	For year ended March 31, 2020
Inventory at the beginning of the year	637.3	833.3
Purchases during the year	6,152.7	5,832.0
Inventory at the end of the year	841.9	637.3
Cost of material consumed	5,948.1	6,028.0

27 PURCHASE OF STOCK IN TRADE

(INR in millions)

	For year ended March 31, 2021	For year ended March 31, 2020
Purchases of traded goods	9,563.7	12,032.2
	9,563.7	**12,032.2**

28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(INR in millions)

	For year ended March 31, 2021	For year ended March 31, 2020
Increase in inventory of finished goods :		
Opening inventory	1,315.9	1,509.0
Less : Closing inventory	1,424.8	1,315.9
	(108.9)	**193.1**
Increase in inventory of work in progress :		
Opening inventory	155.8	120.1
Less : Closing inventory	109.8	155.8
	46.0	**(35.7)**
Increase in inventory of traded goods :		
Opening inventory	1,968.0	1,655.6
Less : Closing inventory	1,804.5	1,968.0
	163.5	**(312.4)**
	100.6	**(155.0)**

29 EMPLOYEE BENEFITS

(INR in millions)

	For year ended March 31, 2021	For year ended March 31, 2020
Salaries, Wages and Bonus	1,932.0	1,838.4
Contribution to Provident and Other Funds (refer note 38)	126.4	122.8
Gratuity (refer note 38)	37.6	39.2
Leave compensation	41.7	87.8
Welfare Expenses	325.4	308.4
	2,463.1	**2,396.6**

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

30 DEPRECIATION AND AMORTISATION

(INR in millions)

	For year ended March 31, 2021	For year ended March 31, 2020
Depreciation of Property, Plant & Equipment	492.9	483.7
Depreciation on right-of-use assets	79.1	79.9
Amortisation of Intangible assets	1.0	1.1
Depreciation of Investment property	6.5	6.5
	579.5	**571.2**

31 OTHER EXPENSES

(INR in millions)

	For year ended March 31, 2021	For year ended March 31, 2020
Consumption of stores and spare parts	734.5	690.4
Power and Fuel	432.1	477.8
Repairs and maintenance		
Building	30.7	21.7
Machinery	425.4	406.0
Royalty	429.4	438.8
IT Services	549.8	517.9
Trade mark fees	274.0	279.0
Rental charges	11.3	14.4
Insurance	32.8	32.0
Rates and Taxes	16.2	(2.7)
Travel and conveyance	113.0	258.7
Legal and professional fees	232.5	331.5
Payment to auditors (Refer note below)	7.3	7.3
Advertising and sales promotion	32.7	97.9
Logistic Cost	360.6	338.7
Provision for doubtful trade receivables	48.5	0.6
Bad debts written off	–	–
Directors' Commission / Sitting Fees	4.0	4.3
Expenditure incurred for Corporate Social Responsibility (Refer note below)	89.8	90.3
Net Exchange Loss	86.0	157.4
Miscellaneous expenses	519.8	457.5
	4,430.4	**4,619.5**

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

31 OTHER EXPENSES (CONTD...)

(INR in millions)

	For year ended March 31, 2021	For year ended March 31, 2020
Note : Payments to auditors		
As auditor		
- Statutory audit	4.1	4.1
- Tax audit	0.9	0.9
- Other audit services	2.3	2.3
Reimbursement of expenses		
	7.3	**7.3**
Corporate social responsibility expenditure		
Contribution towards Education	34.4	54.3
Contribution towards Women Empowerment	31.1	16.1
Others	24.3	19.9
Total	**89.8**	**90.3**
Amount required to be spent as per Section 135 of the Act	88.5	90.1
Amount spent during the year on		
(i) Construction/acquisition of an Assets	-	-
(ii) On purpose other than (i) above	89.8	90.3
	89.8	**90.3**

Details of ongoing CSR projects under Section 135 (6) of the Act

(INR in millions)

Balance as at April 1, 2020		Amount required to be spent during the year	Amount spent during the year		Balance as at March 31, 2021	
With the company	In separate CSR unspent account		From the company bank account	From separate CSR unspent account	With the company	In separate CSR unspent account
-	-	88.5	89.8	-	-	-

32 FINANCE COST

(INR in millions)

	For year ended March 31, 2021	For year ended March 31, 2020
Interest on Pre shipment rupee export credit loan	7.5	70.9
Interest and finance charges on lease liability	13.8	23.9
	21.3	**94.8**

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

33 INCOME TAX EXPENSE

(INR in millions)

	For year ended March 31, 2021	For year ended March 31, 2020
(a) Current Tax		
Current tax on profit during the year	1,052.8	901.5
Adjustments for current tax of prior periods	(25.4)	(13.8)
Total Current Tax expense	**1,027.4**	**887.7**
Deferred Tax		
Deferred tax expense	(41.8)	90.1
Income tax expense	**985.6**	**977.8**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit from continuing operations before income tax expense	3,962.9	3,867.7
Tax at the Indian tax rate of 25.17 %	997.5	973.5
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Adjustments for current tax of prior periods	(25.4)	(13.8)
Tax on capital gain	–	(67.0)
Opening Deferred tax reversal due to change in tax rate	–	64.0
Others	13.5	21.1
Income tax expense	**985.6**	**977.8**
(c) Tax impact of remeasurement of post employment benefits obligation recognised in OCI	(11.8)	30.8

FAIR VALUE MEASUREMENT

34. FINANCIAL INSTRUMENTS BY CATEGORY

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

(INR in millions)

	March 31, 2021		March 31, 2020	
	Amortised Cost	Carrying Amount	Amortised Cost	Carrying Amount
Financial assets				
Investment in Government securities	–	–	1,971.8	1,971.8
Trade receivables	5,834.4	5,834.4	4,357.0	4,357.0
Cash and bank balances	5,003.1	5,003.1	6,182.9	6,182.9
Loan to related party	870.6	870.6	1,272.1	1,272.1
Other Financial assets	779.6	779.6	806.5	806.5
Total Financial Assets	**12,487.7**	**12,487.7**	**14,590.3**	**14,590.3**
Financial Liabilities				
Trade Payables	5,768.9	5,768.9	4,120.1	4,120.1
Other Financial Liabilities	773.9	773.9	485.9	485.9
Total Financial Liabilities	**6,542.8**	**6,542.8**	**4,606.0**	**4,606.0**

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.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

34 FINANCIAL INSTRUMENTS BY CATEGORY (CONTD..)

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 2021

(INR in millions)

	Level 1	Level 2	Level 3	Total March 31, 2021
Financial assets				
Investment in Government securities	–	–	–	–
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**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at 31st March 2020

(INR in millions)

	Level 1	Level 2	Level 3	Total March 31, 2020
Financial assets				
Investment in Government securities	1,971.8	–	–	1,971.8
Trade receivables	–	–	4,357.0	4,357.0
Cash and bank balances	–	–	6,182.9	6,182.9
Loan to related party	–	–	1,272.1	1,272.1
Other Financial assets	–	–	806.5	806.5
Total Financial assets	**1,971.8**	**-**	**12,618.5**	**14,590.3**
Financial Liabilities				
Trade Payables	–	–	4,120.1	4,120.1
Other Financial Liabilities	–	–	485.9	485.9
Total Financial liabilities	**-**	**-**	**4,606.0**	**4,606.0**

(ii) Valuation processes

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

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

35 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 44 for COVID-19 assessment.

(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 .

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

(INR in millions)

	March 31, 2021	March 31, 2020
Financial Assets		
Trade Receivables		
EURO	82.0	70.1
USD	200.1	117.2
SEK	171.5	85.6
SGD	57.7	82.1
CNY	81.9	48.6
AUD	4.8	31.4
Total exposure to foreign currency assets	**598.0**	**435.0**
Bank balance in EEFC		
EURO	0.0	-
USD	15.2	72.3
Total exposure to foreign currency assets	**613.2**	**507.3**
Financial Liabilities		
Trade Payables		
EURO	2,645.0	2,384.6
USD	763.0	166.7
SEK	1.6	1.7
GBP	0.2	0.4
YEN	14.4	13.2
CHF	1.7	1.5
CNY	12.3	
Total exposure to foreign currency risk (liabilities)	**3,438.2**	**2,568.1**

Notes to the Standalone Financial Statements
as at and for the year ended March 31, 2021

35 FINANCIAL RISK MANAGEMENT (CONTD..)

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)

	Impact on profit after tax	
	March 31, 2021	March 31, 2020
EURO sensitivity		
INR/EURO increased by 5 %	(128.1)	(115.7)
INR/EURO decreased by 5 %	128.1	115.7
USD sensitivity		
INR/USD increased by 5 %	(28.1)	(2.5)
INR/USD decreased by 5 %	28.1	2.5
SEK sensitivity		
INR/SEK increased by 5 %	8.5	4.2
INR/SEK decreased by 5 %	(8.5)	(4.2)
SGD sensitivity		
INR/SGD increased by 5 %	2.9	4.1
INR/SGD decreased by 5 %	(2.9)	(4.1)

iii) Interest rate risk

The Company's borrowings are carried at amortised cost.

