

We pioneer motion

# Integrated Annual Report 2023

## Schaeffler India Limited





# FUTURE IN MOTION

At Schaeffler India, our mission is to engineer the future of mobility. We are preparing for the future mobility transformation in the country as well as leveraging the Group’s solutions on emerging technologies ensuring a sustainable future for all. Our acquisition of Koovers<sup>1</sup> unlocks the potential of B2B e-commerce for vehicle lifetime solutions in India.

Our every action reflects our commitment to agility, sustainability, and deep customer connections. We are globally connected, locally invested, and passionately engaged with our people and society.

<sup>1</sup> KRSV Innovative Auto Solutions Private Limited

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Find out more online

 [we-pioneer-motion.com](https://we-pioneer-motion.com), [schaeffler.com](https://schaeffler.com), [schaeffler.co.in](https://schaeffler.co.in)

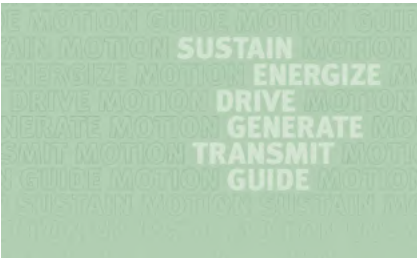
 [@SchaefflerGroup](https://twitter.com/SchaefflerGroup)  [@SchaefflerIndia](https://facebook.com/SchaefflerIndia)  [Schaeffler](https://linkedin.com/company/Schaeffler)



Highlights of the year

2023: A year like no other

A year that witnessed Schaeffler India achieving milestones, capitalising on several opportunities, and continuing to shape the future of mobility in India.



The motion technology company

We endeavour to create value for customers in all areas of motion, leading through innovation, agility and efficiency. The ‘Motion Technology’ positioning simplifies the presentation of our products and service offerings to meet complex customer needs.

Read more on [page 06](#)



Foray in e-mobility

We see electric vehicles as a key to driving sustainable mobility. We have partnered with a leading automotive OEM for the supply of e-axle in their journey of electrification.

Read more on [page 16](#)



First ever acquisition in e-commerce space

We drive into the future of mobility with our first-ever acquisition of Koovers. The acquisition strengthens our aftermarket ecosystem including distribution partners and helps us play an important role in the fast growing and evolving digital aftermarket landscape.

Read more on [page 26](#)



Robust financial performance

We continued to deliver a robust financial performance despite global headwinds. Trajectory of business wins across sectors aided our annual performance.

Read more on [page 34](#)



Commitment to localisation

We expanded our manufacturing facilities at Hosur and Savli, which is a testament to our ‘Make in India’ commitment.

Read more on [page 48](#)



Social initiatives awarded

We received CSR recognitions for Jal Sahara - our initiative to tackle water scarcity through natural resource management.

Read more on [page 50](#)



Stayed on track to achieving our sustainability goals



Environmental stewardship

46%  
Reduction in GHG emissions

88%  
Waste recycled



Supporting suppliers

89%  
Sustainable sourcing

220  
Training hours



Helping communities

85,037  
CSR beneficiaries

₹160.2mn  
CSR spend



Empowering People

5%  
Diversity ratio

0.15  
Accident rate



Customer centricity

4 CDCs  
Closer to customers

8.41  
Loyalty Index



Governance

33.3%  
Women representation on the Board

44.4%  
Independent Directors

Highlights<sup>1</sup>

₹72,261 mn  
Revenue

▲ 5.2%

₹9,090 mn  
PAT

▲ 3.4%

₹4,620mn  
FCF<sup>2</sup>

▲ 22.6%

₹26 per share  
Dividend

▲ 8.33%

<sup>1</sup> As of December 31, 2023  
<sup>2</sup> Free cash flow before cash in and outflows for M&A activities



About the report

# Integrated thinking at Schaeffler

## Scope and boundary of reporting

### Approach to reporting

Schaeffler India Limited’s Integrated Annual Report is prepared in accordance with the international Integrated Reporting <IR> framework, issued by the Value Reporting Foundation. This report reflects our commitment to stakeholders for transparent communication and provides a detailed assessment of our ability to create sustainable value in the short, medium, and long term.

The report focuses on the Company’s achievements, its model of value creation, holistic performance, strategy, risk management, megatrends and opportunities and financial and non-financial performance including Environmental, Social, and Governance (ESG) initiatives.

### Reporting Period

January 01, 2023 – December 31, 2023

### Operating businesses

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

### Financial and non-financial reporting

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

### Responsibility statement

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

## Key concepts

### Value creation process

At Schaeffler India, we believe value creation is focused on optimising value (outcomes and outputs) for our stakeholders. This is a consequence of how we allocate and enhance our ‘capitals’. The capitals are stocks of value that are increased, decreased, or transformed through the activities of the organisation.


