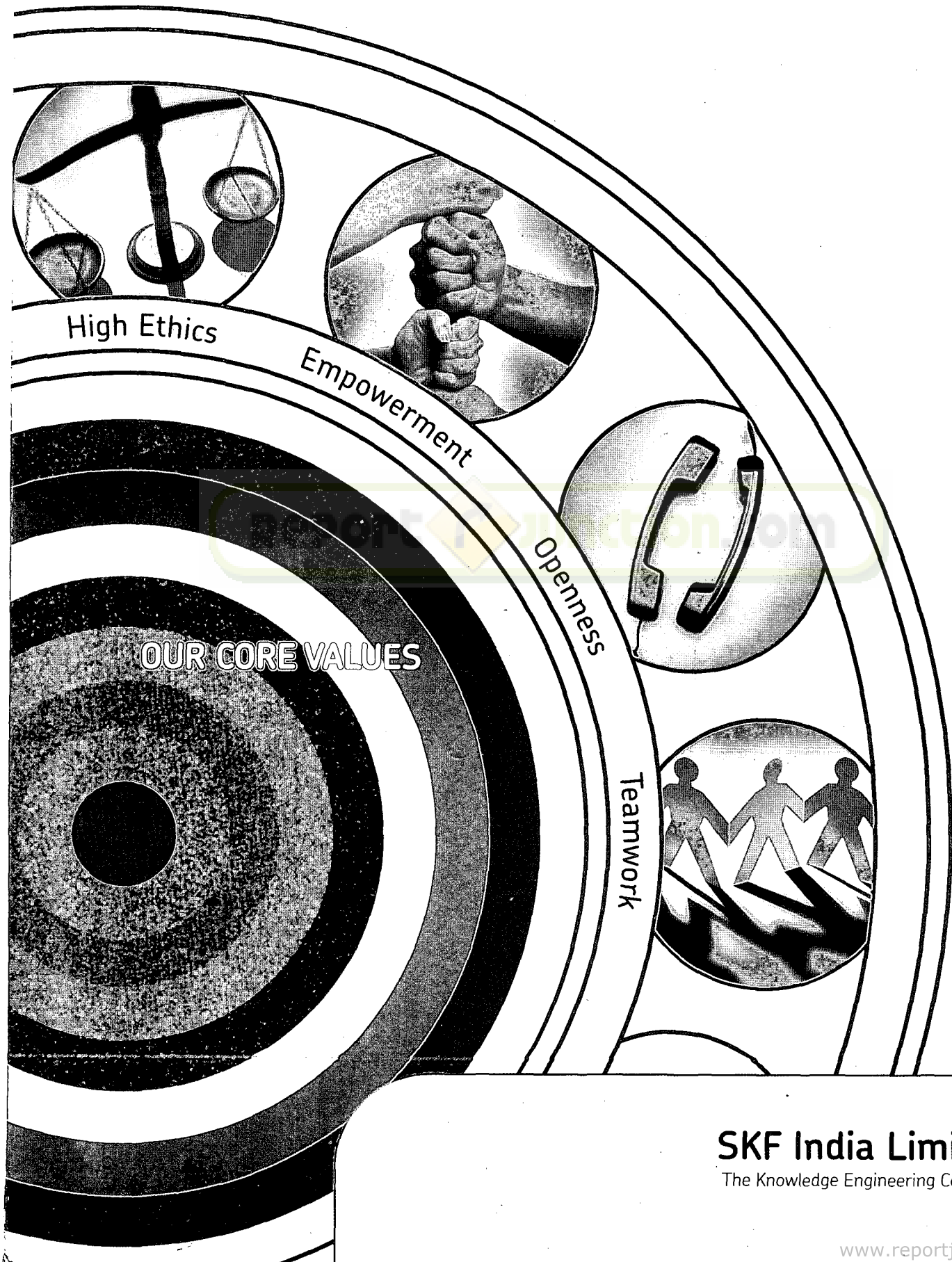


Annual Report 2008

SKF®

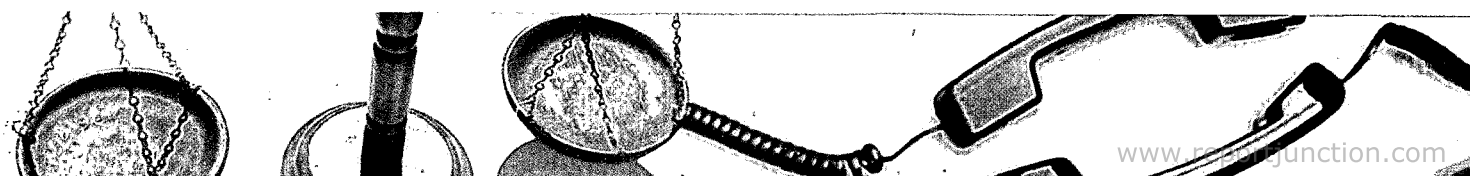


SKF India Limited
The Knowledge Engineering Company

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Board of Directors

Kamlesh C. Mehra
Chairman

Giuseppe Donato

Narendra J. Jhaveri

Phil Knights

Henrik Lange

Darius C. Shroff

Tryggve Sthen

Vartan Vartanian

Rakesh Makhija
Managing Director

Pradeep Bhandari
Company Secretary

B S R & Associates
Auditors

The Hongkong & Shanghai
Banking Corp. Ltd.

HDFC Bank Limited
Bankers

TSR Darashaw Limited,
