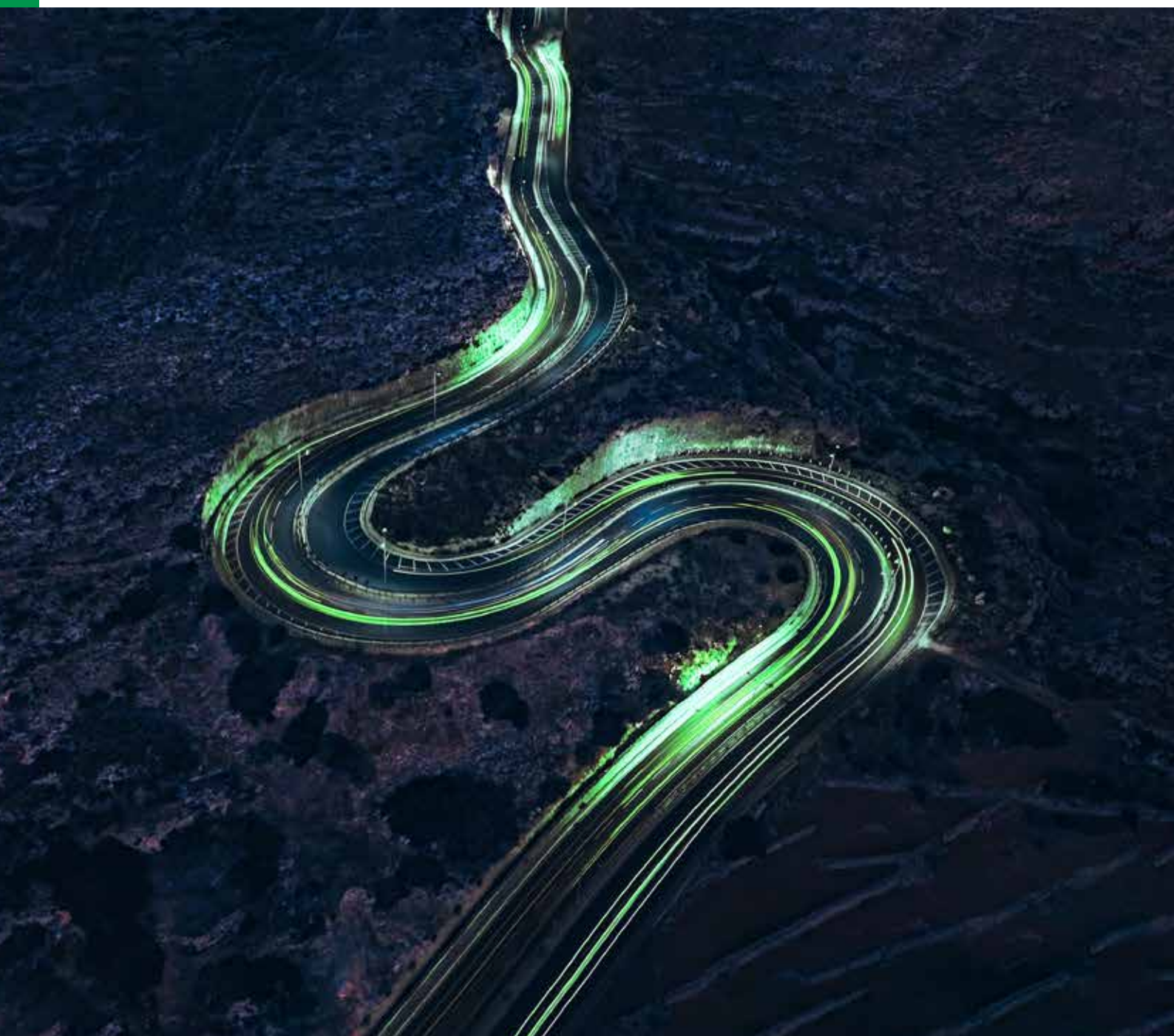


Shaping the future

Integrated Annual Report 2022 | Schaeffler India Limited



SHAPING THE FUTURE

Schaeffler India is committed to enabling the transformation of mobility and motion through sustainable solutions. Our dedication to innovation, customer centricity, and precision manufacturing enables us to push the boundaries of traditional business models.

The wider mobility industry is undergoing a transformational social, technological, and economic shift, fundamentally changing how people and products move. We are responding to this through critical, creative, and agile thinking to help lead the world into a smarter, more efficient, and greener tomorrow.

Read on to discover how Schaeffler India is shaping the future.

Schaeffler India is a part of Schaeffler Group, a select automotive and industrial supplier that leads with innovation, agility, and efficiency. For over six decades, we have been serving customers throughout India, from one end of the country to the other.

How are we shaping the future?



Charting a course to carbon neutrality

[Read more on page 5](#)

Commitment to a greener future

[Read more on page 13](#)



Strategic focus on Make in India

[Read more on page 23](#)

De-risking our business model

[Read more on page 33](#)



Value-driven governance

[Read more on page 47](#)

The pursuit of stakeholder centricity

[Read more on page 63](#)



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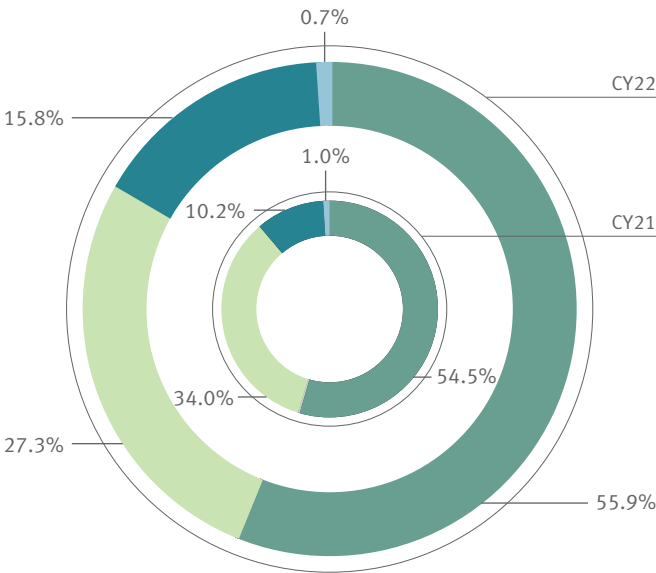
Stakeholder value creation highlights

Value added statement

(Consolidated)

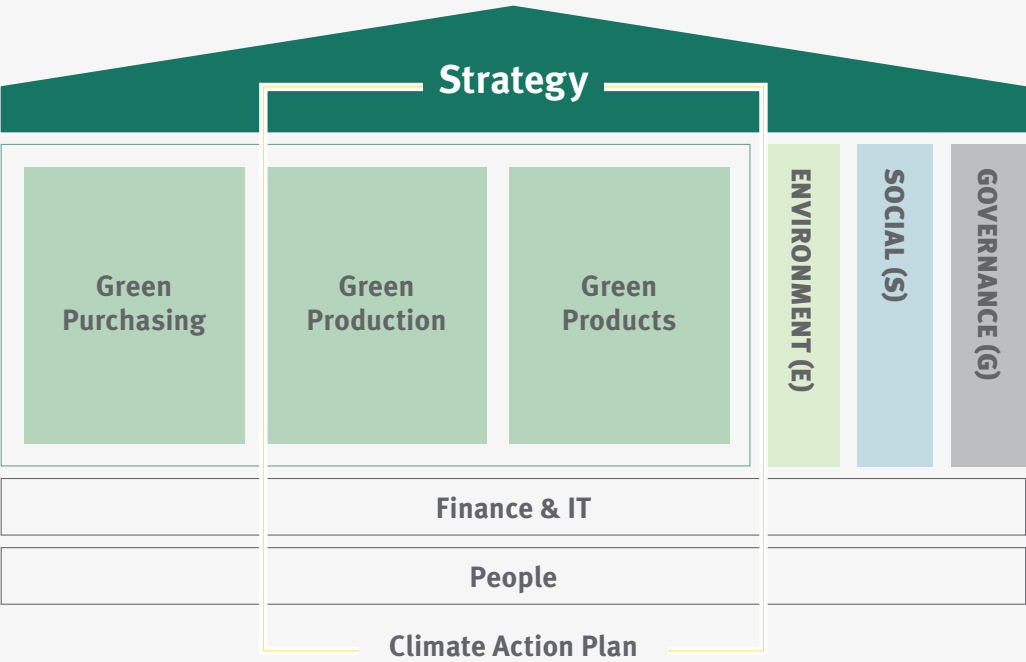
Value added is defined as the value created by the activities of our business and how it is divided between the people who have contributed to its creation.

	CY22	CY21
Reinvested earnings	8,823.1	6,321.7
Providers of debt	Nil	Nil
Employee benefits	4,305.9	3,952.2
Providers of equity capital	2,500.8	1,187.9
Contribution to society	118.3	110.5
Total value added	15,783.6	11,609.0



Framework for sustainability strategy

In CY22, Schaeffler Group further developed its sustainability strategy along the dimensions of Environment, Social, and Governance (ESG).



Delivering value for stakeholders*



Investors

Who they are

Provides capital to us in exchange for ownership or debt instruments with the expectation of generating financial returns on their investment.

What we do for them

Superior stakeholder returns through the optimal utilisation of resources.

27.4%

Return on Capital Employed

[Read more on page 64](#)



Customers

Who they are

Those who use our products and services. They range from large original equipment manufacturers (OEMs), public sector undertakings (PSUs), and small and medium-sized enterprises (SMEs) to emerging startups in the new mobility industry, who are directly serviced.

What we do for them

Best-in-class products and services.

8.37

Schaeffler India Loyalty Index

[Read more on page 68](#)



Employees

Who they are

Everyone either directly or indirectly employed by us to conduct our operations.

What we do for them

Protecting and nurturing our employees.

91%

Employee engagement according to the pulse survey score

[Read more on page 72](#)



Suppliers and partners

Who they are

Those who have a direct working or contractual relationship, or share mutual interest with us.

What we do for them

Creating an inclusive ecosystem for partners.

186 hours

Supplier training

[Read more on page 76](#)



Community

Who they are

Those who live in areas where we work or where we have assets. For example, locals, schools, and charities.

What we do for them

Empowering beneficiaries through our corporate social responsibility (CSR) activities.

122,645

Lives impacted

[Read more on page 78](#)



Environment

Who they are

The natural resources or 'source' and the externalities or 'sink' consumed/created directly or indirectly by the conduct of our operations.

What we do for them

Minimising our impact on the environment.

5.5%

Reduction in Scope 1 emissions

[Read more on page 82](#)

* As on December 31, 2022

INTRODUCTION

IN THIS SECTION

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Charting a course to carbon neutrality



Limiting climate warming is an urgent global challenge that can only be accomplished by working together. We take a science-based approach to our climate targets and are proud to be recognised by the Science-Based Targets initiative (SBTi). In pursuing our Roadmap 2025 and our ambitious targets, we take a path that, although challenging, is nevertheless absolutely vital.”

Klaus Rosenfeld
CEO, Schaeffler Group



Our commitment to climate change reached an important milestone in CY22 as the SBTi validated our CY30 climate targets.

Clear climate strategy for reducing greenhouse gas (GHG) emissions

Validation from SBTi means that our targets and measures follow the latest climate science. We align with the targets set out in the Paris Agreement and support the overarching goal of limiting global warming to 1.5°C above pre-industrial levels. This is a major step towards our goals of reducing emissions and tackling climate change. We are dedicated to continuing our efforts towards a greener and more sustainable future.

Schaeffler India's 2030 sustainability targets

Climate-neutral production

90%*

Scope 1 and 2 emissions

25%*

Scope 3 upstream emissions

*Absolute reduction with CY19 as the base year

Tracking our progress in India CO₂ emissions (in '000 tonnes)





Integrated thinking at Schaeffler India

Scope and boundary of reporting

Approach to reporting

This is the fourth Integrated Annual Report from Schaeffler India and is prepared following the International Integrated Reporting (IR) framework issued by the Value Reporting Foundation. This report reflects our commitment to transparent stakeholder communication and provides a concise yet detailed assessment of our ability to create sustainable value in the short, medium, and long term.

The report focuses on Schaeffler India's achievements, our model of value creation, holistic performance, strategy, risk management, and financial and non-financial performance, including ESG initiatives.

Reporting period

January 1, 2022 → December 31, 2022

Operating businesses

The report covers the strategic, financial, and non-financial performance of Schaeffler India's businesses, including various manufacturing operations and supply chains.

Financial and non-financial reporting

The report extends beyond financial reporting and includes non-financial performance, opportunities, risks, and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value.

Responsibility statement

The integrity of the information presented in this report is verified by the management and the Board of Schaeffler India to the best of their knowledge.


Key Concepts

Value creation process

At Schaeffler India, we believe value creation is focused on optimising value (outcomes and outputs) for our stakeholders. This is a consequence of how we allocate and enhance our capitals, which are stocks of value that increase, decrease, or transform because of the organisation's activities.

Simplified presentation of the value creation process at Schaeffler India

Input → Outputs
Outcome → Stakeholders

 Read more about our value creation model on **page 20**

Frameworks and standards used in reporting

Apart from abiding by the guiding principles and content elements of the IR framework, this report abides by the following frameworks, guidelines, and standards:

- National Voluntary Guidelines
- Companies Act, 2013 (and the rules made thereunder)
- Indian Accounting Standards
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Secretarial Standards issued by the Institute of Company Secretaries of India

Disclaimer

The Company is not liable for any data/information in this report that is taken from the public domain.

Navigation

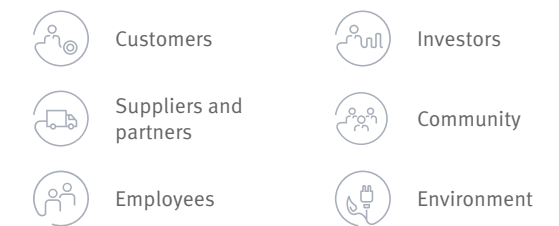
To aid navigation and indicate cross-referencing, the following icons have been used in the Report.

Capitals



 Read more on **page 20**

Stakeholders



 Read more on **page 62**


Key risks we track



 Read more on **page 52**

Contributing to the United Nations Sustainable Development Goals (SDGs)



 Find out more online
[we-pioneer-motion.com](https://www.we-pioneer-motion.com)

[schaeffler.com](https://www.schaeffler.com)
[schaeffler.co.in](https://www.schaeffler.co.in)

 [@SchaefflerGroup](https://twitter.com/SchaefflerGroup)

 [@SchaefflerIndia](https://www.facebook.com/SchaefflerIndia)

 [Schaeffler](https://www.linkedin.com/company/Schaeffler)



20 years of excellence



Delivering value

₹37.8
as on December 31, 2005*

→

₹2,744
as on December 31, 2022*

* Share price at a face value ₹2 per share

Dear Fellow Stakeholders,

I hope this letter finds you well. As Schaeffler India completes over six decades of operations in India, I am immensely proud of what your Company has achieved over these years. I am writing this letter to you with mixed emotions as I step down from the Chairmanship of your Company after serving it for two glorious decades.

I have had the privilege of witnessing Schaeffler India's remarkable transformation as a leading global supplier to the automotive and industrial sectors today. Over the years, we continually pushed the envelope by our ground-breaking inventions and developments in the fields of

motion and mobility. Our commitment to responsible and sustainable growth enabled us to foster strong relationships with all our stakeholders and empowered us to create a brighter future together. Reflecting on the past five years, I am filled with immense pride as our revenue has grown at a compound annual growth rate (CAGR) of 25% and profits at 26%.

In 2022, we emerged from the shadow of the pandemic, but newer macroeconomic challenges arose. We remained resolute and determined, delivering robust performance, yet again, in a challenging environment.

I am delighted to introduce Ms. Eranti Sumithasri as the new Chairperson of our Board. Her impressive 25 years of experience and leadership will be a huge asset to Schaeffler India. We are excited to witness the new opportunities and possibilities that will continue to shape the future under her able guidance.

With immense gratitude and joy, I want to thank every one of you for your unwavering support, guidance, and partnership over the years. Our time together has been filled with so many precious memories, and I am deeply touched by your trust and confidence in me. It has been an honour and privilege to serve as your Chairperson. I am confident that Schaeffler India will continue its growth trajectory in the years to come and I am excited to watch this for journey unfold.

Sincerely,
Avinash Gandhi
Ex-Chairperson



Reflecting on the past five years, I am filled with immense pride as our revenue has grown at a compound annual growth rate (CAGR) of 25% and profits at 26%.

Onboarding the growth train



I am honoured to have been chosen as the new Chairperson of the Board at Schaeffler India. I thank the Board of Directors for their trust and support as I take on this position with immense joy and enthusiasm. As I begin my tenure, my priority is to continue building on the strong foundation established under Mr. Gandhi's leadership.



Dear Stakeholders,

Our 2022 performance reaffirms our business strategy of localisation, digitalisation, and introducing sustainable solutions. Our Company's resilient performance amidst uncertainty in the business environment is a testimony to our agility and preparedness to tackle unprecedented circumstances.

Winds of change

India is poised to remain the fastest-growing major economy, with the Economic Survey estimating a 6.8% growth in its gross domestic product for FY23. This, combined with a predicted GDP growth of over 6% in the following two years, suggests it's well prepared to take on a new phase of expansion despite a global economic downturn.

Reflecting on 2022, the Indian automotive and auto-components industry is at an inflection point. The country's automotive market emerged as the number one globally in terms of volume, selling 3.8 million vehicles in 2022. It is poised for a major transformation from global supply chain diversification, government initiatives, and a rising middle class. Moreover, green growth-from green credits to

green energy to green mobility to green farming – was among the seven main priorities in this year's Union Budget.

Schaeffler India is excited about seizing these opportunities to create value for our stakeholders. We made considerable progress in our Automotive Technologies division, especially in our e-mobility business. Our Automotive Aftermarket business has grown exponentially and has 125-city presence across the country. On the Industrial side of things, we are thrilled to work with our customers to design future-ready solutions, helping them move towards to a sustainable tomorrow.

The ESG imperative: Turning words into action

At Schaeffler India, sustainability is paramount and aligned to our Group's commitment to broad-based ESG targets, including climate neutrality by 2040. During the year, we took a giant leap forward to create a brighter tomorrow. In addition to reducing emissions and focusing on renewable energy, we made impressive progress in creating shared value. We consolidated our efforts under the larger umbrella of

HOPE: truly embracing the spirit of ESG and bringing hope and optimism for a more holistic future.

We are ecstatic to announce that our Jal Sahara initiative – a self-sufficient watershed management model in a severe drought-prone village, won us the renowned CSR Impact Award in 2022 for the rural development and infrastructure project.

In conclusion

The progress we made during 2022 was possible because of our team, and I take this opportunity to express my gratitude to them for their resilience and dedication.

We are confident that our strategy will help us create a sustainable future. To remain competitive, it is important that we constantly review our progress, revisit our focus areas, and remain aware of the changing environment and the new opportunities that emerge.

On behalf of the Board and everyone at Schaeffler India, I thank you for your ongoing support and collaboration as we work together to shape a brighter future with optimism and enthusiasm.

Sincerely,
Eranti Sumithasri
Chairperson



Setting the future in motion



Schaeffler Group is a world leader in innovative systems and components. Together with our customers, we shape mobility for tomorrow.

Established in 1946, the Schaeffler Group is one of the world's leading automotive and industrial component suppliers. Combining decades-long deep knowledge with innovation, quality, system understanding, and manufacturing excellence, we provide an array of products and solutions that help advance how the world moves. The Group has expertise in high-precision components and systems for engine, transmission, and chassis applications for hybrid, electric, and combustion-engine-powered vehicles.

€15,809 mn
Revenue*

82,773
Employees*

2,201
Invention disclosure*

#3
Most innovative company
in Germany*

* According to the DPMA (German Patent and Trademark Office) in 2021
* As on December 31, 2022

Why we exist

Our purpose

We pioneer motion to advance how the world moves.

What we want to achieve

Our vision

We are the automotive and industrial supplier of choice that leads through innovation, agility, and efficiency.

How we achieve our targets

Our mission

We develop and deliver innovative and intelligent components, systems, and services that enable sustainable mobility and motion.



Canada Stratford ●●📍	Russia Ulyanovsk ●	Thailand Chonburi ●	Germany Buehl (2) ●●📍 Eltmann ● Erlangen ● Gunzenhausen ● Herzogenaurach ●● Hirschaid ● Hoechstadt ●●📍 Homburg (2) ●●●📍 Ingolstadt ● Lahr ●●📍 Luckenwalde ● Morbach ● Nuremberg ● Schweinfurt (3) ●●●📍 Steinhagen ● Suhl ● Wuppertal ●	United Kingdom Sheffield ●	Slovakia Kysucké Nové Mesto ●●●📍 Skalica ●●📍
United States Cheraw (2) ●●📍 Danbury ● Fort Mill ●● Joplin ● Troy ● Wooster ●●	South Africa Port Elizabeth ●	Vietnam Biên Hòa City ●	Japan Yokohama ●	France Chevilly ● Haguenau ●●●📍	Hungary Debrecen ● Szombathely ●●
Mexico Huejotzingo ● Irapuato ● Puebla ●●	India Hosur ●● Pune ●● Savli ● Vadodara ●	South Korea Ansan ● Changwon ●● Jeonju ●		Portugal Caldas da Rainha ●	Romania Braşov ● (2) ●●📍
Brazil Sorocaba (2) ●●📍	China Anting ● Nanjing ●●📍 Suzhou ● Taicang (4) ●📍 Xiangtan ● Yinchuan ●📍 Changsha ●			Czech Republic Lanškroun ● Svitavy ●	Austria Berndorf-St. Veit ●
				Spain Elgoibar ●	Italy Momo ●

Plants and R&D centres

Regions ¹⁾	Europe	Americas	Greater China	Asia/Pacific	Schaeffler Group
R&D centres ●	9	5	2	4	20
Plants	44	13	10	9	76
Automotive ●	28	10	8	6	52
Industrial ●	16	3	2	3	24
Campus locations ●	9	3	3	-	15

¹⁾ Regions reflect the regional structure of the Schaeffler Group
Cheraw 2 plants Automotive | Sorocaba 2 plants Automotive | Taicang 4 plants Automotive | Buehl 2 plants Automotive | Homburg 2 plants Automotive | Schweinfurt 1 plant Industrial | Braşov 2 plants Industrial

MORE ON SCHAEFFLER INDIA



Commitment to a greener future

At Schaeffler India, we are deeply committed to sustainable technology. Our goal is to enhance the efficiency of Internal Combustion Engines (ICE), while also providing hybrid and electric drivetrain solutions for the automotive industry. On the Industrial front, we offer refurbishment services and cutting-edge digital solutions for machine health monitoring, which extend product lifecycle and durability.

We believe that we are well-positioned to take advantage of emerging sustainable energy opportunities and are eager to continue contributing to providing sustainable solutions to critical challenges.

Trends and opportunities: Future drivers of growth

India's green growth story

45%

The planned reduction in emission intensity of India's GDP by 2030 (from 2005 levels)*

Transformation in the automobile industry

15%+

Expected Electric Vehicle (EV) penetration by FY30**

8%+

Expected hybrid vehicle market share by FY25#

* Source: Government of India

** Source: Bain & Co.

Source: Nomura Research Institute

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Partnering in progress



Schaeffler India strives to be a preferred technology partner for providing innovative technologies, products, and services to make mobility smarter, more efficient, and more sustainable.

We represent the Indian operations of Schaeffler Group. Guided by our values of being sustainable, innovative, excellent and passionate, we continue to partner with a wide array of customers across industrial and automotive verticals. Our diverse portfolio offerings encompass high precision and reliable components and advanced digital solutions to intelligent and integrated systems and solutions enabling sustainable motion and mobility.

₹68,674 mn
Revenue*

₹428,975 mn
Market capitalisation*

3,190
Employees*

* As on December 31, 2022

Leading into the future

As one of India's leading automotive and industrial suppliers, we want to create and deliver sustainable value for all our stakeholders.

We pioneer motion to advance how the world moves and we play an important role in shaping the future, working on solving tomorrow's challenges, today. Our strategic priorities, which have been consistent over the years, guide us to harness and tap into the potential of India and lead ahead into the future.

Strategic priorities



Building capacities for the future



Strengthening localisation



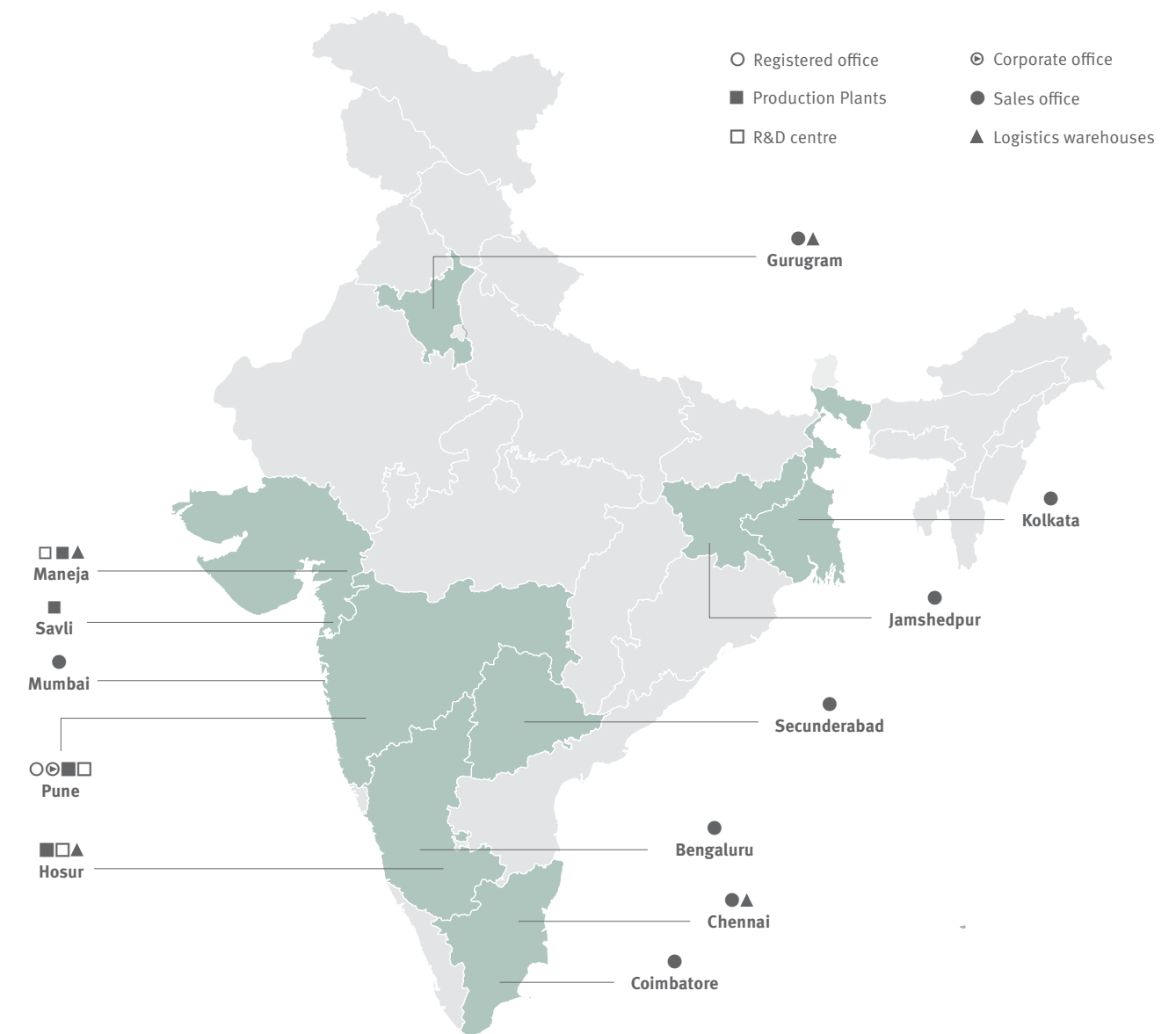
Building local R&D capabilities



Optimising our logistics network

[Read more about our Strategic priorities on page 30](#)

Geographic footprint



Snapshot

4
Plants

33,000+
Retail network

3
R&D centres

330
Distribution and channel partners

8
Sales offices



Creating value at every turn

Products	Segments catered to	Applications	What differentiates us	
<ul style="list-style-type: none">Chassis components and systemsEngine components and precision productsClutches and transmission systemsDrives for hybrids and EVs	<ul style="list-style-type: none">Commercial vehiclesPassenger vehiclesTractors	<p>Valve train components</p> <p>Variable camshaft timer</p> <p>Belt and chain drive systems</p> <p>Balance shaft</p> <p>Active mechatronic roll control</p> <p>Wheel bearing</p> <p>Rolling bearing</p> <p>Strut bearing</p> <p>Electric drive systems</p> <p>Torque converter</p> <p>Ball screw drives for steering systems</p> <p>Hybrid drive systems</p> <p>Thermomanagement</p>	We make vehicles cleaner and leaner through technology <p>Schaeffler precision products are key to reducing fuel consumption and emissions.</p> <p>Read on page 34</p>	Automotive Technologies
Replacement parts for <ul style="list-style-type: none">TransmissionEngine componentsChassis components Intelligent solutions for <ul style="list-style-type: none">Repair and service points via platforms such as REPPERT	<ul style="list-style-type: none">Repair garagesFleet workshopsMulti-brand garagesRetail markets	<p>Passenger cars Outstanding competence in systems and services</p> <p>Heavy commercial vehicles Repair solutions for extended service life</p> <p>Light commercial vehicles Intelligent solutions for light commercial vehicles</p> <p>Tractors Dependable solutions for tractors</p>	We deliver a best-in-class service <p>This division delivers innovative repair solutions in original-equipment quality. We offer comprehensive services to garages by conducting practical training seminars to enhance competency within the repair network.</p> <p>Read on page 38</p>	Automotive Aftermarket
<ul style="list-style-type: none">Rolling and plain bearingsLinear guidance systemMaintenance productsMaintenance servicesMechatronicsDigital services	<ul style="list-style-type: none">RailwaysWind energyIndustrial automationTwo-wheelersOff-highwayRaw materialsPower transmissionIndustrial distribution	<p>Smallest ball bearing with a 1 mm inside diameter</p> <p>Engine bearings</p> <p>Needle roller bearings</p> <p>Plain bearings</p> <p>Yoke type and stud type track rollers</p> <p>Cage-guided cylindrical roller bearings</p> <p>Radial insert ball bearings</p> <p>Cylindrical roller bearings with disc cage</p> <p>Direct drives</p> <p>Main spindle bearings</p> <p>Tapered roller bearings</p> <p>Spherical roller bearings</p> <p>Housings</p> <p>Active magnetic bearings</p> <p>Linear guidance systems</p> <p>Rotary table bearings with measuring system</p> <p>Axial/radial roller bearings with outside diameter of several meters</p> <p>Linear technology Ball and roller bearing, and guideway assemblies, hydrostatic linear guidance systems, and complete systems</p> <p>Direct drives Rotary and linear direct drives, including electronic sub-assemblies</p> <p>Maintenance Products and services for mounting, maintenance and condition monitoring</p> <p>Mechatronics Bearings with integrated additional like using sensors or generators</p>	We keep industry in motion <p>This division offers a wide portfolio of bearing solutions, ranging from high-speed and high-precision bearings with small diameters, to large-size bearings that are several meters wide. Increasingly, the focus here is on smart products and on connecting components. Additionally, Industrial business also offers a wide ranging maintenance services products and industry 4.0 solutions.</p> <p>Read on page 42</p>	Industrial



Robust foundation for sustained growth

Our unparalleled combination of rich parentage, longstanding customer relationships, diverse product portfolio, strengths in innovation, and strong financial fundamentals underpin our attractive investment proposition.



1 Strong parentage

Schaeffler India has strong roots in the Schaeffler Group, a leading German innovator. Leveraging our parent company's extensive global presence, unparalleled product range, robust technology, and cutting-edge innovation, we have established ourselves as leaders in our current business segments.

Moreover, our strategic advantages in terms of low costs, intellectual capabilities for new product development, and expertise have made us the global export hub for multiple products.

Leaders

Across three business segments



2 Longstanding client relationships

We are a preferred partner of Indian OEMs. Our ability to offer quality products and timely servicing helps us maximise our share of customers' wallet.

8.37

Schaeffler India
Loyalty Index



3 Robust financial profile

Our operational performance coupled with disciplined capital allocation helps maintain our financial strength. During CY22, we delivered:

- 23.5% growth in revenue
- Return on Capital Employed (RoCE) of 27.4%
- A debt-free balance sheet
- Strong Free Cash Flow (FCF) of ₹3,768 mn
- Cash and liquid investments of ₹16,580 mn

4 Strength in innovation

The mobility industry is currently undergoing a significant transformation altering the way people and goods are transported. We view this shift as an opportunity to provide cutting-edge sustainable mobility solutions to the world.

In our Industrial business, we possess R&D capabilities that enable us to offer bearings that are optimised for reducing friction, leading to maximum energy efficiency. In addition, we are making headway in the e-mobility sector through our Automotive Technologies segment. We consistently invest in R&D to maintain our position at the forefront of the industry.

₹2,746 mn

Investment in research and innovation in the past three years

12

Patent applications*

33

Invention disclosures*



5 Growing addressable market

India, with a population of over 1.3 billion, is grappling with pressing environmental and social challenges that are increasingly becoming a major concern for its citizens.

Transportation, as a significant source of emissions, requires companies to deliver smarter, greener, and safer solutions in the areas of ICE, hybrids, and EVs to mitigate the impact. In our Industrial segment, we concentrate on automation, infrastructure, and digital solutions that optimise uptime and availability.

\$45-55 bn

Market size of green tech in India#



“Our R&D program is driven by two interconnected goals: testing and validation, and pioneering innovation. Through rigorous testing and validation, we ensure the safety and reliability of our products. It also inspires us to explore new and innovative ideas that can transform our industry. By pushing the boundaries of what's possible and exploring new frontiers in our industry, we create game-changing products that are not only safe and reliable but also have a lasting impact.”

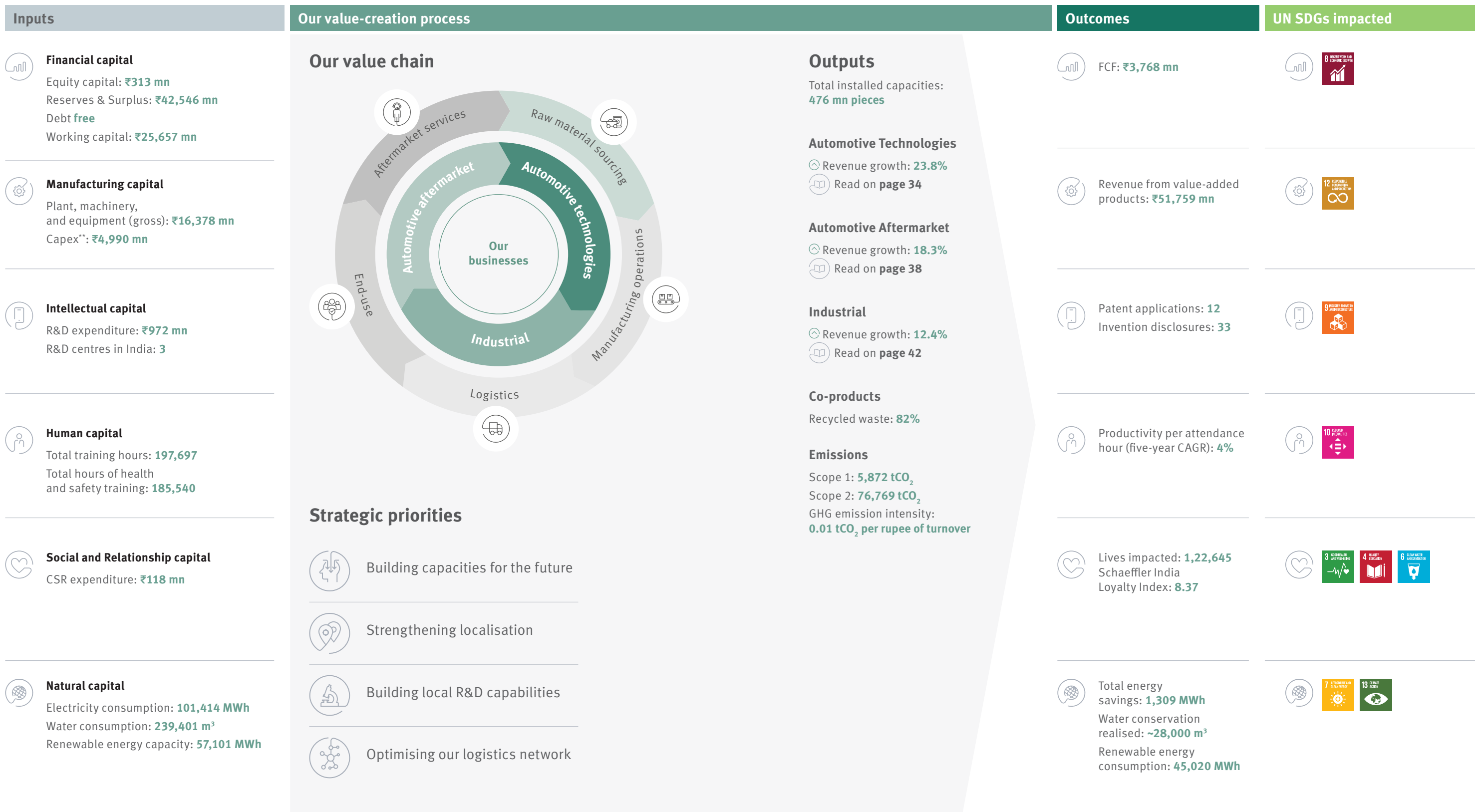
Madhurisha Vippatoori
Chief Technology Officer

* As on December 31, 2022

Boston Consulting Group



Our value creation paradigm*



BUSINESS STRATEGY

Strategic focus on Make in India



The PLI scheme enables the development of economies of scale and a reliable supply chain for advanced automotive technology products. It also addresses cost-related issues throughout the value chain, thereby giving us a competitive advantage and boosting export opportunities.”

Harsha Kadam
Managing Director & CEO

The growing significance and impact of India as an economic hub is a source of great excitement for us. We are impressed by the country’s significant economic growth and potential, and we look forward to exploring opportunities to contribute to India’s development.

Contributing to India’s Amrit Kaal vision

We, at Schaeffler India, are positive about the Union Budget 2023 presented by the Honorable Finance Minister. The government’s emphasis on sustainability, infrastructure development, digitalisation, and promotion of AatmaNirbhar Bharat (self-reliant India) closely aligns with our vision and strategies. We are confident that these measures will stimulate the growth of the Indian economy and create numerous opportunities for businesses like ours.

As a leading player in the automotive and industrial sectors, we are encouraged by the government’s efforts to boost domestic manufacturing. We are also pleased to see the emphasis on skill development and job creation, as this will have a positive impact on our workforce and the industry at large. We are committed to contributing to the growth of the Indian economy.

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Enabling the transformation

Dear Stakeholders,

“

One word that has resonated the most with me to describe our performance, is tenacity. As we navigated through a challenging global environment, our country continued to remain at a bright spot amidst this volatility. We, at Schaeffler India, continued to remain resilient with our unwavering commitment towards our goals. This helped us achieve good results across all businesses, buoyed by the record-breaking growth in exports.”



It is with immense pleasure that I present our fourth Integrated Annual Report for the year CY22. Once again, we demonstrated our capacity to withstand external crises, manage challenges, and continued to grow. Guided by our strategic priorities we remained agile, resilient, and efficient; a fact reflected across our CY22 performance.

During CY22, Schaeffler India completed six decades of growth, innovation, and expansion in India because of the consistent trust, support, and partnership from our customers and suppliers and the commitment and dedication of the Schaeffler India family.

Performance: On track

One word has resonated the most with me to describe our performance, is tenacity. As we navigated through a challenging global environment, our country continued to remain at a bright spot amidst this volatility. We, at Schaeffler India, continued to remain resilient with our unwavering commitment towards our goals. This helped us achieve impressive results across all businesses, buoyed by the record-breaking growth in exports.

Our focus on customer-centricity, operational efficiency, and innovation enabled us to achieve a strong top-line and bottom-line performance, which grew by 23.5% and 39.8% year-on-year (y-o-y), respectively. Throughout the year, we witnessed headwinds in the form of inflation and supply

chain constraints; however, the sustained countermeasures put in place following the pandemic along with our balanced business mix insulated and sustained our performance.

Looking back at our production figures for this year, our plants registered a strong operational performance in meeting our customers' needs. We continue to pursue the highest quality and safety standards at our plants, which remain uncompromising priorities for us at Schaeffler India.

Localisation: A strategic advantage

Localisation remains a key strategic imperative for us. In CY22, our focus on localisation proved to be beneficial in reducing our business risk and increasing our operational flexibility. As India aspires to become a regional manufacturing hub, our four plants are well positioned to cater to the growing demands of our customers and localise manufacturing in line with our strategic priorities.

During the year, our exports saw a remarkable increase of 70%. This surge in exports was largely driven by our localisation initiatives and increasing demand from our global customers.

As we move ahead, we will continue to remain focused on investments in India. The unique competitive advantages offered by government's push towards manufacturing in India bodes well for us in the long-term. I am optimistic that this will translate into a higher growth trajectory for us.

Our employees, suppliers, and OEMs as one unit

Guided by our vision and mission, as we take on responsibility for a sustainable future, we continue to take a holistic approach towards all our stakeholders – both internal and external. We ensure that all our stakeholders are empowered to benefit from the outcomes of our collective efforts, fostering a sense of shared purpose and accomplishment.

We, at Schaeffler India, prioritise our customers' needs passionately that not only drives us to offer the innovative and value engineered solutions today but also inspires us to innovate and meet the future needs of motion and mobility. At Schaeffler, Sustainability is embedded in everything that we do as we strive to offer future-ready solutions.

Employee well-being and engagement is one of the key strategic priorities for us at Schaeffler India. Our employees, above all, are central to us. Our global pulse survey allows them to express their thoughts transparently and empowers them to be a part of our long-term planning and direction. I am extremely happy to share that the recent global pulse survey recorded the highest participation from India which shows their faith, involvement, and engagement towards the organisation. We recognise the importance of empathy and care at our workplace and ensure collective and collaborative decision making and problem solving within a diverse setting.

During the year, we maintained our focus on investing in our employees and enhancing their competencies helping them to navigate through the continuously evolving business environment. We believe that investing in our workforce is critical to our success and the long-term growth of our business.

Shaping the future

We strive to become the preferred technology partner and supplier of sustainable solutions. As proof of our commitment, we are aligning with our Group's eight sustainability goals, impacting multiple areas of environment, social and governance.

Going forward, we are looking at various areas to transform our operations to integrate these actions into capital planning, workforce planning, and operations management. For us, it is not just about what we do and achieve but how we achieve with passion, dedication, and a commitment to enable the transition and shape the future.

Climate-neutral supply chain by

2040

91%

Employee engagement according to the pulse survey score

Multiple external recognitions

Received in CY22

Reiterating our commitment to become carbon neutral by CY40, which also covers the entire supply chain, we look forward to working closely with our suppliers in a combined effort to combat global warming.

Exploring the new

I am pleased to announce the introduction of cutting-edge Schaeffler Lifetime Solutions, in CY22. We are excited about the potential transitions towards green energy that opens multiple opportunities for us in India in the long term as the Schaeffler Group continues to expand knowledge and expertise in these niche areas that will shape the future.

We are beginning to implement initiatives in the areas of digitalisation and automation to get to the 'next level of operational excellence'. We plan to double our digitalisation efforts for the next few years to retain our competitive advantage. To shape the future in an ever-evolving landscape, we will continue to invest in more efficient ways of production to produce innovative products and new avenues of creating value.

Looking ahead

The external business environment is expected to remain challenging in the days to come. However, I am confident, with the Indian growth story as strong as ever, we are well-positioned to deliver on our medium-to-long-term strategies to drive growth.

As we conclude another promising year and look forward to CY23, I am filled with pride and gratitude towards our Schaeffler family. Despite the challenges and obstacles presented by the past year, we achieved many milestones, converted opportunities, and overcame several hurdles. These accomplishments could not have been possible without the unwavering commitment and support of our employees, suppliers, partners, and communities. I express my sincere gratitude to our customers and shareholders who continue to support and engage with us in our journey.

Sincerely,
Harsha Kadam
Managing Director & CEO



Paving the way for sustainable growth



I am pleased to announce our strong performance in CY22, despite the complex global macroeconomic and geopolitical environment. Our resilience and agility have proven invaluable, allowing us to achieve robust results over the past year and position ourselves to build a future-ready organisation.”

Reflections on a year of growth

We have made remarkable progress across all our businesses during CY22, achieving revenue of ₹68,674 million which grew at 23.5% as compared to CY21. Exports grew significantly, reporting an increase of 55.8% compared to last year as we focused on capacity enhancement, re-locations, and leveraging on our competence. Our trajectory of business wins continued through the year and we also successfully made inroads into the e-mobility sector. The introduction of new products and services across Automotive Technologies, Automotive Aftermarket, and Industrial businesses contributed favourably to the revenue growth for our domestic business.

During the year, we achieved an EBITDA of ₹13,076 million, representing a significant increase from ₹9,950 million in the previous year. Moreover, we were also able to improve our EBITDA margins, which rose from 17.9% to 19.0%, thanks to a favourable revenue mix, efficiency gains, and sustained countermeasures to offset input cost pressure and drive accelerated gross profit. This ultimately resulted in a pre-tax profit of ₹11,770 million during CY22 (PBT margin 17.1%), representing a 39.6% surge compared to CY21, as well as a net profit of ₹8,792 million during CY22, a 39.8% increase compared to CY21. The net profit margin increased to 12.8% from 11.3% in the previous year.

The Earnings Per Share (EPS) was ₹56.3 in CY22, reflecting a 40% growth from ₹40.3 in CY21. Furthermore, the RoCE for the year improved to 27%, up from 23% in the previous year, due to optimal utilisation of fixed assets and effective management of working capital.

Our dedicated endeavours to optimising working capital management, particularly in inventory and receivables, alongside the efficient utilisation of plant capacities, and prudent capital expenditure, led to the generation of a healthy Free Cash Flow of ₹3,768 million during the year.

Putting our stakeholders first

Our journey to maximise shareholder value continued as we closed out CY22 with a Board of Directors recommendation for a dividend of ₹24 per equity share (with a face value of ₹2), reflecting a payout ratio of 43%. This ratio aligns with our target dividend payout ratio of 30-50% of the annual standalone Profit After Tax (PAT). We are pleased to have delivered such attractive returns to our shareholders while simultaneously investing in business growth and fortifying our balance sheet. Looking ahead, we remain steadfast in our commitment to providing sustainable, long-term value to our shareholders through a balanced approach that includes both capital appreciation and dividend payments.

We firmly believe that a more comprehensive approach is essential for ensuring the long-term success and sustainability of our business. We understand that our prosperity is intimately linked to the well-being of all stakeholders. Further to our robust financial performance, we have made significant strides in our ESG journey since embarking on it last year. As part of our strategy to create shared value, we are making sustainability integral to our operations.

In CY22, we refined our sustainability strategy by aligning it more closely with the three ESG dimensions: Environment, Social, and Governance. We have developed an ambitious and structured program with long-term goals to advance our commitment to sustainability. We remain steadfast in our efforts to implement end-to-end digitilisation and process automation to amplify our positive environmental impact. Moreover, we understand that corporate governance plays a vital role in driving sustainable growth and long-term value creation. In this regard, we continue to take significant strides toward enhancing our corporate governance practices.

We have made noteworthy progress in adopting the Integrated Reporting <IR> framework, covering all six capitals. This marks our fourth year of reporting in accordance with the IR framework. Additionally, this year we have voluntarily adopted the Business Responsibility and Sustainability Reporting (BRSR) guidelines. I am pleased to present yet another report that equally emphasises both financial and non-financial parameters. Our commitment to this comprehensive reporting approach demonstrates an unwavering dedication to providing our stakeholders with a transparent and holistic view of our performance and progress toward achieving the ESG commitments.



We firmly believe that a more comprehensive approach is essential for ensuring the long-term success and sustainability of our business. We understand that our prosperity is intimately linked to the well-being of all stakeholders. Further to our robust financial performance, we have made significant strides in our ESG journey since embarking on it last year. As part of our strategy to create shared value, we are making sustainability integral to our operations.”

27%

RoCE*

8

ESG targets

₹24

Dividend per share*

* As on December 31, 2022

The way forward

As we forge ahead into the future, our unwavering commitment to expanding our business remains resolute. This year, we invested ₹4,990 million in Capex**, with a primary focus on enhancing the capacities for exports as well as driving our growing domestic automotive and industrial businesses.

We are establishing a sustainable and future-ready plant at Hosur (Tamil Nadu) for the automotive business while our Savli (Vadodara) plant will be expanded for the Industrial business.

We have thoroughly reviewed our Capex strategy, taking into account various internal and external factors, and are ambitious to invest ₹15,000 million over the next three years. We will stay focused on capital efficiency to improve upon resource utilisation and realise optimised returns.

I am gratified by our performance, which was aided by a balanced business mix, broad customer base, diversified offerings, and strong balance sheet. We have made significant progress on our strategic priorities and remain committed to making the necessary investments to ensure continued success. As we enter CY23, I want to reiterate our dedication to executing our strategic focus areas while fulfilling ESG commitments.

I look forward to yet another exciting year. I would like to express my heartfelt gratitude to all our stakeholders for their unwavering support, encouragement, and trust in Schaeffler India's vision to create sustainable value and shape the future.

Satish Patel
Director – Finance & CFO

** Capex gross

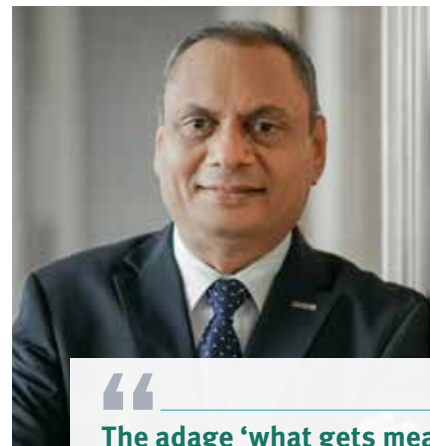


Responsible actions for shaping the future

In line with the Schaeffler Group's sustainability goals, we are beginning our ESG journey that will change how we work, how we make decisions, and how we operate.

Net zero vision: leading ahead on climate neutrality

In CY22, India submitted its Intended Nationally Determined Coalition, or climate strategy, to the United Nations Framework Convention on Climate Change, which zeroed in on a set of balanced and equitable contributions. We are aligned with the Indian Government's vision for creating a net zero world through our sustainability targets.

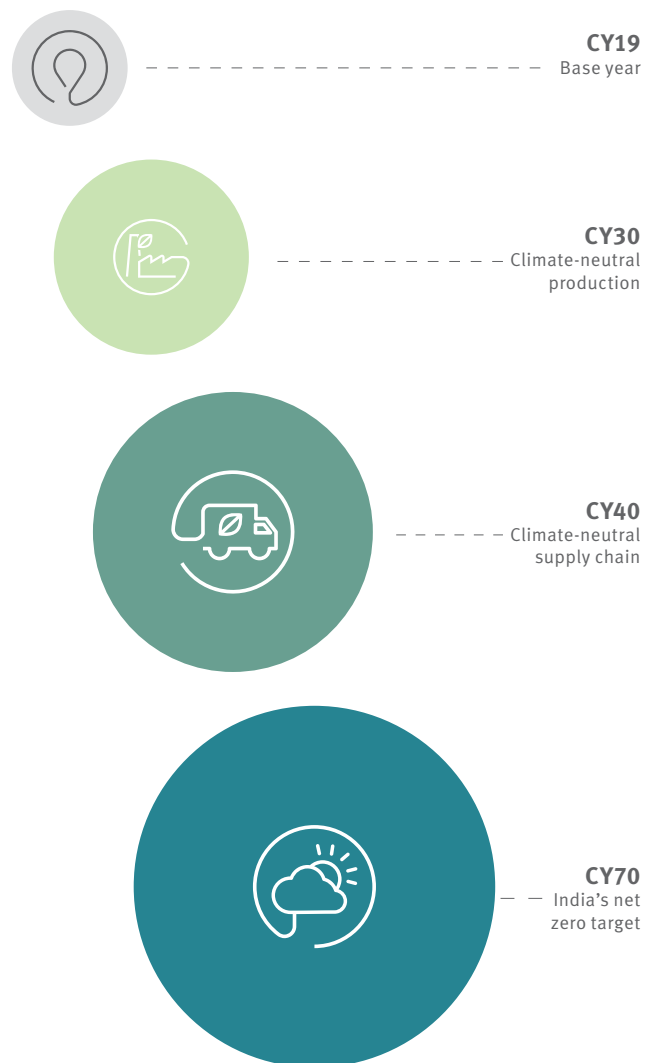


“The adage ‘what gets measured, gets managed’ is equally relevant when it comes to non-financial reporting.

ESG at Schaeffler is an integral part of the company's strategy. We strongly believe that measuring, managing, and communicating non-financial performance is vital as we move ahead. ESG remains at the core of how we conduct our business, and our strategic roadmap has well-defined measurable targets across all three pillars.

We aim to pave the way for a progressive way of doing business and shaping the future.”

Satish Patel
Director – Finance & CFO



CY22 highlights



Awarded the
John Deere Global
Sustainability Award



Climate targets
(Scope 1, 2, and 3)
validated by SBTi

Schaeffler India Sustainability Roadmap

Energy efficiency

By CY24

4 GWh cumulated annual efficiency gains via the implementation of energy efficiency measures



Renewable energy

By CY24

100% purchased power from renewable sources



Climate-neutral supply chain

By CY40

CO₂ reduction in the supply chain (Scope 3 upstream) compared to the base year CY19



Climate-neutral production

By CY40

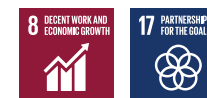
CO₂ reduction in own production (Scope 1 and 2) compared to the base year CY19



Sustainable suppliers

By CY22

90% of purchasing volume of production material from suppliers with sustainability self-assessments by CY22



Women in leadership

By CY25

8% female employees



Employee safety

By CY24

10% average annual reduction in accident rates (LTIFR)



Freshwater supply

By CY30

20% reduction of freshwater supply compared to the base year CY19





A clear strategy to accelerate growth

Our clear and consistent strategic priorities enable us to achieve strong and sustainable performance annually. In CY22, we invested in new technologies, added capacity, and focused on building customer trust. Going forward, we plan to increase localisation, achieve Schaeffler Group's decarbonisation targets by CY40, and accelerate the adoption of green technologies.

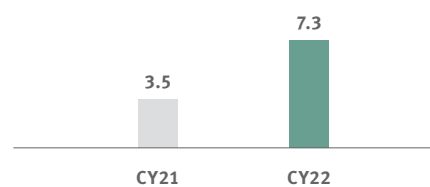


Building capacities for the future

This year, we are strengthening our footprint in India with capacity expansion at our Savli (Vadodara) plant. In CY22, we signed a memorandum of understanding with the government of Tamil Nadu for our new project plant expansion at Hosur.

We plan to invest ₹3,000 million in Hosur over the next few years with the first phase being operational by the end of CY23. This facility will manufacture transmission components and systems for both the automotive and tractor industries. We will also invest to enhance capacities for our export business.

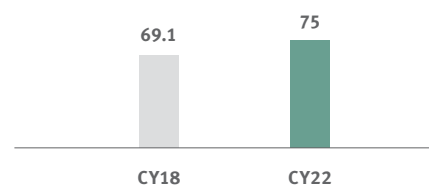
Capex (% of sales)



Strengthening localisation

We are committed to manufacturing in India to utilise the cost advantage, knowledge, and intellectual capabilities unique to the subcontinent. We plan to make India the manufacturing hub of specific product lines by shifting production from our European plants. This allows us to make exports an integral part of our strategy and make our business even more resilient.

Localisation ratio (%)



Building R&D capabilities

During 2022, we made a substantial investment in constructing a cutting-edge mechatronics centre in Pune. The purpose of this centre is to bolster our software and electronics development capabilities. It will become a key location in the group's global research and development (R&D) network.

In the future, we plan to further enhance our R&D capabilities to streamline our product development process and accelerate the launch of our products in the market. Our commitment to augmenting our R&D capabilities reflects our ongoing efforts to improve the efficiency of our product development and deliver innovative solutions that meet the evolving needs of our customers.

₹972 mn

R&D spend*
10.2% five-year CAGR
* As on December 31, 2022

Focus areas for R&D in India

- Solutions for emerging EV segments
- Product engineering and simulation competencies



Optimising our logistics network

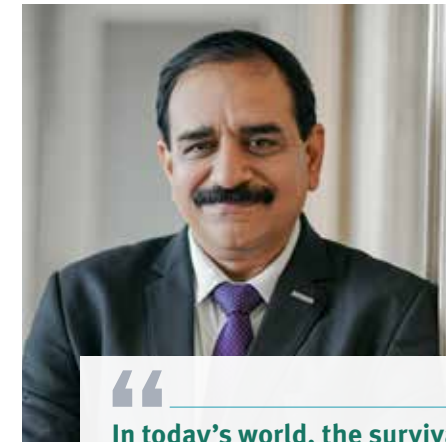
We continued to build and optimise our logistics network during CY22. A milestone we crossed was the opening of the Schaeffler Group's largest Asia-Pacific warehouse and distribution centre at Hosur, a state-of-the-art facility enabling us to serve our customers better.

2

Awards received for delivery and quality

4

Strategically located warehouses



“

In today's world, the survival and growth of a business depend on how a firm balances its innovation and market exploitation, and the extent to which it can absorb external knowledge. As such, we must remain agile, embrace change and reimagine traditional approaches. For us, this means pursuing growth in tandem with sustainability.

I am pleased to report that we have made substantial progress towards this goal by achieving roughly 44% renewable power usage in CY22 through investments in solar rooftops and third-party power purchase contracts. Furthermore, we have undertaken initiatives that have saved around 1.3 GWh of electricity and 28,000 m³ of water.

On the operational front, we consolidated customer complaints and reduced internal failure costs by approximately 17.5% below target, a testament to our team's dedication and hard work.

With ample opportunities ahead due to investments planned for the next two years, we will act with speed and decisiveness to execute multiple different types of projects at all four plants with localised supply chains, while maintaining high priorities for safety, quality, productivity, and cost improvement.”

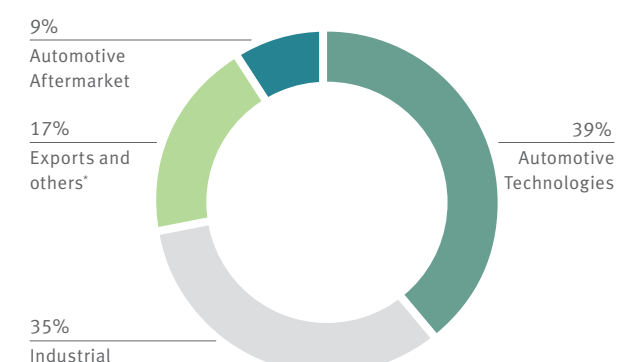
Sameer Mathur
Chief Operating Officer

BUSINESS REVIEW

De-risking our business model

Our organisation brings together various business segments for a wide range of industrial applications, diversification, de-risking the business and gaining stability in an evolving business landscape.

Sales mix in CY22



* Exports mainly includes exports to group companies, scrap sale and other operating income

~50:50

Revenue division between Automotive and Industrial businesses in Schaeffler India

~75:25

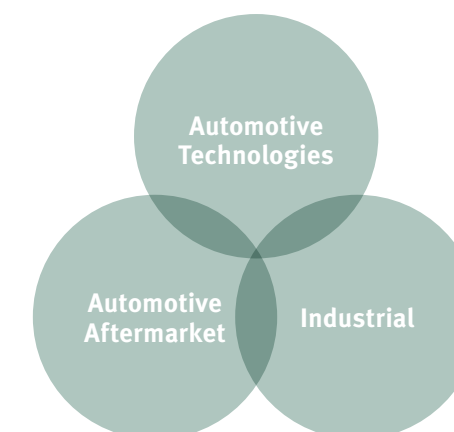
Revenue division between Automotive and Industrial businesses in Schaeffler Group

11.5%

Five-year CAGR of EBITDA

Stronger together Harnessing cross-functional synergies

As an integrated automotive and industrial components supplier, we capitalise on the power of economies of scale and scope. By leveraging the same raw materials, components, and production technologies as well as engaging in the joint purchasing of raw materials, we realise cost savings and efficiency gains that are unique to Schaeffler India.



