

Schaeffler India Limited · Pune · Maharashtra

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI- 400 001

Company Code: 505790

National Stock Exchange of India Limited

Exchange Plaza, C - 1, Block G,
Bandra-Kurla Complex, Bandra (E)
MUMBAI- 400 051

Company Code: SCHAEFFLER

04/04/2022

Sub.: Annual Report 2021 Notice of 59th Annual General Meeting

Dear Sir / Ma'am,

Phone: +91 20 6819 8400

Pursuant to the provisions of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of the Annual Report for the year ended December 31, 2021, which also includes Notice of 59th Annual General Meeting of the Company.

Kindly take the same on your records.

Thanking you,

Yours faithfully,

For **Schaeffler India Limited**

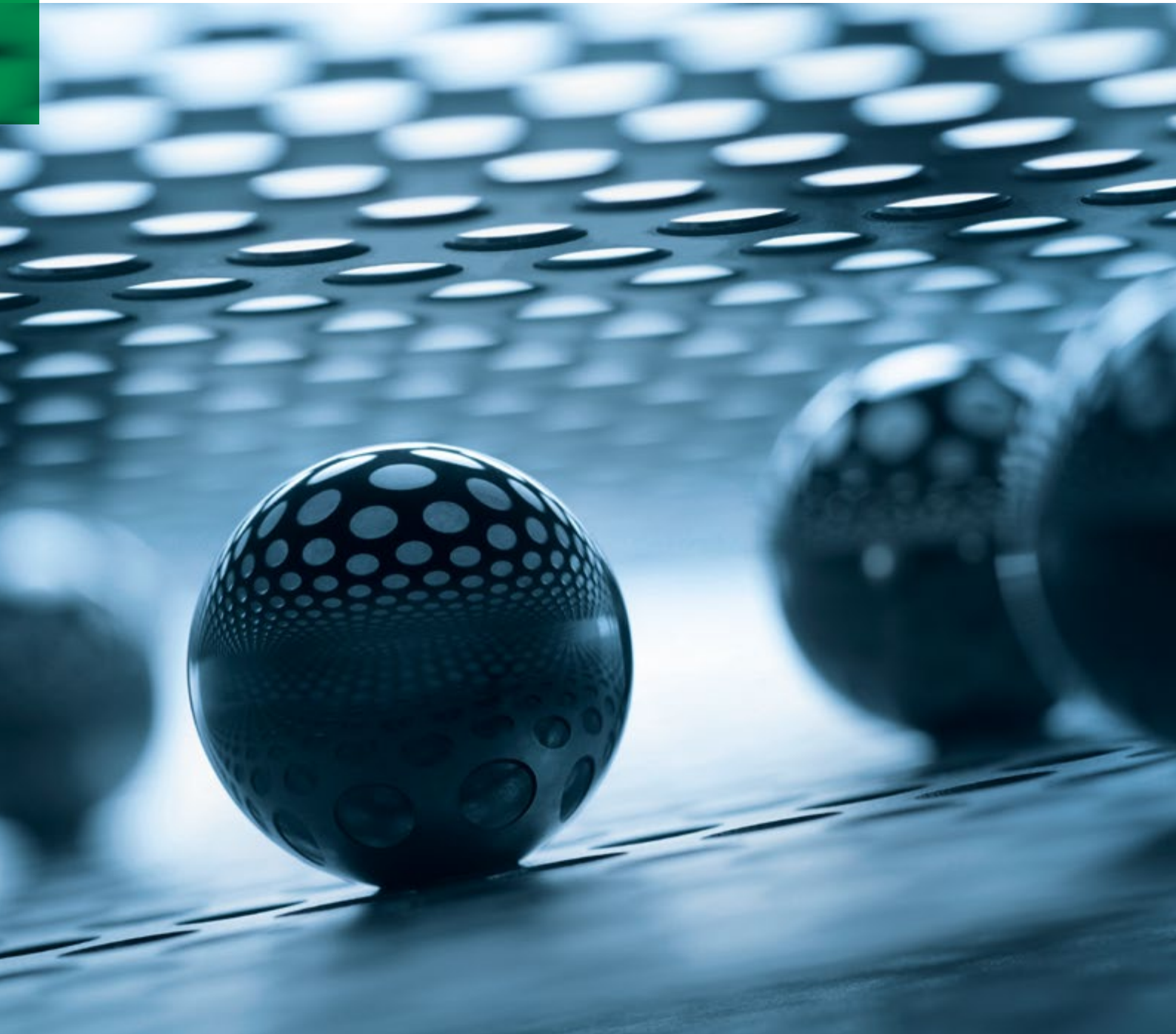
Ashish Tiwari

VP – Legal & Company Secretary

Encl.: As above

Leading ahead

Integrated Annual Report 2021 | Schaeffler India Limited



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About this Report

Reinforcing our commitment to transparent stakeholder communications, we, at Schaeffler India, started on the journey of Integrated Reporting «IR» in 2019. This is our third edition and we will continue on the path of building more comprehensive integrated reports in the coming years. The Report is guided by the «IR» framework issued by the erstwhile International Integrated Reporting Council (IIRC), which is now the Value Reporting Foundation. To inform our stakeholders on all aspects of our business, we have introduced certain key elements of the «IR» framework in the Report. We will continue to add more such elements to reporting future editions.

Certain data sets related to «IR» might be management estimates. The other statutory reports, including the Directors' Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report, are as per the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and the prescribed Secretarial Standards.

Reporting scope and boundary

This Report covers information on the Company's business segments in India, along with associated activities that enable short, medium and long-term value creation.

Responsibility of those charged with governance

The Company's senior management, under the supervision of the CEO, has reviewed the Report's contents. Board members of the Company have provided the required governance oversight.










Our integrated thinking pillars

Navigation

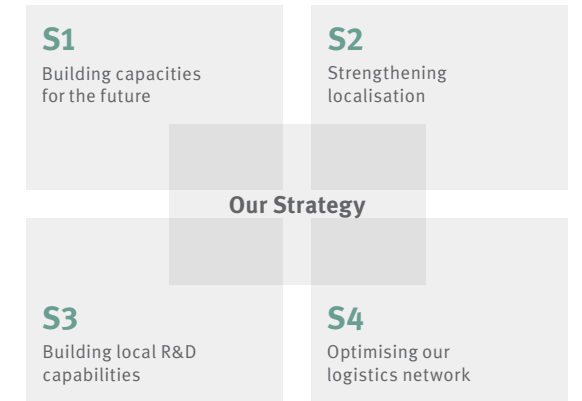
To aid navigation and indicate cross-referencing, the following icons have been used in the Report.

Capitals







-  Financial Capital
-  Manufacturing Capital
-  Intellectual Capital
-  Human Capital
-  Social & Relationship Capital
-  Natural Capital
-  Page reference

Key risks we track

-  Strategic risks
-  Operational risks
-  Legal risks
-  Financial risks



Stakeholders

-  Customers
-  Investors
-  Suppliers and partners
-  Community
-  Employees
-  Government and regulatory bodies

Contributing to the United Nations Sustainable Development Goals (SDGs)





LEADING AHEAD



Taking 'responsibility for tomorrow' is integral to Schaeffler India's relentless pursuit of shaping the future of motion and mobility. We are at the forefront of rapid change in the industrial and automotive segments with innovative, sustainable and reliable solutions and services. We continue to build upon our competencies by adopting new technologies to offer high precision and efficient products to our customers.

Our global R&D strengthens our competitive edge by providing access to a larger pool of resources. This also helps us capitalise on the emerging opportunities across internal combustion engine, as well as electric and hybrid vehicles.

Our customers rely on us to offer pioneering solutions for their most challenging problems. As a responsible leader, we are also setting benchmarks in adopting environmental, social and governance (ESG) targets, and enhancing disclosures.

In India, we are progressing well on our long-term roadmap, which is aligned with the Schaeffler Group. Powered by agility, innovation and efficiency, we are leading ahead to create a better tomorrow for all our stakeholders.

Delivering consistent performance

Financial Capital

Our financial capital consists of funds from providers of capital and free cash flow, generated during the course of our business, which are our key growth enablers. We remain focused on maintaining a robust and debt-free balance sheet, along with efficient capital allocation, to ensure continuous improvement in our return ratios.

48%
Increase in revenue

131%
Increase in EBIT

116%
Increase in earnings after tax

90%
On-time delivery

30%
Reduction in customer rejects

6%
Productivity per attendance hour (5-year CAGR)

Manufacturing Capital

Our state-of-the-art manufacturing facilities and logistics centres form the core of our manufacturing capital. We concentrate on regularly upgrading our technology and improving safety and reliability across all our facilities.

Intellectual Capital

Our intellectual capital consists of our research and mechatronic centres, an impressive suite of patents and strong brand value, resulting from in-house thrust on R&D and the Group's expertise. We are continuously embracing high-end digitalisation platforms and tools to drive operational efficiency.

₹1,016 million
R&D spend

24
Patent applications

58
Invention disclosures

97%
Employee Retention Rate

0.4
Loss Time Injury Rate (LTIR)

14.5 hours
Of training per person

Human Capital

Our people are the driving force of our progress. We are focused on building an engaging, progressive, and safe ecosystem. Our policies and processes are designed to help them realise their full potential by creating opportunities for growth and development.

Social & Relationship Capital

Our efforts towards developing long-term relationships based on trust and transparency with our customers, suppliers, partners and other stakeholders form the basis of social and relationship capital.

Customers
8.24
Schaeffler loyalty index

Community
₹ 88.3 million
CSR spends

Suppliers
175 hours
Supplier training

19%
Reduction in carbon emissions

03%
Reduction in freshwater consumption

15%
Renewable energy share

Natural Capital

The natural resources we utilise to conduct our operations and seamlessly deliver products and solutions, constitute our natural capital. We also strive to conserve natural resources by manufacturing environment-friendly products.



Schaeffler Group

We pioneer motion

Schaeffler Group is a leading supplier of innovative solutions to automotive and industrial sectors. From basic components to complete system solutions, its pioneering products and solutions play a significant role in advancing how the world moves. With a well-defined Roadmap 2025, the Schaeffler Group strives to remain the preferred technology partner for customers, with sustainability and digitalisation at the core.



Purpose

We pioneer motion to advance how the world moves

We pioneer motion

'We' represents our identity as a 'One Schaeffler' company with three divisions. It encompasses our employees and business partners as the cornerstone of our success, united under a strong umbrella brand, and refers to the partnership-based cooperation with our customers and external R&D initiatives. Only together can we shape progress in motion and mobility.

'Pioneer' represents our outstanding history of innovation, starting with the invention of the cage-guided needle bearing. This inventive spirit still characterises the Schaeffler Group today. In view of the major future trends, it also embodies our claim to continue to be a pioneer in shaping the future of motion and mobility.

'Motion' represents our positioning as an integrated automotive and industrial supplier. Our new claim goes beyond our previous claim 'Mobility for tomorrow', which was strongly tailored to our automotive business. The term 'motion' explicitly encompasses both our industrial and automotive businesses and thus forms the foundation for our sectors defined across all divisions. These sectors enable us to address our customers more effectively and offer them a comprehensive range of products and services relating to motion and mobility.

Global strength

82,981###
Employees

200
Locations

50
Countries

75
Plants

20
R&D centres

15
Campus locations

Innovation

#2
Most innovative company in Germany

26,000
Registered patents

Group performance

€ 13.9 billion
Revenue in 2021

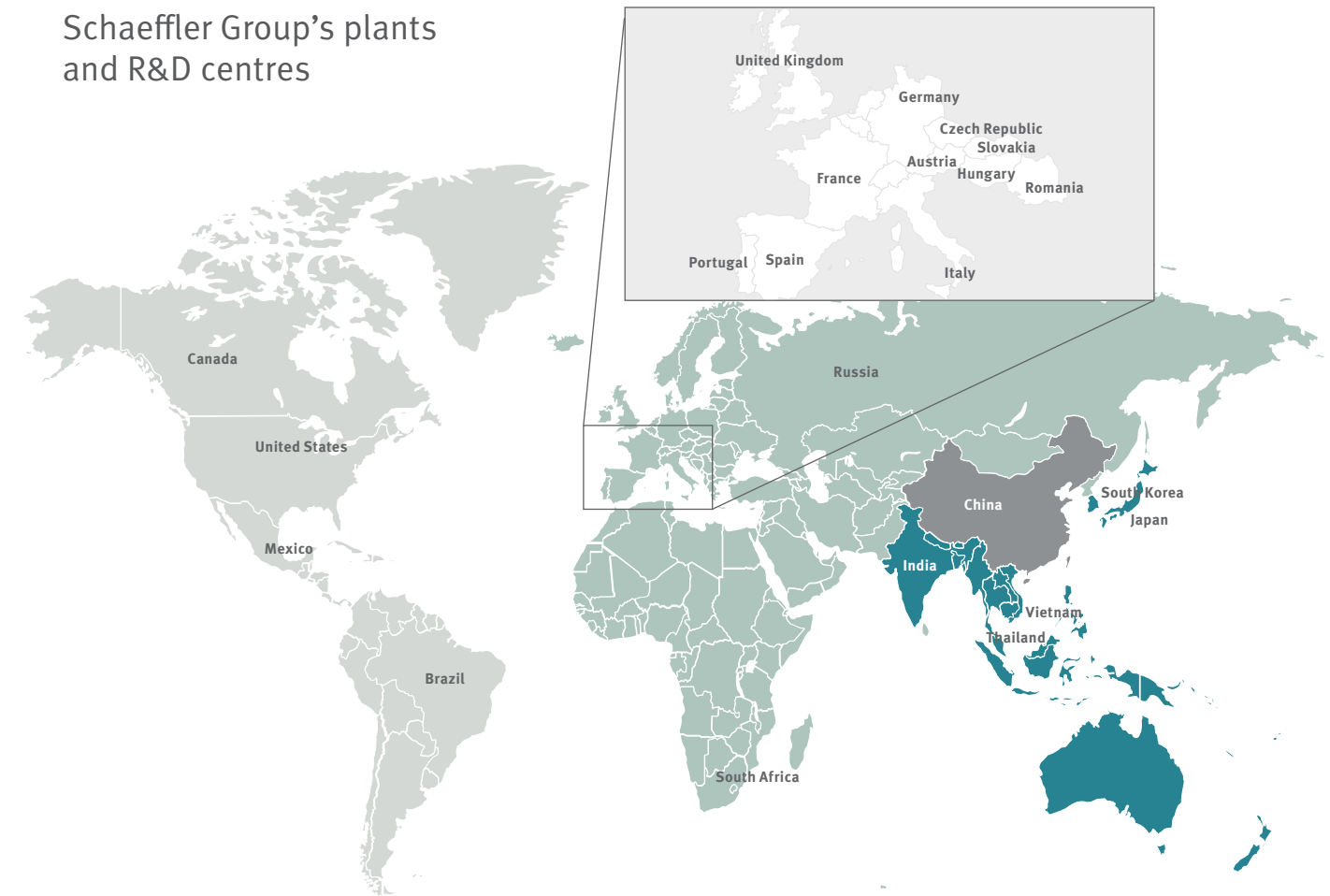
9.1%
EBIT margin in 2021

1,907
Patent applications in 2020

Read more on Schaeffler Group's sustainability targets on Page 52

###As on December 31, 2021

Schaeffler Group's plants and R&D centres



Canada Stratford ●●	Russia Ulyanovsk ●	Thailand Chonburi ●	Germany Buehl (2) ●● Eltmann ● Erlangen ● Gunzenhausen ● Herzogenaurach ●● Hirschaid ● Hoechstadt ●● Homburg (2) ●●● Ingolstadt ● Lahr ●● Luckenwalde ● Morbach ● Nuremberg ● Schweinfurt (2) ●● 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 ●	France Calais ● Chevilly ● Haguenau ●●●	Hungary Debrecen ● Szombathely ●●	Romania Braşov (2) ●●●
Mexico Huejotzingo ● Irapuato ● Puebla ●●	India Hosur ●● Pune ●● Savli ● Vadodara ●	Japan Yokohama ●	Portugal Caldas da Rainha ●	Czech Republic Lanškroun ● Svitavy ●	Austria Berndorf-St. Veit ●
Brazil Sorocaba (2) ●●●	China Anting ● Nanjing ●● Suzhou ●● Taicang (4) ●●●● Xiangtan ● Yinchuan ●●	South Korea Ansan ● Changwon ●● Jeonju ●	Spain Elgoibar ●	Italy Momo ●	

Plants and R&D centres

Regions ¹⁾	Europe	Americas	Greater China	Asia/Pacific	Schaeffler Group
R&D centres ●	10	5	1	4	20
Plants	43	13	10	9	75
Automotive ●	28	10	8	6	52
Industrial ●	15	3	2	3	23
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

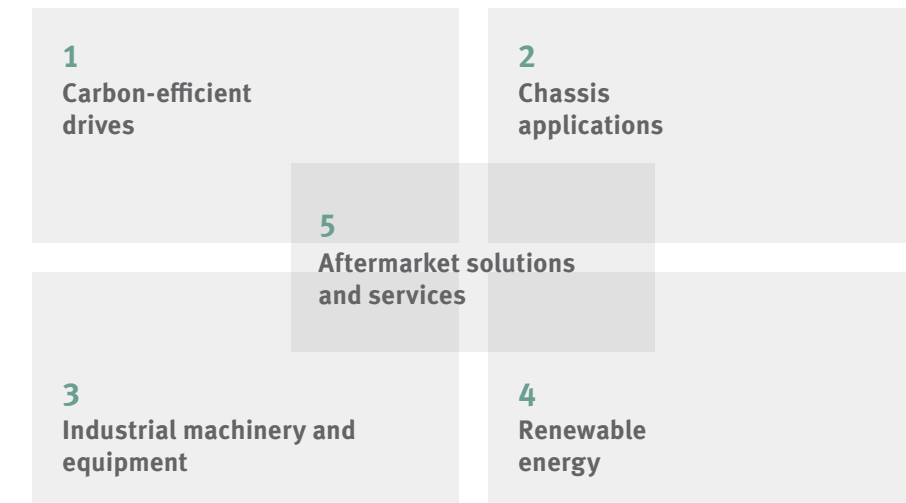


Focusing on future-readiness

Our parent, Schaeffler AG announced their five-year plan – ‘Roadmap 2025’ in November 2020. The roadmap lays out a clearly defined strategy, execution programme and mid-term targets, and aims to create lasting value by unlocking Group synergies. The plan has been crafted keeping in mind the objective of making Schaeffler future-ready.

The roadmap identifies the key focus areas and sectors centred around the five key trends expected to drive the market in the future. Additionally, 12 key growth initiatives have been identified across business segments as future growth drivers. Our key differentiators like innovation, superior quality, comprehensive system understanding, and manufacturing excellence will be leveraged to strengthen the execution strategy.

Focus areas



Key Trends

Sustainability and climate change

Autonomous production

Demographic change

Data economy and digitalisation

New mobility and electrified powertrain

Customer sectors

- Cars and LCV
- Truck and bus
- Two-wheelers
- Off-road
- Rail
- Aerospace
- Raw materials
- Industrial distribution
- Power transmission
- Wind

Mobility Motion

Execution matrix

The execution matrix and seven sub programmes, reflecting the Group’s organisation and leadership structure were created. The core three business segments are expected to advance growth initiatives, boost market positions, and increase cost and capital efficiency. The cross-divisional sub programmes will help focus on Group-wide key areas and realisation of synergy potentials across divisions.

Automotive Technologies	Automotive Aftermarket	Industrial
Innovation and Technology		
Process, Data and IT		
People and Culture		
Sustainability and Engagement		

Aligning Schaeffler India to Roadmap 2025

Our strategic priorities are in line with the Group’s Roadmap 2025 and we are working on the 12 growth initiatives. Divisional growth and diversification plan form the pillars of our strategies for the next few years. These are supported by functional strategies across operations, supply chain, people and technology.

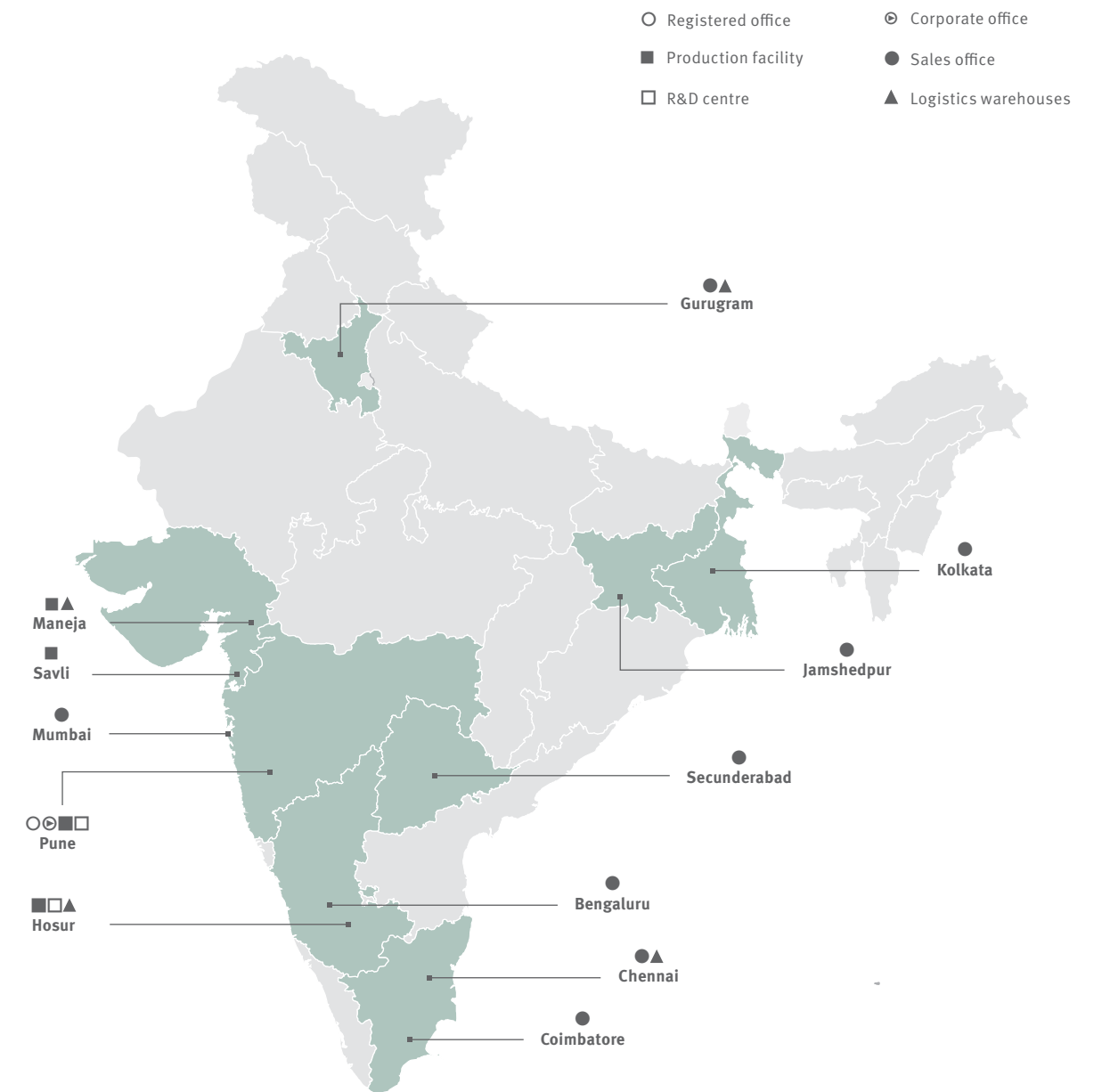




Leading ahead as we shape the future of mobility and motion

Schaeffler India provides innovative technologies, products and services to make mobility efficient, intelligent and sustainable. Today, we are a partner of choice for India's biggest original equipment manufacturers (OEMs), new age players and retail customers. We bring reliable offerings and solutions across our three segments of Industrial, Automotive Technologies, and Automotive Aftermarket.

Geographic footprint



Key highlights

4
Plants

2
R&D centres

8
Sales offices

33,000+
Retail network

330
Distribution channel partners

2,922
Employees

Business Segments

	Automotive Technologies	Industrial	Automotive Aftermarket
Products	<ul style="list-style-type: none"> Chassis components and systems Clutches and transmission systems Engine components and precision products Drives for hybrid and Electric Vehicles (EVs) 	<ul style="list-style-type: none"> Rolling and plain bearings Linear guidance system Maintenance products Maintenance services Mechatronics Digital services 	<p>Replacement parts for</p> <ul style="list-style-type: none"> Transmission Engine components Chassis components <p>Intelligent solutions for</p> <ul style="list-style-type: none"> Repair and service points via platforms such as REPERT
Segments catered to	<ul style="list-style-type: none"> Commercial vehicles Passenger vehicles Tractors 	<ul style="list-style-type: none"> Railways Wind energy Industrial automation (machine tools, textile) Two-wheelers Tractors Off-highway Raw materials Power transmission Industrial distribution 	<ul style="list-style-type: none"> Repair garages Fleet workshops Multi-brand garages Retail markets
Applications			<ul style="list-style-type: none"> Passenger cars Outstanding competence in systems and services Heavy commercial vehicles Repair solutions for extended service life Light commercial vehicles Intelligent solutions for light commercial vehicles Tractors Dependable solutions for tractors
Our expertise and experience	<p>Making vehicles cleaner and leaner through technology Schaeffler precision products are key to reducing fuel consumption and emissions.</p>	<p>Precise. Reliable. Connected. 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>Delivering best-in-class service 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>

Our business segments are integrated and we often have common customers across them. While Industrial and Automotive technologies offer a wide range of products to customers, the Automotive Aftermarket business is largely focused on expanding our market reach and penetration through a wider range of products and services. The businesses complement one another, and help maximise opportunities.

In this scenario, we have adopted an external reporting system wherein a part of our revenues from both the businesses is clubbed under 'mobility components and related solutions'. Revenues generated from providing services across the three segments are reflected in the 'others' segment.



Board of Directors

Experienced and diversified Board



Mr. Avinash Gandhi
Chairman
Independent Director

AC NRC



Mr. Andreas Schick
Non-Executive
Non-Independent Director

AC RMC



Mr. Arvind Balaji
Independent Director

AC CSR



Mr. Amit Kalyani
Independent Director

AC NRC CSR



Ms. Eranti V. Sumithasri
Independent Director

AC RMC



Ms. Corinna Schittenhelm
Non-Executive
Non-Independent Director

NRC CSR



Mr. Dharmesh Arora
Non-Executive
Non-Independent Director

NRC RMC



Mrs. Renu Challu
Independent Director

AC NRC SRC



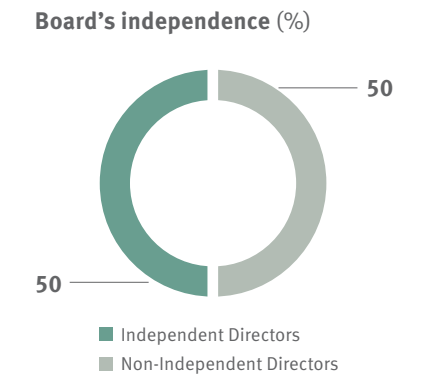
Mr. Harsha Kadam
Managing Director & CEO,
President (Industrial)

SRC CSR RMC

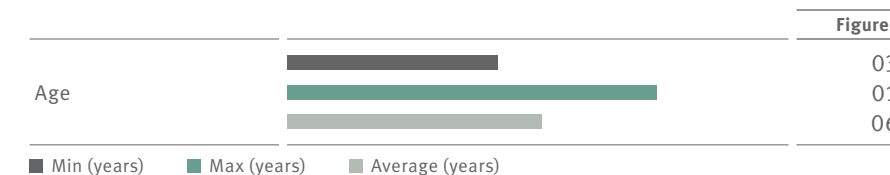


Mr. Satish Patel
Director-Finance & CFO

AC SRC RMC



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 and board dynamics	✓	✓	✓	✓	-	✓	✓	✓	✓	✓



30%
Female representation on the Board

AC Audit Committee |
 RMC Risk Management Committee |
 NRC Nomination and Remuneration Committee |
 CSR Corporate Social Responsibility Committee |
 SRC Stakeholders' Relationship Committee |
 Chairperson | Member



Executive Leadership Team

Leading with passion and commitment



Mr. Harsha Kadam
Managing Director & CEO,
President (Industrial)

SRC CSR RMC



Mr. Sanjeev Saxena
President (Automotive Technologies)



Mr. Debasish Satpathy
President
(Automotive Aftermarket)



Mr. Satish Patel
Director – Finance & CFO

AC SRC RMC



Mr. Sameer Mathur
Chief Operations Officer

RMC

- AC** Audit Committee
- RMC** Risk Management Committee
- NRC** Nomination and Remuneration Committee
- CSR** Corporate Social Responsibility Committee
- SRC** Stakeholders' Relationship Committee

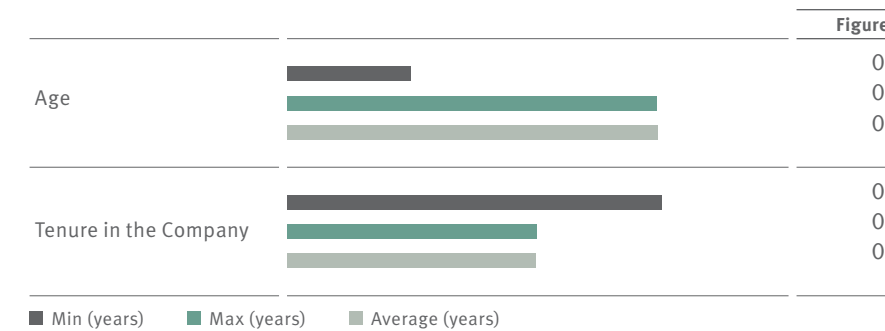


Mr. Alok Dave
Vice President (Purchasing)



Mr. Santanu Ghoshal
Vice President (Human Resources)

RMC



Name	Designation	Finance management	Operation management	Building customer experience	Strategic management	People management	Innovation and technology
Mr. Harsha Kadam	Managing Director & CEO, President (Industrial)	✓	✓	✓	✓	✓	✓
Mr. Sanjeev Saxena	President (Automotive Technologies)	✓	✓	✓	✓	✓	✓
Mr. Debasish Satpathy	President (Automotive Aftermarket)	✓	✓	✓	✓	✓	✓
Mr. Satish Patel	Director – Finance & CFO	✓	-	-	✓	✓	✓
Mr. Sameer Mathur	Chief Operations Officer	-	✓	-	✓	✓	-
Mr. Alok Dave	Vice President (Purchasing)	✓	✓	-	✓	✓	✓
Mr. Santanu Ghoshal	Vice President (Human Resources)	-	-	✓	✓	✓	-

Creating sustainable value

[Governance](#) p.72

Capitals	Inputs	Our businesses	Outputs	Outcomes
Financial Capital 	Capital employed Fixed capital ₹ 11,589 million* Working capital ₹ 22,286 million* Equity capital ₹ 313 million* Reserves and surplus ₹ 36,224 million*	Our businesses Automotive Technologies p.38 Automotive Aftermarket p.44 Industrial p.32	 Total installed capacities 470 million pieces* Segments we cater to Automotive Technologies Engine, Chassis and Transmissions Industrial direct business: Railways, wind energy, two-wheeler, off road, power transmission, industrial automation, raw materials Indirect business: Industrial distribution business Catering to SMEs,retailers and MRO markets Automotive Aftermarket reach 40,000+ Mechanics 25,000+ Garages	Revenue ₹ 55,605 million# Free cashflow ₹ 3,277 million# Earnings per share ₹ 201.3# RoE 17.2%# Productivity per attendance hour (5-year CAGR) 6% Revenue from value-added products ₹ 41,270 million# Technical papers published 6# Patents applications originating from India 22* Employee retention rate 97%# Women employees (as a % of total employees) 2.9%# Fatal accidents 0# Schaeffler India managed mobile healthcare units Provided health consultations to 3.07 lakh+ patients* Covered 78 villages in Vadodara and Talegaon* Suppliers with QMS certification IATF: 304*; ISO 14001: 133*; ISO 9001: 74* Reduction in CO₂ emissions (Scope 1 and 2) 27.5%# over 2020 Reduction in electricity consumption +25%# over 2020
Manufactured Capital 	Plant, machinery, and equipment (gross) ₹ 14,910 million* Capital expenditure ₹ 1,826 million# Production facilities 4*			
Intellectual Capital 	DSIR* approved R&D centres in India 2 R&D expenditure ₹ 1,016 million#			
Human Capital 	Permanent employees 2,922* Training hours 14.5# Employee welfare benefits ₹ 305 million#			
Social and Relationship Capital 	CSR spend in last three years ₹ 282.6 million Advertising and sales spend ₹ 205 million** Customer conferences 12#	Process Our strategies p.28		
Natural Capital 	Electricity consumption 84,994 MWh# Freshwater/ Groundwater consumption 2,06,926 m ³ # Recycled water consumption 29,187 m ³ # Renewable power consumption 31,572 MWh#			

[Risk Management](#) p.74

External environment p.34, 40, 46

*As on December 31, 2021; ** Over the last three years ending 2021; #For the year ending December 31, 2021; DSIR*: Department of Scientific and Industrial Research



Leading ahead to grow together

1 Robust parental ecosystem

Schaeffler AG's global reach, technology-led products and quality-focused approach have made us a market leader in all three business segments. Over the past 75 years, it has progressed swiftly on the path of growth and all-round value creation.

Among top 3

Players globally across most segments

1,784*

Registered patents

* Patent applications concern first filings in Germany. The DPMA adapted the counting method in 2020, which is why the 2020 value differs from that of the Sustainability Report 2020.



2 Preferred partner

Our customer-centric approach, strong brand salience and robust distribution network have made us a preferred supplier in industrial and automotive segments. Our diversified range of quality, innovative products is developed on the basis of customer insights and requirements. Moreover, our quick turnaround gives us an edge over our peers.

Among top 3

Suppliers for most leading OEMs in India



3 Resilient value creation

Our well-balanced financial strategy and strong governance practices enable us to grow aggressively, without taking undue risks.

Zero Debt

13.9%

Return on assets



4 Progressively diverse portfolio

Our diversified and complementing products and services help us provide our customers a complete range of solutions. Our innovative offerings enable us to stay relevant and provide customers with unmatched reliability, efficiency, and technology.

Wide-ranging ECT* and aftermarket repair solutions

40,000+

Catalogue products under industrial segments

* Engine, Chassis and Transmission



5 Innovation at the core

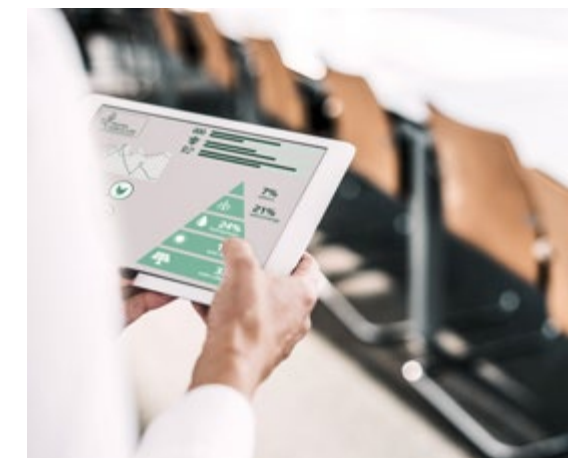
Innovation is at the core of our operations and business strategy. Our technological advancements and product innovations are in line with customer requirements. We have been making substantial investments in our local R&D centres, in tandem with our operational strategy. Our India-based R&D centres have also been increasingly making significant contribution to our global technology team.

₹ 3,432 million

Invested in R&D over last 5 years

157

Patent application originating from India over last 5 years



6 Strategies to drive growth

Our well-defined strategies encompass all potential opportunities across our businesses and aim to optimise the strengths of our business model. We are working to achieve operational leverage by implementing our strategic goals. These primarily include a continued emphasis on R&D, localisation and technology advancements.

47.8%

Revenue growth

5.1%

Increase in EBIT margin

3.6%

Increase in PAT margin



LEADING AHEAD...

WITH INNOVATIVE SOLUTIONS

At the recently concluded COP26, India committed to reducing its carbon intensity by 45% by 2030. Considering that automobiles cause nearly one-fourth of total emissions, transition to cleaner fuels will become a priority. While the future will definitely be decided by the cost-sensitive Indian consumers, the changes we witness will involve both EV and hybrid prototypes.

We have developed EV technology solutions at the Group level and are already catering to this space in the European and Chinese markets and the hybrid segment in the East. In addition to hybrid modules and hybrid drive units, we have made headway as suppliers of electric axle transmission, a key component of electric axle systems. We are thus future-ready for multiple technology platforms. Our strategy will be aligned to the scale of market adoption, which we are actively gauging through close customer collaboration.

We are encouraged by alternate clean technologies such as hydrogen/fuel cell propulsion systems and at a group level, we are making continuous advancements to develop our competencies on that front. This will enable us to become a valuable partner to our customers in the collective journey towards a greener world.



Emerging stronger through challenges



“Schaeffler as a Group has committed to be climate neutral by 2040. Schaeffler India has embarked on this journey to contribute to our global targets, while ensuring a responsible and sustainable tomorrow and further solidifying our stakeholders’ trust. We are also integrating ESG considerations into our business practices.”

Dear Shareholders,

The past two years have tested the resilience of individuals and businesses at an unprecedented level. It was no different at Schaeffler India. However, despite the odds stacking up, we adapted quickly to the evolving environment and bounced back with renewed vigour. The grit and determination of our people has enabled us to stay the course, even during the much more intense second wave of the pandemic that threatened to derail the fragile recovery post the first wave.

I hope this letter finds you in good health, as we prepare to leave the pandemic behind and gear up for a new and exciting future. However, it’s better to err on the side of caution. The past two years have also demonstrated the power of our collective ingenuity to ward of a crisis of such magnitude. Inoculating more than a billion in record time speaks volumes of the nation’s commitment to protecting its people. We ensured 100% vaccination of our colleagues in India.

“The automotive landscape is undergoing a technological transformation. At Schaeffler, we are already working on future-ready solutions to support our customers in this transition.”

Reviewing the operating environment

The Indian economy continues recover steadily, with the World Economic Forum (WEF) pegging its growth at 8.3% for FY2022, as domestic consumption return to pre-pandemic levels. The government’s focus on ensuring a broad-based recovery was also reflected in the latest Budget 2022-23 speech with thrust on capital investments and domestic manufacturing.

The automotive sector witnessed a rebound in 2021, but supply chain disruptions, semiconductor shortages and input cost pressures remained an overhang. Favourable government policies such as the extension of FAME-II scheme till 2024, multiple PLI schemes, announcement of scrappage policy and rollout of battery swapping policy are likely to aid growth and address short-term challenges.

The automotive landscape is undergoing a technological transformation. At Schaeffler, we are already working on future-ready solutions to support our customers in this transition. Our Aftermarket business is widening its product offerings. On the Industrial front, the core industries recovered and remained buoyed by a gamut of initiatives to promote investments and growth in the entire manufacturing value-chain. Our continued sectoral focus, network expansion and emphasis on innovation-led offerings have helped us make long-term gains in the market.

With India’s commitment at COP26 to reduce 45% carbon intensity by 2030 and reach net zero by 2070, green energy and clean mobility systems have become a key focus area. The development of domestic manufacturing ecosystem for renewable technologies has become more imperative than ever. To that end, Schaeffler India is consolidating its efforts under the larger umbrella of ESG, that will help us to take the lead to drive holistic value in the long term.