6-10, Haji Moosa Patrawala
Industrial Estate,
20, Dr. E. Moses Road,
Mahalaxmi, Mumbai - 400 011.
**Registrars and Share
Transfer Agents**

Company Management Team

Rakesh Makhija
Managing Director

Kjell Bogvad
Director - Industrial Sales

Harsha Kadam
**Director - Electrical &
Two Wheeler Business**

Ranjan Kar
Director - Automotive Business


R Manohar
Director - Demand Chain

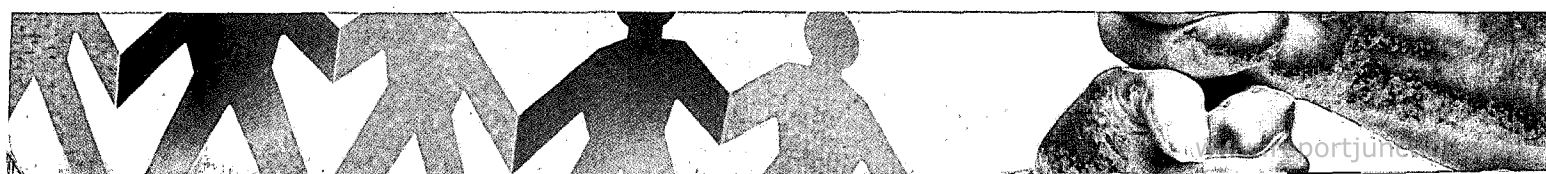
Vithal Nayak
Director - HR & Sustainability

Sudhir Rege
Director - Service Business

Chandramowli Srinivasan
Finance Director (effective from March 1, 2009)