- Knowledge transfer
- Efficiency gains
- Cost savings

■ Cross-functional synergies

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Leading automotive innovation

Enabling the transition to sustainable mobility



The Automotive Technologies division develops precision products using innovative and sustainable technologies for passenger and commercial vehicles, tractors, and off-highway segments. Our innovative and customer-first approach makes us the preferred partner of India's biggest automotive OEMs.

Performance highlights in CY22

₹27,065 mn

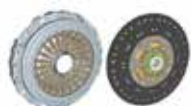
Revenue

23.8%

7.32

Schaeffler India
Loyalty Index

New products introduced to the market



High-Performance
Heavy Duty Clutches



Tractor Double clutches –
Impact of TREM IV Engines



Clutch Release



Clutch Pressure Plate



Optimised Torque Clutch Release
Bearing for passenger cars



Heavy Duty Clutch Release Bearing for
passenger cars



Single Clutches



Tractor Double Clutches

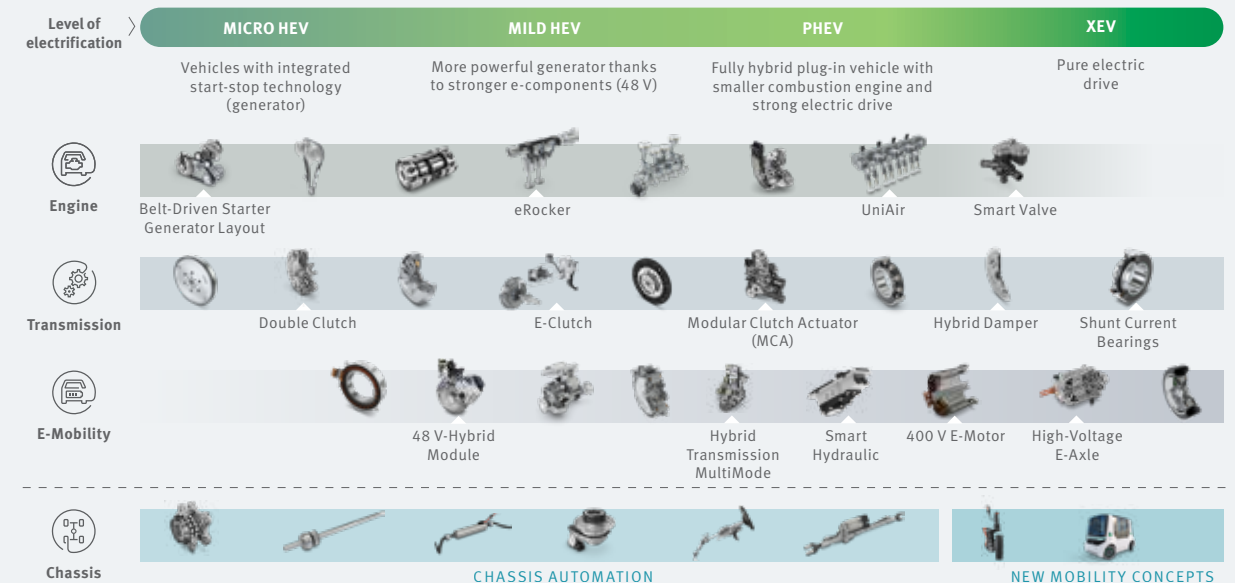
y-o-y growth

Reviewing CY22

- The Automotive Technologies division was on an upward trajectory in CY22, gaining significant ground on all fronts, especially in the e-mobility segment. A notable highlight was the significant increase in revenue from heavy commercials — leading to a 23.8% y-o-y growth in revenues.
- We won significant business from renowned OEMs across PV, CV, and tractor segments. Another milestone in CY22 was the inroads made in the e-mobility segment via our foundation products in the bearing business.
- We ramped up major projects in engine components and shift systems, which will play an important role in meeting the upcoming Real Driving Emissions requirements with increased reliability.
- We made significant business wins in hybridisation with OEM customers, wheel bearings for fully electrified car platforms, and valve train components for turbocharged gasoline direct injection engines.
- On the operational front, we reduced customer warranty costs and increased customer satisfaction. Another notable highlight was reducing product development lead times through operational efficiency initiatives.

Becoming a systems partner for sustainable drivetrain solutions

During CY22, we enhanced our reputation as a systems partner in advanced ICE engine solutions in both engine and transmission areas. To prepare for the future, we are expanding our capacity in Pune and Hosur to develop sustainable drivetrain solutions for ICE and hybrid vehicle systems.





Leading automotive innovation

Megatrends and opportunities

Emergence of efficient and sustainable mobility solutions

From an Indian market perspective, we will use various paths to mitigate the environmental impact of automobiles, including ICE, hybrids and fully electric solutions. We focus on delivering cost-effective and customised solutions, leveraging our capabilities to provide innovative solutions.

2.06 mn

Number of charging stations required by CY30*

\$35-45 bn

Opportunity in traditional ICE play in India*

Strong focus on emission norms

The ever-growing concern about air pollution prompts the implementation of increasingly stringent regulations to reduce the environmental impact of automobiles. The BS-VI norms, equivalent of European regulation Euro VI, are some of the toughest standards in the world. This presents us with an opportunity to leverage our capabilities to improve existing solutions and create more value for our customers. We are fully prepared to comply with the upcoming CAFÉ and BS-VI phase II norms.

BS-VI norms reduce NOx from diesel cars by **70%** and petrol cars by **25%**

* Source: The Economic Times

Source: Mckinsey

Pioneering R&D in India

Schaeffler India is committed to developing cutting-edge, innovative solutions for mobility in India. Our localisation efforts are not only limited to manufacturing but also to developing India as an R&D hub for our global operations.

This year, we launched a new mechatronics centre in Pune, which further broadens our capabilities to provide smart solutions to the Indian market. We also increased the number of testing facilities for both local and global requirements, ensuring that we are prepared for a constantly changing regulatory landscape.



Our Automotive Technologies division started the year on a positive note. Despite headwinds later in the year, we sustained our growth momentum and increased our revenues by 23.8% annually. The strength of domestic consumption in India, along with our clear strategy, enabled us to deliver an impressive top-line performance.

Our proactive efforts to ensure supply, cost control countermeasures, and price pass-through enabled us to achieve strong bottom-line performance. We also progressed on our e-mobility transition by partnering with pioneering OEMs.

We made in-roads in emerging technologies, such as e-mobility, whilst winning new business in hybrids and ICE vehicle systems. Our ability to meet diverse needs bodes us well as we view the Indian automotive market as a unique space where ICE, hybrids, and electric mobility will continue to co-exist in the foreseeable future.

For us, customer centricity is more than a motto, and we will continue to deliver innovative products that meet the needs of leading OEMs in India.

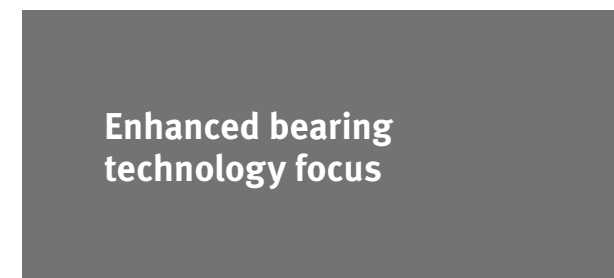
Our consistent and clear strategy makes us future-ready, and we are charting a road towards efficient, smarter, and greener mobility solutions. We are gearing up for a sustainable future while continuing to strive towards our vision of pioneering motion.”

Vishwanathan Sambasivan
Acting President (Automotive Technologies)

Strategic focus areas



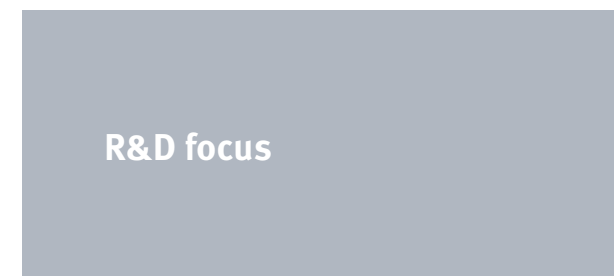
Engine and transmission solutions



Enhanced bearing technology focus



E-mobility solutions



R&D focus



Schaeffler Group's software and digital competency*

* Schaeffler Technology Solutions India Pvt. Ltd.



Enabling deeper connect with customers



Our Automotive Aftermarket Division is responsible for providing data-driven services and innovative plug-and-play solutions for transmission, engine, and chassis systems under the leading brands of LuK, INA, and FAG.

Performance highlights in CY22

₹5,936 mn Revenue	400+ SKUs added
18.3%	
8.67 Schaeffler India Loyalty Index	6 countries Presence

New products introduced to the market



y-o-y growth

Reviewing CY22

- The Automotive Aftermarket business achieved a strong performance and significant growth momentum. We touched the ₹5,000 million revenue mark and achieved an annual growth rate of 18% in a tough and challenging business environment.
- We expanded to build the footprint of the Schaeffler TruPower brand with our products gaining market share in retail outlets and garages. The launch of wiper blades was very successful as we sold more than half a million wipers.
- We introduced 14 new BS-VI parts to help our customers transition to the new norms.
- A notable product introduced during the year was the thermal management module (TMM) for high-end cars which requires advanced engine/battery thermal management typically for conventional, fuel-cell, hybrid, and electric vehicles.
- We continued to diversify our product portfolio in core segments by introducing centre joint support and oil immerse brakes in the FAG, LCV, and tractor segments. The newly launched products are gaining traction in all markets.
- We sharpened our distribution network by conducting workshops to understand our customers' needs. We continued to focus on developing the skills of our technician partners via the mobile technical training van REPERT, where we interacted with close to 2,000 technicians.
- We doubled our warehousing capacity and modernised our warehouse to service our customers better.
- We invested in building relationships by organising a customer workshop in Thailand for long-term clients.

Knowledge at your fingertips

The context

The Automotive Aftermarket business has undergone a tremendous digital transformation in recent years, driven by changing preferences and the increasing tech-savviness of consumers. Traditional brick-and-mortar businesses have had to adapt to these trends to stay competitive.

Our response

As part of our innovative, customer-centric approach, our Automotive Aftermarket division has introduced the Parts4U application. This interactive app is designed specifically for mechanics and retailers, providing them with exclusive access to vehicle parts, training sessions, and repair solutions at their fingertips. Compatible with both iOS and Android, Parts4U is empowering customers across the entire value chain.

Megatrends and opportunities

Growth in tier 2/3 cities

Tier 2 and 3 cities are becoming booming economic centres with GST implementation and rising per capita income. To capitalise on this market opportunity, we need to expand our presence in these cities and create more touchpoints to engage customers to create tailored solutions to meet their preferences.

7.4%

y-o-y growth in industrial and warehousing absorption in tier 2 and 3 cities in CY22*

50%

Of recognised start-ups are based in tier 2 and 3 cities#

Pre-owned market

The recent expansion of the pre-owned car industry now surpasses the growth of new cars. Consumers increasingly opt for pre-owned cars, driven by the convenience and trust provided by digital channels. Our business model is characterised by an S-shaped growth where profits increase with the age of the car, and it places us in a prime position to take advantage of this growth opportunity.

8.2 mn

Projected used car sales by CY25 from 4.4 mn+ in CY22**

*Source: Savills India | #Source: Inc42

**Source: Autocar

Building customer trust

REXPERT: The game changer

REXPERT is a one-of-a-kind initiative that combines physical and digital mode to reach our technician partners across India. The platform provides comprehensive training and support so that our consumers experience the best service possible.

With this initiative, we seek to prepare technicians for the changes in technology and regulations that will shape the future. We are further introducing the REXPERT mobile application, which provides mechanics and garage workers with information on product types, fitment methods, and a range of applications.

8,000 kms+
Travelled in 81 days

36
Cities covered

2,000
Technicians trained

1,100
Garages covered



The Automotive Aftermarket division has had an incredible journey of evolution and adaptation over the past 25 years. Despite the difficult circumstances faced by the industry in CY22, the division showed remarkable resilience and reported a revenue of ₹5,936 million, an impressive growth of 18.3% over CY21. I am immensely grateful to our sales team and business partners for their hard work and dedication to helping us reach this milestone.

We sharpened our strategic focus in CY22, expanding our portfolio of foundation and branded products. The new products under the Schaeffler TruPower brand received excellent reviews and showed promising growth in their debut year. To increase our reach, we conducted more workshops and built a larger network of technician partners. These efforts enabled us to maximise our distribution and create lasting partnerships.

As we enter CY23, our goal is to reach new heights of success by expanding our reach, strengthening our market position, and delivering exceptional customer satisfaction through our cutting-edge products, innovative programs, and customer-focused approach. We are excited to see what the future holds and are ready to take on the challenges that come our way.”

Debasish Satpathy
President (Automotive Aftermarket)

Strategic focus areas



Product diversification

Network expansion and effectiveness



Core product focus and value add



Enhanced digital presence

SCHAEFFLER
REXPERT
WORK. LEARN. INFORM.



Keeping industry in motion



Our Industrial division is the market leader in bearing solutions, and we proactively shape the future via the increased use of new digital and mechatronic technologies.

Performance highlights in CY22

₹24,247 mn
Revenue
12.4%

8.76
Schaeffler India
Loyalty Index

New products introduced to the market



Reviewing CY22

- We achieved a robust performance in top-line and bottom-line both on a y-o-y basis and compared to pre-COVID levels in CY19. Growth was primarily driven by strong business sentiment in our key market segments (winds, railways, mining, and infrastructure).
- We maintained a healthy EBIT profile due to our ability to pass-through cost to customers and operational measures that were implemented during the COVID-19 pandemic.
- We made progress in the refurbishment centre at Jamshedpur. Our Vadodara Quick Centre enabled us to win orders for machine tools and automation segments. We made significant gains from the revival in mining and construction equipment industry as well as strengthened our position in condition monitoring services with breakthrough business wins.

R&D centre in Vadodara

We have two strong and mature bearing manufacturing plants in Vadodara, driving a significant amount of localisation initiatives. We have invested in a new R&D centre for industrial bearings at the Maneja (Vadodara) facility embedded in the manufacturing location, which is currently in the nascent stages of development. Currently equipped with testing and validation competency in its early stages, there are plans to scale up the competencies as the project progresses.

The centre's ultimate goal is to develop new, innovative solutions for industrial bearings that will improve performance and reliability. With a focus on research and development, the centre will play a critical role in advancing the field of industrial bearings, and we look forward to seeing the advancements that will come as a result of this exciting new project.



Megatrends and opportunities

Infrastructure focus

The Indian government is committed to boosting economic growth through infrastructure expansion. Budget 2023-24 increased capital investment outlay by 37.4% with the highest ever railway capital outlay of ₹2.4 lakh crores. This is expected to drive demand and place our Industrial business on a high growth trajectory.

₹10 tn

Budget 2023-24 capital investment outlay*

Government's focus on green hydrogen

Green hydrogen is set to play an important role in India's ambition to reach 500 GW of non-fossil fuel capacity by 2030 and in developing energy storage solutions that could potentially replace lithium-ion-based batteries. Schaeffler India's technological capabilities place us well along the green hydrogen value chain to help facilitate India's green transition.

₹197 bn

Budget 2022-23 outlay for green hydrogen*



Developing smart, sustainable solutions

Case study

Greener solutions for a better tomorrow

Steel production is a critical driver of economies worldwide, but it also accounts for a significant portion of global emissions and contributes to 8% of CO₂ pollution. A way to facilitate the transition to a greener future is to extend the lifespan of steel-based bearings.

Our bearing refurbishment centre in Jamshedpur plays a significant role in facilitating this transition. With its strategic location near our customers, we can efficiently repair bearings used in continuous operating processes across a wide range of industries, including mining, metal and minerals, pulp and paper, railways, and the power sector.

By providing bearing conditioning services, we assist our customers in saving significant time and cost while also making a positive impact on the environment.

Refurbishment extends the lifetime of bearings by

2-3 years



Despite facing various challenges in our business environment, we achieved robust performance in our Industrial business. We grew our revenue by 12.4%, to ₹24,247 million this year. We made significant business wins in railways and raw materials segment, solidifying our position as a leading player in providing bearing solutions.

Despite facing inflation and supply chain bottlenecks, particularly with our imported products, we persevered to maintain a healthy earnings profile through our strategic focus on localisation. Although our wind segment tapered off towards the second half of the year due to a global slowdown, our key segments in railway and mining continued to show resilience, and we remain optimistic about our long-term outlook.

On the operational front, we made significant strides in future-proofing our business through digitalisation and automation initiatives. We implemented the Toyota Production System, targeting operational efficiency, safety, quality, and productivity. This year, we gained invaluable insights into quality management and safety, which will continue to be instrumental in our growth and success.

With our robust portfolio, technical and operational expertise, and expanding capacity, we are well-positioned to harness the potential of India's growth story."

Harsha Kadam
Managing Director & CEO,
President – Industrial

Strategic focus areas



Product management and strategy



Sectoral focus



Schaeffler lifetime solutions



Services capability and portfolio



Strengthen local R&D

GOVERNANCE AT SCHAEFFLER

IN THIS SECTION

Approach to governance	48
Risk management	52
Supported by our Board of Directors	58
Led by our executive leadership team	60

Value-driven governance

At Schaeffler India, we recognise that good governance practices are essential to nurturing long-term, sustainable, and mutually beneficial relationships with all stakeholders. Our commitment to upholding the highest standards of ethical behaviour and transparency has enabled us to build strong and lasting partnerships.

* Assessment as of December 31, 2022, by Institutional Investor Advisory Services (IIAS), a SEBI-registered proxy advisory firm, based on an evaluation framework built around the G20/OECD principles

Leadership

Schaeffler India's governance grade*

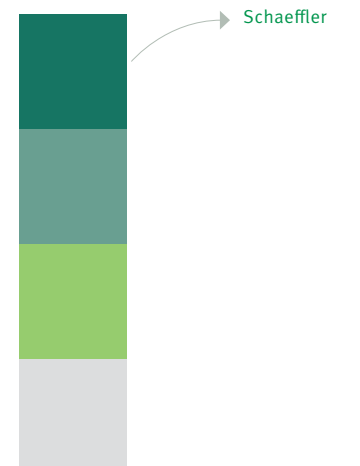
Achieving excellence in corporate governance

Leadership
≥ 75

Good
60 – 74

Fair
50 – 59

Basic
≤ 50





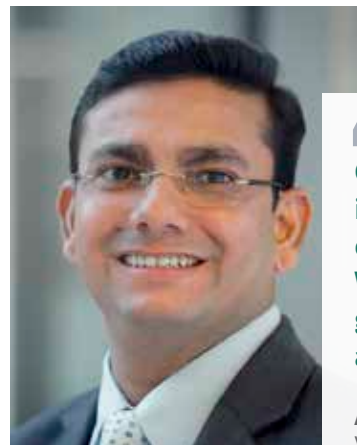
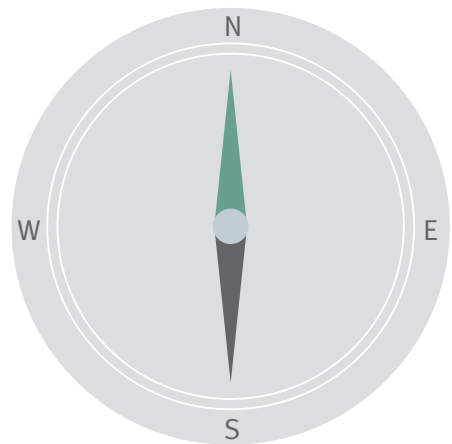
Cultivating values for tomorrow

Corporate governance philosophy

Our corporate governance exemplifies our values and principles, including our culture, policies, and interactions with our stakeholders. Integrity, accountability, and value creation are core principles of our corporate governance practices and ensure that we always gain and retain the trust of our stakeholders.

Our corporate governance is guided by the twin objectives of achieving economic success while simultaneously acting responsibly towards the environment, people, and society. This is reflected in our Code of Conduct, which applies to the Board, Senior Management, and every single employee of the Company.

The true north of governance



Our corporate governance is a statement of the values we wish to imbibe in our business. We strive to ensure that our governance framework is effective, transparent, and accountable to the relevant stakeholders. We take pride in our commitment to the highest standards of corporate governance, and we strive to ensure that our practices are in line with applicable guidelines and regulations.”

Ashish Tiwari
Vice President, Legal and Company Secretary

Board focus areas in CY22



92%

Attendance by the Board of Directors

5

Board meetings held in CY22

G20/OECD principles of corporate governance

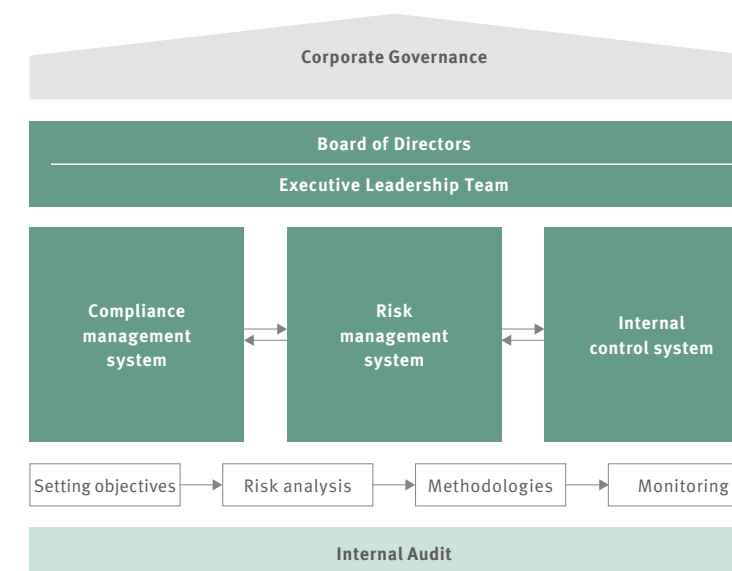
Corporate governance practices at Schaeffler India are benchmarked by the Organization for Economic Cooperation and Development (OECD) as follows:

Ensuring the basis for an effective corporate governance framework	Rights and equitable treatment of shareholders	Role of stakeholders in corporate governance	Disclosures and transparency	Responsibilities of the Board
<ul style="list-style-type: none">– Governance structure	<ul style="list-style-type: none">– Quality of shareholder meetings– Related party transactions– Shareholders’ Handbook– Conflict of interest	<ul style="list-style-type: none">– Business responsibility initiatives– Supplier management– Employee welfare– Investor engagement– Whistle-blower Policy	<ul style="list-style-type: none">– Ownership structure– Financials– Company filings and quarterly disclosures– Risk management– Audit integrity– Dividend payouts and policies	<ul style="list-style-type: none">– Board as a trustee– Board and committee composition– Training for directors– Board evaluation– Director remuneration– Succession planning

Ensuring the basis for an effective corporate governance framework

Our governance structure is designed to responsibly manage and oversee the Company’s activities, ensuring that potential risks are identified and managed effectively. It provides a framework for making decisions, setting objectives, and maintaining accountability across the organisation.

Our governance structure



Board of Directors and **Senior Management** are responsible for establishing measures of corporate governance and ensuring compliance

Compliance management, risk management and internal control system serve to identify and manage risks

Internal audit to ensure independent check on the effectiveness

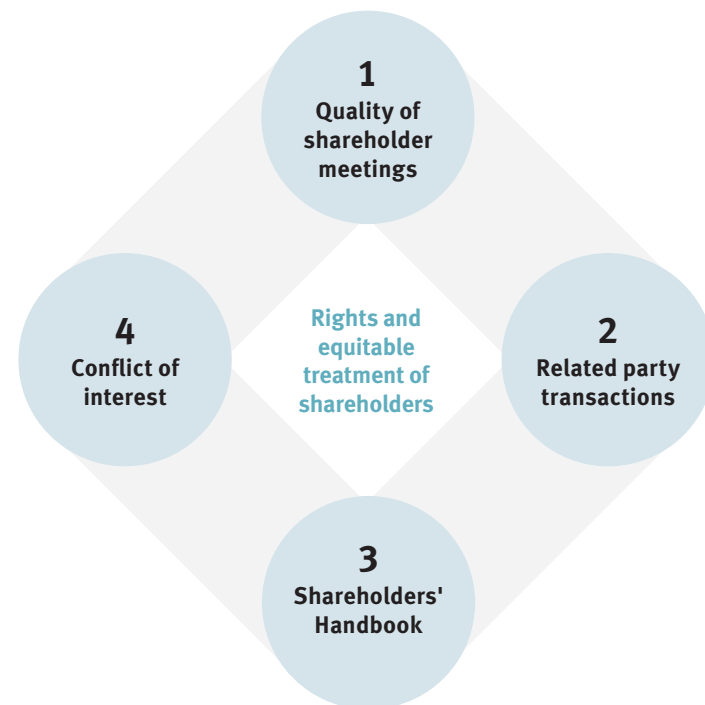
Compliance management
We are moving from a culture of compliance to a culture of integrity

Risk management
We assess and review risk diligently to minimise their impact on our business

Internal control systems
We have built controls to ensure integrity of our financial reporting



Cultivating values for tomorrow



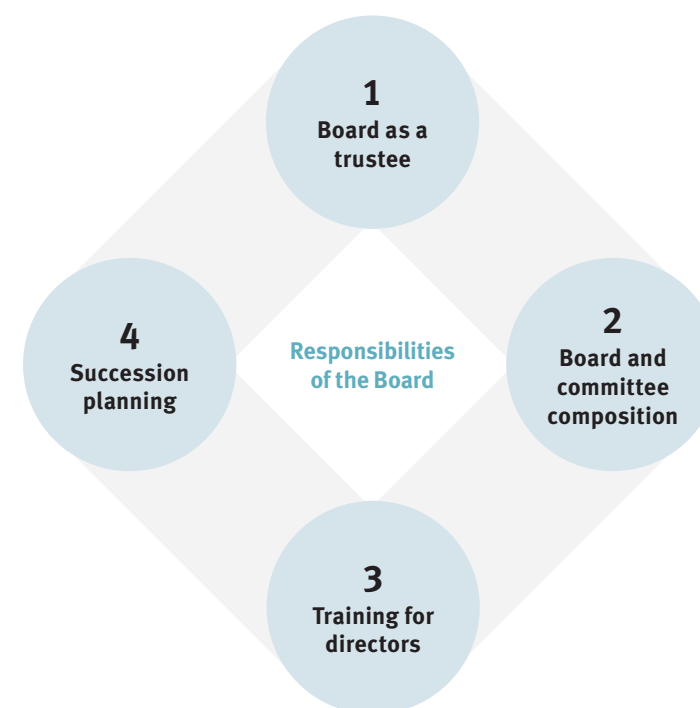
- ① All shareholders are provided with an opportunity to participate and raise questions in shareholder meetings.
Detailed minutes are made available.
- ② All related party transactions are approved by the Audit Committee and the Board when required.
Certified by an external auditor/independent consultant on a periodic basis.
Relevant disclosures were made to the stock exchanges on a timely basis.
- ③ There is a Shareholders' Handbook for the redressal of investor grievances and to educate the shareholders about their rights as shareholders, standard procedures, and documentation requirements for certain matters. The Handbook should be considered as an informal guideline.
We assign importance to resolving investor grievances fairly and expeditiously.
- ④ The provisions on conflict of interest are reflected in principle six of the code of conduct.



- ① Comprehensive ESG targets formulated in CY22.
[Read more on page 28](#)
- ② Suppliers form an important part of our ambitions to become carbon neutral. We believe that working together with suppliers is crucial to meet our ESG commitments.
[Read more on page 76](#)
- ③ Our business performance is a result of the dedication and passion of Schaeffler India's employees. We focus on improving their well-being through our 'we care, we act' initiatives.
[Read more on page 72](#)
- ④ We believe in transparent communication with our shareholders, and we communicate with them continuously
[Read more on page 64](#)
- ⑤ A whistle-blower policy is in place for stakeholders to raise concerns regarding violations and potential violations of our code of conduct and applicable laws without any fear of retaliation.



- ① We are part of Schaeffler Group, which has a ~74% controlling interest in the form of equity stock. For more information on the ownership structure, please refer to Shareholder Information in this integrated Annual Report.
- ② We publish unaudited financial statements quarterly to communicate with our stakeholders.
- ③ We believe in information flow across all stakeholders on a timely basis. Hence, we fulfil all our statutory obligations/filings in good time.
- ④ A robust risk management process identifies, assesses, monitors, and reports risks that impact our business.
[Read more on page 52](#)
- ⑤ External independent auditors were appointed for a statutory audit and secretarial audit. There were no qualifications or adverse remarks received.
We use structured evaluation criteria for selecting our auditors, which cover various aspects such as performance, quality, skillset, and experience among others. The Audit Committee reviews the statutory auditors' performance and related aspects on a yearly basis.
- ⑥ A dividend distribution policy is in place to guide our dividend distribution every financial year.
During the year, the Board of Directors recommended a dividend for CY22 at the rate of ₹24/- per equity share at a face value of ₹2/- each.



- ① The Board comprises eminent professionals with varied skill sets and experience. As trustees, the Board has fiduciary responsibility to ensure growth in shareholder value.
- ② Five Board-level committees have adopted charters defining the roles and duties of each committee.
Board composition is determined based on the specific skill requirements of each committee, which are reviewed periodically.
- ③ We periodically conduct familiarisation and training programs for our directors.
- ④ The Nomination and Remuneration Committee (NRC) reviews and assesses the adequacy of the Company's policies, plans, and procedures concerning succession planning, including policies and principles for selection of the Directors, key managerial personnel, Senior Managerial Personnel and performance review.



Balancing risks and rewards

A dynamic operating environment comes with risks and opportunities. A comprehensive risk management system (RMS) ensures the timely identification of risks, the analysis of mitigation strategies, and finds potential areas of improvement to combat any unforeseen adverse event in our business.

How we assess risk

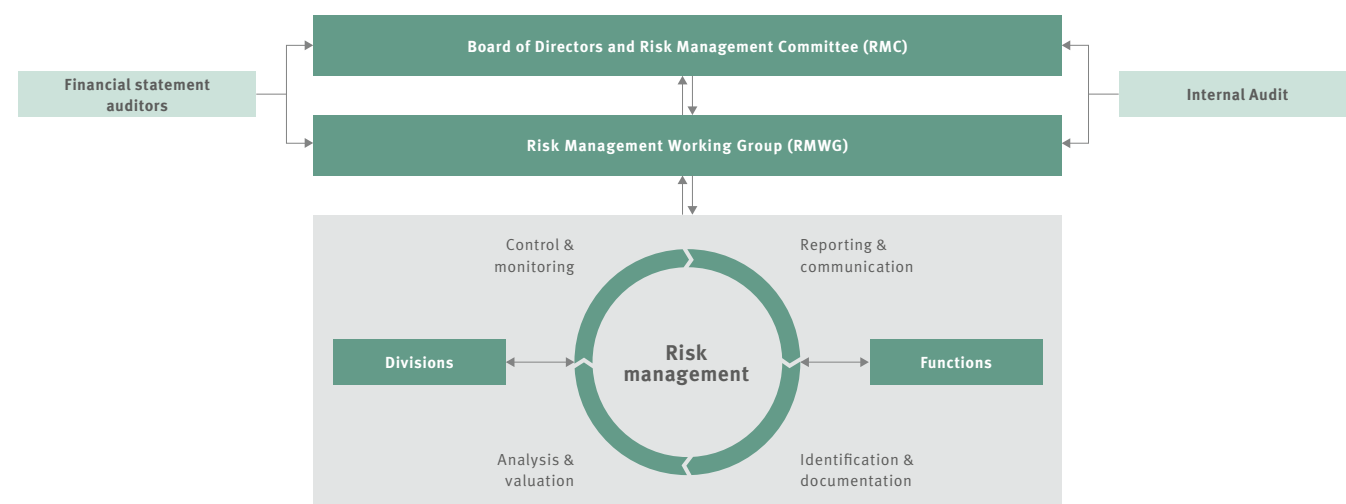
We adopt a multi-layered process involving the entire organisation from the Board of Directors to the risk operator. Our Risk Management Committee (RMC) oversees this entire process.

During the year under review, Risk Management Working Group (RMWG) operates as an interface between various functions/divisions of Schaeffler India and the RMC of the Schaeffler India Board. On the one hand, the RMWG will monitor, review, and guide the productive implementation of risk management at Schaeffler India, and on the other hand, it will provide valuable feedback to the RMC.

Risk assessment is carried out in a hierarchical format, with bottom-up approach. The process owner of each risk area assesses the risk, evaluates its impact on our earnings and assets, and describes the mitigation plan in existence to offset the adverse impact thereof. If such mitigation plan is insufficient, future measures are identified for implementation. RMWG analyses the risk assessment so done and provides its inputs for further safeguarding the assets.

The value-added report is presented by RMWG to RMC for review. The RMC annually reports to the Board of Directors, which ensures they are continually updated on the current risk situation of the company.

Structure of risk management system



Risk assessment matrix

We have two-dimensional approach: the number of adverse impacts each risk can have annually and the probability of its occurrence. Each risk is classified in terms of its severity. The probability of occurrence is assessed using percentages and is classified as improbable, possible, probable, and highly probable. The combination of the estimated amount of damage and probability of occurrence determines the risk class, which can be low, medium, or high based on its impact on net assets, financial position, and earnings.

Each risk is evaluated before and after implementing risk mitigation measures, and are referred to as gross and net valuation, respectively. Based on net valuation, risks are assigned to various risk classes using the risk matrix.

Amount of damage

Financial impact each risk is likely to have on the Company's assets and/or earnings.

Probability of occurrence

Likelihood of each risk to impact the Company's assets and/or earnings.



Risk categories at Schaeffler India

Strategic risks	R1 Country	R2 Strategic market and technology			
Operational risks	R3 Market developments	R4 Delivery performance	R5 Procurement	R6 Information Technology (IT)	R7 Information or cyber security
	R8 Production	R9 Loss of market share	R10 Warranty and liability	R11 Product piracy	
Legal risks	R12 Compliance				
Financial risks	R13 Tax	R14 Pension	R15 Currency	R16 Liquidity	



Balancing risks and opportunities

Classification of risks

Risks are divided into strategic, operating, legal and financial risks and are described in decreasing order of the magnitude of their impact on the next assets, financial position and earnings of the Company.

Risk	Key risk	Risk description	Mitigation measures	Risk class	Capitals impacted
	Strategic risks				
	Country	Changes in the social, political, legal or economic stability within or outside the country could hamper our regular operations or planned future expansion. Changes in the political and regulatory environment of markets, in which the Company operates, could have an impact on its net assets, financial position, and earnings. During the year 2022, the geo-political conflict between Russia & Ukraine, and inflationary pressure on food and energy prices had a dampening impact on general consumer sentiments and the global economy.	The socio – economic – political risks are mitigated with continuous observations of the developments in the relevant business environment and taking appropriate actions in terms of changes in strategies to protect the interest of the Company. Several proactive cost countermeasures were identified and implemented in order to mostly offset the adverse impacts.		
	Strategic market and technology	There are transformative changes forecasted in the marketplace like reducing diesel penetration, stricter emission norms, potential electrification of vehicle powertrain and so on. Customers are increasingly looking for bundled offering of products and services. The evolution of our business from being component-driven to more systems-based could reduce the proportion of value added by our organisation. The government of India aims to increase the penetration of electric vehicles in the automobile landscape. Accordingly, automobile manufacturer continues to emphasise and act towards this industry trend. To address the changing priorities of Automobile OEMs, our product offering need to evolve to capture the industry requirements.	We are taking various measures to address these trends. We continue to focus on the development of products compliant with the latest emission norms. Our product offerings include system-based solutions which are value accretive to our customers. We are strategically enhancing our local production systems to be more modular and aiming towards 'Factory for Tomorrow'. We are dedicated to developing evolving technologies and innovative offerings in the E-mobility space through a dedicated division focused on motor and control modules. This is helping us penetrate the growing E-mobility market and further expand our market position.		
	Operational risks				
	Market developments	As a supplier in the automotive and industrial sector, our product demand is driven by macro-economic conditions and various factors such as consumption patterns, fuel/commodity prices, availability of components, and interest rates, which make exact sales forecasting challenging. Sales in Industrial division is spread across diversified business fields and no significant risks are identified in these markets. A change in forecasted market trends could have an impact on the net assets, financial position, and the earnings of both Automotive and Industrial markets.	Markets are analysed on an ongoing basis to detect changes in market structure or regulations early on. We use managed cost efficiency programmes to reduce the amount of damage, flexibly and dynamically from unexpected market slowdowns. Impact arising due to significant price fluctuations is managed by renegotiating with customers.		
	Delivery performance	The ability to deliver represent a key competitive factor for a long-term relationship of trust with customers; this competitive factor is being constantly enhanced by systematic improvements in production and delivery logistics. Inability to meet contractual delivery dates could have an impact on the financial position and earnings of our Company	We have built high-performance distribution centres aimed at improving market supply and delivery performance with strategic logistics locations. Component sourcing options and capacity of critical production lines are being enhanced. Alternate material/source is identified for cost optimisation and uninterrupted supplies.		
<div><div></div> Risk with high probability, high financial impact</div> <div><div></div> Risk with low probability but high impact on financials or high probability but low impact on financials</div> <div><div></div> Risk with low probability, low financial impact</div>					

Risk	Key risk	Risk description	Mitigation measures	Risk class	Capitals impacted
	Procurement	Procurement risks arise mainly due to raw materials price fluctuations, ability of suppliers to deliver quality products in time. Adverse fluctuations in market prices and/or supplier's financial distress could have an impact on the Company's financial position and earnings. There is constant threat emanating from global supply chain disruptions and import restrictions due to EXIM policy amendments.	We ensure optimal supply of goods and services, focusing on quality, cost and delivery performance. Multiple product sourcing and localisation options are continuously explored. By negotiating prices and utilising economic synergies, we are largely able to obtain competitive prices. We keep a close watch on the operations of its suppliers, by deploying dedicated personnel performing quality checks, for early signs of distress so that interventions can be made to secure its interests. Representations are made to government to ensure timely clearance of import consignments.		
	Information Technology (IT)	The importance of the IT systems utilised across various functions in the Company is growing. The operability of business processes and, therefore, the continuity of operations depend on the availability of IT systems. Three protection targets – confidentiality, integrity and availability – steer the Company's IT security management and protection of data and IT systems. Unauthorised access to IT systems, modification and misappropriation of sensitive business data could have an impact on the Company's net assets, financial position, and earnings.	We have the highest standards of IT security systems and are constantly upgrading our IT security infrastructure. We educates/ trains its employees on IT security and what precautions the users should take, to ensure that the IT infrastructure and business data are adequately protected against any possible IT risks.		
	Information or cyber security	The prevalent threat of cyber-attacks remains an area of concern in an increasingly digital space. Cyber security risk is an important and continuous focus for us. We devote significant attention and resources to protect and improve the security of our computer systems, software, networks and other technology assets. Nonetheless, cyber-attacks/ breaches pose a significant threat to the protection of our intellectual property, and that of our business partners, from theft, loss, unauthorised disclosure, and illegal access or misuse. Given the increase in both the frequency and sophistication of such attacks, the possibility of cyber attacks/breaches cannot be entirely ruled out and could have an impact on our net assets, financial position, and earnings.	Cyber security initiatives have been implemented to mitigate potential incremental security threats from possible security risk exposures. We reinforced and scaled up the internal environment to ensure the network is secure and healthy. To mitigate cyber security risk, we put in place a robust information security policy based on the ISO/IEC 27001 standard and taking into account sector-specific regulations. Procedures and other IT security specifications supplement our information security regulations. Several technical measures have been established for any illegal intrusions and to mitigate the risk of cyber-attacks and secure data thefts, which also includes monitoring the networks for cyber threats through Security Operations Centre (SOC) to detect and respond to cyber security events. We will continuously buttress our cyber security defences and place responsible guidelines along with security controls to strengthen our security roadmap in managing risks in data, IT systems and cyber security across the Group businesses.		
<div><div></div> Risk with high probability, high financial impact</div> <div><div></div> Risk with low probability but high impact on financials or high probability but low impact on financials</div> <div><div></div> Risk with low probability, low financial impact</div>					



Balancing risks and opportunities

Risk	Key risk	Risk description	Mitigation measures	Risk class	Capitals impacted
	Production	As our manufacturing facility is capital-intensive, a large proportion of its costs are fixed. As a result, decrease in utilisation of plant capacity leads to under absorption of costs and, thereby impacts its earnings adversely. Moreover, influence of force majeure could result in delays or interruptions of production and supply chain, leading to non-fulfilment of market demand. The period between failure at plant and arrangement from alternative source could impact the Company's net assets, financial position and earnings.	We regularly review market conditions and align our production plan accordingly, where necessary alternative source can be realised from another plant within Schaeffler Group. Maintaining safety stock helps reduce losses. To minimise the probability of occurrence of unplanned interruptions, we take extensive fire prevention measures. Several cost containment measures were identified and implemented in material and process costs.	<div></div>	<div></div> <div></div>
	Loss of market share	We face competition in every field of our operations. As a result, we are exposed to dual risk of either being displaced by existing or new competitors or its products being replaced by product innovations or new technological features. Customer dissatisfaction on price, quality, delivery performance and design could lead to loss of market share.	We ensure close cooperation with our key customers on product development. It has implemented strict product quality controls to reduce the likelihood of substitution. We are also developing products, which will help us step up the value chain from components to systems. We are expanding our local footprint to comply with local content requirements under 'Make in India' programme of government.	<div></div>	<div></div> <div></div> <div></div>
	Warranty and liability	We are known for our high standard of product quality. We leverage a certified quality management system besides continuously striving to improve quality processes. Notwithstanding these, there is a risk that poor quality products get delivered. Usage of defective parts can lead to damages, unplanned repairs or recall on the part of customer, which can result in liability claim or reputation damage.	We respond to such risks by adopting strict quality control measures and continually improving its production processes to minimise the probability of warranty and liability risks materialising. Adherence to quality standards is strictly implemented. All product and recall liability risks are insured.	<div></div>	<div></div> <div></div> <div></div>
	Product piracy	Our product brands – INA, LuK, and FAG are associated with best-in-class standards of quality, durability and reliability, making them increasingly susceptible to product piracy.	We protect our intellectual property by making by special markings on products, which makes counterfeiting difficult. Secondly, we follow a strict vigilance process to ensure timely detection of counterfeiting instances and initiation of legal actions against the offender. Moreover, digital anti-counterfeit app is regularly upgraded to support these initiatives. We evaluate other technology-driven initiatives on an ongoing basis to overcome this risk. We also conduct awareness and engagement activities with our distributors.	<div></div>	<div></div> <div></div> <div></div>

Risk with high probability, high financial impact

Risk with low probability but high impact on financials or high probability but low impact on financials

Risk with low probability, low financial impact

Risk	Key risk	Risk description	Mitigation measures	Risk class	Capitals impacted
	Legal risks				
	Compliance	As a Company with operations at different locations, we comply with laws and regulations across the country. It is possible that violations of any existing law occur, despite careful observance of such legal requirements.	We have in place a comprehensive Compliance Management System, wherein laws and regulations applicable to us are mapped. Each compliance requirement is mapped to relevant process owner. The system sends alerts and reminders to each process owner to enable him to comply with the requirements in a timely manner. Our management regularly reviews a comprehensive compliance report. The system is also updated regularly to capture regulatory changes and amendments.	<div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>
	Financial risks				
	Tax	We are subject to tax audits. Tax authority's interpretation of the tax law or of relevant facts made in current or future tax audits may differ from us. This may lead to adjustments to tax base and increase in the tax liabilities, as additional tax payment because of an adjustment to the tax base could have an impact on the Company's financial position.	We extensively evaluate corporate tax and international tax, both internally and with external tax experts, before implementing within the Company. We have a robust transfer pricing policy and the implementation strategy is well documented, reviewed periodically and amended as necessary.	<div></div>	<div></div> <div></div> <div></div>
	Pension	We have pension obligations towards our employees. Such obligations are measured using actuarial valuation based on assumptions with respect to the discount rate, increases in personnel payments and statistical life expectancy. Planned assets are invested with external agencies, which are subject to fluctuations in value. A change in these parameters could have an impact on our net assets.	We use government bond rate as discount rate and invest in pension fund with a Government of India enterprise (LIC). Quarterly actuarial valuation is carried out, adequate provisions are established in books of accounts and annually funds are appropriately transferred to LIC.	<div></div>	<div></div> <div></div>
	Currency	We are exposed to currency risks due to our cross-border transactions. The largest currency risks from operations result from fluctuations in the USD and Euro exchange rates.	We have INR as the inter-company invoicing currency with German entities. This leads to substantial reduction in our foreign exchange exposure and nullifies currency volatility impact. Additionally, we have a structured hedging strategy to counter currency risks. The strategy is followed consistently and reviewed periodically. We also monitor overall FX developments closely and revisits our FX strategy annually.	<div></div>	<div></div> <div></div>
	Liquidity	The risk that we will not be able to meet its payment obligations when due is referred to as liquidity risk. Such risks can arise if financing needs cannot be met by existing funding arrangements, including surplus cash balance. Even though we are cash surplus and does not expect any liquidity risks, it has put efficient liquidity management measures to mitigate associated risks.	We monitor liquidity risks using a rolling liquidity plan with a forecast period of twelve months. Short-term cash flows are monitored daily, involving key stakeholders. The working capital controls are adequately in place via appropriate actions including benchmarking and reviews. Credit insurance is undertaken in order to minimise the credit risk and thereby manage the overall liquidity risk in a better way.	<div></div>	<div></div> <div></div> <div></div> <div></div>

Risk with high probability, high financial impact

Risk with low probability but high impact on financials or high probability but low impact on financials

Risk with low probability, low financial impact



Leading with integrity



Eranti Sumithasri
Chairperson



Andreas Schick
Non-executive
Non-independent Director



Renu Challu
Independent Director



Dharmesh Arora
Non-executive
Non-independent Director



Harsha Kadam
Managing Director & CEO



Arvind Balaji
Independent Director



Amit Kalyani
Independent Director



Corinna Schittenhelm
Non-executive
Non-independent Director



Satish Patel
Director – Finance & CFO



54.7 years

Average age

3.4 years

Average tenure on the Board

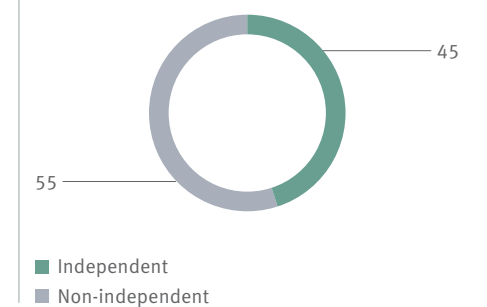
4 years

Average tenure of Independent
Directors on the Board

33%

Female representation on the Board

Board's independence (%)



■ Audit Committee
■ Nomination & Remuneration Committee

■ Stakeholder's Relationship Committee
■ Risk Management Committee

■ Corporate Social Responsibility Committee
▲ Chairman □ Member

Name of Directors	Business Management	Strategic Management	Leadership	Engineering and Technology	Finance Management	Governance & Board Dynamics
Avinash Gandhi	✓	✓	✓	✓	✓	✓
Dharmesh Arora	✓	✓	✓	✓	✓	✓
Harsha Kadam	✓	✓	✓	✓	✓	✓
Satish Patel	-	✓	✓	-	✓	-
Andreas Schick	✓	✓	✓	✓	-	-
Corinna Schittenhelm	✓	✓	✓	-	✓	✓
Eranti V. Sumithasri	✓	-	✓	✓	-	✓
Arvind Balaji	✓	✓	✓	✓	✓	✓
Renu Challu	✓	✓	✓	-	✓	✓
Amit Kalyani	✓	✓	✓	✓	✓	✓



Delivering excellence with expertise



53 years

Average age of Executive Leadership Team

14 years

Average tenure in the Company

13%

Female representation in the Leadership Board

- 1. Alok Dave**
Vice President
(Purchasing)
- 2. Debasish Satpathy**
President
(Automotive Aftermarket)
- 3. Harsha Kadam**
Managing Director & CEO
- 4. Madhurisha Vippatoori**
Chief Technology Officer
- 5. Sameer Mathur**
Chief Operating Officer
- 6. Santanu Ghoshal**
Vice President
(Human Resources and Sustainability)
- 7. Satish Patel**
Director – Finance & CFO
- 8. Viswanathan Sambasivam**
Acting President
(Automotive Technologies)

Audit Committee Stakeholder's Relationship Committee Corporate Social Responsibility Committee
 Nomination & Remuneration Committee Risk Management Committee

Name of Directors	Designation	Finance management	Operation management	Building customer experience	Strategic management	People management	Innovation and technology
Harsha Kadam	Managing Director & CEO	✓	✓	✓	✓	✓	✓
Debasish Satpathy	President (Automotive Aftermarket)	✓	✓	✓	✓	✓	✓
Alok Dave	Vice President (Purchasing)	✓	✓	-	✓	✓	✓
Madhurisha Vippatoori	Chief Technology Officer	-	-	✓	✓	✓	✓
Viswanathan Sambasivam	Acting President (Automotive Technologies)	✓	✓	✓	✓	✓	✓
Satish Patel	Director – Finance & CFO	✓	-	-	✓	✓	✓
Sameer Mathur	Chief Operating Officer	-	✓	-	✓	✓	-
Santanu Ghoshal	Vice President (Human Resources and Sustainability)	-	-	✓	✓	✓	-



DELIVERING VALUE FOR STAKEHOLDERS

The pursuit of stakeholder centricity

At Schaeffler, our core values define us as a Company that is sustainable, innovative and passionate in everything it does. We recognise that people are at the heart of any thriving business, and we strive to build strong relationships with all of our stakeholders along the entire value chain.

We strongly believe in investing in our employees, as they are central to our business and significantly influence the Schaeffler experience. We prioritise personal and professional growth, training, and development to empower our employees to take ownership of their work and deliver their best each day, ensuring the high-quality products and services our customers expect.

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We Care about maximising long-term value creation



Capital impacted

Financial capital

SDGs impacted



Schaeffler's approach for investors

At Schaeffler India, we aim to deliver and maximise value for investors through sustained financial performance while being mindful of our duty to safeguard the welfare of people and our planet.

Performance highlights in CY22

27%
RoCE

₹3,768 mn
FCF

₹24
Dividend per share

Delivering value through our ESG Vision 2030

We are committed to shaping the future responsibly, and our ESG targets demonstrate this commitment. Our ESG commitment is likely to have a significant positive impact on our long-term financial performance, make us more resilient in times of crisis, and help our investors manage their ESG risks better.

Read on **page 28**



Delivering value through business strategy

We have four clear strategic focus areas which help us position ourselves as a leading player at the forefront of mobility solutions. It is one of the reasons we continue to be the partner of choice for leading OEMs in India, continuing to generate industry-leading growth and profitability, and thus generating shareholder value.

Managing financial capital

We have a robust cash-generating business. Our strong credit rating allows us to raise debts at competitive rates if needed.

Our primary sources of liquidity are cash and cash equivalents and cash generated from our operations. We continue to be debt-free, and we maintain adequate cash to meet our operational and strategic requirements and unforeseen events while also earning sufficient returns. Additionally, we have a strong balance sheet enabling us to report stable earnings across business cycles.

We have a robust Capex framework in place, which enables the efficient and judicious use of resources. It allows us to constantly invest in our business and act on emerging opportunities.

Creating investor value in CY22

We delivered double-digit growth in revenue and profitability, outperforming our competition. We achieved an operating revenue of ₹ 68,674 million in CY22. We delivered outstanding revenue growth of 23.5%, an EBITDA margin of 19%, and a Return on Capital Employed of 27.4%.

During the year, our ability to remain agile and respond quickly to changing market conditions enabled us to optimise operational efficiency and maintain a robust financial performance. Our prudent working capital management and strong profitability resulted in a surge in free cash flow to ₹3,768 million in CY22. Capex, which was at 7.3% of sales, stood at ₹4,990 million**.

34%
FCF conversion ratio*

43%
Dividend payout ratio*

23.5%
Growth in revenue#

31.4%
Growth in EBITDA*

As on December 31, 2022
** Capex gross

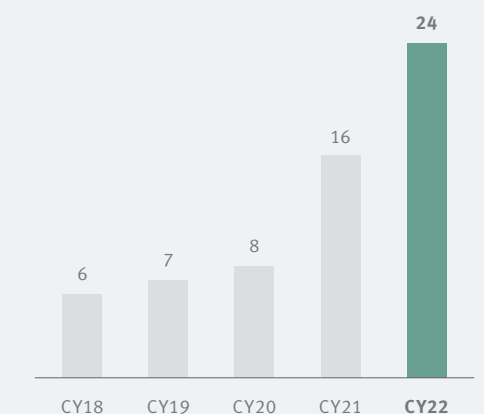
Share split

We announced a 5:1 split, effective from February 9, 2022, from a face value of ₹10 to a face value of ₹2.

Dividend policy

We adopted a progressive dividend policy that aims to maintain or increase dividends each year in line with financial profits and cash flow. We endeavour to maintain a target dividend payout ratio of 30–50% of the annual standalone PAT.

Dividend per share* (₹)



* The dividend for CY22 has been recommended by the Board of Directors.

y-o-y growth

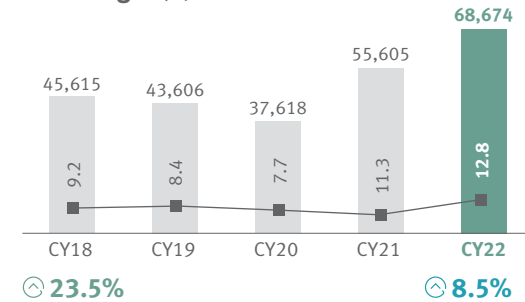


We Care about maximising long-term value creation

Key performance indicators

Revenues (₹ in mn)

PAT margin (%)



Commentary

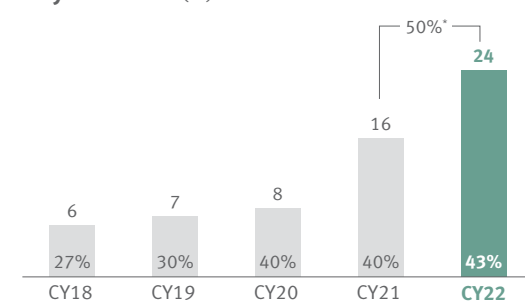
In CY22, we achieved a 23.5% increase in revenues compared to the previous year, driven by impressive export growth and sustained domestic performance. Our focus on effective cost countermeasures and operational optimisation enabled us to translate our healthy top-line growth into a PAT margin of 12.8% for the year.

Strategy	S1	S2	S3	S4
Impacted	✓	•	✓	✓ •

✓ ■ Revenues • —■ PAT margin

Dividend per share (₹)

Pay-out ratio (%)



Dividend per share restated due to sub division of equity share from ₹10 to ₹2 per equity share.

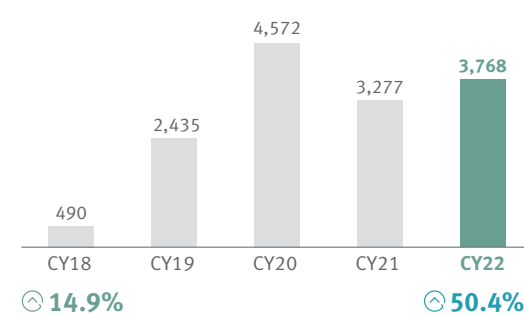
Commentary

We remained focused on maximising shareholder value during CY22 and achieved a dividend payout of ₹24 per equity share (with a face value of ₹2), representing a payout ratio of 43%. This ratio is in line with our target dividend payout range of 30-50% of the annual standalone PAT.

* Annualised

📈 y-o-y growth 📈 five-year CAGR

Free Cash Flow (FCF)* (₹ in mn)



FCF conversion ratio

8.0% 50.0% 132.0% 41.0% 34%

Commentary

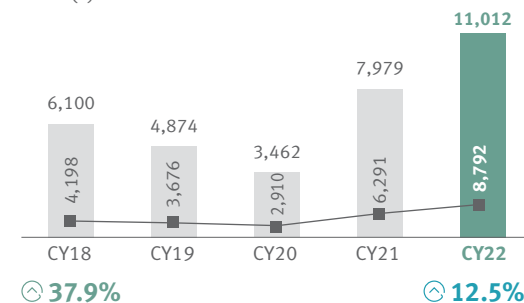
We continued our endeavours to optimising working capital management, utilisation of plant capacities, and capital expenditure practices, which enabled us to generate a healthy Free Cash Flow of ₹3,768 million during CY22.

Strategy	S1	S2	S3	S4
Impacted	✓		✓	

*FCF/EBIT

EBIT (₹ in mn)

PAT (₹)



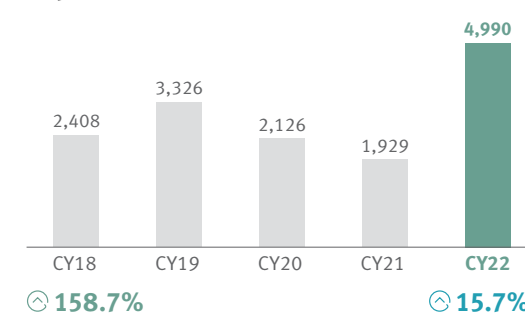
Commentary

In CY22, we achieved an EBIT of ₹11,012 million, representing a significant 38% increase from ₹7,979 million in the previous year. We also improved our PAT, reaching ₹8,792 million for the year, thanks to a favourable revenue mix, efficiency gains, and sustained countermeasures to offset input cost pressures.

Strategy	S1	S2	S3	S4
Impacted	✓	•	✓	✓ •

✓ ■ EBIT • —■ PAT

Capex* (₹ in mn)



Commentary

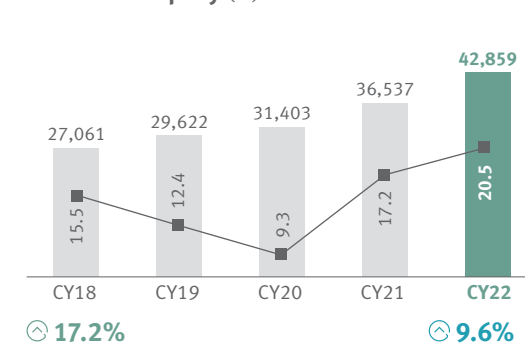
As part of our commitment to expanding our business, we invested ₹4,990 million in Capex, up from ₹1,929 million in the previous year. Our focus going forward is on relocating our export business and increasing capacity for our growing domestic automotive and industrial operations.

Strategy	S1	S2	S3	S4
Impacted	✓		✓	✓

* Capex gross

Net worth (₹ in mn)

Return on equity (%)



Commentary

During CY22, our Return On Equity (ROE) stood at 20.5% rising from 17.2% compared to last year. This represents our strong performance during the year despite the complex global macroeconomic and geopolitical environment. Our resilience and agility have proven invaluable and we have positioned ourselves to build a future-ready organisation.

Strategy	S1	S2	S3	S4
Impacted	✓	•	✓	✓ •

✓ ■ Net worth • —■ Return on equity

📈 y-o-y growth 📈 five-year CAGR

Top 10 shareholders by percentage holding

Category	December 31, 2022 (%)
Schaeffler Group Companies	74.13
Kotak Mutual Funds	3.80
UTI Mutual Funds	1.93
SBI Mutual Funds	2.15
Sundaram Mutual Funds	1.01
Vanguard Funds	0.96
HDFC Trustee Mid Cap Opportunities Fund	0.80
Axis Mutual Fund	0.86
Canara Rebeco MF	0.73
HSBC MF*	0.63





We Care about customer centricity



Capital impacted



Social and relationship capital

SDGs impacted



Performance highlights in CY22

8.37

Schaeffler India
Loyalty Index

68%

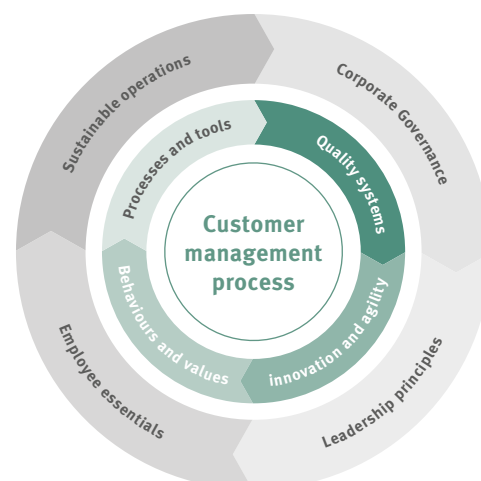
Reduction in customer
complaints/month

Schaeffler's approach for customers

Customer centricity is key to our success. With precision engineering, reliability, and uncompromising quality, we endeavour to provide superior value to our customers to make a difference in their lives.

Value enablers

Our advanced demand management, strong operational model, best-in-class warehousing and logistics, and superior customer service form a powerful ecosystem for an exceptional customer experience. We constantly seek innovative and relevant solutions to keep up with ever-evolving market demands.