Making a meaningful difference

Over the last decade, we have consciously moved from CSR being a compliance requirement to it being integrated into our business practices. In line with our commitment to driving inclusive growth, we continue to undertake focused interventions under our umbrella initiative, HOPE. Several step change initiatives for community development are in place, and we added more programmes during the year beyond health and hygiene, education and empowerment. Our most recent initiative to create a self-sufficient model through watershed management in a village, prone to severe drought, is a remarkable example of elevate the quality of life.

Creating all-round value

During the year, the Board has taken progressive steps to ensure that we stay on course to deliver sustainable value for our stakeholders. The Board approved a share split – one equity share of face value of ₹ 10 each into five equity shares of face value of ₹ 2 each.

Schaeffler as a Group has committed to be climate neutral by 2040. Schaeffler India has embarked on this journey to contribute to our global targets, while ensuring a responsible and sustainable tomorrow and further solidifying our stakeholders’ trust. We are also integrating ESG considerations into our business practices.

We expect to sustain our strong growth momentum driven by a robust strategy focused on localisation. To stay ahead of the curve, we will continue to review our progress and revisit our focus areas based on the dynamic environment in which we operate and the opportunities that emerge. We are developing future-ready technologies to drive sustainable mobility solutions.

On behalf of the Board and the entire team at Schaeffler India, I solicit your continued cooperation and support for all our future endeavours.

Sincerely,
Avinash Gandhi



Leading with our inherent strengths

Dear Stakeholders,

The past year has been full of resilience, hope and negotiating the constant shift in the external environment. While we started the year on a positive market sentiment, along with the vaccination drives, the second wave of the pandemic, tested our endurance. We will forever remember the colleagues at Schaeffler India, those whom we lost to the pandemic, and we stand by their families firmly. In this message we once again extend our deepest condolences to all the families who lost their loved ones to the pandemic. The uncertainty and unpredictability of the situation tested the strength of our ecosystem. Despite being in difficult and volatile circumstances we as an organisation, continued to demonstrate agility and resolve, which reflected in our performance.

Yielding the right results

The year 2021 has been a game changer for us as all our three business segments continued on their growth trajectory posting all-round growth. As the economic activities gradually gained momentum, at Schaeffler we stayed the course in driving our sustained countermeasures. This coupled with our continued focus on customer-centricity, innovation and agility enabled the strong top and bottom-line performance. Throughout the year we witnessed headwinds in the form of rising raw material prices and supply chain challenges, however we acted swiftly and realigned our strategies to put us on the right course. As we move ahead, we will continue to demonstrate the same rigour and passion across our performance and an unwavering commitment towards value creation.

Strengthened by localisation

The strategic decisions we have taken over the last few years gave us the operational strength to capture the market opportunities. Our continued investments and localised sourcing strategies helped us increase our efficiencies and capabilities gave us the advantage to serve our customers across the geographies seamlessly. In addition, our strong focus on optimizing our logistics network and demand management ensured supply remains strong despite the tremors felt due to global supply chain disruptions.

Our, increased focus on local R&D is aiding us build stronger customer relations with a wider portfolio of customized offerings meet our market requirements. We have introduced several localized products across business segments which helped to grow business not only in India but in other geographies as well. Our home-grown brand TruPower continues to support our market expansion and penetration as we extended our range of offerings. Our focus to increase localisation at an organizational level is showing the right results as we continue our journey on this path.



You can read a more detailed review of strategies and focus going forward on Page 28 of this Report.

Learning through collaboration

We at Schaeffler are constantly aiming to be successful in our core business activities in a currently volatile market which is undergoing extraordinary changes. Thus, answering the question of how to deal with these circumstances is essential to the future success of our organization. For this, the Schaeffler Group has laid out six clear goals and leadership essentials across all levels of management. These essentials act as a driving force for us to demonstrate effective leadership, collaboration, and care at work. There is constant dialogue and exchange of ideas by the executive leadership team on these essentials with an aim to create the best possible work environment for our people so that they can grow in both professional and personal capacities. This became more relevant over the past two years as we dealt with the challenges posed by the pandemic. Our employees are the pulse of the organization and their efforts and engagement in such trying times is reflected in the performance.

“With the Indian growth story gaining a strong momentum, we are building on technology, competency, and wherewithal to drive significant business in the country across all our segments.”

Making strong ESG commitments

The world is transitioning toward a greener economy – and so are we, in line with our value of doing business right, taking responsibility for tomorrow. Schaeffler as a Group has a commitment to be Climate Neutral by 2040, with intermediate targets of:

- // Own production facilities (Scope 1 and 2) planned to be climate neutral from 2030
- // By 2024, all Schaeffler sites worldwide will purchase electricity generated from 100 percent renewable sources
- // The emissions from intermediates and raw materials occurring in the supply chain (Scope 3 upstream) will be reduced by 25 percent by 2030

We at Schaeffler India have embarked on a structured ESG journey in line with this strategy to contribute to our global targets. Over the years we have already made significant progress in reduction of our carbon footprint as well as water neutrality in our manufacturing units, but with this path clearly laid out we aim to lead ahead in building a sustainable tomorrow. A step further in this direction is the setting up of the dedicated Large Size Bearings Refurbishing Centre in Jamshedpur to enable our customers achieve their sustainable production goals by offering efficient and sustainable solutions across the value chain.

We have set ambitious targets for ourselves, and the journey will be challenging to say the least. But we are clear that this is the right journey we must undertake. I also believe it is the beginning of an exciting period, and together as a team we will be able to reach our goals.

You can read more about the steps we have already initiated to achieve these targets on Page 53 of this Report.

Innovation: Key to a sustainable future

We believe sustainable products are the building blocks of the future, and we continue to invest in advanced technologies.

In India we are developing our knowledge capability and competency leveraging our Group’s know-how on technologies that will drive the future of mobility and motion. Our Global Mechatronics centre in Pune became operational during the year and we are ramping-up our competency here, to support and contribute to Schaeffler Group’s innovative and future ready solutions. As the centre matures, we are confident that we will be able to leverage their skills and knowledge for various projects in India over the coming years.

The energy chain of green hydrogen is a pathway to a carbon neutral, sustainable future and one of the key milestones is the ability to produce hydrogen on an industrial scale. As an integrated industrial and automotive supplier, Schaeffler India is well placed to leverage collaboration and synergies across multiple disciplines to develop and produce technologies for the hydrogen industry.

Investing in the future

We have strengthened our capacity and are actively investing in innovation to leverage upcoming opportunities. We are also investing in a greenfield project in Hosur to expand capacity for automotive transmission and systems manufacturing at an investment of ₹ 3,000 million over the next four years.

Customer centricity remains of utmost importance, and we will continue to build on our relations, actively engaging with them at all times. Our ability to predict and forecast evolving customer needs, our preparedness to adapt to the changes and our agility in responding have played important roles in helping us. With the Indian growth story gaining a strong momentum, we are building on technology, competency, and wherewithal to drive significant business in the country across all our segments.

In conclusion

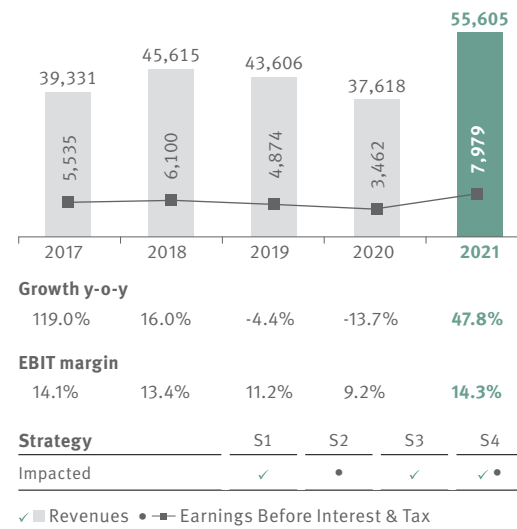
I take this opportunity to express my gratitude to our employees, suppliers and distributors who have worked relentlessly to ensure that we continue to serve our customers through the extremely challenging year. I am also grateful to all our stakeholders who continue to support and engage with us in our journey.

Sincerely,
Harsha Kadam

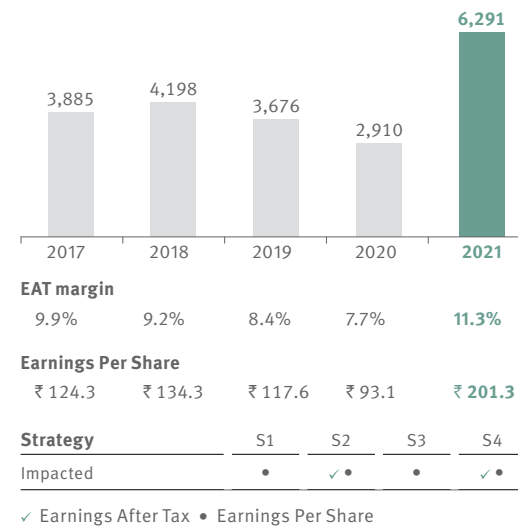


Demonstrating resilience and agility

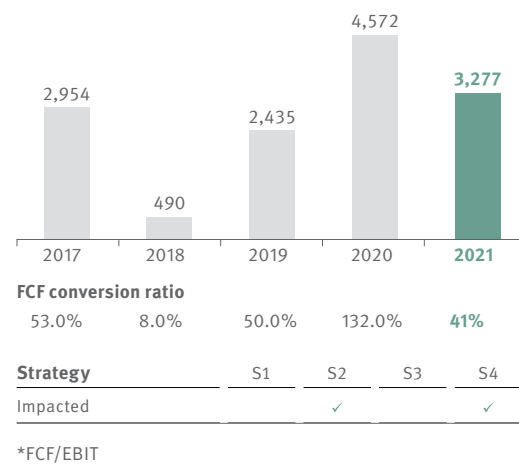
Revenues and Earnings Before Interest and Tax (₹ in million)



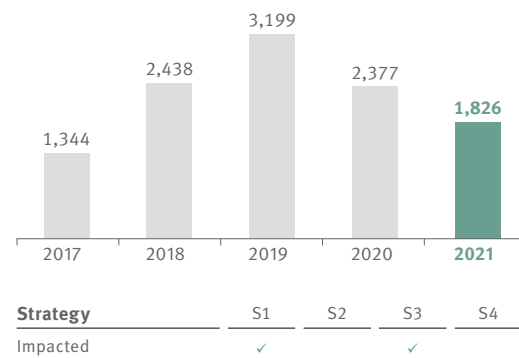
Earnings After Tax (₹ in million) Earnings Per Share (₹)



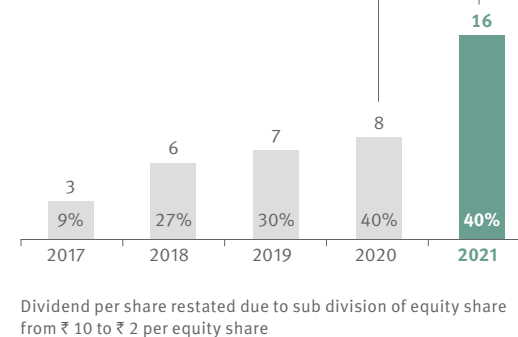
Free Cash Flow (FCF)* (₹ in million)



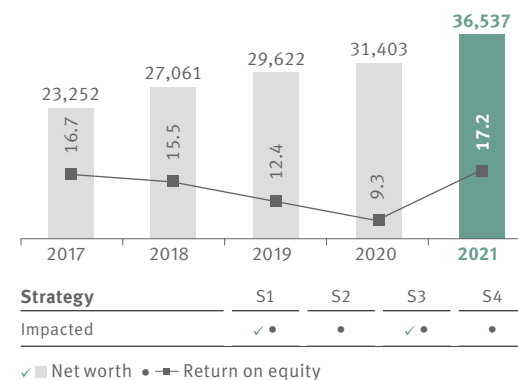
CAPEX (₹ in mn)



Dividend Per Share (₹)



Net worth (₹ in million) Return on equity (%)



Solid fundamentals drive growth

“While keeping a close eye on future developments, we aim to achieve resilient financial results and successfully implement our mid-term strategic plan by focusing both on financial and non-financial front.”

I am very happy to share that we have achieved a stupendous financial performance in 2021. The fundamentals of our company continue to remain strong and we are well positioned to capitalize on opportunities that will help us in sustaining the continued growth momentum in the future. I am glad to share with you the key highlights of a very successful year gone by.

Our revenue from operations grew by 47.8% to ₹ 55,605 million in 2021. Growth was aided by strong market recovery as well as significant wins across all our businesses. While both Automotive Technologies and Automotive Aftermarket grew by 50%, the Industrial business registered a healthy 39% growth. Exports registered a hefty growth of 70%, as we continue to focus on capacity expansion, competency build up as well as expanding our global footprint.

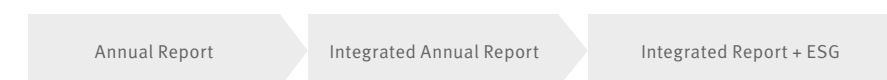
Our EBITDA grew by 84.2% to ₹ 9,950 million in 2021, while EBITDA margin was 17.9% as compared to 14.4% in the previous year. The balanced business mix coupled with our concerted efforts and unified approach to overcome the input cost pressure and effective execution of countermeasures enabled mitigate the risks associated and deliver resilient margin levels throughout the year. All of that also led to a similar growth in the net profit which grew by 116.2% to ₹ 6,291 million in 2021, while net profit margin stood at 11.3% as compared to 7.7% in the previous year.

In terms of Free Cash Flow, we could optimize on the working capital despite the challenges on the inventory front due to global supply-chain challenges. The working capital to sales was 18% as of 2021 end as against 17% in the previous year. The strong focus on cash conversion cycle and thoughtful CAPEX spending led to resilient FCF generation of ₹ 3,277 million in 2021.

Our earnings per share (EPS) was ₹ 201.3 in 2021 as against ₹ 93.1 in 2020, grew by 116.2%.

Our return on capital employed (ROCE) for the year was phenomenal 23.0% as against 11.1% in the previous year.

Our reporting journey



The optimal utilization of fixed assets and the working capital, entailed a robust capital employed level. Going forward, as our business grows, and the operations foot-print expands, we will continue to judiciously spend on our planned investments. We are well placed to deliver on our strategy of investing ₹ 10,000 million over a period of next three years.

During the year, the Board of Directors approved progressive steps on our share split as well as the target dividend payout ratio (30% to 50% of the annual standalone profit after tax), putting us on course for long term value creation. Our strong cash flow generation is enabling us to invest in the business while offering an attractive dividend to our shareholders.

We stay course also on our approach of solidifying our financial soundness by strengthening financial governance, minimizing financial risks, and improving cash flow & capital efficiency. As we have embarked upon ESG journey, we are enhancing disclosures of ESG information. We take pride in our corporate governance standards and look upon it as a key driver of sustainable growth and long-term value creation, we have taken several steps in this direction during the last few years.

We have made a noteworthy progress in voluntary adoption of Integrated Reporting (IR) in accordance with International Integrated Reporting Council (IIRC) integrated reporting framework and SEBI circular on IR to aid our key stakeholders to get a holistic view of company's strategic focus, future orientation and value creation which revolves around the 6 capitals - Financial, Manufacturing, Intellectual, Human, Social & Relationship and Natural. I am happy to inform that, 2021 is the third year of our annual reporting in IR framework. We stood by our commitment in striving to enhance shareholders' value by working on both financial and non-financial front.

I look forward to an exciting year ahead as we endeavor to sustain our performance while dealing with any volatility in the market.

Mr. Satish Patel
Director - Finance & CFO





Strategic priorities to lead ahead

Over the years we have stayed on course with our strategy to increase localisation. India, as a market continues to grow, offering wide ranging opportunities with increased demand momentum, despite the pandemic. This, coupled with the conducive policy framework to promote local manufacturing activities, create attractive opportunities for our business. Despite facing multiple challenges due to the ongoing pandemic, we managed to keep the implementation on track with increased efficiency and competitiveness, which has started reflecting on our top and bottom line.

S1 Building capacities for the future

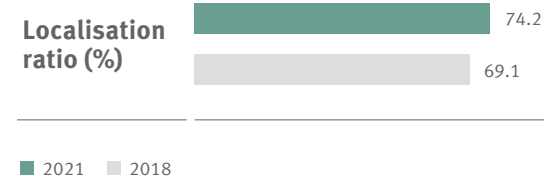
We are strengthening our local footprint, with capacity expansion at our plants in Savli and Vadodara underway. We are also setting up a greenfield manufacturing facility in Hosur at an investment of ₹ 3,000 million over the next few years, with the first phase becoming operational by end-2023. The facility will be used to manufacture transmission components and systems for the automotive and tractor segments.

₹10,000 million
Investment over the next 3 years



S2 Strengthening localisation

We are consistently working on improving the localisation ratio, our cost competitiveness and business mix to strengthen overall profitability. Additionally, procuring resources locally not only develops the competence of the supplier base, but also creates a positive impact on the entire supply chain ecosystem. Procuring resources locally makes us eligible to apply for several government contracts, and helps us contribute to the growth of our communities.



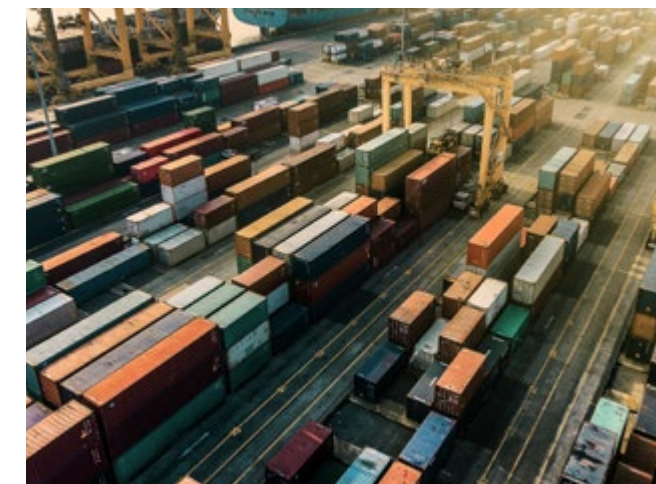
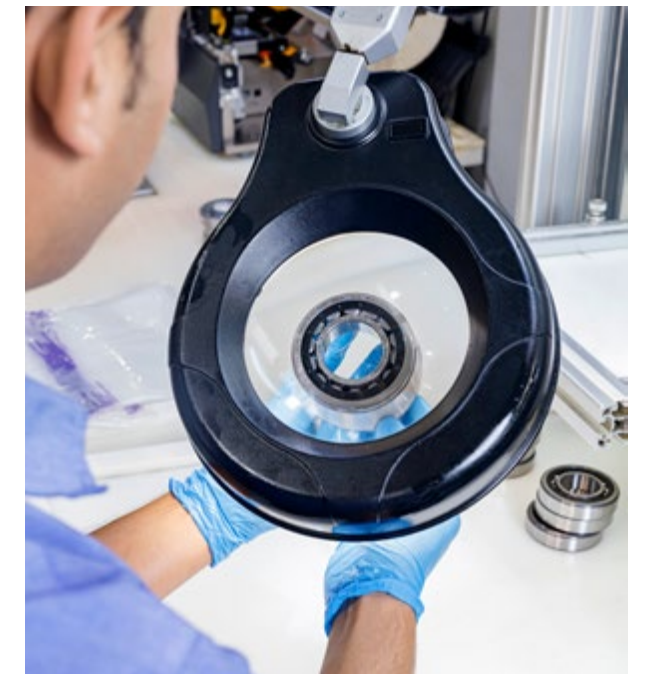
S3 Building local R&D capabilities

Over the last couple of years, we have made significant investments to build state-of-the-art R&D centres in Pune and Hosur. We continue to strengthen them by investing in the latest engineering tools and testing equipment and adding to the team size. The know-how built through decades of expertise is being leveraged through constant knowledge transfer from Europe. We established a global mechatronics centre in India, which will support the group in future mobility projects. The centre will further augment our competency and know-how on future technologies.

Focus areas for R&D in India

- // Solutions for emerging EV segments
- // Product engineering and simulation competencies
- // Mechatronics competency

₹1,016 million
R&D spends



S4 Optimising our logistics network

Initiatives undertaken over the past few years have helped us improve our logistics efficiencies and we continue to build and optimise our network. Despite, the year seeing multiple headwinds due to the global supply chain disruptions, we were able to plan well minimise the impact on our service levels. We have continued to make progress in terms of consolidating our logistics footprint and have set-up three new warehouses at strategic locations to reduce our turnaround time.

2 Awards for delivery and quality

3 Strategically located warehouses

Localisation has been a focal point for us in the past years, be it in product with inhouse investments but also in localised sourcing working with the supplier partners. It was key in navigating the unprecedented and dynamic operating environment. Our strategic priorities provided us the ammunition to be agile, resilient and efficient, a fact reflected across our performance metrics. Our focus on lean manufacturing, six sigma projects, low-cost automation, Methods-Time Measurement (MTM) projects, ergonomics projects, cobot and robot implementation further helped us reap the benefits of the localization strategy. Our plants at Savli and Hosur recently received global recognition for “best cost improvement plant” and “best engaged teams”.

The key focus for us in the next year is to strive for “next level of operational excellence”, enhancing localization with increasing value add, in existing and new products. Adapt to new production concepts with focus on digitalisation, connectivity, cobots, robots, AGV’s. and agility anchored with “New Schaeffler production system”. Efficiency improvement with optimised utilisation of resources and cost sensitive culture. Further, in line with the group’s goal to be climate neutral by 2030, sustainable operations is in focus with energy efficiency programs, usage of renewable energy, reducing carbon footprint with focus on reducing waste and waste management at the same time on water usage and water harvesting.

Mr. Sameer Mathur
Chief Operations Officer





LEADING AHEAD...

WITH CUSTOMER CENTRICITY

Enhancing our industrial services portfolio, we launched our Large Size Bearing (LSB) Refurbishment Centre in Jamshedpur, India. Strategically located in the eastern part of the country, where we already have a strong distributor network in place, the state-of-the-art centre allows us to repair a wide range of bearings. These are being used continuously in the operating processes in multiple industries, including steel, cement, railways, power sectors, mining, and paper and pulp.

The facility, commissioned in line with our customer needs, helps optimise productivity, product lifecycle costs and overall lead times. Adhering to uniform global standards, stringent quality parameters and a six-step process, the customers get a bearing as good as a new one. They benefit significantly as they get an equivalent of new bearing performance at a fraction of the cost of a new bearing.

It represents our commitment to deliver long-term sustainable value to our customers by combining our extensive product and industry expertise. The centre helps combat the pertinent problems of rising energy consumption, and the costs of maintaining smooth operations. Refurbishment significantly reduces CO₂ emissions, and leads to less waste generation and raw-material usage compared to making a new bearing.



Developing smart, sustainable solutions



The Industrial division offers a wide portfolio of bearing solutions, ranging from high-speed and high-precision bearings with small diameters, to large-size bearings, several metres wide. Increasingly, the focus here is on smart products and connected technologies.

Key strengths and enablers

- We offer a wide range of products and solutions across the traditional bearing segment and Industry 4.0 solutions
- Our portfolio is developed with a focus on creating value for the customer, while reducing environmental impact
- We have a strong local capability to customise and develop products as per our customers' needs and provide access to world-leading solutions as a group
- We have a robust distribution network with strategically located warehouses to reduce lead time
- Our technical expertise and competency have made us the preferred supplier across industries, and secured our place among the top three suppliers

169
Distributors



Bringing in insulation-coated bearings

With increasing electrification, there is a higher chance of damage to the bearing. Our insulation-coated bearings are designed to prevent such damage, thereby helping our customers avoid huge losses. Currently, we are the only manufacturers, who have the capability to make these bearings in India. The product was launched last year and is being used mainly in metros and railways and has been seeing a sharp growth in demand.

Leading with Make in India

TAROL bearings are used in axle boxes for metro trains, as the bearing sits inside the axle box and the entire sub-system is to be supplied to the customers. It is a matter of immense pride that our solutions, which are completely Made in India, are today carrying the load in metro trains running in many cities across India and even in a few other continents.



Developing smart, sustainable solutions (Contd.)

Operating environment

India's industrial landscape is changing with organisations looking for disruptive tools, which help them increase efficiency and reduce cost. Digitalisation is seeing active acceleration with rapid adoption of remote diagnostics and collaborative tools.

Our response

We continue to make investments in future technologies such as mechatronics and Industry 4.0, among others. We also have developed new automated lubrication solutions globally with plans to introduce them in India eventually.



Globally, an increasing number of companies are focusing on reducing their carbon footprint and opting for renewable energy. India is becoming a hub for wind turbine manufacturing, and the demand for large-size bearing has been increasing. Railways, which is one of the most carbon-efficient transports, especially for in-land freight, is also expected to see a significant demand uptick after a brief slowdown in tenders during the pandemic.

Our response

We are making significant investments in Savli to increase our localised manufacturing capacity for catering to the railway and wind sectors.

Delivering customer delight through our Quick Center in Maneja

We launched linear guide product from Schaeffler Global in India to meet the growing demand for industrial automation in the country. However, the product order intake was subpar despite the product receiving positive review from customers. This was due to long waiting period of 9-12 months for order delivery as we were importing the finished product. To minimise the lead time, we implemented 'Make in India' strategy by importing semi-finished product and locally assembling at our Maneja unit. This drastically reduced the lead time to 2-3 weeks and enabled customisation of product as per customers' requirements. Consequently, we are able to successfully garner orders for linear motion guides.

Embracing digitalisation, driving change

With the government's focus on developing high speed trains in India, meeting performance, reliability and safety standards of trains is gaining topmost priority. We are embracing digitalisation to enhance our core offering by opening up opportunities to check the health of the bearings, while its in motion. We are working on developing axle box bearings integrated with sensors, which can send digital feedback and be used to monitor the health and performance of the bearings.

Reviewing 2021

- We saw strong recovery in revenues and bottom line, both on a y-o-y basis and as compared to 2020. The growth was primarily driven by revival in business across industries, the key driving factors were:
 - Strong growth in the wind equipment, which is a key application industry
 - Breakthrough orders received for transmission application from the tractor and construction sectors
 - Industrial aftermarket contributed by delivering on its ambitious targets led by a strong strategy
 - New launches like OPTIME, SmartCheck and ProLink were well-received by the market
 - Strong order book for linear automation guide after reduction in lead-time
 - Traction seen in high performance spindle bearings, made with special alloy and linear motion guides
 - Increased demand in both, existing and new export markets
- We strategically expanded our distribution network in the domestic market and entered the neighbouring countries of Nepal, Bangladesh, and Sri Lanka to help grow our customer base
- Focused efforts to reconnect with dormant customers and resolve their issues, led to new businesses, especially in power transmission segment
- We expanded our horizons and entered new growth sectors, including robotics, construction equipment, escalators, elevators, forklifts, food and beverages, defence, aerospace, and mineral processing
- **Large bearing refurbishment** centre inaugurated in Jamshedpur in partnership with Premier Bearings India Limited, a leading authorised distribution partner for Schaeffler India
- Our **dedicated R&D efforts** for industrial business delivered positive results for our customers. During the year we revitalized our engineering competency across the value chain. This enabled in further widening our customized product solutions





Developing smart, sustainable solutions (Contd.)

Contribution to overall performance

39%
Contribution to revenue

Performance highlights

39%
Growth over 2020

Customer metrics

8.03
Schaeffler loyalty index



New products introduced in the market



Angular Contact Ball Bearing



CRB wo outer ring



DGBB OSD



Insulated coating DGBB1



Insulated Coating DGBB2



SRB rollers



Tapered Roller Bearing



Tarol2



TRB full component



HOUSING 2.2504

“After a tepid market last year, with the pandemic causing uncertainty and dampening overall industrial growth, we saw strong rebound this year. The momentum across the industrial segment remained strong, and we were able to capitalise on the same. We made significant business wins and further consolidated our leadership position in the relevant segments. Our revenue grew by 39% as compared to 2020, and 18.0% to 2019 levels.

We did see some pressure due to the rising raw material costs and supply challenges, especially for our imported products. We are increasingly trying to manufacture more products at our Indian plants, in line with our localisation strategy. This will continue to help us make our products available with the shortest possible lead time and increase our competitiveness.

Wind, machine tools, industrial automation, off-road, power transmission, and raw materials are seeing growth supported by favourable policies of the government and this augurs well for our business. We have seen strong traction across multiple sectors during the year and with continued demand and high consumer sentiments, we expect to see positive, long-term growth in these sectors. We are ready to capture the Indian growth story with our robust portfolio, technical and operational know-how, and ever-expanding capacity.”

Mr. Harsha Kadam
Managing Director & CEO,
President- Industrial



Our strategic focus





Building customer trust

The Automotive Technology division pioneers in developing and manufacturing sustainable technological solutions for passenger cars and commercial vehicles, and tractors. Our innovative and customer-first approach has resulted in Schaeffler India becoming the preferred technology partner for India's biggest automotive OEMs and start-ups alike. We offer a wide range of products, for critical applications across engine, chassis and transmission systems. Backed by our Schaeffler Group's proven competencies on green mobility solutions, we are well placed to leverage the opportunities in India.

Key strengths and enablers

- Diversified portfolio and presence across passenger, commercial vehicles and tractor segments, with deep customer connect
- Precision products and solutions offering best-in-class enhanced performance
- Access to best-in-class technology along with in-house R&D that allows seamless new product introduction suited to Indian markets
- Innovative and quality products with longer service cycles
- Just-in-time order fulfilment and strong customer support
- Strong intellectual capital helps build upon customer trust

2.5x

Market growth



Automotive components and systems are high precision products, which operate with high degree of accuracy. Since we understand the complexity and the fundamentals of the operating environment, we also excel in the manufacturing of these products and solutions.

A testament to our new product development capability is a recent success of our heavy-duty clutches with a leading commercial vehicle manufacturer. The results of our extensive product testing and simulation enabled in-direct commissioning of the product for heavy-duty dumpers. The trust placed by our customer showcases our pioneering spirit as we strive to lead ahead in customer centricity in offering enhanced technology experiences with reliable performance across products.



Automotive Technology

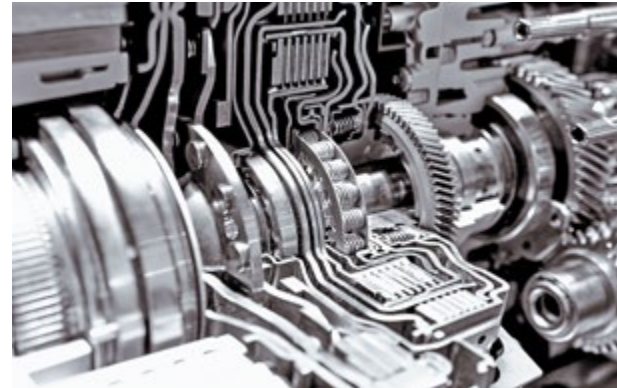
Building customer trust (Contd.)

Operating environment

The external environment continued to remain uncertain and volatile. Post COVID-19, we saw a sharp rise in demand and the year started on a positive note. However, during the second wave, semiconductor shortage and supply chain disruptions weakened demand in the second half of the year.

Our response

We approached the situation with a high degree of resilience and focused customer engagements, thereby leveraging our agility as we continued to combat the crisis and rising to the top.



Although the demand outlook remained strong to moderate during the year, the headwinds came in the form of high commodity prices, especially steel, which is a major input cost for our products.

Our response

We deployed organisation-wide counter-measures to control costs through financial discipline. We worked closely with suppliers and customers to drive efficiency measures, such as commodity indexation and baseline referencing and Value Analysis and Value Engineering (VAE) projects. This included localization, alternate sourcing and price and supplier negotiations.



The trend towards carbon-neutral mobility solutions will be a key enabler in meeting India's commitment to bring its economy's carbon intensity down to 45% and carbon emissions by 1 billion tonnes (BT) by 2030, at the COP26 this year.

Our response

We have solutions for electric and hybrid vehicles ready at a global level and are working on bringing those solutions to the Indian markets. We believe India, a cost-sensitive market, will have a gradual transition to cleaner fuels beginning with two and three wheelers and gradually shifting to mass mobility and PVs. We have products which are developed both locally and at the Group level to cater to this market. We continue our focus and strive to make current ICEs more efficient and greener as we transition towards a responsible tomorrow.



Reviewing 2021

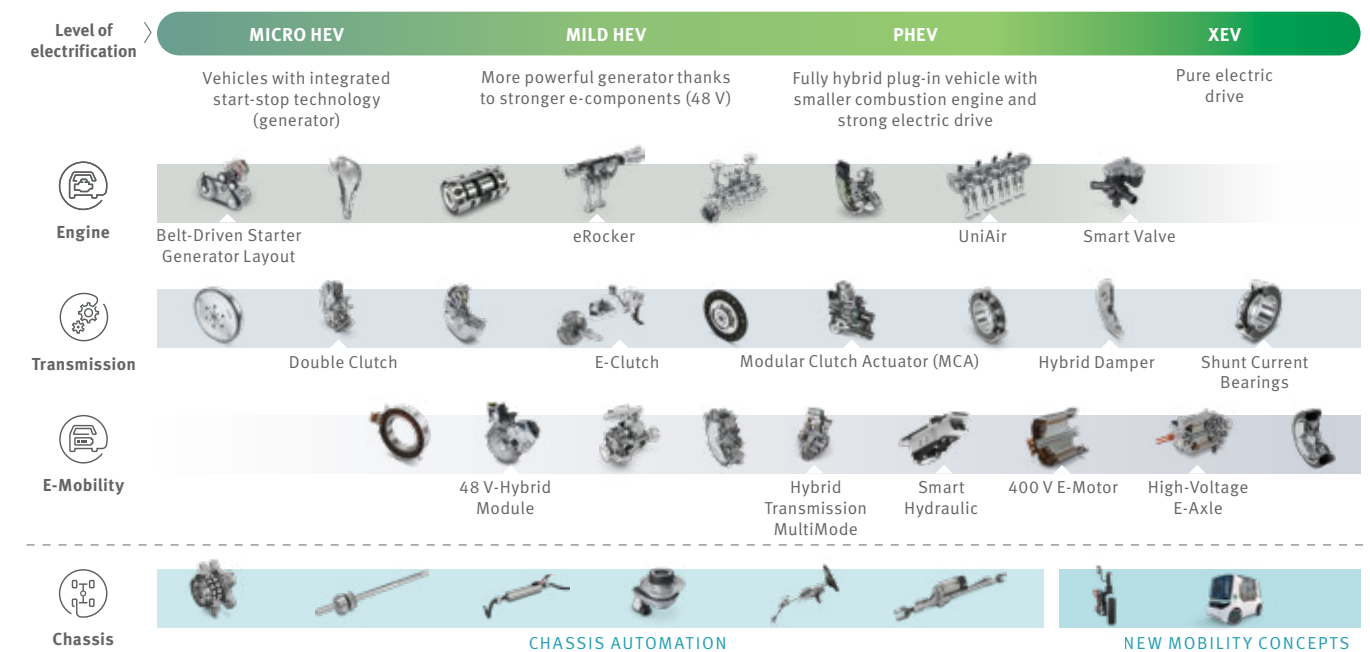
- The Automotive Technology division saw a strong revival in demand after a sluggish 2020, leading to 50% year-over-year growth in revenues. Our proactive stance in an uncertain business environment, and focus on customer centricity, and focus on innovation, helped in achieving the following outcomes:
 - Strengthened our position in the commercial vehicles segment through proactive planning and diversified portfolio. Our revenue from MHCVs grew during the year and we gained significant market share in our heavy duty clutch
 - Positive response to new products
 - Expansion in market share by providing well-researched, robust and timely solutions to our customers for implementation of new models
 - Led the shift towards gasoline powertrains, aiding us in increasing our Content per Vehicle (CPV) by 60% in gasoline engines since 2020
 - Sustained momentum in legacy products like tractor clutch segment
- Key account management** has been part of our global strategy and a contributing factor in our excellent customer engagement, application support to enhance overall customer experience and customer satisfaction. Our

- effective communication system between customers and account management teams specially warrants a mention in the highly volatile demand-supply conditions. We were able to extend seamless support for our customers despite the volume fluctuations seen throughout the year
- We are working on **building strong relations with new mobility players** in the automotive sector. These customers demand agility, quick resolution, and out-of-the-box solutions. We leverage our experience, expertise and strong R&D competencies to develop customised solutions for this segment
- We introduced **new transmission system components** in the passenger car segment by leveraging our market insights. The key USP of the components is to reduce friction and increase performance. We have also introduced some customised designs, which have won us accolades from our customers
- We conducted **multiple collaborative engagement platforms** to understand the customer's technology roadmap and plan our solutions and offerings
- We worked in **partnership with our customers to manage volatility** in external environment through faster approval and better planning, which strengthened our customer connect

A greener future for generations to come

People's demand for mobility is on the rise worldwide. At the same time, cutting emissions is imperative. Providing a **comprehensive, modular kit of drivetrain technologies**, Schaeffler creates the basis for sustainable, fit-for-the-future mobility solutions. And with its autonomous driving innovations, the company makes moving around even safer and more comfortable.

Schaeffler as a system partner: a one-stop shop for sustainable drivetrain solutions





Building customer trust (Contd.)

Contribution to overall performance

39%
Contribution to revenue

Performance highlight

50%
Revenue growth over 2020

Customer satisfaction metrics

8.31
Schaeffler loyalty index



New products introduced in the market



Hysteresis controlled clutch cover for AMT application in heavy commercial vehicles (430mm dia) and (362mm dia) and passenger vehicles (190mm dia)



Static seal clutch master cylinder for passenger vehicles



Improved reliability aluminium concentric slave cylinder for passenger vehicles



Clutches for heavy commercial vehicles (430mm dia)



Variable expansion dampers (VED) significantly improving the NVH parameters



Improved reliability clutch release bearings



Concentric slave cylinder bearing for hydraulic clutch release system for Passenger Vehicles

We were recognised by a leading passenger vehicle manufacturer in the country on our quick turnaround to support them in resolving the NVH issues for timely launch of their product. Strong collaboration of our engineering teams with the customer enabled us to identify the problem areas and offer appropriate design solutions to ramp up our supplies.

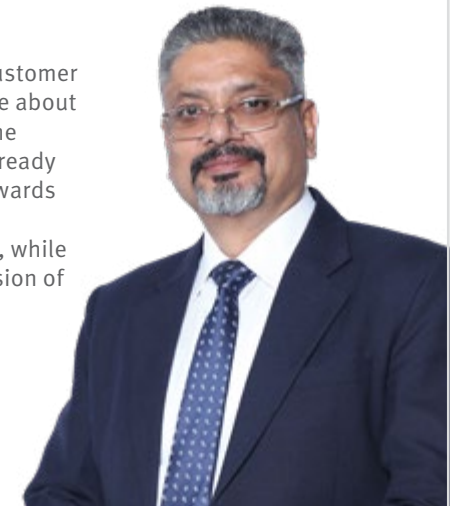
While the global economies were still recovering from the woes of the pandemic, we demonstrated remarkable resilience and resolve to grow 2.5x the market results. We were tested on multiple fronts - frequently changing regulatory restrictions, supply chain disruptions, volatility in demand, and commodity price inflations, to name a few. Our unwavering customer focus and diverse product portfolio held us in good stead in navigating this challenging environment. Along with these measures, we also activated strong counter-measures to control our cost and customer focus that yielded the right results.

Throughout the year, the key focus was to deliver on customer needs, strengthen and deepen our customer connect. We continued our engagement with them, leveraging virtual platforms to conduct

technology seminars, addressing specific requirements. With our teams' constant efforts, we have delivered not only on our commitments in terms of quality, innovation and on-time delivery, but also created several successes in troubleshooting technical issues.

Having accomplished a series of customer excellence projects, we are positive about forging stronger customer ties in the coming years. Globally, our future-ready products have charted the road towards greener mobility solutions. We are gearing up for a sustainable future, while continuing to strive towards our vision of pioneering motion.