Jos Verelst
Finance Director

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Letter to Shareholders

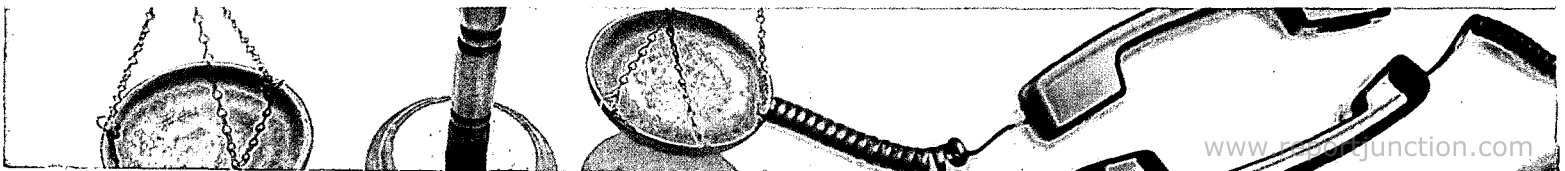


Rakesh Makhija
Managing Director

Dear Shareowner,

The last few months have possibly been the most difficult and challenging times that we have faced in the world of business. While our growth for the first three quarters averaged around 10%, we saw huge headwinds and a general collapse in the business sentiment during the last quarter. Our overall sales for the full year grew 3.4% with profit after tax at 1277 MINR, obviously considerably dented by the last quarter performance. The speed of the economic downturn was so sharp and so deep that it took the entire industry by surprise thus creating an air of fear and uncertainty about the future.

After many years of strong growth and a business forecast in the medium term that augurs well for a company with our portfolio, it's tough to accept a dramatic fall in performance. However, it's extremely important to take a realistic viewpoint and adapt the business model to the current environment immediately. These are precisely the steps that we have



taken in the organization to counter the slowdown – what we refer to internally as the 3C's, Customers, Cash and Cost. Spend and increase time with Customers, focus on cash generation and finally get costs down as fast and as much as possible. This is the strategy under way and our full attention is being given to the rigorous implementation of the 3C's.

We saw some notable successes in 2008. We signed a committed business agreement for five and a half years with Suzlon to service their requirements of Main Shaft and Slewing Bearings for their wind turbines. This contract is in excess of 300M Euro's over the contract period and one of the largest in our business. During the year we were awarded the 'Green Manufacturer of the Year' award by Auto Monitor for promoting green practices within our manufacturing areas. For the second year in a row, we were recognized by 'Dun and Bradstreet - American Express Corporate Award' as the top company in the **Bearing Sector**. There were a number of awards for SKF in implementing Six Sigma and Lean Practices, which demonstrates the significant progress that we have made in institutionalizing a culture of continuous improvement within the company.

By all accounts 2009 is going to be a challenging year. We do not expect the economy to recover through the major part of this year. While the government stimulus packages are a positive step, these will have its own lead time before the negative sentiments and fear that pervades the economy will get neutralized. We need to see significant spend on infrastructure and if this starts happening, we may see some positive movement in the second half of this year. Our focus through this year is very much on strengthening the organization towards making it lean and customer focused. Some of the priorities that we have set for ourselves include:

1. Focus on the people who have worked with us and devoted years of their career life toward building SKF in India. Our mission is to be a 'preferred employer' which entails that we must continue to invest in our best and most enduring asset.
2. Invest in training and development in the areas that we believe will ensure best returns for us, in the short term and when the economy turns around.
3. Sell as never before. Sell based upon the value that SKF can provide to our customers. Leverage the five platforms and leverage the global organization.

We have a great set of solutions for every segment and a great organization to support them.


4. Cut costs everywhere – non customer related, frills and non value add activities.

The current economic situation as well as the somewhat hazy future presents huge opportunities for us to rethink how we deal with our customers. The current situation is going to result in consolidation, both within our industry as well as the industries we serve. Customers are keenly looking for advice and help on possible solutions for maximizing productivity, reducing cost and above all, enhancing their market position. There will be a paradigm shift in the customer-supplier relationship equation and expectations that each have from the other. The term 'customer value' will take on a fresh meaning which will encompass all aspects of their core business. Within this, we believe that our **Solutions, Value and Partnership** program is timely and well positioned to address the current and emerging needs of our customers.

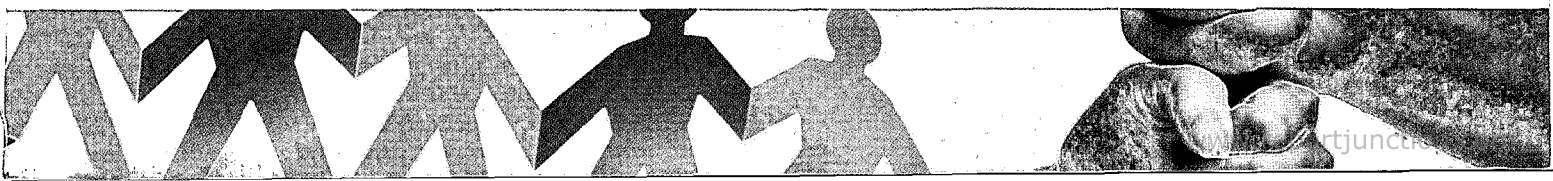
These are a few of our guiding principles. We believe that if we implement these rigorously we will emerge a stronger and leaner organization, focused on customers and adding value, while eliminating wasteful practices that are distractive and energy sapping.