Quality systems

Certified for quality

- Implementation of the Schaeffler Production System for suppliers ensures high-quality input material
- All Schaeffler India sites are certified with IATF 16949 accreditation for their quality management systems

Culture of improvement

- Continuous quality improvements through FfQ and Six Sigma
- Lower throughput time: value stream design, bottleneck management, line balancing, optimised layout
- Zero unplanned downtime: total productive maintenance
- Re-engineered manufacturing process

Behaviours and values

Customer-focused organisation

- Customised learning solutions focus on customer centricity
- Technology landscape is mapped to our customer journey
- Foster company culture to customer outcomes

Investment in enhancing technological competency

- Proactive engagement
- Anticipate customer issues beforehand and resolve them
- Go above and beyond the basics for maximum customer delight
- Constant evaluation of our customer processes across the board

Innovation and agility

Supply chain

- Largest consolidation and distribution centre in the Asia-Pacific region
- Reduced transportation lead time to reach customers
- Steering towards a sustainable and agile supply chain

Leveraging digital to become agile

- Robust inventory management tools offer higher service levels
- Digitalisation initiatives provide the agility to respond dynamically to changing business conditions
- Adoption of Industry 4.0

Processes and tools

Robust rule-based planning process

- Integrated enterprise resource planning system enables cross-functional collaboration to achieve the best possible outcomes
- Integrated planning helps control logistics costs and ensures uninterrupted material availability

Digital tools to enhance CX

- Electronic data interchange connections and a dedicated e-commerce portal deliver a high level of convenience to customers' user experiences
- Technical consulting based on customer requirements increases customer value
- Digitalisation of processes from finance, purchasing, and suppliers to customer engagements



We Care about customer centricity

Delivering a differentiated customer experience in CY22

Focus on R&D

To deliver future-ready mobility solutions, we are committed to innovating and creating innovative products that will empower leading OEMs to transit to a smarter, more efficient, and greener future. Our world-class R&D facilities, along with the expertise of our Group operations, ensure that every product we develop meets the highest quality standards.

₹972 mn

R&D spend

12

Patent applications

Innovative products

Our focus on shaping the future encompasses smart engineering products for Industry 4.0, e-mobility, chassis systems, and hydrogen technology operations. During the year, we introduced cutting-edge products, such as OPTIME C1, the Hydron PowerStack electrolyzer, and efficient clutch-bearing solutions for commercial and heavy vehicles.

Case study

Partnering in Indian railway's modernisation journey

The rapid growth and expansion of Indian Railways are largely due to the government's drive to reduce logistics costs in the country. At the same time, railways are transitioning to 100% electrification, which requires insulated bearings.

Being the first to localise current insulated bearings in India, we are in a prime position to offer this solution and partner with the railway industry in its modernisation journey. Furthermore, as the country moves towards establishing high-speed railway connectivity, we have secured multiple orders to support this endeavour and are excited to contribute to its growth.



Strengthening brand recognition

We continue to invest heavily in building our brand by doubling our marketing budget. We are leveraging targeted campaigns on Google and Facebook and are associated with Puneri Paltan, a professional Kabaddi league team. Kabaddi is the second-most popular sport in India after cricket, and its popularity in tier 2 and 3 cities in India will give us an advantage in our Automotive Aftermarket division's planned expansion into smaller cities.



This is the second consecutive year of our association with Puneri Paltan. The team stands for relentless agility, and they demonstrated their capabilities last season, despite multiple challenges, which is what Schaeffler India also stands for."

Harsha Kadam
Managing Director & CEO

Case study

Acting on customer feedback

Our Automotive Technologies division's dedicated vehicle engineering and component validation team carries out warranty attributions daily. We prioritise customer satisfaction and provide a personalised experience for all field claims. Our team works diligently to understand their needs and provide tailored solutions. We conduct both objective and subjective assessments of the vehicle to evaluate the claim and use customer feedback to improve our product design.

60%+

Reduction in defective heavy clutch products since CY20



Awards and recognition



Won the **best supplier award** for quality by Tata Fiat



Awarded **Silver Category** by Kubota for outstanding performance on parameters of quality, delivery and development



Recognised by Maruti Suzuki for the **timely development and organisation of steep ramp-up supplies**



Toyota awarded us for **achieving quality and delivery targets** while consistently maintaining **zero parts per mn**



Recognised for **consistent performance and support** in business for two consecutive years by TVS

We Care about making a difference together



Capitals impacted

- Social and relationship capital
- Human capital

SDGs impacted



Performance highlights in CY22

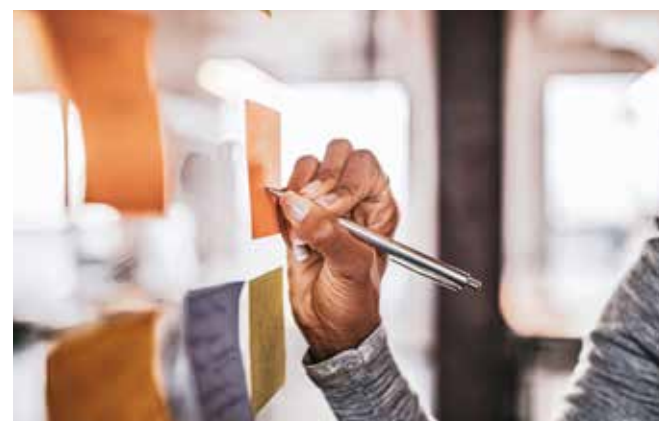
94.1%
Retention rate

0.5
LTIR

91%
Employee engagement according to the pulse survey score

Schaeffler's approach for employees

We strive to create a safe and conducive environment by providing development opportunities, endorsing occupational health and safety, encouraging diversity, and promoting employee well-being.



Raising awareness

On June 22, Schaeffler India joined the global community to celebrate climate action day by coming together to plan initiatives that will help reduce our impact on the environment. To ensure that our employees were well-equipped to take part in these actions, a 90-minute workshop was conducted for all Schaeffler India employees to raise awareness of the sensitivity around climate change and connect with the global Schaeffler Group family.

100
Sessions on climate action day

2,000
Ideas generated

A new employee survey for better engagement

Launched in CY22, GPS–India 2022 was an overwhelming success, with a record response rate of 86% and over 2,400 responses. The survey was fully anonymous and compliant with General Data Protection Regulations, allowing employees to share their feedback in confidential detail. This demonstrated high levels of engagement and commitment to Schaeffler India's future. The next global pulse survey is planned for the first quarter of CY23.

Strengths highlighted by the survey

- Schaeffler India is recommended as a great place to work
- Clear sense of direction from management
- Leading the organisation to a great future
- Feeling that career aspirations are met by the Company
- The Company offers a healthy work-life balance

Looking ahead

- Strengthen open communication channels
- Focus on inclusive culture and unconscious bias
- Strengthen the 'We Care, We Act' initiative, which is a critical programme about care and empathy
- Sustain and further build on management–employee–organisation connections

Three key indicators from the pulse survey

91%
Employee engagement score

88%
Employee inclusion score

90%
Employee intent to stay at Schaeffler for more than 3-5 years.



“GPS–India 2022 revealed a remarkably high level of employee engagement with the highest-ever participation rate. The survey identified key areas to focus on such as inclusion, leadership, enablement, collaboration, contribution, confidence in the future, and health and safety. The survey provides us with the ability to gather data, allowing us to create and implement action plans that keep us agile and improve our employees' experience quickly and accurately.”

Santanu Ghoshal
Vice President (Human Resources)

Case study

Schaeffler India fosters an innovative atmosphere by providing its employees the opportunity to bring their ideas to life through the 'idea factory' platform. This platform encourages our staff to suggest creative solutions for improving processes or enhancing products. These ideas are then assessed in detail, and when approved, they are implemented within the Company. The originators of the ideas are also rewarded for their contributions.



We Care about making a difference together

Health and safety

We are committed to creating a safe and secure work environment for our employees and contractors. We strive to ensure that safety is our top priority in all our operations, and we are dedicated to fostering a culture of safety first. We regularly review our safety practices to ensure that they meet the highest industry standards, and we endeavour to ensure that our workplace is the best it can be. As a result, there were no fatal accident in CY22.

0.5
LTIR

Diversity and inclusion

Creating an inclusive workforce is essential to promoting a culture of innovation and empowerment. We recognise the need to create a fair and equitable workplace for all employees, regardless of gender, race, ethnicity, sexual orientation, age, or disability. To ensure this, we make a concerted effort to build a diverse and inclusive workforce. Various initiatives are in place such as targets for increasing the percentage of female employees in leadership positions to 8% by CY25 and actively recruiting and promoting more women into senior leadership roles. These efforts help us create an environment of inclusion and respect for all employees, allowing us to reach our full potential.

Growing and developing our people

Being on the cutting edge of mobility and motion requires us to invest in our people and train our engineers. We are building technical and behavioural competencies in all fields, including advanced manufacturing technologies and soft skill development. We offer learning opportunities through a consolidated platform called The Schaeffler Academy. This will help us ensure a healthy exchange of expertise and build a community of learners.

197,697 hours
Training

100%
Employees trained in ethical practices



Case study

Improving female participation on the factory floor

We actively address gender biases by implementing various initiatives. For example, we significantly increased our female workforce on the shop floor to 40% at our Talegaon (Pune) plant.

We are extending the initiative from our Talegaon (Pune) plant to the Savli (Vadodara) plant. To this end, we are running sensitisation programmes for our workforce to raise awareness of gender roles and are actively engaging with female employees on the shop floor.

40%
Female workforce on shop floor at Talegaon (Pune)



Behavioural

- 87 Think Tank Sessions
- Average 7.8 person hours
- Planned vs Actual training : 91% training needs completed (target/KPI was 85% for 2022)
- 15 awareness sessions on Climate Action Day with 369 employees
- 621 employees completed 20 different e-learning courses through Schaeffler Academy

Future Readiness

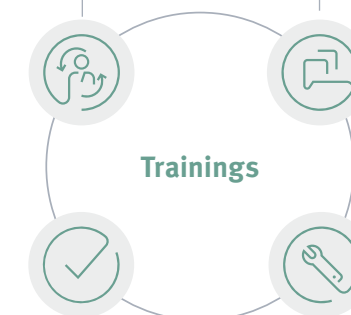
- 5 workshops of Buddy Program rolled out covering 76 employees
- 3 Leadership Keys workshops for first time managers covering 45 employees
- 102 Empathy coaches were covered in 7 workshops under We Care We Act initiative

Functional

- 13 sessions with 100% attendance for compliance training
- Digital Literacy Bootcamp piloted in Pune under Digitalisation Roadmap 2025 for 37 employees
- 3 workshops with 56 top leaders on ESG
- Reliability Maintenance Strategy and Ultrasonic Testing level 1 for 6 employees
- MTM Basic training for 24 employees

Technical

- COCO Technology Training for 28 employees with 100% completion
- MOVE Training : 95% completion for 2,520 participants with 235 workshops
- Maintenance Training delivered by Siemens for 12 participants





We Care for better partnerships



Capitals impacted

- Social and relationship capital
- Manufacturing capital

SDGs impacted



Performance highlights in CY22

186 hours
Training imparted to various suppliers

Schaeffler's approach for suppliers and partners

Our suppliers and distributors are our strategic partners. We help them in a mutually beneficial way. We work extensively with them on diverse topics such as training for technology support, green product development, improving localisation, lean manufacturing, and creating sustainable supply chains.

Localised sourcing

We, at Schaeffler India, are committed to empowering our local suppliers in India to go global, leveraging their unique strengths to gain a competitive advantage in a global market space. We recognise that India is home to a wealth of talented and skilled suppliers and we support them in their growth journey by providing them with the resources to succeed on a global scale. By doing so, we are not only helping our suppliers to grow but also creating a more diverse and resilient global supply chain.



Creating a responsible supply chain

We accelerated our efforts to decarbonise our supply chain and move towards sustainable sourcing. We are helping our partners develop self-assessment questionnaires so that they rate themselves and identify areas of improvement.

During the year, we announced an ambitious target of having a carbon-neutral supply chain by CY40. To enable the change, we are engaging with our suppliers and explaining our sustainability targets to them.

90%

of suppliers assessed for Sustainability SAQs (Self-assessment questionnaire)

Enabling our distributors

We see our distributors as ambassadors for our brand and value the insights they provide about customer needs. We hold regular training sessions for both new and existing products. This empowers them with a comprehensive understanding of our products and keeps them up to date with the latest advancements.

Continuous

Engagement and support via trainings and workshops to distributors

Supplier certification data

QMS (Quality Management System) Certification Status

Type of certification	QMS certification (Number of suppliers)
VDA 6.3A	1
IATF 16949	276
ISO 9001	98
AS (Aerospace certification)	6

Environment certifications status

Type of certification	Environmental certification (Number of suppliers)
EMAS	4
ISO 14001	223

Employment protection certificate

Type of certification	Employment certification (Number of suppliers)
ISO 45001	93

Unlocking the potential of digitalisation

In a VUCA environment, it is crucial to have an agile and lean business. Therefore, we prioritised the digitalisation of our supply chain this year. We deployed a transport shipment visibility tool that enables us to access all supply chain management information through a single interface. We also achieved 100% digital verification of freight bills.

Owing to our digitalisation efforts and initiatives undertaken our logistics quality improved significantly in CY22 compared to CY21.



“

The year saw us strengthen the partnerships we have built over the years with our customers to serve them better. Our suppliers have demonstrated remarkable resilience and agility in responding to the challenges arising from the volatile global environment.

We are committed to sustainably investing in our suppliers and providing them the necessary resources and support. Our goal is to build a climate-neutral supply chain, and we believe that our suppliers play a vital role in achieving this objective.”

Alok Dave
Vice President (Purchasing)



We Care to foster prosperous communities



Capitals impacted

- Social and relationship capital
- Human capital

SDGs impacted



Performance highlights in CY22

700 Hours
116 Employees across
16 CSR Initiatives

1,22,645
Lives impacted



Schaeffler's approach for the community

Our interventions aim to foster communities where common citizens have the capabilities, resources, and dignity to prosper in life. Our CSR efforts are channelled through our overarching programme HOPE, which emphasises four core areas: Healthcare, Occupational skills for better employability, the Preservation of heritage and environment, and the Empowerment of society.

H

Healthcare

₹16.2 mn

Spend

97,351

Lives impacted

O

Occupational skills for
better employability

₹23.1 mn

Spend

957

Lives impacted

P

Preservation of heritage
and environment

₹20.4 mn

Spend

7,241

Lives impacted

E

Empowerment of society

₹40.5 mn

Spend

17,096

Lives impacted

Progress on ongoing initiatives

	Initiatives	Achievements in CY22
 Healthcare	Our Mobile Health Units facilitate access to preventive and curative public health care, particularly for people living in remote, difficult, underserved, and unreachable areas.	89,785 Lives impacted
	We launched a safe drinking water project in Vadodara, Gujarat to create access to safe drinking water for the villagers via the community Reverse Osmosis (RO) water plant near Savli (Vadodara).	1,480 Lives impacted
	We conducted eye screening and provided prescription eyeglasses to mechanics, drivers and transport workers in 30+ locations across nine states.	6,086 Lives impacted
 Occupational skills for better employability	The Schaeffler Technical Enhancement Programme (STEP) runs at centres in Talegaon (Pune) and Hosur. STEP trains youths in vocational skills in domains such as machinists, mechatronics technicians, auto electrical technicians, and computer numerical control operators.	272 Lives impacted
	A programme in Hosur promotes livelihood support for economically weaker women and adolescent girls in rural villages via skills training on sewing machine operation and beauty and wellness.	247 Lives impacted
	The Nitara Beauty Academy and Salon in Vadodara provides training, particularly to marginalised and differently-abled candidates.	62 Lives impacted
 Preservation of heritage and environment	The National University Student's Skill Development (NUSSD) project in collaboration with the Tata Institute of Social Sciences provides skills training to graduating college students and enables them to enhance their job-related skills. Priority is given to students from economically weak sections.	376 Lives impacted
	The water conservation projects 'Jal Samridhhi' in Khed block in Pune, M.H and 'Jal Jeevika' in Dediapada block of Narmada District in Gujarat, aims to increase agriculture productivity through soil and water conservation works.	7,241 Lives impacted
	The quest on wheel project sensitises and educates the students and common citizens on the importance of heritage sites and their preservation.	
 Empowerment of society	Various educational programmes are underway; for example, the Learning Outcome Project in government schools in Hosur, Tamil Nadu, to enhance the quality of education and the Mobile Science Labs to improve learning competencies at Talegaon (Pune) and Vadodara in Maharashtra.	16,968 Lives impacted
	Schaeffler India Hope Engineering Scholarship Programme offers financial support to engineering students who belong to economically weaker sections and need financial assistance to pursue their education.	117 Lives impacted
	Under the Schaeffler Innovator Fellowship Programme 2021, to encourage the ecosystem for social innovation, 11 individuals between 18 and 30 years of age were provided with fellowship grants worth ₹15 lakhs and received an eight-week mentorship at India's leading social incubation centre.	11 Lives impacted



We Care to foster prosperous communities

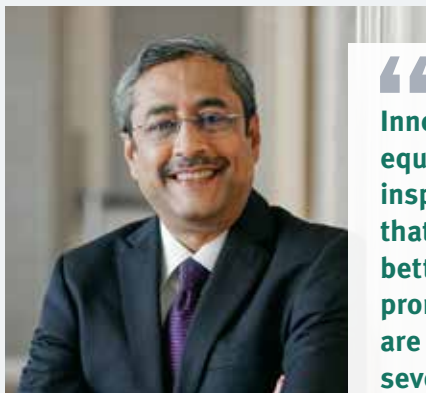
Case study

Promoting innovation and disruption

Schaeffler India Social Innovator Fellowship Programme

We actively pursue holistic development and growth through our ESG initiatives. As a part of our social development initiative, we announced the Social Innovator Fellowship Programme in 2021 and invited applications in the areas of education for the underprivileged, health and nutrition, renewable energy and environment, water conservation, and waste management. We chose 11 winning ideas from 150 shortlisted entries for this fellowship. The overall winner received monetary support of ₹500,000, and the remaining 10 winners received ₹100,000 each. All the winners received an eight-week hybrid mentorship at the Centre for Innovation, Incubation, and Entrepreneurship (CIIE), part of the Indian Institute of Management in Ahmedabad. Additionally, we are committed to collaborating with the winners to give them access to our network for further opportunities.

10
Winners



“**Innovation and development are crucial for growth, but equitable innovation is essential for inclusive growth. I am inspired by the passionate ideas generated by technology that have the potential to transform our society for the better. We see technology disruptions all around us promoting growth and holistic development, and as we are conscious of this at Schaeffler India, we announced several initiatives.”**

Santanu Ghoshal
Vice President (Human Resources and Sustainability)

Schaeffler India HOPE Engineering Scholarship Programme

We offer financial support to engineering students who belong to economically weaker sections of society and need financial assistance to pursue their education. Under the scholarship programme, students from the states of Gujarat, Maharashtra, and Tamil Nadu can avail financial aid of up to ₹75,000 per year to continue their engineering studies and become the leading technocrats of tomorrow. For the academic year 2022–23, 117 engineering scholars were awarded a scholarship of up to ₹75,000 per scholar to continue their education.

117
Engineering scholarships

Case study

For the past two years, the global pandemic and resultant school closures had a significantly negative effect on learning outcomes among children, especially those from marginalised backgrounds.

To combat this, we implemented the Comprehensive Community Development Project in rural areas around our Talegaon (Pune) facility. The initiative aims to improve literacy and numeracy among children aged 6–13 years, utilising community-based approaches to give them the skills they need to thrive in the world.

Mobile Science Lab coverage
and libraries

635 children
Benefitted

Jawahar Navodaya Vidyalaya
Coaching

25 students
Benefitted

The Bala Project

950 students
Benefitted

Project Vivek Vidhya

250 children
Benefitted

CY22 impact spotlight: STEP

India has the youngest workforce in the world with over 63% of its population aged between 15 and 59. However, there is a significant skill gap in the job market.

STEP is designed to bridge this gap by providing a holistic and comprehensive training experience. The participants become employment-worthy for the growing manufacturing industry in Hosur.

Creating a long-term impact*

62%
Participants placed after completing STEP

90%
Beneficiaries are financially supporting their families post-completion of STEP

96%
Believe that STEP is a valuable learning experience

53%
Rated their technical and soft skills 5 out of 5 after completing STEP

*Note: Based on an impact assessment report by EY

A voice from the field

Aarthi, a young and determined woman, has managed to overcome numerous obstacles to achieve her dreams. At the age of 23, she resides in the Krishnagiri district with her family of six, who struggle with a meagre source of income from their agrarian background.

Despite facing financial difficulties and resistance from her family, Aarthi persevered and pursued her passion for Mathematics by enrolling in a B.Sc. program. Her hard work and dedication paid off when she was selected for the STEP program in Mechatronics during her final year of undergraduate studies. Undeterred by the challenges, she devoted herself to the training and achieved dual certification upon completing the program.

Aarthi's unwavering determination has resulted in financial independence, and she now enjoys the full support of her family, who encourage her to pursue her dreams. Her success is a testament to the power of resilience and hard work in the face of adversity.

“**STEP has not only provided a platform to showcase my talent but also provided a means of livelihood for my family.**

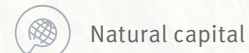
- Aarthi, a participant of the STEP programme



We Care for a greener planet



Capitals impacted



SDGs impacted



Schaeffler's approach for the environment

Schaeffler India acknowledges the responsibility of businesses to help address the world's most pressing issues such as climate change. We have taken on the challenge of the Schaeffler Group to become climate neutral by CY40, through the implementation of innovative solutions and technologies.

Performance highlights in CY22

45,020 MWh
Renewable energy consumption

~28,000 m³
Water conservation realised

5.5%
Reduction in Scope 1 emissions

Sustainable supply chain

We implemented the following initiatives:

- Full truck movements for various lanes like Baroda CDC–Gurgaon CDC and Baroda CDC–Chennai DC
- Implemented the milk run concept from the CDCs
- Implemented the use of compressed natural gas vehicles for last-mile delivery from Gurgaon CDC
- Reused imported and domestic pallets for sustainability
- Increased the use of returnable packaging
- Executed an export load consolidation project with a direct positive impact on cost savings and sustainability
- Used dedicated vehicles to control our CO₂ emissions

65 tCO₂
Emissions avoided

3,885
Trees saved

Progressing towards carbon neutrality

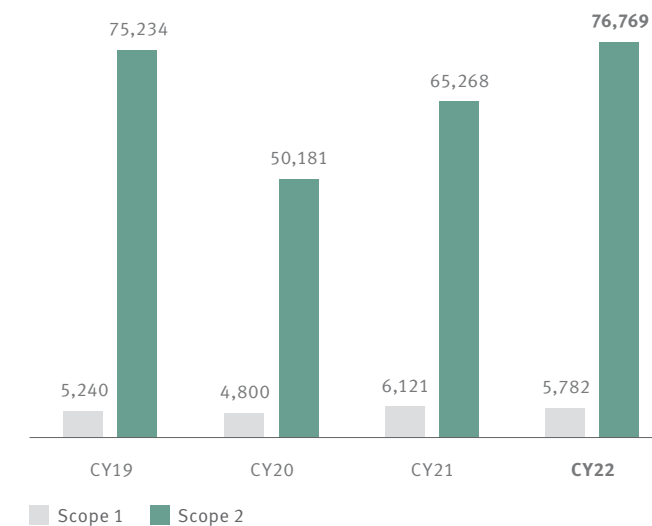
We acknowledge the impacts of our energy consumption both in terms of its toll on the environment and its cost to our operations. We are taking proactive steps to decarbonise our operations and transition to renewable energy sources. We target to achieve 100% renewable power consumption by CY24.

Progress in CY22

Various steps have been initiated to reduce carbon footprints with an aspiration to attain carbon neutral production by CY30 and be carbon-neutral by CY40.

With the baseline of CY19, we undertook various initiatives to reduce Scope 1 and Scope 2 emissions by implementing energy efficiency projects. Our efforts led to 1.31 GWh energy savings which neutralised 1,034 tonnes of Scope 1 CO₂ emission. Renewable energy contributed to 44% of energy consumption through our existing projects and by purchasing renewable energy through PPAs. Overall, we neutralised 12,500 tonnes of Scope 2 CO₂ emissions in CY22.

CO₂ emissions (tonnes)



Becoming energy efficient

While our energy consumption, in terms of absolute numbers, increased due to surging demand, we continued our energy-efficiency initiatives and made gradual efforts to reduce our consumption.

0.0018 kWh/₹

Energy intensity
(Total energy consumption/turnover in rupees)

Case study

Harnessing renewable energy

We have been constantly working on purchasing green energy at our locations. We have signed a hybrid energy (solar and wind) Power Purchase Agreement (PPA) for Maneja (Vadodara) of 2.55 MW which will contribute 34% of its overall consumption which started from August 2022. As for Savli (Vadodara), we have a hybrid energy PPA for 1.8 MW, which will contribute 35% of overall consumption will begin in CY23. Additionally, our facility at Pune have signed a PPA of wind energy for 5.1 MW.

111,564 kWh

Average solar power generation per month

44%

Contribution of renewable energy





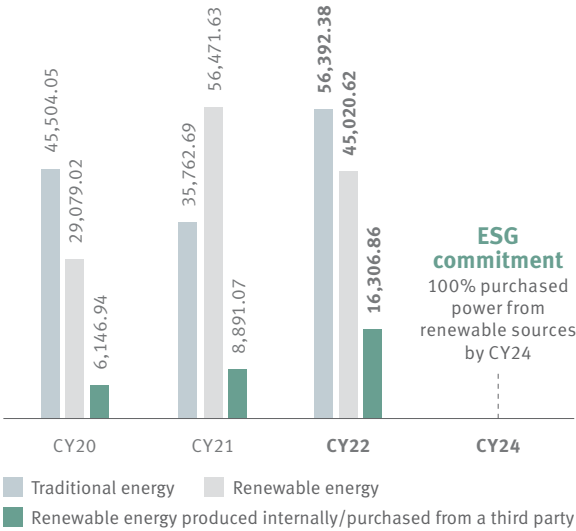
We Care for a greener planet

Initiative	Plant	Energy savings per annum (MWh)
Cold washing media for post washing from Seal Quenching.	Hosur	678.91
Installation of Inverter and pressure transducer in coolant supply system.	Maneja (Vadodara)	95.94
Installation of emulsion pump with Inverter and pressure transducer.	Maneja (Vadodara)	57.70
Heat recovery by jacket installation on washing machine.	Pune	11.72
Reduce energy consumption by installing top cover on salt bath.	Savli (Vadodara)	280.89
Reduce power consumption in pre and post washing drying operation using waste heat.	Savli (Vadodara)	183.33

1,309 MWh

Total energy savings in CY22

Energy consumption, by type (in MWh)



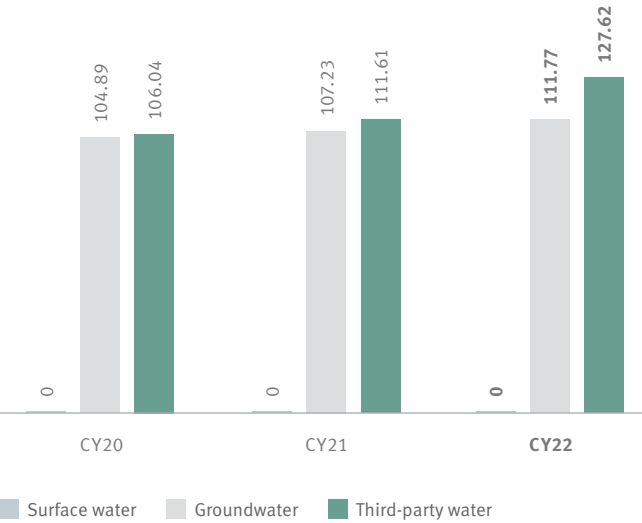
Focus area for CY23

In CY23, our Hosur location is planning to install its solar rooftop panels of capacity 1.5 MW and Savli (Vadodara) will start receiving hybrid power which will increase the overall share of renewable energy to 56%.

Effective water management

Our water stewardship approach is characterised by careful sourcing and the innovative and efficient use of water. Several conservation measures are implemented in our plants to optimise our available and sourced water, such as replacing old pipelines, reusing treated water for processes to cut down on topping, using treated RO-rejected water for fire hydrants, and installing pedal-operated valves for operational usage.

Water consumption, by type (in 000' m³)



Progress in CY22

We are aligning to achieve the group target of a 20% reduction in freshwater withdrawal by CY30 with a baseline of CY19. We are implementing various water-saving projects and are reusing the treated water for domestic and production purposes to reduce freshwater intake. The projects implemented in CY22 have contributed more than 50% of the CY30 target.

0.0035 l

Water intensity
(Water consumed/turnover in rupees)

36,000 m³

Rainwater harvesting capacity by recharging groundwater

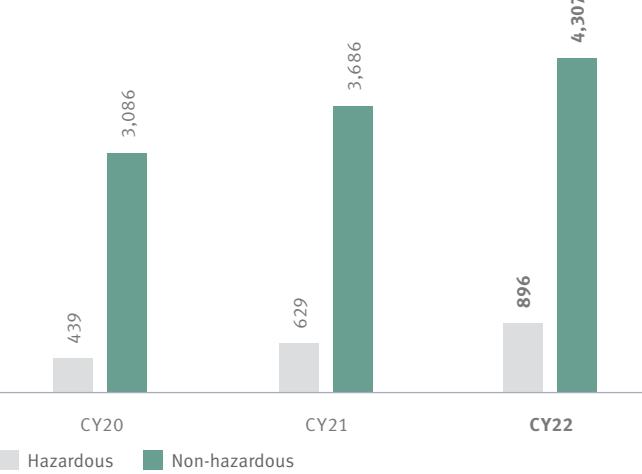
46,300 m³

Recycled and treated water used in operations and for domestic purposes

Reducing and reutilising waste

We adhere to the three R principle: Reduce, Reuse, and Recycle. To manage our waste, we implement various efficient waste management initiatives that consider environmental impact, social effects, and commercial viability. We dispose our hazardous waste at a government-approved central landfill, while our non-hazardous waste is primarily recycled by sending it to authorised recyclers.

Waste consumption, by type (in tonnes)



Progress in CY22

At Schaeffler, circularity is one of the action fields in our execution program. We are working on continuous improvement in reducing waste generation which has led to us achieving 82% recycling of the waste generated in CY22.

5,203 tonnes

Waste generated

283 tonnes

Waste diverted from landfill

82%

Waste recycled

Focus area for CY23

We are working on converting the disposable hazardous waste generated from treatment facilities to a reusable co-procession material in the cement industry which will enable us to achieve zero waste to landfill by CY25. The pilot project has already been started at Savli (Vadodara).

Material yield is one of the major areas we are working to reduce the scrap from the production process and automotive plants will take up the target of achieving 3% material yield by CY25.



Corporate Information

Board of Directors	
Chairperson	Ms. Eranti V. Sumithasri [#]
Managing Director & CEO	Mr. Harsha Kadam
Director – Finance & CFO	Mr. Satish Patel
Directors	Mr. Andreas Schick
	Ms. Corinna Schittenhelm
	Mr. Dharmesh Arora
	Mrs. Renu Challu
	Mr. Arvind Balaji
	Mr. Amit Kalyani
Company secretary	Mr. Ashish Tiwari
Bankers	ICICI Bank Limited
	Deutsche Bank AG
	JP Morgan Chase Bank
	Citibank, N.A.
Auditors	M/s. Walker Chandio & Co. LLP, Chartered Accountants
Collaborators	Schaeffler Group, Germany
Registered & Corporate office	15 th Floor, ASTP (Amar Sadanand Tech Park), Baner, Pune – 411045 Maharashtra, India
Manufacturing plants	1. P.O. Maneja, Vadodara – 390 013, Gujarat, India
	2. Plot No. 1 (Alindra), Savli GIDC Phase – III, Taluka: Savli, District Vadodara – 391 775, Gujarat, India
	3. Plot No. A-3 Talegaon Industrial & Floriculture Park, Village Ambi, Navalakh Umbre, Tal. Maval, Talegaon Dabhade, District Pune – 410 507, Maharashtra, India
	4. Survey No. 950, Royakottah Road, Hosur, District Krishnagiri – 635 109, Tamil Nadu, India
Sales offices	Navi Mumbai, Bengaluru, Chennai, Coimbatore, Gurugram, Jamshedpur, Kolkata and Secunderabad

[#] Ms. E.V.Sumithasri, (DIN: 07087197) Independent Director of the Company appointed as the new Chairperson on the Board of Directors of the Company with effect from February 7, 2023.
Mr. Avinash Gandhi, (DIN: 00161107), Independent Director of the Company ceased to be the director after the business hours of February 6, 2023 on the expiry of his term.

STATUTORY REPORTS

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Management Discussion and Analysis

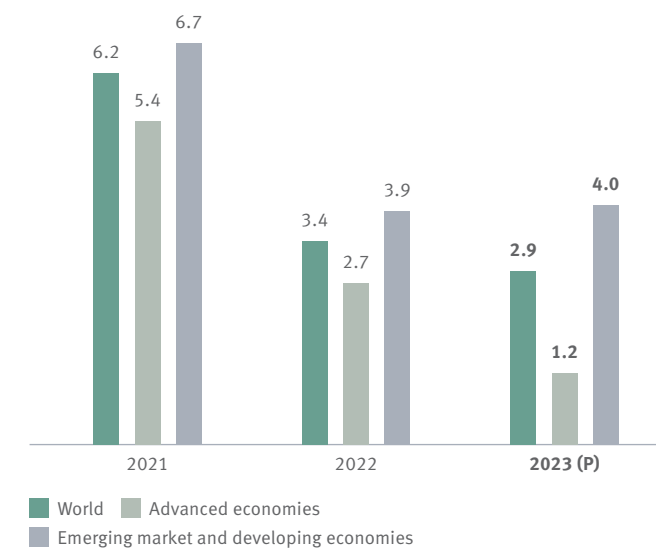


Industry context and performance

Global economy

The year 2022 started out with cautious optimism. Restrictions related to the pandemic were lifted across the globe and economic activities seemed to be on the path to gradual recovery. However, the escalation of Russia-Ukraine conflict led to a sharp increase in commodity prices, further contributing to surging global inflation. China's Zero-COVID Policy resulted in frequent lockdowns, low demand, and disruption in the Asian supply chain. In response to inflationary pressures, central banks in advanced and emerging market economies adopted tools like quantitative tightening, causing demand to slow down further. Despite the challenges, economies across regions started demonstrating signs of resilience from third quarter onwards, including the United States, the Euro area, and major emerging market and developing economies. Resultantly, According to January 2023 edition of the World Economic Outlook, global output is expected to report a growth of 3.4% in 2022, against 6.2% reported in 2021.

Global GDP growth trend



Source: World Economic Outlook – January 2023

Movements in global commodity prices

The year 2022 was an interesting one for the commodities market. Prices of some of the commodities stabilised after skyrocketing in the post-pandemic period. However, it remained largely volatile due to the Russia-Ukraine war, the weakening global economy and lower demand from China. Steel prices softened drastically towards the end of the year after the peak of \$1,000 per tonne in April 2022. The escalating geopolitical conflict caused crude prices to reach their highest ever in May 2022, since 2013. Between June and December 2022, the price of crude fell by around 31%.

Outlook

The ongoing monetary policy tightening and geopolitical tensions are expected to keep the global economy in a tight spot, with growth estimated at 2.9% in 2023. Growth is expected to pick up in China with complete reopening of the economic and social activities. The pace of growth is likely to recover from 2024, driven by gradual recovery from Ukraine war and waning inflation.





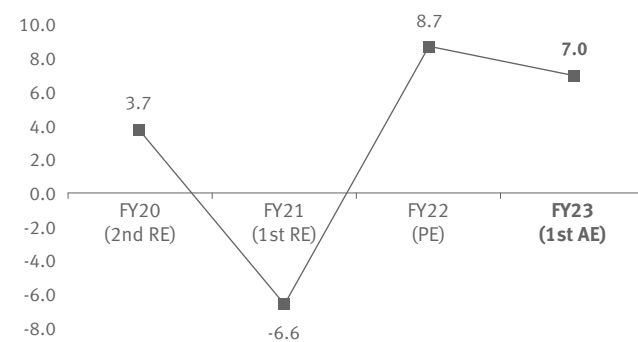
Indian economy

The Indian economy has shown great resilience in the face of adversities and continues to be one of the fastest-growing major economies in the world. The economy is forecasted to grow in the range of 6-6.8% and the growth can be ascribed

to strong private consumption and fixed investment growth as well as a strong recovery of demand in the services sector, replacing the export stimuli.



Economic growth



Source: Economic Survey 2022-23

Outlook

While the growth projection remains on the lower side, India can withstand the global economic shocks and continue as one of the fast-growing major economies in the world. On the other hand, considering the risks of a slowing global economy and increasing borrowing costs, the country's growth for FY23-24 has been pegged at 6.5%.

Automotive industry

India is the world's largest producer of two and three-wheelers, the second-largest manufacturer of buses, and the largest producer of heavy vehicles like tractors. The automotive industry in India is valued at over \$222 billion, and it makes up 8% of the country's total exports and accounts for 7.1% of the GDP.

The pandemic's impact on the industry was severe. In addition to affecting demand, there were numerous supply challenges due to rising costs, semiconductor shortages, and other supply chain bottlenecks. With several industries dependant on the auto sector, the slowdown triggered a ripple effect.

However, in the current scenario, the industry has witnessed recovery, recording growth and increasing demand, and improvements in semiconductor supply.

The first half of FY23 saw the passenger vehicle segment report its highest-ever sales, while the second quarter saw domestic passenger vehicle sales surpass the one million mark for the first time. The surging demand for individual vehicles and greater disposable incomes will contribute to the growth of the Indian automotive industry.

Category	2019-20	2020-21	2021-22	2022-23*
Passenger vehicles	27,73,519	27,11,457	30,69,499	28,71,695
Commercial vehicles	7,17,593	5,68,559	7,16,566	6,83,310
Three wheelers	6,37,065	2,19,446	2,60,995	3,35,123
Two wheelers	1,74,16,432	1,51,20,783	1,34,66,412	1,22,57,494
Grand total	2,15,45,551	1,86,20,233	1,75,13,596	1,61,47,622

* These figures are for 9M - 2022-23 and are thus strictly not comparable with the figures for previous year.

Source: SIAM - <https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=14>

Growth drivers in the automotive industry

Autonomous vehicles

The interest and R&D activities around autonomous vehicles have been on the rise. Indian automakers are keen on exploring new arenas to enhance the commuting experience of their customers.

Change in emission standards

The ongoing megatrend of electrification will help in increasing the content per vehicle for OEMs. With stringent safety norms and emission restrictions being imposed on automakers, auto component manufacturers stand to gain from increased business.

Government initiatives

The Government of India has introduced various initiatives like the PLI Scheme to encourage growth in the sector. This will help in promoting domestic manufacturing of Advanced Automotive Products (AAT) and attract investments in the manufacturing value chain.

Connected Cars

The Internet of Things (IoT) has transformed the automotive industry and its widespread usage will allow customers to stay connected even when on road. Automotive IoT allows cars to communicate with other systems and share internet access and data devices. It can also share information at regular intervals, and update software over the air. Cutting-edge technologies such as this drive massive investments into the auto sector.

Electric Vehicle Penetration

Climate change awareness and an attempt to reduce the carbon footprint has bolstered the popularity of electric vehicles. EVs will witness exponential growth with large capex commitment and execution underway by industry players. Global capex committed in this space (including battery) is approximately \$500 billion by 2030.



According to the Automobile Mission Plan 2016-26, the Indian automotive sectors' contribution to the nation's GDP is predicted to be more than 12%, and is currently at 7.1%. It also aims to account for at least 40% of the manufacturing sector by 2026. The Government of India has allowed 100% FDI under the automatic route. Some of the recent initiatives taken by Indian Government are:

- Bharat New Vehicle Safety Assessment Program (Bharat NCAP) to award safety ratings to cars to promote safer cars and increase the export-worthiness of Indian cars.
- Under the Production Linked Incentive (PLI) scheme, incentives of up to 18% are extended to encourage the industry to make fresh investments in the indigenous supply chain of AAT products. The PLI Scheme for Automobile and Auto Component has been successful in attracting a proposed investment of ₹74,850 crores against the target estimate of investment ₹42,500 crores for five years.

Electric Vehicles in India

India is the second-largest EV market in Asia, after China. With rising oil prices and environmental factors like pollution and climate change, there is a strong case for the adoption of EVs. India's EV ecosystem is thriving due to the support it gets from government initiatives, increasing sector investments, and widespread adoption by organisations. According to CRISIL, EVs present an opportunity of almost ₹3 lakh crore for various stakeholders in India in the five years

through fiscal 2026, and is likely to create five crore jobs by 2030. This will also necessitate huge investments in charging infrastructure to sustain the electric vehicles.

In the April-September 2022 period, India recorded sales of 277,910 electric two-wheelers – a 404% increase over the same period last year. In H1 FY22-23, 18,142 electric cars were sold, registering a 268% growth. In Q2 FY23 (July-September 2022), sales were at 10,015 units, which is a 23% increase over Q1's 8,127 units*. At COP-26 (the 26th Conference of Parties), Prime Minister Narendra Modi announced that India is set to achieve 50% of its installed electrical capacity from non-fossil sources by 2030. The government is working to improve upon both demand and supply of EV ecosystem by providing tax rebates and simplifying loan processes.

Initiatives by the Indian Government to promote electric mobility:

- Setting up EV Charging stations under FAME India Scheme I and II.
- Battery-Swapping Policy introduced In Union Budget 2022-23, allowing drained batteries to be swapped with charged batteries at designated charging stations.

E-AMRIT (Accelerated e-Mobility Revolution for India's Transportation) has been set up to act as a one-stop portal for any information on electric vehicles in India.

PESTLE analysis on the auto industry



Political

- Governments are favouring low emission vehicles and undertaking initiatives like tax subsidy.
- Government policies on import and export tax impact the industry.
- Govt. Initiatives like PLI and Gati Shakti to promote the industry.



Economic

- Demand and Sales depend on global economic conditions.
- India is a developing economy with good purchasing power and disposable income, which is profitable for auto industry.



Sociocultural

- Cars have been considered an extension of individual's personality.
- Need for new models keeping people's preferences in mind.
- Need to keep up with changing social trends.
- There is a shift towards demand for SUVs.



Technological

- Technology and innovation are important, and it is important to keep upgrading.
- People are looking for efficient, safe, and high-mileage vehicles.
- Tesla's self-driving cars are gaining popularity.
- Lithium Battery technology is improving.



Legal

- Demand and Sales depend on global economic conditions.
- India is a developing economy with good purchasing power and disposable income, which is profitable for auto industry.



Environmental

- Demand for EVs is growing, there are cost savings for e-cars.
- Rising fuel prices and carbon emissions.

* Source: India Briefing

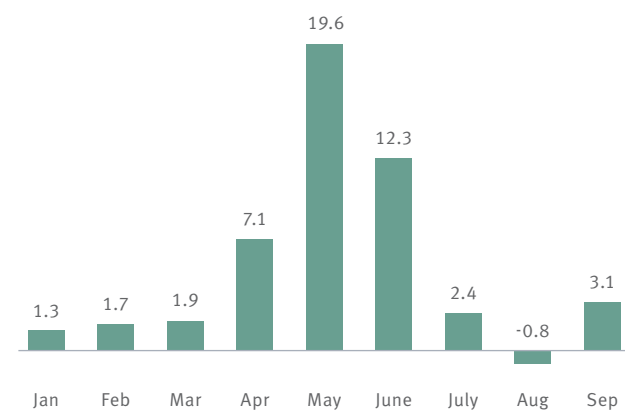


Industrial sector

The Index of Industrial Production (IIP) grew by 3.1% to 133.5 in September 2022, as against the 2% forecast by the Ministry of Statistics & Programme Implementation (MoSPI). This growth was achieved on the back of rising manufacturing and mining output. There has been a significant increase in capital and infrastructure spending which is a strong indicator of the confidence the industry has in the changing tides of the Indian economy and its growing demand. In September 2022, the manufacturing sector grew by 1.8% to 134.3, mining output increased by 4.6% to 99.5, and power generation was up 11.6% to 187.5.

The performance of the core industries is key to industrial growth as they make up around 40% of the IIP. These are electricity, steel, refinery products, crude oil, coal, cement, natural gas, and fertilizers. Government data revealed that the combined index of eight core industries grew 7.9% in September 2022, compared to the 4.1% rise in August 2022 and 5.4% in the year-ago period. Core output during the April-September of FY23 rose 9.6% against 16.9% a year ago.

India Industrial Production for CY2022 (%)



High-technology infrastructure and skilled manpower are necessary to strengthen competitiveness in India's industrial sector. Government initiatives aided by the rising global demand are factors that will propel the growth of this sector in the coming years.

Initiatives by the Indian Government to promote the industrial sector:

Production Linked Incentive (PLI) Scheme

Since its launch in 2020, PLI has rolled out 14 schemes, all of which received a favourable response. The government has about 7-8 more such schemes underway to cover more critical manufacturing sectors to boost economic growth. It is expected to lead to incremental manufacturing of more than \$500 million over five years. PLI schemes are crucial to the country's ambition to expand the share of manufacturing in the country's GDP to 25%.

SAMARTH Udyog Bharat 4.0

Launched by the Ministry of Heavy Industries, the initiative aims to facilitate and create an ecosystem for the propagation of the Industry 4.0 set of technologies in every Indian manufacturing unit by 2025. It is expected to increase India's competitiveness in industrial sector.

PM Gati Shakti

It is a multi-modal infrastructure connectivity endeavour. The building of industrial corridors is an important step towards India's industrial development, as establishing a link between infrastructure and industry boosts economic activity. There are 11 Industrial Corridors Projects set for development, with 30 projects to be developed by 2024-25.

Automotive Aftermarket industry

The Indian Automotive Aftermarket industry is forecasted to grow at a CAGR of 3.8% and reach \$19.05 billion by 2025. It is gaining traction after two years of slow growth due to the pandemic, and with an increase in auto sales, the industry is on its way to revival. Post-pandemic, there has been an upswing in the demand for personal cars as well. With the average life of cars seeing an increase from 9.78 years to 11.33 years, people are now willing to spend on auto components like wheels, tyres, gears, suspension modifications, etc. Servicing needs have also increased, and there has been more demand for AV accessories and interior accessories, all of which drive growth in the industry.

The automotive sector has kept the pace when it comes to adopting digitalisation and providing maintenance and technical support with improved quality and efficiency. Since the automotive sector is an unorganised one, garages are an important link in providing quality assurances and one-stop solutions for maintenance needs.

Going forward, companies need to invest in training, conducting workshops and imparting knowledge to mechanics to boost the development of the aftermarket industry.

Operational performance review

We faced a challenging and uncertain business environment owing to the geopolitical situation in Europe and record inflation in key international markets. Despite these challenges, we sustained our performance both in terms of revenue and profitability growth on the back of our balanced business mix. Notably, our margin performance was consistent and sustained and our PAT margins stood at 12.8% in 2022.

Our strategic initiatives allowed us to consolidate and sustain our performance. We focused our production on the domestic market and launched new projects.

We sustained our trajectory for business wins in our Automotive Aftermarket and Industrial business. A notable highlight in our Automotive Aftermarket division was the deepened penetration of REPPERT, which covered 8800 KMs in 2022. This is a testament to the focus on customer-centricity at Schaeffler India. Furthermore, we continued to remain leaders in governance as indicated in the corporate governance scorecard published by IIA.

Automotive Technologies segment

Our Automotive Technologies segment achieved significant growth despite the uncertainties in the automotive sector. Our consistent focus on innovation paid dividends as our product portfolio helped us drive growth.

In 2022, we won significant business order wins in CVs for double-clutch systems, in PVs for needle bearings, DGBBs, and light vehicle clutch systems. In terms of the opportunities in emerging technologies such as EVs, hybrids etc, we fared well in 2022. We won business order wins in the area of hybridisation with OEM customers and wheel bearings for fully electrified car platforms.

In terms of operational performance, we ramped up major projects in engine components and shift systems, which will help us play an important role in meeting the upcoming RDE requirements with increased reliability for our customers.

Automotive Aftermarket segment

In 2022, the Automotive Aftermarket achieved a strong financial performance (20%+ revenue growth), owing to an improved product mix. The division added new products to the portfolio and expanded the range of products across all categories.

In terms of other business highlights, the division build up infrastructure and doubled warehouse space, continued to invest in partnerships and branding activities.

Industrial segment

The Industrial business contributed around 33% of our overall revenue and sustained revenue growth of 12.4% in 2022. Our differentiated advantage in precision and efficiency saw us win significant business order wins. In 2022, we won key business wins for CRBs, SRBs, and TRBs in our off-road segment, new business win for SRBs, TRBs, and LSBs in our energy segment, and for linear guides in the industrial automation segment, and DGBB and NRBs in the TW segment.

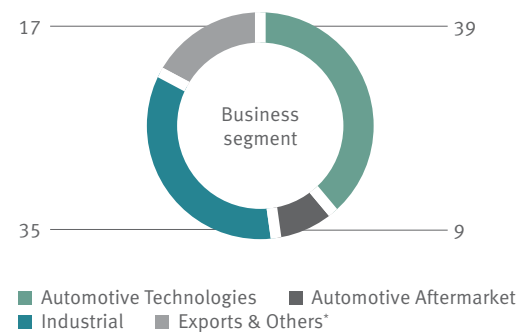


Financial performance review

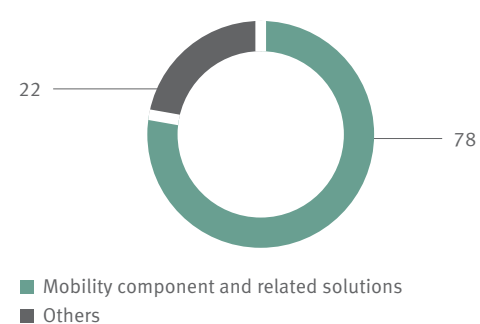
In 2022, we achieved a strong 23.5% increase in our revenue compared to the previous year, a testament to our unwavering faith in India's growth story and commitment to becoming a manufacturing hub for the Schaeffler Group. This strong financial performance was driven by our stellar export performance and consistent domestic performance.

We experienced remarkable success across all of our businesses in the past year, with exports skyrocketing by 59.6%. We expanded our capacity, developed our expertise, and broadened our international reach to drive this growth. The Automotive Technologies and Automotive Aftermarket segments both saw impressive revenue increases of 23.8% and 18.3% respectively, while our Industrial segment also enjoyed a notable 12.4% increase in revenue.

Revenue mix: 2022 (%)



Revenue mix: 2022 (%)



₹15,000 mn

Investment over next three years

₹ in million			
Particulars	2022	2021	Change (%)
Net revenue	68,674	55,605	24%
EBITDA ¹	13,076	9,950	31%
Less: Depreciation/Amortisation	2,065	1,971	5%
Less: Finance cost	36	37	(3%)
Add: Interest income	645	489	32%
Profit before exceptional items and tax	11,620	8,431	38%
Add: Exceptional items	150	-	100%
Provision for tax	2,978	2,140	39%
Profit after tax	8,792	6,291	40%

Revenue

₹ in million			
Particulars	2022	2021	Change (%)
Net revenue	68,674	55,605	24%
Mobility component and related solutions	53,877	43,850	23%
Others	14,797	11,755	26%

Profitability

₹ in million			
Particulars	2022	2021	Change (%)
EBITDA ¹	13,076	9,950	31%
Less: Depreciation/Amortisation	2,065	1,971	5%
Less: Finance cost	36	37	(3%)
Add: Interest income	645	489	32%
Profit before exceptional items and tax	11,620	8,431	38%

Taxes

₹ in million			
Particulars	2022	2021	Change (%)
Provision for tax	2,978	2,140	39%

Profit after tax

₹ in million			
Particulars	2022	2021	Change (%)
Profit after tax	8,792	6,291	40%

Cashflow

₹ in million			
Particulars	2022	2021	
EBITDA ¹	13,076	9,950	
Income tax	(3,136)	(1,895)	
Change in working capital and others	(1,841)	(3,408)	
Capital expenditure ²	(4,788)	(1,826)	
Interest income ²	457	456	
Free cash flow	3,768	3,277	

¹ Earnings before Interest, Tax, Depreciation and Amortisation.

² Figures are net.



Internal control systems

In parallel to the risk management system, Schaeffler India has a system of internal controls over financial reporting (IFC), which ensure the accuracy of the accounting system and the related financial reporting. The internal control system provides for well-documented policies and procedures that are aligned with Schaeffler Group standards and processes. It adheres to local statutory requirements for orderly and efficient conduct of business, safeguarding of assets, the detection and prevention of frauds and errors, adequacy and completeness of accounting records and timely preparation of reliable financial information. The efficacy of the internal checks and control systems are validated by internal auditors.

Our IFC is conceptually based on the regulatory framework, as applicable. The controls defined in the framework are applied at all levels – entity level, process level and IT systems level. Each year-end, the management assesses the appropriateness and effectiveness of the IFC in place. To this end, we use a standardised methodology to identify the processes relevant to IFC, define the required controls and

document them in accordance with uniform requirements. This is then followed up with a review of the defined controls, which is performed using a risk-based approach. The process controls are self-evaluated and are audited by the internal and statutory auditors. Wherever control weaknesses exist, actions to eliminate them are defined and monitored regularly to overcome them.

Cautionary statement

Statement made in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax laws, other statutes and other incidental factors.



Business Responsibility and Sustainability Report

This year marks the first time that our company has voluntarily released its report against the new Business Responsibility & Sustainability Report guidelines. This report provides enhanced disclosures on our non-financial performance and demonstrates our commitment to the nine principles of the National Guidelines on Responsible Business. It covers our practices and performance on key principles defined by Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, covering topics across the ESG dimensions.

The Schaeffler Group recognises the importance of sustainability and has made it an essential element of its corporate strategy and values. The company is committed to environmental and social responsibility and aims to uphold these values across its entire value chain.

To achieve these goals, the company invested in the development of its sustainability strategy throughout 2022, aligning it with the three ESG dimensions and defining ten action fields. Each of these fields has been further broken down into sections that provide more in-depth information on specific sustainability targets and key figures. The company has set corresponding targets for some of these sections, enabling it to monitor its progress and ensure accountability for its environmental and social impact.

Schaeffler Group's commitment to sustainability extends to us, We have identified eight ESG targets aligned with the Group's strategy. By integrating sustainability into our core values and operations, we aim to continuously improve our sustainability practices and contribute to a more sustainable future.

Section A: General Disclosures

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity

L29130PN1962PLC204515

2. Name of the listed entity

Schaeffler India Limited

3. Year of incorporation

1962

4. Registered office address

15th Floor, ASTP (Amar Sadanand Tech Park),
Baner, Pune, Maharashtra, India, 411045

5. Corporate address

15th Floor, ASTP (Amar Sadanand Tech Park),
Baner, Pune, Maharashtra, India, 411045

6. E-mail

info.in@schaeffler.com

7. Telephone

+91-20-68198400

8. Website

www.schaeffler.co.in

9. Financial year for which reporting is being done

January 1 to December 31, 2022

10. Name of the Stock Exchange(s) where shares are listed

1. BSE Ltd.
2. National Stock Exchange of India Ltd.

11. Paid-up Capital

As on December 31, 2022 the paid-up capital of the Company stood at ₹312,607,340 consisting of 156,303,670 numbers of Equity Shares of ₹2/- each.

12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report

Name : Mr. Harsha Kadam, Managing Director
Telephone : +91-20-68198400
E-mail : harsha.kadam@schaeffler.com

13. Reporting boundary-Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).

Standalone

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Automotive Technologies	The Automotive Technologies division is dedicated to creating and producing innovative products designed for various applications related to engines, transmissions, and chassis. These products are developed for use in vehicles powered by internal combustion engines, as well as for hybrid and electric vehicles	39%
2.	Industrial	The Industrial division offers a range of products including rolling and plain bearings, linear and direct drive technology, as well as services such as maintenance products and monitoring systems to customers across various industrial sectors. These products are distributed through direct sales channels and a global network of certified distribution partners	35%
3.	Automotive Aftermarket	The Automotive Aftermarket division provides a wide range of components and complete repair solutions to meet the demands of the automotive spare parts market. We also offer comprehensive services to support garages with our extensive expertise in intricate repairs and systems	9%
4.	Exports and Others	The exports and others category primarily comprises revenue generated from exports to group companies, scrap sales, and other forms of operating income	17%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

S. No.	Product/Service	NIC Code	% of total Turnover contribute
1.	Bearings	21840	60%
2.	Engine and transmission solutions	21840	40%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Number of R&D Centres	Total
National	4	8	3	15

17. Markets served by the entity:

a. Number of locations

Location	Number
National (No. of states)	Pan India Level
International (No. of continents)	4

b. What is the contribution of exports as a percentage of the total turnover of the entity?

17% contribution from Exports and others in CY22.

c. A brief on types of customers

We serve a wide range of customers in the industrial and automotive sectors, catering to a diverse clientele that includes large original equipment manufacturers (OEMs), public sector undertakings (PSUs), small and medium-sized enterprises (SMEs), as well as emerging startups in the new mobility industry who receive direct service. Furthermore, a significant number of customers are also served indirectly through distribution and aftermarket segments in both the industrial and automotive sectors.



IV. Employees

18 Details as at the end of Financial Year:

a. Employees and workers* (including differently-abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1.	Permanent (D)	1,541	1,443	94%	98	6%
2.	Other than permanent (E)	94	71	76%	23	24%
3.	Total employees (D + E)	1,635	1,514	93%	121	7%
Workers						
4.	Permanent (F)	1,324	1,296	98%	28	2%
5.	Other than permanent (G)	3,551	3,267	92%	284	8%
6.	Total workers (F + G)	4,875	4,563	94%	312	6%
Differently-abled employees						
1.	Permanent (D)	6	6	100%	Nil	Nil
2.	Other than permanent (E)	Nil	Nil	Nil	Nil	Nil
3.	Total employees (D + E)	6	6	100%	Nil	Nil
Differently-abled worker						
4.	Permanent (F)	Nil	Nil	Nil	Nil	Nil
5.	Other than permanent (G)	7	7	100%	Nil	Nil
6.	Total workers (F + G)	7	7	100%	Nil	Nil

* Other than permanent workers include contractual workers, third-party payroll workers, and trainees.

19. Participation/inclusion/representation of women

No. and percentage of females

	Total (A)	No. (B)	% (B/A)
Board of Directors	10	3	30%
Key Management Personnel	3	Nil	Nil

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	CY22			CY21			CY20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent employees	7.5%	0.9%	8.4%	5.8%	0.7%	6.5%	3.2%	0.3%	3.5%
Permanent workers	4.1%	0.0%	4.1%	3.8%	0.0%	3.8%	4.2%	0.0%	4.2%

V. Holding, subsidiary and associate companies (including joint ventures)

21. Names of holding/subsidiary/associate companies/joint ventures

Nil

VI. CSR Details

22.

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013:

Yes

Total spending on Corporate Social Responsibility (CSR) as ~2%.

(ii) Turnover (in ₹)

The turnover for CY22 was ₹68,674.2 million.

(iii) Net worth (in ₹)

₹42,859.0 million

VII. Transparency and disclosures compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	CY22			CY21		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, Compliance	Nil	Nil	-	Nil	Nil	-
Investors (other than shareholders)	Management System of the Schaeffler Group and Company' Vigil Mechanism/	Nil	Nil	These include complaints received through	Nil	Nil	These include complaints received through
Shareholders	Whistle-blower Policy are effective tool towards grievance redressal mechanism. The policies are available on company's website – https://www.schaeffler.co.in/en/investor-relations/corporate-governance/codes-and-policies/	24	Nil	SEBI scores and stock exchanges	3	Nil	SEBI scores and stock exchanges
Employees and workers		Nil	Nil	-	Nil	Nil	-
Customers		Nil	Nil	-	Nil	Nil	-
Value Chain Partners		Nil	Nil	-	Nil	Nil	-
Others (Whistle-blower)		4	Nil	-	6	Nil	-

24. Overview of the entity's material responsible business conduct issues

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Country	Risk	Changes in the social, political, legal or economic stability within or outside the country could hamper our regular operations or planned future expansion. Changes in the political and regulatory environment of markets, in which the Company operates, could have an impact on its net assets, financial position, and earnings. During the year 2022, the geo-political conflict between Russia & Ukraine, and inflationary pressure on food and energy prices had a dampening impact on general consumer sentiments and the global economy.	The socio – economic – political risks are mitigated with continuous observations of the developments in the relevant business environment and taking appropriate actions in terms of changes in strategies to protect the interest of the Company. Several proactive cost countermeasures were identified and implemented in order to mostly offset the adverse impacts.	Negative. Please refer risk management section for mitigation measures.
2.	Strategic market and technology	Opportunity	There are transformative changes forecasted in the marketplace like reducing diesel penetration, stricter emission norms, potential electrification of vehicle powertrain and so on. Customers are increasingly looking for bundled offering of products and services. The evolution of our business from being component-driven to more systems-based could reduce the proportion of value added by our organisation. The government of India aims to increase the penetration of electric vehicles in the automobile landscape. Accordingly, automobile manufacturer continues to emphasise and act towards this industry trend. To address the changing priorities of Automobile OEMs, our product offering need to evolve to capture the industry requirements.	We are taking various measures to address these trends. We continue to focus on the development of products compliant with the latest emission norms. Our product offerings include system-based solutions which are value accretive to our customers. We are strategically enhancing our local production systems to be more modular and aiming towards 'Factory for Tomorrow'. We are dedicated to developing evolving technologies and innovative offerings in the E-mobility space through a dedicated division focused on motor and control modules. This is helping us penetrate the growing E-mobility market and further expand our market position.	Positive.