### Simplified presentation of value creation process

Input ► Outputs  
Outcome ► Stakeholders

 Read more about our value creation model on [page 22](#)

### Materiality and material matters

We apply the principle of materiality to assess what information should be included in the integrated annual report. We focus particularly on those issues, opportunities, and challenges that impact materially on the ability to create and deliver value in the short, medium, and long term.

 Read more about our material issues on [page 20](#)

### Frameworks and standards used in reporting

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


- National Voluntary Guidelines (NVGs)
- Companies Act, 2013 (and the rules made thereunder)
- Indian Accounting Standards
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Secretarial Standards issued by the Institute of Company Secretaries of India
- Global Reporting Initiative (GRI) (core option) standards
- Sustainability Accounting Standards Board (SASB) standards


Disclaimer: The Company is not liable with regard to any data/information appearing in this report, taken from the public domain.


## 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


## Stakeholders


 Customers

 Investors


 Community


 Employees


 Suppliers and partners


 Environment


## Key risks we track

 Strategic risks

 Operational risks

 Legal risks

 Financial risks

 Read more on [page 88](#)

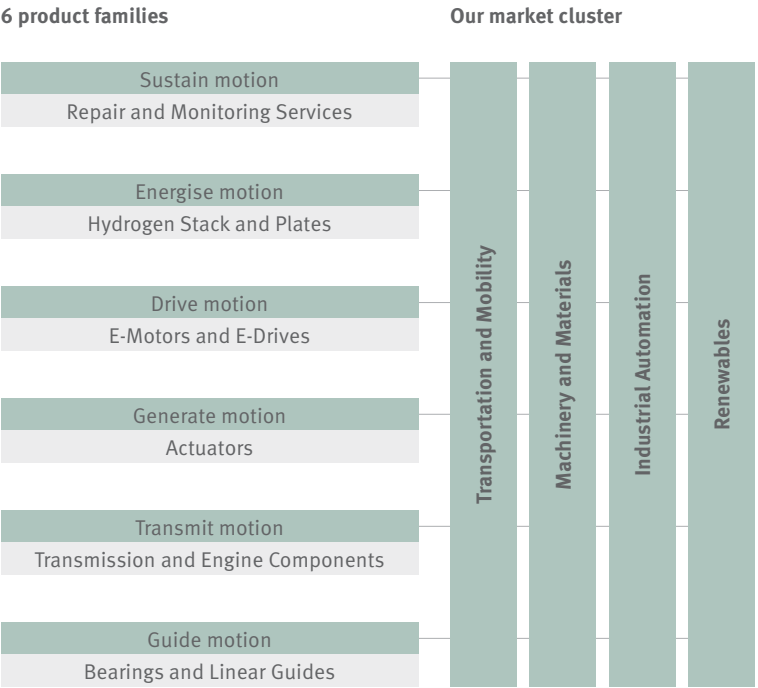
## Contributing to the United Nations Sustainable Development Goals (SDGs)





# THE MOTION TECHNOLOGY COMPANY

In the realm of motion, Schaeffler stands as the pioneer of innovation and excellence. Through our diverse range of products and services, we meticulously guide, transmit, generate, drive, energise, and sustain motion across all six of our product families. Our focus on customer-centricity drives us as the leading Motion Technology Company. We cater to all four markets and ten customer clusters, ensuring that every solution we offer is tailored to meet the unique needs of our customers. Our commitment to innovation in motion technology will help shape a dynamic and transformative future for industries worldwide.



## Corporate overview

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Schaeffler Group

# We pioneer motion

At Schaeffler, we believe motion is the essence of life. It has been the core element in reimagining mobility while shaping the future with efficient and sustainable solutions.

From innovative bearings and clutches to cutting-edge software solutions, we push the boundaries of technology to keep the world moving smoothly, efficiently, and sustainably. Our rich portfolio, like electric vehicles and hydrogen fuel cells, among others, are enabling a carbon-free society.

€16,313 mn  
Revenue

As at 31<sup>st</sup> December 2023  
Patent registrations in 2022

€310 mn  
Net income

1,266  
Patent registrations

### Why we exist

#### Our purpose

We pioneer motion to advance how the world moves.

### What we want to achieve

#### Our vision

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



### How we achieve our targets

#### Our mission

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

#### Our strategy

- Innovation – shaping the way ahead
- Quality – highest product quality and outstanding service quality
- System Understanding – optimise complex, individualised solutions
- Manufacturing Excellence – sophisticated, high-precision technologies