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.

(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)

31-Mar-2021	Less than 1 year	1-3 years	Over 3 years
Lease Liabilities	65.0	85.2	50.1
Total liabilities	65.0	85.2	50.1

All the financial liabilities as on March 31, 2021 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.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

35 FINANCIAL RISK MANAGEMENT (CONTD..)

(C) Credit risk

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

Credit risk management

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

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

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

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

Exposure to credit risk

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

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.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

35 FINANCIAL RISK MANAGEMENT (CONTD..)

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)

	As at March 31, 2021			As at March 31, 2020		
	Gross	Allowance	Net	Gross	Allowance	Net
Trade receivables						
Period (in months)						
Not due	4,957.3	–	4,957.3	2,890.3	–	2,890.3
Overdue up to 3 months	877.1	–	877.1	1,466.7	–	1,466.7
Overdue 3-6 months	83.4	(83.4)	–	31.8	(31.8)	–
Overdue more than 6 months	106.8	(106.8)	–	159.4	(159.4)	–
Total	**6,024.6**	**(190.2)**	**5,834.4**	**4,548.2**	**(191.2)**	**4,357.0**

Reconciliation of loss allowance provision – Trade receivables

(INR in millions)

	Amount
Loss allowance on April 1, 2019	201.3
Change in loss allowance	(10.1)
Loss allowance on March 31, 2020	191.2
Change in loss allowance	(1.0)
Loss allowance on March 31, 2021	**190.2**

36 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.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

36 CAPITAL MANAGEMENT (CONTD..)

(b) Dividends

(INR in millions)

	March 31, 2021	March 31, 2020
i) Equity shares		
Dividend paid		
March 31, 2020 (INR 130 per share)	6,426.9	
March 31, 2019 (INR 12 per share)		593.3
DDT on dividend		121.9
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 INR 14.50 per fully paid equity share (Special Dividend 31 March 2020 – INR 130). This proposed dividend is subject to the approval of shareholders in the Annual General meeting.	716.9	6,426.9

37 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, 2021	For year ended March 31, 2020
Profit attributable to Equity Shareholders (Rupees in million)	2,977.3	2,889.9
Basic/Weighted average number of Equity Shares outstanding during the year	49,437,963	49,437,963
Nominal value of Equity Shares (INR)	10.0	10.0
Basic Earnings per share (INR)	60.2	58.5
Diluted Earnings per share (INR)	60.2	58.5

38 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, 2021	For year ended March 31, 2020
Employee Provident Fund - Regional Provident Fund Contribution	39.0	38.0
Superannuation fund	35.7	34.7
	74.7	**72.7**

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

38 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD..)

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, 2019	918.3	846.3	72.0
Current service cost	35.8	–	35.8
Interest cost/income	65.7	62.3	3.4
Total amount recognised in profit & loss	**101.5**	**62.3**	**39.2**
Remeasurements			
Return on plan assets less interest on plan assets	–	21.3	(21.3)
(Gain)/loss from change in financial assumptions	63.2	–	63.2
Experience (gains)/losses	80.5	–	80.5
Total amount recognised in other comprehensive income	**143.7**	**21.3**	**122.4**
Employer contributions	–	72.1	(72.1)
Benefit payments	(85.0)	(85.0)	–
Closing balance as on March 31, 2020	**1,078.5**	**917.0**	**161.5**
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)**
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)**

The net liability disclosed above relates to funded and unfunded plans are as follows:

(INR in millions)

	March 31, 2021	March 31, 2020
Present value of funded obligations	1,023.1	1,078.5
Fair value of plan assets	1,032.3	917.0
Deficit / (Surplus) of funded plan	(9.2)	161.5

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

38 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD..)

Principal actuarial assumptions used as at the reporting date:

The significant actuarial assumptions were as follows:

	March 31, 2021	March 31, 2020
Discount rate	6.45%	6.65%
Salary growth rate		
for Management	9.50%	10.00%
for Non-Management	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, 2021 is Nil.

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, 2019	1,873.1	1,873.1	-
Current service cost	44.4	-	44.4
Interest cost/income	138.4	138.4	-
Total amount recognised in profit & loss	**182.8**	**138.4**	**44.4**
Remeasurements			
Return on plan assets less interest on plan assets	-	49.4	(49.4)
(Gain)/loss from change in financial assumptions	12.1	-	12.1
Experience (gains)/losses	37.3	-	37.3
Total amount recognised in other comprehensive income	**49.4**	**49.4**	**(0.1)**
Employer contributions	-	44.4	(44.4)
Employee contributions	125.9	125.9	-
Assets Distributed on Settlements / acquired on acquisition	22.8	22.8	-
Benefit payments	(217.2)	(217.2)	-
Closing balance as on March 31, 2020	**2,037.0**	**2,037.0**	**-**

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

38 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD..)

ii) Provident Fund

(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**	**–**

The net liability disclosed above relates to funded and unfunded plans are as follows:

(INR in millions)

	March 31, 2021	March 31, 2020
Present value of funded obligations	2,217.3	2,037.0
Fair value of plan assets	2,217.3	2,037.0
Deficit of funded plan	–	–

Principal actuarial assumptions used as at the reporting date:

The significant actuarial assumptions were as follows:

	March 31, 2021	March 31, 2020
Discount rate	6.45%	6.65%
Expected rate of return on plan assets	8.32%	8.24%
Discount rate for the remaining term to maturity of the investment	6.40%	6.65%
Average historic yield on the investment	8.27%	8.24%
Guaranteed rate of return	8.50%	8.50%

III Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(INR in millions)

			Impact on defined benefit obligation					
	Change in assumption		Increase in Valuation			Decrease in Valuation		
	March 31, 2021	March 31, 2020		March 31, 2021	March 31, 2020		March 31, 2021	March 31, 2020
Discount rate - Gratuity	0.50%	0.50%	Decrease by	2.90%	3.00%	Increase by	3.05%	3.16%
Salary growth rate - Gratuity	0.50%	0.50%	Increase by	3.02%	3.13%	Decrease by	2.90%	3.00%
RPFC guaranteed rate	0.50%	0.50%	Increase by	1.95%	3.18%	Decrease by	0.00%	0.82%

Notes to the Standalone Financial Statements
as at and for the year ended March 31, 2021

38 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD..)

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)

	As at March 31, 2021				As at March 31, 2020			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Debt instruments								
Corporate bonds	48.8	–	48.8	5%	59.9	–	59.9	7%
Government of India securities	128.4	–	128.4	12%	147.9	–	147.9	16%
Sub Total	177.2	–	177.2	–	207.8	–	207.8	–
Insurer Fund	897.6	–	897.6	87%	749.4	–	749.4	82%
Others *	–	(42.5)	(42.5)	-4%	–	(40.2)	(40.2)	-4%
Total	**1,074.8**	**(42.5)**	**1,032.3**	**100%**	**957.2**	**(40.2)**	**917.0**	**100%**

* Includes payable to SKF India Limited

(b) The major categories of plans assets for Provident Fund are as follows:

(INR in millions)

	As at March 31, 2021				As at March 31, 2020			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Equity instruments	122.5	–	122.5	6%	63.0	–	63.0	3%
Debt instruments								
Corporate bonds	961.1	–	961.1	43%	923.6	–	923.6	45%
Government of India securities	1,054.2	–	1,054.2	48%	971.8	–	971.8	48%
Sub Total	2,015.3	–	2,015.3	-	1,895.4	–	1,895.4	-
Others	–	79.5	79.5	4%	–	78.6	78.6	4%
Total	**2,137.8**	**79.5**	**2,217.3**	**100%**	**1,958.4**	**78.6**	**2,037.0**	**100%**

The weighted average duration of the defined benefit obligation is 5.94 years (2020 – 6.21 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, 2021					
Defined benefit obligation	139.1	217.0	348.1	893.9	1,598.1
March 31, 2020					
Defined benefit obligation	**137.5**	**216.9**	**368.1**	**1,011.9**	**1,734.4**

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

38 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD..)

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.

39 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

a) Contingent liabilities:

(INR in millions)

	March 31, 2021	March 31, 2020
Claims against the Company not acknowledged as debts		
(i) Income-tax *	2,475.3	2,039.3
(ii) Excise duty	221.7	221.7
(iii) Sales tax	243.1	190.5
(iv) Others	65.7	59.8
	3,005.8	**2,511.3**

* Including interest of MINR 742 as per the demand order.