As difficult as it is to talk about the long term under the current environment, we sincerely believe that our strategies and direction for growth as well as our financial objectives are intact. We are very focused on the Indian market and on the infrastructural developments taking place in the country. We have a strong presence in every sphere of the industrial economy, from Cars, Trucks, Two Wheelers and Tractors, to the Industrial sectors of Steel, Cement, Mining, Power, Food and Beverage and Wind energy amongst others. Our five technology platforms comprising of Bearings, Seals, Lubrication Systems, Mechatronics and Services ensures that we have a solution for each of the above areas, which demonstrate the value of our offerings. Above all, we have a great set of people to support these solutions.

Yours sincerely,



Rakesh Makhija



Selected Awards and Appreciation

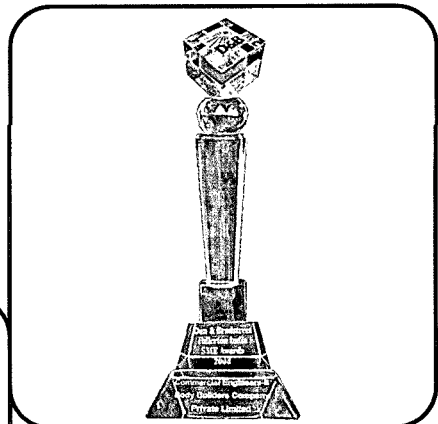


Subros
Air Conditioning Systems
Best Quality, Manesar Plant
2007 - 2008

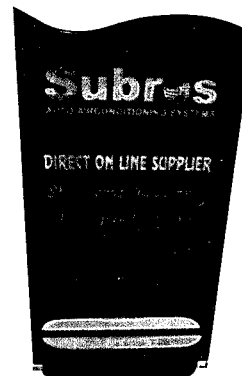
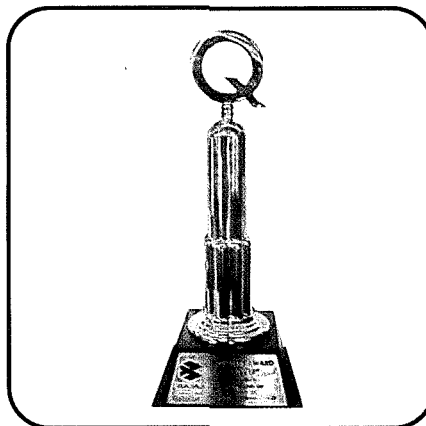
**Dun and Bradstreet Award
American Express
Corporate Award**
Top Company in the Bearings Sector
2006 - 2007
2007 - 2008