### We are SBTi validated



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

### CDP "A" rating for Climate Change

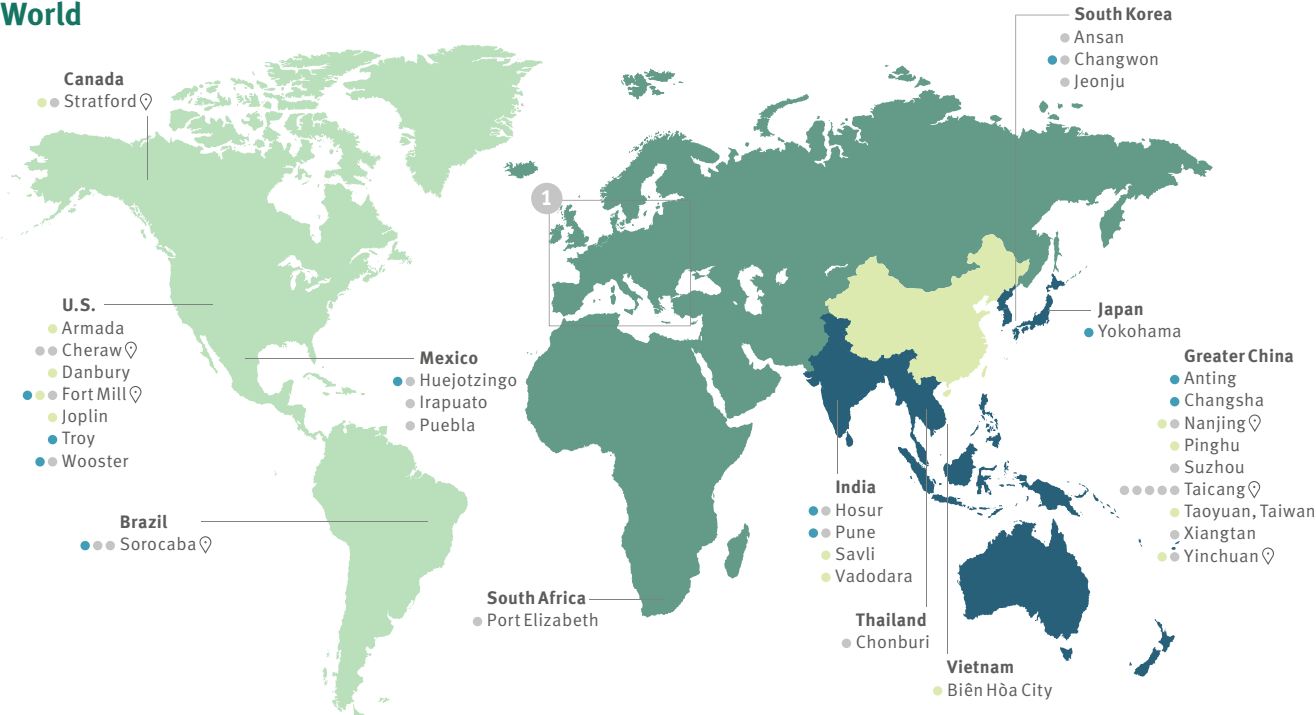
One of the few companies from 21,000 assessed



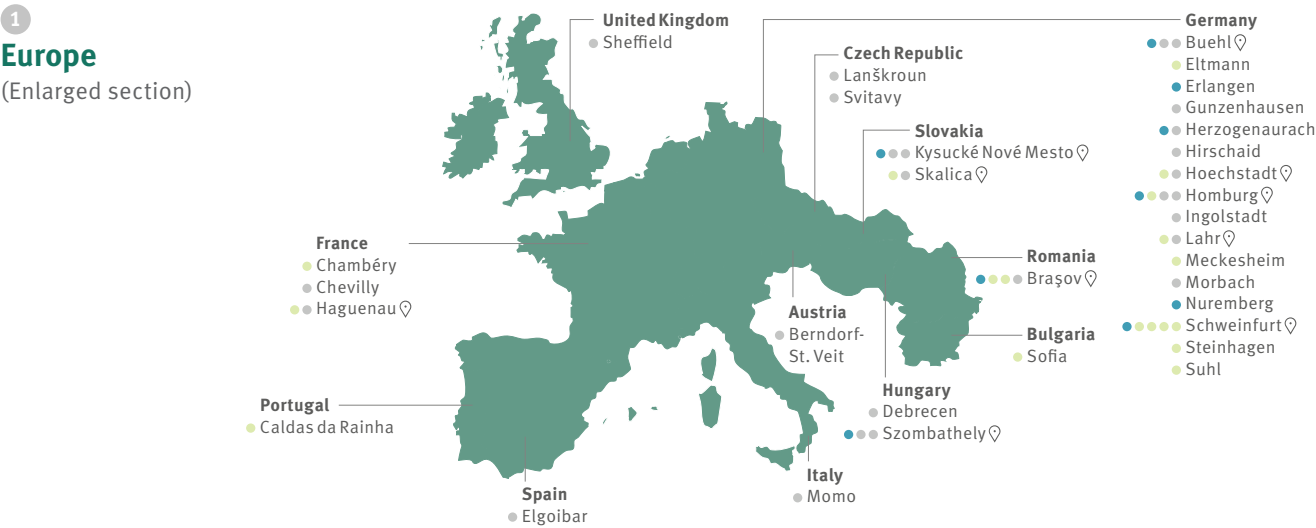
### Schaeffler Group plants and R&D centres

as on December 31, 2023

#### World



#### Europe (Enlarged section)



Note: Map not to scale

#### Plants and R&D centres

Regions <sup>1)</sup>	Europe	Americas	Greater China	Asia/Pacific	Schaeffler Group
Employees	51,153	12,095	13,031	7,083	83,362
R&D centres	9	5	2	4	20
Plants	45	15	13	9	82
Automotive Technologies	27	10	9	6	52
Industrial	18	5	4	3	30
Campus locations	10	4	3	-	17

<sup>1)</sup> Regions reflect the regional structure of the Schaeffler Group.