In addition to above, during the year the company has received a Draft assessment order for financial year 2016-17 (Assessment year 2017-18) u/s 143(3) read with section 144C of the Income Tax Act, 1961 ("Act") from the Assessing officer proposing an adjustment of INR 667.43 million towards Transfer Pricing addition resulting from the Transfer Pricing order under section 92CA(3) of the Act and an adjustment of INR 0.09 million towards income tax issue. Thus, the total addition of INR 667.52 million has been proposed in draft assessment order. Upon receipt of the draft assessment order, the company

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

39 CONTINGENT LIABILITIES AND COMMITMENTS (CONTD..)

a) Contingent liabilities:

shall prefer the option to file its objections with Dispute resolution panel under section 144C of the Act. Subsequent to filing of appeal with the Dispute resolution panel, the matter shall be heard and directions shall be issued to the Assessing officer who shall, in conformity with the directions, pass the final order under section 144C(13) of the Act. Given the fact that the company has not received final assessment order and that the hearings are pending before the Dispute resolution panel, the management is of the opinion that there is no tax liability against the company as on the balance sheet date.

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, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	251.2	384.4
	251.2	**384.4**

40 DUES TO MICRO AND SMALL SUPPLIERS

(INR in millions)

	March 31, 2021	March 31, 2020
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.3	1.2
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	9.7	6.0
Principal amount paid to suppliers registered under the MSMED Act beyond the appointed day during the year	582.5	51.5
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	5.6	0.5
Further interest remaining due and payable for earlier years	4.2	5.5

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, 2021 and year ended March 31, 2020.

Notes to the Standalone Financial Statements
as at and for the year ended March 31, 2021

41 SEGMENT INFORMATION

The Company is of the view that it operates in a single segment viz. 'Bearings' . The Chief operating decision maker assess the result at Company level. This is in accordance with Accounting Standard IND AS 108 , 'Segment Reporting' issued under Companies (Accounting Standards) Rules, 2015.

Information about geographical segments

(INR in millions)

	March 31, 2021	March 31, 2020
Segment revenue		
Within India	24,673.9	25,386.0
Outside India	2,033.4	3,029.8
	26,707.3	**28,415.8**
Segment assets *		
Within India	5,069.2	4,818.7
Outside India	–	–
	5,069.2	**4,818.7**

* Non Current Assets excludes Deferred Tax assets and Financial Instruments

42 THE COMPANY HAS FACILITY FROM BANKS FOR

Working capital / working capital demand loans amounting to 200 MINR are secured by pari passu charge of :

a) all tangible movable properties and assets , both present and future, including stocks of Raw Materials, Semi-finished goods and Finished goods, excluding movable Machinery Spares, Tools and Accessories and Stores and Spares.

b) all present and future Book Debts outstanding, Monies receivable, Claims and Bills.

43 IND AS 115 :- REVENUE FROM CONTRACTS WITH CUSTOMERS

(INR in millions)

	March 31, 2021	March 31, 2020
Reconciliation of revenue with contract price :-		
Revenue as per statement of Profit and Loss A/c.	26,707.3	28,415.8
Add: Incentive/rebates etc	564.4	1,093.9
Add: Discounts	14.5	27.6
Add: Liquidated damages	8.4	34.8
Contract price	27,294.6	29,572.1

44 The first wave of COVID-19 severely impacted businesses globally including in India particularly in the quarter ended June 30, 2020. The Company had resumed its operations and witnessed an upside in demand and consequent revenues from July 2020. The Company has considered the possible effects that may result from the COVID-19 pandemic and has also taken into account external and internal information for assessing the possible impact of COVID-19 in the preparation of the financial statements including the recoverability of carrying amounts of financial and non-financial assets and has concluded that there are no material adjustments required in the financial statements. The Company will continue to closely monitor the evolving second wave of COVID-19 for any material changes to the future economic conditions which may have an impact on the operations of the Company.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

45 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

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.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

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

Sr. No.	Name of the Related Party
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
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.
	Key Management Personnel
1	Mr Manish Bhatnagar
2	Ms H. Hattangady (upto April 1, 2019)
3	Mr P. M. Telang (upto May 15, 2019)
4	Mr P.R. Menon (upto May 15, 2019)
5	Mr Rakesh Makhija (upto May 15, 2019)
6	Mr Gopal Subramanyam (from May 16, 2019)
7	Ms Anu Wakhlu (from May 16, 2019)
8	Mr Aldo Cedrone (from May 17, 2019)
9	Mr Bernd Stephan
10	Mr Werner Hoffman (from August 21, 2019)
	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, 2021

45 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, 2021		For year ended March 31, 2020	
		Amount	Amount	Amount	Amount
A	**Purchases**				
i	Raw Materials, components, spares and Finished Goods	**8,700.6**		**11,211.2**	
	SKF GMBH		2,111.8		3,177.5
	SKF Engineering and Lubrication India Private Limited		1,511.6		2,136.6
	SKF Asia Pacific Pte Ltd		840.7		1,714.9
	SKF Industrie S.p.A		769.3		952.2
	Others		3,467.2		3,230.0
ii	Property, Plant and Equipment	**138.4**		**26.3**	
	SKF Shanghai Bearings Co Ltd		85.1		–
	SKF Osterreich AG		48.0		15.6
	SKF USA Inc.		4.2		3.4
	Others		1.1		7.3
B	**Services received**				
i	Administrative and Service Fees	**26.5**		**39.1**	
	SKF International AB		8.9		10.9
	SKF Engineering and Lubrication India Private Limited		0.5		10.5
	Others		17.1		17.7
ii	IT services	**292.8**		**270.7**	
	AB SKF		292.8		270.7
C	**Royalty**	**429.4**		**438.8**	
	AB SKF		429.4		438.8
D	**Trade Mark Fees**	**274.0**		**279.0**	
	AB SKF		274.0		279.0
E	Sales				
i	Goods and Services	**1,754.1**		**2,733.8**	
	SKF International AB EDC		294.2		301.6
	SKF USA Inc.		274.5		274.3
	SKF Distribution Shanghai Co Ltd		269.7		518.3
	SKF GMBH		251.0		320.3
	SKF Asia Pacific Pte Ltd		158.3		378.6
	Others		506.4		940.7
ii	Technical and other service income	**279.3**		**296.0**	
	AB SKF		277.7		296.0
	Others		1.6		–

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

(INR in millions)

Sr. No.	Nature of transaction / relationship / major parties	For year ended March 31, 2021		For year ended March 31, 2020	
		Amount	Amount	Amount	Amount
F	**Other Income**				
i	Rent Income	**33.9**		**33.8**	
	SKF Engineering and Lubrication India Private Limited		33.9		33.8
ii	Commission Income	**1.1**		**1.4**	
	SKF Asia Pacific Pte Ltd		1.1		1.4
G	**Reimbursements**				
i	Received	**123.8**		**94.6**	
	SKF Engineering and Lubrication India Private Limited		79.1		64.3
	Others		44.7		30.3
ii	Paid	**9.3**		**15.1**	
	SKF Engineering and Lubrication India Private Limited		4.5		2.0
	SKF Industries SPA		2.4		3.0
	Others		2.4		10.1
H	**Inter Corporate Loan & Interest**				
i	Loan Received Back	**394.0**		**175.0**	
	SKF Engineering and Lubrication India Private Limited		394.0		175.0
ii	Interest Income on Loan	**65.5**		**108.5**	
	SKF Engineering and Lubrication India Private Limited		65.5		108.5
I	**Dividend Paid**	**3,378.9**		**311.9**	
	AB SKF		2,946.6		272.0
	SKF (UK) Ltd.		406.8		37.6
	SKF Forvaltning AB		25.5		2.4
J	**Managerial Remuneration :-**	**30.4**		**27.3**	
	Short-term employee benefits		28.8		23.4
	Long-term employee benefits		1.6		3.9
K	**Payment to Directors**	**4.0**		**4.3**	
	Sitting fees & Commission		4.0		4.3
L	**Investment in equity shares of Associate Company**	**24.8**		**-**	
	Sunstrength Renewables Private Limited		24.8		-
M	**Employees' Benefit plans where there is Significant influence**				
i	Contributions Paid	**367.3**		**275.3**	
	SKF India Limited Provident Fund Scheme		171.1		170.3
	SKF Bearings India Limited Superannuation Scheme		31.2		29.8
	SKF Bearings India Limited Bangalore Superannuation Scheme		3.5		3.1
	SKF Bearings India Limited Employees Gratuity Fund		161.5		72.1
ii	Reimbursements Received For Settlements	**122.9**		**110.2**	
	SKF Bearings India Limited Employees Gratuity Fund		122.9		105.6
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		-		4.6