S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3.	Market Developments	Risk	As a supplier in the automotive and industrial sector, our product demand is driven by macro-economic conditions and various factors such as consumption patterns, fuel/commodity prices, availability of components, and interest rates, which make exact sales forecasting challenging. Sales in Industrial division is spread across diversified business fields and no significant risks are identified in these markets. A change in forecasted market trends could have an impact on the net assets, financial position, and the earnings of both Automotive and Industrial markets.	Markets are analysed on an ongoing basis to detect changes in market structure or regulations early on. We use managed cost efficiency programmes to reduce the amount of damage, flexibly and dynamically from unexpected market slowdowns. Impact arising due to significant price fluctuations is managed by renegotiating with customers.	Negative. Please refer risk management section for mitigation measures.
4.	Delivery Performance	Risk	The ability to deliver represent a key competitive factor for a long-term relationship of trust with customers; this competitive factor is being constantly enhanced by systematic improvements in production and delivery logistics. Inability to meet contractual delivery dates could have an impact on the financial position and earnings of our Company	We have built high-performance distribution centres aimed at improving market supply and delivery performance with strategic logistics locations. Component sourcing options and capacity of critical production lines are being enhanced. Alternate material/source is identified for cost optimisation and uninterrupted supplies.	Negative. Please refer risk management section for mitigation measures.
5.	Procurement	Risk	Procurement risks arise mainly due to raw materials price fluctuations, ability of suppliers to deliver quality products in time. Adverse fluctuations in market prices and/or supplier's financial distress could have an impact on the Company's financial position and earnings. There is constant threat emanating from global supply chain disruptions and import restrictions due to EXIM policy amendments.	We ensure optimal supply of goods and services, focusing on quality, cost and delivery performance. Multiple product sourcing and localisation options are continuously explored. By negotiating prices and utilising economic synergies, we are largely able to obtain competitive prices. We keep a close watch on the operations of its suppliers, by deploying dedicated personnel performing quality checks, for early signs of distress so that interventions can be made to secure its interests. Representations are made to government to ensure timely clearance of import consignments.	Negative. Please refer risk management section for mitigation measures.
6.	Information technology (IT)	Risk	The importance of the IT systems utilised across various functions in the Company is growing. The operability of business processes and, therefore, the continuity of operations depend on the availability of IT systems. Three protection targets – confidentiality, integrity and availability – steer the Company's IT security management and protection of data and IT systems. Unauthorised access to IT systems, modification and misappropriation of sensitive business data could have an impact on the Company's net assets, financial position, and earnings.	We have the highest standards of IT security systems and are constantly upgrading our IT security infrastructure. We educates/ trains its employees on IT security and what precautions the users should take, to ensure that the IT infrastructure and business data are adequately protected against any possible IT risks.	Negative. Please refer risk management section for mitigation measures.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7.	Information or Cybersecurity	Risk	<p>The prevalent threat of cyber-attacks remains an area of concern in an increasingly digital space. Cyber security risk is an important and continuous focus for us. We devote significant attention and resources to protect and improve the security of our computer systems, software, networks and other technology assets. Nonetheless, cyber-attacks/ breaches pose a significant threat to the protection of our intellectual property, and that of our business partners, from theft, loss, unauthorised disclosure, and illegal access or misuse.</p> <p>Given the increase in both the frequency and sophistication of such attacks, the possibility of cyber attacks/breaches cannot be entirely ruled out and could have an impact on our net assets, financial position, and earnings.</p>	<p>Cyber security initiatives have been implemented to mitigate potential incremental security threats from possible security risk exposures. We reinforced and scaled up the internal environment to ensure the network is secure and healthy. To mitigate cyber security risk, we put in place a robust information security policy based on the ISO/IEC 27001 standard and taking into account sector-specific regulations. Procedures and other IT security specifications supplement our information security regulations.</p> <p>Several technical measures have been established for any illegal intrusions and to mitigate the risk of cyber-attacks and secure data thefts, which also includes monitoring the networks for cyber threats through Security Operations Centre (SOC) to detect and respond to cyber security events.</p> <p>We will continuously buttress our cyber security defences and place responsible guidelines along with security controls to strengthen our security roadmap in managing risks in data, IT systems and cyber security across the Group businesses.</p>	Negative. Please refer risk management section for mitigation measures.
8.	Production	Risk	As our manufacturing facility is capital-intensive, a large proportion of its costs are fixed. As a result, decrease in utilisation of plant capacity leads to under absorption of costs and, thereby impacts its earnings adversely. Moreover, influence of force majeure could result in delays or interruptions of production and supply chain, leading to non-fulfilment of market demand. The period between failure at plant and arrangement from alternative source could impact the Company's net assets, financial position and earnings.	We regularly review market conditions and align our production plan accordingly, where necessary alternative source can be realised from another plant within Schaeffler Group. Maintaining safety stock helps reduce losses. To minimise the probability of occurrence of unplanned interruptions, we take extensive fire prevention measures. Several cost containment measures were identified and implemented in material and process costs.	Negative. Please refer risk management section for mitigation measures.
9.	Loss of market share	Risk	We face competition in every field of our operations. As a result, we are exposed to dual risk of either being displaced by existing or new competitors or its products being replaced by product innovations or new technological features. Customer dissatisfaction on price, quality, delivery performance and design could lead to loss of market share.	We ensure close cooperation with our key customers on product development. It has implemented strict product quality controls to reduce the likelihood of substitution. We are also developing products, which will help us step up the value chain from components to systems. We are expanding our local footprint to comply with local content requirements under 'Make in India' programme of government.	Negative. Please refer risk management section for mitigation measures.
10.	Warranty and liability	Risk	We are known for our high standard of product quality. We leverage a certified quality management system besides continuously striving to improve quality processes. Notwithstanding these, there is a risk that poor quality products get delivered. Usage of defective parts can lead to damages, unplanned repairs or recall on the part of customer, which can result in liability claim or reputation damage.	We respond to such risks by adopting strict quality control measures and continually improving its production processes to minimise the probability of warranty and liability risks materialising. Adherence to quality standards is strictly implemented. All product and recall liability risks are insured.	Negative. Please refer risk management section for mitigation measures.



S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
11.	Product piracy	Risk	Our product brands – INA, LuK, and FAG are associated with best-in-class standards of quality, durability and reliability, making them increasingly susceptible to product piracy.	We protect our intellectual property by making by special markings on products, which makes counterfeiting difficult. Secondly, we follow a strict vigilance process to ensure timely detection of counterfeiting instances and initiation of legal actions against the offender. Moreover, digital anti-counterfeit app is regularly upgraded to support these initiatives. We evaluate other technology-driven initiatives on an ongoing basis to overcome this risk. We also conduct awareness and engagement activities with our distributors.	Negative. Please refer risk management section for mitigation measures.
12.	Compliance	Risk	As a Company with operations at different locations, we comply with laws and regulations across the country. It is possible that violations of any existing law occur, despite careful observance of such legal requirements.	We have in place a comprehensive Compliance Management System, wherein laws and regulations applicable to us are mapped. Each compliance requirement is mapped to relevant process owner. The system sends alerts and reminders to each process owner to enable him to comply with the requirements in a timely manner. Our management regularly reviews a comprehensive compliance report. The system is also updated regularly to capture regulatory changes and amendments.	Negative. Please refer risk management section for mitigation measures.
13.	Tax	Risk	We are subject to tax audits. Tax authority's interpretation of the tax law or of relevant facts made in current or future tax audits may differ from us. This may lead to adjustments to tax base and increase in the tax liabilities, as additional tax payment because of an adjustment to the tax base could have an impact on the Company's financial position.	We extensively evaluate corporate tax and international tax, both internally and with external tax experts, before implementing within the Company. We have a robust transfer pricing policy and the implementation strategy is well documented, reviewed periodically and amended as necessary.	Negative. Please refer risk management section for mitigation measures.
14.	Pension	Risk	We have pension obligations towards our employees. Such obligations are measured using actuarial valuation based on assumptions with respect to the discount rate, increases in personnel payments and statistical life expectancy. Planned assets are invested with external agencies, which are subject to fluctuations in value. A change in these parameters could have an impact on our net assets.	We use government bond rate as discount rate and invest in pension fund with a Government of India enterprise (LIC). Quarterly actuarial valuation is carried out, adequate provisions are established in books of accounts and annually funds are appropriately transferred to LIC.	Negative. Please refer risk management section for mitigation measures.
15.	Currency	Risk	We are exposed to currency risks due to our cross-border transactions. The largest currency risks from operations result from fluctuations in the USD and Euro exchange rates.	We have INR as the inter-company invoicing currency with German entities. This leads to substantial reduction in our foreign exchange exposure and nullifies currency volatility impact. Additionally, we have a structured hedging strategy to counter currency risks. The strategy is followed consistently and reviewed periodically. We also monitor overall FX developments closely and revisits our FX strategy annually.	Negative. Please refer risk management section for mitigation measures.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
16.	Liquidity	Risk	The risk that we will not be able to meet its payment obligations when due is referred to as liquidity risk. Such risks can arise if financing needs cannot be met by existing funding arrangements, including surplus cash balance. Even though we are cash surplus and does not expect any liquidity risks, it has put efficient liquidity management measures to mitigate associated risks.	We monitor liquidity risks using a rolling liquidity plan with a forecast period of twelve months. Short-term cash flows are monitored daily, involving key stakeholders. The working capital controls are adequately in place via appropriate actions including benchmarking and reviews. Credit insurance is undertaken in order to minimise the credit risk and thereby manage the overall liquidity risk in a better way.	Negative. Please refer risk management section for mitigation measures.

Section B: Management and process disclosures

Sr. No.	Disclosure Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web link of the Policies, if available	https://www.schaeffler.co.in/en/investor-relations/corporate-governance/codes-and-policies/								
2.	Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 14001 Eco Management Audit Scheme (EMAS) ISO 45001								
5.	Specific commitments, goals and targets set by the entity with defined timeliness, if any.	Please refer to page 28 of Integrated Annual Report 2022 for more details								
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Please refer to our Integrated Annual Report 2022 for more details								

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

Statement by Managing Director highlighting the relevance of sustainability to the organisation is mentioned on page 24 of Integrated Annual Report CY22. Please refer to page 28 of Integrated Annual Report CY22 for the Sustainability Road-map of the Company.
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).

Name of highest authority: Mr. Satish Patel

Designation: Director – Finance & CFO

DIN: 00690869

Category: E & NID



9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details

No. We do not have a designated Board Committee, however, we have an ESG Committee and Charter that includes the executive management team, which ensures good sustainability governance and compliance with local legislation, Schaeffler standards, and customer expectations. The committee is responsible for reviewing, monitoring, and discussing key sustainability performance indicators and taking action plans, if necessary, to achieve them.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Subject for Review	Frequency (Annually/Half yearly/Quarterly/Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yearly	Yearly	Yearly	Yearly	Yearly	Yearly	Yearly	Yearly	Yearly
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

No. We do not conduct external audits. Nonetheless, our internal auditors carry out a meticulous examination of procedures and regulatory requirements, and they regularly report on the status of compliance to the Board. To comply with best practices and mitigate risks, policies are reviewed and revised periodically by various business leaders, and then approved by the management and/or the Board.

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

Section C: Principle wise performance disclosure

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable.

We maintain high ethical standards and integrity in our operations. We have established clear manuals and policies to guide us in upholding ethical, transparent, and accountable behaviours. Additionally, our code of conduct outlines the objectives, duties, and guidelines that all employees, the Board of Directors, senior management, suppliers, and other stakeholders must adhere to. Any deviations, if they occur, are dealt with firmly and transparently.



Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	4	1. Visit to Schaeffler Plant, Schweinfurt;	Program 1 - 80%; Program 2 - 80%; Program 3 - 10%; Program 4 - 100%
Key Managerial Personnel		2. Schaeffler Plant, Schaeffler R&D Centre, Herzogenaurach; 3. Schaeffler Cybersecurity Programme 4. COVID-19 update, measures taken, review of our financial, business and operational performance, and ESG updates	Program 1 - 100%; Program 2 - 100%; Program 3 - 33%; Program 4 - 100%
Employees other than BoD and KMPs	6	1. Preventing Bribery & Corruption (PBAC) 2. New Compliance WBT “Antitrust Compliance” 3. Integrity & Security @ Schaeffler 4. Cyber Security Training 5. Anti-Bribery & Anti-Corruption Refresher Training 6. NHI – Compliance (Anti-Corruption, Anti-Bribery, Anti-Trust, Anti-Money Laundering etc.)	93.2% 93.8% 94.2% 100% 100% 100%
Workers	3	1. POSH policy 2. Code of Conduct 3. Whistle-blower policy	We conduct training sessions on our POSH Policy, Code of Conduct, and Whistle-blower Policy for all of our employees and workers, ensuring that everyone receives training.

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):

During the year, there were no fines/penalties/punishment/award/compounding fees settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions.

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable



4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. Our Codes of Conduct, including the Code of Conduct for employees, the Code of Conduct for Directors and senior management, and the Supplier Code of Conduct, contain policies to prevent bribery and corruption.

Clause 2.2 of the Code of Conduct provides guidance on corruption and bribery. The whistle-blower system or vigil mechanism outlines the necessary steps for reporting incidents. Additionally, we promote awareness of the whistle-blower system and Code of Conduct to ensure proper implementation of the policy.

The relevant policies can be accessed through the web link provided.

Code of Conduct Schaeffler Group	CoC of Directors, Senior Management & Employees	Schaeffler Group Supplier Code of Conduct
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5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

During the year, no law enforcement agency took any action against the Directors, KMPs, employees, or workers on charges of bribery or corruption.

6. Details of complaints with regard to conflict of interest:

There were no complaints received during the year regarding conflicts of interest involving the Directors and KMPs.

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest

Not Applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

We conduct an internal assessment for all of our value chain partners, which includes evaluating their awareness of various areas such as governance, ethics, compliance with laws, fair business practices, labour practices, human rights, and so on.

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes. We have a Code of Conduct for Directors and Senior Management to ensure that they exercise the utmost care when engaging in any transaction that may conflict with the interests of the company, either directly or indirectly.

All members of the Board and Senior Management are required to submit a Compliance Certificate annually, affirming their compliance with the provisions outlined in our Code of Conduct.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

We are committed to manufacturing products with minimal impact on the environment and the communities in which we operate.



Essential Indicators

1. Percentage of R&D and capital expenditure (Capex)** investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and Capex investments made by the entity, respectively.

	CY22*	CY21*	Details of improvements in environmental and social impacts
R&D	₹4,990 million	₹1,929 million	A certain proportion of our R&D and capital expenditure (Capex) investments is made in specific technologies to improve the environmental and social impacts of our products. However, the relevant data is not available for the current year. Starting from CY23, our Business Responsibility and Sustainability Report will provide information on the percentage of R&D and Capex investments that are allocated to specific technologies aimed at improving the environmental and social impacts of our products and processes. This information will be presented as a proportion of our total R&D and Capex investments.
Capex			

* R&D and Capex numbers are total for the year

** Capex gross

2. Details on Sustainable Sourcing

a. Does the entity have procedures in place for sustainable sourcing?

Yes. Suppliers are integral to our future roadmap and success in creating and delivering value. We require all of our suppliers to adopt, implement, and monitor Schaeffler's Supplier Code of Conduct, which outlines the values and principles of conduct expected of all suppliers, their employees, and the supply chain. We utilise various methods to evaluate our supplier base, ensuring sustainable and long-term sourcing practices.

b. If yes, what percentage of inputs were sourced sustainably?

Yes. We procure certain percentage of our inputs from sustainable sources. We are taking steps to transition towards more sustainable sourcing practices. To this end, we have established an Internal Self-Assessment Questionnaire (SAQ) process where 90% of our production materials purchased/sourced from suppliers have been assessed. This includes our top 65 suppliers. Through SAQs, we cover various aspects, including their environmental impacts and certifications. By doing so, we aim to ensure that our sourcing practices are aligned with our commitment to sustainability.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for

- (a) **Plastics (including packaging):** Plastic waste generated from our manufacturing and warehousing locations are recycled through an authorised recycler.
- (b) **E-waste:** Waste generated from all locations is safely recycled through an authorised recycler.
- (c) **Hazardous waste:** Waste generated from manufacturing locations is safely disposed of in an authorised landfill.
- (d) **Other waste:** Metal scraps from the manufacturing process are recycled either by sending them back to the suppliers or authorised recyclers.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes. We are subject to Extended Producer Responsibility (EPR) regulations and adhere to the plastic waste management rule, 2016. We are in the process of evaluating our EPR submission to the Pollution Control Board (PCB).

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

No. We have not conducted a Life Cycle Assessment (LCA) in CY22. However, LCAs for a few products were conducted at the group level. We will continue to rely on Schaeffler Group's expertise in this area.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same

Not Applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Not Applicable

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Not Applicable



PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

We are a people-centric organisation that believes employee well-being plays a crucial role in our productivity and success. We provide a conducive working environment where our employees can deliver their best potential. We adopt fair employment practices and provide equal employment opportunities to qualified individuals. We pay special attention to the health and safety of our employees and focus on reducing safety hazards through engineering and management solutions.



Essential Indicators

1.

a. Details of measures for the well-being of employees:

% of employees covered by		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
Category	Total (A)	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1,449	1,449	100%	1,449	100%	1,449	100%	Nil	Nil	Nil	Nil
Female	98	98	100%	98	100%	98	100%	Nil	Nil	Nil	Nil
Total	1,547	1,547	100%	1,547	100%	1,547	100%	Nil	Nil	Nil	Nil
Other than permanent employees											
Male	71	71	100%	71	100%	71	100%	Nil	Nil	Nil	Nil
Female	23	23	100%	23	100%	23	100%	Nil	Nil	Nil	Nil
Total	94	94	100%	94	100%	94	100%	Nil	Nil	Nil	Nil

b. Details of measures for the well-being of workers:

% of workers covered by		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
Category	Total (A)	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	1,296	1,296	100%	1,296	100%	1,296	100%	Nil	Nil	Nil	Nil
Female	28	28	100%	28	100%	28	100%	Nil	Nil	Nil	Nil
Total	1,324	1,324	100%	1,324	100%	1,324	100%	Nil	Nil	Nil	Nil
Other than permanent workers											
Male	3,274	3,274	100%	2,357	72%	225	7%	Nil	Nil	Nil	Nil
Female	284	284	100%	175	62%	Nil	Nil	Nil	Nil	Nil	Nil
Total	3,558	3,558	100%	2,532	71%	225	6%	Nil	Nil	Nil	Nil

2. Details of retirement benefits, for current and previous financial year.

Benefits	CY22			CY21		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF*	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	100%	Yes	100%	100%	Yes
Superannuation benefit (Co Fund + NPS)	100%	100%	Yes	100%	100%	Yes
Encashment on retirement	100%	100%	Yes	100%	100%	Yes

* Includes family pension scheme.

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently-abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes. Some of our premises and offices are currently accessible to differently-abled employees and workers. In addition, we are also in the process of making our other premises inclusive and accessible. We are preparing an internal proposal to assess the necessity of installing the required facilities to make the premises accessible. This effort reflects our commitment to ensuring equal opportunities for all members of our team.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

We are committed to ensuring sufficient representation of persons with disabilities in our workforce, in compliance with the provisions of the Rights of Persons with Disabilities Act, 2016. We are currently in the process of developing a policy to guide our goals and objectives in this regard.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	Not applicable	Not applicable
Female	100%	100%	Not applicable	Not applicable
Total	100%	100%	Not applicable	Not applicable

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No	(If Yes, then give details of the mechanism in brief)
Permanent workers	Yes	Our Grievance Redressal Policy aims to ensure that employees can openly express their concerns without fear of reprisal. The policy seeks to provide a fair and effective mechanism to resolve individual grievances and promote a healthy work environment for a productive workforce. Employees can raise their concerns through the Grievance Redressal Committee, which investigates all matters reported during the financial year and takes necessary action to resolve them.
Other than permanent worker		
Permanent employees		
Other than permanent employees		

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	CY22			CY21		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total permanent employees	1,547	Nil	Nil	1,444	Nil	Nil
Male	1,449	Nil	Nil	1,369	Nil	Nil
Female	98	Nil	Nil	75	Nil	Nil
Total permanent workers	1,324	809	61%	1,336	903	68%
Male	1,296	809	62%	1,329	792	60%
Female	28	Nil	Nil	7	Nil	Nil

8. Details of training given to employees and workers:

We have conducted training sessions for our employees on various topics such as health and safety, psychological safety, mental well-being, and sustainability. These training sessions were conducted across the organisation.

9. Details of performance and career development reviews of employees and worker:

	CY22			CY21		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1,449	1,449	100%	1,369	1,369	100%
Female	98	98	100%	75	75	100%
Total	1,547	1,547	100%	1,444	1,444	100%
Worker						
Male	1,304	1,304	100%	1,273	1,273	100%
Female	12	12	100%	4	4	100%
Total	1,316	1,316	100%	1,277	1,277	100%



10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?

Yes. Safety is a fundamental value that takes precedence over all business objectives. At all of our plants, we have Occupational Health Centre (OHC) facilities that are staffed by doctors, nurses, and ambulances that operate around the clock. Our health and safety management systems have been implemented in accordance with the International Standards ISO 45001 (Occupational Health and Safety Management System Standard). The coverage is 100%, and it includes all employees and workers.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

We believe that as a responsible organisation, it is our duty to prioritise safety in all our operations. It is a critical aspect of our business, and we are committed to instilling a culture of safety across all levels of our organisation. We regularly evaluate our safety practices against industry standards to establish a safe and secure workplace for our employees and contractors, striving to set the benchmark for excellence.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes. In addition to implementing safety measures, we encourage our employees and workers to report health and safety violations such as work hazards, near misses, and unsafe acts among others.

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes. We provide medical facilities and first-aid services to both our employees and workers.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	CY22	CY21
Lost Time Injury Frequency Rate (LTIFR)* (per one million-person hours worked)	Employees	1.1	0.4
Total recordable work-related injuries	Employees	12	5
No. of fatalities	Employees	Nil	Nil
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	1
	Workers	Nil	Nil

* LTIFR calculated includes both temporary and permanent employees.

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Ensuring safety is our topmost priority, and we achieve this by conducting regular risk assessments, walk-through surveys in the CFT, safety committee meetings, training and awareness sessions, mock drills, and fire drills. We also take corrective and preventive actions based on our safety walk observations and audit rounds. Our systems are continuously monitored to ensure they function properly. Additionally, we have installed gas detection systems, fire hydrant and detection systems, personal announcement systems, and fire extinguishers in our facilities.

13. Number of complaints on the following made by employees and workers:

	CY22			CY21		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	Nil	Nil	-	Nil	Nil	-
Health & safety	Nil	Nil	-	Nil	Nil	-

14. Assessments for the year:

	% of your plants and offices* that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

* Includes both corporate and sales offices.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

After an incident occurs, we conduct a root cause analysis and document the findings. Based on this analysis, we prepare an action plan and take corrective measures using the PDCA and why-why analysis methods.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes. Our benefits program follows an integrated approach and provides a range of options to improve financial and social security, including notional gratuity, death benevolence, and accident insurance to mitigate any unfortunate events. We ensure that all employees and workers, including those on contract, are covered by these benefits.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

We have internal processes in place to ensure that statutory dues have been deducted and deposited by the value chain partners, and we are vigilant in overseeing and enforcing these measures.

3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/worker		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	CY22	CY21	CY22	CY21
Employees	Nil	Nil	Nil	Nil
Workers	Nil	1	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?

No

5. Details on assessment of value chain partners

We have completed SAQs (Self-Assessment questionnaires) on sustainability for our top 65 suppliers.

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

We evaluate the health and safety practices as well as the working conditions of our suppliers through the SIA audit, which is a crucial assessment for selecting a supplier. We ensure that any identified gaps during the evaluation are addressed and verified before a supplier is onboarded.

Additionally, as part of the onboarding process, suppliers are required to commit to safe health and safety practices and working conditions by signing the Supplier Code of Conduct document.



PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

We firmly believe that ensuring the success of our business requires us to meet the expectations of our growing group of stakeholders, which includes customers, suppliers and partners, communities, investors, and employees. Engaging effectively with our stakeholders enables us to gain valuable insights into their concerns and expectations. Therefore, we remain committed to transparent, ongoing dialogue and engagement with all our stakeholders to establish and maintain long-term relationships with them.



Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

We have implemented a dynamic and strategic stakeholder engagement process, wherein we identify key stakeholder groups from a larger universe of all possible stakeholders. To monitor stakeholder relationships at the Board level, we have established a stakeholder relationship committee. We prioritise stakeholders based on their material influence on the Company's ability to create value and vice-versa. Presently, we have identified five key internal and external stakeholder groups, namely investors, customers, employees, suppliers and partners, and communities.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as vulnerable and marginalised group (Yes/No)	Channels of communication (email, SMS, newspaper, pamphlets, advertisement, community meetings, notice board, website, other)	Frequency of engagement (Annually/ Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investor	No	Quarterly results publication to Stock Exchange, Annual report, Quarterly investor and analyst presentations, Quarterly financial follow-up reports, Quarterly earnings conference call.	Quarterly	Financial performance and business updates
Customers	No	Written and Verbal Communication	As and when required	Our goal is to promote and expand our business by educating our customers about our products, services, and any new initiatives. We also seek to understand their expectations regarding our offerings and ways to enhance them. We fulfil the necessary transactions involved in doing business and conduct a Customer Satisfaction Survey to gauge our customers' satisfaction with our brand.
Employees	No	Written & Verbal Communication (training, issuing guidelines, meetings, email, SMS, Notice Board, Website)	Ongoing	Improving efficiency and productivity by providing regular training programs and increasing awareness of all aspects of the business, including codes and values.
Suppliers and Partners	No	Written and verbal communication (contracts, SOPs, guidelines, training).	As and when required	Clear communication of expectations and obligations between parties. Ensuring that vendors and suppliers comply with laws such as those prohibiting child labour.
Community	Yes	Verbal Communication (community meetings, survey, grievance redressal)	As and when required	To foster community support and promote community development.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

When formulating our policy documents, we carefully analyse the rights and obligations of all stakeholders in accordance with industry best practices. Our commitment to corporate governance and strong policies ensures that we align stakeholder interests with our business performance.

In CY22, we performed a materiality assessment for Schaeffler India following the Global Reporting Initiative (GRI) principles to identify the most significant economic, environmental, and social issues for our organisation. This assessment established a sustainability framework and aided in prioritising our strategies, policies, and action plans to address our economic, environmental, and social impacts.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. We make sure to listen to the feedback and suggestions from our various stakeholders. We engage with them to identify material issues, and based on these issues, we develop further strategies, set policies if necessary, and establish objectives and goals with a monitoring mechanism.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

We acknowledge the concerns of vulnerable and marginalised stakeholders, and take steps to address them through our comprehensive CSR projects. Our 'HOPE' initiatives, which focus on Health, Occupational skills, Preservation of Heritage & Environment and Empowerment of Society, have been successful in creating a positive impact. We work closely with communities and civil society networks to tackle systematic issues that can act as force multipliers for social transformation and sustainable development. We publish the details of our programs and their impact assessments in the corporate social responsibility section of our annual report.



PRINCIPLE 5: Businesses should respect and promote human rights

We are deeply committed to upholding high standards of labour practices and human rights at all our operational locations. Discrimination and harassment of any kind against our employees and workers are strictly prohibited, and we enforce this policy with utmost seriousness. We make every effort to ensure strict compliance with applicable laws and maintain the principles of human rights.



Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

	CY22			CY21		
	Total (A)	No. of employees/workers covered (B)	% (B/A)	Total (C)	No. of employees/workers covered (D)	% (D/C)
Employees						
Permanent	1,547	1,647	100%	1,444	1,444	100%
Other than permanent	94	94	100%	14	14	100%
Total Employees	1,641	1,741	100%	1,458	1,458	100%
Workers						
Permanent	1,324	1,324	100%	1,336	1,336	100%
Other than permanent	225	94	100%	1,642	1,642	100%
Total Workers	1,549	1,418	100%	2,978	2,978	100%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	CY22					CY21				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	1,547	Nil	Nil	1,547	100%	1,444	Nil	Nil	1,444	100%
Male	1,449	Nil	Nil	1,449	100%	1,369	Nil	Nil	1,369	100%
Female	98	Nil	Nil	98	100%	75	Nil	Nil	75	100%
Other than Permanent	94	Nil	Nil	94	100%	14	Nil	Nil	14	100%
Male	71	Nil	Nil	71	100%	11	Nil	Nil	11	100%
Female	23	Nil	Nil	23	100%	3	Nil	Nil	3	100%
Workers										
Permanent	1,324	Nil	Nil	1,324	100%	1,336	Nil	Nil	1,336	100%
Male	1,296	Nil	Nil	1,296	100%	1,329	Nil	Nil	1,329	100%
Female	28	Nil	Nil	28	100%	7	Nil	Nil	7	100%
Other than Permanent	3,558	1,068	30%	2,490	70%	1,642	619	38%	1,023	62%
Male	3,274	928	28%	2,346	72%	1,392	450	32%	942	68%
Female	284	178	63%	106	37%	250	169	68%	81	32%

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/salary/wages of respective category (in ₹)	Number	Median remuneration/salary/wages of respective category (in ₹)
Board of Directors (BoD)	7	2,947,500	3	3,002,500
Key Managerial Personnel	3	16,984,776	-	-
Employees other than BoD and KMP	1,517	1,212,468	121	893,196
Workers	1,521	824,616	28	312,012

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. We have a focal point responsible for addressing any human rights issues that may arise from our operations. We take robust measures to prevent any violation of human rights within our sphere of influence. Adhering to our Code of Conduct, we actively address and resolve human rights concerns. We also have Grievance Redressal Committee, Employee Associations, Escalation Matrix, Whistle-blower Policy, and POSH Committee to address human rights impacts or issues caused or contributed to by the business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

We consider human rights due diligence as an integral part of our business operations. We are committed to preventing any violations of human rights within our sphere of influence and have implemented robust measures to uphold this commitment. Our Code of Conduct guides our actions, and we take active steps to address and resolve any human rights concerns that may arise. Additionally, we have established several mechanisms to address human rights impacts or issues that may be caused or contributed to by our business, including a Grievance Redressal Committee, Employee Associations, an Escalation Matrix, a Whistle-blower Policy, and a POSH Committee. These mechanisms enable us to proactively prevent human rights violations and respond promptly if any issues do occur.

6. Number of complaints on the following made by employees and workers:

	CY22			CY21		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	1	The Internal Complaints Committee (ICC) is constituted to redress complaints received regarding sexual harassment. A complaint received in 2022 was investigated in the same year, and the investigation was concluded in 2023, as required by the POSH Act.	Nil	Nil	-
Discrimination at workplace	Nil	Nil	-	Nil	Nil	-
Child Labour	Nil	Nil	-	Nil	Nil	-
Forced Labour/Involuntary Labour	Nil	Nil	-	Nil	Nil	-
Wages	Nil	Nil	-	Nil	Nil	-
Other human rights related issues	Nil	Nil	-	Nil	Nil	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

We have implemented the Schaeffler Code of Conduct and POSH (Prevention of Sexual Harassment) Policy to prevent any negative impact on complainants in cases of discrimination and harassment. The POSH Policy ensures that each complaint of sexual harassment is handled with the utmost confidentiality and given top priority by the Committee.

In addition to this, we have a Whistle-blower Policy that allows employees to report any wrongdoing, unethical behaviour, or non-compliance without fear of retaliation, which could have an adverse effect on us and our brand image.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. Respect for human rights is an essential component of our corporate responsibility. We are dedicated to upholding the United Nations' international code of human rights, including the “UN Guiding Principles on Business and Human Rights,” the ten principles of the “UN Global Compact”, and the internationally recognised standards of the eight core conventions of the International Labor Organization (ILO).

Consequently, all of our employees are expected to respect the dignity and personal rights of all individuals, as well as all parties associated with our activities, business relationships, and products. We actively work to prevent human rights infringements and address them as part of a human rights due diligence process. Additionally, we aim to have a positive impact on the personal rights of all parties associated with our company.



9. Assessments for the year:

	* % of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

* Schaeffler India internal assessment.

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at question 9 above.

The Code of Conduct emphasises the significance of human rights as a crucial value and principle of conduct that must be adhered to by everyone at Schaeffler, including the Executive Board, Managers, and all employees. Moreover, we anticipate that our business partners will also comply with this principle.

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

We have not introduced any modifications or new processes to our business operations.

2. Details of the scope and coverage of any human rights due-diligence conducted.

Respect for human rights is an essential component of our corporate responsibility. We are dedicated to upholding the United Nations' international code of human rights, the UN Guiding Principles on Business and Human Rights, the ten principles of the UN Global Compact, and the core conventions of the International Labor Organization (ILO). All employees are expected to respect the dignity and personal rights of individuals and parties associated with our activities, business relationships, and products. We actively work to prevent human rights violations and incorporate a human rights due diligence process to eliminate any infringements. Furthermore, we aim to have a positive impact on the personal rights of all parties associated with the company.

3. Is the premise/office of the entity accessible to differently-abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes. Some of our premises and offices are currently accessible to differently-abled visitors. In addition, we are also in the process of making our other premises more inclusive and accessible.

4. Details on assessment of value chain partners:

We are certified under ISO 14001 and the scope covers our entire operations. We regularly assess our health and safety and working conditions during SIA audits to ensure human rights are respected and promoted.

	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

Not Applicable

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

We acknowledge that businesses have a crucial role to play in addressing the world's most significant and intricate challenges, such as climate change. To act more responsibly, we have set an ambitious goal of achieving carbon neutrality by 2040. Our policies lay out our approach and initiatives to tackle environmental concerns that are relevant to our stakeholders and society.



Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	CY22	CY21
Total electricity consumption (in kWh) (A)	101,419,578	92,234,322
Total fuel consumption (in kWh) (B)	23,010,212	23,959,140
Energy consumption through other sources (in kWh) (C)	Nil	Nil
Total energy consumption (in kWh) (A+B+C)	124,429,790	116,193,462
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.0018	0.0021
Energy intensity (optional) – the relevant metric may be selected by the entity	0.39	0.27
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, done by KPMG for Schaeffler Group globally	Yes, done by KPMG for Schaeffler Group globally

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any

No. We have not identified any site or facilities as Designated Consumers (DCs) under the Performance, Achieve, and Trade (PAT) scheme of the Government of India.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	CY22	CY21
Water withdrawal by source (in kilolitres)		
(i) Surface water	Nil	Nil
(ii) Groundwater	111,774	107,233
(iii) Third party water	127,627	111,615
(iv) Seawater/desalinated water	Nil	Nil
(v) Others		
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	239,401	218,848
Total volume of water consumption (in kilolitres)	239,401	218,848
Water intensity per rupee of turnover (Water consumed in litres/turnover)	0.0035	0.0039
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, done by KPMG for Schaeffler Group globally	Yes, done by KPMG for Schaeffler Group globally

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes. Three out of the four locations, Talegaon (Pune), Savli (Vadodara) and Hosur are zero discharge plants where the treated water is reused for processes, gardening, etc. At Maneja (Vadodara), wastewater after treatment is discharged to the municipal sewage drain at the municipal treatment facility, but efforts have been made to recover and reuse the treated water back into the facility.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	CY22	CY21
NOx	Kg	1,475	1,372
SOx	Kg	179	81
Particulate matter (PM)	Kg	2,313	2,063
Persistent organic pollutants (POP)	Kg	Nil	Nil
Volatile organic compounds (VOC)	Kg	2,327	2,851
Hazardous air pollutants (HAP)	Kg	Nil	Nil
Others – please specify		-	-
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.		Yes, done by KPMG for Schaeffler Group globally	Yes, done by KPMG for Schaeffler Group globally



6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Please specify unit	CY22	CY21
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO ₂ equivalent	5,782	6,121
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO ₂ equivalent	76,769	65,268
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO ₂ equivalent per rupee of turnover	0.0000011	0.0000012
Total Scope 1 and Scope 2* emission intensity (optional) – the relevant metric may be selected by the entity	Units	-	-
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.		Yes, done by KPMG for Schaeffler Group globally	Yes, done by KPMG for Schaeffler Group globally

* Scope 2 emissions has been calculated based on market based emission factor defined by headquarters.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes. We have implemented energy efficiency programs aimed at reducing energy consumption, resulting in lower emissions and cost savings. Furthermore, we are committed to using green energy and aim to achieve 100% renewable energy usage by 2024. Our plan to achieve this includes power purchase agreements, installing rooftop solar panels, and using renewable energy certificates.

8. Provide details related to waste management by the entity, in the following format:

Parameter	CY22	CY21
Total Waste generated (in metric tonnes)		
Plastic waste (A)	242	45
E-waste (B)	0.3	1.2
Bio-medical waste (C)	3.2	7.6
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	2.4	7.3
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any. (G)	852	623
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	22,062	19,948
Total (A + B + C + D + E + F + G + H)	23,162	20,632
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	3,977	3,964
(ii) Re-used	Nil	Nil
(iii) Other recovery operations	Nil	Nil
Total	3,977	3,964
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	168	38
(ii) Landfilling	462	154
(iii) Other disposal operations	282	365
Total	912	557
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, done by KPMG for Schaeffler Group globally	Yes, done by KPMG for Schaeffler Group globally

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

We follow the 3 R principle which involves reusing or recycling all waste generated. We are continuously working on finding ways to convert hazardous waste from our treatment facilities into usable materials in the cement industry.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

We have no operations or offices in or around ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not applicable. As we did not undertake any projects that necessitated an Environmental Impact Assessment.

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes. We have ensured compliance with all relevant laws, regulations, and guidelines.

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	CY22	CY21
From renewable sources		
Total electricity consumption (A)	45,020,620	35,762,692
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	45,020,620	35,762,692
From Non renewable sources		
Total electricity consumption (D)	56,392,380	56,471,630
Total fuel consumption (E)	23,010,212	23,959,140
Energy consumption through other sources (F)	-	-
Total energy consumption (D+E+F)	79,402,592	80,430,770
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, done by KPMG for Schaeffler Group globally	Yes, done by KPMG for Schaeffler Group globally

2. Provide the following details related to water discharged:

Our water discharge process involves sending water to Effluent Treatment Plants (ETPs) and Sewage Treatment Plants (STPs) for treatment before it is discharged to a municipal treatment facility.

Parameter	CY22	CY21
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
No treatment	Nil	Nil
With treatment	Nil	Nil
(ii) To Groundwater		
No treatment	Nil	Nil
With treatment	Nil	Nil
(iii) To Seawater		
No treatment	Nil	Nil
With treatment	Nil	Nil
(iv) Sent to third-parties		
No treatment	Nil	Nil
With treatment	Nil	Nil
(v) Others		
No treatment	Nil	Nil
With treatment	88,488	102,252
Total water discharged (in kilolitres)	88,488	102,252
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, done by KPMG for Schaeffler Group globally	Yes, done by KPMG for Schaeffler Group globally



3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

We do not conduct any operations in areas facing water stress, therefore, this parameter does not apply to us.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

We have an ambitious target of becoming carbon neutral by 2040. Scope 3 upstream emissions (purchased goods and services) for CY22 was 703,383 tCO₂. Additionally, the emission intensity (total Scope 3 upstream emissions/turnover in rupees) for the year was 0.0000102.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Even though our operations are not situated in ecologically sensitive areas, we make a conscious effort to conserve and sustain local biodiversity around our operations.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Renewable Energy	PPA and Own roof top panel	44% achieved until 2022
2.	Energy Efficiency	EEP	1.31 GWh savings achieved
3.	Fresh water withdrawal	Water saving projects	28,197 m ³ achieved
4.	Zero Waste to land fill	Hazardous waste to cement Industry	Pilot Run implemented: 283 tons of hazardous waste diverted from landfills.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

Yes, we have a Business Continuity contingency and crisis management policy whose primary objective is to provide basic regulations for Business Continuity, in particular for Contingency Management with focus on hazard prevention and maintaining customer supply, and for Crisis Management. All employees within the scope of the policy are required to follow it.

We have established several escalation stages, which are disruption, emergency, emergency with crisis potential, local/regional crisis, and crisis. It is mandatory to report any situation that does not meet the criteria of these stages. The purpose of having a plan is to develop a more proactive, comprehensive, and integrated approach to strengthen our ability to prepare for, mitigate, and respond to disasters that may occur. We have the highest standards of IT security and systems. We also have a robust information technology disaster recovery plan in conjunction with the business continuity plan.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

We are continuously collaborating with our business partners and striving to develop a sustainable supply chain that incorporates a Supplier Assessment of ESG requirements, aimed at reducing Scope 3 upstream emissions.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Our value chain comprises partners both upstream and downstream of our business. Our upstream value chain partners primarily consist of our suppliers, while our downstream value chain partners include stakeholders such as customers, logistics and service providers, and fleet managers among others.

To this end, 98% of our production materials purchased/sourced from upstream value chain partners have been assessed through an Internal Self-Assessment Questionnaire (SAQ). Our top 65 suppliers have been evaluated through these SAQs covering various aspects such as environmental impacts and certifications.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

We actively participate and engage with various associations and industry chambers to help develop sector-defining standards and procedures.



Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations

Three. Please refer to question 1b under Essential Indicators of Principle 7 for more details.

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1.	The Automotive Component Manufactures Association of India (ACMA)	National
2.	The Confederation of Indian Industry (CII)	National
3.	Indo-German Chamber of Commerce (IGCC)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

No action has been taken against us, nor is currently underway, by regulatory authorities on any matters related to anti-competitive conduct in CY22.

Leadership Indicators

1. Details of public policy positions advocated by the entity:

We work in partnership with various trade and industry associations such as ACMA and CII among others. Additionally, we proactively engage with the Bureau of Indian Standards (BIS) to provide our inputs and assist in the development of standards that ensure the quality of bearings. We carry out policy advocacy in a transparent and accountable manner, collaborating with all involved authorities and taking into account both our and the wider national interests.



PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Our Corporate Social Responsibility (CSR) programs are integral to achieving our purpose. As a socially responsible corporate citizen, we remain committed to conducting development work in the surrounding areas, with a focus on promoting the socio-economic growth of the operating regions, and thereby contributing to inclusive growth.



Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

According to applicable laws, SIA (Social Impact Assessment) is not required for any of the projects undertaken by us. However, as a part of our commitment to giving back to society, the company evaluates the impact of major projects.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Our operations and units have not caused any displacement of local communities that would require Rehabilitation and Resettlement (R&R) to be carried out.

3. Describe the mechanisms to receive and redress grievances of the community.

We maintain open registers at all our locations, which community stakeholder groups can access to voice their concerns.

4. Percentage of input material (inputs to total inputs by value) sources from supplier:

Parameter	CY22	CY21
Directly sourced from MSMEs/small producers	36%	37%
Sourced directly from within the district and neighbouring districts	47%	49%

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	Project:	Goal:	Objectives:	Duration of the Program:	Amount Spent in 2022:
1.	Sustainable Water Resources Management- “Jal Jeevika” initiated in June 2022 at 2 villages of Dediapada block of Narmada District in Gujarat.	Water conservation for the sustainable livelihood development in Narmada district of Gujarat	To increase agriculture productivity through soil and water conservation works, development of irrigation potential and to establish effective irrigation management and water stewardship in the selected villages thereby increasing income of the dwellers	4 years	₹4,977,084

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No)

No. Our suppliers are selected based on their performance on various parameters, including cost, quality, delivery, technology, and sustainability. Before being awarded a project, all suppliers must comply with the established sourcing guidelines.

(b) From which marginalised/vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Not Applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable

6. Details of beneficiaries of CSR projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised group
1.	Women Skill Development Project	247	Our CSR projects are driven by the philosophy of giving back to the vulnerable and marginalised communities from weak socio-economic background of rural as well as urban areas. As of now, we have not calculated the percentage of beneficiaries from vulnerable and marginalised groups impacted by our CSR projects.
2.	Schaeffler India HOPE Engineering Scholarship Program	117	
3.	Learning Outcome Improvement Project (LOIP)	5,117	
4.	Schaeffler Technical Enhancement Program (STEP Centre)	200	
5.	Mobile Science Lab	3,321	
6.	Safe Drinking Water Project	1,480	
7.	Nitara project: Promoting livelihood for women and differently-abled	62	
8.	Lok Vidhyalaya School	384	
9.	Mook Dhvani School	204	
10.	Mobile Health Unit	67,116	
11.	Jal Jeevika	2,127	
12.	Quest On Wheels	2,188	
13.	Schaeffler Technical Enhancement Program (STEP Centre)	72	
14.	Green Energy School Electrification Program	4,979	
15.	Mobile Health Unit	22,669	
16.	Jal Samridhhi	2,926	
17.	Comprehensive Community Development-Education Project	635	
18.	Pre-Vocational Education Program in Govt Schools	2,328	
19.	Health & Safety for Mechanic Community	6,086	
20.	Schaeffler Social Innovation Fellowship Program	11	
21.	National University Skill Development Program	376	
22.	Climate Action – Research & Development project with IIT Roorkee	-	
23.	Climate Action – Research & Development project with IIT Chennai	-	



PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Our company is focused on the needs of consumers and actively engages with them to align our business with their expectations, thereby maximising value creation.



Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

We, at Schaeffler India, have a robust mechanism in place for tracking and responding to consumer complaints. Our Schaeffler Global Handbook procedure outlines a detailed process for receiving and addressing consumer complaints and feedback. The entire complaint management system is managed through SAP identifying the entire process including the countermeasures required to address the complaints or feedback received.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not applicable
Safe and responsible usage	Not applicable
Recycling and/or safe disposal	All our products are in accordance with the Global Material Governance Standards and we adhere to the particular threshold of restricted elements to ensure we do not exceed it. We are in accordance with IMDS (International Material Data System) which is an internet bases globally accepted system.

3. Number of consumer complaints in respect of the following:

As of CY22, we have no pending complaints regarding data privacy, advertising, cybersecurity, restrictive trade practices, or unfair trade practices.

4. Details of instances of product recalls on account of safety issues:

Nil

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes. We are committed to protecting the data of our customers and employees. We have a privacy policy that is publicly available on our website at <https://www.schaeffler.co.in/en/meta/privacy-policy/>. Additionally, we have an internal framework in place to address cybersecurity and risks related to data privacy.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

Not Applicable

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

More details about our products and services can be found on the following link: <https://www.schaeffler.co.in/en/products-and-solutions/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

We educate our consumers on fitment guidelines to ensure safe usage of our product parts. All the specifications and information on safe and responsible usage of our products is made available in the product catalogue. More details about our products and services can be found on the following link: <https://www.schaeffler.co.in/en/products-and-solutions/>

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Please refer to Principle 6, Leadership Indicator Q7.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes. We do display information on the product over and above what is mandated as per law. As an example, we have a Unique Identification Number on each of our products, which allows us to trace back to the manufacturing process in case of complaints. More details about our products and services can be found on the following link: <https://www.schaeffler.co.in/en/products-and-solutions/>

We conduct customer surveys to gauge consumer satisfaction with respect to major products, significant locations of operation, or the entity as a whole.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

There were no complaints received concerning data breaches in CY22.

b. Percentage of data breaches involving personally identifiable information of customers

Nil



Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 60th Annual Report of the Company together with the audited financial statements of the Company for the year ended December 31, 2022.

Financial Highlights

(₹ in million)		
Particulars	2022	2021
Net revenue	68,674	55,605
EBITDA ¹	13,076	9,950
Less: Depreciation/Amortisation	2,065	1,971
Less: Finance cost	36	37
Add: Interest income	645	489
Profit before exceptional items and tax	11,620	8,431
Add : Exceptional items	150	-
Provision for tax	2,978	2,140
Profit after tax	8,792	6,291

¹ Earnings before Interest, Tax, Depreciation and Amortisation

Financial and Operational Performance

Performance of the Company and State of Company's Affairs

Your Company's Revenues was ₹68,674.2 million in year 2022 (Year 2021: ₹55,605.1 million) which is higher by 23.5%.

Profit before tax (before exceptional items) was placed at ₹11,620.6 million (Year 2021: ₹8,431.4 million) representing a growth of 37.8%. Your Company recorded profit after tax of ₹8,792.1 million (Year 2021: ₹6,291.2 million) which represent a growth of 39.8%.

Global Outlook

The year 2022 began with cautious optimism, as pandemic-related restrictions were lifted globally and economic activities showed signs of gradual recovery. However, the escalation of the Russia-Ukraine conflict resulted in a sharp increase in commodity prices, exacerbating the already surging global inflation. China's Zero-COVID Policy led to frequent lockdowns, low demand, and supply chain disruptions in Asia.

The IMF predicts a moderation in global growth to 2.7% in CY23, while global inflation is expected to rise to 8.8% in CY22, before declining to 6.5% in CY23 and to 4.1% by CY24. To restore price stability, monetary policy should remain consistent, while fiscal policy should aim to mitigate the cost-of-living pressures while maintaining a sufficiently tight stance in alignment with monetary policy. Structural reforms can further aid in the fight against inflation by boosting productivity and easing supply constraints. Additionally, multilateral cooperation is essential for accelerating the transition to green energy and preventing fragmentation.

India Outlook

The Indian economy has demonstrated remarkable resilience and is poised to grow by 7% in FY23, despite ongoing global challenges resulting from external factors such as post-pandemic spillovers, supply chain disruptions caused by the Russia-Ukraine conflict, and potential recessionary pressures facing developed economies. India continues to maintain its position as the world's fastest-growing economy and is now the fifth-largest economy globally, with strong population growth and gradual reform progress expected to drive GDP growth to an average of 6.8% during FY24. This growth can be attributed to key drivers such as digitalisation, decarbonisation, demographics, and deglobalisation.

However, several factors may impact India's sustained momentum, including inflation challenges, aggressively tight monetary policies, and policy matters that are crucial in effectively accelerating the growth curve. Nonetheless, India's remarkable progress and potential for continued growth make it an attractive destination for investors and a significant player in the global economy.

Share Capital Structure

There has been no increase/decrease in the Authorised Share Capital of your Company during the year under review.

To encourage wider participation of investors and improve the liquidity of the Equity Shares in the stock market, the Board of Directors and the Shareholders of the Company approved the Sub-division/Stock split of 1 (One) Equity Share of face value of ₹10/- (Rupees Ten Only) each in to 5 (Five) Equity Shares of face value of ₹2/- (Rupees Two only) each with effect from the record date (February 9, 2022).

Alteration of 'Capital Clause' of Memorandum of Association

Pursuant to the Sub- division/Stock split of face value of equity shares of your Company, as mentioned above, the Capital Clause of the Memorandum of Association of the Company was altered and substituted with a new Clause V to reflect the corresponding changes in the Authorised Share Capital.

Material Changes and Commitments and Change in Nature of Business

There have been no material changes and commitments affecting the financial position of your Company from the end of the Financial Year 2022 up to the date of this report.

There has been no change in the nature of business of your Company.

Dividend and Transfer to Reserves

Your Company has a steady dividend payment history and considering the financial performance of the year 2022, your Directors recommend dividend for the year ended December 31, 2022 at the rate of ₹24/- per share of ₹2/- (2021: ₹16/- dividend per share of ₹2/-) per equity share amounting to ₹3,751.3 million (2021: ₹2,500.8 million). Considering sufficiency of balance, your Directors do not propose to transfer any amount to General Reserves for the year under review.

The details of the Dividend for the Financial Years 2022 and 2021 are as follows:

Dividend	2022	2021
Month and Year of Declaration	April 2023	April 2022
Amount of Dividend Per Equity Share of ₹2 each (in ₹) ¹	24	16
% of Dividend	1,200	800
Total Dividend (Amt. in ₹ million)	3,751.3	2,500.8

¹ Sub-division/Stock split of 1 (One) Equity Share of the Company of face value of ₹10/- (Rupees Ten Only) each into 5 (Five) Equity Shares of the Company of face value of ₹2/- (Rupees Two only) each.

Dividend Distribution Policy

Your Company has adopted the Dividend Distribution Policy to determine the distribution of dividends in accordance with the provisions of applicable laws and has been uploaded on the website at https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Annexure_8b_Dividend_Distribution_Policy.pdf.

The Dividend Distribution Policy also forms part of this Annual Report 2022.

Dividend Payout Ratio

To meet Shareholders' expectations and as a good governance practice, the Board of Directors of your Company has approved the target dividend payout ratio of 30% to 50% of the annual standalone profits after tax (PAT) as announced by the Company from time to time, subject to the applicable rules and regulations and amended the Dividend Distribution Policy accordingly.

Your Company has adopted a progressive Dividend Policy, intending to sustain or raise the dividend each year, in conjunction with the financial performance and free cash profit generation each year.

Corporate Governance

A separate section on Corporate Governance forms integral part of the Annual Report and a compliance certificate from M/s. Samdani Kabra & Associates, Company Secretaries, the Company's Secretarial Auditors confirming the compliance of conditions of Corporate Governance is annexed thereto.

Management Discussion and Analysis

Pursuant to Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing

Regulations'), detailed review of operations, performance and future outlook of the Company is covered under Management Discussion & Analysis section of the Annual Report.

Business Responsibility Sustainability Report

The Securities and Exchange Board of India (SEBI), through a notification dated May 5, 2021, made certain amendments to the Listing Regulations. One of the key changes is the requirement to submit a Business Responsibility and Sustainability Report (BRSR) instead of the existing Business Responsibility Report. The BRSR disclosure requirements are based on the National Guidelines on responsible business conduct principles, which are divided into two parts: essential Indicators (mandatory reporting) and leadership Indicators (voluntary reporting).

In an effort to improve our governance disclosure and meet stakeholder expectations, your company has decided to voluntarily publish the BRSR, including leadership indicators to the extent available, from CY22. The report is included in this year's Integrated Annual Report.

Board of Directors

Board's Composition and Independence

Board Composition

Your Company's Board consists of leaders and visionaries who provide strategic direction and guidance to the Company. As on December 31, 2022, the Board comprised of 2 (Two) Executive Directors, 5 (Five) Non-Executive Independent Directors and 3 (Three) Non-Executive Non-Independent Directors. At present, your Company has 7 (Seven) Non-Executive Directors out of which 4 (Four) are Independent Directors. Pursuant to the provision of Regulation 17(1)(a) of the SEBI Listing Regulations, the Board of Directors of the top 1,000 listed entities are required to have at least one Independent Woman Director. The Company has 3 (Three) Women Directors comprising of 2 (Two) Independent Women Directors and 1 (One) Non-Executive Non-Independent Woman Director. Further, as per the Regulation 17(1)(b) of the SEBI Listing Regulations, every listed company is required to have at least one-third of its total strength of the Board of Directors as Independent Directors where Chairperson is a Non-Executive Director. Your Company complies with these requirements.

Independent Directors' Declaration

Definition of 'Independence' of Directors is derived from Regulation 16 of the SEBI Listing Regulations and Section 149(6) of the Companies Act, 2013. The Company has received necessary declarations under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the SEBI Listing Regulations, from the Independent Directors stating that they meet the prescribed criteria for independence. All Independent Directors have affirmed compliance to the code of conduct for Independent Directors as prescribed in Schedule IV to the Companies Act, 2013. List of key skills, expertise and core competencies of the Board forms part of this Annual Report.

Based on the declarations received from the Independent Directors, your Board of Directors confirm the independence, integrity, expertise and experience (including the proficiency) of the Independent Directors of the Company.



As per regulatory requirements, all the Independent Directors have registered their names in the Independent Directors’ Databank, pursuant to provisions of the Companies Act, 2013 and rules made thereunder. Further, they are exempted from the requirement of passing the online proficiency self-assessment test.

Directors

In accordance with the provisions of Section 152 of the Companies Act, 2013, Ms. Corinna Schittenhelm [DIN: 09257159] and Mr. Andreas Schick [DIN: 09257160] will retire by rotation at the ensuing Annual General Meeting (‘AGM’) and being eligible offer themselves for reappointment. Ms. Schittenhelm and Mr. Schick have confirmed their eligibility and willingness to accept the office of the Director of your Company, if confirmed by the Members at the ensuing AGM. In the opinion of your Directors, Ms. Schittenhelm and Mr. Schick possess requisite qualifications and experience and therefore, your Directors recommend that the proposed resolutions relating to the re-appointment of Ms. Schittenhelm and Mr. Schick be passed with the requisite majority.

During the year under report, the Members of your Company in 59th Annual General Meeting confirmed the appointment/ re-appointment as follows:

- a. Confirmation of appointment of Ms. Corinna Schittenhelm [DIN: 09257159] as a Non-Executive Non-Independent Director.
- b. Confirmation of appointment of Mr. Andreas Schick [DIN: 09257160] as a Non-Executive Non-Independent Director.
- c. Reappointment of Mr. Satish Patel [DIN: 00690869], who was liable to retire by rotation and being eligible had offered himself for re-appointment.
- d. Reappointment of Mr. Dharmesh Arora [DIN: 05350121], who was liable to retire by rotation and being eligible had offered himself for re-appointment.

A brief resume of the Directors seeking appointment or reappointment at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and details regarding the companies in which they hold Directorship, Membership/Chairmanship of Committees of the Board is annexed to the Notice convening 60th Annual General Meeting of the Company.

There is no inter-se relationship between the Directors.

In terms of the SEBI Listing Regulations, your Company conducts the Familiarisation Program for Independent Directors about their roles, rights and responsibilities in your Company, nature of the industry in which your Company operates, business model of your Company etc., through various initiatives. The details of the same can be found at https://www.schaeffler.co.in/remotemedien/media/_shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/Familiarisation_Programs-2022.pdf.

Key Managerial Personnel (KMP)

Pursuant to provisions of Sections 2(51) and 203 of Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, following persons are acting as Key Managerial Personnel (KMP) of the Company:

1. Managing Director & Chief Executive Officer: Mr. Harsha Kadam
2. Director-Finance & Chief Financial Officer: Mr. Satish Patel
3. Company Secretary: Mr. Ashish Tiwari

Pursuant to Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014, no change occurred in KMP during the year ended December 31, 2022.

Meetings of Board of Directors

During the year under review, 5 (Five) meetings of the Board of Directors were held in compliance with the Companies Act, 2013 and SEBI Listing Regulations on –

Sr. No.	Quarter ended	Date of Meeting
1.	December 2021	February 16, 2022
2.	March 2022	April 26, 2022, May 23, 2022
3.	June 2022	July 27, 2022
4.	September 2022	October 18, 2022

The details of attendance of each Director at these meetings are provided in the Corporate Governance Report.

Policy on Nomination and Remuneration

The Company’s Policy on Nomination and Remuneration is framed with the objectives as under:

1. To formulate criteria and advise the Board in matters of determining qualifications, competencies, positive attributes and independence of Directors and policies relating to their appointment and removal;
2. To review corporate goals and objectives, to set norms of performance evaluation and to lay out remuneration principles for Directors, KMP and Senior Management linked to their effort, performance and contribution towards achievement of organisational goals;
3. To evaluate performance and give recommendations to the Board on remuneration payable to the Directors, KMP and Senior Management; and
4. To review and recommend to the Board measures to retain and motivate talent including KMP and Senior Management Personnel with a view to ensuring long-term sustainability and competitiveness of the organisation.

In addition to above, the Nomination and Remuneration Committee (NRC) may take up any other matters related to talent management in general upon the advice of the Board.

Nomination and Appointment of Directors and Senior Management

Criteria and Qualification

A person to be appointed as Director, KMP or at Senior Management level should possess adequate relevant qualification, expertise and experience for the position that he/she is being considered. The NRC evaluates whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position and makes appropriate recommendations to the Board of Directors.

For appointment of new Director/Senior Managerial Personnel, a detailed profile of the candidate is being circulated to NRC and Board for discussion and deliberation. The Board independently evaluates the candidate, and if found suitable confirms the appointment.

Policy on Remuneration

1. The remuneration (including revisions) of Directors is recommended by NRC to the Board for its approval. The remuneration (including revisions) of the Directors, so recommended by NRC to the Board, should be within the limits specified under the Companies Act, 2013 read with the Rules thereunder and as approved by the Shareholders of the Company.
2. None of the Directors (including Independent Directors) shall be entitled to any stock option of the Company.
3. The remuneration to be paid to KMP and Senior Management is recommended by NRC to the Board for its approval.