## Schaeffler India

# Partnering for progress

We provide innovative and sustainable products and services for CO<sub>2</sub>-efficient drives, future mobility, Industry 4.0, digitalisation and renewable energies through three main businesses – Automotive Technologies, Automotive Aftermarket, and Industrial, enabling our customers to be future-ready.

Over the last six decades, Schaeffler India has partnered with customers to deliver high-precision components and systems in engine, transmission, and chassis applications, as well as rolling and plain bearing solutions for a large number of industrial applications. We stand out for our quality, the use of sustainable technology and our distinctive innovative ability.

## Our businesses



### Automotive Technologies

The Automotive Technologies division develops and produces groundbreaking components and system solutions for fully electric and hybrid drive systems, internal combustion engines and chassis systems – for passenger cars, tractors and commercial vehicles. The division also offers a broad portfolio of rolling bearings.

**₹30,230 mn**  
Revenue


 Read more on [page 36](#)



### Automotive Aftermarket

Our Aftermarket business supplies components and holistic repair solutions for the automobile spare parts business and sees itself as an enabler of garages. With an overarching understanding of systems and comprehensive services, we support garages in complex repairs and at the same time contribute to extending the operating life of vehicles.

**₹6,813 mn**  
Revenue


 Read more on [page 40](#)



### Industrial

The Industrial Division offers a wide range of integrated solutions from rolling bearing technologies to maintenance solutions for industrial applications. Our portfolio ranges from small to large diameter, high-speed and high-precision bearings and smart connecting solutions for machine maintenance that keep various industries in motion.