Mr. Sanjeev Saxena
President- Automotive Technologies



Our strategic focus

Engine and transmission solutions

E-mobility solutions

Mechatronics competency

Enhanced bearing technology focus

R&D focus



Offering comprehensive solutions

Automotive Aftermarket is responsible for our spare parts business and delivers innovative repair solutions of original-equipment quality. Our three brands, LuK, INA and FAG, offer clutch and release systems, engine, and transmission applications, as well as chassis applications. With our REPERT brand, we put top priority on offering comprehensive services to garages, by conducting practical training seminars, offering repair assistance and developing special tools. Additionally, our recently launched brand TruPower offers a wide range of lubricants for all the automotive and industrial segments.

Automotive Aftermarket

Key strengths and enablers

- Diversified portfolio and presence across passenger, commercial and tractor segments, which acts as a shock-absorber during cyclical movements, if any, in the segments
- Strong global presence lending access to technology and the flexibility to meet unseen demand-and-supply challenges
- Innovative products and stringent quality tests make our products reliable and efficient, empowering our customers a worry-free end product
- Excellence in customer support and increased customer confidence on the team to provide solutions to the toughest problems
- Team's depth of knowledge, which helps us in building customer trust and creating a shared value system
- Strong R&D support, enabling us to leverage our global technical capabilities and aligning them to the Indian markets

1,800+
SKUs offered in the Indian market

5
Brands

27,000
Garage network

125 cities
In India where we operate



Leading ahead with customer value creation

We proactively work to understand our customers' needs and launch products that create long-term value for them. When BSVI became applicable for commercial vehicles, we figured that many of the CVs will now become unserviceable because of the type of clutch installed in them. We seized the opportunity by launching our serviceable clutches, which could not only be retrofitted to meet the new norms, but also increased in terms of the life of the clutches by 2x, creating value for the end-user. Our REPERT training programme for garages is also built on a similar concept, and endeavours to create value for the mechanics in the formal and informal sectors.

Offering comprehensive solutions (Contd.)

Operating environment

The recent years have seen an emergence of multi-brand automobile repair outlets, and these outlets are expected to capture 40% of the car servicing segment by 2023.

Our response

We are increasing tie-ups with these multi-brand garages across the country, reaching out to them through independent channels and modifying our service model, wherever necessary.



With internet availability reaching the villages of India, and Indian millennials becoming more cognizant of the products used in their automobiles, the independent aftermarket is expected to see a shift from wholesale to consumption centres. The online platforms are expected to impact aftermarket volumes. As multiples sales models consolidate, e-commerce is expected to contribute to 4-5% of components aftermarket revenue in the coming years.

Our response

We are capturing the growth opportunities with a focus on service-level improvement across our network and creating a comprehensive virtual presence. We are working to cater to the digital distributor network that will act as a supporting mechanism to the traditional market. We are also increasing our presence on online platforms, in addition to listings on e-commerce websites. The response received so far has been very encouraging.

India is one of the world's fastest growing economies, and the major growth drivers are the country's increased spending power and the access to real-time information.

Our response

In addition to our strong network, we have added 40+ distributors during the year despite challenging circumstances in terms of human capital movement. The new distributors have been primarily added in tier-2 and tier-3 cities, which have significant untapped potential due to limited product availability.



Reviewing 2021

- We saw significant growth momentum in the segment with the ₹ **5,000 million-mark being reached** driven by our four strategic growth pillars. Revenue increased 50% as compared to 2020, and the feat was enabled by:
 - Focus on quality improvement and cost reduction with 25 Value Analysis and Value Engineering (VAVE) projects undertaken, with a focus on localisation and source changes to improve quality levels
 - Gap analysis of distribution footprint to identify inadequate presence in high-demand areas
- We continued to **diversify our portfolio** and are working to increase our market share for HCV and LCV segments. We are also expanding in INA and FAG range for the commercial vehicle segment. The range of products for BSVI vehicles has already been launched,

while multiple others are underway. Some of the key launches during the year were:

- Range extension in TruPower, including radiator coolants
- Transmission solutions for LCVs
- FAG universal joint cross
- New range push type clutch for CV concept of serviceable cover assembly
- Product range, specially designed for tempo travellers
- Shock absorbers designed to serve the local markets

- We undertook multiple exercises to increase the brand recall of our products across multiple platforms. These included targeted Google ads, and brand sponsorship of Puneri Paltan in the Pro Kabaddi League, which was executed post an in-depth analysis of our customer profile

Going forward with TruPower

TruPower, a project initiated and executed completely in India, has become a flagship brand in a short period of time. It offers a range of high-tech and premium base oil with enhanced additive technology, designed to meet requirements for vehicles on Indian roads. It has received a phenomenal response, and this is reflected in the sales figures, online ratings, and the customer and distributor feedback received.



Already 3,00,000+ vehicles across 110+ locations are using the TruPower range. Going forward, we are not only expanding in India, but the indigenously developed product is being taken to the global stage by the Schaeffler Group.



Offering comprehensive solutions (Contd.)

Contribution to overall performance

9% Contribution to revenue

Operational highlight

69 Trainings conducted

Performance highlight

50% Revenue growth over 2020

Customer metrics

8.32 Schaeffler loyalty index

New products introduced in the market



Schaeffler TruPower anti-freeze coolant



Schaeffler TruPower radiator coolant



Serviceable type cover assembly



Universal joint and shock absorbers

Powering Puneri Paltan

In a first for our brand activation initiative, we joined forces with Puneri Paltan (Pune's team in Pro-Kabaddi League) as an associated sponsor. As part of the sponsorship, the Schaeffler logo appeared on the team's jerseys, and also gained visibility by being displayed at different prominent spots at the stadium. The players also promoted our products across digital, out-of-home, and print mediums. The participation in this home-grown sport drew attention and praise among our target audience, thus helping increase our recall value.



Brand association with Puneri Paltan Pro-Kabaddi garnered high appeal among our stakeholders and influencer groups such as mechanics retailers, in addition to general mass due to the game's popularity.



"The year has been exceptionally good for the aftermarket business, as we have strengthened our leadership position by beating the industry's average growth with a significant margin. Our revenue has crossed ₹ 5,000 million, and this success is the product of our team's synergy and relentless efforts.

Our strategic focus on product diversification and expanding our transmission segment, based on our gap analysis and purchase behaviour, has aided the growth. The new products, especially in the commercial vehicle segment, have been receiving excellent reviews and gaining traction in the previously untapped semi-urban areas. We continue to phygitaly expand our pan-India reach by addressing gaps in distribution footprints, wherever necessary.

Our targeted branding exercise is aimed to increase the brand recall of our products.

The external environment has been favourable during the year, in terms of the surging used car sales or the retrofitting of BSVI-compliant clutches in commercial vehicles. Going forward, we see the environment supporting the growth momentum. This growth will be bolstered by continued expansion of age of car parc, multi-brand retail and online markets, and an increasing demand for branded products, driven by the growing economy, especially in the rural and semi-urban areas. We are well-positioned to capture the opportunities with a dedicated team and portfolio."

Mr. Debasish Satpathy
President- Automotive Aftermarket

Our strategic focus





LEADING AHEAD...

WITH FOCUS ON ZERO

Zero for us is a numeric that matters most in terms of workplace accidents. It's a number we are striving towards, and have made considerable progress on. We have undertaken a series of initiatives for the safety of our employees such as regular safety training, safety walk-through with management, and Corrective and Preventive Action (CAPA) tracking for new machines.

We have a robust mechanism to identify, understand and address the root cause of accidents, and the learnings are shared across the Company to avoid reoccurrences. Additionally, plant leadership teams are collaborating with an independent third party for overall risk management to minimise accidents. Our holistic approach towards safety management has led to significant reduction in our LTIR, with some plants achieving the 'Zero' level.

0.4

LTIR in 2021 against
2.99 in 2016

Zero

fatal accidents in 2021



Leading ahead in reinforcing our responsibility for tomorrow

Sustainable manufacturing and carbon-neutral commitment are priority areas for Schaeffler Group. The group continues to expand its commitment in the field of climate protection. At the recently concluded COP26, the group announced that it aims to operate as a climate-neutral Company from 2040. This objective covers the decarbonisation of both production facilities, which will be carbon neutral by 2030, as well as the Company's supply chain.

Net zero vision - Schaeffler Group to be climate neutral by 2040



Own production facilities (Scope 1 and 2) planned to reduce emission by 75% until 2025 and achieve Climate Neutral production in 2030

By 2024, all Schaeffler sites worldwide will purchase electricity generated from 100% renewable sources

CO₂ reduction in the supply chain (Scope 3 upstream) by 2040

Striking partnerships. Going green.

Schaeffler Group has recently entered into an agreement with H2 green steel to purchase 1,00,000 tonnes of the virtually CO₂-free steel 2025 onwards. This is a significant step in the direction of carbon neutrality and strengthens our position as a preferred technology partner, generating sustainable value for our customers.

Reimagining sustainability goals

In line with the group's approach to achieve climate neutrality, we are in the process of realigning Schaeffler India's sustainability targets and strategy. We are working on an approach, which will cover all our areas of work and help us achieve the targets in an inclusive manner.

Schaeffler Group sustainability targets

Climate-Neutral production

New in 2021

At all Schaeffler production sites until 2030



Energy efficiency

100 GWh cumulated annual efficiency gains until 2024



Renewable energy

100% purchased power from renewable sources until 2024



CDP rating

'A-' rating at the CDP climate score until 2021



Climate-neutral supply chain

New in 2021

Climate-neutral supply chain until 2040



Sustainable suppliers

90% of purchasing volume of PM material from suppliers with SAQs until 2022



Freshwater supply

New from 2021

20% reduction in freshwater withdrawal until 2030



Accident rate

10% average annual reduction of accident rate until 2024



Schaeffler India's ESG Journey



- Carbon neutrality
- Water neutrality
- Energy consumption
- Human capital development
- Supplier capability development
- Social and Community development
- Leadership in governance
- Robust risk management
- Processes and systems



Aligning our green stewardship with India's goals

With prudent use of natural capital, we are constantly working towards minimising our environmental footprint. Our environmental approach is based on improving our existing processes and systems, and proactively adopting more efficient processes for new operations. Aligned with our group's objectives and targets, we are in the process of creating a regional strategy to achieve our environmental commitment.



We are setting benchmarks for environment-friendly manufacturing, adopting some of the most stringent regulations. Schaeffler India is not only compliant with all local regulations but is also one of the early adopters of the strict European guidelines for environmental protection Eco-Management and Audit Scheme (EMAS).



Transitioning towards carbon neutrality

As a consumer of fossil fuel based power, we recognise the climate-related risks associated with our business activities. We understand the implications of our energy consumption, both in terms of its cost to the natural environment as well as cost to operations. We are taking mindful steps to decarbonise our operations and move towards renewable energy. Our energy policy predominantly straddles efficient energy use, implementation of innovative projects to reduce energy demand and proactively embracing renewable energy. We have deployed state-of-the-art and energy-efficient systems and practices across our operations and moved towards renewables.

Renewable energy capacity own generation / power purchase agreements

6,147 MWh Energy used
14% Renewable energy used from own generation or PPA

69,600 tonnes Scope 1 and Scope 2 emissions

Key initiatives undertaken in 2021

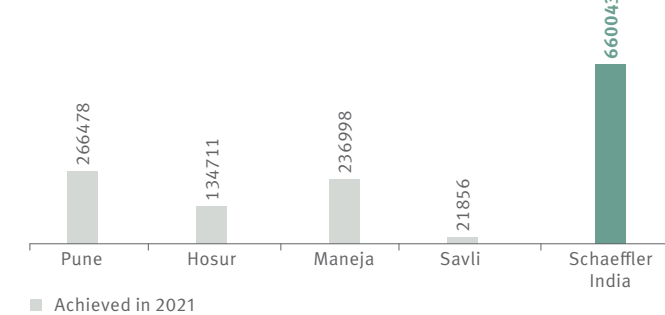
While our energy consumption, in terms of absolute numbers, saw an increase due to a surging demand, we continued our shift towards cleaner fuels, and made gradual efforts in reducing our consumption.

Focus area 2022

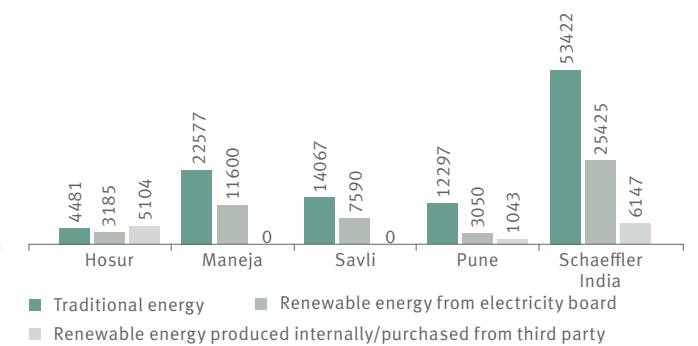
- // Setting up solar roof top of 1.5 MW capacity at Savli and Hosur plants
- // PPA signed for 2.75 MW of hybrid energy (solar and wind) for Pune plant
- // PPA signed for 5.1 MW of wind energy for Pune plant

Initiative	Plant	Energy savings per annum (MWh)
Replaced MH medium bay light with LED light in old RHF area	Savli	25.63
Installed insulation jacket to ITF washing machines	Pune	6.39
Lighting changed at the outer periphery from 250 W sodium-vapor to 80 W LED	Hosur	59.33
BB 10 machine GW wheel of 22 KW motor replace with 18.5 KW motor	Pune	13.75
Digital addressable lighting interface light system installed for Hall 1	Pune	126.95
Heater less vapouriser for LPG bank used for replacing electrical heater base vapouriser	Hosur	75.44

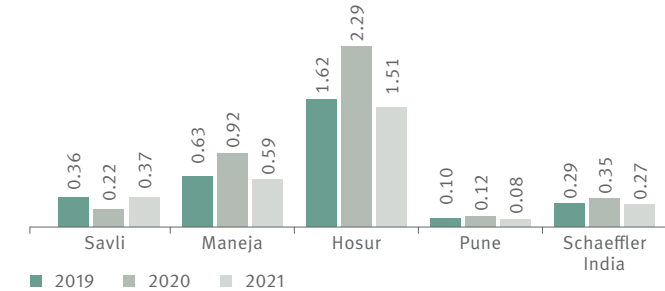
Energy savings through energy efficiency programmes (kWh)



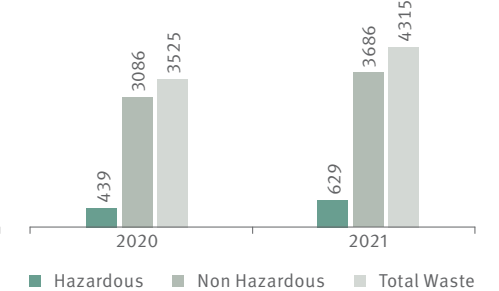
Energy consumption at our plants by type (MWh)



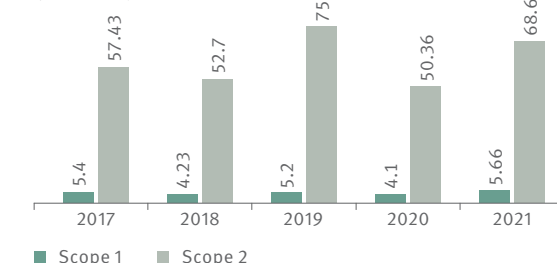
Electricity consumption to manufacture per piece per plant (KWh)



Waste generation by type (in tonnes)



Scope 1 and 2 CO₂ emissions (in tonnes)





Aligning our green stewardship with India's goals (Contd.)



Positive energy mix

Globally, there is a clear transition to cleaner energy and fuels with continued growth in demand, spiralling prices, and increased consciousness of impact of fossil fuel on the climate. Over the last few years, we have been working on our energy mix to ensure energy sufficiency for the future. As part of our long-term plan, we are expanding our infrastructure to produce adequate green electricity to meet our energy demand.

Renewable capacity

8 MW

Renewable energy capacity

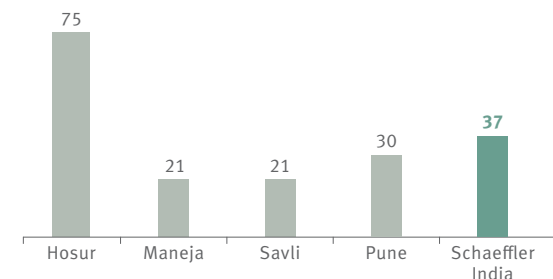
0.24 MW

Added during 2021

10 MW

Additional planned over 2 years

Renewable energy share (%)



Towards water neutrality

Careful sourcing as well as innovative and efficient use of water, form parts of our water stewardship approach. Several water conservation measures were initiated at our plants to help us manage our available and sourced water efficiently. This includes changing of pipelines to achieve reduced flow for domestic purpose, reused treated water for process to reduce topping, usage of treated RO reject water used for fire hydrant, and pedal operated valves for hand washes, urinal flush, among others.

Renewable capacity

29,187 m³

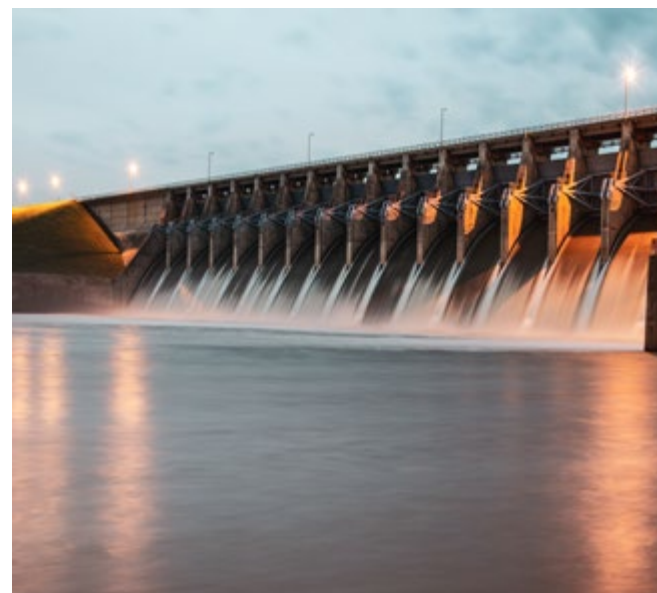
Recycled and treated water used in operations and domestic purpose

22,280 m³

Rainwater harvesting capacity

3%

Reduction in freshwater usage



Key initiatives undertaken in 2021

- Groundwater recharge through rainwater harvesting started, ~17,280 m³ of rainwater harvested during the year
- Water meters installed to analyse and evaluate consumption in canteen and at offices
- Optimised Effluent Treatment Plant (ETP) to increase efficiency of the recycling system
- Installed system to reuse treated water for non-contact flushing
- Fixed faucets control flow to minimise waste

Focus area 2022

- // Utilising rainwater harvesting for in-house purpose
- // Utilising RO reject water from water treatment plant for gardening, in addition to fire hydrants
- // Water conservation by fixing of flow control faucets for washing hands
- // Continued optimisation of ETP to increase efficiency of the system

Reducing and reutilising waste

We generate waste in different forms and quantities during our production process and through packaging of our products. Our hazardous waste primarily consists of effluent sludge or chemical sludge and used oil.

To manage these, we have implemented various efficient waste management initiatives, which takes into account 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.

4,316 tonnes

Waste generated

14.6%

Hazardous waste generated

950 tonnes

Packaging material recycled are optimised and converted into returnable packagings

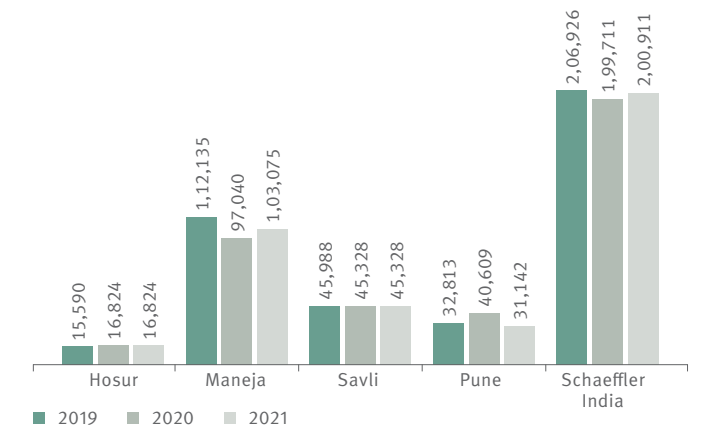
Key initiatives undertaken in 2021

- Optimised packaging methods to reduce packaging waste
- Converted disposable packaging into returnable packaging, and implemented the same for 50% of our customers

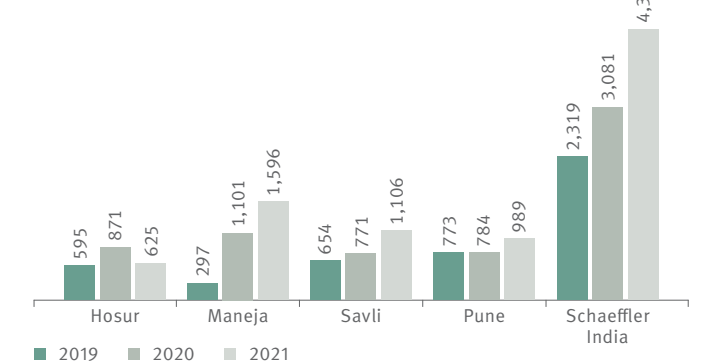
Focus area 2022

- // Increase share of returnable packaging for our rocker arm, clutch, springs, extrusion parts and forgings products
- // Collaborate with supplier so as to increasingly use returnable packaging for inward materials

Water consumption (m³)



Waste generation (tonnes)





Transparency. Trust. Teamwork.

Our belief that ‘A company is only as good as its employees’ drives us to create an engaging work environment, which is vital to our success. Towards this, we introduced a spectrum of initiatives to motivate as well as engage our employees. Our strategy is built on developing effective human resource practices that are also closely inter-woven with our corporate goals.



2,922
Employees

277
New hires during the year

97%
Retention rate



Employee value proposition

Care and wellness

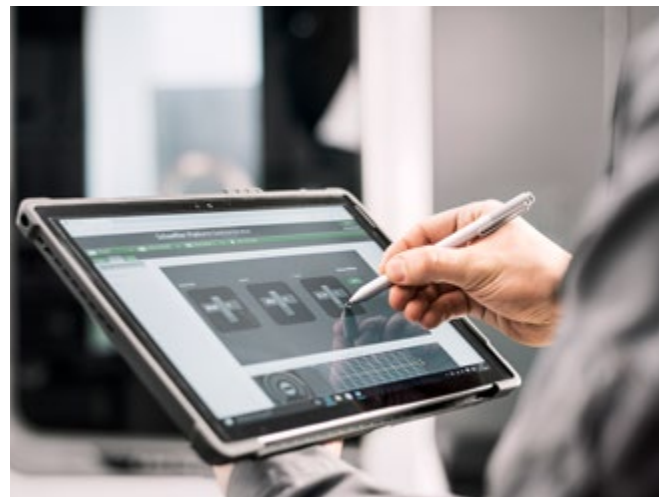
The physical and mental well-being of our employees has always been a priority for us. We introduced Wellness@Schaeffler, which is an employee assistance programme (EAP) that seeks to promote mental well-being. Our other initiatives and programmes include workshops on ergonomics, education, family welfare and insurance policies along with women’s health, medical check-up camps and COVID-19 vaccination drives.

Digitalisation as a step towards agility

Digitalisation is not just a strategic imperative for us, but also the need of the hour. Our people processes underwent an upgrade in 2021. We adopted SAP Success Factors for performance management and talent development. Similarly, for travel and expense management, we introduced SAP Concur for a seamless, single-window process. While our learning management system offers virtual courses in an effort to inspire continuous development, we transitioned all our major learning platforms to a virtual mode to ensure learning journeys and people development initiatives are not impacted due to COVID-19 restrictions.

Upskilling and growth

To stay relevant in a dynamic environment, we must constantly upskill ourselves. We offer multiple learning opportunities to our employees, which help them grow professionally and allow us to maintain our co-competitive advantage. We have taken functional excellence, cross-learning and technology training as priorities in this endeavour.



Approachable and inclusive leadership

There are several communication channels to ensure that we create an approachable environment. Leadership Soundboards is one such interactive platform where employees can discuss ideas, provide inputs, or exchange perspectives on upcoming business opportunities, challenges and trends. Our leadership dialogues, town halls and CEO meets for all new employees are some of the most effective contact points. These initiatives allow us to bridge any gaps, facilitate an open and inclusive culture, and instil a sense of trust and belonging in our employees.



Health and safety

We believe that as a responsible organisation, we owe it to each other to always choose the safest way. It is a business imperative, and we are determined to embed a safety-first culture across all our operations. We routinely assess our safety performance by benchmarking our practices with the best standards to build a best-in-class workplace for our employees and contract workers.

0
Fatalities

0.4
LTIR



Diversity and inclusion

We believe that diversity and inclusion at the workplace makes all employees feel accepted and valued. They are also happier and choose to stay longer with a company. It is integral to our hiring schemes, culture building, campus schemes, social responsibility, family engagement, multiplier network, employee health and well-being. We remain committed to being and improving as an organisation that stands for gender diversity and equal opportunities.

2.9%
Female employees

8
Specially abled employees

39 years
Average age of employees



Transparency. Trust. Teamwork. (Contd.)

We have recently collaborated with CultureWizard, an interactive cross-culture and cross-functional learning platform. This tool helps us improve workplace inclusion by building mutual respect and increasing cultural sensitivity and intelligence.

Creating an inclusive culture

8

Open sessions

250+

Topics covered

28

Cultural multipliers

Employee distribution

Management level	Below 30 years	30-50 years	50 years+	Cumulative
Senior	-	33	41	74
Middle	-	398	95	493
Junior	143	714	33	890
Operational	399	835	231	1,465
Grand total	542	1,980	400	2,922

Case study

Improving gender diversity

Gender diversity improves workplace productivity and is crucial to foster creativity, innovation, and flexibility. However, being part of a traditional manufacturing facility can prove to be challenging for women. Our teams undertook several initiatives to increase the number of female hires and create a safe working environment for them. These initiatives include:

- Hiring of trained female security guards for all three shifts to ensure the comfort and safety of our women on shop floor along with 24/7 availability of lady supervisors across all shifts
- Organising a walkthrough for family members at the facility to create assurance and trust
- Providing transportation and safe accommodation
- Provision of additional changing rooms and washrooms
- Held refresher trainings from POSH Committees for all employees

551*

Women onboarded across plants in India

* Including trainees and temporary employees on the shop floor



Training and development

We focus on upskilling and reskilling to help our employees stay on top of industry dynamics. We are building technical and behavioural competence in all fields, including advanced manufacturing technologies or soft skill development. We offer learning opportunities through a consolidated platform called 'The Schaeffler Academy'. A synergy between learning platforms will help us ensure a healthy exchange of expertise and build a community of learners. We seamlessly transitioned to virtual modes and ensured that the pandemic does not hamper our training efforts.

14.5 hours
Of training

100%
Employees trained in ethical practices



Behavioural

- // 108 think tank sessions
- // 14 person hours of average training against a target of 12 person hours
- // Planned vs actual training: 86% (target/KPI was 80-85% for 2021)

Readiness

- // 99 think tanks sessions with 800 employees
- // 5 leadership workshops on agility with 98 next-in-line leaders under Resonance initiative
- // 2 CEO's workshops with 55 top leaders on Goal Focus and Feed Forward as a culture

Functional

- // 88 sessions for SAP SF PMGM
- // 100% completion of PFMEA India Cascade
- // 100% completion of EAWS Ergonomics 2.0 India rollout
- // 4 sessions with 99% attendance for compliance trainings
- // 90% completion of functional training for mechatronics

Technical

- // 2021 COCO Technology Training: 100% completion
- // 2021 MOVE Training : 98% completion - 90 Trainings completed – 1325 employees covered
- // 2021 new performance management system roll-out : 100% completion – 60 Training and refresher events





Transparency. Trust. Teamwork. (Contd.)

Leadership development

The transition from an employee to a leader can be a tough task to accomplish. Schaeffler believes in continuous improvement and building a future-ready talent pool. The Talent Management team across India put in a synchronised effort towards enhancing skill levels and the performance. Our integrated talent management cycle propels careers.

Leadership Next (L. Next)

Leadership Next is a unique platform, which amalgamates learning and business excellence. This is a platform for exchange of ideas and strategy think tank for our CXOs, BU Heads and functional heads of Schaeffler India.

Accelerated Leadership Programme (A.L.P – a sustainable mechanism to build a robust talent pipeline)

The Accelerated Leadership Programme is a high-impact learning platform for functional heads and successors to critical roles. This programme caters to high-potential employees who are preparing for leadership and strategic positions across functions.

Young Leader’s Programme (Y.L.P - nurturing emerging leaders to excel in the VUCA world)

The Young Leader’s Programme is a highly engaging and vibrant learning platform that aims to address the development aspirations of our fast-track employees who are willing to learn, invest in self-development and take on multiple roles.



“The second wave of the pandemic was extremely challenging for us, as we were on a war footing—balancing our people safety and commitment to customers. We took multiple initiatives, including stringent and enhanced safety measures at our plants. Moreover, remote working options were introduced where feasible even after regulatory norms were relaxed. With the constant effort of multiple teams, all our employees, both permanent and contract, have been fully vaccinated. Fostered by family-owned values, Schaeffler India ensured that we took care of employees across organizational levels during these trying times without impacting roles and compensations.

I strongly believe that our culture of open communication aided by our ethos of transparency, teamwork and trust helped us navigate the myriad challenges. Our employees’ grit and determination in the face of adversity is reflected in our strong performance.

In terms of overall health and safety metrics, we reduced our LTIR across plants by 60%, with Savli and Hosur plants reporting zero incidents. We deeply regret the unfortunate demise of our colleagues who lost the battle to the pandemic. We remember them in our thoughts and stand strong by their families. We continue to emphasise on our stringent safety measures for all our 2,900+ diverse employee base and take corrective actions as appropriate.

In today’s dynamic environment to lead and stay ahead, convergence of ideas across hierarchies, cultures and gender is key. At Schaeffler, we strive to cut across these biases to provide a conducive and open working environment for our employees.”

Mr. Santanu Ghoshal
Vice President - Human Resources

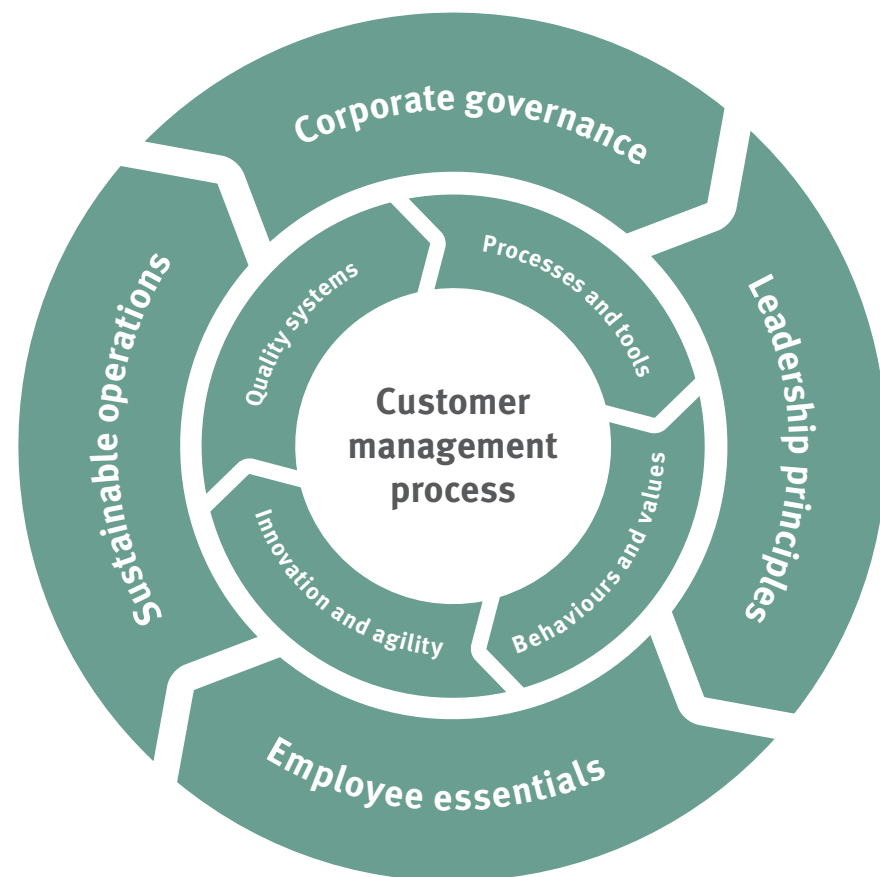


Delivering seamless experience

Our advanced demand management, robust operations model, best-in-class warehousing and logistics along with superior customer service creates a strong ecosystem for customer experience. We are constantly looking for innovative and relevant solutions to meet the fast-changing market requirements.

Capital impacted

SDGs



<p>Quality systems</p>	<p>Certified for quality</p> <ul style="list-style-type: none"> Implementation of Schaeffler Production System for suppliers to ensure high quality input material All Schaeffler sites certified with IATF 16949 accreditation for its quality management systems 	<p>Culture of improvement</p> <ul style="list-style-type: none"> Continuous quality improvements through FfQ, Six Sigma Lower throughput time: value stream design, bottleneck management, line balancing, optimised layout Zero unplanned downtime: total productive maintenance Re-engineering of our manufacturing process
<p>Innovation and agility</p>	<p>Supply chain</p> <ul style="list-style-type: none"> New CDCs with state-of-the-art infrastructure to leverage scale Reduction in transportation lead time to reach customers Steering towards a responsible and agile supply chain 	<p>Leveraging digital to become agile</p> <ul style="list-style-type: none"> Usage of robust inventory management tools to offer higher service levels Modern and advanced ERP systems provide the agility to respond dynamically to changing business conditions Adoption of Industry 4.0
<p>Behaviours and values</p>	<p>Customer focused organisation</p> <ul style="list-style-type: none"> Customised learning solutions to focus on customer centricity Mapping technology landscape with our customer journey Foster company culture to customer outcomes Investing in enhancing technological competency 	<p>Proactive engagement</p> <ul style="list-style-type: none"> Anticipate customer issues beforehand and resolve them Go above and beyond the basic for maximum customer delight Constant evaluation of our customer processes across the board
<p>Processes and tools</p>	<p>Robust rule-based planning process</p> <ul style="list-style-type: none"> Integrated ERP system enable cross-functional collaboration to achieve best planning result possible Integrated planning helps avoid high inventory/premium freight and ensures uninterrupted material availability 	<p>Digital tools to enhance CX</p> <ul style="list-style-type: none"> EDI connections and dedicated e-commerce portal to deliver high level of convenience into customers' user experience Technical consulting based on customer requirements to increase customer value Digitalisation of processes from finance, purchase, supplier to customer engagements



Growing together for a better future

Our suppliers and distributors are our strategic partners. We make efforts to continuously engage with them to identify strategic interventions, which are mutually beneficial. We work extensively with them regularly on diversified topics from training for technology support, new product development, implementing localisation drive for lean manufacturing, identifying ways to reduce set-up time to creating a sustainable supply chain.

Capital impacted

SDGs



Creating a responsible supply chain

We are committed to decarbonising our supply chain and move towards sustainable materials as inputs. Going forward, a supplier’s ability to provide us with sustainable material will carry weightage in addition to quality, lead time and cost. To enable the change at their end, we are engaging with our suppliers and explaining to them our sustainability targets. We are helping them with self-assessment questionnaires so that they rate themselves and identify areas of improvements.

Suppliers

We have a strong network of suppliers, with whom continuously interact to develop a robust supply chain. Over the last few years, we have worked on strategically increasing the local footprint of our global suppliers, prioritising key products identified through internal discussions with the teams. We are also actively leveraging technology to digitalise our process. We are engaging with our suppliers to help with the onboarding process on our two platforms ‘SupplyOn’ and ‘Coupa’.

354
Direct material suppliers

175 hours
Training imparted to various suppliers

Supplier certification data

QMS (Quality Management System) Certification Status

Type of certification	QMS certification (Number of suppliers)
VDA 6.3A	1
IATF 16949	253
ISO 9001	56
AS (Aerospace certification)	5

Environment certifications status

Type of certification	Environmental certification (Number of suppliers)
EMAS	4
ISO14001	179

Employment protection certificate

Type of certification	Employment certification (Number of suppliers)
OHSAS	67

Case study

The pursuit of quality in supply chain

One of our supplier’s products were getting rejected due to various quality issues. Our cross-functional teams (CFT) had extensive discussions with the supplier’s Top Management to emphasise the importance of quality and approach on joint initiative. We along with the supplier conducted detailed analysis of the complaints observed at our end and internal rejection data at the supplier end, to identify overall improvement potentials. After multiple brainstorming sessions and working closely with the supplier for six months, we could achieve significant improvement in their quality performance to Schaeffler, a win-win for all stakeholders.

Enabling our distributors

Our robust aftermarket distributor network enables us to enhance our customer reach. Our distributors are our brand ambassadors and they help us get insights on customer requirements and enhance their experience in the Schaeffler journey. We conduct regular trainings for both our new and existing product portfolio, updating them on the new technologies introduced. This helps them gain an in-depth understanding of our products and stay updated with the latest technology.

330
Distributors

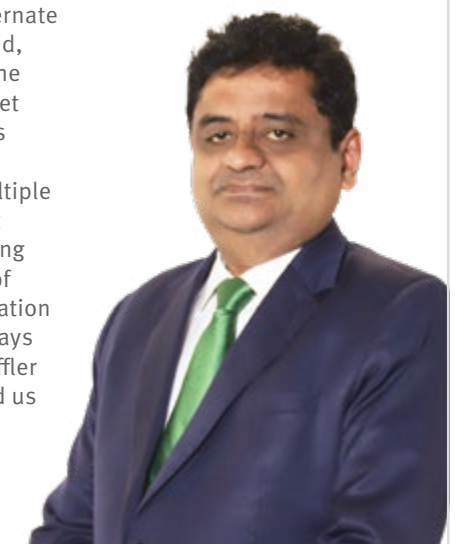


The markets saw a recovery in 2021 after lacklustre demand in 2020, but at the start of the year the industry had limited visibility of the market rebound. The cost war rooms set up last year meant we were proactively tracking the slightest movement in the markets, and this helped us remain agile. As demand suddenly started picking up, there was an acute shortage of raw materials along with huge price increase due to demand-supply mismatch. Additionally, the supply chain challenges were aggregated due to the Delta wave of the pandemic which stretching lead time.

We remained on war footing to manage the market volatility and maintain a continuous supply of raw materials and components at our plants. We maintained

regular open communication with our suppliers to increase supply from their end wherever possible. We also expanded our supplier base and looked at alternate sources. During the 2nd wave of Covid, the team ensured that we manage the supply base across the board to meet the production requirements. Kudos to the team, for their courage and relentless effort in working with multiple stakeholders to expedite and assist the testing in a virtual setup, enabling faster turnaround. Our philosophy of maintaining strong open communication with our suppliers who we have always treated as an integral part of Schaeffler and our localisation strategy helped us navigate the storm.

Mr. Alok Dave
Vice President – Purchasing





Enabling holistic development

HOPE is our umbrella initiative that encompasses the values, vision and mission of the organisation. Under the programme, we exclusively focus on four core areas to ensure the holistic development of our communities. We identify and undertake projects considering the needs, sustainability framework of Schaeffler Group, 4 Sustainable Development Goals (SDGs) and areas of national priorities.

