Proxy Advisory Report | Addendum

SKF India (Industrial) Ltd

ABOUT SES

Stakeholders Empowerment Services (SES) is a Proxy Advisory and Corporate Governance Research Company. SES assists investors to analyze compliance and governance practices including matters relating to sustainability, prevalent at listed entities and empower investors to undertake meaningful engagement with Investee entities.

COMPANY INFORMATION

BSE CODE: 544572

NSE SYMBOL: SKFINDUS

ISIN: INE2J8701016

Industry: Abrasives & Bearings

Email: industrialindia@skf.com

Phone: +91 20 6611 2501

Registered Office: Chinchwad Gaon, Chinchwad, Pune 411033, Maharashtra, India

Website: www.skfindia.com

MEETING DETAILS

Meeting Type: AGM

Meeting mode: Video Conferencing (VC) facility or other audio visual means (OAVM)

Meeting Date: 13th August, 2026 at 3:00 P.M

Notice Date: 12th May, 2026

Notice: Click here

Annual Report: FY 2025-26

SES PA Report (Last AGM): Not Available

E-VOTING DETAILS

e-Voting Platform: NSDL

Cut-off Date: 6th August, 2026

Remote E-voting:

- **Start**: 9th August, 2026
- **Ends**: 12th August, 2026

ADDENDUM REPORT RELEASE DATE: 12th August, 2026

Research Analyst: Vansh Ganatra

Conflict Disclosure: SES - No | Analyst - No

ADDENDUM

There is no change in any of the SES Recommendations. One of the underlying observations raised by SES has changed in view of the additional clarifications provided by the Company.

Shareholders may take note of the Company's clarification and SES' comments thereon.

EXISTING RECOMMENDATIONS					
S. No	**Resolution**	**Type**	**SES Observation#**	**SES Rec.**	**Rationale**
6	To approve Material Related Party Transactions with SKF Engineering and Lubrication India Pvt Ltd, a fellow subsidiary and SKF Group Company.	O	NC | ~~GC~~	AGAINST	*Disclosures not in accordance with RPT industry standards;* ~~*Lack of clarity regarding loan facility*~~
8	To approve Material Related Party Transactions with SKF AB SWEDEN, Ultimate Holding Company.	O	NC | ~~GC~~	AGAINST	*Disclosures not in accordance with RPT industry standards;* ~~*Inadequate disclosure w.r.t. royalty/trademark fee*~~*.*
9	To approve Material Related Party Transactions with SKF India Ltd, a fellow subsidiary and SKF Group Company.	O	NC | ~~TC~~	AGAINST	*Disclosures not in accordance with RPT industry standards;* ~~*Unclear whether prior approval of shareholders is sought.*~~
REVISED RECOMMENDATIONS					
6	To approve Material Related Party Transactions with SKF Engineering and Lubrication India Pvt Ltd, a fellow subsidiary and SKF Group Company.	O	NC	AGAINST	*Disclosures not in accordance with RPT industry standards;*
8	To approve Material Related Party Transactions with SKF AB SWEDEN, Ultimate Holding Company.	O	NC	AGAINST	*Disclosures not in accordance with RPT industry standards;*
9	To approve Material Related Party Transactions with SKF India Ltd, a fellow subsidiary and SKF Group Company.	O	NC	AGAINST	*Disclosures not in accordance with RPT industry standards;*
O - Ordinary Resolution; S - Special Resolution; Rec. - Recommendation # LC - Legally Compliant, NC - Legally Non-Compliant, TC - Disclosures & Transparency Concern, GC - Governance Concern					

BACKGROUND			
Original PA report Link	Click Here	**PA Report Release Date**	9th August, 2026
Date when email received from the Company	10th August, 2026	**Company Email forwarded as SEBI Circular**	Yes

Guide to read addendum: Company's Views: (in Blue colour) & SES Reply: (in Black colour)

SES COMMENTS TO COMPANY'S RESPONSE (RELEVANT EXCERPTS)

Resolution #4:

The Company notes the observation regarding the non-disclosure of the remuneration payable to the proposed Secretarial Auditor.

