

The Power of Knowledge Engineering

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Board of Directors

Kamlesh C. Mehra

Chairman

Darius C. Shroff

Henrik Lange

Prasad R. Menon

Rakesh Makhija

Tore Bertilsson

Tryggve Sthen

Vartan Vartanian

Shishir Joshipura

Managing Director

Company Secretary

Pradeep Bhandari

Auditors

B S R & Associates Godrej Castlemaine Bund Garden Road Pune 411 001.

Bankers

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

Registrars and Share Transfer Agents

TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.

Corporate Information

Country Management Team

Shishir Joshipura

Managing Director

Anjali Byce Nair

Director - Human Resources (from 01.08.2011)

Chandramowli Srinivasan

Finance Director

Harsha Kadam

Director - Two Wheeler Business, Global

Ranjan Kar

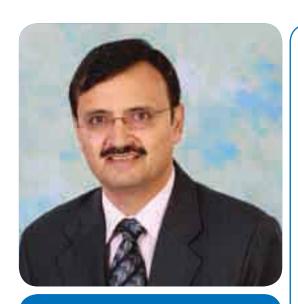
Director - Automotive Business, Pune Plant

R. Manohar

Director - Purchasing, India

Sudhir Rege

Director - Industrial Market, Regional Sales & Service



Letter to Shareholders

It is my privilege to present to you the Annual Report of SKF India Limited, for the year 2011. SKF India reported Net Sales of 2,416 crores, as against 2,068 crores in the previous year, a growth of 17% year-on-year. Our conscious efforts to strengthen our operational efficiencies enabled us to achieve a Net Profit of ` 208 crores for 2011, as against ` 177 crores in the previous year. I thank all our customers for the trust and faith reposed in SKF India through the year. I also express a deep sense of gratitude to all the employees, present and past for their valuable contribution.

2011 started out as a year full of opportunities with promise of plenty and changed course to end in a position of uncertainty and challenges aplenty. The globe went through several unforeseen changes on fronts-political, social and economical alike. India's economy-even as it was driven largely from internal demand-faced several inter-related challenges moderating the growth drivers across the sectors, at least in the short term. Once structural adjustments-lower inflation, lower interest rates, coupled with positive policy reforms - are made, the economy should return to high growth path in medium to long term.

Our diversified presence across the sectors of economy provides us an opportunity to manage our risks better. This is further augmented by our integrated approach combining five platforms with knowledge engineering. We are focussed on helping our customers improve their profitability by improving the reliability and efficiency of their products and operations. This value proposition of providing knowledge-led engineering solutions helped us achieve positive results.

As we move toward the next fiscal, we remain positive about the sustained growth opportunities in the medium to long term even as near term outlook remains challenging. We will continue to focus on providing value added and efficient solutions to customers to support their goals.

Our committed endeavour in this direction is guided by The SKF Bridge of Business Excellence, a strategic roadmap that envisages how we enhance our engagement with our customers and suppliers and improve our ability to deliver even higher value to our customer. The thrust is on combining the knowledge of our customers and suppliers with ours to achieve results in the best way. The Business Excellence Model provides us a structured approach to do this, thereby shaping our evolution on firmly established foundation. Our people across all functions and levels of organisation are committed





to imbibe this framework and retain our leadership edge in the market place.

Sustainability has added a very significant dimension to development of technologies worldwide. SKF is strongly committed to this dimension of development-by directly reducing the impact of our own operations on the environment as well as helping our customers reduce environmental impact of their operations by bringing to them products and solutions that reduce energy consumption. By helping customers become energy-efficient, we also help reduce costs and enhance competitiveness and hence as an organisation, we take immense pride in stating that we are using our Knowledge Engineering capabilities to build a better tomorrow for all our stakeholders.

Let me illustrate-In a bid to revolutionise fuel optimisation and emissions in two-wheelers, SKF introduced the SKF StopGo sensor-bearing solution, an automatic stop-start system for motorcycles and scooters. This innovative system can be easily adapted to a wide variety of twowheelers and motorbikes, irrespective of engine size and it lowers CO₂ emissions and improves fuel economy by an estimated 6-10% (depending on driving conditions). Today, industries have clear focus on reducing their carbon footprint by becoming more energy efficient. SKF's unique Client Needs Analysis - Energy & Sustainability (CNA-ES) helps customers to identify energy and sustainability improvements by facilitating a client review of current energy and environmental practices, tools, operations. It lays an improvement roadmap for the customer and SKF's Reliability Systems Unit is capable of implementing it on location.