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2021

45 RELATED PARTY DISCLOSURES (CONTD..)

(iii) Amount due to/from related parties

(INR in millions)

Sr. No.	Nature of transaction / relationship	March 31, 2021		March 31, 2020	
		Amount	Amount	Amount	Amount
1	**Accounts receivable**	**522.7**		**503.3**	
	SKF International AB		513.5		396.5
	Others		9.2		106.8
2	**Other receivable**	**111.9**		**75.3**	
	AB SKF		101.0		66.8
	Others		10.9		8.5
3	**Accounts payable**	**4,134.1**		**2,820.0**	
	SKF International AB		2,815.2		2,463.4
	AB SKF		226.3		159.9
	Others		1,092.6		196.7
4	**Loan (including interest accrued)**	**870.6**		**1,272.1**	
	SKF Engineering and Lubrication India Private Limited		870.6		1,272.1
5	**Employees' Benefit plans where there is Significant influence**				
	Other Receivable	**67.3**		**63.1**	
	SKF Bearings India Limited Employees Gratuity Fund		50.0		62.1
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		17.3		1.1
	Other Payable	**-**		**161.5**	
	SKF Bearings India Limited Employees Gratuity Fund		-		117.1
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		-		44.4
6	**Director's commission**	**1.6**	**1.6**	**2.9**	**2.9**

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 14, 2021

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

Gopal Subramanyam
Chairman
Place:- Bengaluru

Manish Bhatnagar
Managing Director
Place :- Pune

Anurag Bhagania
Finance Director & CFO
Place: Pune
Date: May 14, 2021

Ranjan Kumar
Company Secretary
Place: Pune

Consolidated Financial Statements

Independent Auditor's 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 43 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2021 and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (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, 2021, 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 ICAI 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 from the unaudited financial information as certified by the management and referred to in sub-paragraph 16 of the Other Matters paragraph 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 37 and 2(A) of the 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 2015-16. The demand (including interest of INR 742 million as per the demand order) on these matters is INR 2,403 million, which have been disclosed as Contingent Liabilities in the financial statements. The Company has filed appeals against the above orders with appropriate tax authorities. The management's assessment as supported by their tax experts' views, is that no provision is required against these matters. The assessment of outcome from and the need for provisions in case of an unfavourable outcome is an area of significant judgement involving the tax expert as well as 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 litigations and testing their operating effectiveness; • Verification of the supporting documents such as agreements and invoices pertaining to the group costs incurred by the Company. • Discussion 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 experts and the submissions made by the Company to tax authorities, with the involvement of auditors' 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 financial statements. On the basis of the above procedures performed, we observed the management's assessment of the contingent liabilities relating to litigations 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 Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

6. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. 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

8. 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 companies included in 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 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.

9. 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.

10. 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

11. 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.

12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 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 entity included in the consolidated financial statements of which we are the independent auditors.

13. 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.

14. 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.

15. 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

16. The consolidated financial statements also include the Company's share of loss of INR (0.4) million and total comprehensive income (comprising of loss and other comprehensive income) of INR (0.4) million for the year ended March 31, 2021 as considered in the consolidated financial statements, in respect of an associate company, 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 company 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

17. 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), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement 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, 2021 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2021 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 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 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 and its associate – Refer Note 37 and 43 to the consolidated financial statements.

        ii. The Company and its associate has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company and its associate did not have any derivative contracts as at March 31, 2021.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its associate company incorporated in India during the year ended March 31, 2021.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.

18. 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. The provisions of Section 197 read with Schedule V to the Act are not applicable to associate company.

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

Amit Borkar
Partner
Membership Number: 109846
UDIN: 21109846AAAAEH3707

Place: Pune
Date: May 14, 2021

Annexure A to Independent Auditors' Report

REFERRED TO IN PARAGRAPH 17 (F) OF THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF SKF INDIA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 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, 2021, 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 company, 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 company 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 respective 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 respective 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.

Auditor's 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Amit Borkar
Partner
Membership Number 109846
UDIN: 21109846AAAAEH3707

Place: Pune
Date: May 14, 2021

Consolidated Balance Sheet

(INR in millions)

Particulars	Notes	As at March 31, 2021
ASSETS		
Non-current Assets		
Property, plant and equipment	3 (a)	3,138.3
Right-of-use assets	3 (b)	154.7
Capital Work-in-progress	3 (a)	647.6
Investment properties	4	156.9
Intangible assets	5	2.6
Investments accounted for using the equity method	43	24.4
Financial assets		
Loans	6	856.0
Others Financial assets	7	587.5
Deferred tax assets (net)	8	199.1
Non-Current Tax Assets (net)	9	813.9
Other non-current assets	10	130.4
Total non-current assets		**6,711.4**
Current Assets		
Inventories	11	4,680.0
Financial Assets		
Trade receivables	12	5,834.4
Cash and cash equivalents	13	4,420.1
Bank balance other than above	14	583.0
Loans	6	14.6
Others Financial assets	7	192.1
Other Current Assets	10	590.5
Total current assets		**16,314.7**
TOTAL ASSETS		**23,026.1**
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	15	494.4
Other Equity		
Reserves and surplus	16	15,143.3
Total Equity		**15,637.7**
LIABILITIES		
Non-current liabilities		
Financial Liabilities		
Lease Liabilities	3 (b)	102.1
Provisions	17	69.6
Employee benefit obligation	18	285.6
Total non-current liabilites		**457.3**
Current Liabilities		
Financial Liabilities		
Lease Liabilities	3 (b)	73.7
Trade Payables	19	
Outstanding dues of micro and small enterprises		1.3
Outstanding dues other than micro and small enterprises		5,767.6
Other Financial liabilities	20	773.9
Provisions	17	132.3
Employee benefit obligations	18	54.5
Other current liabilites	21	127.8
Total current liabilities		**6,931.1**
Total Liabilities		**7,388.4**
TOTAL EQUITY AND LIABILITIES		**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 14, 2021

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

Gopal Subramanyam
Chairman
Place:- Bengaluru

Manish Bhatnagar
Managing Director
Place :- Pune

Anurag Bhagania
Finance Director & CFO

Place: Pune
Date: May 14, 2021

Ranjan Kumar
Company Secretary

Place: Pune

Consolidated Statement of Profit and Loss

(INR in millions)

Particulars	Notes	Year ended March 31, 2021
1 Revenue from Operations	22	26,707.3
Other Income	23	362.3
Total Income		**27,069.6**
2 Expenses		
(a) Cost of materials consumed	24	5,948.1
(b) Purchases of stock-in-trade	25	9,563.7
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	26	100.6
(d) Employee benefits expense	27	2,463.1
(e) Depreciation and amortisation expense	28	579.5
(f) Other expense	29	4,430.4
(g) Finance cost	30	21.3
Total Expenses		**23,106.7**
3 Profit before Tax		**3,962.9**
4 Share of net profit/(loss) of associate accounted for using the equity method		**(0.4)**
5 Income tax expense :	31	
Current tax		1,052.8
Deferred tax charge / (credit)		(41.8)
Short / (excess) tax provision for earlier years		(25.4)
Total tax expense		985.6
6 Profit for the year		**2,976.9**
7 Other comprehensive income, net of tax -		
Items that will not be reclassified to profit and loss		
Remeasurement of post employment benefits obligation		47.0
Income tax (charge) / credit relating to these items		(11.8)
Other comprehensive income for the year (net of tax)		**35.2**
8 Total comprehensive income for the year (6 + 7)		**3,012.1**
9 Earnings per equity share [nominal value of share INR 10 (previous year : INR 10)]		
Basic and Diluted EPS	35	60.2
Significant accounting policies	1	
Critical accounting estimates and judgements	2	

The accompaning notes are an integral part of these financial statements

In terms of our report of even date

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 14, 2021

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

Gopal Subramanyam
Chairman
Place:- Bengaluru

Manish Bhatnagar
Managing Director
Place :- Pune

Anurag Bhagania
Finance Director & CFO

Place: Pune
Date: May 14, 2021

Ranjan Kumar
Company Secretary

Place: Pune

Consolidated Statement of Changes in Equity

A) EQUITY SHARE CAPITAL

(INR in millions)

Particulars	Notes	
Balance as at March 31, 2020		494.4
Changes during the year	15	–
Balance as at March 31, 2021		**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 (INR 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**