Pursuant to the recommendation of the Audit Committee, the Board has proposed the appointment of M/s. J. B. Bhave & Co., Practicing Company Secretaries, a peer-reviewed firm, as the Secretarial Auditors of the Company in accordance with Section 204 of the Companies Act, 2013, the SEBI (LODR) Regulations and other applicable provisions. M/s. J. B. Bhave & Co. has significant experience in corporate compliance and secretarial audit assignments and has also served as the Company's Secretarial Auditor in the previous financial year.

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Given the multi-year nature of the proposed appointment, the remuneration will be determined by the Board and/or the Audit Committee from time to time, having regard to the scope of work, regulatory requirements, industry benchmarks and professional standards applicable during the relevant period.

SES Comment:

SES in its PA Report had raised **compliance** and **transparency concern** w.r.t. to resolution #4 due to non-disclosure of remuneration to be paid to the Secretarial Auditors as required under Regulation 36(5) of SEBI LODR.

The Company in its response has not disclosed the remuneration to be paid to the Secretarial Auditors and has simply re-iterated that the remuneration will be as per Board/Audit Committee discretion.

In view of the above, the concern raised by SES continues to persist and there is no change in SES recommendation for resolution **#4**.

Resolution #6:

Background

SELIPL is a strong Supply Chain Partner of our Company (beside being a fellow subsidiary). It supports Company's business by producing/manufacturing high quality products with an excellent lead time to meet the expectations of Company's Customers. It brings an unparallel competitiveness for our Company in the Indian Market. The uninterrupted support of SELIPL (as our Supply Chain Partner) is critical, which helps our Company in achieving higher sales & assured margins. Out of the total proposed transaction value of 12.1 bn INR, 9.1 bn is for purchase of finished goods which is eventually sold to our end customers. Non-approval of this resolution will lead to loss of business to our Company.

For sustaining continued trust of our Customers & for strengthening our brand, it is important that the Company gets uninterrupted support from its supply chain partners. Any interruption in its supply chain may lead to loss of business / customer / brand to our Company.

As this loan has been transferred from SKF India Limited to SKF India (Industrial) Limited, the terms and conditions of the current loan were already approved by the shareholders before demerger. Under the current proposal we are only seeking re-approval of the same from SKF India (Industrial) Ltd shareholders with no change to existing terms and conditions of the loan.

Return, Security & Benefits:

1. *As indicated in the Explanatory Statement, this loan will bear an interest rate equivalent to - 7 years government security rate (7.5% GS rate currently) or, FD/Term deposits rate, whichever is higher + 150 bps (to be reviewed every 6 months)*
2. *The aforesaid rate of return is more than the rate of return our Company avails on it existing excess cash. Furthermore, this loan is fully secured by creation of charge on the assets of SELIPL (already created) + Corporate Guarantee from AB SKF (already provided).*
3. *In this proposal, our Company's interest has been ensured from all the perspectives i.e., higher rate of return, full security and most importantly, uninterrupted supply chain support*

SES Comments:

SES in its PA Report had raised governance concern due to questions over the proposed loan facility to SELIPL under resolution **#6**.

The Company in its response have provided the rationale behind the proposed loan facility to SELIPL given its importance as a supply chain partner and the importance of continued operations of SELIPL.

However, it may be noted that the Company has still not provided the basis on which the additional 150 bps has been arrived at. The Company has stated that the aforesaid rate of return is more than the rate of return the Company receives on its existing cash.

While SES is not supportive of a flat rate which in the extant case is 150 bps without the basis for the same being disclosed, however, taking a holistic view based on the additional disclosures by the Company and the fact that the proposed loan facility is secured in nature along with the Company benefiting from the transaction, SES is taking a lenient stance and hence SES is not raising any concerns with the loan facility.