Capital Impacted

SDGs



₹88.3 million
CSR spend

91,354
Lives impacted

1,074 hours
Volunteered by 96 employees
across 21 CSR initiatives

H	O	P	E
Healthcare	Occupational skill for better employability	Preservation of national heritage, art and culture	Empowerment of the society
₹ 20.2 million Spend for healthcare	₹ 18.8 million Spend for occupational skill for better employability	₹ 1.6 million Spend for preservation of national heritage, art and culture	₹ 47.7 million Spend for empowerment of the society
80,000 Lives impacted	854 Youth impacted		10,500 Lives impacted

Mobile Science Van Project



Nitara Beauty Academy and Salon



Progress on ongoing initiatives

Initiatives	Beneficiaries in 2021	Spends in 2021
Healthcare Our Mobile Health Units (MHUs) facilitate access to public healthcare, particularly to people living in remote, difficult, underserved and unreached areas	79,000	₹ 12 million
Occupational skill for better employability Schaeffler Technical Enhancement Programme (STEP) launched in partnership with Don Bosco has centres in Chinchwad, Pune and Hosur. The sustainable skill development centre empowers youth by training them on industry aligned skills in two trade domains	227	₹ 8.1 million
Schaeffler Scholarship Programme	98	₹ 5.4 million
Nitara Beauty Academy and Salon in Vadodara provides training particularly to the marginalised and differently abled candidates	60	₹ 3.3 million
National University Student's Skill Development (NUSSD) project, in collaboration with Tata Institute of Social Science (TISS), provides skills training to graduating college students and enable them to enhance their job-related skills. Priority is given to students from economically backward sections of the society	594	₹ 6.3 million
Preservation of national heritage, art and culture Our Quest on Wheels project helps students from marginalised communities to learn more about the rich cultural heritage, biodiversity and environment of the country	897	₹ 1.3 million
Empowering the society Jal Sahara and Jal Samridhhi, in partnership with BAIF to address issues of water security at Tadawale village in the Satara district. Watershed management approach has been used to address the issue along with sustainable livelihood development	2,168	₹ 14.5 million
Mobile science lab and library programme in 10 villages in Talegaon helped students in continuing their learning journey	680	₹ 4.1 million
Our continued support to Lok Vidyalaya School helps students from marginalised and indigenous community to continue their education and encourage more enrolment into formal education	326	₹ 2.7 million
Provided support to Mook Dhvani school to provide education to speech and hearing-impaired students	171	₹ 2 million
Schaeffler Innovator Fellowship Programme 2021 aims to encourage the ecosystem for social innovation. Under this fellowship programme, a total of 11 individuals between 18 to 30 years of age will be provided with fellowship grants worth ₹ 1.5 million. The qualified fellows will receive a fellowship grant. Additionally, they would also get an opportunity to be mentored at India's leading social incubation centre	680	₹ 0.6 million
This year we initiated a learning outcome project in 20 government schools in Hosur, Tamil Nadu to enhance the quality of education	5,760	₹ 4.2 million

Note: Apart from above, there were few projects under COVID-19 response and empowerment of society. The above spend does not include overhead costs.



Enabling holistic development (Contd.)

Conservation and sustainable agriculture projects

At the start of the year, India was reeling under the onslaught of the pandemic's second wave and weathering one of the most devastating times. Providing relief and supplementing the government efforts to fight against the COVID-19 pandemic was the priority for us. We contributed extensively to the PM Care Fund, providing oxygen concentrators, medical infrastructure, and initiating community vaccination drives in Pune, Hosur and Vadodara.

We also introduced a COVID Crisis Scholarship for affected students, pursuing engineering courses to help them continue their education. Under the scholarship, 8 students who lost their parent(s) or an earning member in the family due

to COVID-19 were supported to continue their final year of engineering education.

Focus area 2022

This year, we plan to focus on implementing new projects that add to our agenda of environmental sustainability, and strengthens local livelihoods. We further plan to scale and expand the projects to new geographies and will continue to explore new opportunities in education, future skills, and technologies to upskill and sustain the livelihoods of the communities around us.

Case study

Hosur – Schaeffler Technical Enhancement Programme (STEP)

The motivation

India's unique demographic advantage is reflected in the fact that more than 60% of its present-day population falls under the 'employable' age bracket. However, the flip side is that ~14% of the youth lacks employability skills, and cannot actively contribute to nation-building. In order to reap a demographic dividend, the employability quotient needs to be strengthened.

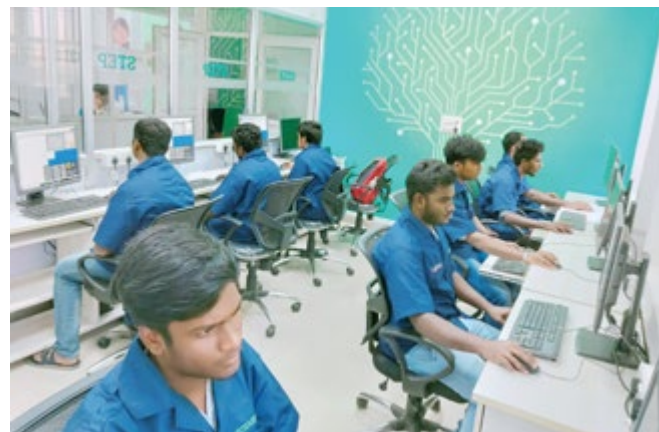
The initiative

Taking cognisance of this challenge and to improve employability among the youth, Schaeffler India has spearheaded a series of learning initiatives. In May 2019, we flagged off a training programme, titled 'Schaeffler Technical Enhancement Programme (STEP)'. STEP aims at providing skills training on CNC programming, and turning, milling and

mechatronics. The programme has been primarily designed for the underprivileged youth, and the modules are delivered using best-in-class technology and training methods. The programme also offers placement opportunities, locally and across the country. In order to ensure a seamless learning experience, we have made a sizeable investment of about of ₹ 37 million and have collaborated with SkillSonics India to be our training partner.

The outcome

Without having allowed the pandemic to dampen our spirits, we've successfully trained 448 students, of which, 270 have already been employed. They have found work across different manufacturing industries, and are earning an average salary between ₹ 12,000 -18,000 per month. We are continuing to work on this endeavour, and aim to train 1,000 participants by 2024.



Case study

Jal Sahara – Water Conservation & Sustainable Agriculture Project

The concern at hand

Climate change is emerging as a major challenge for agriculture, food security and rural livelihoods for millions of people across the globe. Leading to disruption in rainfall patterns and water scarcity, it is impacting the lives of people who depend on it as the key source of water. This was also the case for 2,898 people living in and around Tadawale, S-Wagholi village in Satara, a rain-dependent, agri-economy area. Inadequate and erratic rainfall was impacting cropping pattern, leading to crop failures in addition to drinking water shortage.

The solution we devised

Schaeffler India introduced the Jal Sahara programme in the area during May 2019. Over one and a half year, a detailed study was conducted to understand the household, agriculture, livestock and livelihoods requirements of the area. Based on the insights, a 1,400 hectare of watershed was constructed to store rainwater

along with creation of recharge ponds, deepening of nallas, construction of new check dams and de-siltation of existing check dams. Additionally, multiple measures like construction of farm bunds, pour points and water-absorbing trenches, treatment of drainage pipes and plantation of trees were executed to help soil and water conservation. To make the impact sustainable, training programmes were conducted for the locals, and farmers were also educated on how to diversify the crops, use drip irrigation technology and grow fodder while saving water. To propel the forward journey, seeds for diversification and fodder farming were distributed free-of-cost.

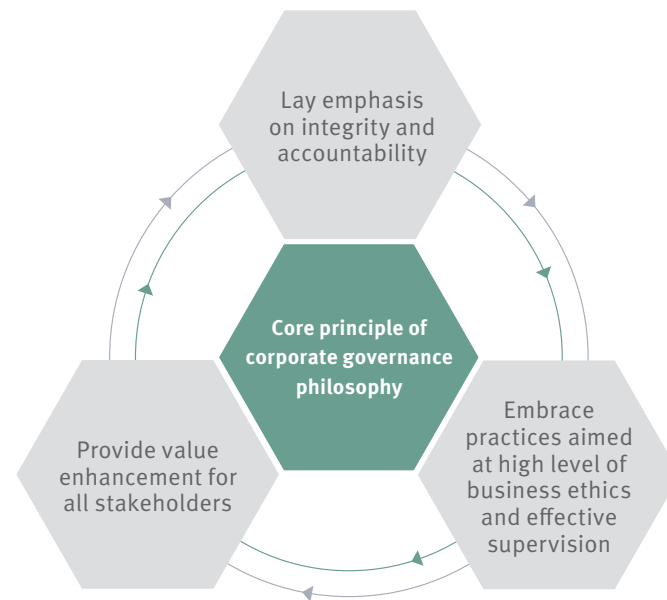
The impact we garnered

By end of December 2021, the project had already unlocked 181.85 million litres of rainwater conservation at its 1,400 hectare watershed. It has also helped increase farmers annual income by 45% on an average and 116% for the landless farmers by enabling access to material and information.



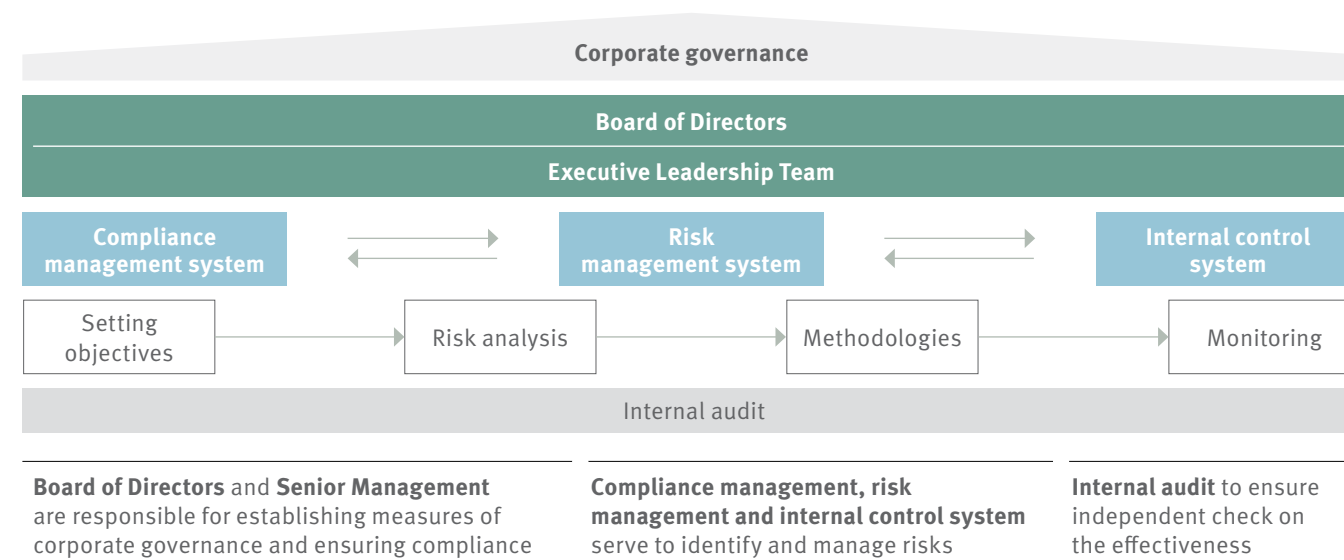
Driven by integrity and accountability

We uphold the highest standards of governance in a transparent, fair and ethical manner, keeping in mind the interest of all our stakeholders. Our Board plays an integral role in embedding and sustaining our culture of integrity and accountability.



Governance structure

The governance structure serves to responsibly manage and oversee the Company's operations by effectively identifying and managing risks.



- **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 system :** We have built controls to ensure integrity of our financial reporting

Board meetings

The Board of Directors sets the strategic direction of the Company and are responsible for monitoring the implementation strategy, approvals on financial statements, convening of shareholders' meetings and proposals of annual dividend. It makes decisions on strengthening the governance practices and promote sustainable value creation for all stakeholders.

Board of Directors	4 Meetings	98% Attendance	10 Members	5 Independent members
Audit Committee	4 Meetings	93% Attendance	7 Members	5 Independent members
Nomination & Remuneration Committee	2 Meetings	75% Attendance	5 Members	3 Independent members
Stakeholder's Relationship Committee	2 Meetings	100% Attendance	3 Members	1 Independent member
Risk Management Committee	2 Meetings	92% Attendance	7 Members	1 Independent member

Compliance and ethics

We have zero tolerance towards any violation of laws, codes of conduct or internal regulations. The management is committed to compliance and the senior leaders serve as anchors, playing a pivotal role in implementing the compliance interventions.

Board focus area- 2022

- Review organisational progress and continuous evaluation of our focus areas to changing dynamics and opportunities
- Focus on future ready technologies to enable sustainable mobility and motion
- Consolidate value creation incorporating the ESG framework

Managing threats with utmost prudence

We have an all-pervading risk management system (RMS) to ensure timely identification of risks, analysing the mitigation plan in existence to overcome the risks and identifying potential areas of improvement to combat any adverse impact on the Company's business continuity and value creation. Risks are inevitable, as we operate in a dynamic environment. However, by implementing RMS we safeguard and protect our earnings and assets.

Organisation and assessment

RMS is driven by our Board of Directors, ably supported by the Risk Management Committee (RMC), constituted as per the provisions of the Companies Act. Details of RMS are set out in a risk management policy, which is made available to the employees responsible for the risk management function and is binding. It contains a description of the process, the allocation of responsibilities, and the structure of the risk assessment and reporting thereof.

Under RMC's guidance, Risk Management Working Group (hereinafter 'RMWG') operates. It is an interface between various functions/divisions of SIL and RMC of SIL's Board. While on one hand it monitors, reviews and guides productive implementation of risk management at SIL, on the other hand it provides valuable feedback to RMC.

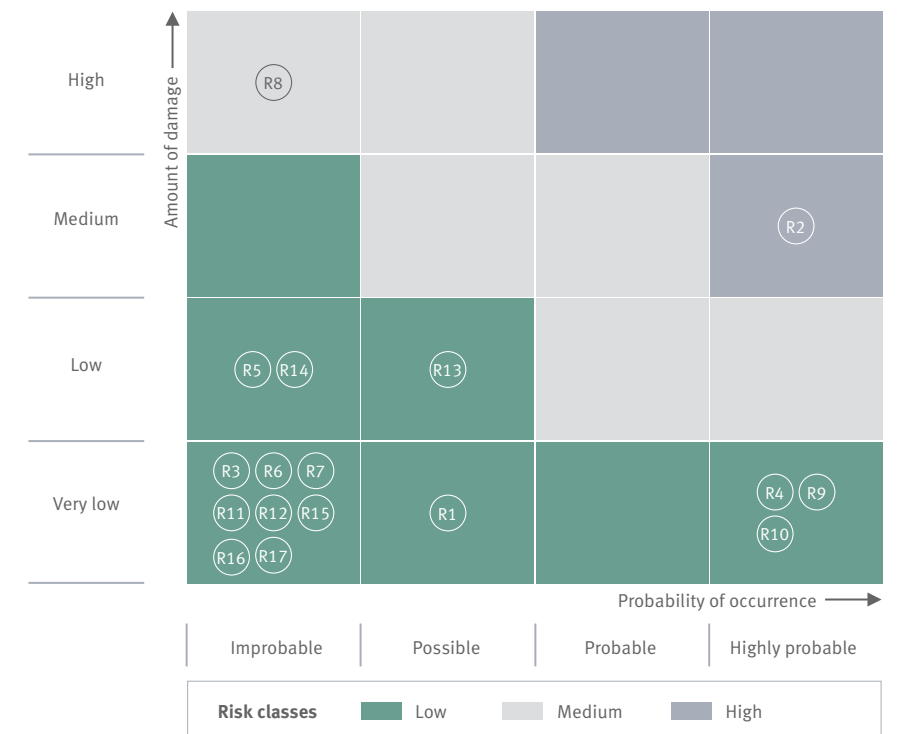
Risk assessment is carried out in a hierarchical format, with a bottom-up approach. The process owner of each risk area assesses the risk, evaluates its impact on our earnings and assets and describes the mitigation plan in existence to offset adverse impact thereof. If such a mitigation plan is inadequate,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

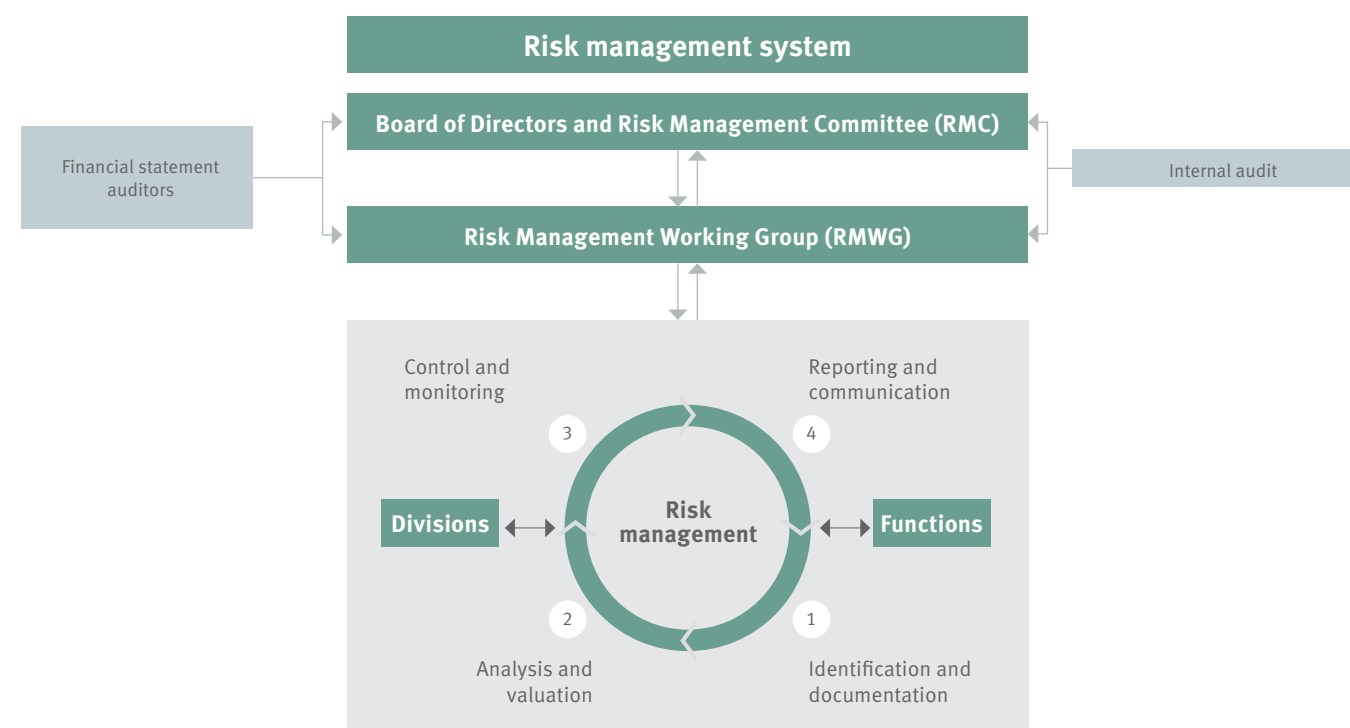
Risk assessment matrix

We have an all-pervading risk management policy and adopt both top-down and bottom-up approach. Risk assessment is done with a two-dimensional approach - amount of damage each risk can have on an annual basis and its probability of occurrence. Based on the damage each risk is classified as very low, low, medium and high. Probability of occurrence is assessed using percentages and is classified as improbable, possible, probable and highly probable. The combination of 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 at two stages – before and after putting risk mitigation measures, referred to as gross and net valuation, respectively. Risks, based on net valuation, are assigned to various risk classes using the risk matrix.



Structure of risk management system





Risk Management

Managing threats with utmost prudence (Contd.)

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					
	Geographic	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 2021, we were partially affected by the second wave of COVID-19. However, during the latter part of the year, it recovered well to reach higher milestones.	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 cost containment measures were identified and implemented in material, employees and process expenditure to overcome the loss arising out of pandemic.		
	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. On the manufacturing side, we currently rely on a certain degree of vertical integration and comprehensive production expertise that facilitate improvements in the production process and ultimately safeguard our ability to maintain its competitive position in the market. The evolution of our business from being component-driven to more systems-based could reduce the proportion of value added by our organisation.	We are taking a variety of measures to address these trends. We are focusing on development of new evolving technologies and offerings. It is strategically enhancing its production system to be more modular and aiming towards 'Factory for Tomorrow'. An e-mobility division is dedicated to work on e-mobility solutions for motor and various control modules. We are constantly improving efficiency to safeguard and further expand our market position.		
Operational risks					
	Market developments	As the Company is a supplier in the automotive and industrial sector, demand for its products is, to a large extent, driven by macro-economic conditions. Besidesthese, in the Automotive OEM division, demand is also affected by changes in consumption patterns, fuel/commodity prices, availability of key components, interest rate levels and so on. Cumulatively put together these factors lead to significant volatility in automobile production, which makes exact sales forecasting more difficult. 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. Should prices increase unexpectedly, the amount of damage arising from the risk is reduced by re-negotiating with customers as much as possible.		
	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.		

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
	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 government policies.	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. It 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.		

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 Management

Managing threats with utmost prudence (Contd.)

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. During the year 2021, we were partially affected by the second wave of COVID-19. However, during the latter part of the year, it recovered well to reach higher milestones.	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, employees and process expenditure to overcome the loss arising out of the pandemic.		
	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.		
	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.		
	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 are further evaluating other technology driven initiatives to overcome this risk.		
	Pandemic	Although intermittently, the pandemic continued its impact on people well-being in 2021. The impact was largely subdued due to efficient vaccination drive initiated by the Indian government, right from beginning of the year. Due to virus mutations, still future implications and duration of the pandemic cannot be predicted. These may have an adverse impact on our regular operations and sales.	We are closely monitoring the course and implication of pandemic to take targeted measures in safeguarding our profitability and liquidity position. Several cost containment measures are identified and implemented to overcome the loss arising out of pandemic. Keeping human well-being first, several measures are implemented by us like work from home, pandemic insurance, assistance in vaccination and hospitalisation, if needed, dividing plants into cluster zones, among others.		

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.		
	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. The implementation strategy is well documented, reviewed periodically and amended as necessary.		
	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.		
	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.		
	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.		

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



Recognised for excellence

The awards and recognition we have received are a testament to our efforts towards creating sustainable value and an outcome of our teams' relentless hard work to ensure customer satisfaction. They serve to inspire us to continue towards our journey with more determination.



Gold Award at Excellence in Supply Chain 2020

Business segment
Automotive Technologies

Coveted award in an extremely difficult year and the fourth supplier excellence recognition from Hyundai since 2016



Special Appreciation Award

Business segment
Automotive Technologies

Recognition for exemplary contribution to one of the most successful model, Thar



Zero-Defect Supplies Award

Business segment
Automotive Technologies

Award from our esteemed customers for achieving quality and delivery targets while maintaining Zero PPM consistently in 2020



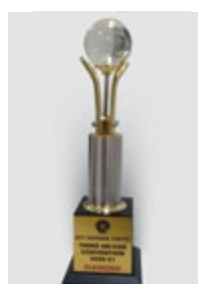
One of the 10 Most Promising Industry 4.0 Solution Providers 2021

Business segment
Industrial



Runner Up for Energy Efficiency and Conservation

Business segment
Overall



Diamond Award for HR and CSR Teams from Maneja

Business segment
Overall

Corporate Information

Board of Directors

Chairman	Mr. Avinash Gandhi
Managing Director & CEO	Mr. Harsha Kadam
Director – Finance & CFO	Mr. Satish Patel
Directors	Mr. Andreas Schick (effective October 28, 2021) Ms. Corinna Schittenhelm (effective September 12, 2021) Mr. Dharmesh Arora Mrs. Renu Challu Mr. Arvind Balaji Mr. Amit Kalyani Ms. Eranti V. Sumithasri
Company Secretary	Mr. Ashish Tiwari
Bankers	ICICI Bank Limited and Deutsche Bank AG
Auditors	M/s. Walker Chandiok & 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

Note:

Mr. Klaus Rosenfeld (Ceased to be a Director effective October 29, 2021)
Mr. Jürgen Ziegler (Ceased to be a Director effective July 22, 2021)



MANAGEMENT DISCUSSION AND ANALYSIS



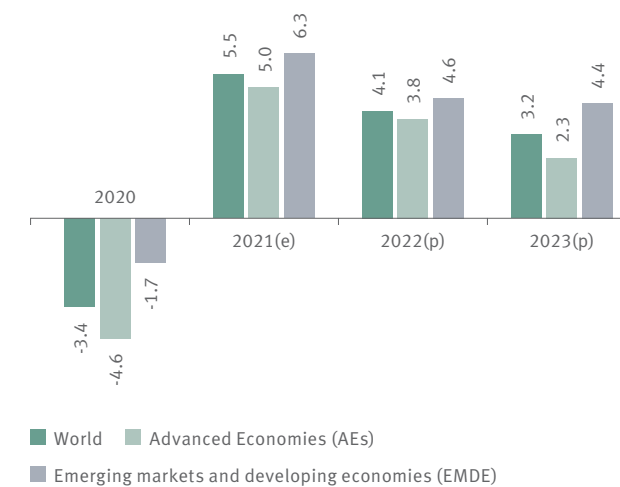
Economic overview

Global

In 2021, the global economy is estimated to have grown 5.5%, the strongest post-recession recovery in 80 years¹. The growth is mainly attributed to the surge in demand following relaxation in COVID-19 related restrictions in many countries. Despite the spread of the new Omicron variant, the pandemic had limited impact on the economy given the robust policy support provided by governments, restricted nature of lockdowns and substantial vaccination coverage for majority of the population in most advanced economies and many emerging markets and developing economies (EMDEs).

The Global Consumer Confidence Index² shows that globally, consumer sentiment remained strong throughout the year, reaching an all-time-high of 115 points (a figure above 100 is considered positive) in Q3. Although there were regional divergences, overall, confidence was driven by consumers' optimism towards personal finances, job prospects and spending. Concerns around health, job security and the health of the economy, were less intense than before. However, the recurring waves of the pandemic and rising prices did weigh in on consumer sentiment. To control inflation, many central banks tightened monetary policy, which impacted spending growth.

Global GDP forecast (in %)



(e)- estimate, (p)-projections
Source: Global Economic Prospects, World Bank Group, January 2022



Outlook

Given the situation, the world output is expected to grow by 4.1% in 2022 and 3.2% in 2023, according to January 2022 'Global Economic Prospects' report by the World Bank. However, the conference board forecasts that the global GDP will grow by 3.9% in 2022 and beyond this, the board expects a slower growth trend with an average growth of 2.5% between 2022 and 2026. During this period³, EMDEs are expected to contribute ~70% to the growth rate while advanced economies would contribute ~30%. Investment, especially in advanced economies, is expected to contribute substantially to global growth.

Potential challenges to global growth include higher financing cost and inflation risks driven by rebounding demand and supply chain disruptions. In addition, escalation of the Russia-Ukraine crisis could adversely impact the global economy with supply shock and rise in fuel prices. As far as COVID-19 is concerned, with many countries declaring their intention to treat it as endemic, and the world being better prepared with the lessons from surviving the disruptions over the last two years, the economic impact as of now seems to be limited.

Source: Global Economic Prospects, World Bank Group - January 2022

¹ <https://openknowledge.worldbank.org/bitstream/handle/10986/36519/9781464817601.pdf>

² <https://www.conference-board.org/topics/global-consumer-confidence>

³ <https://www.conference-board.org/topics/global-economic-outlook/press/global-economic-outlook-2022>



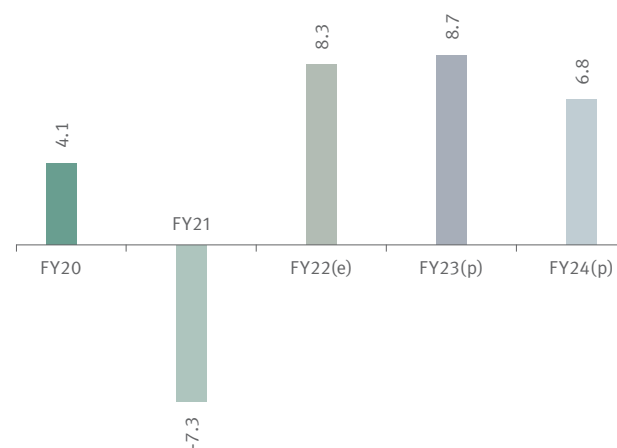
India

In FY22, India's GDP is estimated to grow by 8.3%, supported by the resumption of contact intensive services and ongoing monetary and fiscal policy support. The stronger recovery is also attributed to a fast-paced vaccination drive, enhanced mobility, and increased consumer confidence. Moreover, Government of India's focus on exports and investments is also likely to support the economic recovery. Sector-specific measures such as the Production Linked Incentive (PLI) scheme to drive domestic manufacturing, credit guarantee scheme for MSMEs, and increased spending on infrastructure are expected to be beneficial in driving long-term economic growth.

Given the government's focus on agriculture and allied sectors and a good monsoon, the agricultural sector is expected to grow at 3.9% in FY22⁴. Manufacturing and construction are estimated to report double digit growth because of a favourable base. The auto component industry, which contributes around 2.3% of India's national GDP, is likely to grow by 10-15% in FY22⁵, with increased value-addition to meet regulatory compliance, fast recovery in exports, and traction in the domestic automotive aftermarket. The services sector, which accounts for more than half of the economy, is estimated to grow by 8.2% in FY22⁶.



India's GDP trend (%)



(e)- estimate, (p)- projections
Source: Global Economic Prospects by World Bank, Jan 2022

Outlook

According to World Bank, Asian Development Bank and International Monetary Fund projections, India will be the fastest growing major economy in the world during 2021-24. The World Bank forecasts India's GDP growth to be 8.7% in FY23 and 6.8% in FY24. The growth will be driven by widespread vaccine coverage, easing regulations, long-term benefits of supply-side fiscal policies along with rapid export growth and the increased capital spending.

The supply-side reforms include deregulation of numerous sectors, simplification of processes, removal of legacy issues like retrospective taxation, privatisation, the PLI schemes and others. In Budget FY23, the government announced a larger capex outlay; up by 35.4% from ₹ 5.54 lakh crore in FY22 to ₹ 7.5 lakh crore in FY23, which is expected to have a multiplier effect in reviving the economy. With all these macro-economic stability indicators, India is well-placed to take on the challenges and sustain strong growth in the year ahead.

India's COP26 commitments

At the recently concluded 26th session of the Conference of the Parties (COP 26) at Glasgow, UK, India pledged to become a 'net zero' carbon emitter by 2070. It also announced enhanced targets for renewable energy deployment and reduction in carbon emissions by 2030. These commitments include:

- 50%** power to come from renewables
- 500 GW** Reach 500 GW of installed renewable energy capacity
- 45%** Reduce carbon intensity by 45%
- 1 billion tonnes** Reduce projected total carbon emissions by 1 billion tonnes

The above commitments are expected to result in a significant push for renewable energy, be it in terms of hydro, nuclear, solar capacity addition, or focus on cleaner energy to reduce vehicular pollution, thus paving the way for a green economy.

⁴ <https://www.indiabudget.gov.in/economicssurvey/doc/echapter.pdf>
⁵ <https://www.acma.in/about-us.php>
⁶ <https://pib.gov.in/PressReleasePage.aspx?PRID=1793829>

Industry Overview

Automotive sector review

The year 2021 was better than 2020 for the automotive sector as sales increased across categories, including personal vehicles, commercial vehicles, two- and three-wheelers, and tractors, reaching close to pre-COVID levels on the back of pent-up demand. Notwithstanding the demand surge, the automotive sector faced stagnation towards the second half of the year due to the worldwide semiconductor shortage and increase in steel prices.

Even before the pandemic, the sector had been struggling with declining sales as a result of the economic slowdown. The auto component industry, in turn, faced headwinds. However, in the first half of FY22, the auto component industry witnessed a remarkable turn-around, registering a 65% growth as a result of demand from, growing exports as well as steady growth in the automotive aftermarket.

Outlook

Having witnessed a positive 2021, the Indian automobile sector is heading into 2022 with an optimistic outlook in its pursuit of pre-pandemic level sales volume. With the demand for PVs remaining buoyant, many automobile manufacturers are eagerly investing in new technologies, particularly in the electric mobility space. The coming year is expected to see significant growth in electric vehicles both in the four- and two-wheeler categories.

The automotive sector in India is likely to face challenges from the global semiconductor shortage and increase in raw material costs. In addition, emphasis on the implementation of CAFE-II norms and BSVI phase II from 2022 in order to reduce vehicular emissions, could impact sales. However, Corporate Average Fuel Economy (CAFE) norms, embedded in BSVI emission regulations, in the long term, will drive automotive companies to manufacture more fuel-efficient and low-emission vehicles.

Auto sales trend (in units)

Categories	2021	2020	Change (%)
Passenger vehicles (PVs)*	30,82,421	24,35,118	26.6
Commercial vehicles (CVs)**	6,77,119	5,05,189	34.0
3-wheelers	2,63,373	2,60,412	1.1
2-wheelers	1,44,69,514	1,42,68,643	1.4
Agriculture tractors	9,03,724	8,02,670	12.6

*Except BMW, Mercedes and Volvo auto data
**except for Daimler and Scania data and JBM Auto data available between April and June only

Source:
PVs, CVs, 2- and 3-wheelers: SIAM- <https://www.siam.in/pressrelease-details.aspx?mpgid=48&pgidtrail=50&pid=498>,
Agriculture Tractors: TMA- <https://www.tmaindia.in/consolidated-monthly-reports-2021.php>

Growth drivers for the automotive sector

Vehicle scrappage policy

The automobile scrappage policy was approved by the Government of India in August 2021. The policy will help boost the auto sector as old and unfit vehicles are replaced by more efficient new vehicles. The policy implementation will begin with heavy commercial vehicles, which will be subjected to mandatory fitness testing from April 1, 2023. All other vehicles will be tested from June 1, 2024.

Adoption of EVs

The government has extended the Faster Adoption and Manufacturing of Electric and Hybrid Vehicles (FAME-II) scheme till 2024. To accelerate EV transition, the government has authorised a PLI scheme for the automotive sector in September 2021. As per the Union Budget 2022-21, the government is to promote the use of public transport in urban areas, and increase usage of EVs to encourage clean and green technology. Moreover, the battery swapping policy is also likely to push EV sales in India.

PLI scheme

The Government of India announced the PLI scheme spanning 14 major sectors of the economy with a total outlay of ₹ 3 trillion⁸ to improve India's manufacturing sector, encourage job creation, import reduction, and export growth. The scheme is expected to draw a CAPEX of ~₹ 4 trillion and has a potential for incremental revenues of ₹ 35-40 trillion from reduced net imports over the next five years. It also has the potential to employ over 3 million people in India.

India's response to semiconductor shortage

The worldwide semiconductor shortage, which began in 2020 and progressively worsened, has been a challenge for the Indian automobile industry. To help navigate the challenge, the Government of India announced a PLI scheme of ₹ 76,000 crore in December 2021 for the manufacture of semiconductor goods.



Industrial sector review

The Index of Industrial Production (IIP) has seen positive movement, with all core sectors barring coal, crude oil and petroleum refinery products breaching pre-COVID levels. India's industrial sector, which was marred by disruptions due to the pandemic, grew by 22.9%⁷ in the first half of FY22 as compared to the corresponding period in FY21. The growth for the complete fiscal year is pegged at 11.8%. A gradual unlocking of the economy, PLI schemes for various sectors, along with policy support such as emergency credit line guarantee to micro, small, and medium enterprises (MSMEs) are aiding the pace of recovery.

Outlook

The government's consistent efforts in terms of structural, fiscal and infrastructural reforms together with the demand revival augur well for industrial growth. The PLI scheme will aid in keeping investments flowing to scale up industries and provide a major boost to infrastructure. Moreover, the growth is expected to accelerate with improvements in the overall business sentiment on the back of continued measures to reduce transaction costs and improve ease of doing business.

Growth drivers for the industrial sector

Push towards cleaner technologies

The Government's thrust on climate change and transition towards clean energy offer long-term growth opportunities for the Indian industrial sector. Initiatives for targeting net zero emissions by 2070, introduction of Sovereign Green Bonds for green infrastructure and requirements with regards to renewable energy consumption would aid the growth potential.

Gati Shakti NMP

The PM Gati Shakti National Master Plan will bring a major boost to the industrial sector and unleash the potential of India's manufacturing competitiveness through its seven growth engines – road transport, railways, airports, mass transport, waterways and logistic infrastructure.

Vande Bharat trains

The Union Budget 2022-23 announced that 400, next-generation energy-efficient Vande Bharat trains to deliver a superior and safe riding experience for our passengers. This will be developed and manufactured over the next three years.

Business overview

Schaeffler India offers a diverse range of products and services in three business segments: Automotive, Industrial and Automotive Aftermarket. In addition, we provide training to key garage influencer groups and hold fleet workshops for automotive aftermarket and industrial distribution markets. Our client-centric strategy, emphasis on innovation, and superior distribution network enable us to maintain our market leadership in these segments. Our sales are evenly distributed across the automotive and industrial categories, and we are expanding our exports in high-potential regions.



SCOT analysis

Strength	Challenges	Opportunity	Threats
<ul style="list-style-type: none"> – Strong pedigree with decades of expertise, a powerful ecosystem, and diversified capabilities – A scalable, agile and strong business model – A culture of innovation that allows us to provide superior products while maintaining our competitive edge – A diverse range of products across automotive and industrial business segments – Skilled team with extensive industry experience 	<ul style="list-style-type: none"> – Rapid changes in the technology landscape – Scaling up of digitalisation capabilities 	<ul style="list-style-type: none"> – Realise the full potential of our three business segments to drive top-line growth – Optimise our R&D capabilities to offer distinct, game-changing solutions for both local and global markets – Embrace digitalisation across all functions – Massive potential to grow products catering to EVs and other technologically advanced product segments – Potential to move up the value chain, from providing products to providing systems and end-to-end solutions 	<ul style="list-style-type: none"> – Prolonged stress in the macro economy, automotive and industrial sectors – Unforeseen and sudden volatility in currency and input costs

⁷ <https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap08.pdf>

⁸ <https://www.icra.in/Media/OpenMedia?Key=9698b7ef-0a8c-4720-8b48-79e947fbb05e>



Management Discussion and Analysis

Operational performance review

In 2021, we recorded strong performance both in terms of revenue and profitability across all business segments despite various challenges, including high input cost, semiconductor shortage and supply chain disruptions.

Our cautious outlook, cost-cutting measures along with investments in market opportunities contributed to our growth. In addition, our balanced business portfolio helped us sustain the growth momentum.



Automotive segment

Our Automotive segment registered significant growth despite the challenges faced by the automotive sector in the country owing to rising steel prices and the chip shortage. Our diverse product portfolio along with our proactive countermeasures like prudent cost management and focus on improving productivity helped us drive growth.

In 2021, we won significant order book in the PV, CV and tractor segments for clutch and transmission solutions as well as wheel bearings. Additionally, we came across long-term business opportunities in the chassis and engine segment for key relevant products.



Automotive aftermarket segment

This segment also witnessed robust performance in 2021. During the year, we expanded our product range in this segment to include radio coolant for sub-zero temperature markets, universal cross joint, push type clutch for CVs, among others. In addition, we launched shock absorbers that helped us diversify our portfolio. This also has the potential to drive our growth in the Automotive Aftermarket segment.



Industrial segment

Around 39% of our overall revenue in 2021 was contributed by this segment. We provide different types of industrial bearings, catering to various sectors such as steel, mining, railway, construction, and wind energy, among others.