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

In terms of our report of even date

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

Amit Borkar
Partner
Membership No. 109846

Place: Pune
Date: May 14, 2021

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

Gopal Subramanyam
Chairman
Place:- Bengaluru

Manish Bhatnagar
Managing Director
Place :- Pune

Anurag Bhagania
Finance Director & CFO
Place: Pune
Date: May 14, 2021

Ranjan Kumar
Company Secretary
Place: Pune

Consolidated Statement of Cash Flows

(INR in millions)

Particulars	For the year ended March 31, 2021
A. Cash flow from Operating Activities	
Profit before tax	3,962.9
Adjusted for :	
Depreciation and amortisation	579.5
Allowance for doubtful receivables	48.5
Profit on sale of fixed assets (net)	(11.8)
Finance cost	21.3
Interest income	(288.5)
	349.0
Operating Profit before working capital changes	4,311.9
Adjusted for :	
Decrease / (increase) in inventories	(162.2)
Decrease / (increase) in trade receivables	(1,525.9)
Decrease / (increase) in current & non-current assets	(105.9)
(Decrease) / increase in trade payables	1,648.8
(Decrease) / increase in other liabilities and provisions	129.4
	(15.8)
Cash generated from operations	4,296.1
Income taxes paid	(1,056.5)
Net cash flow from Operating Activities (A)	**3,239.6**
B. Cash flow from Investing Activities	
Proceeds from Sale of investments	1,971.8
Investment in associate company	(24.8)
Purchase of Property Plant & Equipment	(735.8)
Sale of Property Plant & Equipment	42.6
Deposits placed during the year	(765.8)
Deposits matured during the year	5,210.0
Interest Received	370.6
Interest received on loan to related party	73.0
Repayment of loan by related party	394.0
Net cash from / (used in) Investing Activities (B)	**6,535.6**
C. Cash flow from Financing Activities	
Dividend paid	(6,426.9)
Principal elements of lease payments	(69.4)
Finance cost	(21.3)
Net cash used in Financing Activities (C)	**(6,517.6)**
Net changes in Cash and Cash Equivalents (A+B+C)	**3,257.6**
Cash and Cash Equivalents at beginning of the year	1,162.5
Cash and Cash Equivalents at the end of the year	4,420.1
Net changes in Cash and Cash Equivalents	**3,257.6**

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 14, 2021

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

Gopal Subramanyam
Chairman
Place:- Bengaluru

Manish Bhatnagar
Managing Director
Place :- Pune

Anurag Bhagania
Finance Director & CFO

Place: Pune
Date: May 14, 2021

Ranjan Kumar
Company Secretary

Place: Pune

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

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.

During the year ended March 31, 2021, the Company has subscribed to 26.74% equity shares in Sunstrength Renewables Private Limited (SRPL), a company incorporated pursuant to the requirements of the Electricity Act, 2002 and the applicable rules for commissioning a captive generating plant for generation and supply of electricity to SKF and is in the final stage of commissioning. Since SRPL is considered as an 'associate' under Ind AS 28, Investments in Associates and Joint Ventures, these consolidated financial statements have been prepared for the year ended March 31, 2021. Comparative figures for the previous year are not applicable.

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.

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 is the Company's board of directors. Refer note 40 for segment information presented.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

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 consolidated financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated 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.

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.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

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 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.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

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.

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

Investment Properties

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

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

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
- 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 uses 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

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

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. 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

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

iii) Post-employment obligations

The company operates the following post-employment schemes:

a) defined benefit plans such as gratuity and provident fund (for employees who are members of SKF India Limited Provident Fund Scheme)

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

Defined Benefit Plans

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

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.

Notes to the Consolidated Financial Statements
as at and for the year ended March 31, 2021

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 consolidated 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 financial assets disclosed under note 35C 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 32 for further disclosures.

Notes to the Consolidated Financial Statements
as at and for the year ended March 31, 2021

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 36(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

3 a) PROPERTY PLANT & EQUIPMENT

(INR in millions)

Description	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**

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

3 a) PROPERTY PLANT & EQUIPMENT (Contd..)

* 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
Addition	–	–
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**

(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, 2021
Buildings	154.7
Total	**154.7**

(INR in millions)

Lease Liabilities	March 31, 2021	
	Current	Non-Current
Buildings	73.7	102.1
Total	**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)

	March 31, 2021
Depreciation charge on right-of-use assets	79.1
Interest expense (included in Finance cost)	10.5
Expense relating to short-term leases /leases of low-value assets (included in other expenses)	11.3
Total	**100.9**

The total cash outflow for leases for the year was INR 81.3 million.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

4 INVESTMENT PROPERTIES

(INR in millions)

Description	March 31, 2021
Gross carrying amount	
Opening gross carrying amount	197.3
Additions	–
Closing gross carrying amount	**197.3**
Accumulated depreciation	
Opening accumulated depreciation	33.9
Depreciation	6.5
Closing accumulated depreciation	40.4
Net carrying amount	**156.9**

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

(INR in millions)

Description	March 31, 2021
Rental Income	33.9
Depreciation	6.5
Profit from Investment properties	**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, 2021
Within one year	33.6
Later than one year but less than 5 year	168.0

Fair Value

(INR in millions)

Description	March 31, 2021
Investment properties	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	Computer Software
Year ended March 31, 2021	
Gross carrying amount	
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**

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

FINANCIAL ASSETS

6 Loans	March 31, 2021	
	Current	Non-Current
Secured, considered good		
Loan to related party *	14.6	856.0
	14.6	**856.0**

(*) 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.

National Company Law Tribunal (NCLT) vide its order dated 14th February 2020 approved the merger of SKF Technologies (India) Private Limited wit Lincoln Helios India Limited (fellow subsidiary) where appointed date was 1st April 2018.

7 OTHER FINANCIAL ASSETS

(INR in millions)

	March 31, 2021	
	Current	Non-Current
Security Deposits	–	99.1
EMD and other deposits	–	487.9
Other receivables :-		
Related party (Refer note 44 (iii))	179.2	–
Other than related party	3.8	0.5
Interest accrued on fixed deposits with banks	9.1	–
	192.1	**587.5**

8 DEFERRED TAX ASSET (NET)

(INR in millions)

Description	March 31, 2021
Deferred tax assets (net)	
Provision for employee benefits	91.3
Provision for doubtful trade receivables	47.9
Other timing differences	87.5
	226.7
Deferred tax liabilities	
Depreciation	(27.6)
	(27.6)
Net deferred tax assets	**199.1**

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

8 DEFERRED TAX ASSET (NET) (CONTD..)

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 March 31, 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**

9 NON - CURRENT TAX ASSET / (LIABILITY) NET

(INR in millions)

Description	March 31, 2021
Tax Assets/(Liability) (net of provision)	813.9
	813.9

Movement of Tax

(INR in millions)

Description	March 31, 2021
Opening Balance (Tax Asset /(Liability) (Net))	784.8
Add: Taxes paid	1,056.5
Less: Current tax payable	(1,027.4)
Closing Balance	**813.9**

10 OTHER NON - CURRENT ASSETS

(INR in millions)

	March 31, 2021	
	Current	Non-Current
Capital Advance	–	55.3
Prepaid Expenses	99.6	–
Advances for supply of goods and rendering of services	154.0	–
Export benefits / duty entitlements	106.2	–
Balances with Sales tax / Excise authorities	230.7	–
Other receivables *	–	75.1
	590.5	**130.4**

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

Notes to the Consolidated Financial Statements
as at and for the year ended March 31, 2021

CURRENT ASSETS

11 INVENTORIES

(INR in millions)

Description	March 31, 2021
Raw Materials and Bought-Out Components	841.9
including material in transit INR 132.0 million	
Stores and Spares	499.0
including material in transit INR 14.7 million	
Work-in-progress	109.8
Finished Products	3,229.3
including material in transit INR 1659.0 million	
	4,680.0

12 TRADE RECEIVABLES

(INR in millions)

Description	March 31, 2021
Current	
Trade receivables other than related party	5,501.9
Receivables from related party (Refer note 44 (iii))	522.7
Less : Allowance for doubtful receivables	(190.2)
Total Receivables	**5,834.4**
Current portion	5,834.4
Non-current portion	–
Break up of security details	
Unsecured, considered good	5,834.4
Doubtful	190.2
Total	**6,024.6**
Allowance for doubtful debts	(190.2)
Total Trade receivables	**5,834.4**

13 CASH AND CASH EQUIVALENTS

(INR in millions)

Description	March 31, 2021
Cash on hand	–
Balances with Banks	
– On Current Account	206.6
– On EEFC Account	16.5
On Deposit Account (with original maturity of 3 months or less)	4,197.0
Cash & Bank Balances	**4,420.1**

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

14 BANK BALANCES OTHER THAN THE ABOVE

(INR in millions)