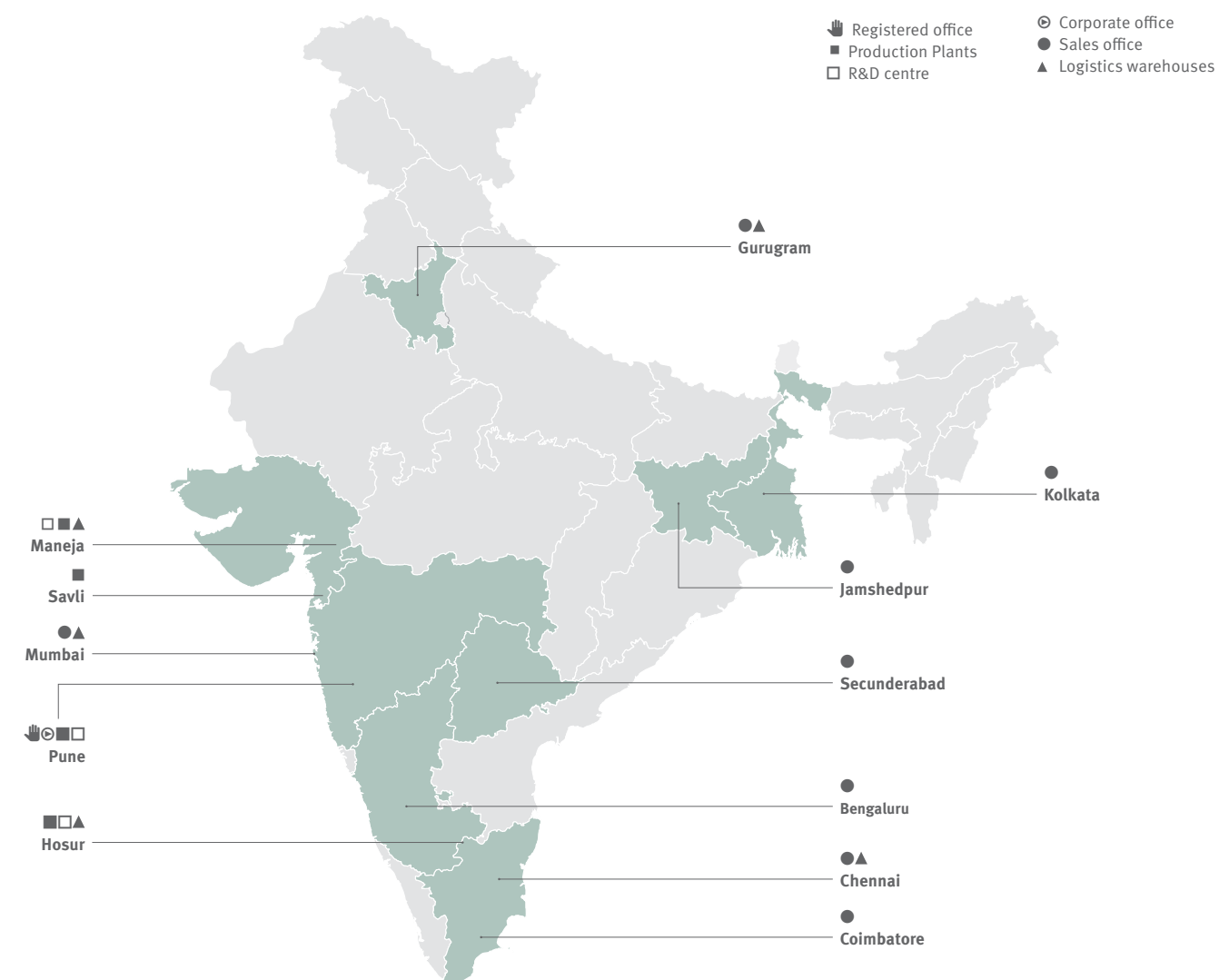
**₹25,478 mn**  
Revenue

 Read more on [page 46](#)

As at 31<sup>st</sup> December 2023



## Geographic footprint



Note: Map not to scale

## Snapshot

**4**

Plants

**3**

R&D centres

**8**

Sales offices

**33,000+**

Retail network

**3,383**

Employees

**330**

Distribution and channel partners

## Strategic priorities



Investing for growth



Strengthening localisation




Utilising global technology network



Nurturing talents and partnerships



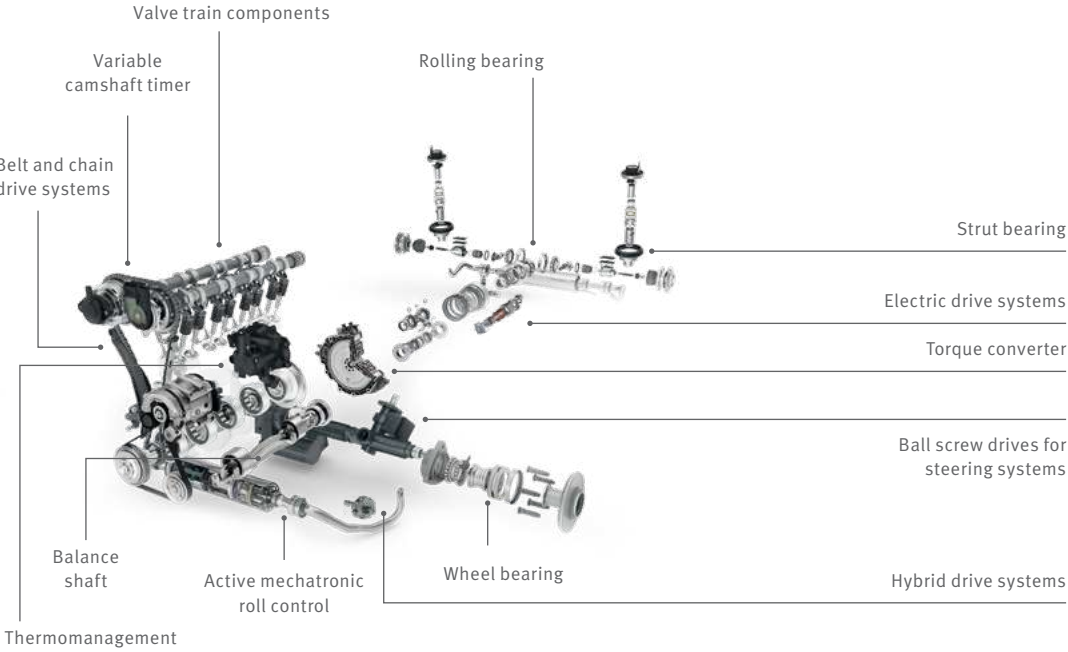
































Digitalisation

 Read more on [page 24](#)