The Nomination and Remuneration Policy of the Company is disclosed on the website at https://www.schaeffler.co.in/remotemedien/media/_shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/nomination_and_remuneration_policy_schaeffler_india.pdf.

Formal Annual Performance Evaluation

Your Company believes that systematic evaluation contributes significantly to improved performance at 3 (Three) levels; Organisational, Board and Individual Board Member. It encourages the leadership, teamwork, accountability, decision-making, communication and efficiency of the Board. Evaluation also ensures teamwork by creating better understanding of Board dynamics, Board-management relations and thinking as a group within the Board.

Methodology

The evaluation is done as per the process and criteria of annual performance evaluation recommended by the NRC and approved by the Board of Directors. Separate evaluation questionnaire for each category of evaluation viz. the Board, Committees of the Board and Directors (including Executive Directors, Non-Executive Non-Independent Directors and Non-Executive Independent Directors) have been prepared as per the process and criteria approved by the Board.

Process

Separate sets of questions (questionnaire) for each of the evaluations i.e., for evaluation of (a) Board; (b) Each of the Committees of the Board; (c) Independent Director; (d) Non-Independent Director and (e) Chairman of the Board, are defined in the Policy for Annual Performance Evaluation.

The questionnaire for each category of evaluation is circulated to all the Directors. Each question has four rating options i.e., 1 to 4. 1 denotes ‘Need Improvement’, 2: ‘Fair’, 3: ‘Good’ and 4: ‘Excellent’.

The ratings of every question are averaged (‘averaged ratings’) based on feedbacks received from Director. Further, average of all ‘averaged ratings’ are considered as the rating for a particular questionnaire. Based on the outcomes of questionnaire, the NRC carries out evaluation of all the Directors including Independent Directors and the Board carries out the evaluation of its own performance, each of the Committees and that of all Directors.

For the year 2022, the Board has carried out an annual performance evaluation of its own and that of each of the Committees and all Directors including the Chairman of the Company. The NRC has also carried out evaluation of all the Directors including Independent Directors.

Qualitative comments received during the Board evaluation were as follows:

- The composition of Board of Directors provides for the right level of experience and expertise to guide the management team.

The visit of Board of Directors of the Company to Schaeffler HQ, Germany in 2022 and information shared during the said visit is highly appreciated and add value to performing ID roles.
- Audit Committee (AC) – Audit Committee comprise of highly qualified and competent Members. The meetings are well structured & conducted. Kudos to Chairperson. There should be five AC meetings in a year. The special meeting - focusing on RPT, Internal audits and regulatory updates - be continued in the future as well.

Stakeholders Relationship Committee (SRC) – SRC appreciates the efforts of the Secretarial team to ensure shareholders’ satisfaction, minimum complaints particularly during the split exercise.
- Risk Management Committee (RMC) – RMC is very diverse, comprised of very competent Members including those from the Company management. Kudos to Chairman for bringing the RMC to a benchmark level. His deep involvement is commendable. RMC should also review opportunities and not only risks. All the Committee Members should contribute to discussions and constructively.

Independent Directors highly appreciates the time Mr. Klaus Rosenfeld, the CEO of the Schaeffler Group, spends in briefing the Board of Directors of the Company about Schaeffler Group in the frank and transparent manner.



Conclusion

The evaluation for the year 2022 of Directors, each of the Committees and that of the Board have received ratings near excellent. The Board has taken note of the feedback received from Directors to further improve the performance of the Directors, the Board itself and Committees of the Board. NRC expressed its satisfaction to the overall process of annual performance evaluation.

Meeting of Independent Directors

As per provisions of Schedule IV to the Companies Act, 2013, the Independent Directors are required to hold at least one meeting in a financial year, without the attendance of Non-independent Directors and members of management. During the financial year 2022, the Independent Directors have held one separate meeting on November 24, 2022.

Audit Committee

As on December 31, 2022, the Audit Committee consists of 7 (Seven) Directors including 5 (Five) Independent Directors. Mrs. Renu Challu is the Chairperson of the Committee. The other members of the Audit Committee were Mr. Avinash Gandhi, Mr. Arvind Balaji, Mr. Amit Kalyani, Ms. Eranti V. Sumithasri, Mr. Andreas Schick and Mr. Satish Patel. The Committee met 6 (Six) times during the year. The terms of reference of the Audit Committee, details of meetings held during the year and attendance of members are disclosed in the Report on Corporate Governance.

There was no instance where the recommendation by the Committee was not accepted by the Board.

Whistle-Blower Policy/Vigil Mechanism

Your Company has a well-defined ‘Whistle-Blower Policy’ and established vigil mechanism to provide for adequate safeguard against victimisation of Directors and employees who use the mechanism. The mechanism also provides for direct access to the Chairperson of Audit Committee in appropriate cases.

The Whistle-Blower/Vigil Mechanism Policy can be accessed on the Company’s Website at [https://www.schaeffler.co.in/remotemedien/media/ shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Whistle_Blower_Policy_India_2023.pdf](https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Whistle_Blower_Policy_India_2023.pdf).

Risk Management

Your Company has established comprehensive Risk Management System to ensure that risks to the Company’s continued existence as a going concern and to its development are identified and addressed on timely basis. Report on Risk Management forms an integral part of this Annual Report.

Constitution of Risk Management Committee

The Board of Directors of the Company has constituted the Risk Management Committee which comprises of 5 (Five) Directors and 2 (Two) Senior Management employees of the Company. Mr. Dharmesh Arora is the Chairman of the Committee. The other members of the Committee are

Ms. Eranti V. Sumithasri, Mr. Andreas Schick, Mr. Harsha Kadam, Mr. Satish Patel, Mr. Sameer Mathur (Chief Operating Officer) and Mr. Santanu Ghoshal (Head of Human Resources).

Auditors

Statutory Auditors

The Statutory Auditors, M/s. Walker ChandioK & Co. LLP, Chartered Accountants, (Firm Registration Number: 001076N/ N500013) were appointed as Statutory Auditors of the Company at the 58th Annual General Meeting (‘AGM’) of the Company held on April 27, 2021 for a period of 5 (Five) consecutive years from the conclusion of the 58th AGM till the conclusion of the 63rd AGM of the Company.

The Audit Committee annually reviews and monitors the performance, independence of the Statutory Auditors and effectiveness of audit process.

There is no qualification, reservation, adverse remark or disclaimer by the Statutory Auditors in their Report.

The observations made in the Auditor’s Report, read together with relevant notes thereon, are self-explanatory and hence do not call for any comments.

Reporting of Fraud

The Auditor of the Company have not reported any instances of fraud against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

Secretarial Auditors

M/s. Samdani Kabra & Associates, a firm of Company Secretaries in Practice was appointed as ‘Secretarial Auditors’ to carry out Secretarial Audit of the Company. In terms of provisions of Section 204 of the Companies Act, 2013, and in terms of regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI’s circular CIR/CFD/CMD1/27/2019 dated February 8, 2019, a Secretarial Audit Report has been annexed to this Report. (Annexure - A)

Secretarial auditors’ observation(s) in secretarial audit report and directors’ explanation thereto –

Pursuant to provisions of Section 135(6) of the Companies Act, 2013, any amount remaining unspent under Sub-section (5), pursuant to ongoing project(s), shall be transferred by the Company within a period of thirty days from the end of the financial year to a Special account to be opened by Company in that behalf for that financial year in any Scheduled Bank to be called the ‘Unspent Corporate Social Responsibility Account’. We report that the unspent amount relating to ongoing project(s) was transferred by the Company with a delay of 14 (fourteen) days. As informed to us due to COVID-19 situation prevailing at that time, the aforesaid account could not get opened within prescribed time, hence there was a delay in transfer of unspent amount to a special account.

Directors’ explanation:

Pursuant to provisions of Section 135(6) of the Companies Act, 2013, any amount remaining unspent under Sub-section (5), pursuant to ongoing project, shall be transferred by

the Company within a period of thirty days from the end of the financial year to a Special ‘Unspent Corporate Social Responsibility Account’. The Company had initiated the process to open the Special Bank account in due course, though due to COVID-19 situation, the account could not get opened within the prescribed time and therefore, the unspent amount relating to ongoing Project(s) was transferred to a Special Bank account, on February 14, 2022 i.e. with an unintentional delay of 14 days.

Cost Records and Cost Audit

Maintenance of Cost Records

The Company is required to maintain cost records under Companies (Cost Records and Audit) Rules, 2014. Accordingly, cost records have been maintained by the Company.

Cost Audit

M/s. Y. S. Thakar & Co., Cost Accountants, as Cost Auditors were appointed to conduct the audit of the cost records of the Company for the financial year ended December 31, 2022. Based upon the declaration on their eligibility, consent and terms of engagement, your Directors have reappointed M/s. Y. S. Thakar & Co., Cost Accountants to conduct Audit of Cost records for the financial year 2023.

As required under the provisions of the Companies Act, 2013, the remuneration of Cost Auditors as approved by the Board of Directors is subject to ratification by the Shareholders at the ensuing Annual General Meeting.

Corporate Social Responsibility (CSR)

Being a responsible Corporate Citizen, your Company is committed in fulfilling its social responsibilities. Guided by the prevailing regulatory requirements, the Company has constituted a ‘Corporate Social Responsibility (CSR) Committee’ and framed a Policy on CSR. The policy is available on the website of the Company at [https://www.schaeffler.co.in/remotemedien/media/ shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Annexure_14 - CSR_Policy.pdf](https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Annexure_14_-_CSR_Policy.pdf).

Your Company was required to make CSR expenditure of ₹118.3 million i.e., 2% of the Average Net Profits of your Company made during 3 (Three) immediately preceding financial years. Your Company's CSR expenditure was ₹107.3 million and ₹11 million was transferred to Unspent CSR Bank Account on January 20, 2023 for the ongoing CSR projects to be spent in the next 3 (three) years. A summary of CSR Policy together with details of CSR activities undertaken by the Company during the year 2022 have been covered in the Annual Report on CSR activities, which is annexed to this Report. (Annexure - B)

Contracts and Arrangements with Related Parties

During the year, all the transactions with the Related Parties have been carried out in normal course of business and based upon well set principles of arm’s length.

Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseeable and repetitive nature. The details of all transactions executed with Related

Parties are placed before the Audit Committee on a quarterly basis for its review or ratification as the case may be and are also placed before the Board for its information.

The Related Party Transaction Policy of the Company is available on the website of the Company at [https://www.schaeffler.co.in/remotemedien/media/ shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Amended_RPT_Policy_SIL_01-04-2022pdf.pdf](https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Amended_RPT_Policy_SIL_01-04-2022pdf.pdf).

A separate Report containing details of Material Related Party Transactions carried out during the year is annexed to this Report in prescribed form AOC-2. (Annexure – C)

Particulars of Employees and Related Disclosures

The disclosures pertaining to remuneration and other details of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1), 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been annexed to this report. (Annexure – D)

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 have been annexed to this report. (Annexure – E)

Annual Return

As per provisions of Section 92(3) of the Companies Act, 2013, a copy of draft Annual Return of the Company for the financial year 2022 in the prescribed form MGT-7 has been placed on the website of the Company at <https://www.schaeffler.co.in/en/investor-relations/shareholders-information/annual-return/>.

Particulars of Loans, Investments, Guarantees and Securities

The particulars of loans and investments have been disclosed in notes to the Financial Statements. 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.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has in place a Policy against Sexual Harassment for Women at workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy is available on the website of the Company at [https://www.schaeffler.co.in/remotemedien/media/ shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/policy_against_sexual_harrasment.pdf](https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/policy_against_sexual_harrasment.pdf).



Internal Complaints Committee (ICC) has been constituted to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

Status of complaints during the year 2022

There were 0 complaints pending at the beginning of the year 2022 and the Company received 1 complaint during the year 2022, which was resolved in January 2023.

Directors' Responsibility Statement

Pursuant to the requirements under Section 134(3)(c) of the Companies Act, 2013, your Directors hereby state that:

- (a) In preparation of the annual accounts, the applicable Indian Accounting Standards (Ind AS) have been followed and there are no material departures from the same;
- (b) The accounting policies have been selected and these have been applied consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at December 31, 2022 and of the profit of the Company for that period;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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 being followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and were operating effectively.

Adequacy of Internal Financial Controls

The Board of your Company has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. Your Company has also implemented FACTS (Financial Accounting and Controlling Tools) project for integrating accounting and controlling system. The Risk Management framework recognises the Internal Financial Controls as an integral part of its framework and has policies and procedures for addressing the financial reporting risks and ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the Audit Committee, the Board is of the opinion that during the financial year ended December 31, 2022 had sound internal financial controls.

These controls placed by the Company commensurate with the nature and size of the business operations and are adequate and operating effectively with no material weakness.

The key internal financial controls and compliance systems have been documented, automated wherever possible and embedded in the respective business processes.

Compliance of Secretarial Standards

Your Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') as amended, all unpaid or unclaimed dividends which were required to be transferred by the Company to the IEPF were transferred to IEPF Authority.

The Company has also transferred shares in respect of which dividend amount remained unpaid/unclaimed for a consecutive period of 7 (Seven) years or more to IEPF Authority within stipulated time.

The details of unpaid/unclaimed dividend and the shares transferred to IEPF Authority are available on the Company's website at <https://www.schaeffler.co.in/content.schaeffler.co.in/en/investor-relations/shareholders-information/unclaimed-unpaid-dividend/index.jsp>.

Deposit

During the year, the Company has not accepted any deposits under the Companies Act, 2013.

Subsidiaries, Joint Ventures and Associates

The Company does not have any Subsidiary Company, Joint Venture or Associate Companies as defined in the Companies Act, 2013.

Orders Passed by the Regulators or the Courts or the Tribunals

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations.

Acknowledgements

Your Directors express their gratitude for the continued cooperation and support extended by Schaeffler Group, all the Shareholders, Customers, Suppliers, Distributors, Bankers and all Stakeholders. Your Directors also place on record their appreciation for the employees for their dedication, hard work and efforts.

For and on behalf of the Board

Ms. E. V. Sumithasri
Chairperson
DIN: 07087197

Mumbai: February 16, 2023

Secretarial Audit Report

(Annexure A to the Directors' Report)
For the Financial Year ended December 31, 2022
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014 and Regulation 24A SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015]

To,
The Members,
Schaeffler India Limited
15th Floor,
ASTP (Amar Sadanand Tech Park),
Baner Pune, Pune - 411045
Maharashtra, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Schaeffler India Limited** (hereinafter referred to as '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, and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on December 31, 2022("period under review"), 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 maintained by the Company for the period under review, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (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;

- c. 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;

We report that, there were no actions/events in pursuance of the following regulations requiring compliance thereof by the company during the period of this report:-

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- f. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

We have also examined compliance with the applicable clauses/regulations of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of Board of Directors and General Meetings; and
- ii. The Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd. read with the Securities and Exchange Board of India (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 subject to the following observation:

Pursuant to provisions of Section 135(6) of the Companies Act, 2013, any amount remaining unspent under Sub-section (5), pursuant to ongoing project(s), shall be transferred by the Company within a period of thirty days from the end of the financial year to a Special account to be opened by Company in that behalf for that financial year in any Scheduled Bank to be called the 'Unspent Corporate Social Responsibility Account'. We report that the unspent amount relating to ongoing project(s) was transferred by the Company with a delay of 14 (fourteen) days. As informed to us due to COVID-19 situation prevailing at that time, the aforesaid account could not get opened within prescribed time, hence there was a delay in transfer of unspent amount to a special account.



We further report that;

- A.

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, if any, were carried out in compliance with the provisions of the Act;
- B.

Adequate notice is given to all the 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 clarification on the Agenda items before the meeting and for meaningful participation at the meeting;
- C.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;
- D.

There are adequate systems and processes in place, whereby the company ensures and monitor compliances of applicable laws, rules, regulations and guidelines.
- E.

The Compliance Management Tool/System’ is adequate, commensurate with the size and operations of the company and operating effectively;
- F.

During the audit period, there were no specific instances/actions in pursuance of the above referred laws, rules, regulations, guidelines etc., having a major bearing on the Company’s affairs.

Suresh Kumar Kabra
Partner

Samdani Kabra & Asso.
Company Secretaries
PR No. 884/2020
ACS No. 9711
CP No. 9927
UDIN: A009711D003144337

Place: Vadodara
Date: February 16, 2023

This Report is to be read with our letter of even date which is annexed as Appendix A and forms an integral part of this report.

Appendix A

To,
The Members,
Schaeffler India Limited
15th Floor,
ASTP (Amar Sadanand Tech Park),
Baner Pune, Pune - 411045
Maharashra, India.

Our Secretarial Audit Report of even date is to be read along with this letter, that:

- i.

Maintenance of secretarial records and compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the management of the Company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these secretarial records and compliances based on such verification and audit.
- ii.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records.

The verification was done on test basis to ensure that correct facts are reflected in secretarial records and we believe that the processes and practices we followed provide a reasonable basis for our opinion.

- iii.

Wherever required, we have obtained the management representation about the Compliance of Laws, Rules and Regulations, happening of events, etc.
- iv.

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.

Suresh Kumar Kabra
Partner

Samdani Kabra & Asso.
Company Secretaries
PR No. 884/2020
ACS No. 9711
CP No. 9927
UDIN: A009711D003144337

Place: Vadodara
Date: February 16, 2023



CSR Report

(Annexure B to the Directors' Report)

1. Brief outline on CSR Policy of the Company.

At Schaeffler India, we believe that science and technology are synonymous with economic and human development as both aim to drive progress and improve standard of living while preserving environment and supporting sustainability.

Being a part of the Schaeffler Group and a leading industrial and automotive supplier in the country, we find numerous opportunities to contribute to human progress through our innovative technologies and thus touch lives of people. At the same time, being an Indian Company, we are equally motivated by Indian ethos of Dharmas as a key plank for organisational self-realisation. We constantly strive to contribute in our humble way to the motto – (May everyone be happy) and take up the cause of welfare amongst communities in which we operate.

Delineating our responsibility as a Corporate Citizen, we at Schaeffler India are committed to operate our business in an economically, socially & environmentally sustainable manner. At the same time, we endeavour to reach out to different sections of the society, with socially relevant projects, that benefit these communities and in small ways enhance the quality of their lives. These initiatives are independent of the normal operations of our Company's business. Programmes, projects and activities (collectively “CSR Programmes”) as framed within the purview of Schedule VII of the Companies Act, 2013 as amended from time to time and are the subject matter of this Policy.

2. Composition of CSR Committee:

Sl. No.	Name of the 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
1.	Mr. Arvind Balaji	Chairman	2	2
2.	Mr. Harsha Kadam	Member	2	2
3.	Mr. Amit Kalyani	Member	2	1
4.	Ms. Corinna Schittenhelm	Member	2	2

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.

CSR Committee

<https://www.schaeffler.co.in/content.schaeffler.co.in/en/investor-relations/corporate-governance/committees-board-of-directors/index.jsp>

CSR Policy

[https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Annexure 14 - CSR Policy.pdf](https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Annexure_14_-_CSR_Policy.pdf)

CSR Projects

https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/2022_CSR_Projects.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).

The Impact Assessment of the STEP Project ‘Schaeffler Skill Development Centre’ in Krishnagiri District of Tamil Nadu by EY LLP and commissioned by the Company.

The Impact Assessment study was exercised at Hosur, Krishnagiri district where the STEP Program ‘Schaeffler Skill Development Centre’ has been executed by Schaeffler India in collaboration with SHCS (Sacred Heart College Society) with an aim to improve employment of the local youth through skill development training.

https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/2023_Impact_Assessment_Report_STEP_Skill_Development_2022.pdf.

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 – Not Applicable

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1.	2019	NIL	NIL
2.	2020	NIL	NIL
3.	2021	NIL	NIL

6. Average net profit of the company as per section 135(5)

Year	Net Profit (₹ in million)
2019	5,346
2020	3,972
2021	8,431
Average Net Profit	5,916

7. (a) Two percent of average net profit of the company as per section 135(5)

Year	₹ in million
2% of Average Net Profit	118.3

- (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) – The Company is required to spend an amount of ₹118.3 million as CSR expenditure during the financial year 2022.

- (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in million)	Amount Unspent (₹ in million)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) (₹ in million)	
		Amount	Date of Transfer
107.3	11		January 20, 2023

- (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		Amount allocated for the project (₹ in million)	Amount spent in the current financial year (₹ in million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in million)	Mode of Implementation - Direct (Yes/No)	Mode of Implementing Agency
				State	District					
1.	Mobi-Health Unit	Promoting Health Care (i)	Yes	Gujarat	Vadodara	8.0	7.6	0.4	No	Deepak Foundation
2.	Lok Vidyalaya: Construction of secondary School & providing holistic quality educational support	Promoting Education (ii)	Yes	Gujarat	Vadodara	4.3	4.3		No	Lok Seva Mandal
3.	Nitara project: Promoting livelihood for differently abled	Skills & Livelihood Enhancement (i)	Yes	Gujarat	Vadodara	5.0	5.1		No	Sambhav Foundation
4.	Quest on wheels: Heritage & Educational Trips	Promoting Education (ii)	Yes	Gujarat	Vadodara	2.0	1.8		No	Creation Foundation
5.	Support to Mook Dhwani School	Promoting Education (ii)	Yes	Gujarat	Vadodara	2.4	2.3		No	Mook Dhwani Trust
6.	Safe Drinking Water Project	Promoting Health Care (i)	Yes	Gujarat	Vadodara	2.9	2.9		No	Creation Foundation
7.	Jal Jeevika	Environment Sustainability (iv)	Yes	Gujarat	Vadodara	7.3	5.0	2.3	No	BAIF Development Research Foundation
8.	Mobile Science Lab	Promoting Education (ii)	Yes	Gujarat	Vadodara	3.3	1.8	1.4	No	Agastya International Foundation
9.	Mobile Health Unit	Promoting Health Care (i)	Yes	Maharashtra	Pune	2.9	2.9		No	Deepak Foundation
10.	Comprehensive Community Development	Promoting Education (ii)	Yes	Maharashtra	Pune	3.1	3.1		No	Deepak Foundation
11.	Schaeffler Skill Development Centre	Skills & Livelihood Enhancement (i)	Yes	Maharashtra	Pune	3.6	2.0	1.5	No	Don Bosco Vyavasaik Prashikshan Kendra
12.	Jal Samruddhi	Environment Sustainability (iv)	Yes	Maharashtra	Pune	8.6	8.6		No	BAIF Development Research Foundation
13.	Green Energy School Electrification Program	Promoting Education (ii)	Yes	Maharashtra	Pune	9.4	9.4		No	Chirag Rural Development Foundation
14.	Pre-Vocational Education Program in Govt Schools	Promoting Education (ii)	Yes	Maharashtra	Pune	7.7	7.7		No	STARS Forum



1	2	3	4	5	6	7	8	9	10	11	Mode of Implementing Agency	
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 million)	Amount spent in the current financial Year (₹ in million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in million)	Mode of Implementation - Direct (Yes/No)	Name	CSR Registration number
				State	District							
15.	Schaeffler Engineering Scholarship	Promoting Education (ii)	No	Gujarat, Maharashtra Tamil Nadu	Different District Locations	30 Months	8.0	7.7	0.3	No	Buddy4Study India Foundation	CSR000000121
16.	Schaeffler Skill Development Centre	Skills & Livelihood Enhancement (ii)	Yes	Tamil Nadu	Krishnagiri	24 Months	13.5	13.5		No	The Sacred Heart College Society	CSR000000575
17.	Learning Outcome Improvement Project	Promoting Education (ii)	Yes	Tamil Nadu	Krishnagiri	36 Months	5.1	2.1	2.6	No	The Sacred Heart College Society	CSR000000575
18.	Schaeffler Social Innovation Fellowship Program	Promoting Education (ii)	No	Pan India	Pan India	17 Months	2.1	2.1		No	Buddy4Study India Foundation	CSR000000121
19.	Women Skill Development Program	Skills & Livelihood Enhancement (ii)	Yes	Tamil Nadu	Krishnagiri	24 Months	5.0	2.5	2.5	No	Hand In Hand India	CSR000001853
20.	Health & Safety for Mechanic Community	Promoting Health Care (i)	No	Pan India	Pan India	12 Months	2.8	2.8		No	VisionSpring Foundation	CSR000001721
21.	Climate Action – Research & Development	(ix) (b)	No	Pan India	Pan India	48 Months	2.5	2.5		No	IIT Roorkee	CSR000003687
22.	Climate Action – Research & Development	(ix) (b)	No	Pan India	Pan India	25 Months	2.5	2.5		No	IIT Madras	CSR000004320
							112	100.2	11			

* Rounded off to single decimal

- (c) Details of CSR amount spent against other than ongoing projects for the financial year: Not Applicable
- (d) Amount spent in Administrative Overheads – 5.8 (₹ in million)
- (e) Amount spent on Impact Assessment, if applicable – 1.3 (₹ in million)
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) –107.3 (₹ in million)
- (g) Excess amount for set off if any

Sl. No.	Particular	Amount (₹ in million)
i.	Two percent of average net profit of the company as per section 135(5)	118.3
ii.	Total amount spent for the Financial Year	107.3
iii.	Excess amount spent for the financial year [(ii) - (i)]	NIL
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:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in million)	Amount spent in the reporting Financial Year (in ₹)	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 ₹)	
		Name of the Fund	Amount (₹ in million)	Date of transfer			
1.	2019						
2.	2020	NA	NA	NA	NA	NA	NA
3.	2021	13.6	13.6	PM Cares Funds	June 30, 2021	3.2	NIL
				PM Cares Funds	May 9, 2022	5.2	NIL
Total		13.6	13.6	8.4			

(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 ₹ million)	Amount spent on the project in the reporting Financial Year (in ₹ million)	Cumulative amount spent at the end of reporting Financial Year (in ₹ million)	Status of the project – Completed/Ongoing
1.	X-008326-01	Jal Samridhhi	2021	30 Months	1.2	1.2	12.7	Ongoing
2.	X-006490-01-01	Quest On Wheels	2021	29 Months	0.3	0.3	3.4	Ongoing
3.	X-008323-01	Learning Outcome Improvement Project	2021	36 Months	7.6	7.6	11.8	Ongoing
4.	X-008325-01	National University Skill Development Program	2021	12 Months	0.7	0.7	3.0	Completed
5.	X-006499-01-01	Mobile Health Unit Pune	2020	36 Months	0.3	0.3	8.8	Ongoing
6.	X-007245-01	Schaeffler India HOPE Engineering Scholarship	2019	30 Months	0.1	0.1	5.5	Ongoing
7.	X-008324-01	Social Innovation Fellowship	2021	17 Months	3.4	3.4	6.1	Ongoing
Total				13.6		13.6	51.3	

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 year (asset-wise details).
- (a) Date of creation or acquisition of the capital asset(s) – NA
- (b) Amount of CSR spent for creation or acquisition of capital asset – NA
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. -NA
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) -NA
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).
The company strived to achieve the 100% of the allocated budget but due to strict internal and external legal framework for selection of project and implementation partner, took long time to initiate the implementation of the projects, however due to sustained monitoring and collaboration with the implementation partner we have been able to judiciously spend 90% of the allocated budget of year 2022 and 100% of the unspent CSR fund of 2021 as on December 31, 2022.

For Schaeffler India Limited

Arvind Balaji
Chairman of CSR Committee
(DIN: 00557711)

Harsha Kadam
Managing Director
(DIN: 07736005)



Report on Related Party Transactions: Form AOC-2

(Annexure C to the Directors' Report)
[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

[A] Details of contracts or arrangements or transactions not at arm's length basis: Nil

[B] Details of material contracts or arrangements or transactions at arm's length basis:

Name(s) of related party & nature of relationship	Schaeffler Technologies AG & Co. KG, Germany, Fellow Subsidiary		
Nature of contracts/ arrangements/transactions	Sale, Purchase or Supply of Goods, Materials and Services including Sale and Purchase of tangible fixed assets		
	Summary of Transactions carried out with Schaeffler Technologies AG & Co. KG	2022 (₹ in million)	
		Actual	Cumulative
	Purchases – Finished Goods, Raw materials, Components and spares	12,952.2	19,294.5
	Fees for use of technology/trademark	1,295.5	
	Purchase of tangible fixed Assets	239.1	
	Sale of Finished Goods	3,783.5	
	Others ¹	1,024.2	
	¹ Includes SAP, IT systems and connectivity cost, Travelling, Training, Testing, Support Fee & Other Cost, Expat Cost, Reimbursement of expenses, Commission on guarantee and Service Income.		
Duration of contracts/ arrangements/transactions	Ongoing		
Salient terms of the contracts/ arrangements/transactions including the value, if any	As per transfer pricing guidelines		
Date(s) of approval by the Board	Transactions with Schaeffler Technologies AG & Co. KG are in the ordinary course of business and at arm's length basis. As a good governance practice, the Company has taken requisite approvals of the Audit Committee and Board of Directors from time to time. The transactions with Schaeffler Technologies AG & Co. KG, being 'material' in nature, have been approved by the Shareholders at their 56 th Annual General Meeting held on April 30, 2019, for the year 2018 and for a period up to year 2022. Approval of Shareholders has been obtained for material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany, in 58 th Annual General Meeting held on April 27, 2021, for the year 2021. Approval of Shareholders has been obtained for material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany, through Postal Ballot on December 19, 2021, for the year 2021. Thereafter, Shareholders' approval was obtained at the 59 th AGM held on April 27, 2022 for material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany, for the year 2022 and for the years 2023 to 2025.		
Amount paid as advance, if any	-		

Mumbai: February 16, 2023

For and on behalf of the Board

Ms. E. V. Sumithasri
Chairperson
DIN: 07087197

Particulars of Employees

(Annexure D to the Directors' Report)
Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2022 and percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year 2022.

Sr. No.	Name of Director/ Key Managerial Personnel	Designation/Category	Ratio of Remuneration of Directors to Median Remuneration	% of increase in Remuneration in Financial Year 2022
1.	Mr. Harsha Kadam	Managing Director & CEO	37.1	10.0%
2.	Mr. Satish Patel	Director – Finance & CFO	17.2	12%
3.	Mr. Avinash Gandhi	Chairman & Independent Director	3.0	-
4.	Mr. Dharmesh Arora	Non-Independent	2.7	-
5.	Mr. Andreas Schick	Non-Independent	-	-
6.	Ms. Corinna Schittenhelm	Non-Independent	-	-
7.	Mrs. Renu Challu	Independent	3.1	-
8.	Mr. Arvind Balaji	Independent	3.0	-
9.	Mr. Amit Kalyani	Independent	2.6	-
10.	Ms. Eranti V. Sumithasri	Independent	3.0	-
11.	Ashish Tiwari	Vice President – Legal & Company Secretary	10.1	9%

2. The percentage increase in the median remuneration of employees in the financial year:

The median remuneration of employees of the Company was increased by 16.4% during 2022.
3. The number of permanent employees on the rolls of company as on December 31, 2022: 3190
4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average increase of white collar employee was 11.6% and average increase of KMP was 10.4%.
5. Affirmation that the remuneration is as per the remuneration policy of the Company

We affirm that remuneration paid to the Employees & Directors is as per the remuneration policy of the Company.



Information pursuant to rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(a) Details of top ten employees in terms of gross remuneration drawn during the year 2022

Sr. No.	Name	Designation	Remuneration during the year 2022 (₹)	Nature of Employment [Contactual/ Regular]	Qualifications	Experience (in Completed years)	Date of Commencement of employment with Schaeffler India	Age in years	Last Employment	Shares held in the Company
1.	Harsha Kadam	Managing Director & CEO	36,738,530	Regular	BE (MECH)	33.6	March 12, 2018	57.3	HSIL Limited	500
2.	Sanjeev Saxena	President – Automotive	33,930,706	Regular	BE (MECH)	23.6	October 15, 2019	55.6	Minda Corporation Limited	Nil
3.	Satish Patel	Chief Financial Officer	16,984,776	Regular	M.COM, AICWA	32.9	January 7, 1992	58.7	Elecon Engineering Co. Limited	Nil
4.	Santanu Ghoshal	Vice President – Corporate HR	16,088,676	Regular	BE (MINING ENGG.), PGDPM & IR	30.6	September 1, 2010	56.8	General Motors	Nil
5.	Sameer Mathur	Chief Operating Officer	13,644,312	Regular	B.E.(MECH)	30.7	May 21, 1992	54.9	-	Nil
6.	Debasish Satpathy	President – BD Automotive Aftermarket	11,683,956	Regular	BE (Electrical), Diploma in MA	24	April 2, 2018	49.1	Schaeffler UK	Nil
7.	Alok Dave	Vice President – Corporate Purchase	11,539,740	Regular	BE (MECH), EMBA	23.7	November 7, 2011	57.4	Lear Automotive	Nil
8.	Omkar Kulkarni	VP – Future Mobility	10,800,012	Regular	Masters in Electrical Engineering	20.8	July 11, 2022	45.9	Hella	Nil
9.	Amitabh Anand	Vice President – Manufacturing	10,435,656	Regular	BE (MECH), PGDBM	26.9	January 1, 2013	50.6	GKN Sinter Metal Pvt. Ltd.	Nil
10.	Ashish Tiwari	Vice President	10,040,316	Regular	CS, LLB	23.6	March 1, 2019	50.1	Thyssenkrupp Group	Nil

(b) Details of every employee, who was employed throughout the financial year, was in receipt of gross remuneration for that year which, in the aggregate, was not less than One crore two lakhs rupees during the year 2022

Sr. No.	Name	Designation	Remuneration during the year 2022 (₹)	Nature of Employment [Contactual/ Regular]	Qualifications	Experience (in Completed years)	Date of Commencement of employment with SIL	Age in years	Last Employment	Shares held in the Company
1.	Harsha Kadam	Managing Director & CEO	36,738,530	Regular	BE (MECH)	33.6	March 12, 2018	57.3	HSIL Limited	500
2.	Satish Patel	Chief Financial Officer	16,984,776	Regular	M. COM, AICWA	32.9	January 7, 1992	58.7	Elecon Engineering Co. Limited	Nil
3.	Santanu Ghoshal	Vice President – Corporate HR	16,088,676	Regular	BE (Mining ENGG.), PGDPM & IR	30.6	September 1, 2010	56.8	General Motors	Nil
4.	Sameer Mathur	Chief Operating Officer	13,644,312	Regular	B.E.(MECH)	30.7	May 21, 1992	54.9	-	Nil
5.	Debasish Satpathy	President – BD Automotive Aftermarket	11,683,956	Regular	BE (Electrical), Diploma in MA	24	April 2, 2018	49.1	Schaeffler UK	Nil
6.	Alok Dave	Vice President – Corporate Purchase	11,539,740	Regular	BE (MECH), EMBA	23.7	November 7, 2011	57.4	Lear Automotive	Nil
7.	Omkar Kulkarni	VP – Future Mobility	10,800,012	Regular	Masters in Electrical Engineering	20.8	July 11, 2022	45.9	Hella	Nil
8.	Amitabh Anand	Vice President – Manufacturing	10,435,656	Regular	BE (MECH), PGDBM	26.9	January 1, 2013	50.6	GKN Sinter Metal Pvt. Ltd.	Nil

Details of every employee, who was employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight lakhs fifty thousand rupees per month during the year 2022.

Sr. No.	Name	Designation	Remuneration during the year 2022 (₹)	Nature of Employment [Contactual/ Regular]	Qualifications	Experience (in Completed years)	Date of Commencement of employment with SIL	Age in years	Last Employment	Shares held in the Company
1.	Sanjeev Saxena	President – Automotive	33,930,706	Regular	BE (MECH)	23.6	October 15, 2019	55.6	Minda Corporation Limited	Nil

Details of every employee, who was employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company during the year 2022.

Sr. No.	Name	Designation	Remuneration during the year 2021 (₹)	Nature of Employment [Contactual/ Regular]	Qualifications	Experience (in Completed years)	Date of Commencement of employment with SIL	Age in years	Last Employment	Shares held in the Company
	None									

Details of employees posted and working in a country outside India, not being directors or their relatives, drawing more than Sixty lakh rupees per financial year or Five lakh rupees per month, as the case may be during the year 2022.

Sr. No.	Name	Designation	Remuneration during the year 2021 (₹)	Nature of Employment [Contactual/ Regular]	Qualifications	Experience (in Completed years)	Date of Commencement of employment with SIL	Age in years	Last Employment	Shares held in the Company
1.	Hardevi Vazirani	Vice President – Strategy & Development	12,266,876	Regular	BCOM, DIP.CS, DBM	32.9	September 11, 1992	54.4	Sigma Sys	Nil
2.	Santosh Poolari	Vice President	11,227,555	Regular	DME	20.5	August 10, 2002	44.3	ABC Ltd.	Nil

For and on behalf of the Board

Mumbai: February 16, 2023

E. V. Sumithasri
Chairperson
DIN: 07087197



Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

(Annexure E to the Directors' Report)

With increasing focus on ESG goals, Schaeffler India has constantly focused on the key aspect of Social & Environment Impacts. Talking about environment impacts, conservation of energy has been a major focus in Schaeffler India for the past year and the same rigor was seen in 2022, with initiatives and right investments in advance technologies.

Various steps have been initiated to maintain & improve carbon footprints with an aspiration to be carbon neutral production by 2030.

A. Conservation of Energy

1. Steps taken or impact on conservation of energy

Various steps are taken at all the plants of Schaeffler India, some examples are here from plants are listed below. In 2022 Schaeffler India limited achieved 1.31 GWh energy efficiency with the projects

- Cold Washing media instead of heating for the post washing from Sealed Quenching
- Installation of Inverter & Pressure Transducer in Coolant supply system
- Installation of Emulsion pump with Inverter & Pressure Transducer
- Heat Recovery by Jacket Installation on Washing Machine
- Reduction of energy consumption by installing top cover on Salt Bath
- Reduction of power consumption in pre and post Washing Drying operation using Waste Heat (of RHF) etc.
- Replacement of the conventional bulb with LED lights in office areas

2. The Steps taken by the Company for utilisation of alternate sources of energy

- Schaeffler India limited have been constantly working on purchasing the green energy
- Maneja (Vadodara) and Savli (Vadodara) locations have signed the Hybrid Energy (Solar + Wind) Power Purchase agreement. For Maneja (Vadodara), 2.55 MW which will contribute 34% of its overall consumption and the power had started from August 2022 and consumed 1.8 GWh

- For Savli (Vadodara) 1.8 MW which will contribute 35% of overall consumption and the power will start from 2023 beginning. And solar roof top panels will be installed of about 450kw
- Pune have signed a PPA of wind energy for 5.1 MW and consumed 5.1 GWh of wind energy
- With the existing and new green energy projects in 2022 through the green energy consumption Schaeffler India Limited have neutralised ~12,500 metric tons of CO₂ emission

3. The Capital investment on energy conservation equipment in Schaeffler India

- New Central warehouse building with all required infrastructure constructed to utilise natural day light
- Outer periphery lights changed from HPSV lamp to LED
- LPG Vaporizer changed from Heater vaporizer to Heater less Vaporizer
- The Moisture removal implemented by ATFD (Agitated Thin Film Dryer) system for hazardous sludge
- New pipeline installed for propane gas to avoid the transportation loss in pipeline
- Entire plant cooling system converted to Water based cooling system in place of Air based cooling system
- Installation of Foam flow faucet at handwash area at plant level

4. Environment Health & Safety

Hosur

1. Additional Assembly tool storage vertical rack installed at Hall-2
2. National Safety Day and World Environment Day campaign conducted at all the locations
3. Climate Action Day celebration by Schaeffler group level
4. The Moisture removal implemented by ATFD (Agitated Thin Film Dryer) system for hazardous sludge
5. Green belt development to increase the biodiversity within the premises

Pune

1. Water consumption per value-add reduction by 8%- year 2022.
2. To achieve 90% of unsafe condition of safety observation points & submit the report to segments for their actions. Take follow up for closer action & support to department.
3. EHS & Workplace safety training given to new joining employees & company existing employees.
4. Machine risk assessment activities done in plant cover all the press machines.

Maneja (Vadodara)

1. Fire Resistant Coating at new ETP
2. Drip irrigation project for gardening & Plantation
3. Monitoring of Ground water level
4. Periodic Maintenance of recharge well of Rainwater harvesting
5. Water conservation-Water saving of 27,687 m³ by different 3 water projects and verified in Maneja (Vadodara) Plant.
6. Reuse of RO reject water for Segment 2,6 & 8
7. Water uses reduction by Installing Flush Tanks at Toilets in Segment 4, & 7
8. Implementing the returnable packaging instead of corrugated paper packaging.
9. Water day celebration for water saving awareness
10. "Drive Towards Zero Accident" has been started & Rolling trophy has been given to best performing segments/dept. in terms of EnEHS.
11. Vaccination Drive in Plant for All Employee on COVID-19 for precautionary Dose.
12. Plant was runner up in Schaeffler award 2022 under sustainability category.

Savli (Vadodara)

1. Central hooter system for plant with High range hooter
2. Entire plant cooling system converted to Water based cooling system in place of Air based cooling system
3. Air conditioner of electrical panel in Central supply system are converted to Water based conditioner to reduced fire risk
4. Gas detection system activated in New furnace area
5. Foam trolley with the capacity of 200 lit of foam introduced in the DGBB grinding area

6. NOVAC flooding system initiated in the electrical panels in central facility
7. Water saving project introduced in washroom and canteen tap by changing the discharge nozzle which reduced the water flow from 1000ml to 200 ml
8. New tree plantation in the plant periphery during environment day
9. Around 1,000 training programs run in the KIOSK safety training module
10. More than 200 employees covered under basic fire training on shop floor
11. Water day celebration done on March 22, 2022 for awareness for water saving
12. New Effluent Treatment Plant started with full capacity
13. Booster dose vaccination drive conducted in the plant for COVID
14. New loading unloading device developed in the F&OD area
15. Magnetic lifter was introduced in HT area for handling of LSB ring0073
16. Safety instruction display board introduced at the main gate

B. Technology Absorption

1. The efforts made towards technology absorption

1. Additional Clutch release bearings assembly line installed
2. CRB 120 grinding line installed
3. TRB assembly lines <90 installed
4. DRACBB bearing assembly line installed
5. RNN bearing assembly line installed
6. One-way clutch assembly line installed
7. SRB assembly line installed

2. Benefits derived like product improvement, cost reduction, product development or import substitution

The Product reliability with customer-oriented Productivity and Schaeffler global Quality level is ensured with empowered technology of Schaeffler group with introduction of new Technology, better working condition, improved metrology and Global standards of Quality of our products with meeting all compliance level of health and safety as per ISO45001 standards for local and Global customers.



3. Details of Imported Technology (Imported during the last three years reckoned from the beginning of the year)

Technology	Year of import	Whether technology is fully absorbed?	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
Grinding and honing line for CRB<120	2020	Yes	
Grinding and honing line for CRB<120	2020	Yes	
Hwacheon Live Tool Machine	2020	Yes	
Grinding and honing line for CRB 120	2020	Yes	
New Technology and Capacity Expansion in Plastic injection molding	2020	Yes	
BU drawn cup assembly machine	2020	Yes	
Stamping Press for drawn cup bearings	2020	Yes	
Grinding and honing line for RN-RNN<62	2021	Yes	
Grinding and honing line for ACBB<62	2021	Yes	
Ultrasonic testing of taper rollers	2021	Yes	
Grinding and honing line for TRB<90	2021	Yes	
Grinding and honing line for RN-RNN<62	2021	Yes	
Grinding and honing line for ACBB<62	2021	Yes	
Ultrasonic testing of taper rollers	2021	Yes	
Grinding and honing line for TRB<90	2021	Yes	
EK17 line for passenger car clutches	2021	Yes	
Fanuc Robo Drill -Hub Drilling	2021	Yes	
DGBB 62-170mm line	2021	Yes	
VH honing machines	2021	Yes	
Grinding and honing line for TRB>90-170	2022	Yes	
Grinding and honing line for RN-RNN<62	2022	Yes	
Honing machine HM280G1 for cylindrical, taper and spherical rings	2022	Yes	
Face grinding machine for cylindrical and taper rings	2022	Yes	
Outer diameter grinding machines for cylindrical and taper rings	2022	Yes	
Grinding and honing line for DRACBB<62	2022	Yes	
MEG 75 OD Grinding machine for Rollers	2022	Yes	
Agathon Cutting machine for ASGS	2022	Yes	
Honing machine for ASGS	2022	Yes	
Turning machine for ASGS	2022	Yes	
Raceway Grinding machine for ASGS	2022	Yes	
Grinding machine for SRB 120-200 Line	2022	Yes	
One Way clutch line	2022	Yes	
AMS for Hub outer Profile Milling	2022	Yes	
Fanuc Milling for Tractor Pressure Plate	2022	Yes	
Washer Blocking Automation	2022	Yes	
Roller Hearth Furnace	2022	Yes	
Round Table with IH machine for Diaphragm Spring	2022	Yes	

The details of Expenditure incurred on Research and Development are as follows:

Sr. No.	Particulars	2022	2021
1.	Capital	66.5	60.7
2.	Recurring	905.7	955.0
3.	Total	972.2	1,015.7
4.	Total R&D spend as % of total turnover	1.4%	1.8%

4. Foreign Exchange Earnings and Outgo:

Particulars	2022	2021
(₹ in Million)		
Earning:		
Earning in foreign exchange		
Sale of Service Income	308.7	24.0
FOB value of exports	10,546.7	6,826.1
Other	108.8	84.8
Total foreign exchange earned	10,964.1	6,934.9
Outgo:		
ClF value of Imports:		
Raw materials, Components, Products purchased for Sale, Stores & Spares, Capital goods and intangible assets	24,703.8	21,649.4
Expenditure in foreign currency		
Fees for use of technology	1,298.3	1,064.3
Dividend paid to Shareholders (net of tax)	1,853.8	880.5
Total foreign exchange used	27,855.9	23,594.2

For and on behalf of the Board

Ms. E. V. Sumithasri
Chairperson
DIN: 07087197

Mumbai: February 16, 2023

Corporate Governance Report

1. Company’s Philosophy on Code of Corporate Governance

The Company is committed to maintain high standards of Corporate Governance and continues to practice the same to add long-term value. The core principles of Corporate Governance are:

- Lay emphasis on integrity and accountability.
- Incorporate several practices aimed at a high level of business ethics and effective supervision.
- Provide for enhancement of value for all stakeholders.

The Company’s Corporate Governance conforms to all regulatory and legal requirements. The basic philosophy behind an endeavour towards better Corporate Governance is to achieve business excellence and strengthen the confidence of all stakeholders. It is very important for the Company to achieve economic success and simultaneously act responsibly towards the environment, people and society. These principles are also articulated through the Company’s Code of Conduct which is applicable to the Board, Senior Management and every single employee of the Company. Under its comprehensive Code of Conduct, the Company is committed to a culture of sustainability and views it as a prerequisite for the Company’s long-term success. Good Governance practices stem from the dynamic culture and positive mindset of the organisation. This Corporate Governance Report sets out a description of Schaeffler India’s Corporate Governance practices.

2. Board of Directors

Your Board of Directors closely monitor the performance of the Company and Management, approves the plans, reviews the strategy and strives to achieve organisational growth. Your Board ensures statutory and ethical conduct and place high importance on the internal financial reporting. It shoulders the responsibility and holds itself accountable to the Shareholders as well as other stakeholders for the long-term well-being of the Company.

(A) Composition of Board

- (i) The Managing Director is entrusted with the Management of your Company. He is assisted by Core Management Team and Senior Executives comprising of experts from the respective fields.
- (ii) The ‘Board of Directors’ is constituted with appropriate combination of Executive Directors, Non-Executive Directors, Independent Directors and Women Directors, as per the prevailing regulatory requirements. As on December 31, 2022 the Company had 10 (Ten) Directors, out of which 8 (Eight) Directors are Non-Executive Directors, including 3 (Three) Non-executive Women Directors, and out of these 8 (Eight), 5 (Five) are Independent Directors including 2 (Two) Independent Women Directors.
- (iii) None of the Directors on the Board is a member of more than 10 (Ten) committees or a Chairperson of more than 5 (Five) committees [as stipulated in Regulation 26(1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) across all the Indian Public Companies, in which he/she is a Director. The annual disclosure providing the committee position and other Directorship has been made by the Directors.
- (iv) The names and categories of the Directors on the Board, their attendance at Board Meetings, last Annual General Meeting held during the year, number of Directorships held by them in Indian Companies and Committee Chairmanship/ Membership held by them in Indian Public Companies are given below. For reckoning the maximum number of Chairmanships/Memberships in committees, only 2 (Two) committees viz. ‘Audit Committee’ and ‘Stakeholders Relationship Committee’ of the Board have been considered.



Name of Director(s)	Director Identification Number (DIN)	Category*	Number of Directorships	Number of Membership (Chairmanship) in Committees	Attendance in Board Meetings held in 2022	Attendance at last AGM held on April 27, 2022
			As on December 31, 2022		Yes or No or NA [#]	
Mr. Avinash Gandhi ¹	00161107	NE & ID	9	7(1)	5	Yes
Mr. Andreas Schick	09257160	NE & NID	1	1(0)	4	Yes
Ms. Corinna Schittenhelm	09257159	NE & NID	1	0	5	Yes
Mr. Dharmesh Arora	05350121	NE & NID	1	0	5	Yes
Mrs. Renu Challu	00157204	NE & ID	3	5(3)	5	Yes
Mr. Arvind Balaji	00557711	NE & ID	11	4(0)	5	Yes
Mr. Amit Kalyani	00089430	NE & ID	9	2(0)	2	Yes
Ms. Eranti V. Sumithasri ²	07087197	NE & ID	3	3(0)	5	Yes
Mr. Harsha Kadam	07736005	E & NID	1	1(0)	5	Yes
Mr. Satish Patel	00690869	E & NID	1	2(0)	5	Yes

* E & NID: Executive and Non-Independent Director, NE & NID: Non-Executive and Non-Independent Director, NE & ID: Non-Executive and Independent Director
NA: Not Applicable
¹ Ceased to be a Director & Chairperson of the Board of Directors of the Company effective February 6, 2023 (close of business hours) on account of expiry of his term.
² Appointed as the new Chairperson of the Board of Directors of the Company effective from February 7, 2023.

Details of Directorship in Listed Companies as on December 31, 2022

Name of Director(s)	No. of Directorships ¹	No. of Committee Membership ¹	No. of Committee Chairmanship ¹	Name of Listed Company	Category of Directorship held ²
Mr. Avinash Gandhi	5	8	1	Schaeffler India Limited	NE & ID
				Lumax Industries Limited	NE & ID
				Minda Corporation Limited	NE & ID
				Lumax Auto Technologies Limited	NE & ID
				Action Construction Equipment Limited	NE & ID
Mr. Dharmesh Arora	1	0	0	Schaeffler India Limited	NE & NID
Mr. Harsha Kadam	1	1	0	Schaeffler India Limited	E & NID
Mr. Satish Patel	1	2	0	Schaeffler India Limited	E & NID
Mr. Andreas Schick	1	1	0	Schaeffler India Limited	NE & NID
Ms. Corinna Schittenhelm	1	0	0	Schaeffler India Limited	NE & NID
Mrs. Renu Challu	3	5	3	Schaeffler India Limited	NE & ID
				NCC Limited	NE & ID
				Ceinsys Tech Limited	NE & ID
				Schaeffler India Limited	NE & ID
Mr. Arvind Balaji	2	4	0	India Nippon Electricals Limited	E & NID
				Schaeffler India Limited	NE & ID
Mr. Amit Kalyani	7	2	0	Schaeffler India Limited	NE & ID
				Bharat Forge Limited	E & NID
				Kalyani Steels Limited	NE & NID
				BF Utilities Limited	NE & NID
				Kalyani Investment Company Limited	NE & NID
				BF Investment Limited	NE & NID
Ms. Eranti V. Sumithasri	1	3	0	Hikal Limited	NE & NID
				Schaeffler India Limited	NE & ID

¹ Company Directorships includes directorships in all listed public limited companies and excludes private limited companies, foreign companies and Section 8 companies. The details of Committee Chairmanships/Memberships are disclosed as per Regulation 26 of the SEBI Listing Regulations.
² E & NID: Executive and Non-Independent Director, NE & NID: Non-Executive and Non-Independent Director, NE & ID: Non-Executive and Independent Director.

(v) Executive Directors:

- Mr. Harsha Kadam, Managing Director holds a Bachelor’s degree in Mechanical Engineering from Bangalore University and Diploma in Finance and Marketing from IGNOU. He has done Executive Development course in Marketing from IIM Bangalore and has a vast experience in various functions like Sales, Manufacturing and Product Design/Development.
- Mr. Satish Patel, Director – Finance & CFO is a member of The Institute of Cost Accountants of India and holds a Master’s degree in Commerce. He has a vast experience in the field of Controlling and Finance Management.

(vi) Independent Directors:

- Mr. Avinash Gandhi, holds a Bachelor’s degree in Mechanical Engineering and has a vast experience in the Automobile Industry. Mr. Gandhi ceased to be a Director and Chairman of the Board of Directors of the Company effective February 6, 2023 on account of expiry of his term.
- Mrs. Renu Challu, holds a Master’s degree in Economics (Gold Medallist) from University of Lucknow and has a vast experience in Banking and Finance.
- Mr. Amit Kalyani, holds a Bachelor’s degree in Mechanical Engineering from Bucknell University, Pennsylvania, USA and a Harvard Business School OPM graduate. He is a YPO member and has a vast experience in manufacturing and technology.
- Mr. Arvind Balaji, holds a Bachelor’s degree in Mechanical Engineering from BITS Pilani, a Master’s degree in Manufacturing System Engineering from Stanford University and an MBA in Finance from Wharton School, University of Pennsylvania and has a vast experience in the investment banking, financing and M&A transactions.
- Ms. Eranti V. Sumithasri, holds Master's degree in Computer Science & Engineering from University of Connecticut, USA and Bachelor’s degree in Computer Science from Visvesvaraya College of Engineering, India and has a vast experience in Business Leadership, Technology, Consulting and Financial Services industry. Ms. Sumithasri was appointed as the new Chairperson of the Board of Directors of the Company effective from February 7, 2023.

(vii) Non-Independent Directors:

- Mr. Andreas Schick studied Automotive Engineering at the University of Munich and has a vast experience in Production and Supply Chain Management.
- Ms. Corinna Schittenhelm studied Business Administration from University of Applied Sciences for Economics & Technology in Kempten and has a vast experience in the fields of Human Resource and Sustainability.
- Mr. Dharmesh Arora holds Bachelor’s degree in Mechanical Engineering from University of Mumbai and TRIUM Global Executive MBA degree from NYU Stern School of Business; London School of Economics and HEC Paris. He has a vast experience in the Automotive Industry.

None of the Directors is related inter-se.

Directors’ shareholding in the Company

Mr. Harsha Kadam holds 500 Equity Shares and Ms. Eranti V. Sumithasri holds 50 Equity Shares of the Company and none of the other Directors hold any Equity Share of the Company as on December 31, 2022.

(B) Board Meeting(s) during 2022

The gap between any two meetings did not exceed 120 days. 5 (Five) Board Meetings were held during 2022 on the following dates:

Board Meeting(s)	I	II	III	IV	V
Dates	February 16	April 26	May 23	July 27	October 18
Start Timing	15:30 HRS IST	14:30 HRS IST	12:30 HRS IST	14:30 HRS IST	12:30 CEST
Venue (Deemed venue)	Virtual (New Delhi)	Virtual (San Fransisco)		Virtual (New Delhi)	Germany

The details of attendance of each of the Directors at the Board Meeting(s) are given in the table at Point No. 2(A).

(C) Board Meeting Procedure

Annual Calendar of Board Meetings for the year is usually scheduled in advance in the previous year. The notice convening Board Meeting is sent to each of the Directors along with relevant papers well in advance of the meeting date. The items in the agenda are supported by comprehensive background information which enable the Board to take informed decisions. All significant



developments and material events are brought to the notice of the Board, either as a part of the agenda papers in advance of the meeting or by way of presentations or circulation of relevant documents during the meeting. The Managing Director briefs the Board on the financial performance of the Company during the previous quarter and trend analysis as compared to the budgets, operational performance and market scenario. During the reporting year, the Managing Director also briefed the Board on COVID-19 pandemic, employee health & safety and the Schaeffler India footprint, ESG and Schaeffler India Strategy updates.

The Board has complete access to all the information of the Company. The following information are provided to the Board as and when occasion arises:

1. Annual operating plans, budgets and any updates;
2. Capital budgets and any updates;
3. Quarterly results of the Company and its operating divisions or business segments;
4. Minutes of meetings of Audit Committee & other committees of the Board of Directors;
5. 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;
6. Show cause, demand, prosecution notices and penalty notices which are materially important;
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
8. Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
10. Details of any joint venture or collaboration agreement;
11. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
12. 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.;

13. Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business;
14. Quarterly details of foreign exchange exposure and the steps taken by the Management to limit the risks of adverse exchange rate movement, if material;
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer etc.

(D) Code of Conduct

The Company has laid down a Code of Conduct, for all its Board Members and Senior Management Personnel for avoidance of conflicts of interest. The declarations with regards to its compliance have been received for the year 2022 from all the Board Members and Senior Management Personnel.

There were no material financial and commercial transactions, in which Board Members or Senior Management Personnel had personal interest, which could lead to potential conflict of interest with the Company during the year. The Code of Conduct is also available on Company's website on following web link: https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Annexure_13_Code_of_Conduct.pdf.

(E) Familiarisation and training to Directors

Induction, orientation or familiarisation programs are part of our culture and applicable to all layers of Management and the Board Members, which are designed based upon the position/job requirements.

Guided by the principles of best Corporate Governance Practices, all the Directors including Independent Directors are provided familiarisation trainings through various programs and workshops which give them insights to the Company, including nature of Industry in which the Company operates, business model of the Company, relevant information of business processes, business development, strategy and business plan of the Company. They are also informed about their role, responsibilities, duties and rights from time to time.

The familiarisation and trainings are provided to all the Directors including Independent Directors. Executive Directors, have additional trainings, workshops and orientations depending upon their role, responsibilities and developments in business.

Following programs, trainings and workshops were conducted for all Directors during the year 2022:

Sr. No.	Particulars	No. of Hours (approx.)	Faculty/Trainer/Speaker	Participants
1.	COVID-19 updates and measures taken	2	CEO	All the Directors
2.	Review of Financial, Business and Operational Performance of the Company, ESG update	10	CEO & CFO	All the Directors
3.	Tour – Schaeffler Plant, Schweinfurt	3	Plant Head	All the Directors (except Mrs. Challu and Mr. Balaji)
4.	Tour – Schaeffler Plant, Schaeffler R & D Centre, Herzogenaurach	2	Plant Head	All the Directors (except Mrs. Challu and Mr. Balaji)
5.	Schaeffler Cyber Security Program	1.5	Schaeffler India IT Head, Schaeffler Global IT team, Compliance & Corporate Security Officer, CS & VP-Legal.	Ms. E. V. Sumithasri

The details of such programs have been disclosed on the website of the Company on following web-link: https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/Familiarisation_Programs-2022.pdf.

(F) Meeting of Independent Directors

As per Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under the provisions of the Companies Act, 2013, a separate Meeting of the Independent Directors was held on November 24, 2022 interalia, to review the performance of Non-Independent Directors, Chairman, Managing Director and the Board as a whole and to assess quality, quantity and timeliness of flow of information between Management and the Board for ensuring effective participation by the Board Members. Mr. Avinash Gandhi, Mrs. Renu Challu, Mr. Arvind Balaji, Mr. Amit Kalyani and Ms. Eranti V. Sumithasri, Independent Directors were present at the Meeting.

(G) Matrix of skills/expertise/competence of the Board of Directors

Details of the core skills/expertise/competencies identified by the Board of Directors as required in the context of the business(es) and sector(s) in which it operates to function effectively and the names of Directors who possess such skills/expertise/competencies.

Core Skills/Expertise/Competence	Name of Directors									
	Mr. Avinash Gandhi	Mr. Dharmesh Arora	Mr. Harsha Kadam	Mr. Satish Patel	Mr. Andreas Schick	Ms. Corinna Schittenhelm	Ms. Eranti V. Sumithasri	Mr. Arvind Balaji	Mrs. Renu Challu	Mr. Amit Kalyani
Business Management	✓	✓	✓	-	✓	✓	✓	✓	✓	✓
Strategic Management	✓	✓	✓	✓	✓	✓	-	✓	✓	✓
Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Engineering and Technology	✓	✓	✓	-	✓	-	✓	✓	-	✓
Finance Management	✓	✓	✓	✓	-	✓	-	✓	✓	✓
Governance & Board Dynamics	✓	✓	✓	-	-	✓	✓	✓	✓	✓

(H) Confirmation of the Board on Independence

Based on the disclosures received from the Independent Directors, the Board of Directors of the Company confirms that the Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and are Independent of the Management.