Description	March 31, 2021
Bank deposits with original maturity of more than 3 months and remaining maturity of less than 12 months.	555.8
Unclaimed Dividend Account*	27.2
	583.0

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

15 EQUITY SHARE CAPITAL

Description	No of shares (in million)	Amount (INR in millions)
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**
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**

The Company has only one class of equity shares having a par value of INR 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 held by holding company and their subsidiaries

(INR in millions)

	March 31, 2021	
	Number of shares (million)	Amount
Equity shares of INR 10 each fully paid up held by		
(a) Holding company		
Aktiebolaget SKF (AB SKF)	22.7	226.7
(b) Subsidiaries of holding company		
SKF U.K. Limited	3.1	31.3
SKF Forvaltning AB	0.2	2.0
	26.0	**260.0**

Particulars of shareholders holding more than 5% shares of a class of shares

	March 31, 2021	
	Number of shares (million)	% of total shares in the class
Equity shares of INR 10 each fully paid up held by		
Aktiebolaget SKF, holding company	22.7	45.8%
SKF U.K. Limited, fellow subsidiary company	3.1	6.3%

Notes to the Consolidated Financial Statements
as at and for the year ended March 31, 2021

16 RESERVES AND SURPLUS

(INR in millions)

Particulars	March 31, 2021
General reserve	2,838.9
Capital redemption reserve	32.9
Retained earnings	12,271.5
	15,143.3
General reserve *	
At the commencement of the year	2,838.9
Closing Balance	**2,838.9**
Capital redemption reserve	
At the commencement of the year	32.9
Closing Balance	**32.9**
Surplus (Profit and loss balance)	
At the commencement of the year	15,686.3
Profit for the year	2,976.9
Other comprehensive income recognised directly in retained earning :-	
Remeasurements of post-employment benefit obligation, net of tax	35.2
Less : Appropriations	
Dividend on Equity shares INR 130 per share	(6,426.9)
Tax on dividend as above	–
Closing Balance	**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.

17 PROVISIONS

(INR in millions)

	March 31, 2021	
	Current	Non-Current
Disputed statutory and other matters	–	54.0
Warranty	–	5.5
Coupons & Incentives	132.3	10.1
	132.3	**69.6**

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 March 31, 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**

Notes to the Consolidated Financial Statements
as at and for the year ended March 31, 2021

17 PROVISIONS (CONTD..)

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.

18 EMPLOYEE BENEFIT OBLIGATION

(INR in millions)

	March 31, 2021	
	Current	Non-Current
Compensated absences	54.5	285.6
	54.5	**285.6**

FINANCIAL LIABILITIES

19 TRADE PAYABLES

(INR in millions)

Particulars	March 31, 2021
Current	
(i) Outstanding dues of micro and small enterprises (refer note 38)	1.3
(ii) Outstanding dues of creditors other than micro and small enterprises & related parties	1,633.4
(iii) Payable to related parties (Refer note 44 (iii))	4,134.2
	5,768.9

20 OTHER CURRENT FINANCIAL LIABILITIES

(INR in millions)

	March 31, 2021
Salaries and Incentives	271.7
Liabilities for dealer incentives	358.4
Unclaimed dividend *	27.1
Payables on account of capital purchases	68.3
Other liabilities **	48.4
	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.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

21 OTHER CURRENT LIABILITIES

(INR in millions)

	March 31, 2021
Statutory dues payable	124.0
Advances received from customers	3.8
	127.8

22 REVENUE FROM OPERATIONS

(INR in millions)

	For year ended March 31, 2021
Revenue from contracts with customers :-	
Sale of products :-	
Manufactured goods	14,661.5
Traded goods	11,257.0
Sale of products (total)	25,918.5
– Sale of services	410.9
Other operating revenue :-	
Scrap sales	25.3
Technical and other service income	279.3
Miscellaneous Operating Income (includes export benefits etc)	73.3
	26,707.3

23 OTHER INCOME

(INR in millions)

	For year ended March 31, 2021
Interest Income from Financial assets at amortised cost	
– Fixed deposits with banks	223.0
– On loan given to related party	65.5
Rental income	33.9
Discount on license purchased	5.4
Miscellaneous Income	22.7
Profit on sale of Assets (net)	11.8
	362.3

24 COST OF MATERIAL CONSUMED

(INR in millions)

	For year ended March 31, 2021
Inventory at the beginning of the year	637.3
Purchases during the year	6,152.7
Inventory at the end of the year	841.9
Cost of material consumed	5,948.1

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

25 PURCHASE OF STOCK IN TRADE

(INR in millions)

	For year ended March 31, 2021
Purchases of traded goods	9,563.7
	9,563.7

26 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(INR in millions)

	For year ended March 31, 2021
Increase in inventory of finished goods :	
Opening inventory	1,315.9
Less : Closing inventory	1,424.8
	(108.9)
Increase in inventory of work in progress :	
Opening inventory	155.8
Less : Closing inventory	109.8
	46.0
Increase in inventory of traded goods :	
Opening inventory	1,968.0
Less : Closing inventory	1,804.5
	163.5
	100.6

27 EMPLOYEE BENEFITS

(INR in millions)

	For year ended March 31, 2021
Salaries, Wages and Bonus	1,932.0
Contribution to Provident and Other Funds (refer note 36)	126.4
Gratuity (refer note 36)	37.6
Leave compensation	41.7
Welfare Expenses	325.4
	2,463.1

28 DEPRECIATION AND AMORTISATION

(INR in millions)

	For year ended March 31, 2021
Depreciation of Property, Plant & Equipment	492.9
Depreciation on right-of-use assets	79.1
Amortisation of Intangible assets	1.0
Depreciation of Investment property	6.5
	579.5

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

29 OTHER EXPENSES

(INR in millions)

	For year ended March 31, 2021
Consumption of stores and spare parts	734.5
Power and Fuel	432.1
Repairs and maintenance	
Building	30.7
Machinery	425.4
Royalty	429.4
IT Services	549.8
Trade mark fees	274.0
Rental charges	11.3
Insurance	32.8
Rates and Taxes	16.2
Travel and conveyance	113.0
Legal and professional fees	232.5
Payment to auditors (Refer note below)	7.3
Advertising and sales promotion	32.7
Logistic Cost	360.6
Provision for doubtful trade receivables	48.5
Directors' Commission / Sitting Fees	4.0
Expenditure incurred for Corporate Social Responsibility (Refer note below)	89.8
Net Exchange Loss	86.0
Miscellaneous expenses	519.8
	4,430.4

(INR in millions)

	For year ended March 31, 2021
Note : Payments to auditors	
As auditor	
– Statutory audit	4.1
– Tax audit	0.9
– Other audit services	2.3
Reimbursement of expenses	
	7.3
Corporate social responsibility expenditure	
Contribution towards Education	34.4
Contribution towards Women Empowerment	31.1
Others	24.3
Total	**89.8**
Amount required to be spent as per Section 135 of the Act	88.5
Amount spent during the year on	
(i) Construction/acquisition of Assets	–
(ii) On purpose other than (i) above	89.8
	89.8

Notes to the Consolidated Financial Statements
as at and for the year ended March 31, 2021

29 OTHER EXPENSES (CONTD..)

Details of ongoing CSR projects under Section 135 (6) of the Act

(INR in millions)

Balance as at April 1, 2020		Amount required to be spent during the year	Amount spent during the year		Balance as at March 31, 2021
With the company	In separate CSR unspent account		From the company bank account	From separate CSR unspent account	With the company
–	–	88.5	89.8	–	–

30 FINANCE COST

(INR in millions)

	For year ended March 31, 2021
Interest on Pre shipment rupee export credit loan	7.5
Interest and finance charges on lease liability	13.8
	21.3

31 INCOME TAX EXPENSE

(INR in millions)

	For year ended March 31, 2021
(a) Current Tax	
Current tax on profit during the year	1,052.8
Adjustments for current tax of prior periods	(25.4)
Total Current Tax expense	**1,027.4**
Deferred Tax	
Deferred tax expense	(41.8)
Income tax expense	**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	3,962.9
Tax at the Indian tax rate of 25.17 %	997.5
Tax effect of amounts which are not deductible (taxable) in calculating taxable income :	
Adjustments for current tax of prior periods	(25.4)
Others	13.5
Income tax expense	**985.6**
(c) Tax impact of remeasurement of post employment benefits obligation recognised in OCI	(11.8)

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

FAIR VALUE MEASUREMENT

32 FINANCIAL INSTRUMENTS BY CATEGORY

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

(INR in millions)

	March 31, 2021	
	Amortised Cost	Carrying Amount
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**

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 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**

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

32 FINANCIAL INSTRUMENTS BY CATEGORY (CONTD..)

(ii) Valuation processes

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

33 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 42 for COVID-19 assessment.