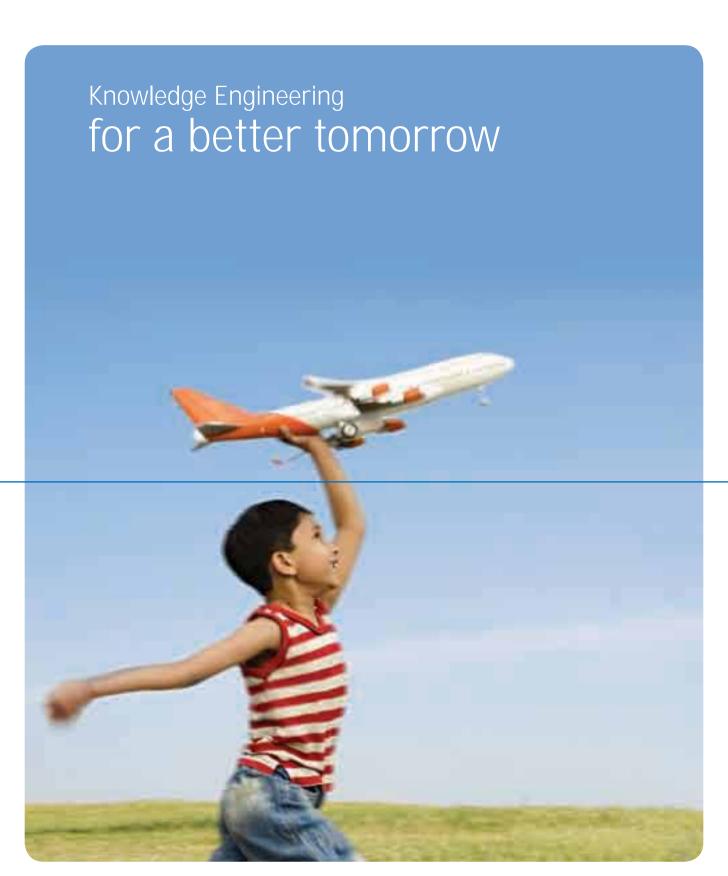
People remain an integral part of SKF's foundation of a Knowledge Engineering company. Enhancing employee engagement is a primary focus area for the Company. In a unique approach this initiative is driven by a team of employees with representation across all levels. This approach enables real solutions for real issues which we are sure will go a long way in addressing enhanced engagement. We are focussed on attracting and nurturing new talent while retaining and developing the talent we already have.

Our commitment to community care is well documented and we continue to support and encourage communities in and around our facilities. SKF Sports Academy continues to support the underprivileged sporting talents in the field of football, cricket and hockey and the children are flourishing in their fields.

I take this opportunity to thank all employees for their passionate involvement and contribution to our business initiatives and working resolutely to deliver value to our customers always. I also take this time to specially thank all our partners - our distributors and suppliers, our bankers and all stakeholders for their continued trust and support. At SKF India, we remain committed to creating and delivering value in a sustainable way.

Thank you,

Shishir Joshipura Managing Director





Scientists study the world as it is; engineers create the world that has never been.

-Theodore von Kármán

Engineering gives shape to concepts of science for everyday good of human beings.

From designing and building gigantic machinery, space crafts, iconic structures, to manufacturing tiny nano cells and ensuring the smooth running of intensively complex processes, engineering has demonstrated its ability to modernise and evolve human civilisation through the ages.

At SKF India, we take pride in our ability to efficiently combine the power of such engineering genius with our own practical insights, coupled with the invaluable experience and incisive understanding gained while servicing diverse industries across geographies.

Our experience, exposure and knowledge, secured over the decades, enforce our ability to comprehend complex challenges faster and enable us to deliver precise engineering solutions that are efficient and productive.

Engineering and knowledge together also enable us to understand the evolving demands of our customers and, with our conscious effort to promote sustainability and energy efficiency, build a portfolio of products and deliver solutions that promote sustainability.

It is this unique foundation of knowledge and experience driven engineering approach that defines the business contours for SKF India. It enables us to offer powerful, Knowledge-led Engineering Solutions For a Better Tomorrow and makes the experience of dealing with SKF India a rewarding and enriching one for each of our customers and other stakeholders.



Knowledge Engineering for increased reliability









Enabling reliability in a manufacturing process / equipment / tools is an integral part of engineering and the function of analysing the expected or actual reliability of a product, process or service is an ongoing process, along with identification of the actions needed to reduce failures or mitigate their effects. SKF India combines this reliability engineering with its legacy of knowledge and insight, gained over 100 years of working across industries and geographies, to value-add its offerings.

SKF India is increasing reliability for customers:

- By ensuring fewer unplanned stops and increasing uptime, resulting in improved productivity for customers.
- By minimising corrective maintenance and increasing predictive and proactive maintenance and also enhancing peak period reliability.
- By advocating a proactive approach to maintenance, facilitating smoother functioning and decreasing maintenance costs.
- By evolving design processes which are competitive and available off-the-shelf, to enable customers speed up time to market.
- By combining the know-how of bearings and units, seals, lubrication systems and mechatronics and services to provide the perfect base to optimise designs.
- By adopting a holistic approach towards developing integrated units or complete systems that can achieve breakthroughs, not normally possible, through simple component or sub-assembly optimisation.

By intimately understanding the evolving demands of customers and bringing together multi-dimensional competencies of technology, product offerings, insight and knowledge, SKF India by offering such Knowledge Engineering solutions as listed above can gain competitive advantage to stay ahead by increasing their productivity and profitability, paving the path for a better tomorrow.





Knowledge Engineering enabling improved efficiency