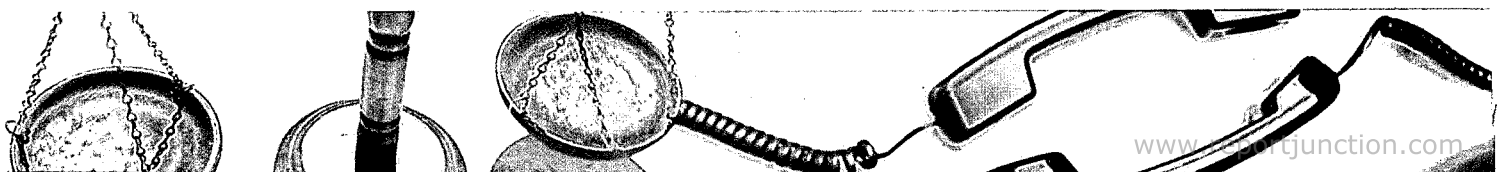
ELGI
Best Supplier Award
2007 - 2008



Subros
Direct On-Line Supplier
2007 - 2008



Bajaj
Quality Award
2007 - 2008

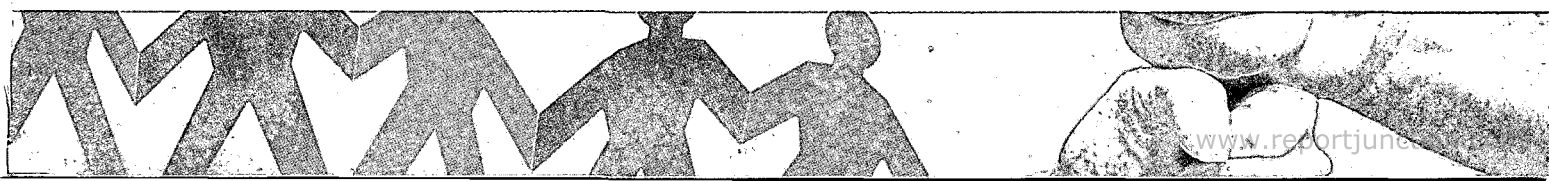


Financial Highlights 1999-2008

(Rupees in Millions)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999 9 months
Sales	16202	15683	13425	7814	5813	4670	4072	3585	3677	2746
Profit before tax	1944	2474	1531	*1031	883	506	330	103	82	104
Profit after tax	1277	1607	1020	*641	566	322	204	90	69	98
Cash earning per Share (Rs.)*	30	36	24	*17	18	13	11	9	19	16
Rate of dividend (%)	45	60	45	35	25	25	20	10	15	15
Gross Block	7392	6697	6453	5889	5511	5429	5395	5446	5534	5431
Net Block	2387	1968	1842	1475	1238	1286	1459	1665	1979	2258
Total borrowings	2	2	1	2	65	463	889	1424	2207	2453
Share Capital	527	527	527	527	453	453	453	453	251	251
Reserves & Surplus	5924	4925	3695	2946	2112	1696	1513	1394	1161	1139
Book Value per Share (Rs.)*	122	103	80	66	67	47	43	41	56	55
Shareholders' (in Nos.)	28474	24430	25811	24269	28545	28382	29875	24150	22687	21971
Employees' (in Nos.)	2078	2069	2024	1963	1968	1960	2038	2006	2161	2173

* All prior years' figures have been made comparable to show values per share @ face value Rs. 10/-



NOTICE

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of the Members of SKF India Limited will be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400 001 on Thursday, April 23, 2009 at 3.00 p.m to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at December 31, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Equity Shares for the year ended December 31, 2008.
3. To appoint a Director in place of Mr. H. Lange who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. Knights who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. B S R & Associates, Chartered Accountants, the retiring Auditors of the Company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors / Audit Committee to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. V. Vartanian, who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 22nd October, 2008 and pursuant to the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting and being eligible offers himself for reappointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose Mr. Vartanian as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to determination by retirement of Directors by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered in the manner and to the extent as given below :

The existing Article 89 of the Articles of Association be deleted and the following new Article be substituted in its place :

89. Quorum at General Meeting : At least five members present in person shall be the quorum for a meeting of

the Company, but so that if any of such five members be a body corporate, it shall be entitled to be present by a representative duly authorized by it in accordance with Section 187 of the Act.