(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 .

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

(INR in millions)

	March 31, 2021
Financial Assets	
Trade Receivables	
EURO	82.0
USD	200.1
SEK	171.5
SGD	57.7
CNY	81.9
AUD	4.8
Total exposure to foreign currency assets	**598.0**
Bank balance in EEFC	
EURO	0.0
USD	15.2
Total exposure to foreign currency assets	**613.2**

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

33 FINANCIAL RISK MANAGEMENT (CONTD..)

(INR in millions)

	March 31, 2021
Financial Liabilities	
Trade Payables	
EURO	2,645.0
USD	763.0
SEK	1.6
GBP	0.2
YEN	14.4
CHF	1.7
CNY	12.3
Total exposure to foreign currency risk (liabilities)	**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)

	Impact on profit after tax
	March 31, 2021
EURO sensitivity	
INR/EURO increased by 5 %	(128.1)
INR/EURO decreased by 5 %	128.1
USD sensitivity	
INR/USD increased by 5 %	(28.1)
INR/USD decreased by 5 %	28.1
SEK sensitivity	
INR/SEK increased by 5 %	8.5
INR/SEK decreased by 5 %	(8.5)
SGD sensitivity	
INR/SGD increased by 5 %	2.9
INR/SGD decreased by 5 %	(2.9)

iii) Interest rate risk

The Company's borrowings are carried at amortised cost.

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.

(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.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

33 FINANCIAL RISK MANAGEMENT (CONTD..)

Maturities of financial liabilities

Contractual maturities of financial liabilities

(INR in millions)

31-Mar-2021	Less than 1 year	1-3 years	Over 3 years
Lease Liabilities	65.0	85.2	50.1
Total liabilities	65.0	85.2	50.1

All the financial liabilities as on March 31, 2021 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.

(C) Credit risk

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

Credit risk management

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

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

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

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

Exposure to credit risk

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

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.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

33 FINANCIAL RISK MANAGEMENT (CONTD..)

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)

	As at March 31, 2021		
	Gross	Allowance	Net
Trade receivables			
Period (in months)			
Not due	4,957.3	–	4,957.3
Overdue up to 3 months	877.1	–	877.1
Overdue 3-6 months	83.4	(83.4)	–
Overdue more than 6 months	106.8	(106.8)	–
Total	**6,024.6**	**(190.2)**	**5,834.4**

Reconciliation of loss allowance provision – Trade receivables

(INR in millions)

	Amount
Loss allowance on March 31, 2020	191.2
Change in loss allowance	(1.0)
Loss allowance on March 31, 2021	**190.2**

34 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, 2021
i) Equity shares	
Dividend paid	
March 31, 2020 (INR 130 per share)	6,426.9
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 INR 14.50 per fully paid equity share (Special Dividend 31 March 2020 – INR 130). This proposed dividend is subject to the approval of shareholders in the Annual General meeting.	716.9

Notes to the Consolidated Financial Statements
as at and for the year ended March 31, 2021

35 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, 2021
Profit attributable to Equity Shareholders (Rupees in million)	2,976.5
Basic/Weighted average number of Equity Shares outstanding during the year	49,437,963
Nominal value of Equity Shares (INR)	10.0
Basic Earnings per share (INR)	60.2
Diluted Earnings per share (INR)	60.2

36 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, 2021
Employee Provident Fund - Regional Provident Fund Contribution	39.0
Superannuation fund	35.7
	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)**
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)**

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

36 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD..)

The net liability disclosed above relates to funded and unfunded plans are as follows:

(INR in millions)

	March 31, 2021
Present value of funded obligations	1,023.1
Fair value of plan assets	1,032.3
Deficit / (Surplus) of funded plan	(9.2)

Principal actuarial assumptions used as at the reporting date:

The significant actuarial assumptions were as follows:

	March 31, 2021
Discount rate	6.45%
Salary growth rate	
for Management	9.50%
for Non-Management	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, 2021 is Nil.

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

(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**	**–**

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

36 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD..)

The net liability disclosed above relates to funded and unfunded plans are as follows:

(INR in millions)

	March 31, 2021
Present value of funded obligations	2,217.3
Fair value of plan assets	2,217.3
Deficit of funded plan	–

Principal actuarial assumptions used as at the reporting date:

The significant actuarial assumptions were as follows:

	March 31, 2021
Discount rate	6.45%
Expected rate of return on plan assets	8.32%
Discount rate for the remaining term to maturity of the investment	6.40%
Average historic yield on the investment	8.27%
Guaranteed rate of return	8.50%

III Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation			
		Increase in Valuation		Decrease in Valuation	
	March 31, 2021		March 31, 2021		March 31, 2021
Discount rate - Gratuity	0.50%	Decrease by	2.90%	Increase by	3.05%
Salary growth rate - Gratuity	0.50%	Increase by	3.02%	Decrease by	2.90%
RPFC guaranteed rate	0.50%	Increase by	1.95%	Decrease by	0.00%

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)

	As at March 31, 2021			
	Quoted	Unquoted	Total	in %
Debt instruments				
Corporate bonds	48.8	–	48.8	5%
Government of India securities	128.4	–	128.4	12%
Sub Total	**177.2**	**–**	**177.2**	
Insurer Fund	897.6	–	897.6	87%
Others *	–	(42.5)	(42.5)	-4%
Total	**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, 2021

36 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (CONTD..)

(b) The major categories of plans assets for Provident Fund are as follows:

(INR in millions)

	As at March 31, 2021			
	Quoted	Unquoted	Total	in %
Equity instruments	122.5	–	122.5	6%
Debt instruments				
Corporate bonds	961.1	–	961.1	43%
Government of India securities	1,054.2	–	1,054.2	48%
Sub Total	**2,015.3**	**–**	**2,015.3**	
Others	–	79.5	79.5	4%
Total	**2,137.8**	**79.5**	**2,217.3**	**100%**

The weighted average duration of the defined benefit obligation is 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, 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

as at and for the year ended March 31, 2021

37 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

a) Contingent liabilities:

	March 31, 2021
Claims against the Company not acknowledged as debts	
(i) Income-tax *	2,475.3
(ii) Excise duty	221.7
(iii) Sales tax	243.1
(iv) Others	65.7
	3,005.8

* Including interest of MINR 742 as per the demand order.

In addition to above, during the year the company has received a Draft assessment order for financial year 2016-17 (Assessment year 2017-18) u/s 143(3) read with section 144C of the Income Tax Act, 1961 ("Act") from the Assessing officer proposing an adjustment of INR 667.43 million towards Transfer Pricing addition resulting from the Transfer Pricing order under section 92CA(3) of the Act and an adjustment of INR 0.09 million towards income tax issue. Thus, the total addition of INR 667.52 million has been proposed in draft assessment order. Upon receipt of the draft assessment order, the company shall prefer the option to file its objections with Dispute resolution panel under section 144C of the Act. Subsequent to filing of appeal with the Dispute resolution panel, the matter shall be heard and directions shall be issued to the Assessing officer who shall, in conformity with the directions, pass the final order under section 144C(13) of the Act. Given the fact that the company has not received final assessment order and that the hearings are pending before the Dispute resolution panel, the management is of the opinion that there is no tax liability against the company as on the balance sheet date.

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, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	251.2
	251.2

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

38 DUES TO MICRO AND SMALL SUPPLIERS

(INR in millions)

	March 31, 2021
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.3
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	9.7
Principal amount paid to suppliers registered under the MSMED Act beyond the appointed day during the year	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
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year	Nil
Interest due and payable towards suppliers registered under MSMED Act for payment already made	5.6
Further interest remaining due and payable for earlier years	4.2

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, 2021.

39 SEGMENT INFORMATION

The Company is of the view that it operates in a single segment viz. 'Bearings' . The Chief operating decision maker assess the result at Company level. This is in accordance with Accounting Standard IND AS 108 , 'Segment Reporting' issued under Companies (Accounting Standards) Rules, 2015.