Product portfolio

# Smart motion technology solutions

<p><b>Products</b></p> <ul style="list-style-type: none"><li>Chassis components and systems</li><li>Engine components and precision products</li><li>Clutches and transmission systems</li><li>Drives for hybrids and EVs</li></ul>	<p><b>Segments catered to</b></p> <ul style="list-style-type: none"><li>Commercial vehicles (CVs)</li><li>Passenger vehicles (PVs)</li><li>Tractors</li></ul>	<p><b>Applications</b></p> 	<p><b>What differentiates us</b></p> <p><b>We make vehicles cleaner and leaner through technology</b></p> <p>The Automotive Technologies division develops and manufactures innovative products, components and systems solutions for engine, transmission, and chassis applications for ICE (Internal combustion engine), hybrid as well as electric powertrains.</p> <p> Read on <b>page 34</b></p>	<p><b>Automotive Technologies</b></p>
<p><b>Replacement parts for</b></p> <ul style="list-style-type: none"><li>Transmission</li><li>Engine components</li><li>Chassis components</li></ul> <p><b>Intelligent solutions for</b></p> <ul style="list-style-type: none"><li>Repair and service points via platforms such as REPPERT</li></ul>	<ul style="list-style-type: none"><li> Repair garages</li><li> Fleet workshops</li><li> Multi-brand garages</li><li> Retail markets</li></ul>	<div><p> <b>Passenger cars</b> Outstanding competence in systems and services</p><p> <b>Heavy commercial vehicles</b> Repair solutions for extended service life</p></div> <div><p> <b>Light commercial vehicles</b> Intelligent solutions for light commercial vehicles</p><p> <b>Tractors</b> Dependable solutions for tractors</p></div>	<p><b>We deliver best-in-class service</b></p> <p>The Automotive Aftermarket business delivers innovative repair solutions and offers comprehensive services to garages by conducting practical training seminars to enhance competency within the repair network.</p> <p> Read on <b>page 38</b></p>	<p><b>Automotive Aftermarket</b></p>
<ul style="list-style-type: none"><li>Rolling and plain bearings</li><li>Linear guidance system</li><li>Maintenance products</li><li>Maintenance services</li><li>Mechatronics</li><li>Digital services</li></ul>	<ul style="list-style-type: none"><li>Railways</li><li>Wind energy</li><li>Industrial automation</li><li>Two-wheelers</li><li>Off-highway</li><li>Raw materials</li><li>Power transmission</li><li>Industrial distribution</li></ul>	<div> Smallest ball bearing with a 1 mm inside diameter</div> <div> Engine bearings</div> <div> Needle roller bearings</div> <div> Plain bearings</div> <div> Yoke type and stud type track rollers</div> <div> Cage-guided cylindrical roller bearings</div> <div> Radial insert ball bearings</div> <div> Cylindrical roller bearings with disc cage</div> <div> Direct drives</div> <div> Main spindle bearings</div> <div> Tapered roller bearing</div> <div> Spherical roller bearings</div> <div> Housings</div> <div> Active magnetic bearings</div> <div> Linear guidance systems</div> <div> Rotary table bearings with measuring system</div> <div> Axial/radial rolling bearings with outside diameter of several meters</div> <div> <b>Linear technology</b> Ball and roller bearing, and guideway assemblies, hydrostatic linear guidance systems, and complete systems</div> <div> <b>Direct drives</b> Rotary and linear direct drives, including electronic sub-assemblies</div> <div> <b>Maintenance</b> Products and services for mounting, maintenance and condition monitoring</div> <div> <b>Mechatronics</b> Bearings with integrated additions like sensors or generators</div>	<p><b>We keep the industry in motion</b></p> <p>The industrial business 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 metres wide, with a focus on smart products and on connecting components. The business also offers wide-ranging maintenance services products and Industry 4.0 solutions.</p> <p> Read on <b>page 42</b></p>	<p><b>Industrial</b></p>



## What differentiates us

# Sustained growth opportunities

We are distinguished by our strong parentage, enduring client partnerships, diverse product portfolio, innovative capabilities and a robust financial foundation.

## Strong parentage

Schaeffler India draws its parentage from Schaeffler AG, a global leader in motion technology with over 130 years of rich innovation experience. We get access to the Group's R&D resources, extensive know-how and global network.



## Digitalisation

Digitalisation is helping us streamline processes through automated workflows, enhanced transparency and reduced costs. Data-driven insights and improved responsiveness is helping us enhance customer experience. We are using digitalisation to improve talent development and collaboration and also for innovation and product development.

## Longstanding client relationships

We have built strong relationships over the last few decades, emerging as a preferred partner for our customers in India. Our ability to offer quality solutions tailored to specific customer needs leads to high customer satisfaction scores and repeat business.

# 8.41

Schaeffler India Loyalty Index



## Innovation and sustainability

We work to bring about the technologies of the future. Schaeffler India recognises the importance of intellectual property (IP) and actively safeguards its technological advancements.

# ~30

Invention disclosures

# 14

Patents being filed

Innovation is defined as the share of revenue derived from the products launched in the past three years

## Robust financial profile

Our operational performance, coupled with disciplined capital allocation, aided in maintaining our financial strengths. During 2023, we were able to deliver the following:

- 5.2% growth in revenue
- RoCE of 24.6%
- Debt-free Balance Sheet
- Strong free cash flow of ₹4,620<sup>1</sup> million
- Cash and liquid investments of ₹15,855 million

<sup>1</sup> Free cash flow before cash in-and outflows for M&A activities



# “

Building on an unparalleled range of product offerings, we continue our journey towards providing sustainable, energy-efficient solutions for future mobility needs. In this journey we are collaborating and leveraging the intellect and facilities available with premier research institutes and the startup fraternity within India for both global and local needs. First of its kind project - a combination of fundamental material research and high end computational modelling was initiated during 2023 with IISc Bangalore, which we intend to extend in other areas.”