Provided, however, that no quorum for a meeting of the Company shall be formed unless the following persons shall be present thereat, namely a person authorized by the said Aktiebolaget Svenska Kullagerfabriken (now known as Aktiebolaget SKF) or the Skefko Ball Bearing Company Limited of Luton, England (now known as SKF (U.K.) Limited of Luton, England), to act as its representative in accordance with Section 187 of the Act;

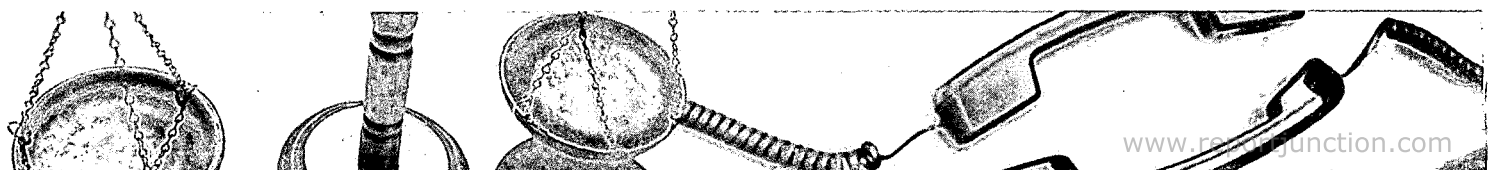
Provided further that if at any time or times any of the aforesaid two bodies corporate may, on grounds of convenience or otherwise think fit not to have its representative present at any General Meeting of the Company for the purpose of forming a quorum for such meeting as aforesaid, then upon its giving previous intimation to the Company in writing, its representative as aforesaid need not be present at such meeting for the purpose of forming a quorum thereof as aforesaid."

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. The relevant Explanatory Statement as required by Section 173 of the Companies Act, 1956 in respect of Item Nos.6 and 7 of the Notice is annexed hereto.
3. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Profile of the Directors being appointed / reappointed as required under Clause 49 of the Listing Agreement are provided in paragraph 2.2 of the report on compliance of Corporate Governance.



6. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, April 7, 2009 to Thursday, April 23, 2009, both days inclusive, for the purpose of payment of dividend, if declared at the Annual General Meeting.
7. The dividend on equity shares, as recommended by the Board of Directors, if declared at Annual General Meeting, will be paid:
 - (i) in respect of shares held in physical form to those shareholders whose names stand on the Register of Members of the Company after giving effect to all valid transfer deeds in physical form lodged with the Company on or before April 6, 2009 and
 - (ii) in respect of shares held in the dematerialized form to those deemed members whose names appear in the statements as furnished by the depositories for this purpose as at the end of the business hours on April 6, 2009.
8. Members may please note that the dividend warrants shall be payable at par at the designated branches of the bank printed on the reverse of the dividend warrant for an initial period of 3 months only. Thereafter, the dividend warrant should be surrendered at the office of the Company's Registrars & Share Transfer Agent, M/s. TSR Darashaw Limited. Members are, therefore, advised to encash dividend warrants within the initial validity period.
9. Any change of particulars including address, bank mandate & nomination for shares held in demat form, should be notified only to the respective Depository Participants where the member has opened its demat account. However, any change in particulars in respect of shares held in physical form should be sent to the Company's Share Transfer Agents M/s. TSR Darashaw Ltd., 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.
10. The amount outstanding in unpaid dividend account in respect of financial year 2001 will be transferred to the 'Investor Education and Protection Fund' maintained with the Central Government after the end of 7 years on 23.04.2009. Members who have still not encashed their dividend are requested to encash the same at the earliest.
11. Members desirous of obtaining any information as regards Accounts and Operations of the Company are requested to write at least one week before the meeting so that the same could be compiled in advance.
12. Members / Members' proxies who wish to attend the meeting are requested to bring attendance slip sent herewith, duly filled in, and the copy of the Annual Report.

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956 :

Item No.6.

The Board of Directors have appointed Mr. V. Vartanian at its meeting held on 22nd October, 2008. Under the provisions of Section 260 of the Companies Act, 1956, Mr. V. Vartanian will hold office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member alongwith the requisite deposit of Rupees five hundred, proposing the candidature of Mr. V. Vartanian for the office of the Director under the provisions of Section 257 of the Companies Act, 1956. Mr.V. Vartanian has consented to act as a Director of the Company, if appointed.

Pursuant to the requirement of the Listing Agreement of the Stock Exchanges relating to Corporate Governance, a statement containing details of Mr. V. Vartanian forms part of the Corporate Governance Report annexed to the Annual Report.