Resolution #8:

The royalty and trademark fee rates remain unchanged from those applicable prior to the demerger. These charges, along with intra-group service fees, are supported by transfer pricing and benchmarking analyses conducted in accordance with arm's-length principles and applicable regulatory requirements.

SES Comment:

Based on the clarification provided by the Company, there is no concern identified with the proposed rate of royalty.

Resolution #9:

The Company respectfully submits that the transaction value of ₹533.8 crore disclosed in the explanatory statement represents the aggregate value of transactions undertaken during the quarter preceding the shareholders' meeting. This disclosure has been provided to inform shareholders of the actual transaction values recorded in Q4 of FY 2025-26.

Further, the value of transactions undertaken from 1 April 2026 up to the date of the AGM amounted to ₹241.2 crore. These transactions remained within the applicable materiality threshold of 10% and, therefore, did not qualify as material related party transactions requiring prior shareholder approval under the prevailing regulatory framework.

Accordingly, the Company is of the view that the proposed resolution is fully aligned with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as well as the applicable Industry Standards.

SES Comment:

Based on the clarification provided by the Company, the transparency concern raised by SES w.r.t. to prior approval of shareholders has been adequately addressed.

Resolutions #5- #10:

The Company respectfully submits that the requirement under the applicable RPT Industry Standards regarding the certificate from the Managing Director and Chief Financial Officer has been duly complied with.

As disclosed in the explanatory statement, the disclosures prepared in accordance with the RPT Industry Standards, including the aforesaid management certificate, were placed before the Audit Committee, the Independent Directors and the Board of Directors for their consideration. The Audit Committee reviewed the information and documents submitted in connection with the proposed related party transactions and, upon its satisfaction, recommended the same for consideration by the Board and the shareholders.

Accordingly, the review of the certificate by the Audit Committee formed part of the overall review process undertaken in accordance with the RPT Industry Standards.

SES Comment:

SES has raised a **compliance concern** on the proposed RPTs under resolution **#5 - #10** due to non-disclosure of whether the audit committee has reviewed the certificates as required under RPT industry standards.

The Company in its response has clarified that the certificates were duly reviewed by the Audit committee.

Further, the Company has stated that the explanatory statement has mentioned that "*the disclosures prepared in accordance with the RPT Industry Standards, including the aforesaid management certificate, were placed before the Audit Committee, the Independent Directors and the Board of Directors for their consideration.*"

However, SES has observed that the Company has made the following statement, "*The Standards were also presented before the Audit Committee/Independent Directors and Board of Directors for its approval.*"

SES would like to highlight that the ISF Standards make a distinction between the Minimum Information to be provided to the Audit Committee and Minimum Information to be provided to shareholders.

Accordingly, as highlighted in SES' PA Report,

5. Minimum Information to be provided to the shareholders for approval of Material RPTs:

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> *(2)* ***The notice to the shareholders seeking approval for any material RPT shall****, in addition to the requirements under the Companies Act, 2013,* ***include the following information as a part of the explanatory statement****:*
>
> *……*
>
> *(c)* ***Disclose*** *the fact that the* ***Audit Committee has reviewed the certificates*** *provided by the CEO/ Managing Director/ Whole Time Director/ Manager and CFO of the Listed Entity as required under the RPT Industry Standards.*

Therefore, in SES view, when there is such specific requirement to explicitly disclose whether the Audit Committee has reviewed the certificates then a blanket and generic affirmation does not satisfy the disclosure requirements.

While the Company has stated that the Audit Committee has reviewed the certificates in its response, the Company has not placed the same information in the public domain making it available for all shareholders.

Given the same, unless the disclosure is made available in the public domain with access to all shareholders, it cannot be said to have met the legal requirement.

Hence, in SES view, the Company continues to be **non-compliant** with the aforesaid requirement of information to be provided to shareholders.

In view of the same, there is **no change** in SES recommendation for resolutions **#5- #10**.