(I) Digital Performance Management & Succession Planning

The Company recognises the importance of succession planning for senior and critical roles. The Succession Plan for each leader is planned thoughtfully, keeping in mind short term & long term risks. A bench-strength analysis is done every year, based on the Talent Management guidelines. The Company is adopting a globally standardised SAP based Success Factors software as a futuristic Performance Management System. The Company has well established leadership platforms, such as the 'Young Leadership Program' for emerging leaders and 'Accelerated Leadership' for developing a talent pipeline and at the Asia Pacific level, we have programs like Developing Emerging Leaders & Leadership Excellence to strengthen Schaeffler leadership. The Company has a foundation of Talent Mobility to groom high-potential leaders across different Schaeffler plant locations.



3. Audit Committee

(A) Composition of Audit Committee

The Company has duly constituted Audit Committee, with the powers and roles in accordance with the prevailing regulatory requirements. The Committee acts as a link to connect the Management, Auditors and the Board of Directors. As on December 31, 2022, the members of the Audit Committee are:

Sr. No.	Name of Director	Role in the Committee	Category
1.	Mrs. Renu Challu	Chairperson	Non-Executive & Independent
2.	Mr. Avinash Gandhi ¹	Member	Non-Executive & Independent
3.	Mr. Arvind Balaji	Member	Non-Executive & Independent
4.	Mr. Amit Kalyani	Member	Non-Executive & Independent
5.	Ms. Eranti V. Sumithasri	Member	Non-Executive & Independent
6.	Mr. Andreas Schick	Member	Non-Executive & Non-Independent
7.	Mr. Satish Patel	Member	Executive & Non-Independent

¹ Ceased to be a Director of the Company effective February 6, 2023 on account of expiry of his term.

The Company Secretary acts as the Secretary to the Audit Committee of the Company.

(B) Meetings of Audit Committee and Attendance of Members

Details of the Audit Committee Meetings held during 2022 are as follows:

Audit Committee Meeting(s)	I	II	III	IV	V	VI
Dates	February 4, 2022	February 16, 2022	April 26, 2022	May 23, 2022	July 27, 2022	October 18, 2022
Start Timing	15:00 HRS IST	12:30 HRS IST	11:30 HRS IST	11:30 HRS IST	11:30 HRS IST	9:00 AM CEST
Venue (Deemed venue)		Virtual (Hyderabad)			Virtual (Mumbai)	Germany
Attended by	Mrs. Renu Challu	Mrs. Renu Challu	Mrs. Renu Challu	Mrs. Renu Challu	Mrs. Renu Challu	Mrs. Renu Challu
	Mr. Arvind Balaji	Mr. Arvind Balaji	Mr. Arvind Balaji	Mr. Arvind Balaji	Mr. Arvind Balaji	Mr. Arvind Balaji
	Mr. Avinash Gandhi	Mr. Avinash Gandhi	Mr. Avinash Gandhi	Mr. Avinash Gandhi	Mr. Avinash Gandhi	Mr. Avinash Gandhi
	Mr. Amit Kalyani	-	Mr. Amit Kalyani	-	Mr. Amit Kalyani	Ms. E. V. Sumithasri
	Ms. E. V. Sumithasri	Ms. E. V. Sumithasri	Ms. E. V. Sumithasri	Ms. E. V. Sumithasri	Ms. E. V. Sumithasri	Mr. Satish Patel
	Mr. Satish Patel	Mr. Satish Patel	Mr. Satish Patel	Mr. Satish Patel	Mr. Satish Patel	Mr. Andreas Schick
	Mr. Andreas Schick	-	-	Mr. Andreas Schick	Mr. Andreas Schick	Mr. Amit Kalyani

The Audit Committee invites such Executives as it considers appropriate to be present at the meeting including the representative of Statutory Auditors, Cost Auditors and the Internal Auditor of the Company.

All the members of Audit Committee are financially literate and majority of them have Accounting and Financial Management expertise. The Chairperson of the Audit Committee, Mrs. Renu Challu, attended the 59th Annual General Meeting held on April 27, 2022.

The Audit Committee mandatorily reviews:

1. Management Discussion and Analysis of financial condition and results of operations;
2. All related party transactions submitted by Management;
3. Management letters/letters of internal control weaknesses issued by the Statutory Auditors, if any;
4. Internal Audit Reports;
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor; and.
6. Statement of deviations, if any.

(C) Terms of Reference

The terms of reference of the Audit Committee include matters specified in the Companies Act, 2013, Rules made thereunder, the SEBI Listing Regulations and those specified by the Board in writing. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required.

The Audit Committee acts in accordance with the terms of reference which, inter alia, include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;

4. Reviewing, with the Management, the annual financial statements and Auditors' report thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the 'Directors' Responsibility Statement' to be included in the board's report in terms of Section 134(3)(c) 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) Disclosure of any related party transactions
 - (g) Qualifications/Modified opinion(s) in the draft audit report
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;

6. Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the Auditors' independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and Risk Management systems;
12. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with Internal Auditors of any significant findings and follow up thereon;
15. Reviewing 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;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle-Blower Mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is included in the terms of reference of the Audit Committee.
21. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

4. Nomination and Remuneration Committee

Pursuant to provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI Listing Regulations, Nomination and Remuneration Committee of the Board (hereinafter referred to as 'NRC') is duly constituted.

(A) Composition of NRC

As on December 31, 2022, the members of the NRC are:

Sr. No.	Name of Director	Role in the Committee	Category
1.	Mrs. Renu Challu	Chairperson	Non-Executive & Independent
2.	Mr. Avinash Gandhi ¹	Member	Non-Executive & Independent
3.	Mr. Amit Kalyani	Member	Non-Executive & Independent
4.	Mr. Dharmesh Arora	Member	Non-Executive & Non-Independent
5.	Ms. Corinna Schittenhelm	Member	Non-Executive & Non-Independent
6.	Mr. Arvind Balaji	Member	Non-Executive & Independent
7.	Ms. E. V. Sumithasri ²	Member	Non-Executive & Independent

¹ Ceased to be a Director of the Company effective February 6, 2023 on account of expiry of his term.

² Appointed as a member of NRC effective February 7, 2023.



(B) Meetings of NRC

During the year 2022, 1 (One) meetings of NRC was held on February 15, 2022 through virtual means (deemed venue-Hyderabad) and the meetings were attended by Mrs. Renu Challu, Mr. Avinash Gandhi, Mr. Dharmesh Arora & Ms. Corinna Schittenhelm.

(C) Terms of Reference of NRC

The Committee acts as a link between the Management and the Board of Directors. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise or obtain legal or other professional advice from external sources, whenever required.

The Committee shall act in accordance with the terms of reference which, inter alia, include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management;

1A.* For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- (a) use the services of an external agencies, if required;
 - (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (c) consider the time commitments of the candidates
2. Formulation of criteria for performance evaluation of Independent Directors and the Board of Directors;
 3. Devising a policy on Board diversity;
 4. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management positions in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

5. Whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors;
6. To recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

* The term of reference in 1A is effective from January 1, 2022.

(D) Annual Performance Evaluation Criteria for Independent Directors:

The criteria for performance evaluation of Independent Directors include (i) Attendance at the meetings, (ii) Preparedness and active participation in meetings, (iii) Staying updated on developments, (iv) Constructive contribution made in the meetings, (v) Being objective and protecting interest of all shareholders, (vi) Engaging as well as challenging Management without being confrontational or obstructionist, (vii) Ensuring integrity of financial statements/internal controls, (viii) Ensuring Risk Management system & mitigation measures are in place (ix) Fulfilment of the independence criteria (as specified in the Listing Regulations) and independence from the Management.

5. Remuneration

(A) Remuneration to the Executive Directors

The Remuneration of Executive Directors (Managing Director and Director-Finance) has fixed as well as variable components. The variable components comprise of ‘Short Term Bonus’ and ‘Long Term Bonus’ and the criteria for determination are as under:

A. Short Term Bonus

- (a) Non-Financial Target (20%)
- (b) Free Cash Flow (40%) and,
- (c) Schaeffler Value Added (40%).

Non-Financial Target (NF) : LTIR is the target chosen under NFT. People safety is our top priority with the increase in production demand the risk related to employees are also tend to increase but we as a responsible employer we are continuously focusing on reducing the risk of our employees with technology and innovation keeping us reducing the accident rate trend.

B. Long Term Bonus

- (a) Service Condition (50%),
- (b) Total Shareholders Return (25%) and,
- (c) Earning Per Share (25%).

Total Shareholders Return (TSR): relative outperformance of Share Price of Schaeffler India Ltd. in comparison of BSE Industrial Index, BSE Auto Index and BSE Capital Goods Index.

Earning Per Share: the target achievement is measured based on the absolute average annual growth of earning per preferred share during the performance period.

Rationale:

Free Cash Flow (FCF):

- FCF reflects operational and liquidity performance, a key for short and long-term sustainability;
- FCF reflects ability of the Company to convert it operating performance to cash inflow to meet operational needs and capex for future growth.

Schaeffler Value Added (SVA):

- RoCE is a value-based performance indicator to reflect how efficiently the Company uses its resources
- SVA is closely linked to RoCE and reflects the interest and needs of all investors

FCF and SVA together reflects holistic view of short and long term sustainable performance of the Company and returns to shareholders.

The details of remuneration paid for 2022 to the Managing Director and Director – Finance are as follows:

(₹ in million)				
Name	Salary & Performance Bonus	Allowance & Perquisites	Company's contribution to funds	Total
Mr. Harsha Kadam (Managing Director)	21.7	7.0	1.5	30.3
Mr. Satish Patel (Director – Finance & CFO)	8.6	6.7	1.4	16.7

Notes:

- (a) Company's contributions to fund include Superannuation Fund and Provident Fund and exclude the accruals for gratuity as it is funded on the basis of an actuarial valuation for the Company as a whole.
- (b) The Company has entered into Employment Agreement with Executive Directors.
- (c) The details of fixed and variable components of the remuneration of Executive Directors are disclosed in the resolution and explanatory statement for their appointment or for revision in remuneration, as the case may be. The criteria for variable performance linked component have been explained in this Report.
- (d) As per employment agreement, either party can terminate agreement by giving 6 (Six) months' notice in writing. There is no provision for severance fees.
- (e) The Company has no Stock Option Scheme as on December 31, 2022.

Remuneration to the Senior Management

The scheme of variable components comprising Short Term Bonus and Long-Term Bonus as detailed in point 5 (A) above, is also applicable to the Executive Leadership Team (Senior Management) of the Company.

(B) Criteria for remuneration to the Non-Executive Directors

As per shareholders' approval by way of Ordinary Resolution passed at 53rd Annual General Meeting held on April 27, 2016, Non-Executive Directors are paid ‘Sitting Fees’ for attending Board/Committee Meetings and ‘Profit Related Commission’ based on performance of the Company.

In view of the responsibilities shouldered, time spent and efforts made by the Non-Executive Directors who are in whole-time employment of the Schaeffler Group, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, had approved,

inter alia, necessary amendments in Nomination and Remuneration Policy, for payment of sitting fees and profit related commission to such Non-Executive Directors.

Accordingly, effective April 1, 2019, the Non-Executive Directors including the Non-Executive Director of Schaeffler Group, have been paid sitting fees for attending meetings of Board/Committees thereof, unless specifically waived by the concerned Non-Executive Director of the Schaeffler Group. The shareholders approved the payment of sitting fees and profit related commission to be paid to the Non-Executive Directors and the payments have been made thereto.



The details of sitting fees for attending Board/Committee Meetings held during the year 2022 and profit related commission for the year 2021 paid to them are as follows:

Name of Director	Number of Meetings attended						Sitting Fees (₹)	Commission (₹)
	Board Meetings	Audit Committee Meetings	Stakeholders Relationship Committee Meetings	Nomination & Remuneration Committee Meetings	Corporate Social Responsibility Committee Meetings	Risk Management Committee Meetings		
Mr. Avinash Gandhi	5	6	-	1	-	-	820,000	3,200,000
Mrs. Renu Challu	5	6	2	1	-	-	930,000	2,100,000
Mr. Arvind Balaji	5	6	-	-	2	-	875,000	2,100,000
Mr. Amit Kalyani	2	4	-	-	1	-	465,000	2,100,000
Ms. Eranti V. Sumithasri	5	6	-	-	-	3	930,000	2,100,000
Mr. Dharmesh Arora	5	-	-	1	-	3	595,000	2,100,000
Mr. Andreas Schick ¹	-	-	-	-	-	-	-	-
Ms. Corinna Schittenhelm ¹	-	-	-	-	-	-	-	-

¹ Effective April 1, 2019, sitting fees for attending meetings of Board and Committees thereof are paid to the Non-Executive Directors who are in whole-time employment of the Schaeffler Group. Mr. Andreas Schick and Ms. Corinna Schittenhelm have decided not to accept sitting fees and commission.

All the Directors have been reimbursed expenses incurred by them in discharge of their duties. The payments made to a Director in his/her individual capacity have been disclosed. However, none of these Directors has any material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Senior Management or holding company and its associates which may affect their independence. The Company has not entered into any materially significant transaction with Promoters, Directors or their Relatives or its Management that may have potential conflict with the interests of the Company.

During the year, there were no transactions entered with the Non-Executive Directors or their Relatives.

6. Stakeholders' Relationship Committee

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the Listing Regulations, 'Stakeholders' Relationship Committee' ('SRC') of the Board has been constituted.

(A) Composition of SRC

The Committee consist of following members:

Sr. No.	Name of Director	Role in the Committee	Category
1.	Mrs. Renu Challu	Chairperson	Non-Executive & Independent
2.	Mr. Harsha Kadam	Member	Executive & Non-Independent
3.	Mr. Satish Patel	Member	Executive & Non-Independent

(B) Meetings of SRC & Attendance of Members

The Committee meets to deal with matters relating to redressal of complaints from shareholders regarding transfers, non-receipt of Annual Report, non-receipt of declared dividends etc. and to review effectiveness of Investors' Relations system of the Company.

During the year 2022, 2 (Two) meetings of SRC were held on April 26, 2022 and July 26, 2022 through virtual means (deemed venue-Hyderabad and Mumbai respectively) and it was attended by all the members.

The Chairperson of the SRC, Mrs. Renu Challu, attended the 59th Annual General Meeting held on April 27, 2022.

Mr. Ashish Tiwari, VP-Legal & Company Secretary is the Compliance Officer of the Company. During 2022, total of 24 complaints were received.

All complaints received during the year 2022 were attended to and resolved satisfactorily. There was no complaint pending as on December 31, 2022.

(C) Terms of Reference of SRC

The Committee acts in accordance with the terms of reference which, inter alia, include:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- The Committee shall meet at least once a year.

7. Corporate Social Responsibility Committee

The 'Corporate Social Responsibility Committee' ('CSR Committee') of the Board constituted pursuant to the provisions of Section 135 of the Companies Act, 2013, comprises the following members:

(A) Composition of CSR Committee

Sr. No.	Name of Director	Role in the Committee	Category
1.	Mr. Arvind Balaji	Chairperson	Non-Executive & Independent
2.	Mr. Amit Kalyani	Member	Non-Executive & Independent
3.	Ms. Corinna Schittenhelm	Member	Non-Executive & Non-Independent
4.	Mr. Harsha Kadam	Member	Executive & Non-Independent

(B) Meetings of CSR Committee & Attendance of Members

During the year 2022, 2 (Two) meetings of CSR Committee were held, details of which are as follows:

Board Meeting(s)	I	II
Dates	February 15, 2022	October 14, 2022
Start Timing	13:30 HRS IST	11:30 HRS IST
Venue/Deemed venue	Chennai Virtual	Chennai Virtual
Attended by	Mr. Arvind Balaji Mr. Harsha Kadam Ms. Corinna Schittenhelm -	Mr. Arvind Balaji Mr. Harsha Kadam Ms. Corinna Schittenhelm Mr. Amit Kalyani

(C) Terms of Reference of CSR

The Committee shall act in accordance with the terms of reference which, inter alia, include:

- To formulate and recommend to the Board a CSR Policy which will define the focus areas and indicate the activities to be undertaken by the Company under CSR domain and
- To recommend to the Board necessary amendments, if any, in the CSR Policy from time to time
- To formulate the Annual Action Plan, monitor the budget under the CSR activities of the Company and
- To accomplish various CSR projects of the Company independently or through intermediary agencies, as the case may be.

8. Risk Management Committee

The 'Risk Management Committee' ('RMC') has been constituted pursuant to the provisions of Regulation 21 of the Listing Regulations, comprises of the following members:

(A) Composition of RMC

Sr. No.	Name	Role in the Committee	Category
Directors			
1	Mr. Dharmesh Arora	Chairman	Non-Executive & Non-Independent Director
2	Ms. Eranti V. Sumithasri	Member	Non-Executive & Independent Director
3	Mr. Andreas Schick	Member	Non-Executive & Non-Independent Director
4	Mr. Harsha Kadam	Member	Executive & Non-Independent Director
5	Mr. Satish Patel	Member	Executive & Non-Independent Director
Members of Senior Management			
6	Mr. Sameer Mathur	Member	Chief Operating Officer
7	Mr. Santanu Ghoshal	Member	Vice President – Human Resources

(B) Meetings of RMC & Attendance of Members

The Chairperson of RMC, Mr. Dharmesh Arora, attended the 59th Annual General Meeting held on April 27, 2022. During the year 2022, 3 (Three) meetings of RMC were held, details of which are as follows:

RMC Meeting(s)	I	II	III
Dates	April 6	October 14	July 26
Start Timing	16:00 Hrs SGT	17:00 Hrs SGT	14:00 Hrs SGT
Venue (Deemed venue)	Singapore(deemed venue)		
Attended by	Mr. Dharmesh Arora Ms. Eranti V. Sumithasri Mr. Andreas Schick Mr. Harsha Kadam Mr. Satish Patel Mr. Sameer Mathur Mr. Santanu Ghoshal	Mr. Dharmesh Arora Ms. Eranti V. Sumithasri Mr. Andreas Schick Mr. Harsha Kadam Mr. Satish Patel Mr. Sameer Mathur Mr. Santanu Ghoshal	Mr. Dharmesh Arora Ms. Eranti V. Sumithasri - Mr. Harsha Kadam Mr. Satish Patel Mr. Sameer Mathur -

**(C) Terms of Reference of RMC:**

The Committee shall act in accordance with the terms of reference which, inter alia, include:

1. The Committee shall formulate a detailed Risk Management Policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks; and;
 - Business continuity plan.
2. The Committee shall ensure that appropriate methodology processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. The Committee shall monitor and oversee implementation of the Risk Management Policy,
4. The Committee shall periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. The Committee shall keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The Committee shall review the appointment, removal and terms of remuneration of the Chief Risk Officer, if any.
7. The Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors;
8. The Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

9. General Body Meetings & Postal Ballot

Details of Annual General Meetings held in last 3 (Three) years are as follows:

Particulars	Meetings		
	59th AGM	58th AGM	57th AGM
Date	April 27, 2022	April 27, 2021	June 30, 2020
Start Timing	3:30 PM	3:30 PM	3:30 PM
Venue/ Deemed venue	Video Conferencing/Audio Visual means 15 th Floor, ASTP (Amar Sadanand Tech Park), Baner, Pune – 411045	Video Conferencing/Audio Visual means (Registered office located at Nariman Bhavan, 8 th Floor, 227 Backbay Reclamation, Nariman Point, Mumbai - 400 021, Maharashtra, India)	Video Conferencing/Audio Visual means (Registered office located at Nariman Bhavan, 8 th Floor, 227 Backbay Reclamation, Nariman Point, Mumbai - 400 021, Maharashtra, India)

Resolutions Passed			
Ordinary Business:			
Adoption of Accounts as at	December 31, 2021	December 31, 2020	December 31, 2019
Declaration of Dividend	Dividend of ₹16 per equity share of ₹2 each	Dividend of ₹38 per equity share of ₹10 each	Dividend of ₹35 per equity share of ₹10 each
Re-appointment of Rotational Directors	Mr. Satish Patel Mr. Dharmesh Arora	Mr. Satish Patel Mr. Dharmesh Arora	Mr. Jürgen Ziegler Mr. Klaus Rosenfeld
Ratification of Appointment of Auditors and/or authorisation to fix their remuneration	-	Appointment and authorisation to fix their remuneration M/s. Walker Chandio & Co. LLP, Chartered Accountants,	Appointment and authorisation to fix their remuneration B S R & Co. LLP, Chartered Accountants, Mumbai
Special Business:			
Appointment of Directors	Ms. Corinna Schittenhelm as Director Mr. Andreas Schick as Director	Ms. Eranti V. Sumithasri as Director	Mr. Harsha Kadam as Director Mr. Harsha Kadam as Managing Director Mr. Arvind Balaji as Director Mr. Amit Kalyani as Director
Approval on	Material Related Party Transactions	Material Related Party Transactions	Payment of commission for the year 2019 to Non-Executive Directors of the Company, who are in employment of any Schaeffler Group Company
	Ratification of Remuneration to the Cost Auditors	Shifting of the Registered Office of the Company from Mumbai to Pune within the State of Maharashtra (Special resolution) Ratification of Remuneration to the Cost Auditors	Remuneration to Non-Executive Directors for the year 2020 onwards Ratification of Remuneration to the Cost Auditors

POSTAL BALLOT

During the year 2022, postal ballot activities were not conducted by the Company.

10. Means of Communication**Publication of Quarterly Results:**

Pursuant to provisions of the Listing Regulations, periodical financial results and other publications of the Company are being published in widely circulated English newspapers (The Economic Times) and a Vernacular Marathi newspaper (Prabhat). Financial results, as soon as they are approved by the Board, are submitted with the Stock Exchanges (BSE & NSE).

Website of the Company:

Apart from quarterly financial results, official news, press releases and other statutory and business information are displayed on the website of the Company: www.schaeffler.co.in;

Presentations made to Institutional Investors or to Analysts:

The Company regularly conducts Investor and analysts call after quarterly results. The Investor presentations made by the Company to analysts are submitted with the Stock Exchanges (BSE & NSE) and are also uploaded on the website of the Company. The transcripts of calls are also available on the website of the Company.

11. General Shareholder Information**(i) 60th Annual General Meeting is scheduled to be held:**

On : Tuesday, the 18th day of April 2023
At : 3:30 PM
At : at Hotel SAYAJI, Pearl Hall, 135/136, Mumbai – Bangalore Bypass Highway, Wakad, Pune, Maharashtra 411057

(ii) Financial Year

The Hon’ble Bench of Company Law Board, New Delhi has approved the petition filed by the Company under Section 2(41) of the Companies Act, 2013 and allowed the Company to continue to follow ‘Calendar Year’ as the ‘Financial Year’.

Financial year of the Company is a twelve-month period starting from January 1 to December 31.

Financial Reporting for the respective quarters of 2023 would be carried out within time limit, as per prevailing regulatory requirements.

(iii) Record Date for Dividend/Cut-off date for evoting:

Tuesday, April 11, 2023

(iv) Date of Book Closure:

Wednesday, April 12, 2023 to
Tuesday, April 18, 2023
(Both days inclusive)

(v) Dividend

The Dividend for the year 2022 if declared at the 60th Annual General Meeting scheduled to be held on April 18, 2023, shall be paid within the time limit prescribed in the Companies Act, 2013.

(vi) Listing of Equity Shares on Stock Exchanges

The Equity Shares of the Company are listed on:

- **BSE Limited (BSE),**
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra, India.
- **National Stock Exchange of India Limited (NSE),**
Exchange Plaza, C-1, Block “G”, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051, Maharashtra, India.

The requisite listing fees have been paid to the Stock Exchanges up to March 31, 2023.

(vii) Custodial Fee to Depositories

The Company has paid Annual Custodial Fees for the year 2022 – 2023 to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(viii) Stock Code

BSE Limited (BSE)	505790
National Stock Exchange of India Limited (NSE)	SCHAEFFLER
International Security Identification Number (ISIN)*	INE513A01022
Corporate Identity Number [CIN] [#]	L29130PN1962PLC204515

* The ISIN has changed due to sub-division (stock split) of equity shares.

[#] The CIN has changed due to shifting of registered office from Mumbai to Pune.

**(ix) Market Price Data**

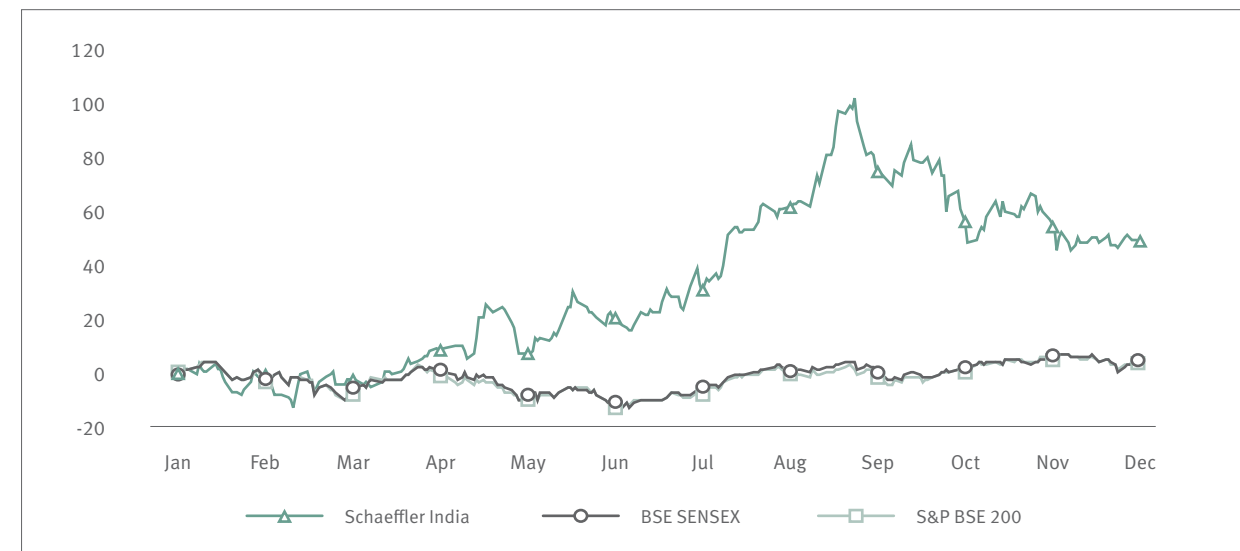
A summary containing monthly High/Low share prices at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) is as under:

Month (For the year 2022)	Equity Shares			
	BSE		NSE	
	High	Low	High	Low
January	1,928.01	1,688.89	1,940.00	1,686.45
February	1,901.95	1,600.00	1,900.00	1,598.00
March	1,965.40	1,660.00	2,000.00	1,650.05
April	2,437.05	1,913.80	2,441.60	1,915.00
May	2,489.40	1,954.15	2,488.00	1,958.05
June	2,435.75	2,130.00	2,438.65	2,128.45
July	2,859.45	2,241.00	2,860.00	2,245.35
August	3,088.80	2,768.75	3,089.20	2,767.00
September	3,968.75	2,982.05	3,969.85	2,981.35
October	3,420.00	2,681.95	3,419.95	2,682.85
November	3,123.55	2,602.50	3,126.50	2,601.15
December	2,833.55	2,615.00	2,833.35	2,613.25

(₹)

(x) Stock Performance

The performance of the Company's shares relative to the BSE SENSEX and BSE SENSEX 200 for the year 2022 is given below:

Schaeffler India versus BSE SENSEX and BSE SENSEX 200 (January-December 2022)**(xi) Registrar and Share Transfer Agent [RTA]**

The details are as under:

Name : Link Intime India Private Limited
Address : B-102 & 103, Shangrila Complex,
1st Floor, Opp. HDFC Bank
Near. Radhakrishna Char Rasta,
Akota, Vadodara
(Gujarat) – 390 020 INDIA.
Phone No.: +91 265-6136000
E-mail : vadodara@linkintime.co.in
Website : www.linkintime.co.in

'Link Intime India Private Limited' is acting as 'Registrar & Share Transfer Agent' for Company's equity shares in physical and dematerialised form.

(xii) Share Transfer System

SEBI has mandated that no share can be transferred in physical mode effective April 1, 2019. Hence, the Company has stopped accepting any fresh lodgement of transfer of shares in physical form.

Effective April 1, 2019, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) are not processed unless the securities are held in the dematerialised form with the depositories.

Shareholders holding equity shares in physical form are urged to have their shares dematerialised so as to be able to freely transfer them and participate in various corporate actions.

Trading in equity shares of the Company is permitted only in dematerialised form.

With an intention to expedite the process of share transmission, the Board of Directors has delegated authority in favour of Key Managerial Personnel, up to 5,000 shares per application. Further, the Board of Directors has delegated authority with regards to approval for issue of duplicate share certificates in lieu of lost/misplaced certificates, in favour of Stakeholders' Relationship Committee.

During the year, the Company had obtained, on half-yearly basis, a certificate, from a Company Secretary in Practice, certifying that no share certificate transfer request has been processed in view of restriction on processing transfer in physical mode pursuant to clause 40(1) of the Listing Regulations. Pursuant to the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, certificates have been received from a Company Secretary in Practice for timely dematerialisation of Shares and for reconciliation of the Share Capital of the Company on a quarterly basis.

(xiii) Information of Dividend

The unclaimed or unpaid amount of dividend declared for the financial year ended on December 31, 2015 is due for transfer to "Investor Education and Protection Fund (IEPF)" on May 30, 2023.

Entitled Members are requested to lodge their claims before the last date for claiming unpaid/unclaimed dividend as shown in the table below for the dividend in respective years.

Details of unclaimed and unpaid dividend

Dividend for year ended	Date of declaration of dividend	Amount due for transfer to IEPF on	Amount lying unpaid (₹) as on 31, December 2022
December 31, 2015	April 27, 2016	May 30, 2023	788,930.00
December 31, 2016	April 21, 2017	May 28, 2024	921,984.50
December 31, 2017	April 17, 2018	May 24, 2025	1,306,926.45
December 31, 2018	April 30, 2019	June 6, 2026	1,501,830.27
December 31, 2019	June 30, 2020	July 30, 2027	1,475,646.82
December 31, 2020	April 27, 2021	May 28, 2028	1,112,448.00
December 31, 2021	April 27, 2022	May 28, 2029	2,350,383.00
Total amount lying unpaid as on December 31, 2022			9,458,149.04

(xiv) Distribution of shareholding

Shareholding of Nominal Value of ₹	As on December 31, 2022				Shareholding of Nominal Value of ₹	As on December 31, 2021			
	Number of Shareholders	% of Total Shareholders	Share Amount (₹)	% of Total Share Amount		Number of Shareholders	% of Total Shareholders	Share Amount (₹)	% of Total Share Amount
1 to 1,000	54,361	95.58	4,516,888	1.44	1 to 5,000	22,082	97.11	6,735,210	2.15
1,001 to 2,000	1,052	1.85	1,608,094	0.51	5,001 to 10,000	284	1.25	2,090,810	0.67
2,001 to 4,000	586	1.03	1,738,580	0.56	10,001 to 20,000	139	0.61	1,984,830	0.63
4,001 to 6,000	220	0.39	1,115,190	0.36	20,001 to 30,000	52	0.23	1,261,790	0.40
6,001 to 8,000	110	0.19	769,794	0.25	30,001 to 40,000	19	0.08	682,330	0.22
8,001 to 10,000	90	0.16	843,970	0.27	40,001 to 50,000	21	0.09	938,670	0.30
10,001 to 20,000	154	0.27	2,262,462	0.72	50,001 to 100,000	42	0.18	2,966,210	0.95
20,001 to 99,999,999,999	299	0.53	299,752,362	95.89	100,001 to 99,999,999,999	100	0.44	295,947,490	94.67
TOTAL :	56,872	100.00	312,607,340	100.00	TOTAL :	22,739	100.00	312,607,340	100.00



(xv) Category wise summary of Shareholding [As on December 31, 2022]

Sr. No.	Category	No. of shareholders ¹	No. of shares	%
1.	Promoters (Foreign entities)	4	115,863,235	74.13
2.	Mutual Fund	26	21,742,784	13.91
3.	Foreign Portfolio Investor (Corporate)	219	7,516,115	4.81
4.	Public	53,637	9,847,678	6.30
5.	Other Bodies Corporate	484	848,414	0.54
6.	Others	1092	485,444	0.31
Total		55,462	156,303,670	100.00

¹ Number of shareholders are clubbed based on unique Permanent Account Numbers.

(xvi) Dematerialisation of Shares and liquidity

99.76% of the Paid-up Equity Share Capital is held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on December 31, 2022.

	NSDL	CDSL	Physical	Total
Shares (nos.)	153,558,101	2,464,869	280,700	156,303,670
Shares (%)	98.24	1.58	0.18	100

(xvii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: NIL

(xviii) Commodity Price Risks or Foreign Exchange Risks and Hedging Activities:

The Company has adequate risk assessment and minimisation system in place including for commodities as well as foreign exchange. The foreign exchange risk is managed through the hedging strategy of the Company which is reviewed periodically. The Company does not have material exposure for any commodity and accordingly, no hedging activities for the same is carried out. Therefore, there is no disclosure to offer in terms of circular of SEBI dated November 15, 2018.

(xix) Plant Locations

The manufacturing activities are being carried out from the plants located at Talegaon (Pune), Maneja (Vadodara), Savli (Vadodara) and Hosur.

(xx) Address for correspondence

Shareholders/Beneficial owners are requested to correspond with the Company's RTA as shown in Para (xi) above with respect to any query, request, information or clarification pertaining to shares and are further advised to quote their folio number, DP & Client ID number as the case may be, in all correspondence with the RTA. Additionally, shareholders may correspond with the Company at the following addresses:

Registered & Corporate Office:

15th Floor, (ASTP) Amar Sadanand Tech Park,
Baner, Pune – 411 045 (MH) India.
Phone : +91 20 68198400
Fax : +91 20 6819 8405
E-mail : investorsupport.in@schaeffler.com

(xxi) Other useful information to shareholders

ECS/NECS Facility

The Company uses “National Electronic Clearing Services” (NECS) facility for remitting dividend to its shareholders wherever available.

To enable remittance of dividend through NECS, Members are requested to provide their account number allotted to them by their respective banks after implementation of CBS. The account number must be provided to the Company in respect of shares held in physical form and to the Depository Participants in respect of shares held in electronic form.

KYC

Please refer to SEBI Circular No. SEBI/HO/MIRSD/ MIRSD RTAMB/P/CIR/2021/655 dated November 3, 2021 issued by SEBI that mandates all the listed companies to record the PAN, Address with PIN code, Email address, Mobile Number, Bank Account details, Specimen Signature and Nomination by holders of physical securities. Necessary communication for KYC updation has been sent to the shareholders holding shares in physical mode.

Please refer to the SEBI circular dated January 25, 2022 bearing Circular No. SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2022/8 pursuant to Issuance of Securities in dematerialised form in case of Investor Service Requests which states that henceforth listed companies shall issue the securities in dematerialised form only while processing certain service request. Investors holding securities in physical mode are advised to take a note of instructions mentioned in the said circular and get in touch with Link Intime India Private Limited, Registrar and Share Transfer Agent (RTA) of the Company for processing certain service requests. (Link: <https://web.linkintime.co.in/KYC-downloads.html>)

To avoid any inconvenience by shareholder holding share(s) in Physical form in future for investor service request, they are hereby informed to comply with the said circulars.

12. Disclosures

- (i) The Board has received disclosures from the Senior Management relating to material, financial and commercial transactions, where they and/ or their Relatives have personal interest. There are no materially significant Related Party Transactions of the Company, which have potential conflict with the interest of the Company at large; however, transactions with Related Parties as per requirements of applicable Accounting Standard are disclosed under notes to accounts.
- (ii) All transactions with Related Party, as defined under the Companies Act, 2013, the Listing Regulations, during the year were in ordinary course of business and at arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. The Board has approved a policy on dealing with related party transactions, and the same has been uploaded on the Company's website at https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Amended_RPT_Policy_SIL_01-04-2022pdf.pdf.
- (iii) The Company has established Vigil Mechanism to provide for safeguarding against victimisation of Directors and employees who follow such mechanism. The Board has approved Whistle-Blower Policy/establishment of Vigil Mechanism pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations and is available at <https://www.schaeffler.co.in/en/investor-relations/corporate-governance/codes-and-policies/>.
- As per the Policy, no personnel are denied access to the Audit Committee.
- (iv) There have been no instances of non-compliance and no penalties or strictures have been imposed on the Company on any matter relating to the capital markets, either by Stock Exchanges, the Securities and Exchange Board of India or any other statutory authority during the last three years.
- (v) The Company has adopted and complied with mandatory requirements as per provisions of the Listing Regulations. Some of the non-mandatory requirements have also been complied with.
- (vi) The requisite certificates from CEO and CFO were placed before the Board Meetings for consideration.

- (vii) The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- (viii) To determine ‘Material Subsidiary’, the Company has adopted a ‘Policy on Determination of ‘Material’ Subsidiary and the same has been hosted on the website of the Company on the following web link https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/policy_on_determination_of_material_subsidary_schaeffler_india.pdf.
- (ix) The Company has formulated the Dividend Distribution Policy as required under Regulation 43A of the Listing Regulations and the same is annexed as Annexure - A to this report and also available on the website of the Company at https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Annexure_8b_Dividend_Distribution_Policy.pdf.
- (x) Disclosures required under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 have been included in the Directors' Report which forms part of the Annual Report.
- (xi) During the year under review, there were no instances wherein recommendation of any Committee of the Board, which is mandatorily required for approval of the Board, were not accepted by the Board.
- (xii) Details of total fees for all services paid by the Company to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part have been included in the notes to financial statements which forms integral part of the Annual Report.
- (xiii) A Certificate required from a Practicing Company Secretary with regards to debarment / disqualification of any of the Directors on the Board of the Company from being appointed or continuing as Directors of the Company by the SEBI / Ministry of Corporate Affairs or any such statutory authority is annexed as Annexure – B to this report.
- (xiv) Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulation: Not Applicable
- (xv) Details of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount: Not Applicable



13. Demat suspense Account/Unclaimed suspense account

The Company has transferred shares, the certificates of which remained unclaimed to the Unclaimed Suspense Account of the Company and these shares are being held by the Company in Demat form on behalf of the beneficial owners of the said shares.

The disclosures with respect to the Unclaimed Suspense Account are as under:

Particulars	Number of shareholders	Number of shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	30	2,555
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	0	0
Number of shareholders to whom shares were transferred from suspense account during the year	0	0
Number of shareholders whose shares were transferred to the Investor Education Protection Fund	4	725
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	26	12,050*

* Stock Split From ₹10 to ₹2 during the year 2022.

The voting rights on the shares in the Unclaimed Suspense Account shall remain frozen till the rightful owner of such shares claims the shares.

Adoption of Discretionary Requirements
[Reg. 27(1) read with Part E of Schedule II of the Listing Regulations]

(A) The Board
Ms. E. V. Sumithasri, Non-Executive Chairperson, is entitled to maintain a Chairperson’s office at the Company’s expense and also allowed reimbursement of expenses incurred in performance of her duties.

(B) Modified Opinion(s) in Audit Report
The Auditors have issued Audit Report for the year 2022 with unmodified opinion(s).

(C) Reporting of Internal Auditor
The Head of Internal Audit reports to the Chairperson of the Audit Committee.

For and on behalf of the Board

E. V. Sumithasri
Chairperson
DIN: 07087197

Mumbai: February 16, 2023

To,
The Members of Schaeffler India Limited

Re.: Declaration by CEO

I, Harsha Kadam, Managing Director of Schaeffler India Limited, hereby declare that to the best of my knowledge and belief, all members of the Board of Directors and Senior Management Personnel have confirmed compliance with Company’s Code of Conduct for the year ended on December 31, 2022.

Harsha Kadam
Managing Director
DIN: 07736005

Mumbai: February 16, 2023

Dividend Distribution Policy

(Annexure – A to Corporate Governance Report)

1. Introduction

In accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 made effective from July 8, 2016, the top five hundred listed entities based on market capitalisation (calculated as on March 31 of every financial year) are required to formulate ‘Dividend Distribution Policy’. The ‘Schaeffler India Limited’ is ranked 141 as on the effective date of regulation (published in the Official Gazette on July 8, 2016), and therefore this ‘Dividend Distribution Policy’ (the Policy) is formulated with an objective and scope as under. This Policy will come into effect from the effective date of regulation i.e. July 8, 2016.

2. Objectives

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations with an ultimate aim to increase the value of investment made by the Shareholders. This Policy is aimed for the investors to take a well informed decision for their investment based upon the Company’s criteria to deal with earned/retained profits.

3. Scope

This Policy intends to bring transparency, on the basis to prevailing circumstances in the Company/Industry – it operates, with respect to deal with distribution of earned/retained profit amongst its existing equity shareholders. This Policy is and shall be governed under the applicable legal provisions viz;

- The Companies Act 2013 (Chapter VIII and other applicable provisions),
- Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,
- The Companies (Declaration and Payment of Dividend) Rules, 2014 and
- Any amendment therein made applicable from time to time.

4. Definitions:

4.1 “Act” means the Companies Act, 2013, or any statutory modification or re- enactment thereof and includes any Rules and Regulations framed thereunder.

4.2 “Company” means Schaeffler India Limited.

4.3 “Dividend” Under Section 2(35) of the Companies Act, 2013, “Dividend” includes any ‘interim dividend’. In common parlance, “dividend” means the profit of a company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid-up on the shares held by them.

4.4 “Free Reserves” means reserves the utilisation of which is not restricted in any manner.

4.5 “Interim Dividend” means the Dividend declared in a Meeting of the Board of Directors.

4.6 “Member” means any person who agrees, either by subscribing to the Memorandum of Association of the company or by applying in writing, to become a Member of the company and whose name is entered either in the Register of Members of the company or in the records of the depository as a beneficial owner in respect of the shares of the Company held by him.

5. Policy on Declaration of Dividend

The Company may declare dividend considering;

- (A) The circumstances under which its shareholders can or cannot expect dividend, which includes;
- The Company’s Performance trend,
 - Past years’ (at least 5 years) track record of Dividend Rate, Dividend Outflow including taxes thereon,
- (B) The Company’s Financial Parameters, including;
- Company’s Profitability,
 - Value Added,
 - Earning per Share (EPS)
 - Free Cash Flow
- (C) Internal & External Factors, including;
- Business/Financial Projections for Mid Term Period,
 - Unplanned Liabilities,
 - Likely financial risks,
 - Regulatory Changes,
 - Industry trend, market challenges and growth optimism



- (D) Mode of utilisation of retained earnings, including;
- (i) Business Growth & Expansion,
 - (ii) Market Development,
 - (iii) Better Resources Utilisation,
 - (iv) Research & Development,
 - (v) Reducing Long Term Liabilities
 - (vi) Dividend And
- (E) Other parameters as decided by the Board, provided the Policy is revised to the extent of incorporating those parameters and disclosed on the Company’s website together with its rationale.

6. Target Dividend

- The Company has adopted a progressive dividend policy, intending to sustain or raise the dividend each year, in conjunction with the financial performance and cash profit generation each year.
- Subject to the circumstances and scenarios mentioned in the Policy, the Company shall endeavour to consider a total dividend pay-out ratio in the range of 30% to 50% of the annual standalone profits after tax (PAT) to be announced by the Company from time to time, subject to the applicable rules and regulations.

7. Distribution of Dividend

- (A) Periodicity:
- (i) During the Financial Year –
The Board of Directors of the Company may declare Interim Dividend during any financial year.
 - (ii) On Completion of Financial Year -
The Board of Directors of the Company may recommend a Dividend for respective financial year and may be declared in the Annual General Meeting.
- (B) Dividend Entitlement:
- The members, whose name appear in the Register of Members as on the Record Date / Book Closure, shall be entitled for the dividend.

- (C) Mode of Payment:
- The payment of the dividend would be in cash;
- (i) Through electronic clearing services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc. for making payment of dividend. OR
 - (ii) Through issuance of ‘payable-at-par’ warrants/cheques/demand drafts, in case where bank details are not available or the electronic payment instructions have failed or have been rejected by the bank,
- (D) Transfer to IEPF:
- The dividend remained unpaid and unclaimed for a period of 7 (seven) years (as per the provisions of sections 124(5) of the Companies Act 2013) shall be transferred to Investors Education and Protection Fund set up by the Government in that regard.

8. Policy Review/Amendments

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

- i. Statutory Updates
This Policy shall be considered as updated automatically, without any formal approval, to the extent it needs to be aligned with any change in law. An update thereon would be reported to the Board of Directors.
- ii. Other updates
All major procedural updates, shall be effective only if,those are carried out after the review and approval of the Board of Directors.

Corporate Governance Certificate

For the Financial Year ended December 31, 2022

[Pursuant to Schedule V – Part E of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015]

To the Members of Schaeffler India Limited

We have examined the compliance of the conditions of Corporate Governance by Schaeffler India Limited for the year ended December 31, 2022 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(“Listing Regulation”).

The Compliance of conditions of Corporate Governance is the responsibility of the Company’s Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Governance. It is neither an audit nor an expression of an opinion on the financial statement 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 above-mentioned Listing Regulations.

We state that in respect of investor grievances received during the year ended December 31, 2022, no investor grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders Relationship Committee.

We further 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.

Suresh Kumar Kabra
Partner

Samdani Kabra & Asso.
Company Secretaries
PR No. 884/2020
ACS No. 9711; CP No. 9927
UDIN: A009711D003144282

Date: February 16, 2023
Place: Vadodara



Certificate of Non-Disqualification of Directors

(Annexure B to Corporate Governance Report)

[Pursuant to Regulation 34 (3) and Schedule V Part C Clause 10 (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To the Members of Schaeffler India Limited

We have examined the Registers, Papers, Books, Records, Forms, Returns, Declarations, Disclosures and other related documents, of **Schaeffler India Limited** (the Company), having CIN: L29130PN1962PLC204515, situated at 15th Floor, ASTP (Amar Sadanand Tech Park) Baner Pune, Pune-411045, Maharashtra, India, as produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (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 officers and representatives, we hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ending on December 31, 2022, have been debarred or disqualified from being appointed or continuing as Director of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of Appointment
1.	Mr. Arvind Balaji	00557711	November 6, 2019
2.	Mr. Avinash Gandhi	00161107	April 20, 2006
3.	Mr. Dharmesh Arora	05350121	March 6, 2017
4.	Mr. Harsha Kadam	07736005	October 1, 2019
5.	Ms. Renu Challu	00157204	November 6, 2014
6.	Mr. Satish Patel	00690869	February 13, 2019
7.	Mr. Amit Kalyani	00089430	February 11, 2020
8.	Ms. Eranti V. Sumithasri	07087197	July 15, 2020
9.	Ms. Corinna Schittenhelm	09257159	September 12, 2021
10.	Mr. Andreas Schick	09257160	October 28, 2021

Ensuring the eligibility 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.

Suresh Kumar Kabra
Partner

Samdani Kabra & Asso.
Company Secretaries
PR No. 884/2020
ACS No. 9711
CP No. 9927
UDIN: A009711D003144315

Place: Vadodara
Date: February 16, 2023

Independent Auditor's Report

To the Members of Schaeffler India Limited
Report on the Audit of the Financial Statements

Opinion

- We have audited the accompanying financial statements of Schaeffler India Limited ('the Company'), which comprise the Balance Sheet as at December 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing 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 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the 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

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
- We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition (refer note 23 and 46 of the accompanying financial statements) The Company's revenue principally comprises sale of goods. Revenue from the sale of goods is recognised at point in time when the control of the goods is transferred to the customers, which is on dispatch/delivery in accordance with the terms of sales contracts. We have identified the recognition of revenue as a key audit matter since the Company has various customers with different terms of trade which increase the risk of error in the timing of revenue recognition. Revenue is determined to be an area involving significant risk in line with the requirements on Standards of Auditing and hence requiring significant auditor attention. The Company and its external stakeholders focus on revenue as a key performance indicator and therefore there could be a risk of material misstatement in so far as revenue recognition is concerned. Considering the aforesaid significance to our audit and the external stakeholders, revenue recognition has been considered as a key audit matter for the current year's audit.	 Our key audit procedures around revenue recognition included, and not limited to, the following: <ul style="list-style-type: none">Obtained an understanding of and assessed the design, implementation and operating effectiveness of management's key internal financial controls in relation to revenue recognition;Assessed the appropriateness of the revenue recognition accounting policies of the Company including those relating to variable consideration, by evaluating compliance with the applicable accounting standards.Selected samples of revenue transactions during the year and inspected underlying customer contracts and shipping documents to identify the terms and conditions relating to the transfer of control of the products sold and assessed the Company's timing of revenue recognition;Performed analytical review procedures on revenue recognised during the year to identify any unusual and/or material variances.Tested selected samples of revenue transactions recorded before and after the financial year end date to determine whether the revenue has been recognised in the appropriate financial period. Evaluated the appropriateness and adequacy of disclosures in the financial statements in respect of revenue recognition with the applicable standards.



Key audit matter	How our audit addressed the key audit matter
<p>Related Party Transactions (refer note 36 of the accompanying financial statements)</p> <p>The Company has entered into several transactions with related parties during the year ended December 31, 2022 and has outstanding balances as the year-end.</p> <p>The Company’s related party transactions comprises purchase and sale of goods, purchase of tangible assets, payments for royalty, information technology services and other services, guarantee commission and reimbursements.</p> <p>Each related party operates under different jurisdiction and applies its own pricing model to be compliant with the respective legal and tax (transfer pricing) framework of the respective jurisdiction.</p> <p>We have identified transactions with related parties as a key audit matter due to quantum of transactions, completeness of the disclosures made in the financial statements, compliance with various tax requirements and judgements involved to ensure arm’s length pricing, compliance with statutory regulations governing related party transactions such as Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (‘the SEBI listing regulations’).</p>	<p>Our key audit procedures around Related party transactions included, and not limited to, the following:</p> <ul style="list-style-type: none">• Obtained an understanding and assessed the design, implementation and operating effectiveness of management’s key internal financial controls in relation to identification and disclosure of related party transactions and arm’s length assessment.• Assessed the compliance with the SEBI listing regulations and the regulations under the Companies Act, 2013, including authorisation and approvals as specified in Sections 177 and 188 of the Companies Act, 2013 with respect to the related party transactions, as applicable.• Evaluated the compliance with Indian Transfer Pricing Regulations with respect to arm’s length based on the transfer pricing documentation prepared by the Company. This also involved obtaining views from the auditor’s internal tax experts regarding the arm’s length pricing.• On a sample basis, inspected relevant ledgers, agreements and other information that may indicate the existence of related party relationships or transactions. We also assessed the completeness of related parties with reference to the various statutory registers and declarations maintained by the Company’s management. <p>Evaluated the adequacy and appropriateness of the disclosures on related party transactions in the financial statements with the requirements of the applicable accounting standard.</p>

Information other than the Financial Statements and Auditor’s Report thereon

6. The Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

7. The accompanying financial statements have been approved by the Company’s Board of Directors. The Company’s Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these

financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the Board of Directors are 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing 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 financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Board of Directors’ 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 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 and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. 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.

13. 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.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor’s Report) Order, 2020 (‘the Order’) issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, 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 purpose of our audit of the accompanying financial statements;
 - (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 financial statements dealt with by this report are in agreement with the books of account;
- (d)

in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
- (e)

On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2022 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 financial statements of the Company as on December 31, 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and
- (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 (as amended), 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 as at December 31, 2022;
- ii.

the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at December 31, 2022;
- iii.

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended December 31, 2022;
- iv.

a.

The management has represented that, to the best of its knowledge and belief, as disclosed in note 49 (5) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the

Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

- b.

The management has represented that, to the best of its knowledge and belief, as disclosed in note 49 (6) to the financial statements, no funds have been received by the Company from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c.

Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v.

a.

The final dividend paid by the Company during the year ended December 31, 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend and

b.

As stated in note 15 to the accompanying financial statements, the Board of Directors of the Company have proposed final dividend for the year ended December 31, 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: February 16, 2023

Membership No.: 042423
UDIN: 23042423BGWILR7847

Annexure A

referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Schaeffler India Limited on the financial statements for the year ended December 31, 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i)

(a)

(A)

The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.

(B)

The Company has maintained proper records showing full particulars of intangible assets.
- (c)

The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company, except for the following properties which were transferred as a result of merger of companies as stated in note 3.1 and 3.2 to the financial statements wherein the title deeds are in the name of the erstwhile company:

(₹ in millions)

Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of company
Leasehold Land	65.9	INA Bearings India Private Limited	No	Since June 13, 2018 till April 22, 2022	Property received as a result of merger of companies as stated in note 3.2 to the financial statements wherein the title deeds are in the name of the erstwhile company. This property has been transferred in the company during the current year.
Freehold Land	21.3	LuK India Private Limited	No	Since October 8, 2018	Property received as a result of merger of companies as stated in note 3.1 to the financial statements wherein the title deeds are in the name of the erstwhile company.

- (d)

The Company has not revalued its Property, Plant and Equipment including Right of Use assets.
- (e)

No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii)

(a)

The management has conducted physical verification of inventory at reasonable intervals during the year, except for inventory-in-transit and inventory lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.

(b)

As disclosed in note 10 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹5 crore, by banks and financial institutions on the basis of security
- (iii)

The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company.
- (iv)

The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.
- (v)

In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended).
- (b)

The Company has a regular programme of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of two years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.



Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

(₹ in millions)				
Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax, interest and penalty	27.6	A.Y.2009-10	Commissioner of Income Tax (Appeals), Vadodara
		0.8	A.Y.2010-11	
		4.2	A.Y.2011-12	
		4.0	A.Y.2015-16	
		8.4	A.Y.2016-17	
		29.3	A.Y.2017-18	
		46.4	A.Y.2018-19	
State and Central Sales Tax Act	Tax and interest	9.5	2008-09	Sales Tax Tribunal, Ahmedabad JC Appeal, Vadodara
		4.7	2015-16	
		1.0	2016-17	
		24.0	2017-18	
The Central Excise Act, 1944	Tax and interest	11.6	2008-09 to 2012-13	CESTAT, Mumbai CESTAT, Chennai
		81.2	May 14 to January 20	
		115.5	September 2010 to March 2012	
		37.4	April 2012 and May 2012	
The Finance Act, 1994	Tax and interest	2.4	2013-14	CESTAT, Mumbai
		2.9	2014-15	
		2.7	February 16 to June 17	

Above amounts are net of amounts paid under protest for sales-tax aggregating to ₹17.1 million, Excise Duty aggregating to ₹10.2 million, Service tax aggregating to ₹5.5 million and for Income-tax aggregating to ₹14.5 million.

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

- (ix) According to the information and explanations given to us, the Company does not have any loans or other borrowings from any lender. Accordingly, reporting under clause 3(ix) of the Order is not applicable to the Company.

- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

- (vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report

under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

- (c) The whistle-blower complaints received by the Company during the year, as shared with us by the management have been considered by us while determining the nature, timing and extent of audit procedures.

- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.

- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act 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, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.

- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

- (xx) (a) According to the information and explanations given to us, the Company has not transferred unspent amounts towards Corporate Social Responsibility in respect of other than ongoing projects to a Fund specified in Schedule VII to the Act as required under second proviso to sub-section (5) of section 135 of the said Act. However, the time period of six months from the end of financial year as permitted under second proviso to sub-section (5) of section 135 of the Act, has not lapsed till the date of our report.

- (b) According to the information and explanations given to us, the Company has transferred the remaining unspent amounts towards Corporate Social Responsibility (CSR) under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act.

- (xxi) The reporting under clause 3(xxii) of the Order is not applicable in respect of audit of financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: February 16, 2023

Membership No.: 042423
UDIN: 23042423BGWILR7847



Annexure B

Independent Auditor’s Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (‘the Act’)

1.

In conjunction with our audit of the financial statements of Schaeffler India Limited (‘the Company’) as at and for the year ended December 31, 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.
2.

The Company’s Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 (‘the Guidance Note’) 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 the Company’s business, including adherence to the 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.
3.

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note 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 financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6.

A company’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to financial statements include 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 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 financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7.