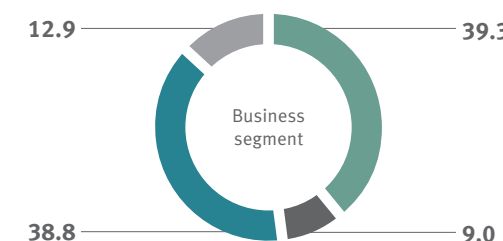
In 2021, we won significant orders for Sealed Spherical Roller Bearings for the material handling segment in the domestic market. In the overseas markets, we received order for Track Roller Bearings for the metal segment.



Financial performance review

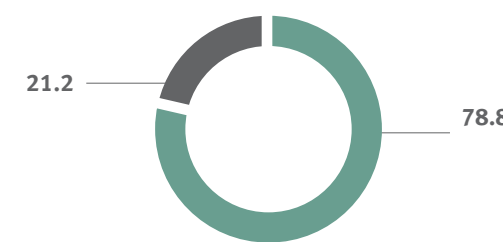
We witnessed strong financial performance in 2021, with a whopping 48% growth in net revenue compared to 2020 as a result of our business resilience and agility in managing the challenges of a dynamic external environment. All our business segments performed well, with both the Automotive and Automotive Aftermarket segments registering ~50% growth in revenue. The Industrial segment witnessed a revenue growth of ~39% and our export revenue grew by ~70% y-o-y.

Revenue mix: 2021 (%)



- Automotive Technology
Automotive Aftermarket
Industrial
Exports

Revenue mix: 2021 (%)



- Mobility component and related solutions
Others

₹ 10,000 million
Investment over next three years

Table with 4 columns: Particulars, 2021, 2020, Change (%). Rows include Net revenue, EBITDA*, Less: Depreciation/Amortisation, Less: Finance cost, Add: Interest income, Profit before tax, Provision for tax, Profit after tax.

Revenue

Table with 4 columns: Particulars, 2021, 2020, Change (%). Rows include Net revenue, Mobility component and related solutions, Others.

Profitability

Table with 4 columns: Particulars, 2021, 2020, Change (%). Rows include EBITDA*, Less: Depreciation/Amortisation, Less: Finance cost, Add: Interest income, Profit before tax.

Taxes

Table with 4 columns: Particulars, 2021, 2020, Change (%). Row includes Provision for tax.

Profit after tax

Table with 4 columns: Particulars, 2021, 2020, Change (%). Row includes Profit after tax.

Cashflow

Table with 4 columns: Particulars, 2021, 2020. Rows include EBITDA*, Income tax, Change in working capital and others, Capital expenditure**, Interest income**, Free cash flow.

*Earnings before Interest, Tax, Depreciation and Amortisation
**Figures are net



Business outlook

The year 2021 has been a record year for Schaeffler India in terms of business performance. We won a healthy order book in all the business segments, which is bound to help us sustain our growth momentum for 2022 and beyond. Various government initiatives to boost the automotive and manufacturing sectors will also enable faster growth for the Company. In 2021, we made considerable progress on our five-year plan – ‘Roadmap 2025’ – which we have outlined in this Report (please read the details on page 06). Going forward, we will continue to focus on our strategic objectives while dealing with market challenges to achieve the targets we have set for ourselves. We are also fully committed to achieving our sustainability goals (please read the details on page 52) through our well-defined ESG strategy.

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.

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Business Responsibility Report

Business Responsibility Report

Section A: General Information About the Company

1	Corporate Identity Number (CIN) of the Company	L29130PN1962PLC204515
2	Name of the Company	Schaeffler India Limited
3	Registered address	15 th Floor, ASTP (Amar Sadanand Tech Park), Baner, Pune, Maharashtra, India, 411045
4	Website	www.schaeffler.co.in
5	E-mail ID	info.in@schaeffler.com
6	Financial Year reported	January 1, 2021 to December 31, 2021
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Automotive and varied Industrial sectors
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	1. Ball and Roller Bearings, 2. Engine Components - HLA, RFF, varied plastic components, 3. Transmission Components – Clutch, Clutch Disks/Plates
9	Total number of locations where business activity is undertaken by the Company	14
	a) Number of International Locations (Provide details of major 5)	-
	b) Number of National Locations	14
10	Markets served by the Company – Local/ State/ National/ International	All: Local, State, National and International

Section B: Financial Details of the Company

1	Paid-up Capital (₹)	As on December 31, 2021 the paid-up capital of the Company stood at ₹ 312,607,340 consisting of 31,260,734 Nos. of Equity Shares of ₹ 10/- each
2	Total Turnover (₹)	The turnover for the Financial Year 2021 was ₹ 55,605.1 million
3	Total profit after taxes (₹)	For the Financial Year ending on December 31, 2021, the net profit of the Company was ₹ 6,291.2 million
4	Total Spending on Corporate Social Responsibility (CSR) as	~2%
5	List of activities in which expenditure in 4 above has been incurred:	Please refer. Project-wise summary under CSR Report on Page No. 111-112

Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	Company has no Subsidiary as on December 31, 2021
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(s)	Not applicable
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1. Details of the Director and BR responsible for implementation of the BR policy / policies

a) Details of the Director responsible for implementation of the BR policy/policies and BR Head

1	DIN Number	07736005
2	Name	Mr. Harsha Kadam
3	Designation	Managing Director
4	Telephone No.	+91 2068198400
5	E-mail ID	harsha.kadam@schaeffler.com

Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Ethics, Bribery & Corruption	Sustainability	Treatment of Employees & Colleagues	Behaviour towards Stakeholders	Human Rights	Environment, Health & Safety	Industry Association	CSR	Customer Excellence
1 Do you have a policy/policies for...	Yes, Company's Code of Conduct sets out the principle & practices that must be observed toward Business Partner and Third Parties.								
2 Has the policy being formulated in consultation with the relevant stakeholders?	Yes, while formulating the policy documents – rights & obligations of concerned stakeholders are analysed in view of best Industry Practices.								
3 Does the policy conform to any national/international standards? If yes, specify?	Integrity, fairness and mutual respect are the cornerstones within the Company and the Schaeffler Group upon which our actions are based. Being member of Schaeffler Group, the Company believes in benchmarking practices and global standards – to the best possible extent.								
4 Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective authority levels [Board of Directors, its Committees and Company Management].								
5 Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Implementation mechanism of all the Policies & Codes is presented to and reviewed by the respective authority levels periodically.								
6 Indicate the link for the policy to be viewed online?	Codes & Policies Schaeffler India								
7 Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies are communicated to all the stakeholders and awareness programmes, workshops and e-learning modules including tests and certification are administered which are mandatory for all relevant employees.								
8 Does the Company have in-house structure to implement the policy/policies.	Compliance Management System of the Schaeffler Group and Company' Vigil Mechanism / Whistle-Blower Policy are effective tool towards grievance redressal mechanism.								
9 Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	The Company has carried out audits as applicable for the respective policies.								
10 Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?									

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

- The Company should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain. Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders.
- It should not engage in practices that are abusive, corrupt, or anti-competition.
- To discharge their responsibility on financial and other mandatory disclosures truthfully.
- It should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines.

Performance Assessment:

1	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?	Yes
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company believes in pursuing its business objectives ethically, transparently and responsibly with its stakeholders across the value chain. Integrity, fairness and mutual respect are the cornerstones upon which the actions of the Company are based. Further, the Company only engages in business deals with third parties that conduct business ethically and do not subject the Company to any reputational harm. The Company's Code of Conduct is in compliance with the standards of business conduct and ethics, as well as the regulatory requirements. The Code of Conduct is communicated to all stakeholders through its website. The Company also has amended its Code of Conduct for Directors, Senior Management & Employees emphasizing the importance that Company places on responsible corporate conduct. The Company's Whistle-Blower Policy also encourages employees to bring instances of unethical behavior to the knowledge of the management. The Company has a system in place to undertake measures to resolve grievances.



Principle 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

- a. To assure safety and optimal resource use over the life cycle of the product – from design to disposal and ensure that everyone connected with it- designers, producers, value chain members, customers and recyclers are aware of their responsibilities.
- b. Should raise consumers awareness of their rights through education, product labelling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.
- c. In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.
- d. Businesses should regularly review and improve upon the process of new technology development, deployment and commercialisation, incorporating social, ethical, and environmental considerations.
- e. Businesses should recognise and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.
- f. Businesses should recognise that over-consumption results in unsustainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources.

Performance Assessment:

1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities	Our business mainly increasing the fuel efficiency by then reduces the environmental impact e.g.
	1. Clutch Disc – With no Asbestos	1. No Asbestos in Clutch Disc (friction material)
	2. 1T bearings for automotive applications and New Generation DGBB diameter	2. Fuel Efficiency and Less noise by bearings from minute
	3. Large Size Bearings for windmills – with increased life and durability	3. Large Size Bearings for Windmills with increased life
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):	The resources like electricity, natural gases, water, raw materials, steel, castings, forgings are utilised in our processes to convert into a product. Also, we are conserving the energy by Energy Efficiency Programs. For e.g. The electricity utilisation per unit of clutch and Clutch release system is 1.51 against target of 1.61/unit
	a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?	Company has clear target for the freshwater consumption defined by the Management board. 20% reduction of the total fresh water supply until 2030 (base value of 2019). In the last financial year overall reduction of water usage was 3% with respect to 2019 consumption which will be further reduced in the current financial year.
	b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Schaeffler India products focuses on energy efficiency which provides high durability and less consumption of energy. For e.g. 1. Water Pump Bearings of the Company provides higher efficiency which tends to consume comparatively less power. 2. Schaeffler India clutch provides a self-adjusting clutch which helps the engine of a vehicle consume less fuel and less wear.
3	Does the Company have procedures in place for sustainable sourcing (including transportation)?	Yes, the Company has a global target of achieving 90% sustainable Supplies by 2021. These are defined in the EHS Policy of our Company. Minimum Environmental Impact and Environmentally Friendly Products Regardless of the activities we are carrying out, we endeavor to minimize environmental impact by taking suitable measures in advance. We consume raw materials and energy sparingly and make every effort to minimise waste, wastewater, noise, and other emissions. We manufacture environmentally friendly products taking into account the entire product life cycle.
	a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	Yes. As on end of 2021, 74% of the suppliers were assessed for Sustainable Suppliers Self-Assessment defined by Schaeffler globally. Awareness about various environmental aspects and guidelines regarding good environmental practices are being given to the suppliers from time to time. Suppliers are also audited for the basic environmental, health and safety requirements. Supplier are carried out with a selection process which includes environmental condition and actions towards protecting it. The purchase team are trained in environmental sound purchasing and group guidelines which ensures the minimum impact.

4	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Yes Localization projects are being increased year on year. This is a major focus area to reduce the cost, energy and and Scope 3 CO ₂ emission. Sourcing from all the size of the producers. We have commodities defined for procuring the goods from all locations of the plant, which includes small producers, communities within the area of Schaeffler India plants located.
5	Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Yes Schaeffler India manufacture environment friendly products after taking into account the entire product lifecycle. Schaeffler has now defined sustainable target to create a Circular Economy. The Company is not taking back the materials from consumers after usage for recycle but some of the unique products from major customer are refurbished. E.g. 1. Railway bearings are sent back to plant for overhauling and then for reusing. 2. Recycling of scrap and waste is >97% average for all locations in India and Schaeffler India has achieved its target of 90% recycling in 2021.

Principle 3

Businesses should promote the wellbeing of all employees

- a. Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.
- b. Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.
- c. Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.
- d. Businesses should take cognisance of the work-life balance of its employees, especially that of women.
- e. Businesses should provide facilities for the wellbeing of its employees including those with special needs. They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.
- f. Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis.
- g. Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions.
- h. Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.

Performance Assessment:

1	Please indicate the Total number of employees.	2,922
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	1,844
3	Please indicate the Number of permanent women employees.	85
4	Please indicate the Number of permanent employees with disabilities.	8
5	Do you have an employee association that is recognized by Management	1. FAG Karmachari Association 2. Shiv Kranti Kamgar Sanghatana 3. Hosur Schaeffler India Employees Union 4. Schaeffler India National Employees Union
6	What percentage of your permanent employees is members of this recognized employee association?	29.1%



7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

The details are as below:

Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1 Child labour/ forced labour/ involuntary labour	Nil	Nil
2 Sexual Harassment	Nil	Nil
3 Discriminatory Employment	Nil	Nil

8 What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

The details are as below:

Permanent Employees	94%
Permanent Women Employees	92%
Casual/Temporary/Contractual Employees	90%
Employees with Disabilities	100%

Principle 4: Businesses to respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

- Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them.
- Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product and services and associated operations on the stakeholders.
- Businesses should give special attention to stakeholders in areas that are underdeveloped.
- Businesses should resolve differences with stakeholders in a just, fair and equitable manner.

Performance Assessment:

1 Has the Company mapped its internal and external stakeholders?	Yes
2 Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes
3 Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	The Company recognizes its responsibility towards disadvantaged, vulnerable and marginalized stakeholders. The Company has undertaken hallmark programmes under 'HOPE' initiative which focuses on Health, Occupational skills development and Protection of Heritage & Education. The details of such programmes and their impact assessment are disclosed in Corporate Social Responsibility section of the Annual Report.

Principle 5: Businesses should respect and promote human rights

- Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature.
- Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.
- Businesses should recognise and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalised groups.
- Businesses should, within their sphere of influence, promote the awareness and realisation of human rights across their value chain.
- Businesses should not be complicit with human rights abuses by a third party.

Performance Assessment:

1 Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?	The Code of Conduct of the Company provides for the human rights and it extends to Group as well as other associates.
2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	There were no complaints with regard to Human rights violations.

Principle 6: Business should respect, protect, and make efforts to restore the environment.

- Businesses should utilise natural and man-made resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
- Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.
- Businesses should ensure that benefits arising out of access and commercialisation of biological and other natural resources and associated traditional knowledge are shared equitably.
- Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy.
- Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain.
- Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.
- Businesses should proactively persuade and support its value chain to adopt this principle.

Performance Assessment:

1 Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ Others.	Yes, extended to all stakeholders and interested parties.
2 Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes, global strategies are defined for the Company on climate protection, Carbon Neutral Protection and sustainable suppliers etc. Sustainability Schaeffler Group
3 Does the Company identify and assess potential environmental risks? Y/N	Yes As per ISO14001 Aspect and Impact Study, after identifications of the aspects, they are evaluated for their significance by calculating their severity on the impact. The aspects are identified, which have environmental impact as defined by the statutory bodies are to be directly taken as significant aspects. All significant aspects shall be included in establishing the implementation strategy of environmental management system, including objectives and targets, environmental programmes, procedures, etc. One of the primary objectives of environmental protection is to prevent adverse effects on the environment and to minimize the effects that cannot be controlled. To achieve this objective many measures have been implemented. The environmental effects caused at the location are evaluated on a regular basis. Each location is running a management program to reduce the impact on environment.
4 Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The Company set up a global sustainability target of achieving carbon neutral production sites by 2030 driven centrally by Headquarters. To achieve this, we have defined the below goals: 1. Achieve maximum renewable energy coverage by 2024 2. 100 GWh cumulated annual efficiency gains until 2024



5	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.	Yes, the Company has taken several initiatives. Savli Plant Installed solar roof top panels and started its energy generation from April month onwards and generated 170 MWh and 139 tons of CO ₂ emission neutralized EEP (Energy Efficiency Projects) are carried at all the locations and achieved 850 MW energy savings. Some of the projects are: 1. Hosur installed 2. 0336 Heater Less Vaporizer 2. Pune installed DALI Light System for Hall 1. 3. Maneja Installed High Efficiency Air Compressors. 4. Savli Installed LED lights in RH furnace areas.
6	Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?	Yes The legal requirements defined by CPCB and SPCP which are regularly monitored by each location this helps Company to perform within the specified limits.. For e.g. Annual monitoring of the workplace air quality and ambient air quality are done to check the performance.
7	Number of show cause/legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	No show cause/legal notices received by the Company in the financial year.

Principle 7

1	Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Yes, Confederation of Indian Industry, Indo German Chamber of Commerce, Federation of Gujarat Industries, VDMA, Auto Component Manufacturers' Association.
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).	Through the membership of the trade associations, the company has advocated on the topics of skill development, education and training and related technology areas such as e-mobility, energy consumption and reduction.

Principle 8: Businesses should support inclusive growth and equitable development

- A. Businesses should understand their impact on social and economic development, and respond through appropriate action to minimise the negative impacts.
- B. Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society.
- C. Businesses should make efforts to complement and support the development priorities at local and national levels and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.
- D. Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.

Performance Assessment:

1	Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes, our project details are available in the Director's Report in CSR segment.
2	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organisation ?	Some programmes are undertaken through in-house teams and others in partnership with NGOs and implementing agencies.
3	Have you done any impact assessment of your initiative?	Yes
4	What is your Company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken.	The details of contributions made by the Company for community development are provided in the CSR report of the Company.
5	Have you taken steps to ensure that this successfully adopted by the community? Please explain in 50 words, or so.	Yes and the details are well explained in the initial pages.

Principle 9

1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	There are no consumer cases pending as on end of financial year.
2	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/ N.A./Remarks (additional information).	No
3	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti- competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
4	Did your Company carry out any consumer survey/ consumer satisfaction trends?	Yes



Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 59th Annual Report of the Company together with the audited financial statements of the Company for the year ended December 31, 2021.

Financial Highlights

Particulars	₹ in million	
	2021	2020
Net revenue	55,605	37,619
EBITDA*	9,950	5,402
Less: Depreciation/Amortisation	1,971	1,940
Less: Finance cost	37	53
Add: Interest income	489	563
Profit before tax	8,431	3,972
Provision for tax	2,140	1,062
Profit after tax	6,291	2,910

* 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 ₹ 55,605.1 million in year 2021 (Year 2020: ₹ 37,618.4 million) which is higher by 47.8%. Profit before tax was placed at ₹ 8,431.4 million (Year 2020: ₹ 3,972.1 million) representing a growth of 112.3%. Your Company recorded profit after tax of ₹ 6,291.2 million (Year 2020: ₹ 2,909.7 million) which represent a growth of 116.2%.

Global Outlook

After a long period, the global growth reached to an estimated 5.5 percent in 2021 owing to the pent-up demand. The continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks makes for a bleak outlook for 2022. Persistent labour market challenges, frail supply-chain and inflation concerns were already softening the growth outlook, which further deepened with recent geopolitical crisis. Soaring energy and commodity prices are likely to derail the momentum and create divergent growth trajectories for countries. This may lead to tightening of fiscal and monetary policies which will further decelerate the growth momentum, particularly in emerging and fragile markets.

India Outlook

India continues to remain among the fastest-growing economies in the world. The pandemic caused disruptions in the economic and healthcare activities, but we see the economy recovering gradually. Growth is projected at 9.5% for FY 22 and at 8.5% for FY 23. The economic outlook remains clouded due to pandemic related uncertainties on investments, human capital and other growth drivers. This could have a medium-term impact on the growth rate. However, the announcement of the Union Budget highlights that rapid pace of vaccination and long-term benefits of supply side reforms could aid growth. Major policy

changes with a thrust on clean mobility, green energy and investment offer long-term growth opportunities. Successful implementation of the announced wide-ranging structural reforms could increase India's growth potential.

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 at its meeting held on October 28, 2021 had considered and recommended the 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 fully paid up subject to approval of the Members and other statutory and regulatory approvals, as applicable.

Subsequently, 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 on December 19, 2021 through remote e-voting Postal Ballot process. Old ISIN of the Company has been deactivated and in place new ISIN: INE513A01022 was activated by the depositories for the equity shares of the Company. Equity Shares have been successfully credited into the respective demat accounts of Shareholders holding shares as on record date (February 9, 2022) and Shareholders holding shares in physical form were issued fresh share certificates with new distinctive numbers with their old share certificates duly cancelled.

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. Members of the Company had approved such alteration in the Capital Clause of Memorandum of Association through remote e-voting Postal Ballot on December 19, 2021.

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 2021 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 2021,

your Directors recommend dividend for the year ended December 31, 2021 at the rate of ₹ 16/- per share of ₹ 2/- (2020: ₹ 38/- dividend per share of ₹ 10/-) per equity share amounting to ₹ 2,500.8 million (2020: ₹ 1,187.9 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 2021 and 2020 are as follows:

Dividend	2021	2020
Month and Year of Declaration	April 2022	April 2021
Amount of Dividend Per Equity Share of ₹ 2 each (in ₹)*	16	NA
Amount of Dividend Per Equity Share of ₹ 10 each (in ₹)*	NA	38
% of Dividend	800	380
Total Dividend (Amt. in ₹ million)	2,500.8	1,187.9

* 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 2021.

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

Directors' Report

under Management Discussion & Analysis section of the Annual Report.

Business Responsibility Report

Pursuant to Regulation 34 read with Schedule V of the SEBI Listing Regulations, detailed initiatives taken by the Management from an environmental, social and governance perspective is covered under Business Responsibility Report section of the 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, 2021, 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 8 (Eight) Non-Executive Directors out of which 5 (Five) 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 Chairman 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, Mr. Satish Patel [DIN: 00690869] and Mr. Dharmesh Arora [DIN: 05350121] will retire by rotation

**Directors' Report**

at the ensuing Annual General Meeting ('AGM') and being eligible offer themselves for reappointment. Mr. Patel and Mr. Arora 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, Mr. Patel and Mr. Arora possess requisite qualifications and experience and therefore, your Directors recommend that the proposed resolutions relating to the re-appointment of Mr. Patel and Mr. Arora be passed with the requisite majority.

During the year under report, the Members of your Company in 58th Annual General Meeting confirmed the appointment/re-appointment as follows:

- Confirmation of appointment of Ms. Eranti V. Sumithasri [DIN: 07087197] as an Independent Director for a term of five consecutive years up to July 14, 2025.
- Reappointment of Mr. Satish Patel [DIN: 00690869], who was liable to retire by rotation and being eligible had offered himself for re-appointment.
- Reappointment of Mr. Dharmesh Arora [DIN: 05350121], who was liable to retire by rotation and being eligible had offered himself for re-appointment.

Pursuant to Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014, the following changes occurred in the Directors during the year ended December 31, 2021 –

Mr. Jürgen Ziegler [DIN: 07092477] resigned from the Directorship effective July 22, 2021 and Mr. Klaus Rosenfeld [DIN: 07087975] resigned from the Directorship effective October 29, 2021. Your Directors express their gratitude for the contribution made by Mr. Ziegler and Mr. Rosenfeld during their tenure as Director.

During the year under report and till the date of this report, the Board has appointed Ms. Corinna Schittenhelm effective from September 12, 2021 and Mr. Andreas Schick effective from October 28, 2021 as Non-Executive Non-Independent Director, liable to retire by rotation.

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 59th 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-2021.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:

- Managing Director & Chief Executive Officer: Mr. Harsha Kadam
- Director-Finance & Chief Financial Officer: Mr. Satish Patel
- 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, 2021.

Meetings of Board of Directors

During the year under review, 4 (Four) 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 2020	February 16, 2021
2.	March 2021	April 26, 2021
3.	June 2021	July 21, 2021
4.	September 2021	October 28, 2021

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:

- 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;
- 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;
- To evaluate performance and give recommendations to the Board on remuneration payable to the Directors, KMP and Senior Management; and
- 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.

Policy on Remuneration

- 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.
- None of the Directors (including Independent Directors) shall be entitled to any stock option of the Company.
- 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 each 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 2021, 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 Company is transparent, follows good corporate governance practices,
- All significant issues are brought to the Board. Agenda and proceedings are well structured and focused,
- The Board is balanced, forward looking and heterogeneous, diverse views are expressed freely,
- Each Board member brings a different skill set and competence to the discussions,
- Appreciation to the management team for their knowledge, maturity, diligence and sincerity,
- Appreciation for the quality, quantity and timeliness of the flow of information between the management and the Board. The management responds to all queries and requests speedily,
- Increased frequency of the RMC meetings helped to bring rightful attention to the important topics of risk,
- Appreciation for the working of CSR, Audit and NRC Committees. Excellent job done by Company Secretary.

Conclusion

The evaluation for the year 2021 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.

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 2021, the Independent Directors have held one separate meeting on October 29, 2021.



Audit Committee

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 are Mr. Avinash Gandhi, Mr. Arvind Balaji, Mr. Amit Kalyani, Ms. Eranti V. Sumithasri, Mr. Andreas Schick and Mr. Satish Patel. The Committee met 4 (Four) 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/vigil_mechanism_or_whistle_blower_policy_schaeffler_india_2019.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 Chandio & 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.

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)

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

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, 2021. 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 2022.

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

Your Company was required to make CSR expenditure of ₹ 107.1 million i.e., 2% of the Average Net Profits of your Company made during 3 (Three) immediately preceding financial years. Your Company CSR expenditure was ₹ 88.3 million and ₹ 13.6 million was transferred to Unspent CSR Bank Account on February 14, 2022 for the ongoing CSR projects to be spent in the next 3 years and ₹ 5.2 million is the unspent amount in relation to other than ongoing CSR

projects which will be transferred to PM CARES Fund by June 30, 2022. A summary of CSR Policy together with details of CSR activities undertaken by the Company during the year 2021 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

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 2021 in the prescribed form MGT-7 has been placed 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/shareholders_information/annual_return/1.pdf

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

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 2021

There were no complaints pending at the beginning of the year 2021 and the Company received no complaint during the year 2021.

Directors' Responsibility Statement

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

- 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;
- 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, 2021 and of the profit of the Company for that period;
- 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;
- Annual accounts of the Company have been prepared on a 'going concern' basis;
- 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
- 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, 2021 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)

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

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

Avinash Gandhi

Chairman

DIN: 00161107

New Delhi: February 16, 2022

Secretarial Audit Report

For the Financial Year ended December 31, 2021

(Annexure A to the Directors' Report)

[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), 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 authorized representatives during the conduct of Secretarial Audit and considering the relaxations granted by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) warranted due to the spread of the COVID – 19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on December 31, 2021 ("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;
- 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;

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.

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: A009711C002522111

Place: Vadodara,
Date: February 16, 2022

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
Maharashtra, India.

Our Secretarial Audit Report of even date is to be read along with this letter, that:

- i. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- iii. We have conducted online verification and examination of records, as facilitated by the Company, due to COVID 19 pandemic situation and relied on the same for the purpose of issuing the report.

- iv. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- v. Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
- vi. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- vii. 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: A009711C002522111

Place: Vadodara,
Date: February 16, 2022



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 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 Dharma as a key plank for organizational self-realization. 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 endeavor 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	0
4.	Ms. Corinna Schittenhelm ¹	Member	2	NA

¹Ms. Corinna Schittenhelm has been appointed as member of the CSR Committee effective October 29, 2021

3. 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

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. 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:

The Impact Assessment of the 'Jalsahara program' in Maharashtra is undertaken by Sattva Consulting Pvt. Ltd. and commissioned by the Company.

The Impact Assessment study was exercised at Satara where the Jalsahara Program has been executed by Schaeffler India in collaboration with BAIF Development Research Foundation with an aim to enable better natural resource management and livelihood enhancement of the communities.

https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/2021_Impact_Assesment_Report_JalSahara_Schaeffler_India.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

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	2018	NIL	NIL
2	2019	NIL	NIL
3	2020	NIL	NIL

6. Average net profit of the company as per section 135(5)

Year	Net Profit (₹ in million)
2018	6,749
2019	5,346
2020	3,972
Average Net Profit	5,356

7. (a) Two percent of average net profit of the company as per section 135(5)
- | Year | ₹ in million |
|--------------------------|--------------|
| 2% of Average Net Profit | 107.1 |
- (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 ₹ 107.1 million as CSR expenditure during the financial year 2021.

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in million)	Total Amount transferred to Unspent CSR Account as per section 135(6) (₹ 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 transferred to any fund specified under Schedule VII as per second proviso to section 135(5) (₹ in million)
88.3	13.6	5.2	To be transfer before June 30, 2022 for other than ongoing projects

- (b) Details of CSR amount spent against ongoing projects for the financial year:

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	Mode of Implementation - (Yes/No)	Mode of Implementation - Through Implementing Agency
				State	District						
1	Mobi-Health Unit	Promoting Health Care (i)	Yes	Gujarat	Vadodara	36 Months	9.5	9.2	0.0	No	Deepak Foundation
2	Lok Vidyalaya: Construction of secondary School & providing holistic quality educational support	Promoting Education (ii)	Yes	Gujarat	Vadodara	60 Months	2.8	2.7	0.0	Yes	Direct
3	Nitara project: Promoting livelihood for differently abled	Skill Development	Yes	Gujarat	Vadodara	24 Months	3.4	3.3	0.0	No	Sambhav Foundation
4	Quest on wheels: Heritage & Educational Trips	Promoting Education (ii)	Yes	Gujarat	Vadodara	17 Months	1.6	1.3	0.3	No	Creation Foundation
5	Support to Mook Dhvani School	Promoting Education (i)	Yes	Gujarat	Vadodara	48 Months	1.9	2.0	0.0	Yes	Direct
6	National University Skill Development Program -Vadodara	Skills & Livelihood Enhancement (ii)	Yes	Gujarat	Vadodara	12 Months	4.0	4.0	0.0	No	Tata Institute of Social Sciences
7	Jal Sahara	Rural Development (x)	Yes	Maharashtra	Satara	32 Months	11.6	11.6	0.0	No	BAIF Development Research Foundation
8	Mobile Health Unit	Promoting Health Care (i)	Yes	Maharashtra	Pune	36 Months	3.1	2.8	0.3	No	Deepak Foundation
9	Comprehensive Community Development	Promoting Education (ii)	Yes	Maharashtra	Pune	12 Months	4.2	4.2	0.0	No	Deepak Foundation
10	Jal Samruddhi	Environment Sustainability (iv)	Yes	Maharashtra	Pune	30 Months	4.1	2.9	1.2	No	BAIF Development Research Foundation
11	National University Skill Development Program -Tategaon	Skills & Livelihood Enhancement (ii)	Yes	Maharashtra	Pune	12 Months	3.0	2.3	0.7	No	Tata Institute of Social Sciences

Directors' Report

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	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	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency Name	Mode of Implementation - Through Implementing Agency CSR Registration number
12	Schaeffler Engineering Scholarship	Promoting Education (ii)	No	Gujarat, Maharashtra District Tamil Nadu Locations	12 Months	5.5	5.4	0.1	No	Buddy4Study India Foundation	CSR00000121
13	Schaeffler Skill Development Center	Skills & Livelihood Enhancement (ii)	Yes	Tamil Nadu Krishnagiri	12 Months	7.7	8.1	0.0	No	The Sacred Heart College Society	CSR00000575
14	Learning Outcome Improvement Project	Promoting Education (ii)	Yes	Tamil Nadu Krishnagiri	36 Months	11.8	4.2	7.6	No	The Sacred Heart College Society	CSR00000575
15	Schaeffler Social Innovation Fellowship Program	Rural Development (x)	No	Pan India	12 Months	4.0	0.6	3.4	No	Buddy4Study India Foundation	CSR00000121
Total						78.2	64.6	13.6			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5	6	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 spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency Name
1	Oxygen supply for Covid-19 patient in Maharashtra	Promoting Health Care (i) & Disaster Management (xii)	Yes	Maharashtra Pune	4.0	Yes	NA
2	COVID 19 vaccination drive_ Maharashtra	Promoting Health Care (i) & Disaster Management (xii)	Yes	Maharashtra Pune	0.5	No	Deepak Foundation
3	Oxygen supply to patient in Mohkhada in Maharashtra	Promoting Health Care (i) & Disaster Management (xii)	Yes	Maharashtra Pune	1.0	No	Deepak Foundation
4	COVID-19 Care Support to Primary Health Care Center, Hosur	Promoting Health Care (i) & Disaster Management (xii)	Yes	Tamil Nadu Krishnagiri	0.3	Yes	NA
5	COVID19 PPEs Support to District administration Hosur	Promoting Health Care (i) & Disaster Management (xii)	Yes	Tamil Nadu Krishnagiri	0.1	Yes	NA
6	COVID-19 Vaccination Support Public_Hosur	Promoting Health Care (i) and Disaster Management (xii)	Yes	Tamil Nadu Krishnagiri	0.8	Yes	NA
7	COVID-19 Care Support at Vadodara Region	Promoting Health Care (i) & Disaster Management (xii)	Yes	Gujarat Vadodara	0.6	Yes	NA
8	Clean & Green Maneja	Environment Sustainability (iv)	Yes	Gujarat Vadodara	5.2	Yes	NA
9	INA Safety Circle	Environment Sustainability (iv) & Rural Development (x)	Yes	Maharashtra Pune	5.9	Yes	NA
Total					18.4		

(d) Amount spent in Administrative Overheads -4.8 (₹ in million)

(e) Amount spent on Impact Assessment, if applicable – 0.5 (₹ in million)

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – 88.3 (₹ 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)	107.1
(ii)	Total amount spent for the Financial Year	88.3
(iii)	Excess amount spent for the financial year [(i)-(ii)]	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 ₹)	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 ₹)
1	2020	NA	NA	PM Cares Funds 3.2	NIL
2					
3					
Total					

(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 ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed/Ongoing
1								
2								
3								
Total								

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) – 10/08/2021

(b) Amount of CSR spent for creation or acquisition of capital asset – ₹ 23,63,756

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – Schaeffler India Limited*, PO Maneja, Maneja Road, Vadodara Gujarat

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) - Schaeffler India Limited*, PO Maneja, Maneja Road, Vadodara Gujarat

*Capital asset (Vehicle) – The donation deed for transferring the Mobile ambulance for community health program has been entered and the process for transferring the asset in the name of Deepak Foundation (Regn no E3122 -Baroda) (CSR Form 1- CSR000000353) is under process.

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 Corona Pandemic hugely affected the CSR projects, due to prolonged lockdown and unavailability of manpower either to run the programs or to reach out to beneficiaries. However due to sustained monitoring and collaboration with the implementation partner we have been able to judiciously spend 82% of the allocated budget as on December 31, 2021

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	2021 (₹ in million)	
		Actual	Cumulative
	1. Purchase of Finished Goods	8,385.0	15,757.1
	2. Purchase of Raw materials and Components and Spares	3,203.0	
	3. Fees for use of technology /trademark	1,064.1	
	4. Purchase of tangible fixed Assets	301.1	
	5. Sale of Finished Goods	2,277.0	
	6. Others ¹ (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)	526.9	
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 [i.e., Transactions pertaining to sale, purchase or supply of goods, materials & services, purchase of tangible fixed assets, etc.] 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 [i.e., Transactions pertaining to sale, purchase or supply of goods, materials & services, purchase of tangible fixed assets, etc.] with Schaeffler Technologies AG & Co. KG, Germany, through Postal Ballot on December 19, 2021, for the year 2021.		
Amount paid as advance, if any	—		

For and on behalf of the Board

Avinash Gandhi
Chairman
DIN: 00161107

New Delhi: February 16, 2022

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

The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2021 and percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year 2021.

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 2021
I Executive Directors				
1	Harsha Kadam	Managing Director & CEO	39.12	7.5%
2	Satish Patel	Director-Finance & CFO	17.76	9.0%
II Non-executive Directors				
3	Mr. Avinash Gandhi	Chairman & Independent	1.87	-
4	Mr. Klaus Rosenfeld	Non-Independent (up to October 28, 2021)	NA	-
5	Mr. Jürgen Ziegler	Non-Independent (up to July 21, 2021)	NA	-
6	Mr. Dharmesh Arora	Non-Independent	1.23	-
7	Mr. Andreas Schick	Non-Independent	NA	-
8	Ms. Corinna Schittenhelm	Non-Independent	NA	-
9	Mrs. Renu Challu	Independent	1.23	-
10	Mr. Arvind Balaji	Independent	1.23	-
11	Mr. Amit Kalyani	Independent	1.23	-
12	Ms. Eranti V. Sumithasri	Independent	1.23	-
III Key Managerial Personnel				
13	Ashish Tiwari	Vice President-Legal & Company Secretary	10.79	6.0%

Details of top ten employees in terms of gross remuneration drawn during the year 2021

Sr. No.	Name	Designation	Remuneration during the year 2021 [₹]	Nature of Employment [Contractual / Regular]	Qualifications	Experience (in Completed years)	Date of Commencement of employment with Schaeffler India	Age in yrs.	Last Employment	Shares held in the Company
1	Harsha Kadam	Managing Director & CEO	33,398,664	Regular	BE (MECH)	33	12-Mar-18	56	HSIL Limited	100
2	Sanjeev Saxena	President - Automotive	30,846,096	Regular	BE (MECH)	31	15-Oct-19	55	Minda Corporation Limited	Nil
3	Satish Patel	Chief Financial Officer	15,164,978	Regular	M.COM, AICWA	31	07-Jan-92	57	Elecon Engineering Co. Limited	Nil
4	Santanu Ghoshal	Vice President - Corporate HR	14,626,068	Regular	BE (MINING ENGG.), PGDPM & IR	28	01-Sep-10	55	General Motors	Nil
5	Sameer Mathur	Chief Operating Officer	12,403,920	Regular	B.E.(MECH)	30	21-May-92	53	-	Nil
6	Debasish Satpathy	PRESIDENT - BD Automotive Aftermarket	10,621,740	Regular	BE (ELECTRICAL), DIPLOMA IN MA	24	02-Apr-18	48	Schaeffler UK	Nil
7	Alok Dave	Vice President - Corporate Purchase	10,490,676	Regular	BE (MECH), E MBA	36	07-Nov-11	56	Lear Automotive	Nil
8	Amitabh Anand	Vice President - Manufacturing	9,573,996	Regular	BE (MECH), PGDBM	26	01-Jan-13	49	GKN Sinter Metal Pvt. Ltd.	Nil
9	Ashish Tiwari	Vice President - Legal & Company Secretary	9,211,296	Regular	CS, LLB	23	01-Mar-19	49	Thyssenkrupp Group	Nil
10	Devkumar Davesar	Head of Regional Business Units & Fields Industrial Asia Pacific	8,270,508	Regular	B.E.(PRD.ENG) MBA	30	21-May-92	53	-	Nil



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 2021

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 Schaeffler India	Age in yrs.	Last Employment	Shares held in the Company
1	Harsha Kadam	Managing Director & CEO	33,398,664	Regular	BE (MECH)	33	12-Mar-18	56	HSIL Limited	100
2	Sanjeev Saxena	President - Automotive	30,846,096	Regular	BE (MECH)	31	15-Oct-19	55	Minda Corporation Limited	Nil
3	Satish Patel	Chief Financial Officer	15,164,978	Regular	M.COM, AICWA	31	07-Jan-92	57	Elecon Engineering Co. Limited	Nil
4	Santanu Ghoshal	Vice President - Corporate HR	14,626,068	Regular	BE (MINING ENGG.), PGDPM & IR	28	01-Sep-10	55	General Motors	Nil
5	Sameer Mathur	Chief Operating Officer	12,403,920	Regular	B.E.(MECH)	30	21-May-92	53	-	Nil
6	Debasish Satpathy	President - BD Automotive Aftermarket	10,621,740	Regular	BE (ELECTRICAL), DIPLOMA IN MA	24	02-Apr-18	48	Schaeffler UK	Nil
7	Alok Dave	Vice President - Corporate Purchase	10,490,676	Regular	BE (MECH), E MBA	36	07-Nov-11	56	Lear Automotive	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 2021

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 Schaeffler India	Age in yrs.	Last Employment	Shares held in the Company
Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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 2021

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 Schaeffler India	Age in yrs.	Last Employment	Shares held in the Company
Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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 2021

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 Schaeffler India	Age in yrs.	Last Employment	Shares held in the Company
1	Hardevi Vazirani	Vice President	12,067,777	Regular	BCOM, DIP. CS,DBM	32	11-Sep-92	53	Sigma Sys	Nil
2	Ramamoorthy Pachiappan	General Manager	8,011,407	Regular	DME	33	01-Aug-89	53	Ganesh Engg Works	Nil

For and on behalf of the Board

Avinash Gandhi
Chairman
DIN: 00161107

New Delhi: February 16, 2022

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

(Annexure E to the Directors' Report)

With increasing focus on sustainable development goals, your Company has constantly focused on the key aspect of Social & Environment Impacts. Talking about environment impacts, conservation of energy, increase the share of renewable energy, energy efficiency, increase the percentage of recycling of waste has been a major focus in the Company for the past year and the same rigor has been seen since 2018, with initiatives and right investments in advance technologies. The focus of your Company is on increasing the percentage of renewable energy to 50% by 2022-23.