Resolution #12:

The proposed resolution is being placed as a special resolution in compliance with Regulation 17(6)(ca) of the SEBI (LODR) Regulations, 2015, since the remuneration payable to Mr. Gopal Subramanyam exceeds 50% of the aggregate annual remuneration payable to all Non-Executive Directors of the Company.

Shareholders may note that remuneration, including sitting fees and commission, is paid only to the Independent Directors of the Company, namely Mr. Gopal Subramanyam and Ms. Anu Wakhlu. No remuneration or sitting fees are paid to the Company's Non-Executive Non-Independent Directors (i.e Mr. Ajay Naik and Mr. Karl Robin Joakim Landholm) The requisite disclosures in this regard have been provided in the explanatory statement accompanying the AGM Notice.

In recommending the proposed remuneration, the Board and the Nomination and Remuneration Committee considered Mr. Gopal Subramanyam's role as Chairperson of the Board, his leadership and oversight responsibilities, active participation as Chairman and/or Member of key Board Committees, namely the Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Risk Management Committee, and Corporate Social Responsibility Committee, as well as his consistent attendance and valuable contributions at Board and Committee meetings. His extensive experience and strategic guidance have significantly strengthened the Company's governance, strategy, risk management framework, and overall Board effectiveness, resulting in a substantial positive impact on the Company.

SES Comment:

SES would as stated in its PA Report like to reiterate that there are no concerns identified with either the merits of the director or the quantum of the proposed remuneration.

However, SES as a policy does not support approval of remuneration package to Directors on whose appointment SES would have raised concern by virtue of their position.

Accordingly, given the prolonged association of Mr. Subramanyam, the governance concern raised by SES continues to persist and hence there is no change in SES recommendation.

OBSERVATION NOTE FOR RESOLUTION #8

In its response, the Company w.r.t. to loan facility under resolution **#6** has stated that, "*this loan is fully secured by creation of charge on the assets of SELIPL (already created) + Corporate Guarantee from* ***AB SKF (already provided)***."

SES has observed that the Company is proposing transactions with AB SKF under resolution **#8**, however, have not proposed corporate guarantee as one of the transactions to be undertaken with AB SKF.

It is unclear whether the same was pre-approved and transferred as part of Scheme of Arrangement with SKF India Ltd. Ideally such disclosure should be made part of the Notice to shareholders and the Company should provide additional clarity regarding this in future approvals.

COMPANY RESPONSE (FULL VERBATIM)

Dear SES Team,

This is with reference to your Proxy Advisory Report pertaining to the upcoming Annual General Meeting of the shareholders of SKF India (Industrial) Limited ("the Company").

We appreciate SES's commitment to promoting high standards of corporate governance and transparency. In this regard, we would like to provide our clarifications and responses to the resolutions recommended "against" in your report, as detailed in the attached document titled "Response to SES Queries."

Hope you would find this useful. Please let us know in case you need a discussion on the same for better clarity.

Thanks & Regards,

Secretarial Department

SKF India (Industrial) Limited

ATTACHMENT

Disclaimer

Sources

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, Sustainability Reports, IPO Documents and Company Website.

Analyst Certification

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its website. The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

CAUTIONARY STATEMENT

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage with the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

Disclaimer

While SES has made every effort, and has exercised due skill, care and diligence in compiling this report based on publicly available information, it neither guarantees its accuracy, completeness or usefulness, nor assumes any liability whatsoever for any consequence from its use. This report does not have any approval, express or implied, from any authority, nor is it required to have such approval. The users are strongly advised to exercise due diligence while using this report.

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All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

Concern terminology

NC – Compliance Concern: *The Company has not met statutory compliance requirements*

FC – Fairness Concern: *The Company has proposed steps which may lead to undue advantage to a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders*

GC – Governance Concern: *SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.*

TC - Disclosures & Transparency Concern: *The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.*

Company Information

Stakeholders Empowerment Services

SEBI Reg. No. INH000000016
CIN No. - U74120MH2012NPL232154

Contact Information

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Warning

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.