Information about geographical segments

(INR in millions)

	March 31, 2021
Segment revenue	
Within India	24,673.9
Outside India	2,033.4
	26,707.3
Segment assets *	
Within India	5,068.8
Outside India	–
	5,068.8

* Non Current Assets excludes Deferred Tax assets and Financial Instruments

40 THE COMPANY HAS FACILITY FROM BANKS FOR

Working capital / working capital demand loans amounting to 200 MINR are secured by pari passu charge of :

a) all tangible movable properties and assets , both present and future, including stocks of Raw Materials, Semi-finished goods and Finished goods, excluding movable Machinery Spares, Tools and Accessories and Stores and Spares.

b) all present and future Book Debts outstanding, Monies receivable, Claims and Bills.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

41 IND AS 115 :- REVENUE FROM CONTRACTS WITH CUSTOMERS

(INR in millions)

	March 31, 2021
Reconciliation of revenue with contract price :-	
Revenue as per statement of PL	26,707.3
Add: Incentive/rebates etc	564.4
Add: Discounts	14.5
Add: Liquidated damages	8.4
Contract price	27,294.6

42 The first wave of COVID-19 severely impacted businesses globally including in India particularly in the quarter ended June 30, 2020. The Company had resumed its operations and witnessed an upside in demand and consequent revenues from July 2020. The Company has considered the possible effects that may result from the COVID-19 pandemic and has also taken into account external and internal information for assessing the possible impact of COVID-19 in the preparation of the financial statements including the recoverability of carrying amounts of financial and non-financial assets and has concluded that there are no material adjustments required in the financial statements. The Company will continue to closely monitor the evolving second wave of COVID-19 for any material changes to the future economic conditions which may have an impact on the operations of the Company.

43 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(INR in millions)

	As at March 31, 2021
Investment in associate	
Sunstrength Renewables Private Limited	
309,750 equity shares (March 31, 2020 Nil) of INR 10/- each fully paid	24.8
Total (unquoted investments)	**24.8**

Set out below is the associate of the Company as at 31 March 2021 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.

Name of Entity	Place of Business	% of ownership interest	Relationship	Accounting method	Quoted fair value	Carrying amount
					March 31, 2021	March 31, 2021
Sunstrength Renewables Private Limited	Mumbai, Maharashtra India	26.74%	Associate	Equity method	_*	24.4

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.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

43 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTD..)

(ii) Commitments and contingent liabilities in respect of associate

(INR in millions)

	As on 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, 2021
Current assets	
Cash and cash equivalents	24.9
Other assets	0.5
Total current assets	**25.4**
Non-current assets	
Property, plant and equipment	10.9
Capital work-in-progress	224.8
Other non-current assets	31.5
Total non-current assets	**267.2**
Current liabilities	
Financial liabilities (excluding trade payables)	2.8
Other liabilities	169.0
Total current liabilities	**171.8**
Non-current liabilities	
Financial liabilities (excluding trade payables)	29.5
Other liabilities	–
Total non-current liabilities	**29.5**
Net assets	**91.3**

Reconciliation to carrying amounts

(INR in millions)

Particulars	March 31, 2021
Opening net assets	(0.6)
Equity infusion	93.4
Profit / (loss) for the year	(1.5)
Other comprehensive income	–
Dividend paid	–
Closing net assets	**91.3**
SKF India Limited share in %	26.74%
SKF India Limited share in INR (million)	24.4
Goodwill	–
Carrying amount	**24.4**

Notes to the Consolidated Financial Statements
as at and for the year ended March 31, 2021

43 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTD..)

Summarised statement of profit and loss

(INR in millions)

Particulars	March 31, 2021
Revenue	–
Interest income	–
Depreciation and ammortisation	–
Interest expenses	–
Income tax expenses	–
Other expense	(1.5)
Profit / (loss) from continuing operations	**(1.5)**
Profit / (loss) from discontinued operations	–
Profit / (loss) for the year	**(1.5)**
Other comprehensive income	–
Total comprehensive income	**(1.5)**

(iv) Share of profit / (loss) from associate

(INR in millions)

Particulars	March 31, 2021
Share of profit / (loss) from associate	(0.4)
	(0.4)

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

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

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

44 RELATED PARTY DISCLOSURES (CONTD..)

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

Sr. No.	Name of the Related Party
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
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.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

44 RELATED PARTY DISCLOSURES (CONTD..)

Sr. No.	Name of the Related Party
	Key Management Personnel
1	Mr Manish Bhatnagar
2	Mr Gopal Subramanyam
3	Ms Anu Wakhlu
4	Mr Aldo Cedrone
5	Mr Bernd Stephan
6	Mr Werner Hoffman
	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

(ii) Disclosure of related party transactions:

(INR in millions)

Sr. No.	Nature of transaction / relationship / major parties	For year ended March 31, 2021	
		Amount	Amount
A	**Purchases**		
i	Raw Materials, components, spares and Finished Goods	**8,700.6**	
	SKF GMBH		2,111.8
	SKF Engineering and Lubrication India Private Limited		1,511.6
	SKF Asia Pacific Pte Ltd		840.7
	SKF Industrie S.p.A		769.3
	Others		3,467.2
ii	Property, Plant and Equipment	**138.4**	
	SKF Osterreich AG		48.0
	SKF Shanghai Bearings Co Ltd		85.1
	SKF USA Inc.		4.2
	Others		1.1
B	**Services received**		
i	Administrative and Service Fees	**26.5**	
	SKF International AB		8.9
	SKF Engineering and Lubrication India Private Limited		0.5
	Others		17.1
ii	IT services	**292.8**	
	AB SKF		292.8
C	**Royalty**	**429.4**	
	AB SKF		429.4
D	**Trade Mark Fees**	**274.0**	
	AB SKF		274.0

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

44 RELATED PARTY DISCLOSURES (CONTD..)

(INR in millions)

Sr. No.	Nature of transaction / relationship / major parties	For year ended March 31, 2021	
		Amount	Amount
E	Sales		
i	Goods and Services	**1,754.1**	
	SKF International AB EDC		294.2
	SKF USA Inc.		274.5
	SKF Distribution Shanghai Co Ltd		269.7
	SKF GMBH		251.0
	SKF Asia Pacific Pte Ltd		158.3
	Others		506.4
ii	Technical and other service income	**279.3**	
	AB SKF		277.7
	Others		1.6
F	**Other Income**		
i	Rent Income	**33.9**	
	SKF Engineering and Lubrication India Private Limited		33.9
ii	Commission Income	**1.1**	
	SKF Asia Pacific Pte Ltd		1.1
G	**Reimbursements**		
i	Received	**123.8**	
	SKF Engineering and Lubrication India Private Limited		79.1
	Others		44.7
ii	Paid	**9.3**	
	SKF Engineering and Lubrication India Private Limited		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	**65.5**	
	SKF Engineering and Lubrication India Private Limited		65.5
I	**Dividend Paid**	**3,378.9**	
	AB SKF		2,946.6
	SKF (UK) Ltd.		406.8
	SKF Forvaltning AB		25.5
J	**Managerial Remuneration :-**	**30.4**	
	Short-term employee benefits		28.8
	Long-term employee benefits		1.6
K	**Payment to Directors**	**4.0**	
	Sitting fees & Commission		4.0
L	**Investment in equity shares of Associate Company**	**24.8**	
	Sunstrength Renewables Private Limited		24.8

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2021

44 RELATED PARTY DISCLOSURES (CONTD..)

(INR in millions)

Sr. No.	Nature of transaction / relationship / major parties	For year ended March 31, 2021	
		Amount	Amount
M	**Employees' Benefit plans where there is Significant influence**		
i	Contributions Paid	**367.3**	
	SKF India Limited Provident Fund Scheme		171.1
	SKF Bearings India Limited Superannuation Scheme		31.2
	SKF Bearings India Limited Bangalore Superannuation Scheme		3.5
	SKF Bearings India Limited Employees Gratuity Fund		161.5
ii	Reimbursements Received For Settlements	**122.9**	
	SKF Bearings India Limited Employees Gratuity Fund		122.9

(iii) Amount due to/from related parties

(INR in millions)

Sr. No.	Nature of transaction / relationship	March 31, 2021	
		Amount	Amount
1	**Accounts receivable**	**522.7**	
	SKF International AB		513.5
	Others		9.2
2	**Other receivable**	**111.9**	
	AB SKF		101.0
	Others		10.9
3	**Accounts payable**	**4,134.1**	
	SKF International AB		2,815.2
	AB SKF		226.3
	Others		1,092.6
4	**Loan (including interest accrued)**	**870.6**	
	SKF Engineering and Lubrication India Private Limited		870.6
5	**Employees' Benefit plans where there is Significant influence**		
	Other Receivable	**67.3**	
	SKF Bearings India Limited Employees Gratuity Fund		50.0
	SKF Bearings India Limited Bangalore Employees Gratuity Fund		17.3
6	**Director's commission**	**1.6**	**1.6**

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 14, 2021

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

Gopal Subramanyam
Chairman
Place:- Bengaluru

Manish Bhatnagar
Managing Director
Place :- Pune

Anurag Bhagania
Finance Director & CFO

Place: Pune
Date: May 14, 2021

Ranjan Kumar
Company Secretary

Place: Pune

Notes

Notes

SKF India Limited

Registered Office:
Chinchwad, Pune 411 033, Maharashtra.

CIN : L29130MH1961PLC011980