Small steps have been initiated to maintain & improve carbon footprints with an aspiration to be carbon neutral in future.

A. Conservation of Energy

1. Steps taken or impact on conservation of energy

Various steps have been taken at all the Plants of the Company for conservation of energy:

- Replaced MH Medium Bay light with LED light in old RHF area 25,625 kWh / annum energy savings at savli location
- Insulation jacket to ITF washing machines 6,391kWh energy savings at Pune location
- Lighting changes from 250W Sodium vapor to 80W LED (Outer Periphery) for Hosur with energy savings of 59,331 kWh / year
- BB 10 Machine GW Wheel 22 KW motor replace with 18.5 KW Motor 13,749 kWh / annum energy saving at Pune location
- DALI Light System for Hall 1 for Pune location with 1,26,950 kWh / annum energy saving at Pune location
- Heater Less Vaporizer for LPG bank replacing electrical heater base vaporizer at Hosur with energy saving of 75,440 kWh / annum

2. The Steps taken by the Company for utilization of alternate sources of energy

- Schaeffler India Maneja signed power purchase agreement for Hybrid Energy of about 2.75MW
- SOLAR roof panels installed for Savli Plant and the power generation started from June 2021 which produced 170 MWh so far and neutralized 140 tons of CO₂ emission from scope 2
- Skylights on roof to use natural light of New roofs (Savli and hosur).

3. The Capital investment on energy conservation equipment in Schaeffler India

- LED lights replacing CFL – Maneja Plant
- Emulsion pump with inverter – Maneja Plant
- DALI lights in shop floor – Pune Plant

- Replacement of Sodium vapor light by LED – Hosur Plant

4. Environment Health & Safety

Hosur

1. VNA Truck operation started in New Central warehouse
2. Water sprinkler system provided at HSD/Methanol yard fencing to prevent outside fire
3. Automatic water sprinkler system and Beam detectors are installed at new Central warehouse
4. Corona guard 3 no's fixed at CRS, Canteen and Wash room in Hall 2
5. New Non IBR Boiler with complete PRS system installed for canteen
6. Biometric access control system introduced for Two Tow Truck and Two Battery operated Stackers
7. Heat Treatment Coining Press completely equipped with PLC system
8. Front and rear cameras with access control device introduced for P/S Forklift
9. Remote control mechanism introduced for Gantry Crane at Press shop
10. Safety mat installed at new Induction hardening Machine at M/C shop Forging as an additional safety measure
11. On Site Emergency Plan submitted and approval received from Directorate of Industrial Safety & Health
12. Automatic Fire Dampers are fitted with dust extraction system in both halls
13. A new Air cushion tank installed at Fire pump room
14. Heater less vaporizer installed and certified by HQ as an energy saving project
15. Fire sniper system installed at UBS Cabins at both Halls
16. Campaign conducted on Plastic Ban
17. Female employees included and new ERT formed.
18. Fire pump room Jockey pump and motor replaced newly
19. Semiautomatic water sprinkler system at LPG Bank is converted into Fully automated
20. New Durbo ventilators fixed at Heat Treatment roof to improve ventilation
21. Variable speed Air compressor installed at Power house as an Energy saving project



Directors' Report

22. ATFT (Agitated Thin Film Drier) is being installed at ETP

Pune

- 1. Waste segregation system introduced so that waste can be separated at source.
2. ETP upgraded by enhancing the capacity and quality of treated water. BOD, COD and Particulate matter reduced by 15%.
3. Water consumption reduced by modifying the wash basin taps.
4. Wastewater is being treated and used in house.
5. Dust and fumes in the work area reduced by replacing the more efficient fume killers.
6. Operator fatigue reduced by providing addition bin lifters.
7. Health awareness topics communicated through short audio clips by company doctor
8. LOTO system enhanced. Training and awareness given to maintenance team.
9. Guard railing provided to work platforms
10. Fixed guard provide to bin lifters
11. Daily safety audit system introduced.
12. Daily safety briefing at the entrance of the Plant.
13. Daily Energy and EHS review by Plant head started which enhanced safety culture in the Plant.
14. Safety training with new topics conducted for all TLs and PV managers.
15. Qualified fire men appointed in security in order to respond immediately in case of fire

Maneja

- 1. Fire Water sprinkler System installed (Manual Type) in Export Bearing Store.
2. Special Room has been created for Fire Equipment Storage.
3. "Drive Towards Zero Accident" has been started & Rolling trophy has been given to best performing segments/dept. in terms of EnEHS.
4. Installation of Convex Mirror in blind spot areas of the Plant.
5. Evacuation Layout fixing at 35 Location of the Plant area.
6. Access to Assembly Point with Dept. bifurcation has been created for people gathering in garden.
7. Special Safety drive /training in Maintenance Dept. for reduction of accident.
8. Vaccination Drive in Plant for All Employee on COVID-19.
9. Installation of Piezometer to measure the ground water level.

- 10. 3 Big trees & 2 Small trees has been replanted with watering facility to increase CO2.
11. Green Belt Development in Hall-6 area Phase-2 work has been completed, more then 200 trees have been planted.
12. Fruit plants have been planted as a part of sustainable development & Block fixing work Infront of Hall-4 has been completed.
13. New Line 4.1 area installation work has been completed with all machine evaluation in terms of interlocks & guarding.
14. Risk Assessment Kick off Started at segment level.
15. Guarding Arrangement on Electrical Stacker for Battery.
16. Passive Fire Protection cable coating to avoid any kind of cable fire.
17. Rack stability testing certificate with the help of third party received at plant level.
18. Fire Suppression System (FM200 Clean agent) installation In fire Pump house Electrical Panel.
19. Installation of Illuminated Wind indicator at TTC Training Center & New SMB Building.
20. Blood Donation camp has been arranged in Plant area.
21. Environment week & safety week celebration in Plant to create awareness.

Savli

- 1. Introducing Safety training module for Contractors and employees with different job-related safety trainings
2. EHS information board in each area with necessary information and emergency steps displayed
3. Different types of fire nozzles to upgrade the fire system
4. Zero back pressure pistol type fire system for firefighting introduced
5. Roof top protection system in both the hall terrace installed (from2020)
6. Electrical kit and LOTO kit introduced in plant
7. Exhaust blower during emergency to vent out air or to supply air – both, multipurpose introduced
8. 365 degree rotational fire monitor introduced near propane yard
9. Update the software of fire detection and gas detection system
10. Ambulance for emergency purpose introduced in plant
11. New scrap area with all type of waste bifurcation and with fire protection and drain facility introduced
12. Two numbers of SCBA (self-contained breathing apparatus) suit introduced in central facilities

- 13. All the washing media machines have mechanized filtration system introduced
14. Video prepared for introduction of Plant safety for new joiners
15. Heat treatment area equipped with 2 blowers, 3 HVS, 20 turbo ventilators to maintain temperature and air exchange ratio in area for employee safety
16. New ladders and material handling equipment introduced in store area to avoid human manual handling
17. Barrels handling equipment also introduced for handling of barrels
18. New auto wrapping machine introduced in large size bearing area to avoid human manual handling

B. Technology Absorption

1. The efforts made towards technology absorption

- Synchronizer ring line capacity enhancement – 2nd Grinding line
• Heavy duty rings production line
• Hydraulic lash adjuster and roller finger follower assembly automation
• New Technology and Capacity Expansion in Plastic injection molding
• Jung surface grinder for Tool shop
• Face Grinding machine for SRB inner ring

- JR KM90 Honing Machine, DGBB140
• Grinding and Honing machines for Cylindrical roller bearings
• Hard Turing machine for Cylindrical roller bearings
• Cutting Machine for Quick centre
• Roller face grinder for tapered roller bearings
• Roller Hearth furnace
• Pittler hard turning machine for cylindrical, tapered and spherical roller bearings
• Cylindrical roller bearings line
• Robot Automation for Truck Pressure Plate line
• EK17 line for Cover Assembly
• Shot peening machine for car line

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 OHSAS standards for local and Global customers.

3. Details of Imported Technology (Imported during the last three years reckoned from the beginning of the year)

Table with 4 columns: Technology, Year of import, Whether technology is fully absorbed?, if not fully absorbed, areas where absorption has not taken place, and the reasons thereof. Rows include Face Grinding Machine, Centerless Grinding Machine, Honing Line for SRB E1 Rollers, Capacity Enhancement in Hydraulic Lash Adjustor, Capacity Enhancement in Roller Finger Follower, New Technology and Capacity Expansion in Plastic injection molding, Investment Realization in Mechanical Tappets, Hwacheon, Fanuc Robo drill, EK17 line for passenger car clutches, Grinding and honing line for CRB 120, BU drawn cup assembly machine, RNN Line, DGBB 62-170mm line, VH honing machines, ACBB Line, Synchronizer line #2, Crimping machine – Housing and Guide tube subassembly, Roller Hearth Furnace, CRB TRB Roller line.

For and on behalf of the Board

Avinash Gandhi
Chairman
DIN: 00161107

New Delhi: February 16, 2022



Corporate Governance Report

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 expert 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, 2021 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 2021	Attendance at last AGM held on April 27, 2021
			As on December 31, 2021		Yes or No or NA [#]	
Mr. Avinash Gandhi	00161107	NE & ID	10	8(2)	4	Yes
Mr. Klaus Rosenfeld ¹	07087975	NE & NID	1	0	4	Yes
Mr. Jürgen Ziegler ²	07092477	NE & NID	1	1(0)	4	Yes
Mr. Andreas Schick ³	09257160	NE & NID	1	1(0)	1	NA
Ms. Corinna Schittenhelm ⁴	09257159	NE & NID	1	0	1	NA
Mr. Dharmesh Arora	05350121	NE & NID	1	0	4	Yes
Mrs. Renu Challu	00157204	NE & ID	3	5(3)	4	Yes
Mr. Arvind Balaji	00557711	NE & ID	11	1(0)	4	Yes
Mr. Amit Kalyani	00089430	NE & ID	10	2(0)	4	Yes
Ms. Eranti V. Sumithasri	07087197	NE & ID	3	2(0)	4	NA
Mr. Harsha Kadam	07736005	E & NID	1	1(0)	4	Yes
Mr. Satish Patel	00690869	E & NID	1	2(0)	4	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 effective October 29, 2021 on account of his growing professional commitments and there are no other material reasons for the same.

2 Ceased to be a Director effective July 22, 2021 on account of his growing professional commitments and there are no other material reasons for the same.

3 Appointed as a Non-Executive Non-Independent Director effective October 28, 2021.

4 Appointed as a Non-Executive Non-Independent Director effective September 12, 2021.

Details of Directorship in Listed Companies as on December 31, 2021

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	2	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	0	Schaeffler India Limited	E & NID	
				Mr. Satish Patel	1	0	Schaeffler India Limited	E & NID	
				Mr. Andreas Schick	1	0	Schaeffler India Limited	NE & NID	
				Ms. Corinna Schittenhelm	1	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				
				Mr. Arvind Balaji	2	1	0	Schaeffler India Limited	NE & ID
				India Nippon Electricals Limited	E & NID				
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				
Ms. Eranti V. Sumithasri	1	1	0	BF Investment Limited	NE & NID				
				Hikal Limited	NE & NID				
				Schaeffler India Limited	NE & ID				

1 Company Directorships includes directorships in all 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



Corporate Governance Report

(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.

- 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 100 Equity Shares and Ms. Eranti V. Sumithasri holds 10 Equity Shares of the Company and none of the other Directors hold any Equity Share of the Company as on December 31, 2021.

(vi) Independent Directors:

- Mr. Avinash Gandhi, holds a Bachelor's degree in Mechanical Engineering and has a vast experience in the Automobile Industry. He is the Chairman of the Board.
- Mrs. Renu Challu, holds a Master's degree in Economics (Gold Medalist) 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.

(B) Board Meeting(s) during 2021

4 (Four) Board Meetings were held during 2021 on the following dates:

Board Meeting(s)	I	II	III	IV
Dates	February 16	April 26	July 21	October 28
Start Timing	02:30 PM	02:00 PM	02:00 PM	01:30 PM
Venue/Deemed venue	Virtual (New Delhi)			

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 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:

- Annual operating plans, budgets and any updates;
- Capital budgets and any updates;
- Quarterly results of the Company and its operating divisions or business segments;

(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.

- Minutes of meetings of Audit Committee & other committees of the Board of Directors;
- 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;
- Show cause, demand, prosecution notices and penalty notices which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
- 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;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- 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.;
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business;
- Quarterly details of foreign exchange exposure and the steps taken by the Management to limit the risks of adverse exchange rate movement, if material;

- 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 2021 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 2021:

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	10	CEO & CFO	All the Directors
3.	Important updates of Schaeffler Group	1	Mr. Klaus Rosenfeld	All the Directors
4.	Information on Multifaceted journey at 75 th Anniversary of Schaeffler Group (Virtual)	2	Mr. George F.W. Schaeffler (Chairman Supervisory Board), Mr. Klaus Rosenfeld (CEO) and other Senior Management Team of Schaeffler Group	All the Directors

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-2021.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 October 29, 2021 inter alia, 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 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 fulfill the conditions specified in the SEBI Listing Regulations and are Independent of the Management.

(I) Digital Performance Management & Succession Planning

The Company recognizes 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 standardized 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. 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. 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	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 ¹	Member	Non-Executive & Non-Independent
7	Mr. Satish Patel	Member	Executive & Non-Independent

¹ Mr. Andreas Schick has been appointed as member of the Audit Committee effective October 29, 2021.

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 2021 are as follows:

Audit Committee Meeting(s)	I	II	III	IV
Dates	February 16	April 26	July 21	October 28
Start Timing	11:45 AM	11:30 AM	11:30 AM	11:00 AM
Venue/ Deemed venue	Virtual (Hyderabad)			
Attended by	Mrs. Renu Challu Mr. Avinash Gandhi Mr. Jürgen Ziegler Mr. Arvind Balaji - Ms. E. V. Sumithasri Mr. Satish Patel	Mrs. Renu Challu Mr. Avinash Gandhi Mr. Jürgen Ziegler Mr. Arvind Balaji Mr. Amit Kalyani Ms. E. V. Sumithasri Mr. Satish Patel	Mrs. Renu Challu Mr. Avinash Gandhi Mr. Jürgen Ziegler Mr. Arvind Balaji - Ms. E. V. Sumithasri Mr. Satish Patel	Mrs. Renu Challu Mr. Avinash Gandhi NA Mr. Arvind Balaji Mr. Amit Kalyani Ms. E. V. Sumithasri Mr. Satish Patel

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 58th Annual General Meeting held on April 27, 2021.

The Audit Committee mandatorily reviews:

- Management Discussion and Analysis of financial condition and results of operations;
- All related party transactions submitted by Management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors, if any;
- Internal Audit Reports;
- The appointment, removal and terms of remuneration of the Chief Internal Auditor; and.
- 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:

- 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;
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing, with the Management, the annual financial statements and Auditors' report thereon before submission to the Board for approval, with particular reference to:
 - 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
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by Management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications / Modified opinion(s) in the draft audit report
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- 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 oYInternal 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

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	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 ¹	Member	Non-Executive & Non-Independent

¹ Ms. Corinna Schittenhelm has been appointed as member of the NRC effective October 29, 2021

(B) Meetings of NRC

During the year 2021, 2 (Two) meetings of NRC were held on February 16, 2021 and July 20, 2021 through virtual means (deemed venue-Hyderabad) and the meetings were attended by Mrs. Renu Challu, Mr. Avinash Gandhi and Mr. Dharmesh Arora.

(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) Fulfillment 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) Free Cash Flow (FCF) (50%); and
- (b) Schaeffler Value Added (SVA) (50%)

B. Long Term Bonus:

- (a) Total Shareholders Return (TSR) i.e. relative outperformance of Share Price of Schaeffler India Limited in comparison of BSE 200 Index (50%);
- (b) Service Conditions (SC) (50%)

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 its 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 2021 to the Managing Director and Director – Finance are as follows:

Name	Salary & Performance Bonus	Allowance & Perquisites	Company's contribution to funds	Total
Mr. Harsha Kadam, Managing Director	16.7	6.4	1.4	24.5
Mr. Satish Patel, Director – Finance	7.2	6.5	1.3	15.0

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, 2021.

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.

The details of sitting fees for attending Board / Committee Meetings held during the year 2021 and profit related commission for the year 2020 paid to them are as follows:

Name of Director	Number of Meetings attended						Amount in ₹	
	Board Meetings	Audit Committee Meetings	Stakeholders Relationship Committee Meetings	Nomination & Remuneration Committee Meetings	Corporate Social Responsibility Committee Meetings	Risk Management Committee Meetings	Sitting Fees	Commission
Mr. Avinash Gandhi	4	4	-	2	-	-	670,000	1,600,000
Mrs. Renu Challu	4	4	2	2	-	-	780,000	1,050,000
Mr. Arvind Balaji	4	4	-	-	2	-	670,000	1,050,000
Mr. Amit Kalyani	3	2	-	-	-	-	355,000	1,050,000
Ms. Eranti V. Sumithasri	4	4	-	-	-	2	670,000	1,050,000
Mr. Dharmesh Arora ⁴	4	-	-	2	-	2	520,000	1,050,000
Mr. Klaus Rosenfeld ⁴⁵	4	-	-	-	-	-	-	-
Mr. Jürgen Ziegler ⁴	3	3	-	-	-	-	420,000	1,050,000
Mr. Andreas Schick ³⁴⁵	1	-	-	-	-	-	-	NA
Ms. Corinna Schittenhelm ²⁴⁵	1	-	-	-	-	-	-	NA
Total							4,085,000	7,900,000

- Mr. Jürgen Ziegler and Mr. Klaus Rosenfeld ceased to be Directors effective July 22, 2021 and October 29, 2021 respectively.
- Ms. Corinna Schittenhelm appointed as a Non-Executive Non-Independent Director effective September 12, 2021 and member of the Committees effective October 29, 2021.
- Mr. Andreas Schick appointed as a Non-Executive Non-Independent Director effective October 28, 2021 and member of the Committees effective October 29, 2021.
- 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. Klaus Rosenfeld, 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.

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.

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 2021, 2 (Two) meetings of SRC were held on April 26, 2021 and July 20, 2021 through virtual means (deemed venue-Hyderabad) and it was attended by all the members.

The Chairperson of the SRC, Mrs. Renu Challu, attended the 58th Annual General Meeting held on April 27, 2021.

Mr. Ashish Tiwari, VP-Legal & Company Secretary is the Compliance Officer of the Company.

During 2021, total of 3 (Three) complaints were received. All complaints received during the year 2021 were attended to and resolved satisfactorily. There was no complaint pending as on December 31, 2021.

(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	Chairman	Non-Executive & Independent
2	Mr. Amit Kalyani	Member	Non-Executive & Independent
3	Ms. Corinna Schittenhelm ¹	Member	Non-Executive & Non-Independent
4	Mr. Harsha Kadam	Member	Executive & Non-Independent

- Ms. Corinna Schittenhelm has been appointed as member of the CSR Committee effective October 28, 2021.

(B) Meetings of CSR Committee & Attendance of Members

During the year 2021, 2 (Two) meetings of CSR Committee were held, details of which are as follows:

CSR Committee Meeting(s)	I	II
Dates	February 16	October 28
Start Timing	08:30 AM	09:00 AM
Venue/Deemed venue	Virtual (Chennai)	
Attended by	Mr. Arvind Balaji Mr. Harsha Kadam	Mr. Arvind Balaji Mr. Harsha Kadam

(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 ¹	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

¹ Mr. Andreas Schick appointed as a member of the Committee effective October 28, 2021.

(B) Meetings of RMC & Attendance of Members

During the year 2021, 2 (Two) meetings of RMC were held, details of which are as follows:

RMC Meeting(s)	I	II
Dates	April 26	October 21
Start Timing	09:30 AM	09:00 AM
Venue/ Deemed venue	Virtual (Singapore)	
Attended by	Mr. Dharmesh Arora Ms. Eranti V. Sumithasri Mr. Harsha Kadam Mr. Satish Patel Mr. Santanu Ghoshal Mr. Sameer Mathur	Mr. Dharmesh Arora Ms. Eranti V. Sumithasri Mr. Harsha Kadam Mr. Satish Patel Mr. Santanu Ghoshal -

(C) Terms of Reference of RMC:

The Committee shall act in accordance with the terms of reference which, inter alia, include:

- 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.
- 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;
- The Committee shall monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems.;
- 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;
- The Committee shall keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The Committee shall review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any);
- 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;
- 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		
	58th AGM	57th AGM	56th AGM
Date	April 27, 2021	June 30, 2020	April 30, 2019
Start Timing	3:30 PM	3:30 PM	3:00 PM
Venue/ Deemed venue	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)	Y B Chavan Centre, General Jagannath Bhosle Marg, Besides Sachivalaya Gymkhana, Nariman Point, Mumbai – 400 021, Maharashtra, India.

Resolutions Passed**Ordinary Business:**

Adoption of Accounts as at	December 31, 2020	December 31, 2019	December 31, 2018
Declaration of Dividend	Dividend of ₹ 38 per equity share of ₹ 10 each	Dividend of ₹ 35 per equity share of ₹ 10 each	Regular Dividend of ₹ 20 and Special onetime Dividend of ₹ 10 per equity share of ₹ 10 each
Re-appointment of Rotational Directors	Mr. Satish Patel Mr. Dharmesh Arora	Mr. Jürgen Ziegler Mr. Klaus Rosenfeld	Mr. Klaus Rosenfeld
Ratification of Appointment of Auditors and / or authorization to fix their remuneration	Appointment and authorization to fix their remuneration M/s. Walker Chandiook & Co LLP, Chartered Accountants,	Appointment and authorization to fix their remuneration B S R & Co. LLP, Chartered Accountants, Mumbai	Authorization to fix their remuneration

Special Business:

Appointment of Directors	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	Mr. Jürgen Ziegler as a Director Mr. Satish Patel as a Director Mr. Satish Patel as a Whole-Time Director, designated as Director-Finance
Approval on	-	Payment of commission for the year 2019 to Non-Executive Directors of the Company, who are in employment of any Schaeffler Group Company	Revision in remuneration of Mr. Dharmesh Arora, Managing Director
	Material Related Party Transactions	Remuneration to Non-Executive Directors for the year 2020 onwards	Material Related Party Transactions
	Shifting of the Registered Office of the Company from Mumbai to Pune within the State of Maharashtra (Special resolution)	-	Alteration of Articles of Association (Special resolution)
	Ratification of Remuneration to the Cost Auditors	Ratification of Remuneration to the Cost Auditors	Ratification of Remuneration to the Cost Auditors

**POSTAL BALLOT**

During the year 2021, postal ballot activities were conducted by the Company for the below business items:

- To approve Material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany
- To approve Sub-division of Equity Shares of the Company from the face value of ₹ 10/- (Rupees Ten only) per Equity Share to ₹ 2/- (Rupees Two only) per Equity Share
- To approve alteration of Capital Clause of Memorandum of Association of the Company

Date of Notice: October 28, 2021

Date of Declaration of Results: December 21, 2021:

Sr. No.	Ordinary Resolutions	No. of valid votes received	No. and % of votes in favour	No. and % of votes against
1.	Approval of Material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany	5,191,792	5,191,035 (99.99%)	757 (0.01%)
2.	Approval Sub-division of Equity Shares of the Company from the face value of ₹ 10/- (Rupees Ten only) per Equity Share to ₹ 2/- (Rupees Two only) per Equity Share	28,364,439	28,364,322 (99.99%)	117 (0.01%)
3.	Approval of alteration of Capital Clause of Memorandum of Association of the Company	28,364,439	28,364,321 (99.99%)	118 (0.01%)

Mr. Suresh Kumar Kabra, Partner of M/s. Samdani Kabra & Associates, Company Secretaries was appointed as the scrutiniser for carrying out the postal ballot process in a fair and transparent manner.

The Company has followed the procedure prescribed for conduct of Postal Ballot under the provisions of the Companies Act, 2013, rules made thereunder along with the Ministry of Corporate Affairs circulars read with the Listing Regulations.

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 (Tarun Bharat / 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) 59th Annual General Meeting is scheduled to be held:**

On : Wednesday, the 27th day of April 2022
At : 3:30 PM
Mode : Video Conferencing / Audio visual means

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 2022 would be carried out within time limit, as per prevailing regulatory requirements.

iii) Record Date for Dividend / Cut-off date for evoting:

Wednesday, April 20, 2022

iv) Date of Book Closure:

Thursday, April 21, 2022 to Wednesday, April 27, 2022 (Both days inclusive)

v) Dividend

The Dividend for the year 2021 if declared at the 59th Annual General Meeting scheduled to be held on April 27, 2022, 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, 2022.

ix) Market Price Data

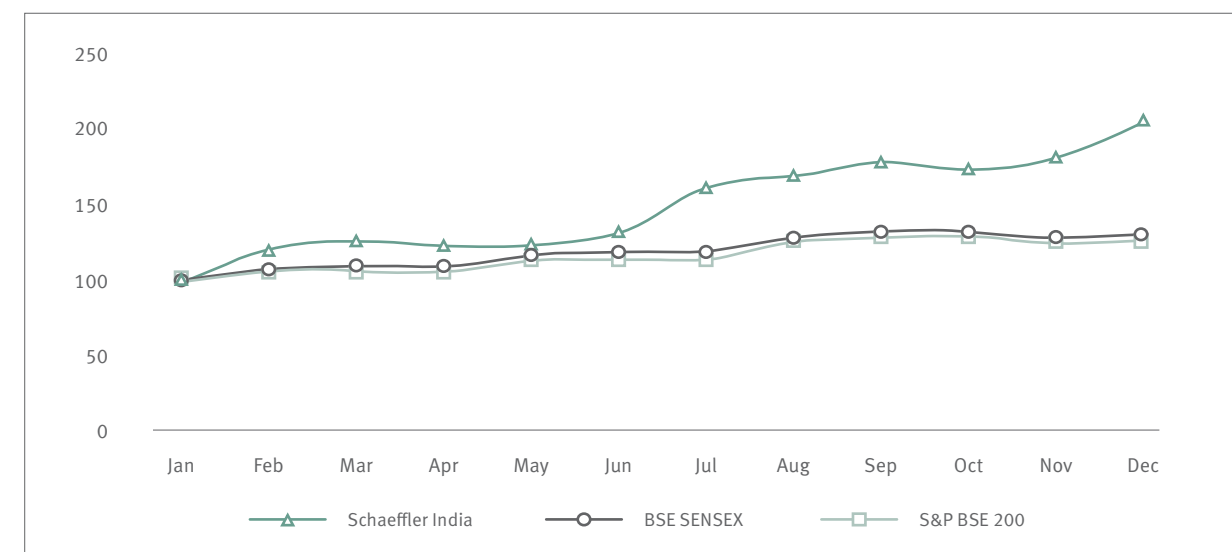
A summary containing monthly High / Low share prices at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) is as under:

For the year 2021	Equity Shares			
	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January	4,970.00	4,260.00	4,700.00	4,257.95
February	5,265.20	4,260.00	5,272.90	4,258.95
March	5,499.95	5,090.20	5,487.65	5,062.00
April	5,550.00	4,869.80	5,550.05	4,897.75
May	5,315.00	4,824.75	5,318.75	4,826.00
June	5,745.00	5,145.00	5,747.95	5,144.05
July	7,150.40	5,325.00	7,166.00	5,315.30
August	7,400.00	6,427.50	7,396.15	6,426.05
September	7,683.80	7,146.50	7,650.00	7,134.40
October	8,377.20	7,080.00	8,274.05	7,075.00
November	8,204.00	7,240.25	8,200.00	7,093.75
December	8,869.95	7,563.10	8,827.95	7,557.00

x) Stock Performance

The performance of the Company's shares relative to the BSE SENSEX and BSE SENSEX 200 for the year 2021 is given below:

Schaeffler India versus BSE SENSEX and BSE SENSEX 200 (January-December 2021)



**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.

xiii) Information of Dividend

The unclaimed or unpaid amount of dividend declared for the financial year ended on December 31, 2014 is due for transfer to "Investor Education and Protection Fund (IEPF)" on May 31, 2022.

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 31.12.2021
31.12.2014	24.04.2015	31.05.2022	594,862.50
31.12.2015	27.04.2016	30.05.2023	810,480.00
31.12.2016	21.04.2017	28.05.2024	944,484.50
31.12.2017	17.04.2018	24.05.2025	1,340,331.45
31.12.2018	30.04.2019	06.06.2026	1,562,130.27
31.12.2019	30.06.2020	30.07.2027	1,571,547.82
31.12.2020	27.04.2021	28.05.2028	1,210,640.00
Total amount lying unpaid as on December 31, 2021			8,034,476.54

xiv) Distribution of shareholding

As on >	December 31, 2021			December 31, 2020		
	No. of shareholders ¹	No. of shares held	% to Total shares	No. of shareholders ¹	No. of shares held	% to Total shares
1 - 500	22,082	673,521	2.15	15,774	627,286	2.01
501 - 1000	284	209,081	0.67	268	197,688	0.63
1001 - 2000	139	198,483	0.63	118	171,183	0.55
2001 - 3000	52	126,179	0.40	44	106,130	0.34
3001 - 4000	19	68,233	0.22	16	57,229	0.18
4001 - 5000	21	93,867	0.30	15	67,577	0.21
5001 - 10000	42	296,621	0.95	29	200,676	0.64
10001 - above	100	29,594,749	94.67	89	29,832,965	95.44
Total	22,739	31,260,734	100.00	16,353	31,260,734	100.00

¹ Number of shareholders not clubbed based on unique Permanent Account Numbers.

Shareholders holding equity shares in physical form are urged to have their shares dematerialized 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.

xv) Category wise summary of Shareholding [As on December 31, 2021]

Sr. No.	Category	No. of shareholders ¹	No. of shares	%
1	Promoters (Foreign entities)	4	23,172,647	74.13
2	Mutual Fund	22	4146151	13.26
3	Foreign Portfolio Investor (Corporate)	154	1614095	5.16
4	Public	20,460	1,387,941	4.44
5	Other Bodies Corporate	265	155849	0.50
6	Others	1,309	784,051	2.51
Total		22,214	31,260,734	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, 2021.

	NSDL	CDSL	Physical	Total
Shares (nos.)	30,807,615	377,268	75,851	31,260,734
Shares (%)	98.55	1.21	0.24	100.00

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 minimization 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 Vadodara, Savli, Pune 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**ECES / 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 dematerialized form in case of Investor Service Requests which states that henceforth listed companies shall issue the securities in dematerialized 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/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/vigil_mechanism_or_whistle_blower_policy_schaeffler_india_2019.pdf
- 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_subsidiary_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 utilization 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	35	2,785
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	2	150
Number of shareholders to whom shares were transferred from suspense account during the year	2	150
Number of shareholders whose shares were transferred to the Investor Education and Protection Fund	3	80
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	30	2,555

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

Mr. Avinash Gandhi, Non-Executive Chairman, is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

B) Modified Opinion(s) in Audit Report

The Auditors have issued Audit Report for the year 2021 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

Avinash Gandhi

Chairman

DIN: 00161107

New Delhi: February 16, 2022

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, 2021.

New Delhi: February 16, 2022

Harsha Kadam

Managing Director

DIN: 07736005



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 capitalization (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;

1. The Companies Act 2013 (Chapter VIII and other applicable provisions),
2. Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,
3. The Companies (Declaration and Payment of Dividend) Rules, 2014 and
4. 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;
 - i) The Company's Performance trend,
 - ii) Past years' (at least 5 years) track record of Dividend Rate, Dividend Outflow including taxes thereon,
- B) The Company's Financial Parameters, including;
 - i) Company's Profitability,
 - ii) Value Added,
 - iii) Earning per Share [EPS]
 - iv) Free Cash Flow
- C) Internal & External Factors, including;
 - i) Business / Financial Projections for Mid Term Period,
 - ii) Unplanned Liabilities,
 - iii) Likely financial risks,
 - iv) Regulatory Changes,
 - v) 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 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, 2021

[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, 2021 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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, 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, 2021, 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: A009711C002521968

Place: Vadodara
Date: February 16, 2022

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, 2021, 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	06/11/2019
2.	Mr. Avinash Gandhi	00161107	20/04/2006
3.	Mr. Dharmesh Arora	05350121	06/03/2017
4.	Mr. Harsha Kadam	07736005	01/10/2019
5.	Ms. Renu Challu	00157204	06/11/2014
6.	Mr. Satish Patel	00690869	13/02/2019
7.	Mr. Amit Kalyani	00089430	11/02/2020
8.	Ms. Eranti V. Sumithasri	07087197	15/07/2020
9.	Ms. Corinna Schittenhelm	09257159	12/09/2021
10.	Mr. Andreas Schick	09257160	28/10/2021

During the period under review, Mr. Jurgen Ziegler (DIN: 07092477) and Mr. Klaus Rosenfeld (DIN: 07087975) has resigned as Director of the company on 22/07/2021 and 29/10/2021 respectively. Ms. Corinna Schittenhelm (DIN: 09257159) and Mr. Andreas Schick (DIN: 09257160) has been appointed as Non-Executive, Non-Independent Director of the Company with effect from 12/09/2021 and 28/10/2021 respectively.

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: A009711C002522232

Place: Vadodara
Date: February 16, 2022



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 31 December 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 December 2021, 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 ethical requirements that are relevant to our audit of the financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant 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
<p>Revenue Recognition (refer note 24 and 47 of the accompanying financial statements)</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Our key audit procedures around revenue recognition included, and not limited to, the following:</p> <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. <p>Evaluated the appropriateness and adequacy of disclosures in the financial statements in respect of revenue recognition with the applicable standards.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Related Party Transactions (refer note 37 of the accompanying financial statements)</p> <p>The Company has entered into several transactions with related parties during the year ended 31 December 2021 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 authorization 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

- 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

- 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 accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. 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, 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 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, 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 management's 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;

- 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.

Other Matter

15. The financial statements of the Company for the year ended 31 December 2020 were audited by the predecessor auditor, B S R & Co. LLP, who have expressed an unmodified opinion on those financial statements vide their audit report dated 16 February 2021. In respect of this matter, our opinion is not modified.

Report on Other Legal and Regulatory Requirements

16. 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.
17. As required by the Companies (Auditor's Report) Order, 2016 ('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.

18. 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:
- 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;
 - 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;
 - the financial statements dealt with by this report are in agreement with the books of account;
 - in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - 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 31 December 2021 from being appointed as a director in terms of section 164(2) of the Act;
 - we have also audited the internal financial controls with reference to financial statements of the Company as on 31 December 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our

report dated 16 February 2022 as per Annexure B expressed unmodified opinion; and

- 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:
 - the Company has disclosed the impact of pending litigations on its financial position as at 31 December 2021;
 - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 December 2021;
 - 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 31 December 2021; and
 - the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No.: 042423

UDIN: 22042423ACVVTW2767

Place: Mumbai

Date: 16 February 2022



Annexure A

to the Independent Auditor's Report of even date to the members of Schaeffler India Limited, on the financial statements for the year ended 31 December 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are 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 program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.

- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') 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 46 to the financial statements wherein the title deeds are in the name of the erstwhile company:

Nature of property	Total Number of Cases	Whether leasehold / freehold	Gross block as on 31 December 2021 (₹ in million)	Net block on 31 December 2021 (₹ in million)	Remarks
Land	1	Freehold	21.3	21.3	
Land	1	Leasehold	65.9	65.1	

- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) 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 under sub-section (1) of Section 148 of the Act in respect of Company's products 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.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to 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 become payable.
- (b) There are no dues in respect of goods and service tax and duty of customs that have not been deposited with the appropriate authorities on account of any dispute.

The dues outstanding in respect of income-tax, sales-tax, service tax, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in million)	Period to which the amount relates	Forum where dispute is pending
State and Central Sales Tax Act	Duty, Interest and Penalty	0.1	2006-07	Dy. Commissioner Sales Tax (A), Pune Sales Tax Tribunal, Ahmedabad Joint Commissioner Sales Tax (A), Vadodara Joint Commissioner Sales Tax (A)
		12.7	2008-09	
		0.4	2012-13	
		188.9	2015-16	
		71.5	2016-17	
The Finance Act, 1994	Duty and Interest and penalty	38.0	2017-18	Petition with Bombay HC Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad (CESTAT) Customs, Excise and Service Tax Appellate Tribunal, Mumbai (CESTAT) Customs, Excise and Service Tax Appellate Tribunal, Mumbai (CESTAT) Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad (CESTAT) Customs, Excise and Service Tax Appellate Tribunal, Chennai (CESTAT)
		18.1	2008-09 to 2012-13	
		13.7	April 2013 to Dec 2014	
		9.6	2008-09 to 2013-14	
		3.3	Sep 2015 to June 2017	
The Central Excise Act, 1944	Duty, Interest and Penalty	2.7	Feb 2016 to June 2017	Customs, Excise and Service Tax Appellate Tribunal, Chennai (CESTAT) Customs, Excise and Service Tax Appellate Tribunal, Chennai (CESTAT) Customs, Excise and Service Tax Appellate Tribunal, Chennai (CESTAT) Customs, Excise and Service Tax Appellate Tribunal, Chennai (CESTAT) Commissioner of Income Tax (Appeals)
		11.6	2009-10 to June 2011	
		2.4	2013-14	
		2.8	2014-15	
		94.2	Oct 2011 to Sep 2016	
Income Tax Act, 1961	Tax and interest	5.6	Oct 2016 to June 2017	Commissioner of Income Tax (Appeals)
		115.5	September 2010 to March 2012	
		37.5	April 2012 and May 2012	
		25.4	AY 2009-10	
		3.4	AY 2011-12	
		14.4	AY 2012-13	
		17.6	AY 2013-14	
		4.0	AY 2015-16	
		13.7	AY 2016-17	
		29.3	AY 2017-18	
46.4	AY 2018-19			

Above amounts are net of amounts paid under protest for sales-tax aggregating to ₹ 13.9 million, Excise Duty aggregating to ₹ 13.8 million, Service tax aggregating to ₹ 4.2 million and for Income-tax aggregating to ₹ 48.7 million.

- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423
UDIN: 22042423ACVVTW2767

Place: Mumbai
Date: 16 February 2022



Annexure B

to the Independent Auditor's Report of even date to the members of Schaeffler India Limited on the financial statements for the year ended 31 December 2021

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 31 December 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.
2. 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.
3. 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.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

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.