The Board of Directors recommends the passing of the Resolution as set out at Item No.6 of the Notice. No Director other than Mr. Vartanian is concerned / interested in this Resolution.

Item No.7

Article 89 of the Articles of Association of the Company requires taking approval from Investment Corporation of India (now known as Tata Investment Corporation Limited) for the purpose of quorum.

Tata Investment Corporation Limited has vide its letter dated 2nd February, 2009 given their consent for amending Article 89 of the Articles of Association of the Company to the effect that their representative need not be present for the purpose of a quorum for any General Meeting of the Company.

Accordingly, it is proposed to amend Article 89 of the Articles of Association.

The Board of Directors recommends the passing of the Resolution as set out at Item No.7 of the Notice. None of the Directors are concerned or interested in this Resolution.

Inspection

The Memorandum and Articles of Association of the Company, Consent letter dated 2nd February, 2009 from Tata Investment Corporation Limited for amending Article 89 of the Articles of Association of the Company (Item No.7) are available at the Registered Office of the Company for inspection on any working day (except Saturday) during the normal working hours of the Company.

By Order of the Board
SKF India Limited

P. Bhandari
Company Secretary

Registered Office :

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

Date : February 18, 2009



Directors' Report

To the Members,

The Directors have pleasure in presenting the Forty-eighth Annual Report together with the Audited Financial Statements for the year ended December 31, 2008.

FINANCIAL RESULTS

	Year ended December 31, 2008 Rupees in million	Year ended December 31, 2007 Rupees in million
Net Sales & Services	16,202.4	15,683.0
Other Income	101.8	106.7
Total Income	16,304.2	15,789.7
Operating Expenditure	14,224.8	13,137.3
Depreciation	289.4	308.3
Financial Income	(160.7)	(133.3)
Financial Expense	6.8	3.8
Profit before tax	1,943.9	2,473.6
Provision for taxation	667.3	866.5
Profit after tax	1,276.6	1,607.1
Balance brought forward from last year	2,367.4	1,457.5
Profit available for appropriation	3,644.0	3,064.6
The appropriations are as follows:		
Proposed dividend on Equity Shares	237.3	316.4
Tax on Proposed dividend	40.3	60.8
Transfer to General Reserves (including compulsory transfer to Reserves required under Section 205(2A) of the Companies Act, 1956)	127.7	320.0
Leaving a balance of	3,238.7	2,367.4

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 4.5 (45%) per equity share for the year ended December 31, 2008 as compared to Rs.6.00 per equity share for the preceding year. The dividend if approved at the forthcoming Annual General Meeting will be paid out of the profits of the Company for the year and will absorb a sum of Rs. 237.3 million as compared to Rs. 316.4 million for the previous year. This would involve a cash outflow of Rs. 277.6 million including tax on dividend. The dividend will be paid to those shareholders whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the share transfer agent on or before April 6, 2009 and to those whose names appear as beneficial owners in the records of National Securities Depository Limited and Central Depository Services (India) Limited as on said date.

OPERATIONS

Despite all the challenges in the market place, your Company, in the year under review, registered an overall growth of 3.3 percent in sales. The Company has been able to withstand intense

competition and price pressures in the domestic markets and has further consolidated its market leadership in the industry segments in which it operates.

The year witnessed a major change in the economic environment. After a long spell of high growth, the Indian economy is in the midst of a severe slow down. The year was marked by high volatility in input costs, interest and currency exchange rates and in customer demand, more particularly during the latter part of the year leading to pressure on margins and working capital. Demand from the Automotive Sector, particularly commercial vehicles weakened considerably during the last quarter of the year. The unprecedented slump in overseas markets, especially western countries resulted in a decline in exports.

In view of sharp increase in input costs, competitive price pressure and adverse impact due to exchange rate fluctuation, operating profit (PBDIT) as percent to sales is lower at 12.8 percent as compared to 16.9 percent and net profit after tax for the year is lower by 20.6 percent over previous year. Of the total sales