**Madhurisha Vippatoori**  
Chief Technology Officer





# E-MOBILITY BREAKTHROUGH

During the year, we achieved a breakthrough nomination in the area of future mobility with one of India's leading OEMs. With our new project nomination, we expanded our portfolio by offering e-axle solutions to our customers. Schaeffler India would be offering the first system-level solution for an electric passenger car application.

We continue to focus on engaging with our customers to help them transition to a greener future.

## Creating value

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## Stakeholder engagement

## Collaborating for success

Through effective stakeholder engagement, we build relationships and trust, leading us to our goals and shaping the way we think, act, and create value.



Investors

## What we do for them

Value creation through optimal utilisation of resources

## How we engage

- Investor engagement
- Quarterly financial results and presentations, earnings conference calls
- Annual general meetings
- Annual reports
- Official communication channels: advertisements, publications, website, and social media

24.6%

Return on Capital Employed



Customers

Best-in-class products and services

- Continuous customer engagement
- Official communication channels: advertisements, publications, website, and social media
- Conferences and events
- Customer feedback and satisfaction survey

8.41

Schaeffler India Loyalty Index



People

We Care, We Act

- Employee engagement programmes beyond workplace
- Competency Development
- Grievance redressal mechanisms
- Wellness programmes

91%

Employee engagement – Pulse 'survey' score



Suppliers and partners

Creating an inclusive ecosystem for partners

- Supplier development initiatives
- Vendor assessment and review
- Training workshops and seminars
- Supplier audits
- Self assessment in carbon neutrality training
- Supplier Meet and Recognition

220 hours

Supplier training



Community

Empowered beneficiaries through our CSR activities

- CSR partnerships
- Community welfare programmes
- Employee volunteering
- Skill development programmes
- Natural resource management programmes

85,037

Lives impacted



Regulators

Holistic and digital regulatory compliance

- Timely compliance filings
- Official communication channels: Advertisements, publications, websites, and social media
- Phone calls, emails, and meetings
- Regulatory audits/inspections

76

Governance score<sup>1</sup>

 Read more on [page 34](#)


 Read more on [page 60](#)


 Read more on [page 64](#)


 Read more on [page 68](#)


 Read more on [page 70](#)

<sup>1</sup> Assessment as of December 31, 2022, by Institutional Investor Advisory Services (IIAS), a SEBI-registered proxy advisory firm, based on an evaluation framework built around the G20/OECD principles



## Materiality

# Business-critical topics

Our interaction with stakeholders helps us identify, assess, and understand the issues material to our business.

## Why materiality matters



### Stakeholder engagement


We listen to our stakeholders and ensure we build positive feedback loops with them.

 Read more about Stakeholder engagement on [page 18](#)



### Risk management


We assess risks and interdependencies in a volatile market to remain competitive.

 Read more about Risk management on [page 88](#)



### Identifying key opportunities

We identify risks to enable win-win situations for our stakeholders and co-create value on a large scale.

 Read more about our Opportunity landscape on [page 101](#)

## Key steps in the materiality assessment process

1

Identify stakeholders

2

Conduct initial stakeholder outreach

3

Identify and prioritise issues to be measured

4

Design and launch survey

5

Interview chosen stakeholders

6

Ask stakeholders to rank ESG topics in terms of importance

7

Analyse insights gathered

8

Benchmark results against peers and competitors

Schaeffler Group conducted a comprehensive analysis with 1,000 stakeholders and identified 19 material issues. These issues are integral and help support the delivery of our business strategy. The assessment will be conducted every two years to keep it relevant.

## Material issues for Schaeffler India



### Environmental

- Water management
- Solutions for low carbon mobility
- Emissions management
- Energy management
- Waste management
- Material sourcing
- Transportation and logistics

### Social

- Diversity and inclusion
- Safety and working conditions
- Total quality and product safety
- Labour management
- Respect for individuals
- Employee advancement
- Employee engagement

### Governance

- Compliance
- Data security and data protection
- Ethics and transparency
- Stakeholder engagement
- Community engagement