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,

Place: Mumbai
Date: 16 February 2022

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 31 December 2021, 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 Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423
UDIN: 22042423ACVVTW2767



Balance Sheet

as at December 31, 2021

(₹ in million)			
Particular	Notes	2021	2020
A) ASSETS			
1 Non-current assets			
a) Property, plant and equipment	3.1	9,960.0	9,258.6
b) Right of use assets	3.2	724.8	798.3
c) Capital work-in-progress	3.3	892.3	1,604.1
d) Other intangible assets	3.4	12.2	1.5
e) Financial assets			
(i) Loans	4	96.8	96.3
(ii) Other financial assets	4	1,155.0	763.5
f) Deferred tax assets (net)	5	399.8	363.2
g) Non-current income-tax assets (net)	6	913.2	1,002.9
h) Other non-current assets	7	650.4	481.4
Total non-current assets		14,804.5	14,369.8
2 Current assets			
a) Inventories	8	10,864.9	7,136.3
b) Financial assets			
(i) Trade receivables	9	8,462.7	6,917.2
(ii) Cash and cash equivalents	10	2,070.0	2,108.0
(iii) Bank balances other than (ii) above	11	12,086.7	10,351.0
(iv) Loans	12	36.2	49.9
(v) Other financial assets	13	125.7	173.9
c) Other current assets	14	512.0	524.2
Total current assets		34,158.2	27,260.5
TOTAL ASSETS		48,962.7	41,630.3
B) EQUITY & LIABILITIES			
1 Equity			
a) Equity share capital	15	312.6	312.6
b) Other equity	16	36,224.1	31,090.3
Total Equity		36,536.7	31,402.9
Liabilities			
2 Non-current liabilities			
a) Financial liabilities			
(i) Lease liabilities	17 a)	519.0	566.2
(ii) Other financial liabilities	18	23.1	23.5
b) Provisions	19	11.7	61.3
Total non-current liabilities		553.8	651.0
3 Current liabilities			
a) Financial liabilities			
(i) Lease liabilities	17 b)	88.0	84.7
(ii) Trade payables	20		
a) Total outstanding dues of micro enterprises and small enterprises		1,341.6	50.3
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		7,987.3	7,636.3
(iii) Other financial liabilities	21	1,271.8	979.9
b) Other current liabilities	22	313.2	214.8
c) Provisions	23	665.9	597.9
d) Current tax liabilities (net)		204.4	12.5
Total current liabilities		11,872.2	9,576.4
Total Liabilities		12,426.0	10,227.4
TOTAL EQUITY AND LIABILITIES		48,962.7	41,630.3
Significant accounting policies	2		
Notes to the financial statements	3 - 52		

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**Avinash Gandhi**
Chairman
DIN: 00161107**Satish Patel**
Director-Finance & CFO
DIN: 00690869Place: New Delhi
Date: February 16, 2022

For and on behalf of the Board of Directors

Harsha Kadam
Managing Director
DIN: 07736005**Ashish Tiwari**
VP - Legal & Company SecretaryPlace: Mumbai
Date: February 16, 2022

Statement of Profit and Loss

for the year ended December 31, 2021

(₹ in million)			
Particular	Notes	2021	2020
Income			
Revenue from operations	24	55,605.1	37,618.4
Other income	25	723.8	603.0
Total Income (I)		56,328.9	38,221.4
Expenses			
Cost of materials consumed	26	22,755.4	13,896.4
Purchases of stock-in-trade	27	14,200.2	8,912.3
Changes in inventories of finished goods, stock-in-trade and work-in-progress	28	(2,331.7)	522.7
Employee benefits expense	29	3,952.2	3,535.5
Finance costs	30	36.7	52.4
Depreciation and amortisation expense	31	1,971.1	1,939.7
Other expenses	32	7,313.6	5,390.3
Total Expenses (II)		47,897.5	34,249.3
Profit before tax (I - II)		8,431.4	3,972.1
Tax expense	33		
Current tax		2,197.0	1,144.4
Deferred tax (credit)		(46.8)	(116.7)
Tax in respect of prior years		(10.0)	34.7
Profit for the year (A)		6,291.2	2,909.7
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss:			
loss on remeasurement of post employment benefits obligation		(31.9)	(45.8)
Tax relating to items that will not be reclassified to profit or loss		8.0	11.5
Total Other Comprehensive Income for the year (net of tax) (B)		(23.9)	(34.3)
Total comprehensive income for the year (A + B)		6,267.3	2,875.4
Earnings per equity share [Nominal value of share ₹10 each]	34		
Basic (in ₹)		201.3	93.1
Diluted (in ₹)		201.3	93.1
Significant accounting policies	2		
Notes to the financial statements	3 - 52		

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

Avinash Gandhi
Chairman
DIN: 00161107**Satish Patel**
Director-Finance & CFO
DIN: 00690869Place: New Delhi
Date: February 16, 2022**Harsha Kadam**
Managing Director
DIN: 07736005**Ashish Tiwari**
VP - Legal & Company SecretaryPlace: Mumbai
Date: February 16, 2022



Cash Flow Statement

for the year ended December 31, 2021

Particular	(₹ in million)	
	2021	2020
Cash flows from operating activities		
Net profit before tax	8,431.4	3,972.1
Adjustments:		
Depreciation and amortisation	1,971.1	1,939.7
Finance costs	36.7	52.4
Interest income	(489.4)	(562.9)
(Profit) on sale of assets (net)	(0.4)	(0.1)
Provisions no longer required written back	(123.5)	
Unrealised exchange (gain) (net)	(6.9)	(65.1)
Bad debts written off	3.3	24.8
	1,390.9	1,388.8
Operating cash flow before changes in working capital	9,822.3	5,360.9
Changes in working capital		
(Increase) in inventories	(3,774.4)	(398.3)
(Increase) in trade and other receivables	(1,609.2)	(655.3)
Increase in trade and other payables	2,062.9	2,967.2
Increase in other liabilities and provisions	40.3	601.7
	(3,280.4)	2,515.3
Cash generated from operating activities	6,541.9	7,876.2
Income tax paid (net of refunds)	(1,895.2)	(1,384.3)
A Net cash from operating activities	4,646.7	6,491.9
Cash flows from investing activities		
Purchase of property, plant and equipment (tangible and intangible, capital work-in-progress, capital advance and capital creditors)	(1,826.3)	(2,376.9)
Proceeds from sale of property, plant and equipment	0.4	0.2
(Investment in) bank deposits (with original maturity of more than 3 months and remaining maturity of less than 12 months)	(2,127.2)	(2,528.6)
Interest received	536.9	580.8
B Net cash used in investing activities	(3,416.2)	(4,324.5)
Cash flows from financing activities		
Finance costs paid	(3.3)	(52.4)
Payment of lease liabilities	(77.3)	(72.0)
Dividends paid on equity shares	(1,187.9)	(1,094.1)
C Net cash used in financing activities	(1,268.5)	(1,218.5)
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(38.0)	948.9
Cash and cash equivalents at the beginning of period (see note 2 below)	2,108.0	1,159.1
Cash and cash equivalents at the end of period (see note 2 below)	2,070.0	2,108.0
	(38.0)	948.9

Cash Flow Statement

for the year ended December 31, 2021

(₹ in million)

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:

Particular	2021	2020
With scheduled banks on:		
Current accounts	567.1	412.8
Deposit accounts (with original maturity of three months or less)	1,502.9	1,695.2
	2,070.0	2,108.0

Significant accounting policies 2

Notes to the financial statements 3 - 52

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No: 001076N / N-500013

For and on behalf of the Board of Directors

Khushroo B. Panthaky

Partner

Membership No: 042423

Avinash Gandhi

Chairman

DIN: 00161107

Harsha Kadam

Managing Director

DIN: 07736005

Satish Patel

Director-Finance & CFO

DIN: 00690869

Ashish Tiwari

VP - Legal & Company Secretary

Place: Mumbai

Date: February 16, 2022

Place: New Delhi

Date: February 16, 2022



Statement of Changes in Equity

for the year ended December 31, 2021

(₹ in million)

(A) Equity Share Capital

Particular	Amount
As at January 1, 2020	312.6
Changes in equity share capital	-
As at December 31, 2020	312.6
Changes in equity share capital	-
As at December 31, 2021	312.6

(B) Other equity

	Reserves and surplus				Total
	Capital reserve	Securities premium	General reserve	Retained earnings	
As at January 1, 2020	617.8	600.0	4,218.4	23,872.8	29,309.0
Profit for the year	-	-	-	2,909.7	2,909.7
Other Comprehensive Income for the year	-	-	-	(34.3)	(34.3)
Total Comprehensive Income for the year	-	-	-	2,875.4	2,875.4
Dividends	-	-	-	(1,094.1)	(1,094.1)
As at December 31, 2020	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	-	-	-	6,267.3	6,321.7
Dividends	-	-	-	(1,187.9)	(1,187.9)
Transfer to general reserve	-	-	-	-	-
As at December 31, 2021	617.8	600.0	4,218.4	30,733.5	36,224.1

Nature and purpose of reserves:

- Capital reserve on account of Scheme of Amalgamation (refer Note 46).
- 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.
- 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.
- Contract assets are initially recognised as on January 01, 2021.
- 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 policies 2

Notes to the financial statement 3 - 52

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No: 001076N / N-500013

For and on behalf of the Board of Directors

Khushroo B. Panthaky
Partner
Membership No: 042423

Avinash Gandhi
Chairman
DIN: 00161107

Harsha Kadam
Managing Director
DIN: 07736005

Satish Patel
Director-Finance & CFO
DIN: 00690869

Ashish Tiwari
VP - Legal & Company Secretary

Place: Mumbai
Date: February 16, 2022

Place: New Delhi
Date: February 16, 2022

Notes to the Financial Statements

for the year ended December 31, 2021

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 Vadodara and Savli, in the State of Maharashtra at Talegoan (Pune) and in the State of Tamilnadu at Hosur.

2. Significant accounting policies

2.1 Basis of preparation

- 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.

- 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.

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.



Notes to the Financial Statements

for the year ended December 31, 2021

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 41 for details of the key assumptions used in determining the accounting of these plans.

e) Provision for inventory obsolescence

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 capitalized 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 recognized in financial statement prepared under previous GAAP and use the same as deemed cost in the financial statement as at the transition date i.e. January 01, 2017.

Depreciation / amortization

(i) Leasehold land is amortised over the period of lease using straight-line method (SLM) and included in depreciation and amortization 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.

Notes to the Financial Statements

for the year ended December 31, 2021

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

(iii) 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.

(iv) Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

(v) Intangible assets (software) are recorded at its acquisition price and amortized on the straight-line method over a period of three years.

2.5 Leases

Effective 1 January 2020, the Company has adopted Ind AS 116 Leases which introduces single accounting model and requires a lessee to recognize 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.

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 recognized 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 recognized wherever the carrying amount of an asset exceeds its



Notes to the Financial Statements

for the year ended December 31, 2021

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 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.

2.8 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.

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 recognized 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.

2.9 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 recognized 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.

Notes to the Financial Statements

for the year ended December 31, 2021

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 recognized 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 1 January 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.

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.

2.10 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 recognized 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 recognized in statement of profit and loss in the period in which they arise.

2.11 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 recognized 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 amortized cost;
- Financial assets including derivatives at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVTOCI)



Notes to the Financial Statements

for the year ended December 31, 2021

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 amortized cost

Financial assets are subsequently measured at amortized 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 amortized cost using the Effective Interest Rate (EIR) method. Amortized 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 amortization 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 amortized 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 recognized 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 recognized in OCI.

Derecognition

A financial asset is derecognized 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 recognized 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 recognized 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.

Notes to the Financial Statements

for the year ended December 31, 2021

Derecognition

A financial liability is derecognized 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.

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.

2.12 Income 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 recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized.

Deferred tax relating to items recognized outside Statement of Profit and Loss is recognized outside Statement of Profit and Loss. Deferred tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income or directly in Equity.

At each reporting date, the Company reassesses unrecognized deferred tax assets. It recognises unrecognized 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.

2.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized 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.

2.14 Warranties

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.

2.15 Earnings 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.

2.16 Cash 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.

2.17 Fair 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 obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS,



Notes to the Financial Statements

for the year ended December 31, 2021

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 categorized 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 categorized 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

2.18 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.

2.19 Business 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.

2.20 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, 2021

(₹ in million)

3.1 Property plant and equipment

	Freehold land*	Leasehold land	Buildings	Plant and equipments	Furniture & fixtures	Office equipments	Vehicles	Total
Gross carrying amount								
As at January 1, 2020	40.7	187.7	1,857.3	11,394.5	300.3	193.8	13.0	13,987.3
Additions	-	-	737.9	1,565.2	28.2	21.5	-	2,352.8
Disposals	-	-	-	-	-	8.1	-	8.1
Transition impact on adoption of Ind As 116 (refer Note 48)	-	187.7	-	-	-	-	-	187.7
As at December 31, 2020	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
Accumulated depreciation								
As at January 1, 2020	-	-	174.1	4,652.0	125.1	85.9	6.8	5,043.9
Depreciation for the year	-	-	91.3	1,667.7	43.2	44.4	3.2	1,849.8
Deletions	-	-	-	-	-	8.0	-	8.0
As at December 31, 2020	-	-	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
Net Block								
As at December 31, 2020	40.7	-	2,329.8	6,640.0	160.2	84.9	3.0	9,258.6
As at December 31, 2021	40.7	-	2,548.9	7,025.2	255.8	88.5	0.9	9,960.0

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.

*The title deeds of immovable properties included in property plant and equipment are held in the name of the Company, except having gross carrying amount aggregating ₹ 21.3 million (2020: ₹ 21.3 million) and net carrying amount aggregating ₹ 21.3 million (2020: ₹ 21.3 million), which have been transferred to the Company, pursuant to the Schemes of Amalgamation (refer Note 46) and their title transfer proceedings are under progress.

3.2 Right-of-use of assets

	Leasehold land*	Buildings	Vehicle	Total
Cost				
As at January 1, 2020	187.7	670.0	3.4	861.1
(Transition impact on adoption of Ind AS 116) (refer Note 48)	-	-	-	-
Additions for the year	-	26.2	-	26.2
Disposals	-	-	-	-
As at December 31, 2020	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
Accumulated amortisation				
Amortisation for the year	1.0	85.0	3.0	89.0
Deletions	-	-	-	-
As at December 31, 2020	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
Net Block				
As at December 31, 2020	186.7	611.2	0.4	798.3
As at December 31, 2021	185.5	538.4	0.9	724.8

Lease contracts entered by the Company majorly pertains to land and building taken on lease to conduct business activity in ordinary course of business

*The title deeds of immovable properties included in ROU are held in the name of the Company, except having gross carrying amount aggregating ₹ 65.9 million (2020: ₹ 65.9 million) and net carrying amount aggregating ₹ 65.1 million (2020: ₹ 65.5 million), which have been transferred to the Company, pursuant to the Schemes of Amalgamation (refer Note 46) and their title transfer proceedings are under progress.



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

3.3 Capital work-in-progress*

	Total*
As at January 1, 2020	1,662.5
Additions	2,294.5
Deductions	-
Assets capitalised during the year	2,352.9
As at December 31, 2020	1,604.1
Additions	1,900.6
Deductions	-
Assets capitalised during the year	2,612.4
As at December 31, 2021	892.3

3.4 Other intangible assets

	Software	Total
Cost		
As at January 1, 2020	12.8	12.8
Additions	0.1	0.1
Disposals	-	-
As at December 31, 2020	12.9	12.9
Additions	12.4	12.4
Disposals	-	-
As at December 31, 2021	25.3	25.3
Accumulated amortisation		
As at January 1, 2020	10.3	10.3
Amortisation for the year	1.1	1.1
Deletions	-	-
As at December 31, 2020	11.4	11.4
Amortisation for the year	1.7	1.7
Deletions	-	-
As at December 31, 2021	13.1	13.1
Net Block		
As at December 31, 2020	1.5	1.5
As at December 31, 2021	12.2	12.2

4. Non-current financial assets

	2021	2020
(i) Loans		
Security deposits	96.8	96.3
Total	96.8	96.3
Breakup of security deposit		
Loans considered goods secured	-	-
Loans considered goods unsecured	96.8	96.3
Loans which have significant increase credit risk	-	-
Loans credit impaired	-	-
(ii) Other financial assets		
Bank deposits with remaining maturity of more than 12 months*	1,155.0	763.5
Total	1,155.0	763.5

* Includes deposits of ₹ nil million (2020: ₹ 58.5 million) under lein.

Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

5. Deferred tax assets (net)

	2021	2020
Deferred tax liabilities		
Amortisation of contract cost	16.3	-
(A)	16.3	-
Deferred tax assets		
Excess of depreciation / amortisation on property, plant and equipment provided in accounts over depreciation / amortisation under tax laws	184.0	116.9
Provision for employee benefits	157.7	136.5
Provision for expenses and others	47.6	59.2
Allowance for expected credit loss	11.5	42.6
Leases	15.3	8.0
(B)	416.1	363.2
Net deferred tax assets (B - A)	399.8	363.2

Movement in deferred tax assets / (liabilities) net

	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, 2020	7.5	122.1	87.7	18.9	-	-	(1.2)	235.0
(Charged) / credited to:								
Statement of Profit and Loss	109.4	2.9	(28.5)	23.7	8.0	-	1.2	116.7
Other Comprehensive Income	-	11.5	-	-	-	-	-	11.5
As at December 31, 2020	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

6. Non-current income-tax assets (net)

	2021	2020
Advance tax recoverable (net of provisions for tax ₹ 1,533.1 million, 2020: ₹ 858.0 million)	913.2	1,002.9
Total	913.2	1,002.9

7. Other non-current assets

	2021	2020
VAT, excise and others receivable (paid under protest)	68.2	43.4
Stamp duty (paid under protest, refer note no. 35 d)	250.0	250.0
Other balance with government authorities	95.0	102.3
Capital advance, considered good	116.7	85.7
Contract assets	120.5	-
Total	650.4	481.4



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

8. Inventories

(Valued at the lower of cost and net realisable value)

	2021	2020
Raw materials and components (including goods-in-transit ₹ 1,599.1 million; 2020: ₹ 594.8 million)	2,921.5	1,591.8
Work-in-progress	547.6	482.6
Finished goods	2,604.2	1,508.8
Stock-in-trade (including goods-in-transit ₹ 1,926.9 million; 2020: ₹ 1,872.6 million)	4,220.8	3,049.5
Stores and spares (including goods-in-transit ₹ 48.0 million; 2020: ₹ 10.0 million)	570.8	503.6
Total	10,864.9	7,136.3

The Company follows suitable provisioning norms for writing down the value of Inventories towards slow moving and non-moving inventory. As at December 31, 2021, provision for write-down of inventories to net realisable value is ₹ 1,216.9 million (2020: ₹ 1,171.1 million).

9. Trade receivables

	2021	2020
Other than related parties	6,775.2	5,988.4
From related parties (refer Note 37)*	1,733.2	1,098.0
Less: Allowance for expected credit loss	(45.7)	(169.2)
	8,462.7	6,917.2
Of which;		
secured, considered good	20.2	20.6
unsecured, considered good	8,485.3	7,035.5
which have significant increase in credit risk	2.9	30.3
credit impaired	-	-
	8,508.4	7,086.4
Less: Allowance for expected credit loss	(45.7)	(169.2)
Total	8,462.7	6,917.2

*Includes receivable of ₹ 16.3 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 39 A(i) and 39 C.

10. Cash and cash equivalents

	2021	2020
Balances with banks:		
on current accounts	567.1	412.8
on deposit accounts (with original maturity of 3 months or less)*	1,502.9	1,695.2
Total	2,070.0	2,108.0

* Includes deposits of ₹ 222.5 million (2020: ₹ nil million) under lein.

11. Bank balances other than cash and cash equivalents

	2021	2020
Bank deposits with original maturity of more than 3 months and remaining maturity of less than 12 months*	12,078.7	10,343.4
Restricted deposits (unclaimed dividend)	8.0	7.6
Total	12,086.7	10,351.0

* Includes deposits of ₹ 370.2 million (2020: ₹ 563.4 million) under lein.

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for the year ended December 31, 2021

(₹ in million)

12. Loans

	2021	2020
Security deposits	36.2	49.9
Total	36.2	49.9
Breakup of security deposit		
Loans considered goods secured	-	-
Loans considered goods unsecured	36.2	49.9
Loans which have significant increase credit risk	-	-
Loans credit impaired	-	-

13. Other financial assets

	2021	2020
Interest accrued - fixed deposits	122.9	170.5
Interest accrued - others	2.8	2.7
Insurance claim receivable	-	0.7
Total	125.7	173.9

14. Other current assets

	2021	2020
Unsecured and considered good		
Other receivables - related parties (refer Note 37)	30.1	9.1
Balance with Government authorities	178.7	142.9
VAT, excise and others receivable (paid under protest)	-	1.3
Advances for supply of goods and services	196.1	245.9
Export incentives receivable	104.7	114.6
Advances to employees	1.1	5.4
Prepaid expenses	1.3	5.0
Total	512.0	524.2

15. Equity share capital

	2021	2020
Authorised capital		
125,500,000 equity shares of ₹ 10 each (2020: 125,500,000 equity shares)	1,255.0	1,255.0
Total	1,255.0	1,255.0
Issued, subscribed and paid-up		
31,260,734 fully paid-up equity shares of ₹ 10 each (2020: 31,260,734 fully paid-up equity shares)	312.6	312.6
Total	312.6	312.6

a) Reconciliation of shares outstanding at the beginning and at the end of the year:

	2021		2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Shares outstanding at the beginning of the year	31,260,734	312.6	31,260,734	312.6
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	31,260,734	312.6	31,260,734	312.6



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

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/ associates:

Name of Shareholders	2021		2020	
	No. of Shares held	Amount	No. of Shares held	Amount
Equity shares of ₹ 10 each fully paid up held by				
Schaeffler Schweinfurt Beteiligungs GmbH	8,529,183	85.3	8,529,183	85.3
Schaeffler Bühl Verwaltungs GmbH	6,428,573	64.3	6,428,573	64.3
Schaeffler Verwaltungsholding Sechs GmbH	4,692,451	46.9	4,692,451	46.9
Industriewerk Schaeffler INA-Ingenieurdienst GmbH	3,522,440	35.2	3,522,440	35.2
Total	23,172,647	231.7	23,172,647	231.7

d) Particulars of shareholders holding more than 5% shares of a class of shares:

Name of Shareholders	2021		2020	
	No. of Shares held	% of shareholding	No. of Shares held	% of shareholding
Schaeffler Schweinfurt Beteiligungs GmbH	8,529,183	27.28%	8,529,183	27.28%
Schaeffler Bühl Verwaltungs GmbH	6,428,573	20.56%	6,428,573	20.56%
Schaeffler Verwaltungsholding Sechs GmbH	4,692,451	15.01%	4,692,451	15.01%
Industriewerk Schaeffler INA-Ingenieurdienst GmbH	3,522,440	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:

Particulars	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 46)				14,643,464	

16. Other equity

	2021	2020
Capital reserve	617.8	617.8
(A)	617.8	617.8
Securities premium	600.0	600.0
(B)	600.0	600.0
General reserve	4,218.4	4,218.4
(C)	4,218.4	4,218.4
Retained earnings		
At the commencement of the year	25,654.1	23,872.8
Add: Net profit for the year	6,291.2	2,909.7
Remeasurements of defined benefit liability / asset (net of tax) (FVTOCI)	(23.9)	(34.3)
Initial contract assets recognition (net of deferred tax liability ₹ 18.2 million)	54.4	-
Less: Appropriations		
Dividends paid	1,187.9	1,094.1
(D)	30,787.9	25,654.1
Total (A+B+C+D)	36,224.1	31,090.3

Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

The following dividends were declared and paid by the Company during the year:

	2021	2020
₹ 38 per equity share (2020: ₹ 35)	1,187.9	1,094.1
	1,187.9	1,094.1

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.

	2021	2020
Dividend of ₹ 16 per equity share of face value of ₹ 2/- each (2020: ₹ 38 per equity share of face value ₹ 10/- each)	2,500.8	1,187.9

17 a) Lease liabilities (non current)

	2021	2020
Lease liabilities	519.0	566.2
Total	519.0	566.2

17 b) Lease liabilities (current)

	2021	2020
Lease liabilities	88.0	84.7
Total	88.0	84.7

18. Other financial liabilities (non current)

	2021	2020
Security deposits from customers / suppliers	23.1	23.5
Total	23.1	23.5

19. Provisions (non current)

	2021	2020
Provision for employee benefits		
Gratuity (refer Note 41)	-	50.1
Other provisions		
Provision for other statutory matters (being litigated) *	11.7	11.2
Total	11.7	61.3

* Provisions are made for ongoing litigation on tax and regulatory matters, the liabilities for which will be ascertained on conclusion of the respective assessments.



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

20. Current financial liability - Trade payables

	2021	2020
Total outstanding dues of micro and small enterprises	1,341.6	50.3
Total outstanding dues of creditors other than micro and small enterprises		
Other than related parties	3,464.7	3,952.6
Related parties (refer note 37)	4,522.6	3,683.7
Total	9,328.9	7,686.6

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

	2021	2020
a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year, if any:		
Principal	1,341.6	50.3
Interest	0.4	-
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, 2021 and year ended December 31, 2020. This has been relied upon by auditors

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 39.

21. Other financial liabilities

	2021	2020
Employee liabilities	540.8	446.0
Creditors for capital goods	254.3	151.7
Accrued expense	455.5	343.5
Derivative forward exchange contracts	1.5	-
Unclaimed dividends*	8.0	7.6
Other payables	11.7	31.1
Total	1,271.8	979.9

*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.

22. Other current liabilities

	2021	2020
Advances from customers (refer Note 47)	173.3	75.7
TDS payable	30.9	22.7
GST Payable	101.7	116.0
Other statutory dues	7.3	0.4
Total	313.2	214.8

Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

23. Provisions (Current)

	2021	2020
Provision for employee benefits		
Compensated absences	501.9	413.8
Gratuity (refer Note 41)	97.3	60.0
Other provisions		
Provision for warranties*	66.7	124.1
Total	665.9	597.9

* 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):

	2021	2020
Warranties		
At the commencement of the year	124.1	113.2
Provision made during the year	33.6	66.6
Provision utilised during the year	(91.0)	(55.7)
At the end of the year	66.7	124.1

24. Revenue from operations

	2021	2020
Revenue from Contract with Customer		
Sale of products		
Manufactured goods	40,338.4	28,031.0
Traded goods	14,335.4	9,048.7
	54,673.8	37,079.7
Sale of services	124.5	86.6
Other operating revenues		
Export incentives	124.6	139.1
Scrap sales	682.2	313.0
Total	55,605.1	37,618.4

The management determines that the segment information reported under Note 43 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.

25. Other income

	2021	2020
Interest income		
On fixed deposits	447.0	547.0
On loan and others	42.3	15.9
Provisions no longer required written-back	123.5	-
Other income	110.6	40.0
Profit on sale / retirement of assets (net)	0.4	0.1
Total	723.8	603.0



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

26. Cost of materials consumed*

	2021	2020
Inventory of materials at the beginning of the year	1,591.8	1,069.6
Purchases	24,085.1	14,418.6
Inventory of materials at the end of the year	2,921.5	1,591.8
Total	22,755.4	13,896.4

* The consumption amounts shown above have been ascertained on the basis of materials consumed and after considering excess / shortages ascertained on physical verification.

27. Purchases of stock-in-trade

	2021	2020
Purchase of traded goods	14,200.2	8,912.3
Total	14,200.2	8,912.3

28. Changes in inventories of finished goods, stock in trade and work-in progress*

	2021	2020
Decrease / (Increase) in inventory of finished goods		
Opening inventory	1,508.8	2,670.7
Less: Closing inventory	2,604.2	1,508.8
	(A)	(1,095.4)
(Increase) in inventory of traded goods		
Opening inventory	3,049.5	2,511.2
Less: Closing inventory	4,220.8	3,049.5
	(B)	(1,171.3)
(Increase) in inventory of work-in-progress		
Opening inventory	482.6	381.7
Less: Closing inventory	547.6	482.6
	(C)	(65.0)
Total (A + B + C)	(2,331.7)	522.7

*Closing inventory is net off scrapped / reworked items and shortages / excesses.

29. Employee benefits expense

	2021	2020
Salaries, wages and incentives	3,259.0	3,046.0
Contributions to: (refer Note 41)		
- Provident fund	171.9	153.3
- Gratuity fund	60.9	52.9
- Superannuation fund	31.2	31.8
Compensated absences	123.9	32.8
Staff welfare expenses	305.3	218.7
Total	3,952.2	3,535.5

30 Finance costs

	2021	2020
Interest and finance charges on lease liability	33.4	49.5
Bank and other financial charges	3.3	0.9
Guarantee commission paid	-	2.0
Total	36.7	52.4

Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

31. Depreciation and amortisation expense

	2021	2020
Depreciation on property, plant and equipment	1,882.7	1,849.6
Depreciation of right of use of assets (refer Note 48)	86.7	89.0
Amortisation of intangible assets	1.7	1.1
Total	1,971.1	1,939.7

32. Other expenses

	2021	2020
Consumption of stores and spare parts	2,309.8	1,537.1
Power and fuel	748.8	567.9
Freight, clearing and forwarding	668.9	497.6
Rent	20.9	12.6
Repairs and maintenance		
Building	19.3	15.4
Machinery	47.8	30.6
Others	67.9	58.9
Insurance	59.3	41.4
Rates and taxes	35.4	14.7
Travelling expenses	54.4	55.4
Legal and professional fees	53.6	56.3
Payments to auditors (refer note below)	6.9	11.9
Fees for use of technology (refer Note 37)	1,064.3	743.7
Advertising and sales promotion	60.0	64.1
Bank charges	12.3	7.0
Telephone and other communication expenses	17.2	16.4
Printing and stationery	13.8	13.3
Provision for doubtful debts	-	94.3
Bad debts written off	3.3	24.8
Loss on account of foreign exchange fluctuations (net)	62.1	94.8
Warranty costs	33.6	66.6
Outside services	1,855.6	1,317.9
Corporate Social Responsibility expenditure (refer note below)	110.5	101.6
Miscellaneous expenses	28.6	38.1
Less: Capitalised for own consumption	(40.7)	(92.1)
Total	7,313.6	5,390.3

Note: Payments to auditors

	2021	2020
As auditors		
- Statutory audit	4.1	7.0
- Limited review	2.8	2.9
- Other services	-	2.0
Total	6.9	11.9



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

Note: Corporate Social Responsibility expenditure

	2021	2020
Amount required to be spent as per Section 135 of the Act*	107.1	104.8
Amount incurred during the year on:		
(i) Construction/acquisition of assets	-	-
(ii) On purpose other than (i) above	110.5	101.6
	110.5	101.6
Amount yet to be paid on:		
(i) Construction/acquisition of assets	-	-
(ii) On purpose other than (i) above*	32.6	5.5
Total	32.6	5.5

*An amount of ₹ 13.6 million which is required to be transferred to unspent corporate social responsibility bank account was deposited on February 14, 2022.

33. Tax expense

	2021	2020
(a) Current tax		
Current tax on profit during the year	2,197.0	1,144.4
Tax in respect of prior years	(10.0)	34.7
Total current tax expense	2,187.0	1,179.1
(b) Deferred tax		
Deferred tax (credit) / expense attributable to origination and reversal of temporary differences	(46.8)	(116.7)
Total tax expense	2,140.2	1,062.4
Reconciliation of effective tax rate		
Profit before tax	8,431.4	3,972.1
Current tax at the Indian tax rate of 25.17%	2,122.2	999.8
Tax adjustments of earlier years	(10.0)	34.7
Expenses allowable when paid and other timing differences	74.8	144.6
Current tax expense (A)	2,187.0	1,179.1
Deferred tax		
On WDV of property, plant and equipment	(67.1)	(109.4)
Provision for employee benefits	(13.2)	(2.9)
Provision for expenses	11.6	28.5
Provision for doubtful trade receivables	31.1	(23.7)
Lease accounting	(7.3)	(8.0)
Effective portion of gain / (loss) on cash flow hedge	-	(1.2)
Amortisation of contract assets	(1.9)	-
Deferred tax expense (B)	(46.8)	(116.7)
Tax expense recognised in Statement of Profit and Loss (A + B)	2,140.2	1,062.4
Tax impact recognised in Other Comprehensive Income (OCI)		
Remeasurement of defined benefits obligation	8.0	11.5
Effective portion of gain / (loss) on hedging instruments in cash flow hedge	-	-
Total	8.0	11.5

34. Earnings Per Share (EPS)

	2021	2020
a) Amount used as the numerator		
Profit after tax attributable to equity shareholders (₹ in million)	6,291.2	2,909.7
b) Weighted average number of equity shares used as the denominator (Nos.)	31,260,734	31,260,734
c) Nominal value of share (in ₹)	10.0	10.0
d) Earnings per share (Basic and Diluted) (in ₹)	201.3	93.1

Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

35. Contingent liabilities not provided for in respect of:

Claims against the company not acknowledged as debts:

	2021	2020
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.	157.8	105.0
(ii) Demand for discontinuing of contract system and for differential wages	12.7	12.7
	170.5	117.7
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.	70.9	24.3
(ii) Excise duty and Service tax:		
In respect of matters decided against the Company, for which the Company is in appeal with higher authorities	133.4	133.4
	204.3	157.7
c) Income tax:		
(i) In respect of matters decided against the Company, for which the Company is in appeal with higher authorities.	160.3	97.9
	160.3	97.9
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

36. Commitments

	2021	2020
Contracts on capital account:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance ₹ 116.7 million; 2020: ₹ 85.7 million).	893.8	521.9

37. 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.

2021	2020
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., Brazil	Schaeffler Brasil Ltda., Brazil
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 (Nanjing) Co. Ltd., China
Schaeffler (Ningxia) Co. Ltd., China	Schaeffler (Ningxia) 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 Friction Products (Suzhou) Co. Ltd., China	Schaeffler Trading (Shanghai) Co. Ltd., China



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

2021	2020
Schaeffler Middle East FZE., Dubai	Schaeffler Chain Drive Systems SAS, France
Schaeffler France SAS, France	Schaeffler France SAS, France
Schaeffler Chain Drive Systems SAS, France	LuK Truckparts GmbH & Co. KG, Germany
Schaeffler Technologies AG & Co. KG, Germany	LuK Unna GmbH & Co. KG, Germany
Schaeffler Automotive Buehl GmbH & Co. KG, Germany	Schaeffler Automotive Aftermarket GmbH & Co. KG, Germany
Schaeffler Automotive Aftermarket GmbH & Co. KG, Germany	Schaeffler AG, Germany
LuK Unna GmbH & Co. KG, Germany	Schaeffler Automotive Buehl GmbH & Co. KG, 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 Friction Products GmbH, Germany
Schaeffler AG, Germany	Schaeffler Monitoring Services GmbH, Germany
Schaeffler Monitoring Services GmbH, Germany	Schaeffler Technologies AG & Co. KG, Germany
Schaeffler Automotive Aftermarket GmbH & Co. KG, Germany	WPB Water Pump Bearing GmbH & Co. KG, Germany
Schaeffler Friction Products GmbH, Germany	Schaeffler Schweinfurt Beteiligungs GmbH, Germany
Schaeffler Digital Solutions GmbH, Germany	Schaeffler Bühl Verwaltungs GmbH, Germany
Schaeffler Schweinfurt Beteiligungs GmbH, Germany	Schaeffler Verwaltungsholding Sechs GmbH, Germany
Schaeffler Bühl Verwaltungs GmbH, Germany	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany
Schaeffler Verwaltungsholding Sechs GmbH, Germany	Schaeffler Hong Kong Company Ltd., Hong Kong
Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	Schaeffler Savaria Kft., Hungary
Schaeffler Hong Kong Company Ltd., Hong Kong	Schaeffler Bearings Indonesia, PT, Indonesia
Schaeffler Savaria Kft., Hungary	Schaeffler Water Pump Bearing Italia S.r.l. Momo Italy
FAG Magyarorszag Ipari Kft., Hungary	Schaeffler Japan Co., Ltd., Japan
Schaeffler Iberia, S.L.U., Iberia	Schaeffler Ansan Corporation, Korea
Schaeffler Bearings Indonesia, PT., Indonesia	Schaeffler Korea Corporation, Korea
Schaeffler Water Pump Bearing Italia S.r.l., Italy	Schaeffler Mexico, S. de R.L. de C.V., Mexico
Schaeffler Italia S.r.l., Italy	Schaeffler Mexico Servicios, S. de R.L. de C.V., Mexico
Schaeffler Japan Co., Ltd., Japan	Schaeffler Transmisión, S. de R.L. de C.V., Mexico
Schaeffler Ansan Corporation, Korea	Schaeffler Bearings (Malaysia) Sdn. Bhd., Malaysia
Schaeffler Korea Corporation, Korea	Schaeffler Philippines Inc., Philippines
Schaeffler Bearings (Malaysia) Sdn. Bhd., Malaysia	Schaeffler Romania S.R.L., Romania
Schaeffler Mexico, S. de R.L. de C.V., Mexico	Schaeffler (Singapore) Pte. Ltd., Singapore
Schaeffler Mexico Servicios, S. de R.L. de C.V., Mexico	Schaeffler Kysuce, spol. s r.o., Slovakia
Schaeffler Transmisión, S. de R.L. de C.V., Mexico	Schaeffler Skalica, spol. s r.o., Slovakia
Schaeffler Philippines Inc., Philippines	Schaeffler South Africa (Pty.) Ltd., South Africa
Schaeffler Portugal, Unipessoal, Lda., Portugal	Schaeffler (Thailand) Co. Ltd, Thailand
Schaeffler Romania S.R.L., Romania	Schaeffler Manufacturing (Thailand) Co. Ltd., Thailand
Schaeffler (Singapore) Pte. Ltd., Singapore	Schaeffler (UK) Ltd., UK
Schaeffler Kysuce, spol. s r.o., Slovakia	Schaeffler Group USA Inc., USA
Schaeffler Skalica, spol. s r.o., Slovakia	Schaeffler Transmission Systems LLC, USA
Schaeffler South Africa (Pty.) Ltd., South Africa	Schaeffler Vietnam Co. Ltd., Vietnam
Schaeffler (Thailand) Co., Ltd., Thailand	
Schaeffler Manufacturing (Thailand) Co., Ltd., Thailand	
Schaeffler (UK) Ltd., UK	
Schaeffler Group USA, Inc., USA	
Schaeffler Transmission Systems, LLC., USA	
Schaeffler Vietnam Co., Ltd., Vietnam	

2021	2020
Key Management Personnel	Key Management Personnel
Mr. Harsha Kadam, Managing Director	Mr. Harsha Kadam, Managing Director
Mr. Satish Patel, Director Finance & CFO	Mr. Satish Patel, Director Finance & CFO

Notes to the Financial Statements

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(₹ in million)

3) Transactions with related parties during the year:

Nature of transactions	Fellow subsidiaries/ Affiliates	Key Management Personnel	Total
Purchase of finished goods	10,600.0	-	10,600.0
	(6,356.1)	-	(6,356.1)
Purchase of raw materials and components and spares	5,907.0	-	5,907.0
	(3,772.4)	-	(3,772.4)
Purchase of tangible assets	460.9	-	460.9
	(558.0)	-	(558.0)
Fees for use of technology / trademark	1,064.3	-	1,064.3
	(743.7)	-	(743.7)
Travelling, training, testing, support fee and other cost	290.7	-	290.7
	(181.0)	-	(181.0)
Dividend for the year - 2021	880.5	-	880.5
2020	(811.0)	-	(811.0)
SAP, other IT systems and connectivity cost	422.3	-	422.3
	(334.1)	-	(334.1)
Expat cost	8.8	-	8.8
	(15.9)	-	(15.9)
Commission on guarantee - other cost	1.2	-	1.2
	(2.0)	-	(2.0)
Sale of finished goods	6,478.3	-	6,478.3
	(3,785.2)	-	(3,785.2)
Reimbursement of expenses	85.2	-	85.2
	(95.8)	-	(95.8)
Service income	23.9	-	23.9
	(1.8)	-	(1.8)
Managerial remuneration*	-	48.6	48.6
	-	(44.1)	(44.1)

* 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.

