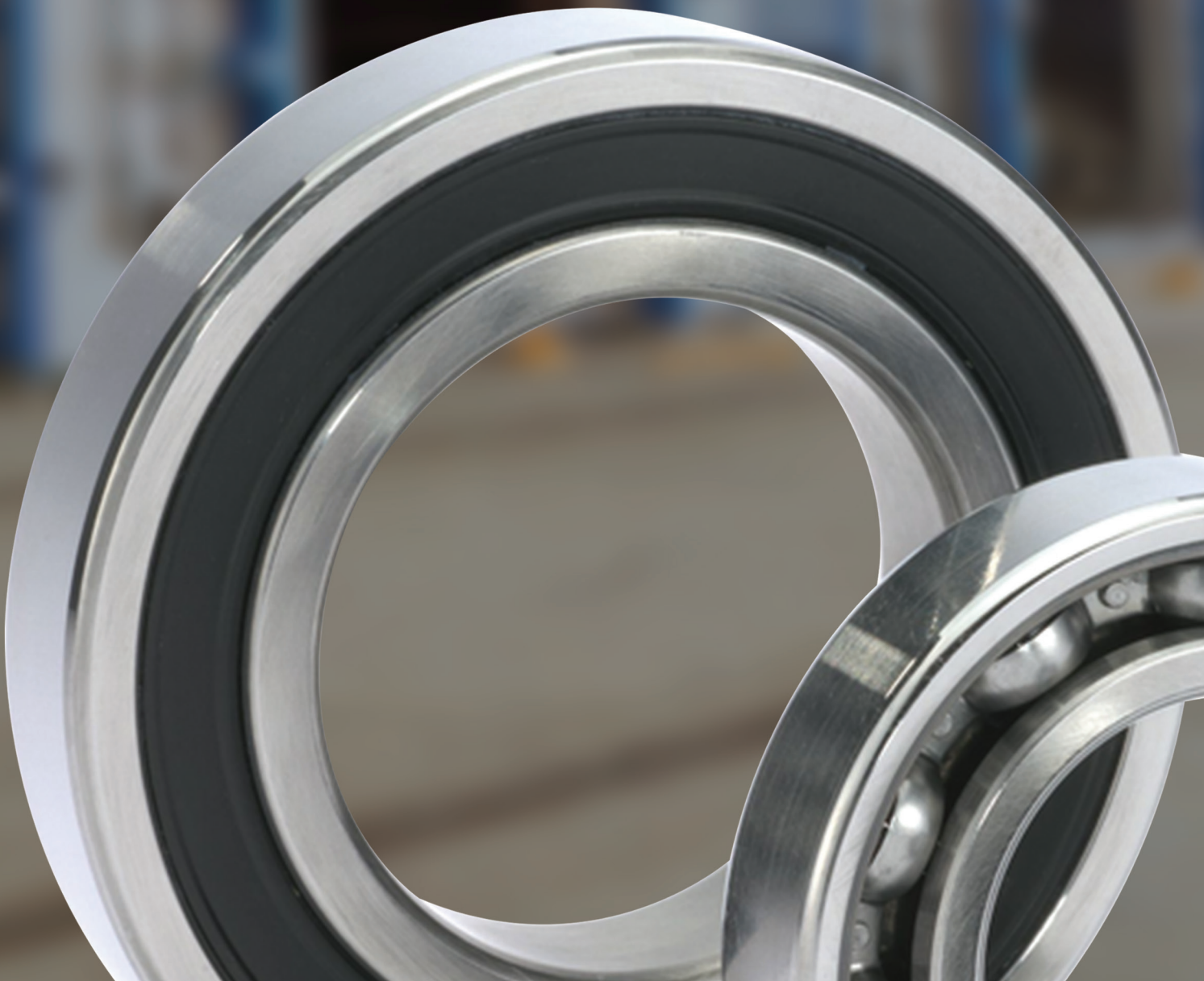


**SKF®**

Annual Report  
2019-20

**SKF Stronger**



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## Investor information

Market capitalization as at March 31, 2020	: 71,588.64MINR
CIN	: L29130MH1961PLC011980
BSE code	: 500472
NSE symbol	: SKFINDIA
Bloomberg code	: SKF:IN
Dividend declared	: 1,300%
AGM date	: July 23, 2020
AGM mode	: Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM')

Please find our online version at  
<https://www.skf.com/in/investors/financial-results/index.html>  
Or simply scan to download



### 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.

SKF has been on a journey to become a market leader by delivering value-added products and solutions. As the Company takes stride towards a promising future, it has laid down strategic priorities that comprise Digitalization, New business models, Innovation, World-class manufacturing, Cleantech, and Future workforce.