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at December 31, 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandiok & Co. LLP

Chartered Accountants

Firm’s Registration No.: 001076N/N500013

Khushroo B. Panthaky

Partner

Place: Mumbai

Membership No.: 042423

Date: February 16, 2023

UDIN: 23042423BGWILR7847



Balance Sheet

as at December 31, 2022

(₹ in million)			
Particular	Notes	2022	2021
(A) ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	3.1	10,190.7	9,960.0
(b) Right of use assets	3.2	1,030.7	724.8
(c) Capital work-in-progress	3.3	2,493.4	892.3
(d) Intangible assets	3.4	5.7	12.2
(e) Financial assets	4	1,168.1	1,251.8
(f) Deferred tax assets (net)	5	384.5	399.8
(g) Non-current income-tax assets (net)	6	962.2	913.2
(h) Other non-current assets	7	1,123.8	650.4
Total non-current assets		17,359.1	14,804.5
2. Current assets			
(a) Inventories	8	12,433.7	10,864.9
(b) Financial assets			
(i) Trade receivables	9	10,324.1	8,462.7
(ii) Cash and cash equivalents	10	1,660.4	2,070.0
(iii) Bank balances other than (ii) above	11	13,884.9	12,086.7
(iv) Other financial assets	12	308.6	161.9
(c) Other current assets	13	947.7	512.0
Total current assets		39,559.4	34,158.2
3. Assets held for sale	3.1, 3.4	348.7	-
TOTAL ASSETS		57,267.2	48,962.7
(B) EQUITY & LIABILITIES			
1. Equity			
(a) Equity share capital	14	312.6	312.6
(b) Other equity	15	42,546.4	36,224.1
Total Equity		42,859.0	36,536.7
Liabilities			
2. Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	16 (a)	473.6	519.0
(ii) Other financial liabilities	17	19.9	23.1
(b) Provisions	18	12.0	11.7
Total non-current liabilities		505.5	553.8
3. Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	16 (b)	100.2	88.0
(ii) Trade payables	19		
(a) Total outstanding dues of micro enterprises and small enterprises		1,598.9	1,341.6
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		9,518.4	8,303.5
(iii) Other financial liabilities	20	1,345.3	955.6
(b) Other current liabilities	21	632.3	313.2
(c) Provisions	22	627.0	665.9
(d) Current tax liabilities (net)		80.6	204.4
Total current liabilities		13,902.7	11,872.2
Total Liabilities		14,408.2	12,426.0
TOTAL EQUITY AND LIABILITIES		57,267.2	48,962.7
Significant accounting policies	2		
Notes to the financial statements	3 - 53		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For Walker Chandiok & Co. LLP

Chartered Accountants

Firm's Registration No.: 001076N / N-500013

Khushroo B. Panthaky

Partner

Membership No.: 042423

For and on behalf of the Board of Directors

E.V.Sumithasri

Chairperson

DIN: 07087197

Satish Patel

Director – Finance & CFO

DIN: 00690869

Harsha Kadam

Managing Director

DIN: 07736005

Ashish Tiwari

VP – Legal & Company Secretary

Place: Mumbai

Date: February 16, 2023

Statement of Profit and Loss

for the year ended December 31, 2022

(₹ in million)			
Particular	Notes	2022	2021
Income			
Revenue from operations	23	68,674.2	55,605.1
Other income	24	776.8	723.8
Total Income (I)		69,451.0	56,328.9
Expenses			
Cost of materials consumed	25	27,720.8	22,755.4
Purchases of stock-in-trade	26	15,362.0	14,200.2
Changes in inventories of finished goods,stock-in-trade and work-in-progress	27	(559.5)	(2,331.7)
Employee benefits expense	28	4,305.9	3,952.2
Finance costs	29	35.5	36.7
Depreciation and amortisation expense	30	2,064.6	1,971.1
Other expenses	31	8,901.1	7,313.6
Total Expenses (II)		57,830.4	47,897.5
Profit before exceptional items and tax (I - II)		11,620.6	8,431.4
Exceptional items (refer Note 51)		149.8	-
Profit before tax		11,770.4	8,431.4
Tax expense	32		
Current tax		2,975.0	2,197.0
Deferred tax (credit)		4.8	(46.8)
Tax in respect of prior years		(1.5)	(10.0)
Profit for the year	(A)	8,792.1	6,291.2
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss:			
Loss on remeasurement of post employment benefits obligation		41.5	(31.9)
Tax relating to items that will not be reclassified to profit or loss		(10.5)	8.0
Total Other Comprehensive Income for the year (net of tax)	(B)	31.0	(23.9)
Total comprehensive income for the year	(A + B)	8,823.1	6,267.3
Earnings per equity share (Nominal value of share ₹2 each)			
	33		
Basic (in ₹)		56.3	40.3
Diluted (in ₹)		56.3	40.3
Significant accounting policies	2		
Notes to the financial statements	3 - 53		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For Walker Chandiok & Co. LLP

Chartered Accountants

Firm's Registration No.: 001076N / N-500013

Khushroo B. Panthaky

Partner

Membership No.: 042423

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Managing Director

DIN: 07736005

Ashish Tiwari

VP – Legal & Company Secretary

Place: Mumbai

Date: February 16, 2023

Place: Mumbai

Date: February 16, 2023



Cash Flow Statement

for the year ended December 31, 2022

(₹ in million)		
Particular	2022	2021
Cash flows from operating activities		
Net profit before tax	11,770.4	8,431.4
Adjustments:		
Depreciation and amortisation	2,064.6	1,971.1
Finance costs	35.5	36.7
Interest income	(644.2)	(489.4)
(Profit)/loss on sale of assets (net)	6.0	(0.4)
Provisions no longer required written back	(12.4)	(123.5)
Unrealised exchange loss/(gain) (net)	23.9	(6.9)
Bad debts written off	5.9	3.3
Exceptional items (refer Note 51)	(149.8)	-
	1,329.5	1,390.9
Operating cash flow before changes in working capital	13,099.9	9,822.3
Changes in working capital		
(Increase) in inventories	(1,600.0)	(3,774.4)
(Increase) in trade and other receivables	(2,374.1)	(1,609.2)
Increase in trade and other payables	1,608.0	2,062.9
Increase/(decrease) in other liabilities and provisions	(92.7)	40.3
	(2,458.8)	(3,280.4)
Cash generated from operating activities	10,641.1	6,541.9
Income tax paid (net of refunds)	(3,135.8)	(1,895.2)
A. Net cash generated from operating activities	7,505.3	4,646.7
Cash flows from investing activities		
Purchase of property, plant and equipment (tangible and intangible, capital work-in-progress, capital advance and capital creditors)	(4,830.4)	(1,842.2)
Proceeds from sale of property, plant and equipment	42.4	16.3
Advance received against assets held for sale	300.0	-
Proceeds from sale of chain drive business (refer Note 51)	294.2	-
(Investment in) bank deposits (with original maturity of more than 3 months and remaining maturity of less than 12 months)	(1,677.7)	(2,127.2)
Interest received	526.1	536.9
B. Net cash (used) in investing activities	(5,345.4)	(3,416.2)
Cash flows from financing activities		
Finance costs paid	(4.6)	(3.3)
Payment of lease liabilities	(64.1)	(77.3)
Dividends paid on equity shares	(2,500.8)	(1,187.9)
C. Net cash used in financing activities	(2,569.5)	(1,268.5)
Net (decrease) in cash and cash equivalents (A + B + C)	(409.6)	(38.0)
Cash and cash equivalents at the beginning of year (see note 2 below)	2,070.0	2,108.0
Cash and cash equivalents at the end of year (see note 2 below)	1,660.4	2,070.0
	(409.6)	(38.0)

Cash Flow Statement

for the year ended December 31, 2022

Notes:

1. The above cash flow statement has been prepared under the “Indirect Method” as set out in 'Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flow.
2. Cash and cash equivalents comprise of:

(₹ in million)		
	2022	2021
With scheduled banks on:		
Current accounts	831.4	567.1
Deposit accounts (with original maturity of three months or less)	829.0	1,502.9
	1,660.4	2,070.0

Significant accounting policies 2

Notes to the financial statements 3 - 53

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For Walker Chandiok & Co. LLP

Chartered Accountants

Firm's Registration No.: 001076N / N-500013

Khushroo B. Panthaky

Partner

Membership No.: 042423

For and on behalf of the Board of Directors

E.V.Sumithasri

Chairperson

DIN: 07087197

Satish Patel

Director – Finance & CFO

DIN: 00690869

Harsha Kadam

Managing Director

DIN: 07736005

Ashish Tiwari

VP – Legal & Company Secretary

Place: Mumbai

Date: February 16, 2023

Place: Mumbai

Date: February 16, 2023



Statement of Changes in Equity

for the year ended December 31, 2022

(A) Equity Share Capital

	(₹ in million)
	Amount
As at January 1, 2021	312.6
Changes in equity share capital	-
As at December 31, 2021	312.6
Changes in equity share capital	-
As at December 31, 2022	312.6

(B) Other equity

	Reserves and surplus				(₹ in million)
	Capital reserve	Securities premium	General reserve	Retained earnings	Total
As at January 1, 2021	617.8	600.0	4,218.4	25,654.1	31,090.3
Profit for the year	-	-	-	6,291.2	6,291.2
Other Comprehensive Income for the year	-	-	-	(23.9)	(23.9)
Initial contract assets recognition (net of deferred tax liability ₹18.2 million)	-	-	-	54.4	54.4
Total Comprehensive Income for the year	-	-	-	6,321.7	6,321.7
Dividends	-	-	-	(1,187.9)	(1,187.9)
As at December 31, 2021	617.8	600.0	4,218.4	30,787.9	36,224.1
Profit for the year	-	-	-	8,792.1	8,792.1
Other Comprehensive Income for the year	-	-	-	31.0	31.0
Total Comprehensive Income for the year	-	-	-	8,823.1	8,823.1
Dividends	-	-	-	(2,500.8)	(2,500.8)
As at December 31, 2022	617.8	600.0	4,218.4	37,110.2	42,546.4

Nature and purpose of reserves:

- (a) Capital reserve on account of Scheme of Amalgamation (refer Note 45).
- (b) Securities premium is used to record premium received on issue of equity shares and it will be utilised in accordance with provisions of the Companies Act, 2013.
- (c) General reserve is created out of profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividends and/or issue of fully paid-up shares.
- (d) Contract assets are initially recognised as on January 1, 2021.
- (e) Retained earnings are the profits that the Company has earned till date, less any transfers to General reserve and payment of dividend. It is utilised in accordance with the provisions of the Companies Act, 2013.

Significant accounting policies2

Notes to the financial statement3 - 53

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For Walker Chandiok & Co. LLP

Chartered Accountants

Firm's Registration No.: 001076N / N-500013

Khushroo B. Panthaky

Partner

Membership No.: 042423

For and on behalf of the Board of Directors

E.V.Sumithasri

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DIN: 07087197

Satish Patel

Director – Finance & CFO

DIN: 00690869

Harsha Kadam

Managing Director

DIN: 07736005

Ashish Tiwari

VP – Legal & Company Secretary

Place: Mumbai

Date: February 16, 2023

Place: Mumbai

Date: February 16, 2023

Notes to the Financial Statements

for the year ended December 31, 2022

1. Corporate information

Schaeffler India Limited ('the Company') is a public limited company domiciled and incorporated in India and having its registered office at 15th Floor, ASTP (Amar Sadanand Tech Park), Baner, Pune - 411045. Maharashtra. The Company's shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) in India.

The Company is engaged in the development, manufacturing and distribution of high-precision roller and ball bearings, engine systems and transmission components, chassis applications, clutch systems and related machine building manufacturing activities. The Company's manufacturing units are located in the State of Gujarat at Maneja (Vadodara) and Savli (Vadodara), in the State of Maharashtra at Talegaon (Pune) and in the State of Tamil Nadu at Hosur.

2. Significant accounting policies

2.1 Basis of preparation

- (i) These financial statements of Schaeffler India Limited ('the Company') have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The accounting policies adopted in the preparation of these financial statements are consistent for all the periods presented.

The financial statements are presented in Indian Rupees, which is the Company's functional currency and all values are rounded off to the nearest million with one decimal place, except when otherwise indicated.

- (ii) The financial statements have been prepared on a historical cost convention basis, except for the following:

- certain financial assets and liabilities (including derivatives) that are measured at fair value;
- defined benefit plans – net defined benefit (asset)/liabilities – Fair value of plan assets less present value of defined benefit obligation.

2.2 Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Act. Based on the nature of the products and time taken between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its normal operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and non-current liabilities.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the Company's management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. Actual results could differ from those estimates.

Estimates and judgments are reviewed on an ongoing basis. 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 circumstance. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

(a) Impairment of Property, Plant and Equipment (PPE)

The evaluation of applicability of indicators of impairment of assets requires assessment of external factors (significant decline in asset's value, significant changes in the technological, market, economic or legal environment, market interest rates etc.) and internal factors (obsolescence or physical damage of an asset, poor economic performance of the asset etc.) which could result in significant change in recoverable amount of the PPE.



Notes to the Financial Statements

for the year ended December 31, 2022

(b) Determination of the estimated useful lives

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

(c) Current and deferred taxes

Significant management judgment is required to determine the amount of current and deferred taxes that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(d) Employee benefits

Management's estimate of the Company's obligation is determined based on actuarial valuation. 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, these liabilities are 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 for plans operated in India, the Company's management considers the interest rates of Government bonds. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Refer Note 40 for details of the key assumptions used in determining the accounting of these plans.

(e) Provision for inventory obsolesce

The inventories are valued at lower of cost and net realisable value after providing for cost of obsolescence wherever considered necessary. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

2.4 Property, Plant and Equipment and intangible

Property, Plant and Equipment (PPE) are stated at cost of acquisition or construction (including directly attributable expenses thereto), net of impairment loss if any, less depreciation/amortisation. Cost includes financing costs of borrowed funds attributable to acquisition or construction of qualifying fixed assets, up to the date the assets are put to use.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Capital work in progress is carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are substantially ready for their intended use. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Cost of assets not ready for intended use, as on the reporting date, is shown under capital work-in-progress. Advances given towards acquisition of property, plant and equipment outstanding as at reporting date are disclosed as "other non-current assets".

Intangible assets are initially recognised at cost.

Intangible assets with definite useful lives are amortised on a straight line basis so as to reflect the pattern in which the asset's economic benefits are consumed.

Expenditure pertaining to research is expensed out as and when incurred. Expenditure incurred on development is capitalised if such expenditure leads to creation of an asset, otherwise such expenditure is charged to the statement of profit and loss.

At the time of first-time adoption of Ind AS the company has opted to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in financial statement prepared

Notes to the Financial Statements

for the year ended December 31, 2022

under previous GAAP and use the same as deemed cost in the financial statement as at the transition date i.e. January 1, 2017.

Depreciation/amortisation

(i) Leasehold land is amortised over the period of lease using straight-line method (SLM) and included in depreciation and amortisation in statement of profit and loss statement.

Useful lives are reviewed by the Company's management at each reporting date and revised, if appropriate.

(ii) The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets. The estimated useful life is reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

Such classes of assets and their estimated useful lives are as under:

No.	Nature	Estimated Useful Life
1.	Buildings	25-30 Years
2.	Plant and equipments	3-8 Years
3.	Furniture & fixtures	5-10 Years
4.	Office equipments	5 Years
5.	Vehicles	5 Years
6.	Software	3 Years

Depreciation on additions/deletions to PPE during the year is provided on pro-rata basis with reference to the date of additions/deletions except low value of items costing ₹5,000 or less which are fully depreciated in the year when the assets are put to use.

(iii) Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

(iv) Intangible assets (software) are recorded at its acquisition price and amortised on the straight-line method over a period of three years.

2.5 Leases

Effective January 1, 2020, the Company has adopted Ind AS 116 Leases which introduces single accounting model and requires a lessee to recognise assets and liabilities for all leases subject to recognition exemptions. The Company adopted Ind AS 116 Leases using modified retrospective approach.

At inception of the Contract, the Company assess whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

At the inception date, right-of-use asset is recognised at cost which includes present value of lease payments adjusted for any payments made on or before the commencement of lease and initial direct cost, if any. It is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. Right-of-use asset is depreciated using the straight-line method from the commencement date over the earlier of useful life of the asset or the lease term. When the Company has purchase option available under lease and cost of right-of-use assets reflects that purchase option will be exercised, right-of-use asset is depreciated over the useful life of underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

At the inception date, lease liability is recognised at present value of lease payments that are not made at the commencement of lease. Lease liability is subsequently measured by adjusting carrying amount to reflect interest, lease payments and remeasurement, if any.

Lease payments are discounted using the incremental borrowing rate or interest rate implicit in the lease, if the rate can be determined.



Notes to the Financial Statements

for the year ended December 31, 2022

The Company has elected not to apply requirements of Ind AS 116 to leases that has a term of 12 months or less and leases for which the underlying asset is of low value. Lease payments of such lease are recognised as an expense on straight line basis over the lease term.

Lease term is a non-cancellable period together with periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets during the lease term, are classified as operating leases. Operating lease payments are recognised as expense in the Statement of Profit and Loss on a straight-line basis over the lease term, unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.6 Impairment

The carrying amounts of PPE are reviewed at each reporting date to determine if there is any indication of impairment based on internal/external factors. Assessment of indication of impairment of an asset is made at the year end. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of estimated discounted cash flows of projections based on current prices. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset earlier.

2.7 Assets classified as held for sale

Assets classified as held for sale (including liabilities directly associated with those assets held for sales) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109 – Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

2.8 Inventories

Inventories comprise of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials are valued at the lower of cost and net realisable value. Cost is ascertained on a moving weighted average basis, except for goods in transit which is ascertained on a specific identification basis.

Work-in-progress, finished goods and traded goods are carried at the lower of cost and net realizable value. Cost is determined on a weighted average basis. In case of work-in-progress and manufactured finished goods, cost includes material, labour and production overheads. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

Net realisable value of work-in-progress and finished goods is determined with reference to the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale of related finished goods as applicable.

Stores, spares and tools other than obsolete and slow-moving items are carried at cost.

2.9 Foreign currency transactions

Initial recognition

Foreign currency transactions are translated in the functional currency, by applying to the foreign currency amount, the exchange rate between functional currency and foreign currency prevailing at the date of transaction.

Notes to the Financial Statements

for the year ended December 31, 2022

Conversion

Foreign currency monetary items as at reporting date are translated using the closing exchange rate on that date.

Exchange differences

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 the year end exchange rates are recognised in the Statement of Profit and Loss in the year in which they arise, except exchange differences arising from the translation of qualifying cash flow hedge to the extent that the hedges are effective, which are recognised in Other Comprehensive Income (OCI).

Derivative instruments

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable and forecast transactions. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in cash flow hedge reserve under OCI, net of taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in cash flow hedge reserve are reclassified to Surplus (Profit and loss balance) in the same period during which the forecasted transaction occurs.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in cash flow hedge reserve is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in cash flow hedge reserve is immediately transferred to the Statement of Profit and Loss for the period.

2.10 Revenue recognition

Revenue from sale of goods is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Company recognised 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. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

In determining the transaction price, the Company considers below, if any:

Variable consideration

This includes discounts, incentives, volume rebates, etc. It is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.

Contract balances

Trade receivables: A receivable represents the Company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

Contract assets: Contract assets recognised in accordance with Ind AS 115, effective from January 1, 2021, shall be amortise on systematic basis that is in consistence with the transfer to customer with goods or services to which assets relates.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.

Significant payment terms

Generally, the Company provides credit period ranging from 60 to 75 days.



Notes to the Financial Statements

for the year ended December 31, 2022

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

2.11 Employee benefits

(a) Short term employee benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognised in the period in which the employee renders the related service.

(b) Post-employment benefits Defined benefit plans

All employees are covered under Employees' Group Gratuity Scheme, which is a defined benefit plan. The Company contributes to a fund maintained with Life Insurance Company (LIC) on the basis of the year end liability determined based on actuarial valuation using the Projected Unit Cost Method. Remeasurements of the net defined benefit liability, which comprise actuarial gains/losses, return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognised in Other Comprehensive Income. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

Defined contribution plans

All other employees are covered under contributory provident fund benefit of specific percentage contribution of basic salary. Certain employees are also covered by a Company managed superannuation fund. Both are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the year, when the contributions to the respective funds are due. There are no obligations other than the contributions payable to the respective funds.

Long-term employee benefits

Provision for long-term employee benefits comprise of compensated absences. These are measured on the basis of year end actuarial valuation in line with the Company's rules for compensated absences. Remeasurement gains or losses are recognised in statement of profit and loss in the period in which they arise.

2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets not recorded at fair value through profit and loss) are added to the fair value of financial assets. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into below categories:

- Financial assets at amortised cost;
- Financial assets including derivatives at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held within a business where the objective is to hold these assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or

premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables, loans and other financial assets.

(ii) Financial assets including derivatives at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in the Statement of Profit and Loss.

(iii) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through Other Comprehensive Income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. Derivative instruments included in FVTOCI category are measured initially as well as at each reporting date at fair value. Movement in fair value is recognised in OCI.

Derecognition

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and the Company has transferred substantially all risks and rewards of the asset or has transferred control of the asset to a third party. On derecognition of a financial asset in its entirety, the differences between the carrying amounts at the date of derecognition and the consideration received is recognised in the Statement of Profit and Loss.

Impairment of financial assets

The Company applies the expected credit loss (ECL) model for measurement and recognition of impairment

losses on trade receivables or any other financial assets that result from transactions that are within the scope of "Ind AS 115 – Revenue from Contracts with Customers". The Company follows the simplified approach for recognition of impairment loss allowance on receivables (net of advances). The application of the simplified approach does not require the Company to track changes in credit risk. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on trade receivables. Impairment loss allowance (or reversal) during the period is recognised in the Statement of Profit and Loss. This amount is reflected under the head 'Other expenses (or other income)' in the Statement of Profit and Loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as measured at amortised cost or financial liabilities at fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading or is a derivative or it is designated as such on initial recognition. The Company's financial liabilities include trade payables and other payables.

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Subsequent measurement

Financial liabilities, including derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Other financial liabilities such as deposits are measured at amortised cost using Effective Interest Rate (EIR) method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.



Notes to the Financial Statements

for the year ended December 31, 2022

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13Income and deferred taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Indian Income Tax Act, 1961. Deferred tax is provided using the liability method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in Equity.

At each reporting date, the Company reassesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become probable that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2.14Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and in respect of

which a reliable estimate can be made of the amount of obligation. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

A disclosure by way of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are not recognised or disclosed in the financial statements.

2.15Warranties

Provisions for the expected cost of warranty obligations are recognised at the time of sale of the relevant products, at the best estimate of the expenditure required to settle the Company’s obligation.

2.16Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the net profit or loss for the year attributable to the equity shareholders, by the weighted average number of equity and equivalent diluted equity shares outstanding during the year except where the results would be antidilutive.

2.17Cash and cash equivalents

Cash and cash equivalents include cheques in hand, cash at bank and deposits with banks having original maturity of not more than three months.

2.18Fair value measurement

The Company’s accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company has an established control framework with respect to the measurement of fair values. The Company’s management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Company’s management assesses the evidence

Notes to the Financial Statements

for the year ended December 31, 2022

obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value includes discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result from general approximation of value and the same may differ from the actual realised value. Further information about the assumptions made in measuring fair value is included in the Note 2.11 on financial instruments

2.19 Segment Reporting – Identification of Segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company’s Chief Operating Decision Maker (“CODM”) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company’s performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

2.20Business combinations

As part of its transition to Ind AS, the Company elected to apply “Ind AS 103 – Business Combinations”, to only those business combinations that occurred on or after the date of transition to Ind AS i.e. January 1, 2016. Business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved as they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entities. The difference, if any, between the consideration and the amount of share capital of the acquired entities is treated as capital reserve. Transaction costs are expensed as they are incurred in respective periods.

2.21 Recent accounting pronouncements

Standards issued but not yet effective

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from January 1, 2022.



Notes to the Financial Statements

for the year ended December 31, 2022

3.1 Property plant and equipment

	(₹ in million)						
	Freehold land ¹	Buildings	Plant and equipments	Furniture & fixtures	Office equipments	Vehicles	Total
Gross carrying amount							
As at January 1, 2021	40.7	2,595.2	12,959.7	328.5	207.2	13.0	16,144.3
Additions	-	329.6	2,061.6	153.6	54.0	1.2	2,600.0
Disposals	-	2.1	110.8	0.8	10.0	5.3	129.0
As at December 31, 2021	40.7	2,922.7	14,910.5	481.3	251.2	8.9	18,615.3
Additions	-	251.6	1,898.4	239.2	172.5	5.9	2,567.6
Disposals	-	3.1	388.4	17.4	26.7	10.5	446.1
Assets held for sale ²	-	195.3	42.3	24.8	78.2	-	340.6
As at December 31, 2022	40.7	2,975.9	16,378.2	678.3	318.8	4.3	20,396.2
Accumulated depreciation							
As at January 1, 2021	-	265.4	6,319.7	168.3	122.3	10.0	6,885.7
Depreciation for the year	-	109.3	1,663.4	57.9	50.4	1.7	1,882.7
Deletions	-	0.9	97.8	0.7	10.0	3.7	113.1
As at December 31, 2021	-	373.8	7,885.3	225.5	162.7	8.0	8,655.3
Depreciation for the year	-	120.8	1,658.8	123.2	59.4	1.3	1,963.5
Deletions	-	2.0	354.0	7.4	25.3	9.3	398.0
Assets held for sale ²	-	2.6	4.2	1.3	7.2	-	15.3
As at December 31, 2022	-	490.0	9,185.9	340.0	189.6	-	10,205.5
Net Block							
As at December 31, 2021	40.7	2,548.9	7,025.2	255.8	88.5	0.9	9,960.0
As at December 31, 2022	40.7	2,485.9	7,192.3	338.3	129.2	4.3	10,190.7

Note:
Buildings include ₹250, being cost of five ordinary shares of ₹50 each of Nariman Bhavan Premises Co-operative Society Limited and ₹500 being cost of ten ordinary shares of ₹50 each of Parekh Market Premises Co-Operative Society Limited, which entitle the ownership.
¹ The title deeds of immovable properties included in property plant and equipment are held in the name of the Company, except title deeds of immovable properties having gross carrying amount aggregating ₹21.3 million (2021: ₹21.3 million) and net carrying amount aggregating ₹21.3 million (2021: ₹21.3 million),which have been transferred to the Company, pursuant to the Schemes of Amalgamation (refer Note 45) and their title transfer proceedings are under progress.
² The Board of Directors of the Company at its meeting held on July 27, 2022 has approved the sales of assets belongs to Mechatronics business to Schaeffler Technologies Solution India Private Limited. The assets net of WDV ₹325.3 million are disclosed as assets held for sale.

3.2 Right-of-use of assets

	(₹ in million)			
	Leasehold land ¹	Buildings	Vehicle	Total
Cost				
As at January 1, 2021	187.7	696.2	3.4	887.3
Additions for the year	-	12.7	2.1	14.8
Disposals	-	1.8	-	1.8
As at December 31, 2021	187.7	707.1	5.5	900.3
Additions for the year	352.9	35.6	-	388.5
Disposals	-	0.6	-	0.6
As at December 31, 2022	540.6	742.1	5.5	1,288.2
Accumulated amortisation				
As at January 1, 2021	1.0	85.0	3.0	89.0
Amortisation for the year	1.2	83.9	1.6	86.7
Deletions	-	0.2	-	0.2
As at December 31, 2021	2.2	168.7	4.6	175.5
Amortisation for the year	1.2	88.3	1.1	90.6
Deletions/WriteUp	-	8.4	0.2	8.6
As at December 31, 2022	3.4	248.6	5.5	257.5
Net Block				
As at December 31, 2021	185.5	538.4	0.9	724.8
As at December 31, 2022	537.2	493.5	-	1,030.7

Lease contracts entered by the Company majorly pertains to land and building taken on lease to conduct business activity in ordinary course of business

¹ The title deeds of immovable properties included in ROU are held in the name of the Company, except title deeds of immovable properties having gross carrying amount aggregating ₹ nil million (2021: ₹65.9 million) and net carrying amount aggregating ₹ nil million (2021: ₹65.1 million),which have been transferred to the Company, pursuant to the Schemes of Amalgamation (refer Note 45), the title transfer completed in current year.

Notes to the Financial Statements

for the year ended December 31, 2022

3.3 Capital work-in-progress

	(₹ in million)
Total	
As at January 1, 2021	1,604.1
Additions	1,900.6
Deductions	-
Assets capitalised during the year	2,612.4
As at December 31, 2021	892.3
Additions	4,196.4
Deductions	-
Assets capitalised during the year	2,595.3
As at December 31, 2022	2,493.4

Capital work-in-progress ageing schedule 2022

	(₹ in million)				
Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2,182.3	292.7	17.6	0.8	2,493.4
Projects temporarily suspended	-	-	-	-	-
Total	2,182.3	292.7	17.6	0.8	2,493.4

There is no capital work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan

Capital work-in-progress ageing schedule 2021

	(₹ in million)				
Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	719.2	82.1	-	91.0	892.3
Projects temporarily suspended	-	-	-	-	-
Total	719.2	82.1	-	91.0	892.3

There is no capital work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan

3.4 Intangible assets

	(₹ in million)	
	Software	Total
Cost		
As at January 1, 2021	12.9	12.9
Additions	12.4	12.4
Disposals	-	-
As at December 31, 2021	25.3	25.3
Additions	27.7	27.7
Disposals	5.1	5.1
Assets held for sale ¹	33.6	33.6
As at December 31, 2022	14.3	14.3
Accumulated amortisation		
As at January 1, 2021	11.4	11.4
Amortisation for the year	1.7	1.7
Deletions	-	-
As at December 31, 2021	13.1	13.1
Amortisation for the year	10.5	10.5
Deletions	4.8	4.8
Assets held for sale ¹	10.2	10.2
As at December 31, 2022	8.6	8.6
Net Block		
As at December 31, 2021	12.2	12.2
As at December 31,2022	5.7	5.7

¹ The Board of Directors of the Company at its meeting held on July 27, 2022 has approved the sales of assets belongs to Mechatronics business to Schaeffler Technologies Solution India Private Limited. The assets net of WDV ₹23.4 million are disclosed as assets held for sale.



Notes to the Financial Statements

for the year ended December 31, 2022

4. Financial assets

	(₹ in million)	
	2022	2021
(i) Security deposits	133.6	96.8
Total	133.6	96.8
Breakup of security deposit		
Considered goods secured	-	-
Considered goods unsecured	133.6	96.8
Which have significant increase credit risk	-	-
Credit impaired	-	-
(ii) Other		
Bank deposits with remaining maturity of more than 12 months ¹	1,034.5	1,155.0
Total	1,034.5	1,155.0
Total (i)+(ii)	1,168.1	1,251.8

¹ Includes deposits of ₹229.5 million (2021: ₹ nil million) under lein.

5. Deferred tax assets (net)

	(₹ in million)	
	2022	2021
Deferred tax liabilities		
Amortisation of contract cost	41.2	16.3
Exchange loss on cash flow hedges	7.0	-
(A)	48.2	16.3
Deferred tax assets		
Excess of depreciation/amortisation on property, plant and equipment provided in accounts over depreciation/amortisation under tax laws	234.2	184.0
Provision for employee benefits	145.7	157.7
Provision for expenses and others	25.4	47.6
Allowance for expected credit loss	8.4	11.5
Leases	19.0	15.3
(B)	432.7	416.1
Net deferred tax assets	(B - A)	384.5

Movement in deferred tax assets/(liabilities) net

	(₹ in million)							
	Depreciation	Provision for employee benefits	Provision for expenses and others	Allowance for expected credit loss	Leases	Contract assets	Effective portion of gain/(loss) on cash flow hedges	Total
As at January 1, 2021	116.9	136.5	59.2	42.6	8.0	-	-	363.2
(Charged)/credited to:								
Statement of Profit and Loss	67.1	13.2	(11.6)	(31.1)	7.3	1.9	-	46.8
Other Comprehensive Income	-	8.0	-	-	-	-	-	8.0
Initial contract assets recognition	-	-	-	-	-	(18.2)	-	(18.2)
As at December 31, 2021	184.0	157.7	47.6	11.5	15.3	(16.3)	-	399.8
(Charged)/credited to:								
Statement of Profit and Loss	50.2	(1.5)	(22.2)	(3.1)	3.7	(24.9)	(7.0)	(4.8)
Other Comprehensive Income	-	(10.5)	-	-	-	-	-	(10.5)
Initial contract assets recognition	-	-	-	-	-	-	-	-
As at December 31, 2022	234.2	145.7	25.4	8.4	19.0	(41.2)	(7.0)	384.5

Notes to the Financial Statements

for the year ended December 31, 2022

6. Non-current income-tax assets (net)

	(₹ in million)	
	2022	2021
Advance tax recoverable (net of provisions for tax ₹2,220.0 million, 2021: ₹1,533.1 million)	962.2	913.2
Total	962.2	913.2

7. Other non-current assets

	(₹ in million)	
	2022	2021
VAT, excise and others receivable (paid under protest)	50.9	68.2
Stamp duty (paid under protest, refer note no. 34 d)	250.0	250.0
Other balance with government authorities	89.7	95.0
Capital advance, considered good	562.2	116.7
Contract assets	171.0	120.5
Total	1,123.8	650.4

8. Inventories

(Valued at the lower of cost and net realisable value)

	(₹ in million)	
	2022	2021
Raw materials and components (including goods-in-transit ₹2,109.5 million; 2021: ₹1,599.1 million)	3,930.0	2,921.5
Work-in-progress	452.7	547.6
Finished goods	2,893.2	2,604.2
Stock-in-trade (including goods-in-transit ₹2,005.7 million; 2021: ₹1,926.9 million)	4,586.2	4,220.8
Stores and spares (including goods-in-transit ₹7.0 million; 2021: ₹48.0 million)	571.6	570.8
Total	12,433.7	10,864.9

The Company follows suitable provisioning norms for writing down the value of Inventories towards slow moving and non-moving inventory. As at December 31, 2022, provision for write-down of inventories to net realisable value is ₹1,148.6 million (2021: ₹1,216.9 million).

9. Trade receivables

	(₹ in million)	
	2022	2021
Other than related parties ¹	7,511.5	6,775.2
From related parties (refer Note 36)	2,845.9	1,733.2
Less: Allowance for expected credit loss	(33.3)	(45.7)
	10,324.1	8,462.7
Of which;		
secured, considered good	17.0	20.2
unsecured, considered good	10,331.0	8,485.3
which have significant increase in credit risk	9.4	2.9
	10,357.4	8,508.4
Less: Allowance for expected credit loss	(33.3)	(45.7)
Total	10,324.1	8,462.7

¹ Includes receivable of ₹10.0 million, from a private limited companies in which an Independent Director is a Director.

The Company's exposure to credit risk and currency risk related to trade receivables are disclosed in Note 38 A(i) and 38 C.



Notes to the Financial Statements

for the year ended December 31, 2022

Trade receivables ageing

							2022
							(₹ in million)
Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
Undisputed Trade Receivables – considered good	10,066.6	277.8	1.2	-	2.4	-	10,348.0
Undisputed Trade Receivables – which have significant increase in credit risk	-	4.6	-	-	-	-	4.6
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	0.1	4.7	-	-	-	4.8
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Gross receivables	10,066.6	282.5	5.9	-	2.4	-	10,357.4
Less: Allowance for credit losses							(33.3)
Net receivables							10,324.1

							2021
							(₹ in million)
Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
Undisputed Trade Receivables – considered good	8,140.3	361.5	2.3	1.4	-	-	8,505.5
Undisputed Trade Receivables – which have significant increase in credit risk	-	0.2	-	0.5	-	0.3	1.0
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	1.9	1.9
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Gross receivables	8,140.3	361.7	2.3	1.9	-	2.2	8,508.4
Less: Allowance for credit losses							(45.7)
Net receivables							8,462.7

10. Cash and cash equivalents

			(₹ in million)
			2022
			2021
Balances with banks:			
on current accounts		831.4	567.1
on deposit accounts (with original maturity of 3 months or less) ¹		829.0	1,502.9
Total		1,660.4	2,070.0

¹ Includes deposits of ₹ nil million (2021: ₹222.5 million) under lein.

The Company has been sanctioned an unsecured working capital limit of ₹1,750 million by banks. The Company has not utilised this limit during the reporting period.

Notes to the Financial Statements

for the year ended December 31, 2022

11. Bank balances other than Cash and cash equivalents

			(₹ in million)
			2022
			2021
Bank deposits with original maturity of more than 3 months and remaining maturity of less than 12 months ¹	13,875.4		12,078.7
Restricted deposits (unclaimed dividend)	9.5		8.0
Total	13,884.9		12,086.7

¹ Includes deposits of ₹403.1 million (2021: ₹370.2 million) under lein.

12. Other financial assets

			(₹ in million)
			2022
			2021
(i) Security deposits			
Total	37.2		36.2
Breakup of security deposit			
Considered goods secured	-		-
Considered goods unsecured	37.2		36.2
Which have significant increase credit risk	-		-
Credit impaired	-		-
(ii) Other			
Interest accrued – fixed deposits	241.4		122.9
Interest accrued – others	2.4		2.8
Derivative forward exchange contracts	27.6		-
Total	271.4		125.7
Total (i)+(ii)	308.6		161.9

13. Other current assets

			(₹ in million)
			2022
			2021
Unsecured and considered good			
Other receivables – related parties (refer Note 36)	56.5		30.1
Balance with Government authorities	617.7		178.7
Advances for supply of goods and services	222.7		196.1
Export incentives receivable	46.7		104.7
Advances to employees	2.6		1.1
Prepaid expenses	1.5		1.3
Total	947.7		512.0

14. Equity share capital

			(₹ in million)
			2022
			2021
Authorised capital			
627,500,000 equity shares of ₹2 each (2021: 125,500,000 equity shares of ₹10 each)	1,255.0		1,255.0
Total	1,255.0		1,255.0
Issued, subscribed and paid-up			
156,303,670 fully paid-up equity shares of ₹2 each (2021: 31,260,734 fully paid-up equity shares of ₹10 each) ¹	312.6		312.6
Total	312.6		312.6



Notes to the Financial Statements

for the year ended December 31, 2022

Details of Promoters shares holding

				2022
				(₹ in million)
S. No.	Promoter name	Number of shares held ¹	% of total shares	% change during the year
1.	Schaeffler Schweinfurt Beteiligungs GmbH	42,645,915	27.28%	-
2.	Schaeffler Bühl Verwaltungs GmbH	32,142,865	20.56%	-
3.	Schaeffler Verwaltungsholding Sechs GmbH	23,462,255	15.01%	-
4.	Industriewerk Schaeffler INA-Ingenieurdienst GmbH	17,612,200	11.27%	-
				2021
				(₹ in million)
S. No.	Promoter name	Number of shares held	% of total shares	% change during the year
1.	Schaeffler Schweinfurt Beteiligungs GmbH	8,529,183	27.28%	-
2.	Schaeffler Bühl Verwaltungs GmbH	6,428,573	20.56%	-
3.	Schaeffler Verwaltungsholding Sechs GmbH	4,692,451	15.01%	-
4.	Industriewerk Schaeffler INA-Ingenieurdienst GmbH	3,522,440	11.27%	-

(a) Reconciliation of shares outstanding at the beginning and at the end of the year:

					(₹ in million)
		2022		2021	
		No. of shares	Amount	No. of shares	Amount
Equity					
Shares outstanding at the beginning of the year		31,260,734	312.6	31,260,734	312.6
Increase in Equity shares on sub-division of 1 (one) equity share of face value of ₹10 each into 5 (five) equity shares of face value of ₹2 each ¹		125,042,936	-	-	-
Shares outstanding at the end of the year		156,303,670	312.6	31,260,734	312.6

(b) Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares having par value of ₹10 per share. Accordingly, all equity shares rank equally with regard to one vote per share held. The dividends proposed by the Board of directors is subject to the approval of shareholders at 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 assets of the Company, after distribution of all preferential amounts, in the proportion to their shareholding.

(c) Shares held by ultimate holding company and/or their subsidiaries/affiliates:

					(₹ in million)
		2022		2021	
Name of Shareholders		No. of Shares held (of ₹2 each) ¹	Amount	No. of Shares held (of ₹10 each)	Amount
Schaeffler Schweinfurt Beteiligungs GmbH (affiliates)		42,645,915	85.3	8,529,183	85.3
Schaeffler Bühl Verwaltungs GmbH (affiliates)		32,142,865	321.4	6,428,573	64.3
Schaeffler Verwaltungsholding Sechs GmbH (affiliates)		23,462,255	234.6	4,692,451	46.9
Industriewerk Schaeffler INA-Ingenieurdienst GmbH (affiliates)		17,612,200	176.1	3,522,440	35.2
Total		115,863,235	817.5	23,172,647	817.5

¹ Pursuant to the approval of the shareholders accorded in the extra-ordinary general meeting of the company held on December 19, 2021, each equity share of face value of ₹10/- per share was subdivided into five equity shares of face value of ₹2/- per share, with effect from February 9, 2022

Notes to the Financial Statements

for the year ended December 31, 2022

(d) Particulars of shareholders holding more than 5% shares of a class of shares:

				(₹ in million)
		2022		2021
Name of Shareholders		No. of Shares held ¹	% of shareholding	No. of Shares held % of shareholding
Schaeffler Schweinfurt Beteiligungs GmbH		42,645,915	27.28%	8,529,183 27.28%
Schaeffler Bühl Verwaltungs GmbH		32,142,865	20.56%	6,428,573 20.56%
Schaeffler Verwaltungsholding Sechs GmbH		23,462,255	15.01%	4,692,451 15.01%
Industriewerk Schaeffler INA-Ingenieurdienst GmbH		17,612,200	11.27%	3,522,440 11.27%

(e) Aggregate number of equity shares allotted as fully paid up pursuant to contract without consideration received in cash, Bonus Shares issued and shares bought back during the period of 5 years immediately preceding the financial year:

							(₹ in million)
Particulars	2022	2021	2020	2019	2018	2017	
Equity shares of ₹10 each issued in financial year 2018 as fully paid up equity shares to share holders of INA Bearings India Private Limited and LuK India Private Limited pursuant to the Scheme of Amalgamation (refer Note 45)	-	-	-	-	14,643,464	-	

15. Other equity

			(₹ in million)
		2022	2021
Capital reserve		617.8	617.8
		(A)	617.8
Securities premium		600.0	600.0
		(B)	600.0
General reserve		4,218.4	4,218.4
		(C)	4,218.4
Retained earnings			
At the commencement of the year		30,787.9	25,654.1
Add: Net profit for the year		8,792.1	6,291.2
Remeasurements of defined benefit liability/asset (net of tax) (FVTOCI)		31.0	(23.9)
Initial contract assets recognition (net of deferred tax liability ₹18.2 million)		-	54.4
Less: Appropriations			
Dividends paid		2,500.8	1,187.9
		(D)	37,110.2
Total (A+B+C+D)		42,546.4	36,224.1

The following dividends were declared and paid by the Company during the year:

			(₹ in million)
		2022	2021
₹16 per equity share of face value of ₹2/- each (2021: ₹38 per equity share of face value of ₹10/- each)		2,500.8	1,187.9
		2,500.8	1,187.9

After the reporting dates, the following dividends were proposed by the Board of Directors subject to the approval at the ensuing annual general meeting and hence, dividends have not been disclosed as liabilities.

			(₹ in million)
		2022	2021
Dividend of ₹24 per equity share of face value of ₹2/- each (2021: ₹16 per equity share of face value ₹2/- each)		3,751.3	2,500.8



Notes to the Financial Statements

for the year ended December 31, 2022

16. (a) Lease liabilities (non-current)

	(₹ in million)	
	2022	2021
Lease liabilities	473.6	519.0
Total	473.6	519.0

16. (b) Lease liabilities (current)

	(₹ in million)	
	2022	2021
Lease liabilities	100.2	88.0
Total	100.2	88.0

17. Other financial liabilities (non-current)

	(₹ in million)	
	2022	2021
Security deposits from customers/suppliers	19.9	23.1
Total	19.9	23.1

18. Provisions (non-current)

	(₹ in million)	
	2022	2021
Provision for employee benefits		
Gratuity (refer Note 40)	-	-
Compensated absences	-	-
Other provisions		
Provision for other statutory matters (being litigated) ¹	12.0	11.7
Total	12.0	11.7

¹ Provisions are made for ongoing litigation on tax and regulatory matters, the liabilities for which will be ascertained on conclusion of the respective assessments.

19. Current financial liability – Trade payables

	(₹ in million)	
	2022	2021
Total outstanding dues of micro and small enterprises	1,598.9	1,341.6
Total outstanding dues of creditors other than micro and small enterprises		
Other than related parties	3,879.6	3,780.9
Related parties (refer note 36)	5,638.8	4,522.6
Total	11,117.3	9,645.1

Notes to the Financial Statements

for the year ended December 31, 2022

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

Particulars	2022	2021
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year, if any:		
Principal	1,598.9	1,341.6
Interest	-	-
(b) the amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The above information has been compiled by the Company on the basis of information made available by vendors during the year ended December 31, 2022 and year ended December 31, 2021. This has been relied upon by auditors.

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 38.

Trade Payables Ageing

Trade Payables Ageing					2022
					(₹ in million)
Particulars	Outstanding for following periods from due date of payment				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Undisputed dues of micro enterprises and small enterprises	1,582.7	10.0	3.0	3.2	1,598.9
Undisputed dues of creditors other than micro enterprises and small enterprises	9,380.1	28.9	52.6	56.8	9,518.4
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	10,962.8	38.9	55.6	60.0	11,117.3

Particulars	2021				Total
	(₹ in million)				
	Outstanding for following periods from due date of payment				
	< 1 year	1-2 years	2-3 years	> 3 years	
Undisputed dues of micro enterprises and small enterprises	1,336.1	3.3	1.6	1.0	1,342.0
Undisputed dues of creditors other than micro enterprises and small enterprises	7,962.3	199.5	110.5	30.8	8,303.1
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	9,298.4	202.8	112.1	31.8	9,645.1



Notes to the Financial Statements

for the year ended December 31, 2022

20. Other financial liabilities

	(₹ in million)	
	2022	2021
Employee liabilities	722.6	540.8
Creditors for capital goods (refer Note 36)	490.4	254.3
Accrued expense	114.8	139.3
Derivative forward exchange contracts	-	1.5
Unclaimed dividends ¹	9.5	8.0
Other payables	8.0	11.7
Total	1,345.3	955.6

¹ The amounts reflect the position as at the year end. The actual amount to be transferred to Investor Education and Protection Fund in this respect shall be determined on the due dates. No amount is due to be transferred as at balance sheet date.

21. Other current liabilities

	(₹ in million)	
	2022	2021
Advance against asset held for sale (refer Note 36)	300.0	-
Advances from customers (refer Note 46)	94.9	173.3
TDS payable	82.9	30.9
GST Payable	143.6	101.7
Other statutory dues	10.9	7.3
Total	632.3	313.2

22. Provisions (Current)

	(₹ in million)	
	2022	2021
Provision for employee benefits		
Compensated absences	494.1	501.9
Gratuity (refer Note 40)	48.5	97.3
Other provisions		
Provision for warranties ¹	84.4	66.7
Total	627.0	665.9

¹ Warranty provision is estimated for expected warranty claims in respect of products sold during the year by the Company, which usually carry a warranty period of 12 months from the date of sale. The provision is determined based on the historical data. The timing and amount of cashflows will determined on receipt of claims.

Additional disclosures relating to certain provisions (as per Ind AS 37):

	(₹ in million)	
Warranties	2022	2021
At the commencement of the year	66.7	124.1
Provision made during the year	20.3	33.6
Provision utilised during the year	(2.6)	(91.0)
At the end of the year	84.4	66.7

Notes to the Financial Statements

for the year ended December 31, 2022

23. Revenue from operations

	(₹ in million)	
	2022	2021
Revenue from Contract with Customer		
Sale of products		
Manufactured goods	50,049.7	40,338.4
Traded goods	16,914.6	14,335.4
	66,964.3	54,673.8
Sale of services	454.0	124.5
Other operating revenues		
Export incentives	274.0	124.6
Scrap sales	981.9	682.2
Total	68,674.2	55,605.1

The management determines that the segment information reported under Note 42 Segment reporting is sufficient to meet the disclosure objective with respect to disaggregation of revenue and geographical segment under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

24. Other income

	(₹ in million)	
	2022	2021
Interest income		
On fixed deposits	577.7	447.0
On loan and others	66.5	42.3
Provisions no longer required written-back	12.4	123.5
Other income	120.2	110.6
Profit on sale/retirement of assets (net)	-	0.4
Total	776.8	723.8

25. Cost of materials consumed¹

	(₹ in million)	
	2022	2021
Inventory of materials at the beginning of the year	2,921.5	1,591.8
Purchases	28,729.3	24,085.1
Inventory of materials at the end of the year	3,930.0	2,921.5
Total	27,720.8	22,755.4

¹ The consumption amounts shown above have been ascertained on the basis of materials consumed and after considering excess/shortages ascertained on physical verification.

26. Purchases of stock-in-trade

	(₹ in million)	
	2022	2021
Purchase of traded goods	15,362.0	14,200.2
Total	15,362.0	14,200.2



Notes to the Financial Statements

for the year ended December 31, 2022

27. Changes in inventories of finished goods, stock in trade and work-in progress¹

	(₹ in million)	
	2022	2021
Decrease/(Increase) in inventory of finished goods		
Opening inventory	2,604.2	1,508.8
Less: Closing inventory	2,893.2	2,604.2
(A)	(289.0)	(1,095.4)
(Increase) in inventory of traded goods		
Opening inventory	4,220.8	3,049.5
Less: Closing inventory	4,586.2	4,220.8
(B)	(365.4)	(1,171.3)
(Increase) in inventory of work-in-progress		
Opening inventory	547.6	482.6
Less: Closing inventory	452.7	547.6
(C)	94.9	(65.0)
Total (A + B + C)	(559.5)	(2,331.7)

¹ Closing inventory is net off scrapped/reworked items and shortages/excesses.

28. Employee benefits expense

	(₹ in million)	
	2022	2021
Salaries, wages and incentives	3,693.4	3,259.0
Contributions to: (refer Note 40)		
– Provident fund	189.1	171.9
–Gratuity fund	65.2	60.9
– Superannuation fund	33.1	31.2
Compensated absences	43.1	123.9
Staff welfare expenses	282.0	305.3
Total	4,305.9	3,952.2

29. Finance costs

	(₹ in million)	
	2022	2021
Interest and finance charges on lease liability	30.9	33.4
Bank and other financial charges	4.6	3.3
Total	35.5	36.7

30. Depreciation and amortisation expense

	(₹ in million)	
	2022	2021
Depreciation on property, plant and equipment	1,963.5	1,882.7
Depreciation of right of use of assets (refer Note 47)	90.6	86.7
Amortisation of intangible assets	10.5	1.7
Total	2,064.6	1,971.1

Notes to the Financial Statements

for the year ended December 31, 2022

31. Other expenses

	(₹ in million)	
	2022	2021
Consumption of stores and spare parts	2,561.2	2,309.8
Power and fuel	874.6	748.8
Freight, clearing and forwarding	744.4	668.9
Rent	27.3	20.9
Repairs and maintenance		
Building	17.4	19.3
Machinery	45.5	47.8
Others	100.0	67.9
Insurance	62.1	59.3
Rates and taxes	56.6	35.4
Travelling expenses	180.5	54.4
Legal and professional fees	75.3	53.6
Payments to auditors (refer note below)	8.0	6.9
Fees for use of technology (refer Note 36)	1,295.6	1,064.3
Advertising and sales promotion	141.2	60.0
Bank charges	14.6	12.3
Telephone and other communication expenses	25.0	17.2
Printing and stationery	18.5	13.8
Bad debts written off	5.9	3.3
Loss on sale/retirement of assets (net)	6.0	-
Loss on account of foreign exchange fluctuations (net)	15.0	62.1
Warranty costs	20.3	33.6
Outside services	2,506.6	1,855.6
Corporate Social Responsibility expenditure (refer note below)	118.3	110.5
Miscellaneous expenses	39.3	28.6
Less: Capitalised for own consumption	(58.1)	(40.7)
Total	8,901.1	7,313.6

Note : Payments to auditors

	(₹ in million)	
	2022	2021
As auditors		
– Statutory audit	5.0	4.1
– Limited review	3.0	2.8
– Other services	-	-
Total	8.0	6.9

Note : Corporate Social Responsibility expenditure

	(₹ in million)	
	2022	2021
Details of CSR expenditure:		
Gross amount required to be spent by the Company during the year	118.3	107.1
Amount spent during the year ending on other than construction/acquisition of any asset	107.3	110.5
Shortall at the end of the year	11.0	13.6
Total of previous year shortfall	-	-
Reason for shortfall	-	-



Notes to the Financial Statements

for the year ended December 31, 2022

Nature of CSR activities

Note : Corporate Social Responsibility expenditure

	₹ in million	
	2022	2021
Amount required to be spent as per Section 135 of the Act ¹	118.3	107.1
Amount incurred during the year on:		
(i) Construction/acquisition of assets	-	-
(ii) On purpose other than (i) above	118.3	110.5
	118.3	110.5
Amount yet to be paid on:		
(i) Construction/acquisition of assets	-	-
(ii) On purpose other than (i) above ¹	0.4	32.6
Total	0.4	32.6

¹ An amount of ₹11.0 million which is required to be transferred to unspent corporate social responsibility bank account was deposited on January 20, 2023 (2021: ₹13.6 million deposited on February 14, 2022).

32. Tax expense

	₹ in million	
	2022	2021
(a) Current tax		
Current tax on profit during the year	2,975.0	2,197.0
Tax in respect of prior years	(1.5)	(10.0)
Total current tax expense	2,973.5	2,187.0
(b) Deferred tax		
Deferred tax (credit)/expense attributable to origination and reversal of temporary differences	4.8	(46.8)
Total tax expense	2,978.3	2,140.2
Reconciliation of effective tax rate		
Profit before tax	11,770.4	8,431.4
Current tax at the Indian tax rate of 25.17%	2,962.6	2,122.2
Tax adjustments of earlier years	(1.5)	(10.0)
Expenses allowable when paid and other timing differences	12.4	74.8
Current tax expense (A)	2,973.5	2,187.0
Deferred tax		
On WDV of property, plant and equipment	(50.2)	(67.1)
Provision for employee benefits	1.5	(13.2)
Provision for expenses	22.2	11.6
Provision for doubtful trade receivables	3.1	31.1
Lease accounting	(3.7)	(7.3)
Effective portion of gain/(loss) on cash flow hedge	7.0	-
Amortisation of contract assets	24.9	(1.9)
Deferred tax expense (B)	4.8	(46.8)
Tax expense recognised in Statement of Profit and Loss (A + B)	2,978.3	2,140.2
Tax impact recognised in Other Comprehensive Income (OCI)		
Remeasurement of defined benefits obligation	(10.5)	8.0
Total	(10.5)	8.0

Notes to the Financial Statements

for the year ended December 31, 2022

33. Earnings Per Share (EPS)

	2022	2021
(a) Amount used as the numerator		
Profit after tax attributable to equity shareholders (₹ in million)	8,792.1	6,291.2
(b) Weighted average number of equity shares used as the denominator (Nos.) ¹	156,303,670	156,303,670
(c) Nominal value of share (in ₹) ¹	2.0	2.0
(d) Earnings per share (Basic and Diluted) (in ₹)	56.3	40.3

¹ Pursuant to the approval of the shareholders accorded in the extra-ordinary general meeting of the company held on December 19, 2021, each equity share of face value of ₹10/- per share was subdivided into five equity shares of face value of ₹2/- per share, with effect from February 9, 2022. Consequently, the basic and diluted earnings per share have been computed for current and previous year on the basis of the new number of equity shares in accordance with Ind AS 33 - Earnings per Share.

34. Contingent liabilities not provided for in respect of:

Claims against the company not acknowledged as debts:

	₹ in million	
	2022	2021
(a) Employees and ex-employees related matters:		
(i) Matters pending in labour court/civil court/High Court for reinstatement of service/recovery of salary, PF & ESIC matters.	154.5	157.8
(ii) Demand for discontinuing of contract system and for differential wages	12.7	12.7
	167.2	170.5
(b) (i) Sales-tax		
For non receipt of C Forms and non acceptance of Company's claim of certain sales as exempt sales in respect of various assessment years.	65.2	70.9
(ii) Excise duty and Service tax:	116.5	133.4
In respect of matters decided against the Company, for which the Company is in appeal with higher authorities		
	181.7	204.3
(c) Income tax:		
(i) In respect of matters decided against the Company, for which the Company is in appeal with higher authorities.	160.3	160.3
	160.3	160.3
In respect of above matters, it is not practicable for the Company to estimate the closure of these issues and consequential timing of cash flows, if any.		
(d) Others:		
Demand notice for stamp duty on Order of Hon'ble National Company Law Tribunal, Mumbai Bench, approving the Scheme of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with the Company, for which the Company is in appeal with higher authorities.	250.0	250.0
	250.0	250.0

35. Commitments

	₹ in million	
	2022	2021
Contracts on capital account:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance ₹556.6 million; 2021: ₹116.7 million).	4,171.8	893.8



Notes to the Financial Statements

for the year ended December 31, 2022

36. Related Party disclosures as required under Ind AS-24 are given below:

(1) Name and nature of relationship of the related party where control exists:

The ultimate control lies with INA Holding Schaeffler GmbH & Co. KG, Germany.

(2) Names of the Related Parties having transactions with the Company during the year.

2022	2021
Ultimate holding Company	Ultimate holding Company
INA Holding Schaeffler GmbH & Co. KG, Germany	INA Holding Schaeffler GmbH & Co. KG, Germany
Fellow subsidiaries/Affiliates	Fellow subsidiaries/Affiliates
Schaeffler Australia Pty Ltd., Australia	Schaeffler Australia Pty Ltd., Australia
Schaeffler Austria GmbH., Austria	Schaeffler Austria GmbH., Austria
Schaeffler Brasil Ltda., Brasil	Schaeffler Brasil Ltda., Brasil
Schaeffler Canada Inc., Canada	Schaeffler Canada Inc., Canada
Schaeffler (China) Co., Ltd., China	Schaeffler (China) Co., Ltd., China
Schaeffler Trading (Shanghai) Co., Ltd., China	Schaeffler Trading (Shanghai) Co., Ltd., China
Schaeffler (Ningxia) Co., Ltd., China	Schaeffler (Ningxia) Co., Ltd., China
Schaeffler Friction Products (Suzhou) Co., Ltd., China	Schaeffler (Nanjing) Co., Ltd., China
Schaeffler (Nanjing) Co., Ltd., China	Schaeffler (Xiangtan) Co., Ltd., China
Schaeffler (Xiangtan) Co., Ltd., China	Schaeffler Friction Products (Suzhou) Co., Ltd., China
Schaeffler Middle East FZE., Dubai	Schaeffler Middle East FZE., Dubai
Schaeffler France SAS., France	Schaeffler France SAS., France
WPB Water Pump Bearing GmbH & Co. KG., Germany	Schaeffler Chain Drive Systems SAS., France
Schaeffler Technologies AG & Co. KG., Germany	Schaeffler Technologies AG & Co. KG., Germany
Schaeffler Automotive Buehl GmbH & Co., Germany	Schaeffler Automotive Buehl GmbH & Co. KG., Germany
Schaeffler Automotive Aftermarket GmbH & Co. KG., Germany	Schaeffler Automotive Aftermarket GmbH & Co. KG., Germany
LuK Unna GmbH & Co. KG., Germany	LuK Unna GmbH & Co. KG., Germany
Schaeffler AG., Germany	Schaeffler Industrial Remanufacturing Services AG & Co. KG., Germany (Formerly LuK Truckparts GmbH & Co. KG., Germany)
Schaeffler Engineering GmbH., Germany	WPB Water Pump Bearing GmbH & Co. KG., Germany
Schaeffler Monitoring Services GmbH., Germany	Schaeffler AG., Germany
Schaeffler Friction Products GmbH., Germany	Schaeffler Monitoring Services GmbH., Germany
Schaeffler Digital Solutions GmbH., Germany	Schaeffler Automotive Aftermarket GmbH & Co. KG., Germany
Schaeffler Schweinfurt Beteiligungs GmbH, Germany	Schaeffler Friction Products GmbH., Germany
Schaeffler Bühl Verwaltungs GmbH, Germany	Schaeffler Digital Solutions GmbH., Germany
Schaeffler Verwaltungsholding Sechs GmbH, Germany	Schaeffler Schweinfurt Beteiligungs GmbH, Germany
Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	Schaeffler Bühl Verwaltungs GmbH, Germany
Schaeffler Hong Kong Company Limited., Hong Kong	Schaeffler Verwaltungsholding Sechs GmbH, Germany
Schaeffler Savaria Kft., Hungary	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany
FAG Magyarorszag Ipari Kft., Hungary	Schaeffler Hong Kong Company Limited., Hong Kong
Schaeffler Bearings Indonesia, PT., Indonesia	Schaeffler Savaria Kft., Hungary
Schaeffler Water Pump Bearing Italia S.r.l., Italy	FAG Magyarorszag Ipari Kft., Hungary
Schaeffler Italia S.r.l., Italy	Schaeffler Iberia, S.L.U., Iberia
Schaeffler Technologies Solution India Private Limited, India	Schaeffler Bearings Indonesia, PT., Indonesia
Schaeffler Japan Co., Ltd., Japan	Schaeffler Water Pump Bearing Italia S.r.l., Italy
Schaeffler Ansan Corporation., Korea	Schaeffler Italia S.r.l., Italy
Schaeffler Korea Corporation., Korea	Schaeffler Japan Co., Ltd., Japan
Schaeffler Bearings (Malaysia) Sdn. Bhd., Malaysia	Schaeffler Ansan Corporation., Korea
Schaeffler Transmisión, S. de R.L. de C.V., Mexico	Schaeffler Korea Corporation., Korea
Schaeffler Automotive Aftermarket Mexico, S. de R.L. de C.V., Mexico	Schaeffler Bearings (Malaysia) Sdn. Bhd., Malaysia
Schaeffler Mexico, S. de R.L. de C.V., Mexico	Schaeffler Mexico, S. de R.L. de C.V., Mexico
Schaeffler Philippines Inc., Philippines	Schaeffler Mexico Servicios, S. de R.L. de C.V., Mexico

Notes to the Financial Statements

for the year ended December 31, 2022

2022	2021
Schaeffler Portugal, Unipessoal, Lda., Portugal	Schaeffler Transmisión, S. de R.L. de C.V., Mexico
Schaeffler Romania S.R.L., Romania	Schaeffler Philippines Inc., Philippines
Schaeffler (Singapore) Pte. Ltd., Singapore	Schaeffler Portugal, Unipessoal, Lda., Portugal
Schaeffler Kysuce, spol. s r.o., Slovakia	Schaeffler Romania S.R.L., Romania
Schaeffler Skalica, spol. s r.o., Slovakia	Schaeffler (Singapore) Pte. Ltd., Singapore
Schaeffler South Africa (Pty.) Ltd., South Africa	Schaeffler Kysuce, spol. s r.o., Slovakia
Schaeffler (Thailand) Co., Ltd., Thailand	Schaeffler Skalica, spol. s r.o., Slovakia
Schaeffler Manufacturing (Thailand) Co., Ltd., Thailand	Schaeffler South Africa (Pty.) Ltd., SouthAfrica
Schaeffler (UK) Limited., UK	Schaeffler (Thailand) Co., Ltd., Thailand
Schaeffler Automotive Aftermarket (UK), Limited., UK	Schaeffler Manufacturing (Thailand) Co., Ltd., Thailand
Schaeffler Group USA, Inc., USA	Schaeffler (UK) Limited., UK
Schaeffler Transmission Systems, LLC., USA	Schaeffler Group USA, Inc., USA
Schaeffler Vietnam Co., Ltd., Vietnam	Schaeffler Transmission Systems, LLC., USA
	Schaeffler Vietnam Co., Ltd., Vietnam
Key Management Personnel	Key Management Personnel
Mr. Harsha Kadam, Managing Director	Mr. Harsha Kadam, Managing Director
Mr. Satish Patel, Director Finance and CFO	Mr. Satish Patel, Director Finance and CFO

(3) Transactions with related parties during the year:

(₹ in million)			
Nature of transactions	Fellow subsidiaries/ Affiliates	Key Management Personnel	Total
Purchase of finished goods	11,634.7	-	11,634.7
	(10,600.0)	-	(10,600.0)
Purchase of raw materials and components and spares	7,535.4	-	7,535.4
	(5,907.0)	-	(5,907.0)
Purchase of tangible assets	751.3	-	751.3
	(460.9)	-	(460.9)
Fees for use of technology/trademark	1,295.6	-	1,295.6
	(1,064.3)	-	(1,064.3)
Travelling, training, testing, support fee and other cost	548.4	-	548.4
	(290.7)	-	(290.7)
Dividend for the year – 2022	1,853.6	-	1,853.6
2021	(880.5)	-	(880.5)
SAP, other IT systems and connectivity cost	515.2	-	515.2
	(422.3)	-	(422.3)
Expat cost	7.5	-	7.5
	(8.8)	-	(8.8)
Commission on guarantee - other cost	2.4	-	2.4
	(1.2)	-	(1.2)
Sale of finished goods	10,115.3	-	10,115.3
	(6,478.3)	-	(6,478.3)
Reimbursement of expenses	109.1	-	109.1
	(85.2)	-	(85.2)
Service income	308.7	-	308.7
	(23.9)	-	(23.9)
Managerial remuneration ¹	-	53.7	53.7
	-	(48.6)	(48.6)

¹ In the case of present key management personnel, remuneration does not include gratuity and leave encashment benefits which are determined for the Company as a whole.