4) Balances outstanding as at 31 December 2021:

Nature of Transaction	Fellow subsidiaries / Affiliates
Trade receivables	
Schaeffler Technologies AG & Co. KG, Germany	732.9
	(468.7)
Schaeffler Trading (Shanghai) Co. Ltd., China	356.7
	(223.5)
Others	643.6
	(405.8)
2021	1733.2
2020	(1098.0)
Trade payables	
Schaeffler Technologies AG & Co. KG, Germany	3,159.5
	(2673.3)
Schaeffler (China) Co. Ltd. China	463.8
	(385.0)
Others	899.3
	(625.4)
2021	4522.6
2020	(3683.7)



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

Nature of Transaction	Fellow subsidiaries / Affiliates
Other receivables	
Schaeffler Technologies AG & Co. KG, Germany	21.2
	(3.7)
Schaeffler Manufacturing (Thailand) Co., Ltd., Thailand	-
	(1.4)
Schaeffler (Singapore) Pte. Ltd., Singapore	-
	(1.3)
Schaeffler Automotive Buehl GmbH & Co. KG, Germany	-
	(1.0)
Others	8.9
	(1.7)
2021	30.1
2020	(9.1)

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	8,384.6
		(4,957.3)
Purchase of raw material and components and spares	Schaeffler Technologies AG & Co. KG, Germany	3,218.1
	Schaeffler Friction Products (Suzhou) Co. Ltd., China	704.5
		(404.4)
	Schaeffler (China) Co. Ltd. China	639.3
		(576.7)
Purchase of tangible assets	Schaeffler Technologies AG & Co. KG, Germany	301.0
		(202.5)
	Schaeffler (China) Co. Ltd., China	51.2
		(255.3)
	Schaeffler Manufacturing (Thailand) Co. Ltd., Thailand	-
		(58.5)
Sale of finished goods	Schaeffler Technologies AG & Co. KG, Germany	2,277.0
		(1,138.1)
	Schaeffler Trading (Shanghai) Co. Ltd, China	1,319.9
		(996.5)
Fees for use of technology / trademark	Schaeffler Technologies AG & Co. KG, Germany	1,064.1
		(743.7)
SAP, other IT systems and connectivity cost	Schaeffler Technologies AG & Co. KG, Germany	422.2
		(334.1)
Travelling, training, testing, support fee and other cost	Schaeffler Technologies AG & Co. KG, Germany	72.0
		(43.2)
	Schaeffler Japan Co. Ltd., Japan	69.4
		(70.1)
	Schaeffler Vietnam Co. Ltd., Vietnam	30.8
		(6.1)
	Schaeffler Brasil Ltda., Brazil	-
		(18.2)
Expat cost	Schaeffler Automotive Buehl GmbH & Co. KG, Germany	8.0
		(7.1)
	Schaeffler Technologies AG & Co. KG, Germany	-
		(8.8)
Commission on guarantee - other cost	Schaeffler AG, Germany	1.2
		(2.0)

Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

Nature of Transactions	Fellow subsidiary / Affiliates	Amount
Reimbursement of expenses	Schaeffler Group USA Inc., USA	15.3
		-
	Schaeffler (Singapore) Pte. Ltd., Singapore	15.1
		-
	Schaeffler Manufacturing (Thailand) Co. Ltd., Thailand	13.9
		-
	Schaeffler Technologies AG & Co. KG, Germany	10.3
		(8.6)
Service income	Schaeffler Technologies AG & Co. KG, Germany	23.9
		-
	Schaeffler Korea Corporation, Korea	-
		(1.7)
Managerial remuneration	Mr. Harsha Kadam	33.4
		(31.1)
	Mr. Satish Patel	15.2
		(13.0)
Dividend paid	Schaeffler Schweinfurt Beteiligungs GmbH, Germany	324.1
		(298.5)
	Schaeffler Bühl Verwaltungs GmbH, Germany	244.3
		(225.0)
	Schaeffler Verwaltungsholding Sechs GmbH, Germany	178.3
		(164.2)
	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	133.8
		(123.3)

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.

38. 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	2021		2020	
		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	9,411,000	699.2	-	-

The Company holds the following instruments to hedge exposures to changes in foreign currency:

Category	Maturity			
	2021		2020	
	1-6 months	6-12 months	1-6 months	6-12 months
Foreign currency risk				
Forward exchange contracts				
Net exposure (₹ in million)	438.8	260.4	-	-
Average ₹: USD forward contract rate	75.2	77.3	-	-



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

Foreign currency exposures as at December 31, 2021:

Particulars	Currency	Amount in foreign currency	Equivalent amount
Trade Payables	USD	19,439,384.4	1,444.4
		(16,558,795.4)	(1,210.0)
	EUR	2,410,546.4	202.9
		(2,350,838.8)	(210.7)
	CHF	11,763.0	1.0
		-	-
	JPY	4,104,531.0	2.6
	(2,945,838.0)	(2.1)	
Trade Receivables	USD	31,449,682.5	367.9
		(13,506,938.3)	(150.9)
	EUR	12,314,105.8	914.9
Advances to Suppliers	USD	(8,277,663.8)	(604.9)
		749,688.9	63.1
		(355,316.5)	(31.9)
	EUR	33,252.7	2.5
		(63,698.9)	(4.7)
	GBP	1,100,280.3	92.6
		(1,117,721.7)	(100.2)
AUD	1,100.0	0.1	
	(1,101.9)	(0.1)	
Bank balance in EEFC accounts	USD	5,496.1	0.3
		(5,496.1)	(0.3)
	CHF	-	-
		(305.0)	-
	JPY	1,740,000.0	1.1
		(841,000.0)	(0.6)
		4,641,562.8	344.9
Bank balance in EEFC accounts	USD	(2,177,536.3)	(159.1)
		EUR	413,279.7
		(149,618.7)	(13.4)

Amounts in brackets represents previous year numbers.

The Company's exposure to foreign currency risk at the end of reporting period are as follows:

	2021	2020
Financial assets		
Trade receivables		
USD	914.9	604.9
EUR	63.1	31.9
Bank Balances in EEFC account		
USD	344.9	159.1
EUR	34.8	13.4
Total Exposure to foreign currency assets	1,357.7	809.3
Financial liabilities		
Trade payables		
USD	1,444.4	1,210.0
EUR	202.9	210.7
CHF	1.0	-
JPY	2.6	2.1
CNY	367.9	150.9
Total Exposure to foreign currency liabilities	2,018.8	1,573.7

Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

39. 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 38 for details of foreign currency exposure.

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	
		2021	2020
USD	+ 5%	(9.2)	(22.3)
	- 5%	9.2	22.3
EUR	+ 5%	(5.3)	(8.3)
	- 5%	5.3	8.3
CHF	+ 5%	(0.1)	0.0
	- 5%	0.1	0.0
JPY	+ 5%	(0.1)	(0.1)
	- 5%	0.1	0.1
CNY	+ 5%	(18.4)	(7.5)
	- 5%	18.4	7.5

(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.



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

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	Less than 12 months	More than 12 months	Total
As at December 31, 2021				
Financial liabilities				
Lease liabilities	607.0	88	519.0	607.0
Trade payables	9328.9	9,328.9	-	9,328.9
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	455.5	455.5	-	455.5
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
As at December 31, 2020				
Financial liabilities				
Lease liabilities	650.9	84.7	566.2	650.9
Trade payables	7,686.6	7,686.6	-	7,686.6
Security deposits from customers / suppliers	23.5	-	23.5	23.5
Employee liabilities	446.0	446.0	-	446.0
Creditors for capital goods	151.7	151.7	-	151.7
Accrued expense	343.5	343.5	-	343.5
Unclaimed dividends	7.6	7.6	-	7.6
Other payables	31.1	31.1	-	31.1

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.

	2021		2020	
	Less than 6 months	More than 6 months	Less than 6 months	More than 6 months
Gross carrying amount	8,502.0	6.4	7,019.2	67.2
Allowance for expected credit loss	(44.1)	(1.6)	(147.1)	(22.1)
Carrying amount of trade receivables (net)	8,457.9	4.8	6,872.1	45.1

Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

Reconciliation of expected credit loss allowance is as follows:

	₹ in millions
As at January 1, 2021	169.2
Charge in loss allowance	(123.5)
As at December 31, 2021	45.7

Other financial assets

The Company does not have significant credit risk from loans given considering available securities against which such loans have been given.

40. 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.

41. 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 ₹ 171.9 million (2020: ₹ 153.3 million) and contribution to superannuation fund for the year aggregated to ₹ 31.2 million (2020: ₹ 31.8 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

	Gratuity	
	2021	2020
Present value of funded obligations	807.2	720.6
Fair value of plan assets	709.9	610.5
Liability recognised in balance sheet	97.3	110.1

Classification into current / non-current

The (asset) / liability in respect of each of the plans comprises of the following non-current and current portions:

	Gratuity	
	2021	2020
Noncurrent liability	-	50.1
Current liability	97.3	60.0
Total	97.3	110.1



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

Movement in present values of defined benefit obligations:

	Gratuity	
	2021	2020
Defined benefit obligation at January 1	720.6	628.6
Service cost	56.1	49.8
Interest cost	37.2	38.5
Actuarial (gains)/ losses recognised in Other Comprehensive Income due to:		
Change in assumptions	(41.4)	39.9
Demographic assumptions	-	-
Experience changes	81.1	13.1
Benefits paid / Employees contribution	(46.4)	(49.3)
Defined benefit obligation at December 31	807.2	720.6

Movement in fair value of plan assets:

	Gratuity	
	2021	2020
Fair value of plan assets at January 1	610.5	557.3
Return on plan assets recognised in other comprehensive income	7.8	7.2
Interest on plan assets	32.4	35.3
Contributions by employer	105.6	60.0
Benefits paid / Employees contribution	(46.4)	(49.3)
Fair value of plan assets at December 31	709.9	610.5

Expense recognized in the Statement of Profit and Loss:

	Gratuity	
	2021	2020
Current service cost	56.1	49.8
Interest on net defined benefit liability / (asset)	4.8	3.1
Total included in Employee benefits expense	60.9	52.9

Remeasurements recognised in other comprehensive income

	Gratuity	
	2021	2020
Actuarial (gain)/ loss on defined benefit obligation	39.7	53.0
Return on plan assets excluding interest income	(7.8)	(7.2)
	31.9	45.8

Principal actuarial assumptions at the balance sheet date

	Gratuity	
	2021	2020
Discount rate per annum as at December 31	6.30%	5.60%
Expected return per annum on plan assets as at December 31	6.30%	5.60%
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, 2021, the weighted-average duration of the defined benefit obligation was 6.99 years (31 December 2020: 7.26 years).

Note: The estimates of future salary increases, considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

Sensitivity Analysis

The following table summarizes 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:

	2021		2020	
	Increase	Decrease	Increase	Decrease
Discount rate (100 bps movement on DBO)	(6.55%)	7.48%	(6.79%)	7.79%
Salary escalation rate (100 bps movement pn DBO)	7.48%	(6.60%)	7.65%	(6.80%)

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

	2021		
	Quoted	Unquoted	Total
Insurer managed funds (Life Insurance Corporation)	-	706.2	706.2
Others	-	3.7	3.7

Maturity profile of defined benefit obligations:

Year	2021	2020
Year 1	131.7	112.8
Year 2	100.9	82.9
Year 3	93.8	79.3
Year 4	101.4	73.9
Year 5	72.8	77.9
Year 6	57.2	58.4
Year 7	59.6	45.2
Year 8	48.7	48.3
Year 9	54.2	38.6
Year 10 and above	669.4	565.1

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:

- 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).
- 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.
- 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.
- 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.



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(₹ in million)

42. Financial instruments

A) Accounting classifications

The following tables shows the carrying amount / fair values of financial assets and financial liabilities:

Financial instruments category	Carrying value / Fair value	
	2021	2020
Financial Assets		
a) Measurement at amortised cost:		
Trade receivables	8,462.7	6,917.2
Cash and cash equivalents	2,070.0	2,108.0
Bank balances other than cash and cash equivalents	12,086.7	10,351.0
Loans	133.0	146.2
Other financial assets	1,280.7	937.4
Total Financial Assets	24,033.1	20,459.8
Financial Liabilities		
a) Measurement at amortised cost:		
Trade payables	9,328.9	7,686.6
Other financial liabilities	1,294.9	1,003.4
Lease liabilities	607.0	650.9
Total Financial Liabilities	11,230.8	9,340.9

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.

B) Fair value hierarchy

The following table provides quantitative disclosures of fair value measurement hierarchy of financial instruments as referred above:

December 31, 2021

	Level 1	Level 2	Level 3	2021
Financial Assets				
Trade receivables	-	-	8,462.7	8,462.7
Loans	-	-	133.0	133.0
Other financial assets	-	-	1,280.7	1,280.7
Total	-	-	9,876.4	9,876.4
Financial Liabilities				
Trade payables	-	-	9,328.9	9,328.9
Other financial liabilities	-	-	1,294.9	1,294.9
Lease liabilities	-	-	607.0	607.0
Total	-	-	11,230.8	11,230.8

December 31, 2020

	Level 1	Level 2	Level 3	2020
Financial Assets				
Trade receivables	-	-	6,917.2	6,917.2
Loans	-	-	146.2	146.2
Other financial assets	-	-	937.4	937.4
Total	-	-	8,000.8	8,000.8
Financial Liabilities				
Trade payables	-	-	7,686.6	7,686.6
Other financial liabilities	-	-	1,003.4	1,003.4
Lease liabilities	-	-	650.9	650.9
Total	-	-	9,340.9	9,340.9

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for the year ended December 31, 2021

(₹ in million)

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

43. 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	2021	2020
(a) Segment Revenue (Net revenue / income)		
Mobility components and related solutions		
Automotive Technologies	21,860.5	14,581.2
Automotive Aftermarket	5,018.7	3,345.3
Industrial	11,324.6	8,759.1
Exports & Others#	5,646.1	3,378.2
Sub total (a)	43,849.9	30,063.8
Others		
Automotive Technologies		
Automotive Aftermarket		
Industrial	10,241.6	6,742.9
Exports & Others#	1,513.6	811.7
Sub total (a)	11,755.2	7,554.6
(c) Total Revenue		
Automotive Technologies	21,860.5	14,581.2
Automotive Aftermarket	5,018.7	3,345.3
Industrial	21,566.2	15,502.0
Exports & Others#	7,159.7	4,189.9
Revenue from operations	55,605.1	37,618.4
(b) Segment Results (Profit before finance cost, depreciation and tax)		
Mobility components and related solutions	5,837.8	2,422.4
Others	1,906.5	999.1
Total profit before finance costs and tax	7,744.3	3,421.5
Less: Finance cost	36.7	52.4
Less: Unallocable expenses	-	-
Add: Unallocable Income	723.8	603.0
Profit before tax	8,431.4	3,972.1
(c) Segment assets		
Mobility components and related solutions *	27,438.5	23,227.4
Others	4,149.4	2,896.2
Unallocated	17,374.8	15,506.7
Total assets	48,962.7	41,630.3
(d) Segment liabilities		
Mobility components and related solutions	8,803.6	7,395.1
Others	2,082.5	1,637.4
Unallocated	1,539.9	1,194.9
Total liabilities	12,426.0	10,227.4
(e) Net capital employed	36,536.7	31,402.9

Export & Others mainly includes exports to group companies, scrap sales and other operating income

* 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.



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(₹ in million)

(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

	2021	2020
India	48,752.3	33,659.2
Outside India	6,852.8	3,959.2
Total	55,605.1	37,618.4

(b) Non-current assets*

	2021	2020
India	13,152.9	13,146.8
Outside India	-	-
Total	13,152.9	13,146.8

*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 2021 none (2020: none).

44. Research and development expenses under the respective heads aggregate to ₹ 1,015.7 million (2020: ₹ 757.7 million) including of capital nature ₹ 60.7 million (2020: ₹ 34.3 million).

	2021				2020			
	Maneja, Savli (Vadodara)	Talegoan (Pune)	Hosur	Total	Maneja, Savli (Vadodara)	Talegoan (Pune)	Hosur	Total
Revenue expenses on research and development included under various heads of expenditure	382.6	413.7	158.7	955.0	286.0	287.6	149.8	723.4
Capital expenses on research and development capitalised along with other Fixed assets	17.2	29.1	14.4	60.7	-	25.8	8.5	34.3
Total	399.8	442.8	173.1	1015.7	286.0	313.4	158.3	757.7

45. The tax year for the Company being the year ending March 31, 2022, provision for taxation for the year ended December 31, 2021 is aggregate of provision made for three months ended March 31, 2021 and provision based on amounts for remaining nine months ended December 31, 2021, the ultimate tax liability of which will be determined on the basis of figures for the fiscal year April 1, 2021 to March 31, 2022.

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, 2021. The Management believes that the Company's international transactions with associated enterprises post March 31, 2021 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, 2021

(₹ in million)

46. 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.

47. 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	2021	2020
Closing Contract liability	173.3	75.7

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended December 31, 2021.

B Reconciliation of revenue as per contract price and as recognised in statement of profit and loss:

Particulars	2021	2020
Revenue as per Contract price	55,299.6	37,610.3
Less: Incentives and rebates	550.8	473.4
Less: Discounts	75.0	57.2
Revenue as per statement of profit and loss	54,673.8	37,079.7

48. 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 period
- Applied the exemption not to recognize 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			As at Dec 31, 2021	Amortisation			As at Dec 31, 2021	Net Block As at Dec 31, 2021
	As at Jan 1, 2021	Additions	Deductions		As at Jan 1, 2021	For the Year	Deductions		
Tangible Assets									
Leasehold land	187.7	-	-	187.7	1.0	1.2	-	2.2	185.5
Buildings	696.2	12.7	1.8	707.1	85.0	83.9	0.2	168.7	538.4
Vehicle	3.4	2.1	-	5.5	3.0	1.6	-	4.6	0.9
Total (ii)	887.3	14.8	1.8	900.3	89.0	86.7	0.2	175.5	724.8

4 Finance costs includes interest expense amounting to ₹ 33.4 millions (2020: 49.5 millions) on lease liability accounted in accordance with Ind AS 116 "Leases".

5 Rent expense in Note No. 32 Represents lease charges for short term leases.



Notes to the Financial Statements

for the year ended December 31, 2021

(₹ in million)

6 Lease liabilities

Particulars	2021	2020
Lease liabilities included in financial position		
Current	88.0	84.7
Non current	519.0	566.2

49. In the current year the Company operations are at normalcy and there is no impact of the pandemic on the Company's financials for the year ended December 31, 2021. The management is continuously and closely monitoring the current COVID-19 developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation.
50. Previous year figure have been regrouped/rearranged where ever necessary to correspond with current year classification / disclosure.
51. 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.
52. The financial statement are approved for issued by the Board of Directors in their meeting held on February 16, 2022.

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

Avinash Gandhi
 Chairman
 DIN: 00161107

Satish Patel
 Director-Finance & CFO
 DIN: 00690869

Harsha Kadam
 Managing Director
 DIN: 07736005

Ashish Tiwari
 VP - Legal & Company Secretary

Place: Mumbai
 Date: February 16, 2022

Place: New Delhi
 Date: February 16, 2022

Notice of AGM

To
 The Members
 Schaeffler India Limited

Notice is hereby given that the 59th Annual General Meeting of **SCHAEFFLER INDIA LIMITED** ('Company') will be held on Wednesday, April 27, 2022 at 3:30 p.m. IST through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following businesses:

Ordinary Business

- To receive, consider and adopt the Financial Statements including Balance Sheet as at December 31, 2021 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, 2021.
- To appoint a Director in place of Mr. Satish Patel [DIN: 00690869], who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Mr. Dharmesh Arora [DIN: 05350121], who retires by rotation and being eligible offers himself for re-appointment.

Special Business

- Appointment of Ms. Corinna Schittenhelm as Director

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 Sections 152, 161 and other applicable provisions of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Corinna Schittenhelm [DIN: 09257159], who has been appointed as an Additional Director of the Company by the Board of Directors with effect from September 12, 2021 and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member, proposing her candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

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."

- Appointment of Mr. Andreas Schick as Director

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 Sections 152, 161 and other applicable provisions of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Andreas Schick [DIN: 09257160], who has been appointed as an Additional Director of the Company by the Board of Directors with effect from October 28, 2021 and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

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."

- 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, 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 2022 i.e. ₹ 21,850 million for the year 2022 as under –



Nature of Transaction	₹ in million	
	2022 Projection	Actual 12M 2021
Schaeffler Technologies AG & Co. KG, Germany	21,850.0	15,757.1
Purchase of Finished Goods	10,950.0	8,385.0
Purchase of Raw materials, Components and spares	4,100.0	3,203.0
Fees for use of technology / trademark	1,300.0	1,064.1
Sale of Finished Goods	4,000.0	2,277.0
Others services ¹	1,225.0	526.9
Purchase of tangible Fixed Assets	275.0	301.1

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 actual 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.”

8. 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 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 ₹ 2,25,000 (Rupees Two Lakh Twenty Five 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, 2022, 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

Ashish Tiwari

New Delhi: February 16, 2022 **VP-Legal & Company Secretary**

Schaeffler India Limited

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

CIN: L29130PN1962PLC204515

Ph.: +91-20-68198400 Fax: +91-20-68198405

E-mail: investorsupport.in@schaeffler.com;

website: www.schaeffler.co.in

Notes:

- In view of the continuing restrictions placed due to Covid-19 pandemic, the Ministry of Corporate Affairs (‘MCA’) vide its Circular No. 14/2020 dated 8th April 2020, Circular No. 17/2020 dated 13th April 2020, Circular No. 20/2020 dated 5th May 2020 and Circular No. 21/2021 dated 14th December 2021 (collectively referred to as ‘MCA Circulars’) allowed to hold the Annual General Meeting (AGM) through Video Conferencing (VC) / Other Audio Visual Means (OAVM). In compliance with the provisions of the Companies Act, 2013 (‘Act’), Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The deemed venue for the 59th AGM shall be the Registered Office of the Company.
- In terms of the MCA Circulars, the physical attendance of Members has been dispensed with and there is no requirement of appointment of proxies. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- 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 21, 2022 to April 27, 2022 (both days inclusive) to determine entitlement of dividend on equity shares.
- 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:
 - 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 20, 2022.
 - 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 20, 2022.
- 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 2014 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.
- Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of Shareholders w.e.f. 1st April, 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.

- 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.
- 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.
- 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:
 - 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 01, 2023, shall be frozen as per SEBI circular.
 - 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 in January 2022. Security holders who are yet to link the PAN with Aadhaar number are requested to get the same done before March 31, 2022. 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.

10. 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 2021 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 2021 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).
11. 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

12. 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. Wednesday, April 20, 2022, may cast their vote electronically. The e-voting period will commence from Sunday, April 24, 2022 at 9:00 a.m. (IST) and will end at 5:00 p.m. (IST) on Tuesday, April 26, 2022. The remote e-voting module will be disabled on April 26, 2022 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 20, 2022.

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 20, 2022, 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. Sarita Mote, Assistant Manager – NSDL, at evoting@nsdl.co.in. 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 20, 2022 may follow step 1 i.e. "Access to NSDL e-Voting system" as mentioned below.

- I. **The instructions for members for remote e-voting and joining general meeting are as under:-**
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 and joining virtual meeting 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 redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 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 or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; gap: 10px;">   </div> <div style="display: flex; justify-content: center; gap: 20px;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in 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 provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
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 or joining virtual meeting & voting during the meeting.

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 toll free no.: 1800 1020 990 and 1800 22 44 30 or Ms. Sarita Mote, Assistant Manager – NSDL at evoting@nsdl.co.in
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 022- 23058738 or 022-23058542-43



B) Login Method for e-Voting and joining virtual meeting 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?

1. 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.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
4. 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***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) 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.
 - c) How to retrieve your ‘initial password’?
 - (i) 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’.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

3. 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 eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) 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.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting 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 and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
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 samdanics@gmail.com with a copy marked to evoting@nsdl.co.in.
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 toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Sarita Mote, Assistant Manager - NSDL at evoting@nsdl.co.in

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 vadodara@linkintime.co.in and investorsupport.in@schaeffler.com or by clicking the link https://linkintime.co.in/emailreg/email_register.html.
 2. 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. If you are an Individual shareholder 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 and joining virtual meeting 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.
- II. Instructions for members for attending the AGM through VC/OAVM are as under:**
1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system.** After successful login, you can see link of “VC/OAVM link” placed under **“Join General meeting”** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
 2. Members are encouraged to join the AGM through laptops for better experience.
 3. Members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.



4. Members connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
6. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/1800 1020 990 and 1800 22 44 30 or contact Ms. Sarita Mote, Assistant Manager – NSDL at evoting@nsdl.co.in.
7. 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 from April 19, 2022 (9:00 a.m. IST) to April 21, 2022 (5:00 p.m. IST). 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.
8. Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/ OAVM in shareholder/members login where the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied by the Company suitably.
9. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the 59th AGM through VC/OAVM.

III. The instructions for Members for e-voting on the day of the AGM are as under:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

IV. 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.
13. As per the MCA Circulars, Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
 14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
 15. Members are requested to submit their questions in advance along with their name and demat account no./

folio number to investorsupport.in@schaeffler.com from April 13, 2022 (9:00 a.m. IST) to April 20, 2022 (5:00 p.m. IST). The questions raised by the Members will be replied suitably by the Company.

16. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice.
17. 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.
18. Statement as required under Section 102 of the Companies Act, 2013 in respect of Item Nos. 5, 6,7 and 8 under 'Special Business', are attached hereto. All documents referred to in the Notice 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.
19. 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 59th Annual General Meeting: ITEM No. 5. Appointment of Ms. Corinna Schittenhelm [DIN: 09257159] as Director

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors vide its circular resolution appointed Ms. Corinna Schittenhelm as an Additional Director effective September 12, 2021. Pursuant to provisions of Section 161 of the Companies Act, 2013, Ms. Corinna Schittenhelm holds office upto the date of this Annual General Meeting. The Company has received notice from a member, proposing her candidature for the office of Director under Section 160 of the Companies Act, 2013.

Ms. Corinna Schittenhelm has 27 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 and Chief Human Resources Officer with responsibility for Human Resource (HR) and sustainability. She also holds the position of Labour Relations Director of the Schaeffler Group. Ms. Schittenhelm holds degree in Business Administration from University of Applied Sciences for Economics & Technology in Kempten. She has vast experience in HR and has worked with Unicredit, Siemens, Osram Licht before joining Schaeffler AG.

The Board considers that her association would be of immense benefit to the Company and it is desirable to appoint Ms. Schittenhelm as a Non-Executive Non-Independent Director.

The details of Ms. Schittenhelm as required under the provisions of Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Secretarial Standard 2 on General Meetings are disclosed under Annexure A to this Statement.

A copy of the Letter of Appointment of Ms. Schittenhelm as Director will be available for inspection without any fee for the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays.

Except Ms. Corinna Schittenhelm, none of the Directors or Key Managerial Personnel of the Company or their Relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in item no. 5 of the Notice.

The Board recommends the Resolution under item no. 5 of the Notice for approval of the Members as an Ordinary Resolution.

ITEM No. 6. Appointment of Mr. Andreas Schick [DIN: 09257160] as Director

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors vide its circular resolution appointed Mr. Andreas Schick as an Additional Director effective October 28, 2021. Pursuant to provisions of Section 161 of the Companies Act, 2013, Mr. Andreas Schick holds office upto the date of this Annual General Meeting. The

Company has received notice from a Member, proposing his candidature for the office of Director under Section 160 of the Companies Act, 2013.

Mr. Andreas Schick has 27 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. Mr. Schick has studied Automotive Engineering at the University of Munich. He started his career as Product Engineer and worked in different roles in Brazil, USA, China, and Singapore.

The Board considers that his association would be of immense benefit to the Company and it is desirable to appoint Mr. Schick as a Non-Executive Non-Independent Director.

The details of Mr. Schick as required under the provisions of Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Secretarial Standard 2 on General Meetings are disclosed under Annexure A to this Statement.

A copy of the Letter of Appointment of Mr. Schick as Director will be available for inspection without any fee for the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays.

Except Mr. Andreas Schick, none of the Directors or Key Managerial Personnel of the Company or 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.

ITEM No. 7. 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 ('Schaeffler Technologies').

The Shareholders of the Company at their 56th Annual General Meeting held on April 30, 2019, had approved Material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany for a period up to year 2022 with an increase of 20% 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 2022 is estimated to be ₹ 21,850 million. Hence, it is proposed to obtain the Members' approval in the ensuing Annual General Meeting for the Material Related Party Transaction of ₹ 21,850 million with Schaeffler Technologies AG & Co. KG, Germany for the year 2022.

Nature of Transaction	₹ in million	
	2022 Projection	Actual 12m 2021
Schaeffler Technologies AG & Co. KG, Germany	21,850.0	15,757.1
Purchase of Finished Goods	10,950.0	8,385.0
Purchase of Raw materials, Components and spares	4,100.0	3,203.0
Fees for use of technology / trademark	1,300.0	1,064.1
Sale of Finished Goods	4,000.0	2,277.0
Others services ¹	1,225.0	526.9
Purchase of tangible Fixed Assets	275.0	301.1

¹Includes 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

Thereafter, it is proposed a year on year increase of 25% on actual amount of transaction during the previous year, upto the year 2025.

The proposed transactions are in the interest of the business 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. The proposed transactions are ~39% of the turnover of the Company for preceeding financial year.

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, 2022. 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. 7 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. 7 of the Notice for approval of the Members as an Ordinary Resolution.

ITEM No. 8. 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, 2022 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, 2022.

The Audit Committee and the Board of Directors of the Company have approved a remuneration of ₹ 2,25,000 (Rupees Two Lakh Twenty Five Thousand Only) to M/s Y. S. Thakar & Co., Cost Accountants excluding all taxes and reimbursement of out of pocket expenses for the year 2022.

Pursuant to Section 148 of the Companies Act, 2013 read with the 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. 8 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, 2022.

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. 8 of the Notice.

The Board recommends the Resolution under Item No. 8 of the Notice for approval of the Members as an Ordinary Resolution.

By Order of the Board

Ashish Tiwari

New Delhi: February 16, 2022 **VP-Legal & Company Secretary**

Schaeffler India Limited

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

CIN: L29130PN1962PLC204515

Ph.: +91-20-68198400 Fax: +91-20-68198405

E-mail: investorsupport.in@schaeffler.com;

website: www.schaeffler.co.in



Information on Directors seeking appointment / re-appointment / fixation of Remuneration at 59th 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	Mr. Satish Patel	Mr. Dharmesh Arora	Ms. Corinna Schittenhelm	Mr. Andreas Schick
Director Identification Number	00690869	05350121	09257159	09257160
Date of Birth / Age	May 31, 1964 / 57 Years	August 8, 1967 / 54 Years	May 8, 1967 / 54 Years	April 27, 1970 / 51 Years
Qualification	M.Com, ACMA (Institute of Cost Accountants of India).	Diploma in Mechanical Engineering from University of Mumbai; TRIUM Global Executive MBA degree from Stern School of Business, NYU, London School of Economics and HEC Paris.	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	Mr. Patel is associated with the Company since 1992 and has a vast experience of over 31 years in the field of controlling and finance management. Mr. Patel brings in rich experience in the areas of controlling, budgeting, accounting, taxation, corporate finance, reporting, treasury, risk management, internal controls and corporate affairs. He has played a crucial role in strategy development and execution as well as M&A matters. He also oversees IT & digitalization function of the company. He is a key member of the Executive Leadership Team of the Company. He has held various incremental leadership positions during his long tenure with the Company and has been in the leadership role since over 15 years. Prior to joining Schaeffler, Mr. Patel had worked with Elecon group for two years.	Mr. Arora joined Schaeffler in 2012. Under his leadership, Schaeffler has consolidated its position in India, as a leading supplier of high quality components and systems for industrial and automotive applications through three product brands – FAG, INA and LUK. Mr. Arora has rich experience of over 30 years. He began his career as a product engineer with Maruti and after a successful stint, he joined General Motors where he worked in the areas of product engineering, supply chain and purchase. Mr. Arora held key senior management and global leadership positions at General Motors in India, Thailand, Mexico and USA in a career spanning over two decades, prior to joining Schaeffler.	Ms. Schittenhelm appointed as an Additional Director of Schaeffler India effective September 12, 2021. Ms. Schittenhelm has 27 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. Mr. Andreas Schick has 27 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	February 13, 2019	March 6, 2017	September 12, 2021	October 28, 2021
Category of Director	Executive - Non-Independent	Non-Executive - Non-Independent	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	Not related to any other Director or KMP	Not related to any other Director or KMP
Current Remuneration (last drawn remuneration)	15.2 million p.a.	Not Applicable	Not Applicable	Not Applicable
Details of remuneration sought to be paid	16.9 million p.a.	Not Applicable	Not Applicable	Not Applicable
Terms and Conditions of appointment / Terms of revised remuneration	He shall continue to be subject to terms and conditions of his appointment as Executive Director.	He shall continue to be subject to terms and conditions of his appointment as Non-executive Non-independent Director.	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.
Name	Mr. Satish Patel	Mr. Dharmesh Arora	Ms. Corinna Schittenhelm	Mr. Andreas Schick
Shareholding in the Company (including on a beneficial basis for any other persons)	Nil	Nil	Nil	Nil
No. of Meetings of the Board attended during the year 2021	4 out of 4 Board Meetings attended	4 out of 4 Board Meeting attended	1 out of 1 Board Meeting attended	1 out of 1 Board Meeting attended
Directorships – Listed Companies	Schaeffler India Limited	Schaeffler India Limited	Schaeffler India Limited	Schaeffler India Limited
Directorships – Non-listed Companies	Nil	Nil	Nil	Nil
Committee Membership/ Chairmanship	Schaeffler India Limited Audit Committee – Member Risk Management Committee – Member Stakeholders Relationship Committee – Member	Schaeffler India Limited Risk Management Committee – Chairman Nomination and Remuneration Committee – Member	Schaeffler India Limited Nomination & Remuneration Committee – Member Corporate Social Responsibility Committee – Member	Schaeffler India Limited Audit Committee – Member Risk Management Committee – Member

Form

(Shareholders' option to receive documents in electronic form)

To,
Link Intime India Private Limited.
Unit: Schaeffler India Limited
B-102 -103, Shangrila Complex, First Floor,
Opp. HDFC Bank, Near Radhakrishna Char Rasta,
Akota, Vadodara—390 020, Gujarat, India
E-mail: vadodara@linkintime.co.in
Ph. No.: 0265-2356573, 6136000

Dear Sir(s),

Subject: Update my/our e-mail address(es) in your records.

Please note my/our following e-mail address(es) and send Notice/documents through electronic mode in future:

Name of the Shareholder/Beneficial Owner _____

Registered Folio No. /DP ID and Client ID _____

No. of Shares _____

E-mail address of the first-named Shareholder/Beneficial Owner _____

E-mail address of the second/third named Shareholder/Beneficial Owner _____

Date: _____

Place: _____

Signature of the Shareholder/Beneficial Owner

NECS/Bank Mandate Update Form

For Shares Held in Physical Mode	For Shares Held in Electronic Mode
To, Link Intime India Private Limited Unit: Schaeffler India Limited B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara-390 020, Gujarat, India	To, Name & Address of Depository Participant

Dear Sirs,

Sub.: Payment of Dividend through NECS [NECS Mandate Form]

I/We hereby give my / our mandate to credit my / our Dividend on the share/s held by me / us under the Folio No. / Demat Account mentioned, directly to my / our Bank Account through the National Electronic Clearing System [NECS] / to prepare my/ our dividend warrant with details of my / our Bank Account No. and Name of the Bank & Branch.

The Details of the Bank Account are given below.

Name of First/Sole shareholder [IN BLOCK LETTERS] _____

Folio Number as appearing on Share Certificate/DP ID & Client ID _____

Name of the Bank in Full _____

Branch Name _____

Address & Telephone No. of the Bank _____

9 Digit Code No. of the Bank & Branch as appearing on the MICR Cheque issued by the Bank _____

Type of Account with Code	Saving Bank – 10	Current – 11	Cash Cr. - 13
A/C No. as appears on Cheque Book	Bank Ledger No./Bank Ledger Folio No. (If any, appearing on the Cheque Book)		PAN / GIR No.

Address and email ID of the share holder _____

I / We enclose a blank cancelled cheque / self-attested photocopy of front page of Savings Bank Account passbook to enable you to verify the details.

I / We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I / We would not hold the Company / the user institution responsible. I / We undertake to inform any subsequent changes in the above particulars before the relevant Book closure Date(s). I / We understand that, the above details shall be maintained by you till I / We hold the shares in physical / electronic mode under the captioned Folio No. / DP ID & Client ID.

Place: _____ Signature of Sole / First Shareholder _____

Date: _____ Signature of Second / Third Joint Shareholder _____

Multi-year comparison

	Unit	Chart	2021	2020	2019	2018 ^b	2017 ^b
INCOME STATEMENT							
Revenue ^a	₹ mn	1	55,605.1	37,618.4	43,606.3	45,615.1	39,331.4
EBITDA ^c	₹ mn		9,949.8	5,401.3	6,460.8	7,585.4	6,916.9
EBITDA Margin	%		17.9%	14.4%	14.8%	16.6%	17.6%
EBIT ^c	₹ mn	1	7,978.7	3,461.6	4,873.7	6,100.4	5,535.3
EBIT Margin	%	1	14.3%	9.2%	11.2%	13.4%	14.1%
Earnings before tax ^c	₹ mn		8,431.4	3,972.1	5,346.2	6,749.0	5,933.6
Earnings after tax	₹ mn	2	6,291.2	2,909.7	3,676.4	4,198.0	3,884.9
EPS	₹	2	201.3	93.1	117.6	134.3	124.3
STATEMENT OF FINANCIAL POSITION							
Share Capital	₹ mn		312.6	312.6	312.6	312.6	166.2
Share holder's equity	₹ mn		36,536.7	31,402.9	29,621.6	27,061.2	23,251.6
Total assets	₹ mn		48,962.7	41,514.3	36,452.3	37,673.7	31,803.8
STATEMENT OF CASH FLOWS							
Cash flow from operating activities			4,646.7	6,491.9	5,097.7	2,382.0	4,009.6
Capital expenditure Net (Capex)	₹ mn	5	(1,825.9)	(2,376.7)	(3,198.6)	(2,438.5)	(1,343.9)
Financing activities	₹ mn		456.3	456.5	536.0	546.6	288.2
Free cash flow ^d	₹ mn	3	3,277.1	4,571.7	2,435.1	490.1	2,953.9
Current ratio	Times		2.9	3.0	3.6	2.6	3.0
VALUE BASED MANAGEMENT							
Capital employed	₹ mn		37,090.5	32,395.5	30,076.5	27,503.4	24,276.9
Average capital employed	₹ mn		34,743.0	31,236.0	28,790.0	25,890.1	19,649.5
Return on capital employed	%		23.0%	11.1%	16.9%	23.6%	28.2%
SHAREHOLDERS							
Number of Shareholders ^e	No.		22,214	15,915	21,026	15,435	12,871
Number of shares	No.		31,260,734	31,260,734	31,260,734	31,260,734	16,617,270
Dividend per share	₹	4	80.0	38.0	35.0	30.0	17.0
Dividend			2,500.9	1,187.9	1,094.1	937.8	282.4
Share price ^f	₹		8,790.5	4,538.5	4,698.4	5,691.2	5,844.1
Market Capitalisation	₹ mn		274,795.9	141,878.4	146,877.0	177,912.7	97,113.8
Net worth	₹	6	36,536.7	31,402.9	29,621.6	27,061.2	23,251.6
EMPLOYEES							
Employees	No.		2,922	2,794	2,846	2,904	2,936

a Net of excise duty in relevant years

b Figures are derived after giving effect of amalgamation of INA Bearings India Private Limited and LuK India Private Limited with the Company

c Before exceptional items

d Free cash flow: Cash flow from operating activities less net capex add interest income (net)

e Number of shareholders not clubbed based on unique Permanent Account Number

f Closing share price as on December 31, 2021

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