These strategic priorities are rooted in the Company's vision driving its mission, growth and sustainability. They help the Company set direction to achieve organizational objectives and deliver long-term value to stakeholders. The consolidated outcome will enable making **'SKF Stronger'**.





# Strong foothold

SKF's products and solutions are used world over. Wherever there is rotation, SKF's solutions are used, making it an integral part of the everyday lives of people and companies.







# SKF: The journey so far

SKF's experience encompasses over 40 industries. Its success is driven by in-depth knowledge in manufacturing a wide range of products and solutions. These include bearings, seals, and lubrication systems, as well as rotating shaft services and solutions for machine health assessment, reliability engineering and remanufacturing.

## Industrial

**Offerings:** Wide product portfolio of bearings, seals, and lubrication systems, coupled with rotating equipment solutions and remanufacturing.

**Applications:** Caters over 40 industries globally, directly as well as indirectly, through a network of distributors.

**Aftermarket:** Undisputed leader in the industrial distribution market, which primarily serves the aftermarket.

**Position:** Key player in railway and heavy industries.



## Automotive

**Offerings:** Customized bearings, seals, and related products for wheel-end, driveline, engine, e-powertrain, suspension, and steering applications.

**Applications:** Cars, light and heavy trucks, trailers, buses, and two-wheelers.

**Aftermarket:** Vehicle aftermarket is supplied with spare parts, both directly and indirectly, through its extensive distribution network.

**Position:** Leader in wheel-end solutions and a strong position in application-driven powertrain solutions. Leading player in component development for automotive electrification.





# A stronger SKF India

Incorporated in 1961, SKF India Limited ('SKF' or 'The Company') is one of India's leading automotive and industrial products and solutions' provider.

The year 1965 marked the commissioning of the Company's first manufacturing plant in Pune, Maharashtra.

SKF India has an extensive product range comprising bearings, seals, lubrication, condition monitoring, and maintenance services. Today, millions of homes, cities, and businesses are powered by SKF's high-performing and sustainable products and solutions. The Company's pan India presence has made it possible to serve its customers with best quality products and solutions that have set industry benchmarks.

The parent company brings over 110 years of experience to the Indian entity's services. This has encouraged the Company to continuously develop innovative solutions for companies across automotive and industrial sectors. The Company's state-of-the-art facilities deliver customized value-added solutions to its customers, combined with five technology platforms.

In recent years, SKF has evolved into a knowledge-driven integrated solutions provider from a pioneer ball bearing manufacturing Company.

# 3

Manufacturing  
locations

# 12

Offices

# 440+

Distributors

# 1,716

Employees



# Letter to shareholders

## Dear Shareholders,

On behalf of the Board, I present to you SKF India's Annual Report that encapsulates our performance and journey, while also giving you a glimpse of our near-term strategies. Despite the year 2019-20 being marred by uncertainties and volatilities, we continued working closely with our customers – helping them mitigate all the ambiguities around their rotating equipment. During the year, we launched new and timely business models, creating more room for 'Digitalization' than ever before. We navigated through the challenging situation with our prompt and decisive actions while constantly delivering value for all our stakeholders.

## SKF Stronger

This year's Annual Report theme 'SKF Stronger', captures our inherent strength and strategic objectives that add to our agility. We believe, growth is only powered by a sound strategy in motion. Our 'SKF 2025' strategy revolves around six focus areas – Digitalization, New business models, Innovation, World-class manufacturing, Cleantech, and Future workforce.