Notes to the Financial Statements

for the year ended December 31, 2022

(4) Balances outstanding as at 31 December 2022:

Nature of Transaction	Fellow subsidiaries/ Affiliates
Trade receivables	
Schaeffler Technologies AG & Co. KG, Germany	1,260.9
	(732.9)
Schaeffler Trading (Shanghai) Co. Ltd., China	346.6
	(356.7)
Others	1,238.4
	(643.6)
2022	2,845.9
2021	(1,733.2)
Trade payables	
Schaeffler Technologies AG & Co. KG, Germany	3,911.1
	(3,159.5)
Schaeffler (China) Co. Ltd.China	303.9
	(463.8)
Others	1,423.8
	(899.3)
2022	5,638.8
2021	(4,522.6)
Other receivables	
Schaeffler Technologies AG & Co. KG, Germany	22.9
	(21.2)
Schaeffler Brasil Ltda., Brasil	7.7
	-
Schaeffler Vietnam Co., Ltd., Vietnam	7.6
	-
Schaeffler (Singapore) Pte. Ltd., Singapore	6.1
	-
Others	12.2
	(8.9)
2022	56.5
2021	(30.1)
Creditors for Capital goods	
Schaeffler Technologies AG & Co. KG, Germany	79.7
	(21.2)
Schaeffler Automotive Buehl GmbH & Co. KG, Germany	26.9
	(0.6)
Schaeffler Kysuce, spol. s r.o., Slovakia	18.0
	(2.4)
Others	12.4
	(4.6)
2022	137.0
2021	(28.8)
Advance against asset held for sale	
Schaeffler Technologies Solution India Private Limited, India	300.0
	-
2022	300.0
2021	-

Notes to the Financial Statements

for the year ended December 31, 2022

(5) The significant related party transactions are as under:

Nature of Transactions	Fellow subsidiary/Affiliates	Amount
Purchase of finished goods	Schaeffler Technologies AG & Co. KG, Germany	8,864.7
		(8,384.6)
Purchase of raw material and components and spares	Schaeffler Technologies AG & Co. KG, Germany	4,083.5
		(3,218.1)
	Schaeffler Friction Products (Suzhou) Co., Ltd.,	953.8
		(704.5)
	Schaeffler (China) Co. Ltd.China	-
		(639.3)
Purchase of tangible assets	Schaeffler Technologies AG & Co. KG, Germany	239.2
		(301.0)
	Schaeffler Skalica, spol. s r.o., Slovakia	117.3
		(18.1)
	Schaeffler Romania S.R.L., Romania	86.5
		(11.2)
Sale of finished goods	Schaeffler Technologies AG & Co. KG, Germany	3,783.5
		(2,277.0)
	Schaeffler Trading (Shanghai) Co. Ltd; China	1,814.6
		(1319.9)
Fees for use of technology/trademark	Schaeffler Technologies AG & Co. KG, Germany	1,295.6
		(1,064.1)
SAP, other IT systems and connectivity cost	Schaeffler Technologies AG & Co. KG, Germany	515.2
		(422.2)
Travelling, training, testing, support fee and other cost	Schaeffler Technologies AG & Co. KG, Germany	212.1
		(72.0)
	Schaeffler Kysuce, spol. s r.o., Slovakia	81.9
		(3.4)
	Schaeffler Japan Co. Ltd. Japan	-
		(69.4)
	Schaeffler Vietnam Co., Ltd., Vietnam	-
		(30.8)
Expat cost	Schaeffler Automotive Buehl GmbH & Co. KG, Germany	7.5
		(8.0)
Commission on guarantee – other cost	Schaeffler AG, Germany	2.4
		(1.2)
Reimbursement of expenses	Schaeffler Technologies AG & Co. KG, Germany	28.7
		(10.3)
	Schaeffler (Singapore) Pte. Ltd., Singapore	19.2
		(15.1)
	Schaeffler Manufacturing (Thailand) Co.,Ltd., Thailand	14.8
		(13.9)
	Schaeffler Vietnam Co., Ltd., Vietnam	13.8
		(10.3)
	Schaeffler Brasil Ltda., Brasil	11.7
		(7.1)
Service income	Schaeffler Technologies AG & Co. KG, Germany	268.4
		(23.9)
Managerial remuneration	Mr. Harsha Kadam	36.7
		(33.4)
	Mr. Satish Patel	17.0
		(15.2)
Dividend paid	Schaeffler Schweinfurt Beteiligungs GmbH, Germany	682.2
		(324.1)
	Schaeffler Bühl Verwaltungs GmbH, Germany	514.2
		(244.3)
	Schaeffler Verwaltungsholding Sechs GmbH, Germany	375.4
		(178.3)
	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	281.8
		(133.9)

Amounts in brackets represents previous year amounts.

Terms and conditions with related parties;

The sales to and purchases from related parties including fixed Assets and other expenses are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.



Notes to the Financial Statements

for the year ended December 31, 2022

37. Derivative instruments:

The Company's exposure to foreign currency fluctuations relates to foreign currency assets, liabilities and forecasted cash flows. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives like forward contracts. The Company has entered into foreign currency forward contracts, majority having maturity of less than one year from reporting date, to hedge its risks associated with foreign currency fluctuations relating to such highly probable transactions. The currencies in which these transactions are mainly denominated is in US Dollars.

Outstanding derivative instruments

Category	Currency hedged	2022		2021	
		Notional amount in foreign currency	Equivalent amount (₹ in million)	Notional amount in foreign currency	Equivalent amount (₹ in million)
Forward exchange contracts (to hedge highly probable import payables)	USD	15,200,000	1,257.4	9,411,000	699.2

The Company holds the following instruments to hedge exposures to changes in foreign currency:

Maturity

	2022		2021	
	1-6 months	6-12 months	1-6 months	6-12 months
Foreign currency risk				
Forward exchange contracts				
Net exposure (₹ in million)	718.8	538.5	438.8	260.4
Average INR: USD forward contract rate	80.8	83.2	75.2	77.3

Foreign currency exposures as at December 31, 2022:

Particulars	Currency	Amount in foreign currency	Equivalent amount (₹ in million)
Trade Payables	USD	20,785,540.6	1,719.4
		(19,439,384.4)	(1,444.4)
	EUR	2,829,034.6	249.8
		(2,410,546.4)	(202.9)
	CHF	3,108.45	0.30
		(11,763.0)	(1.0)
	GBP	508.0	0.1
		-	-
	JPY	8,176,104.0	5.1
		(4,104,531.0)	(2.6)
Trade Receivables	CNY	7,638,743.4	91.6
		(31,449,682.5)	(367.9)
	USD	17,899,242.2	1,480.6
		(12,314,105.8)	(914.9)
	EUR	786,350.5	69.4
		(749,688.9)	(63.1)
	Advances to Suppliers	36,574.5	3.0
		(33,252.7)	(2.5)
	EUR	3,647,060.6	322.1
		(1,100,280.3)	(92.6)
Bank balance in EEFC accounts	GBP	-	-
		(1,100.0)	(0.1)
	AUD	-	-
		(5,496.1)	(0.3)
	JPY	-	-
		(1,740,000.0)	(1.1)
	USD	404,019.1	33.4
		(4,641,562.8)	(344.9)
	EUR	26.5	-
		(413,279.7)	(34.8)

Amounts in brackets represents previous year numbers.

Notes to the Financial Statements

for the year ended December 31, 2022

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

	(₹ in million)	
	2022	2021
Financial assets		
Trade receivables		
USD	1,480.6	914.9
EUR	69.4	63.1
Bank Balances in EEFC account		
USD	33.4	344.9
EUR	-	34.8
Total Exposure to foreign currency assets	1,583.4	1,357.7

	(₹ in million)	
	2022	2021
Financial liabilities		
Trade payables		
USD	1,719.4	1,444.4
EUR	249.8	202.9
CHF	0.3	1.0
JPY	5.1	2.6
GBP	0.1	-
CNY	91.6	367.9
Total Exposure to foreign currency liabilities	2,066.3	2,018.8

38. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- market risk [refer 39 (A) below]
- liquidity risk [refer 39 (B) below]
- credit risk [refer 39 (C) below]

In the course of its business, the Company is exposed primarily to aforesaid risks, which may impact the fair value of its financial instruments. The Company has a risk management system 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 strategy is approved by Board of Directors which is implemented by the Company's management. The risk management framework aims to create a stable business planning environment by reducing the impact of market related risks, credit risks and currency fluctuations on the Company's earnings. The risks identified through the risk management system are analysed and evaluated by the Company's management and reported to the Board of Directors periodically along with report of planned mitigation measures.

(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 is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollars and Euro. 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 (Indian Rupees).

The Company has import and export transactions in foreign currencies. Imports are higher than exports and hence the Company has foreign currency exposure to the extent of imports being higher than exports. The risk of foreign currency fluctuation is mitigated through hedging. Please refer Note 37 for details of foreign currency exposure.



Notes to the Financial Statements

for the year ended December 31, 2022

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

Foreign Currency Sensitivity

The following table demonstrates sensitivity to a reasonable possible change in major foreign currencies like USD and EUR with all other variables held constant:

		Effect on Profit Before Tax	
		2022	2021
USD	+ 5%	(10.3)	(9.2)
	- 5%	10.3	9.2
EUR	+ 5%	(9.0)	(5.3)
	- 5%	9.0	5.3
CHF	+ 5%	(0.0)	(0.1)
	- 5%	0.0	0.1
JPY	+ 5%	(0.3)	(0.1)
	- 5%	0.3	0.1
GBP	+ 5%	(0.0)	0.0
	- 5%	0.0	0.0
CNY	+ 5%	(4.6)	(18.4)
	- 5%	4.6	18.4

(ii) Interest rate risk

The Company recovers interest as per the terms of the agreement which approximates the prevailing market rate of interest, from time to time.

The Company's borrowings comprise of fixed rate loan from the related parties. The terms of the agreement which approximates the prevailing market rate of interest.

Surplus funds are being invested in bank deposits at fixed interest rates and the tenure is managed to match with the Company's liquidity profile.

(B) Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and cash flows generated from operations. The Company regularly monitors actual cash flows and forecasts to ensure that the Company maintains sufficient liquidity to meet the operation needs.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows at the balance sheet date:

		Carrying amount			Total
		Less than 12 months	More than 12 months		
As at December 31, 2022					
Financial liabilities					
Lease liabilities	573.8	100.2	473.60		573.8
Trade payables	11,117.3	11,117.3	-		11,117.3
Security deposits from customers/suppliers	19.9	-	19.9		19.9
Employee liabilities	722.6	722.6	-		722.6
Creditors for capital goods	490.4	490.4	-		490.4
Accrued expense	114.8	114.8	-		114.8
Derivative forward exchange contracts	-	-	-		-
Unclaimed dividends	9.5	9.5	-		9.5
Other payables	8.0	8.0	-		8.0

Notes to the Financial Statements

for the year ended December 31, 2022

		Carrying amount			Total
		Less than 12 months	More than 12 months		
As at December 31, 2021					
Financial liabilities					
Lease liabilities	607.0	88.0	519.0		607.0
Trade payables	9645.1	9,645.1	-		9,645.1
Security deposits from customers/suppliers	23.1	-	23.1		23.1
Employee liabilities	540.8	540.8	-		540.8
Creditors for capital goods	254.3	254.3	-		254.3
Accrued expense	139.3	139.3	-		139.3
Derivative forward exchange contracts	1.5	1.5	-		1.5
Unclaimed dividends	8.0	8.0	-		8.0
Other payables	11.7	11.7	-		11.7

(C) Credit Risk

Credit risk is the unexpected loss in financial instruments if the counter parties fails to discharge it's contractual obligations in entirety and timely. The Company is exposed to credit risks arising from it's operating and financing activities such as trade receivables, loans and advances and other financial instruments. The carrying amounts of financial assets represent the maximum credit exposure.

Trade receivables

Credit risk on trade receivables is limited due to the Company's diversified customer base which includes public sector enterprises and reputed private corporates. For trade receivables, the Company computes expected credit loss allowance based on provision matrix which is prepared considering customer's industry segment and historically observed overdue rate over expected life of trade receivables. The expected credit loss allowance is considered as a percentage of net receivable position.

		2022		2021	
		Less than 6 months	More than 6 months	Less than 6 months	More than 6 months
Gross carrying amount	10,349.1	8.3		8,502.0	6.4
Allowance for expected credit loss	(30.0)	(3.3)		(44.1)	(1.6)
Carrying amount of trade receivables (net)	10,319.1	5.0		8,457.9	4.8

Reconciliation of expected credit loss allowance is as follows:

		(₹ in million)
As at January 1, 2022		45.7
Movement in expected credit loss allowance		(12.4)
As at December 31, 2022		33.3

Other financial assets

The Company does not have significant credit risk from loans given considering available securities against which such loans have been given.



Notes to the Financial Statements

for the year ended December 31, 2022

39. Capital management

For the purpose of Company's capital management, capital includes equity share capital and all other reserves attributable to equity shareholders. The Company has a long-term strategy of pursuing profitable growth. Capital is managed proactively to secure the existence of the Company as a going concern in the long-term and create financial flexibility for profitable growth in order to add value to the Company. A further aim of the capital management is to ensure long-term availability of liquidity, maintain strong credit ratings and ensure optimal capital structure in order to support business through continuing growth and maximising shareholders value. The Company funds it's operations through internal accruals and the Management along with the Board of Directors regularly monitor the returns on capital as well as dividend levels to shareholders.

40. Employee benefits: Post employment benefit plans

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Superannuation Fund which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹189.1 million (2021: ₹171.9 million) and contribution to superannuation fund for the year aggregated to ₹33.1 million (2021: ₹31.2 million).

Defined benefit plans

The Company has defined benefit plans that provide gratuity benefit. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit. The Scheme is funded by the plan assets.

The following table summarises the position of assets and obligations

	(₹ in million)	
	Gratuity	
	2022	2021
Present value of funded obligations	824.1	807.2
Fair value of plan assets	775.6	709.9
Liability recognised in balance sheet	48.5	97.3

Classification into current/non-current

The (asset)/liability in respect of each of the plans comprises of the following non-current and current portions:

	(₹ in million)	
	Gratuity	
	2022	2021
Non-current liability	-	-
Current liability	48.5	97.3
Total	48.5	97.3

Notes to the Financial Statements

for the year ended December 31, 2022

Movement in present values of defined benefit obligations:

	(₹ in million)	
	Gratuity	
	2022	2021
Defined benefit obligation at January 1	807.2	720.6
Service cost	60.7	56.1
Interest cost	46.7	37.2
Actuarial (gains)/losses recognised in Other Comprehensive Income due to:		
Change in assumptions	(57.2)	(41.4)
Demographic assumptions		
Experience changes	23.6	81.1
Benefits paid/Employees contribution	(53.0)	(46.4)
Liabilities assumed/(settled)	(3.9)	-
Defined benefit obligation at December 31	824.1	807.2

Movement in fair value of plan assets:

	(₹ in million)	
	Gratuity	
	2022	2021
Fair value of plan assets at January 1	709.9	610.5
Return on plan assets recognised in other comprehensive income	8.5	7.8
Interest on plan assets	42.1	32.4
Contributions by employer	68.1	105.6
Benefits paid/Employees contribution	(53.0)	(46.4)
Fair value of plan assets at December 31	775.6	709.9

Expense recognised in the Statement of Profit and Loss:

	(₹ in million)	
	Gratuity	
	2022	2021
Current service cost	60.7	56.1
Interest on net defined benefit liability/(asset)	4.5	4.8
Total included in Employee benefits expense	65.2	60.9

Remeasurements recognised in other comprehensive income

	(₹ in million)	
	Gratuity	
	2022	2021
Actuarial (gain)/loss on defined benefit obligation	(33.6)	39.7
Return on plan assets excluding interest income	(8.5)	(7.8)
Currency effects – OCI from DBO	0.6	0.0
	(41.5)	31.9



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for the year ended December 31, 2022

Principal actuarial assumptions at the balance sheet date

(₹ in million)

	Gratuity	
	2022	2021
Discount rate per annum as at December 31	7.30%	6.30%
Expected return per annum on plan assets as at December 31	7.30%	6.30%
Future salary increment	6.50%	6.50%
Retirement age	58 Years	58 Years
Mortality	Indian Assured Lives Mortality (2012-14) Ult table	Indian Assured Lives Mortality (2012-14) Ult table
Attrition rate	6% - 13%	6% - 13%

At December 31, 2022 the weighted-average duration of the defined benefit obligation was 6.47 years (December 31, 2021: 6.99 years).

Note: The estimates of future salary increases, considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Sensitivity Analysis

The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points:

(₹ in million)

	2022		2021	
	Increase	Decrease	Increase	Decrease
Discount rate (100 bps movement on DBO)	(6.08%)	6.90%	(6.55%)	7.48%
Salary escalation rate (100 bps movement pn DBO)	6.89%	(6.19%)	7.48%	(6.60%)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The major categories of plan assets are as follows:

(₹ in million)

	2022		
	Quoted	Unquoted	Total
Insurer managed funds (Life Insurance Corporation)	-	774.4	774.4
Others	-	1.3	1.3

Maturity profile of defined benefit obligations:

(₹ in million)

Year	2022	2021
Year 1	152.5	131.7
Year 2	110.4	100.9
Year 3	120.6	93.8
Year 4	85.2	101.4
Year 5	67.6	72.8
Year 6	70.0	57.2
Year 7	55.9	59.6
Year 8	62.2	48.7
Year 9	48.3	54.2
Year 10 and above	734.9	669.4

Notes to the Financial Statements

for the year ended December 31, 2022

Characteristics of defined benefit plans and risks associated with them:

Valuations of defined benefit plan are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit plans which are as follows:

- (i) **Interest Rate risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (i.e. value of defined benefit obligation).
- (ii) **Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- (iii) **Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- (iv) **Investment Risk:** The Company has funded with well established Govt. of India undertaking & other IRDA approved agency and therefore, there is no material investment risk.

41. Financial instruments

(A) Accounting classifications

The following tables shows the carrying amount/fair values of financial assets and financial liabilities:

(₹ in million)

Financial instruments category	Carrying value/Fair value	
	2022	2021
Financial Assets		
(a) Measurement at amortised cost:		
Trade receivables	10,324.1	8,462.7
Cash and cash equivalents	1,660.4	2,070.0
Bank balances other than cash and cash equivalents	13,884.9	12,086.7
Financial assets	1,476.7	1,413.7
Total Financial Assets	27,346.1	24,033.1
Financial Liabilities		
(a) Measurement at amortised cost:		
Trade payables	11,117.3	9,645.1
Other financial liabilities	1,365.2	978.7
Lease liabilities	573.8	607.0
Total Financial Liabilities	13,056.3	11,230.8

The carrying amounts of all financial instruments (except derivative instruments which are measured at fair value through Other Comprehensive Income and long-term loans) are not materially different from their fair values, since these are of short term nature.



Notes to the Financial Statements

for the year ended December 31, 2022

(B) Fair value hierarchy

The following table provides quantitative disclosures of fair value measurement hierarchy of financial instruments as referred above:

December 31, 2022

	Level 1	Level 2	Level 3	(₹ in million) 2022
Financial Assets				
Trade receivables	-	-	10,324.1	10,324.1
Other financial assets	-	-	1,476.7	1,476.7
Total	-	-	11,800.8	11,800.8

	Level 1	Level 2	Level 3	(₹ in million) 2022
Financial Liabilities				
Trade payables	-	-	11,117.3	11,117.3
Other financial liabilities	-	-	1,365.2	1,365.2
Lease liabilities	-	-	573.8	573.8
Total	-	-	13,056.3	13,056.3

December 31, 2021

	Level 1	Level 2	Level 3	(₹ in million) 2021
Financial Assets				
Trade receivables	-	-	8,462.7	8,462.7
Other financial assets	-	-	1,413.7	1,413.7
Total	-	-	9,876.4	9,876.4

	Level 1	Level 2	Level 3	(₹ in million) 2021
Financial Liabilities				
Trade payables	-	-	9,645.1	9,645.1
Other financial liabilities	-	-	978.7	978.7
Lease liabilities	-	-	607.0	607.0
Total	-	-	11,230.8	11,230.8

Valuation techniques and significant unobservable inputs

Specific valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments include:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- All financial assets and liabilities referred in Level 3 are measured at amortised cost, their carrying amount are reasonable approximation of their fair value

Notes to the Financial Statements

for the year ended December 31, 2022

42. Segment reporting

(i) Information about business segments:

As per 'Ind AS 108 - Operating Segments', the Company has reported segment information under two segments i.e 1) Mobility components and related solutions and 2) Others.

Particulars	2022	(₹ in million) 2021
(a) Segment Revenue (Net revenue/income)		
Mobility components and related solutions		
Automotive Technologies	27,065.0	21,860.5
Automotive Aftermarket	5,935.8	5,018.7
Industrial	12,572.4	11,324.6
Exports & Others ¹	8,303.6	5,646.1
Sub total (a)	53,876.8	43,849.9
Others		
Automotive Technologies	-	-
Automotive Aftermarket	-	-
Industrial	11,674.2	10,241.6
Exports & Others ¹	3,123.2	1,513.6
Sub total (a)	14,797.4	11,755.2
(c) Total Revenue		
Automotive Technologies	27,065.0	21,860.5
Automotive Aftermarket	5,935.8	5,018.7
Industrial	24,246.6	21,566.2
Exports & Others ¹	11,426.8	7,159.7
Revenue from operations	68,674.2	55,605.1
(b) Segment Results (Profit before finance cost, depreciation and tax)		
Mobility components and related solutions	8,121.6	5,837.8
Others	2,757.7	1,906.5
Total profit before finance costs and tax	10,879.3	7,744.3
Less : Finance cost	35.5	36.7
Add : Unallocable Income	776.8	723.8
Add : Exceptional items	149.8	-
Profit before tax	11,770.4	8,431.4
(c) Segment assets		
Mobility components and related solutions ²	32,878.8	27,438.5
Others	4,950.8	4,149.4
Unallocated	19,437.6	17,374.8
Total assets	57,267.2	48,962.7
(d) Segment liabilities		
Mobility components and related solutions	10,342.6	8,803.6
Others	2,433.0	2,082.5
Unallocated	1,632.6	1,539.9
Total liabilities	14,408.2	12,426.0
(e) Net capital employed	42,859.0	36,536.7

¹ Export & Others mainly includes exports to group companies, scrap sales and other operating income.

² Property, plant and equipment (PPE) of the Company is predominantly used for 'Mobility solutions and related components' and hence has been disclosed as a segment asset under that reportable segment.



Notes to the Financial Statements

for the year ended December 31, 2022

(ii) Secondary segment information

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. India) and outside India. In presenting the geographical information, segment revenue has been based on geographical location of customers and segment assets which have been based on the geographical location of the assets.

(a) Revenues

	2022	2021
India	57,818.9	48,752.3
Outside India	10,855.3	6,852.8
Total	68,674.2	55,605.1

(b) Non-current assets¹

	2022	2021
India	15,806.5	13,152.9
Outside India	-	-
Total	15,806.5	13,152.9

¹ Non-current assets exclude financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts, if any.

(c) Customers accounted individually more than 10% of the revenue 2022 none (2021: none).

43. Research and development expenses under the respective heads aggregate to ₹972.2 million (2021: ₹1,015.7 million) including of capital nature ₹66.5 million (2021: ₹60.7 million).

	2022				2021			
	Maneja, Savli (Vadodara)	Talegaon (Pune)	Hosur	Total	Maneja, Savli (Vadodara)	Talegaon (Pune)	Hosur	Total
Revenue expenses on research and development included under various heads of expenditure	390.1	333.1	182.5	905.7	382.6	413.7	158.7	955.0
Capital expenses on research and development capitalised along with other Fixed assets	15.9	1.5	49.1	66.5	17.20	29.1	14.4	60.7
Total	406.0	334.6	231.6	972.2	399.8	442.8	173.1	1015.7

44. The tax year for the Company being the year ending March 31, 2023, provision for taxation for the year ended December 31, 2022 is aggregate of provision made for three months ended March 31, 2022 and provision based on amounts for remaining nine months ended December 31, 2022, the ultimate tax liability of which will be determined on the basis of figures for the fiscal year April 1, 2022 to March 31, 2023.

The Company's international transactions with associated enterprises are at arm's length, as per the independent accountant's report for the year ended March 31, 2022. The Management believes that the Company's international transactions with associated enterprises post March 31, 2022 continue to be at arm's length and that transfer pricing legislations will not have any impact on the Ind AS financial statements, particularly on the amount of tax expenses for the year and the amount of provision for taxation at the year end.

In the year 2019 the Company elected to exercise the option permitted under section 115BAA of the Income-tax Act 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 with effect from April 1, 2019. Accordingly, the Company has recognised provision for Income Tax and deferred tax expenses for the twelve months ended December 31, 2019 on the basis of estimated annual effective income tax rate.

Notes to the Financial Statements

for the year ended December 31, 2022

45. Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with the company

Scheme of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited (jointly referred to as 'transferor companies') with Schaeffler India Limited, has been approved by the National Company Law Tribunal, Chennai and Mumbai Benches vide their orders dated June 13, 2018 and October 8, 2018 respectively.

46. Revenue (Ind AS 115)

The Company is manufacturing and distribution of bearings, engine systems and transmission components, chassis applications and clutch systems. All sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch/delivery.

A. Revenue recognised from Contract liability (Advances from Customers):

Particulars	2022	2021
Closing Contract liability	94.9	173.3

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended December 31, 2022.

B. Reconciliation of revenue as per contract price and as recognised in statement of profit and loss:

Particulars	2022	2021
Revenue as per Contract price	67,697.6	55,299.6
Less: Incentives and rebates	600.2	550.8
Less: Discounts	133.1	75.0
Revenue as per statement of profit and loss	66,964.3	54,673.8

47. Leases

1. Practical expedients applied

- Applied discount rate based Incremental borrowing rate as per portfolio of leases of similar assets in similar economic environment with a similar
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

2. The Company's significant leasing/licensing arrangements are mainly in respect of residential/office premises. Leases generally have a lease term ranging from 12 months to 120 months. Most of the leases are renewable by mutual consent on mutually agreeable terms.

3. Right-of-use assets by class of assets is as follows.

Particulars	Gross Block				Amortisation				Net Block
	As at Jan 1, 2022	Additions	Deductions	As at Dec 31, 2022	As at Jan 1, 2022	For the Year	Deductions	As at Dec 31, 2022	As at Dec 31, 2022
Tangible Assets									
Leasehold land	187.7	352.9	-	540.6	2.2	1.2	-	3.4	537.2
Buildings	707.1	35.6	0.6	742.1	168.7	88.3	8.4	248.6	493.5
Vehicle	5.5	-	-	5.5	4.6	1.1	0.2	5.5	-
Total (ii)	900.3	388.5	0.6	1,288.2	175.5	90.6	8.6	257.5	1,030.7



Notes to the Financial Statements

for the year ended December 31, 2022

4. Finance costs includes interest expense amounting to ₹30.9 millions (2021: ₹33.4 millions) on lease liability accounted in accordance with Ind AS 116 “Leases”.
5. Rent expense in Note No. 31 Represents lease charges for short term leases.
6. Lease liabilities

Particulars	(₹ in million)	
	2022	2021
Lease liabilities included in financial position		
Current	100.2	88.0
Non-current	473.6	519.0

48. Ratio Analysis and its elements

Ratio	Unit of Measurement	Numerator	Denominator	2022	2021	% change	Remark
Current ratio	Times	Current assets	Current liabilities	2.8	2.9	-1.1%	Continued strong ratio
Debt-Equity ratio	Times	Debt consists of borrowings and lease liabilities	Total Equity	0.01	0.02	-19.4%	-
Debt service coverage ratio	Percentage	Earnings for debt service ¹	Debt service ²	109.6	91.5	19.8%	-
Return on equity ratio	Percentage	Net Profits after taxes	Average total equity	22.1%	18.5%	19.6%	Increased due to better performance
Inventory turnover ratio	Times	Cost of goods sold	Average inventory	3.7	3.8	-5.1%	-
Trade receivables turnover ratio	Times	Net credit sales	Average trade receivables	7.2	7.1	0.7%	-
Trade payables turnover ratio	Times	Net credit purchases ³	Average trade payables	5.1	5.3	-3.0%	-
Net capital turnover ratio	Times	Net Sales	Working capital ⁴	2.6	2.5	6.9%	-
Net profit ratio	Percentage	Net Profit	Net Sales	13.0%	11.5%	13.6%	-
Return on capital employed	Percentage	Earnings before interest and taxes	Capital employed ⁵	27.4%	23.0%	19.2%	Better operational performance
Return on investment	Percentage	Earnings before interest and taxes	Average total assets	20.7%	17.6%	17.7%	-

¹ Earnings for debt service includes net profit after taxes and non-cash operating expenses like depreciation, profit/loss on sale of property, plant and equipment, etc

² Debt service includes interest & lease payments.

³ Net credit purchases means gross credit purchases after deducting purchase return. Gross credit purchases includes other expenses.

⁴ Working capital is calculated by deducting current liabilities from current assets.

⁵ Capital employed calculated based on total assets less current liabilities.

49. Other Statutory Information

1. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
2. The Company does not have any transactions with companies struck off.
3. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
4. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

Notes to the Financial Statements

for the year ended December 31, 2022

5. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
6. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
7. The Company does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

50. Pursuant to the approval of the shareholders accorded on December 19, 2021 vide postal ballot conducted by the Company, each equity share of face value of ₹10/- per share was subdivided into 5 equity share of face value of ₹2/- per share with record date February 9, 2022.
51. Consequent to the approvals received from the Board of Directors of the Company at its meeting held on May 23, 2022, the Company has entered into a business transfer agreement on June 29, 2022 with CATENSYS India Private Limited and has sold its Chain Drive business under Automotive Technologies segment by way of a slump sale on a going concern basis for a lumpsum consideration of ₹294.2 million. The gain on sale of business amounting to ₹149.8 million has been recognised as an exceptional item in the above results.
52. Previous year figure have been regrouped/rearranged where ever necessary to correspond with current year classification/disclosure.
53. The financial statement are approved for issued by the Board of Directors in their meeting held on February 16, 2023.

As per our report of even date attached
For Walker Chandiok & Co. LLP
Chartered Accountants
Firm's Registration No.: 001076N / N-500013

Khushroo B. Panthaky
Partner
Membership No.: 042423

Place: Mumbai
Date: February 16, 2023

For and on behalf of the Board of Directors

E.V.Sumithasri
Chairperson
DIN: 07087197

Satish Patel
Director – Finance & CFO
DIN: 00690869

Place: Mumbai
Date: February 16, 2023

Harsha Kadam
Managing Director
DIN: 07736005

Ashish Tiwari
VP – Legal & Company Secretary



Multi year comparison

	Unit	Chart	2022	2021	2020	2019	2018 ^a
Income statement							
Revenue	₹ Million	1	68,674.2	55,605.1	37,618.4	43,606.3	45,615.1
EBITDA ^b	₹ Million		13,076.5	9,949.8	5,401.3	6,460.8	7,585.4
EBITDA Margin	%		19.0%	17.9%	14.4%	14.8%	16.6%
EBIT ^c	₹ Million	5	11,011.9	7,978.7	3,461.6	4,873.7	6,100.4
EBIT Margin	%	5	16.0%	14.3%	9.2%	11.2%	13.4%
Earnings before tax ^c	₹ Million		11,620.6	8,431.4	3,972.1	5,346.2	6,749.0
Earnings after tax	₹ Million	5	8,792.1	6,291.2	2,909.7	3,676.4	4,198.0
EPS	₹		56.3	40.3	18.6	23.5	26.9
Statement of financial position							
Share Capital	₹ Million		312.6	312.6	312.6	312.6	312.6
Share holder's equity	₹ Million		42,859.0	36,536.7	31,402.9	29,621.6	27,061.2
Total assets	₹ Million		57,267.2	48,962.7	41,514.3	36,452.3	37,673.7
Statement of cash flows							
Cash flow from operating activities	₹ Million		7,505.3	4,646.7	6,491.9	5,097.7	2,382.0
Cash flow from investing activities (Capex net)	₹ Million		(4,193.8)	(1,825.9)	(2,376.7)	(3,198.6)	(2,438.5)
Financing activities	₹ Million		457.4	456.3	456.5	536.0	546.6
Free cash flow ^c	₹ Million	2	3,768.9	3,277.1	4,571.7	2,435.1	490.1
Current ratio	Times		2.8	2.9	3.0	3.6	2.6
Value based management							
Capital employed	₹ Million		43,364.5	37,090.5	32,395.5	30,076.5	27,503.4
Average capital employed	₹ Million		40,227.5	34,743.0	31,236.0	28,790.0	25,890.1
Return on capital employed	%		27.4%	23.0%	11.1%	16.9%	23.6%
Shareholders							
Number of Shareholders ^d	No.		56,872	22,214	15,915	21,026	15,435
Number of shares ^e	No.		156,303,670	156,303,670	156,303,670	156,303,670	156,303,670
Dividend per share ^e	₹	4	24.0	16.0	7.6	7.0	6.0
Dividend ^e			3,751.3	2,500.9	1,187.9	1,094.1	937.8
Closing share price ^f			2,744.5	1,758.1	907.7	939.7	1,138.3
Market Capitalisation	₹ Million		428,975.4	274,795.9	141,878.4	146,877.0	177,912.7
Net Worth		6	42,859.0	36,536.7	31,402.9	29,621.6	27,061.2
Employees							
Employee no.	No.		3,190	2,922	2,794	2,846	2,904

^a Figures are derived after giving effect of amalgamation of INA Bearings India Private Limited and LuK India Private Limited with the Company.

^b Before exceptional items.

^c Free cash flow: Cash flow from operating activities less net capex add interest income (net).

^d Number of shareholders not clubbed based on unique Permanent Account Number.

^e Values are restated at face value of ₹2/- per equity share.

^f Closing share price as on December 31, 2022.

Notice of AGM

To
The Members
Schaeffler India Limited

Notice is hereby given that the 60th Annual General Meeting of **SCHAEFFLER INDIA LIMITED** (“Company”) will be held on Tuesday, April 18, 2023 at 3:30 pm IST at Hotel SAYAJI, Pearl Hall, 135/136, Mumbai – Bangalore Bypass Highway, Wakad, Pune, Maharashtra 411057 to transact the following businesses:

Ordinary Business

- To receive, consider and adopt the Financial Statements including Balance Sheet as at December 31, 2022 and the Statement of Profit and Loss for the year ended on that date along with Directors’ and Auditors’ Report thereon.
- To declare Dividend on Equity Shares for the financial year ended December 31, 2022.
- To appoint a Director in place of Ms. Corinna Schittenhelm (DIN: 09257159), who retires by rotation and being eligible offers herself for re-appointment.
- To appoint a Director in place of Mr. Andreas Schick (DIN: 09257160), who retires by rotation and being eligible offers himself for re-appointment.

Special Business

- To approve Material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany.

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended till date and in accordance with the applicable provisions of the Companies Act, 2013, if any, read with rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Members of the Company be and is hereby accorded to Material Related Party Transactions with “Schaeffler Technologies AG & Co. KG”, Germany for the projected amount of 2023 i.e. ₹26,050 million for the year 2023 as under –

Name of Related Party/Nature of Transaction (Fellow subsidiary/Affiliate)	₹ in Million	
	2023 Projection	Actual 12M 2022
Schaeffler Technologies AG & Co. KG, Germany	26,050.0	19,294.5
Purchases – Finished Goods, Raw materials, Components and spares	16,500.0	12,952.2
Fees for use of technology/trademark	1,600.0	1,295.5
Sale of Finished Goods	5,000.0	3,783.5
Others services ¹	1,300.0	1,024.2
Purchase of Machines and Equipments	1,650.0	239.1

¹ Includes SAP, other IT systems and connectivity cost, Travelling, Training, Testing, Support Fee & Other Cost, Expat Cost, Reimbursement of Expenses, commission on guarantee and Service Income received.

RESOLVED FURTHER THAT approval of the Members of the Company be and is hereby accorded to Material Related Party Transactions with “Schaeffler Technologies AG & Co. KG”, Germany for the years 2023 to 2025 with a year on year increase of 25% on the total amount of transactions during the previous year.

RESOLVED FURTHER THAT the Key Managerial Personnel of the Company, be and are hereby authorized to do all acts, deeds, matters and things to give effect to this resolution.

Ordinary Resolution:

- To ratify remuneration of the Cost Auditors

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹2,50,000/- (₹ Two Lakhs Fifty Thousand Only) excluding all taxes and reimbursement of out of pocket expenses to M/s. Y. S. Thakar & Co., Cost Accountants having Firm Registration No. 000318, appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending December 31, 2023, be and is hereby ratified.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things, necessary and expedient to give effect to the resolution.”

By Order of the Board

Place: Mumbai
Date: February 16, 2023

Ashish Tiwari
VP-Legal & Company Secretary

Schaeffler India Limited

Registered Office : 15th Floor, ASTP (Amar Sadanand Tech Park), Baner, Pune, Maharashtra, India, 411045
CIN : L29130PN1962PLC204515
Phone : +91-20-68198400
Fax : +91-20-68198405
E-mail : investorsupport.in@schaeffler.com
Website : www.schaeffler.co.in



Notes:

1. A member entitled to attend and vote at the Annual General Meeting (“Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the company. The instrument appointing the proxy, in order to be effective, shall be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company. A member holding more than ten percent, of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

A proxy so appointed shall have no right to speak at the meeting. The instrument of proxy, duly completed, should be lodged at the company not less than 48 hours before the commencement of the AGM. No proxy form shall be considered valid if received after 3:30 p.m. (IST) on April 16, 2023.

2. Corporate members intending to send their authorised representatives to attend the Annual General Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
4. Annual Report 2022 along with the AGM Notice shall be sent to the shareholders in electronic form, to the e-mail address provided by them and made available to us by the Depositories. The physical copy of the Annual Report 2022 will be sent to the shareholders based on the specific request received.
5. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and the Share Transfer Books of the Company shall remain closed from April 12, 2023 to April 18, 2023 (both days inclusive) to determine entitlement of dividend on equity shares.
6. The Dividend on Equity shares as recommended by the Board of Directors and if declared at the AGM, will be paid within statutory time limit of 30 (Thirty) days or as per the prescribed legal requirements, as under:
 - (a) To all beneficial owners in respect of shares held in dematerialised form as per the data made available by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on April 11, 2023.
 - (b) To all Members in respect of shares held in Physical Form as per the Register of Members of the Company on the close of business hours on April 11, 2023.

7. In terms of the provisions of Section 124 and other applicable provisions of the Companies Act, 2013, the amount of dividend not encashed or claimed within 7 (Seven) years from the date of its transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund (‘IEPF’) established by the Central Government. Members who have not yet encashed their dividend warrant(s) pertaining to the dividend for the Financial Year 2015 onwards, are requested to lodge their claims with the Company or with the Registrar and Share Transfer Agent (‘RTA’) of the Company at the earliest.
8. Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of Shareholders w.e.f. April 1, 2020 and Company is required to deduct tax at source on payment of dividend at the prescribed rates. The Shareholders are requested to refer the Finance Act, 2020 and amendments thereof for prescribed rates for various categories of Shareholders. The Company shall send the email in this regard to all the Shareholders whose email id is registered with RTA or Depository Participant.
9. Attention of Members is invited to the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 amended from time to time (‘IEPF Rules’), which inter alia requires the Company to transfer the equity shares, on which the dividend has remained unpaid or unclaimed for a continuous period of 7 (Seven) years, to IEPF. The said shares, once transferred to IEPF, can be claimed after following due procedure prescribed under the IEPF Rules.
10. The Statement of Dividend Amount remained unclaimed and unpaid for 7 (Seven) consecutive years and shares due for transfer to IEPF shall be placed on the website of the Company at <https://www.schaeffler.co.in>; Members are therefore requested to approach Link Intime India Pvt. Ltd., Registrar & Transfer Agent (RTA) of the Company to claim their unpaid dividend, if any. As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall be processed from April 1, 2019 only in the dematerialized form. Therefore, the Members are requested to take prompt action to dematerialize the Equity Shares of the Company.
11. We refer to SEBI Circular No. SEBI/HO/MIRSD/MIRSD RTAMB/P/CIR/2021/655 dated November 3, 2021 issued by SEBI that mandates to record the PAN, Address with PIN code, Email address, Mobile Number, Bank Account details, Specimen Signature and Nomination by holders of physical securities. This is applicable for all the security holders in physical mode. The salient features and requirements of the circular are as follows:
 - (A) Non-updation of KYC – Folios wherein any ONE of the cited details/documents, (i.e. PAN, Address with PIN code, Email address, Mobile Number, Bank Account details, Specimen Signature and

Nomination) are not available on or after April 1, 2023, shall be frozen as per SEBI circular.

- (1) The securities in the frozen folios shall be:
 - Eligible to lodge any grievance or avail service request from the RTA only after furnishing the complete documents/details as aforesaid.
 - Eligible for any payment including dividend, interest or redemption payment only through electronic mode upon complying with the above stated requirements.
- (2) (a) The relevant formats for Nomination and Updation of KYC details viz; Forms ISR-1, ISR-2, ISR-3, SH-13, SH-14 and SEBI circular are available on Company website as well as the website of Link Intime India Pvt. Ltd. (<https://web.linkintime.co.in/KYC-downloads.html>).
- (b) Original cancelled cheque leaf bearing the name of the first holder failing which first security holder is required to submit copy of bank passbook/statement attested by the bank which is mandatory for registering the new bank details.
- (B) Mandatory Linkage of PAN with Aadhaar - As per the Central Board of Direct Taxes (CBDT), it is mandatory to link PAN with Aadhaar number by March 31, 2022. A communication in this regard was sent to physical shareholders by speed post. Security holders who are yet to link the PAN with Aadhaar number are requested to get the same done. Post March 31, 2022 or any other date as may be specified by the CBDT, RTAs shall accept only valid PANs and the ones which are linked to the Aadhaar number. The folios in which PAN is/are not valid as on the notified cut-off date of March 31, 2022 or any other date as may be specified by the CBDT, shall also be frozen.

In view of the above, we request you to submit the KYC Form, duly completed along with Investor Service Request Form ISR-1 and the required supporting documents as stated in Form ISR-1 at the earliest to Link Intime India Private Limited.

12. As per the MCA Circulars and SEBI Circular no SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, Notice of the AGM along with the Annual Report 2022 is being sent only through email to those Members whose email IDs are registered with the Company/Depositories. Members may note that the Notice of AGM and Annual Report 2022 will be available on the Company’s website (<http://www.schaeffler.co.in/content.schaeffler.co.in/en/investor-relations/financials/annual-reports/index.jsp>), websites of the Stock Exchanges i.e. BSE Limited (www.bseindia.com) & National Stock Exchange of India Limited (www.nseindia.com) and on the website of NSDL (www.evoting.nsdl.com).

13. In terms of Section 72 of the Companies Act, 2013, Nomination facility is available to individual Shareholders holding shares in the physical form. The Shareholders who are desirous of availing this facility, may kindly write to RTA of the Company,

M/s. Link Intime India Private Limited, B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara-390020, Gujarat, India quoting their folio number.

Voting through Electronic means

14. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, Members are provided with the facility to cast their votes electronically, through the e-voting services provided by National Securities Depository Limited (NSDL), on all the resolutions set forth in this Notice.

The Company has appointed Mr. Suresh Kumar Kabra, Partner of Samdani Kabra & Associates, Company Secretaries, Vadodara as scrutinizer for conducting the e-voting process in a fair and transparent manner.

The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e. Tuesday, April 11, 2023, may cast their vote electronically. The e-voting period will commence from Saturday, April 15, 2023 at 9:00 a.m. (IST) and will end at 5:00 p.m. (IST) on Monday, April 17, 2023. The remote e-voting module will be disabled on April 17, 2023 at 5:00 p.m. (IST). 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 April 11, 2023.

The Members who have voted by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. April 11, 2023, may obtain User ID and password by sending a request to evoting@nsdl.co.in. However, Members who are already registered with NSDL for e-voting, can use their existing User ID and password for casting their votes. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Prajakta Pawle, Officer – NSDL at evoting@nsdl.co.in (Tel no.: 022 - 4886 7000 and 022 - 2499 7000) In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e., April 11, 2023 may follow step 1 i.e. “Access to NSDL e-Voting system” as mentioned below.



The instructions for members for remote e-voting are as under:-

The remote e-voting period begins on Saturday, April 15, 2023 at 09:00 A.M. and ends on Monday, April 17, 2023 at 05:00 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. April 11, 2023, 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 April 11, 2023.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

(A) Login method for e-Voting 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.	<ol style="list-style-type: none">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 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.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.Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p>NSDL Mobile App is available on</p>



Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none">Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my Easi username & password.After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on 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 able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.
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.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned 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 022 - 4886 7000 and 022 - 2499 7000
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 toll free no. 1800 22 55 33

(B) Login Method for e-Voting 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?

- 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, 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 e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- 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***

- Password details for shareholders other than Individual shareholders are given below:
 - If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - 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.
 - How to retrieve your ‘initial password’?
 - 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’.
 - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
- If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - 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.
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: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Ms. Prajakta Pawale at evoting@nsdl.co.in.

Step 2: Cast your vote electronically on NSDL e-Voting system.

How to cast your vote electronically 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 is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period.
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 samdani Kabra and Associates at samdanics@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional

shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/Power of Attorney/Authority Letter etc. by clicking on “Upload Board Resolution/Authority Letter” displayed under “e-Voting” tab in their login.

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 investorsupport.in@schaeffler.com.
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 investorsupport.in@schaeffler.com. 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 for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. 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 required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

III. Process for registration of email id for obtaining Annual Report and user id/password for e-voting and updating bank account mandate for receiving the dividend:

Physical Holding

1. Please refer to the Notes of this notice for detailed procedure.
2. Shareholders are requested to register their e-mail address with Link Intime India Private Limited, by clicking the link: https://linkintime.co.in/emailreg/email_register.html and follow the registration process as guided therein. Shareholders are requested to provide details such as Name, Folio number, Certificate number, PAN, mobile number, e-mail ID, and also upload the image of share certificate and a duly signed request letter (upto 1 MB) in PDF or JPEG format. Alternatively, Members may send a request to the RTA of the Company, Link Intime India Pvt. Ltd. at vadodara@linkintime.co.in and investorsupport.in@schaeffler.com providing the following documents for registering email ID:
 - a. A request letter providing name of the Member, Folio No., mobile no., and email address to be registered/updated and signed by Member (first holder, in case of jointly held).
 - b. Self-attested scanned copy of PAN.
3. Shareholders are requested to register their Bank Details with Link Intime India Private Limited, by clicking the link: https://linkintime.co.in/emailreg/email_register.html and follow the registration process as guided therein. Shareholders are requested to provide details such as Name, Folio number Certificate number, PAN, e-mail ID along with the copy of the cheque leaf with the first named members name imprinted in the face of the cheque leaf containing bank name and branch, type of account, bank account number, MICR details and IFSC code and a duly signed request letter (upto 1 MB) in PDF or JPEG format. On submission of the details for registration of e-mail ID/bank account an OTP will be received by the Shareholder which needs to be entered in the link for verification. In case of any query, a Shareholder may send an e-mail to RTA at rnt.helpdesk@linkintime.co.in or vadodara@linkintime.co.in.
4. Members are requested to share the below details for registering/updating Bank Account through the mandate annexed to Notice:
 - a. Name and Branch of the Bank in which dividend is to be received and Bank Account type
 - b. Bank Account Number allotted by your bank after implementation of Core Banking Solutions
 - c. 9-digit MICR Code and 11-digit IFSC Code
 - d. Self-attested scanned copy of the cancelled cheque bearing the name of the Member (first holder, in case of jointly held).

5. A request letter for registering the bank account details along with the Mandate is to be shared with (RTA) at vadodara@linkintime.co.in and investorsupport.in@schaeffler.com

Demat Holding

Please contact your Depository Participant (DP) and register your email ID and bank account details with your demat account agency, as per the process advised by your Depository Participant.

1. Members are requested to submit their questions in advance along with their name and demat account no./folio number to investorsupport.in@schaeffler.com till April 4, 2023. The questions raised by the Members will be replied suitably by the Company.
2. Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request from their registered email ID mentioning their name, demat account number/folio number, PAN, mobile number at investorsupport.in@schaeffler.com till April 4, 2023. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
3. The Route map is provided as a part of AGM notice.



“Pearl Hall” – Sayaji Hotel, Pearl Hall, 135/136, Mumbai – Bangalore Bypass Highway, Wakad, Pune, Maharashtra 411057.



4. Members seeking any information with regards to accounts or any matters to be placed at the AGM, are requested to write to the Company in advance through email at investorsupport.in@schaeffler.com. The same will be replied by the Company suitably.
5. Statement as required under Section 102 of the Companies Act, 2013 in respect of Item Nos. 5 and 6. Under ‘Special Business’, are attached hereto. All documents referred to in the Notice, if any, are open for inspection till the date of AGM. Members can send a request for the inspection of such documents to investorsupport.in@schaeffler.com.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form should submit their PAN to the Company/R&T Agent.

Statement under Section 102 of the Companies Act, 2013 relating to Special Business mentioned in the Notice convening the 60th Annual General Meeting:

Item No. 5 - To approve Material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany

In order to sustain quality standards, quantitative benefits, ease of customer reach, global representation and in the best interest of the Company and its Shareholders, material transactions of the Company pertaining to sale, purchase or supply of goods, materials & services have been undertaken since long with Schaeffler Group Company, i.e. Schaeffler Technologies AG & Co. KG, Germany. The Shareholders of the Company at their 59th Annual General Meeting held on April 27, 2022, had approved Material Related Party Transactions with Schaeffler Technologies AG & Co. KG’, Germany for a period up to year 2022 and thereafter with an increase of 25% in the value of transactions on a ‘year on year’ basis. As per the amended definition of ‘Material Related Party Transaction’, the transactions with Schaeffler Technologies AG & Co. KG’, Germany, would fall under the category of Material RPTs. The projected value of Material Related Party Transactions with Schaeffler Technologies AG & Co. KG’, Germany for the year 2023 is estimated to be ₹26,050 million.

Hence, it is proposed to obtain the Members’ approval in the ensuing Annual General Meeting for the Material Related Party Transaction of ₹26,050 million with Schaeffler Technologies AG & Co. KG’, Germany for the year 2023.

Name of Related Party/Nature of Transaction (Fellow subsidiary/Affiliate)	(₹ in Million)	
	2023 Projection	Actual 12M 2022
Schaeffler Technologies AG & Co.KG. Germany	26,050.0	19,294.5
Purchases – Finished Goods, Raw materials, Components and spares	16,500.0	12,952.2
Fees for use of technology/trademark	1,600.0	1,295.5
Sale of Finished Goods	5,000.0	3,783.5
Others services ¹	1,300.0	1,024.2
Purchase of Machines and Equipments	1,650.0	239.1

¹ Includes SAP, other IT systems and connectivity cost, Travelling, Training, Testing, Support Fee & Other Cost, Expat Cost, Reimbursement of Expenses and Service Income received.

Thereafter, it is proposed a year on year increase of 25% on total amount of transaction during the previous year, upto the year 2025.

Details of the proposed RPTs between the Company and Schaeffler Technologies AG & Co. KG, Germany including the information required to be disclosed in the Explanatory Statement -

Sr. No.	Description	Details of proposed RPTs between the Company and Schaeffler Technologies AG & Co. KG, Germany
Summary of information provided by the Management to the Audit Committee, Board and Shareholders for approval of the proposed RPTs.		
a.	Type, material terms, monetary value and particulars of the proposed RPTs.	The Company and Schaeffler Technologies AG & Co. KG, Germany have entered into/proposed to enter into the following RPTs during FY23, for an aggregate value ₹26,050 million: – Purchase – Finished Goods, Raw materials, components and spares – Fees for use of technology/trademark – Sale of Finished Goods – Other services – Purchase of machines and equipment
b.	Name of the Related Party and its relationship with the Company	Schaeffler Technologies AG & Co. KG, Germany, Fellow Subsidiary/Affiliate of the Company. Both the companies are related parties as on date of this Notice.
c.	Tenure of the proposed transaction (particular tenure shall be specified)	2023
d.	Value of the proposed transactions	₹26,050 millions for FY23. Thereafter, it is proposed a year on year increase of 25% on total amount of transaction during the previous year, upto the year 2025.

Sr. No.	Description	Details of proposed RPTs between the Company and Schaeffler Technologies AG & Co. KG, Germany
e.	Percentage of the Company’s annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed RPTs.	37.9%
f.	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary	Not applicable.
g.	Justification for the proposed RPTs.	The proposed transactions are in the interest of the business growth considering global contracts, access to market, availability of raw materials, access to technology, brand usage and technical support. The proposed transactions are in the ordinary course of business and following arm’s length principles within the framework of Transfer Pricing guidelines.
h.	A copy of the valuation or other external party report, if any such report has been relied upon	The Company obtained Independent Auditor’s Report on Arm’s Length nature of Related Parties Transactions and placed before the Audit Committee on half yearly basis.

Pursuant to provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Material Related Party Transactions require approval of the Members through an Ordinary Resolution where none of the Related Parties can vote to approve such transactions whether the entity is a Related Party to the particular transaction or not. Therefore, approval of the Members of the Company is sought through an Ordinary Resolution. The aforesaid information was placed before Audit Committee and Board of Directors in the meeting held on February 16, 2023. The Audit Committee and Board of Directors have considered that these transactions are in ordinary course of business, on arm’s length basis and in the interest of the Company and accordingly, recommend to the Members for their approval by way of an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company and their Relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the Notice except to the extent of their directorship or shareholding or employment in the Company or in Schaeffler Technologies AG & Co. KG., Germany or any other Schaeffler Group Company, as the case may be, if any.

The Board recommends the Resolution under item no. 5 of the Notice for approval of the Members as an Ordinary Resolution.

Item No. 6. To Ratify remuneration of the Cost Auditors

Upon recommendation of the Audit Committee, the Board of Directors of the Company in its meeting held on February 16, 2023 has, based upon the eligibility and consent to act as such, re-appointed M/s Y. S. Thakar & Co., Cost Accountants, as the Cost Auditors of the Company for conducting the audit of the cost records of the Company for the financial year ending December 31, 2023.

The Audit Committee and the Board of Directors of the Company have approved a remuneration of ₹2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) to M/s Y. S. Thakar & Co., Cost Accountants excluding all taxes and reimbursement of out of pocket expenses for the year 2023.

Pursuant to Section 148 of the Companies Act, 2013 read with the Rule 14 of Companies (Audit and Auditors) Rules, 2014, Members of the Company are required to ratify the remuneration to be paid to the Cost Auditors of the Company.

Accordingly, consent of the Members is sought by way of Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration to be paid to the Cost Auditors for conducting the audit of the cost records of the Company for the financial year ending December 31, 2023.

None of the Directors, Key Managerial Personnel of the Company and their Relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in Item No 6 of the Notice.

The Board recommends the Resolution under Item No. 6 of the Notice for approval of the Members as an Ordinary Resolution.

By Order of the Board

Ashish Tiwari

Mumbai: February 16, 2023 **VP-Legal & Company Secretary**

Schaeffler India Limited
Registered Office: 15th Floor,
ASTP (Amar Sadanand Tech Park),
Baner, Pune, Maharashtra, India, 411045
CIN : L29130PN1962PLC204515
Phone : +91-20-68198400
Fax : +91-20-68198405
E-mail : investorsupport.in@schaeffler.com;
Website : www.schaeffler.co.in



Annexure – A

Information on Directors seeking appointment/re-appointment/fixation of Remuneration at 60th Annual General Meeting pursuant to Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to provisions of Secretarial Standard 2 on General Meetings:

Name	Ms. Corinna Schittenhelm	Mr. Andreas Schick
Director Identification Number	09257159	09257160
Date of Birth/Age	May 8, 1967 / 55 Years	April 27, 1970 / 52 Years
Qualification	Ms. Schittenhelm holds degree in Business Administration from University of Applied Sciences for Economics & Technology in Kempten.	Mr. Schick has studied Automotive Engineering at the University of Munich.
Brief Profile and nature of expertise in specific functional area and experience	Ms. Schittenhelm appointed as an Additional Director of Schaeffler India effective September 12, 2021 and regularized at 59 th AGM held on April 27, 2022. Ms. Schittenhelm has 28 years of professional experience in numerous industries including banking and mostly in wide range of technology driven industrial segments in various countries including China and USA. She is a member of Executive Board of Schaeffler AG as Chief Human Resources Officer with responsibility for HR and sustainability. She also holds the position of Labour Relations Director of the Schaeffler Group. She has vast experience in HR and has worked with Unicredit, Siemens, Osram Licht before joining Schaeffler AG.	Mr. Schick appointed as an Additional Director of Schaeffler India effective October 28, 2021 and regularized at 59 th AGM held on April 27, 2022. Mr. Andreas Schick has 28 years of experience in the field of technology and has worked with Schaeffler Group for more than two decades in different roles. He is a member of Executive Board of Schaeffler AG and Chief Operation Officer and shoulders the responsibility for Production, Supply Chain Management and Purchasing within the Schaeffler AG. He started his career as a Product Engineer and worked in different roles in Brazil, USA, China, and Singapore.
Date of first appointment on the Board	September 12, 2021	October 28, 2021
Category of Director	Non-Executive – Non-Independent	Non-Executive – Non-Independent
Relationship with other Directors and KMP	Not related to any other Director or KMP	Not related to any other Director or KMP
Current Remuneration (last drawn remuneration)	Not Applicable	Not Applicable
Details of remuneration sought to be paid	Not Applicable	Not Applicable
Terms and Conditions of appointment/ Terms of revised remuneration	She shall continue to be subject to terms and conditions of her appointment as Non-executive Non-independent Director.	He shall continue to be subject to terms and conditions of his appointment as Non-executive Non-independent Director.
Shareholding in the Company (including on a beneficial basis for any other persons)	Nil	Nil
No. of Meetings of the Board attended during the year 2022	5 out of 5 Board Meeting attended	4 out of 5 Board Meeting attended
Directorships – Listed Companies	Schaeffler India Limited	Schaeffler India Limited
Directorships – Nonlisted Companies	Nil	Nil
Committee Membership/Chairmanship	Schaeffler India Limited Nomination & Remuneration Committee – Member Corporate Social Responsibility Committee – Member	Schaeffler India Limited Audit Committee – Member Risk Management Committee – Member

PROXY FORM

Form No. MGT-11

Schaeffler India Limited

CIN: L29130PN1962PLC204515
Regd.Office : 15th Floor, ASTP (Amar Sadanand Tech Park), Baner, Pune – 411045;
Phone : +91-20-68198400; Fax : +91-20-68198405

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

60th Annual General Meeting – April 18, 2023

Name of the Member(s) :

Registered Address :
.....

E-mail ID :

Folio No./Client ID :

DP ID :

I / We, being the member(s) of shares of the above named company, hereby appoint.

1

Name :

Address :

E-mail ID :

Signature :, or failing him

2

Name :

Address :

E-mail ID :

Signature :, or failing him

3

Name :

Address :

E-mail ID :

Signature :, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 60th Annual General Meeting of the Company, to be held on Tuesday, the 18th day of April, 2023 at 03.30 p.m. at Hotel SAYAJI, Pearl Hall, 135/136, Mumbai – Bangalore Bypass Highway, Wakad, Pune, Maharashtra 411057, and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

- 1. To receive, consider and adopt the Financial Statements including Balance Sheet as at December 31, 2022 and the Statement of Profit and Loss for the year ended on that date along with Directors’ and Auditors’ Report thereon.
- 2. To declare dividend for the year ended December 31, 2022.
- 3. To appoint a Director in place of Ms. Corinna Schittenhelm (DIN: 09257159), who retires by rotation and being eligible offers herself for re-appointment.
- 4. To appoint a Director in place of Mr. Andreas Schick (DIN: 09257160), who retires by rotation and being eligible offers himself for re-appointment.

Special Business

- 5. To approve Material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany.
- 6. To ratify remuneration of the Cost Auditors

Signed this day of, 2023

Affix Revenue Stamp
of Rupee One

.....
Signature of Shareholder

.....
Signature of Proxy holder(s)

Note
This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Schaeffler India Limited

15th floor, ASTP (Amar Sadanand Tech Park),
Baner, Pune – 411045, Maharashtra, India
Tel.: +91-20-6819 8400 Fax: +91-20-6819 8405
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SCHAEFFLER