SKF considers sustainability as one of its key pillars of propositions. By reducing friction and enabling reliable rotation, our products help customers increase efficiencies and productivity. Through Rotating Equipment Performance (REP) and remanufacturing, we assist our customers to transition towards a circular economy, while also reducing the carbon footprint from both SKF's factories and supply chain.

The year was further highlighted by our acquisition of RecondOil, in alignment to our strategic objectives. It develops chemical filtration and rejuvenation processes for industrial lubrication oil.

## Performance

Amidst a difficult industry environment, 2019-20 was another year of focused execution and operational responsiveness. Sales were recorded at ₹27,959 million, as compared to ₹29,960 million in the previous year. Operating margins were recorded at 12.9% and profit after tax stood at ₹2,890 million, witnessing a dip of 14% owing to muted economic and manufacturing activity. However, I am pleased to inform that the Board of Directors recommended a special dividend of 1,300% per share on a face value of ₹10 for our shareholders.

## Employees

At SKF, our people are at the center of all that we do. We believe this is the right approach to make a meaningful difference while acquiring the best talent for the Company. Our emphasis is largely towards developing new skills and competencies among our workforce. Furthermore, we are also investing in digital solutions, to help us evolve our processes, both in office and factory environments.

Health and safety of our employees is an utmost priority. During the pandemic, daily health surveys were conducted through an easy-to-access mobile app, and the outcome of this survey was shared with the core team for taking necessary actions. Also, all Governmental guidelines and instructions were followed both in letter and in spirit.

## Environment

Our determination to be a responsible business reflects in our energy-efficient products and sustainable processes. I am glad to state that over 28% of our energy usage comes from green sources, translating into a significantly reduced carbon footprint. Likewise, we are steadily increasing the use of renewable energy sources across all our facilities to further reduce our environmental impact.

## Corporate Social Responsibility

At SKF, we believe that education, employment, and access to essential amenities are basic human rights. We conduct effective programs focusing on all three facilities at Maharashtra, Karnataka, and Uttarakhand.

Our flagship YES program develops vocational skills of youth from underserved sections of the society. By providing training in automotive maintenance and servicing, the program helps them secure meaningful jobs. So far, 2,923 YES beneficiaries have been trained and 80% of them are currently employed in the industry.

To help the Government fight the current pandemic, the Company supplied PPE kits to doctors and medical staff. We also distributed ration and hygiene kits to laborers and migrant workers. Additionally, we conducted free vehicle disinfection camps for essential services personnel. All these initiatives were carried out across various locations in the country.



## Governance

We are committed to adopt and adhere to the best corporate governance practices. We also maintain the highest levels of ethics and regulatory compliance to serve all our stakeholders.

## In Conclusion

I would like to thank our Board members for their tireless commitment and sincerity towards the Company. All the hard work that comes out of our committees – each fulfilling challenging promises – is reflected in our steady growth. I thank all our stakeholders for their relentless support. Our employees are our strength, and I thank them for the value, passion, and enthusiasm they bring to work. Together, we have continued to make progress for decades and I remain optimistic of our journey in the year ahead. Looking to the future, SKF will be focused on positioning the Company for sustainable and long-term growth. Hence, creating value for our stakeholders and the communities we operate in, while steering through a rapidly evolving environment.

Thank you,

**Manish Bhatnagar**

Managing Director



# Rotating Equipment Performance (REP)

SKF offers extensive solutions that enable customers to improve their rotating equipment performance, driving business success.

Customers are always exploring new ways to optimize machine performance, with the objective of maximizing the efficiency of their equipment, to prevent surprise failures. This leads to reduced operational costs and improves the overall life cycle of the machines.

## REP success story

### SKF's solution for a steel manufacturing company

**Customer's need:** To meet the growing demands of business, the customer was exploring ways to maximize the plant's capacity and uplift it from the existing levels of 50-55%.

**Solution provided:** SKF designed a comprehensive five-year performance contract to help meet the customer's objective of 100% plant utilization. The scope included maintenance, operations and supply of consumables, including bearings.

### Customer benefits:

- Complete outsourcing of critical maintenance and operations to a single vendor
- Performance-based payment for better control of operating costs
- Leverage the advanced technology for rotating equipment performance
- 100% availability of spares

**Value delivered:** Per ton performance KPI-linked contract