How we create value

Value creation paradigm

Inputs	Our value-creation process		Outcomes	UN SDGs impacted
<div><div></div><div><b>Financial capital</b> Equity capital: ₹313 mn Reserves &amp; Surplus: ₹47,841 mn Debt: Nil Working capital: ₹26,931 mn</div></div>	<div><div><b>Our businesses</b></div><div><div><div>Automotive Technologies</div></div><div><div>Automotive Aftermarket</div></div><div><div>Industrial</div></div></div></div>	<div><div><b>Outputs</b></div><div>Total installed capacities: 492 mn pieces</div><div><b>Automotive Technologies</b> Revenue growth: 11.7% Read on page 36</div><div><b>Automotive Aftermarket</b> Revenue growth: 14.8% Read on page 40</div><div><b>Industrial</b> Revenue growth: 5.1% Read on page 46</div><div><b>Co-products</b> Recycled waste: 88%</div><div><b>Emissions</b> Scope 1: 7,010 tCO<sub>2</sub>e Scope 2: 64,228 tCO<sub>2</sub>e GHG emission intensity: 0.001 tCO<sub>2</sub>e thousand rupee of turnover</div></div>	<div><div></div><div><b>Financial capital</b> Free cashflow<sup>1</sup>: ₹4,620 mn Revenue: ₹72,261 mn PAT: ₹9,090 mn  <sup>1</sup>Free cash flow before cash in and outflows for M&amp;A activities</div></div>	<div><div></div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div>
<div><div></div><div><b>Manufacturing capital</b> Capital expenditure: ₹5,531 million Property, Plant and machinery (gross): ₹18,681 mn</div></div>		<div><div><b>Automotive Technologies</b></div></div>	<div><div></div><div><b>Manufacturing capital</b> Revenue from value-added products: ₹55,400 million</div></div>	<div><div></div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div>
<div><div></div><div><b>Intellectual capital</b> R&amp;D expenditure: ₹995 mn R&amp;D centres in India: 3</div></div>	<div><div><b>Strategic priorities</b></div><div><div><div>Investing for growth</div></div><div><div>Strengthening localisation</div></div><div><div>Building locally global organisation</div></div><div><div>Nurturing talent and partnerships</div></div><div><div>Digitalisation</div></div></div></div>	<div><div><b>Industrial</b></div></div>	<div><div></div><div><b>Intellectual capital</b> Patents applications originating from India: 14</div></div>	<div><div></div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div>
<div><div></div><div><b>Human capital</b> Total training hours: ~2,196</div></div>		<div><div><b>Co-products</b></div></div>	<div><div></div><div><b>Human capital</b> Accident rate: 0.15</div></div>	<div><div></div><div>10 REDUCED INEQUALITIES</div></div>
<div><div></div><div><b>Social and Relationship capital</b> CSR spend: ₹160.2 mn</div></div>		<div><div><b>Emissions</b></div></div>	<div><div></div><div><b>Social and Relationship capital</b> CSR spend: ₹160.2 mn</div></div>	<div><div></div><div>3 GOOD HEALTH AND WELL-BEING4 QUALITY EDUCATION6 CLEAN WATER AND SANITATION</div></div>
<div><div></div><div><b>Natural capital</b> Electricity consumption: 11,26,55,762 kWh Water consumption: 1,74,081 m<sup>3</sup> Renewable energy consumption: 3,49,02,688 kWh</div></div>	<div><div><b>Sustainability management</b></div><div><div><b>Materiality</b> Read more on page 20</div><div><b>Sustainability Targets</b> Read more on page 52</div><div><b>CSR Initiatives - HOPE</b> Read more on page 70</div></div></div>		<div><div></div><div><b>Natural capital</b> Increase in renewable energy consumption 7% over 2022</div></div>	<div><div></div><div>7 AFFORDABLE AND CLEAN ENERGY13 CLIMATE ACTION</div></div>



## Strategic progress

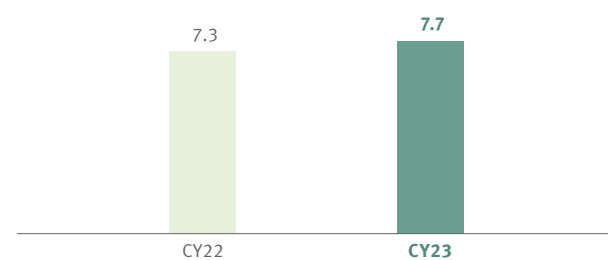
# Leveraging local strengths

In order to create, develop, and shape the future of motion technology not only in India but throughout the world, we draw on our parent company's extensive experience and knowledge in addition to our deep understanding of opportunities present in the Indian markets. We are truly focusing on 'Make in India' for the world.

## Investing for growth

We are strengthening our local footprint to remain competitive with reduced lead times and speed to market.

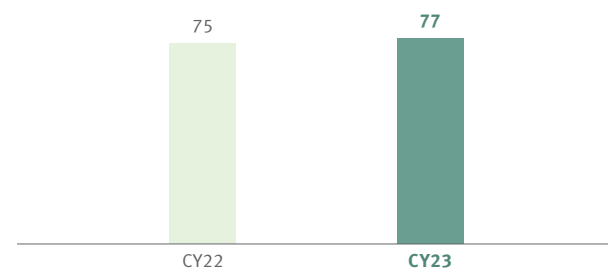
Capex (% of sales)



## Strengthening localisation

Improving localisation and thereby cost competitiveness and profitability has been our constant endeavour. We are committed to constantly improving the localisation ratio every year.

Localisation (%)



## Digitalisation in logistics function

### Transport Shipment Visibility tool

Implemented Transport Shipment Visibility tool (Cargo-FL) for digital lorry receipt creation and shipment tracking to receiving proof of delivery (POD) through an API-enabled system. We have onboarded all domestic transporters on a single platform. This presents all the required information on a single interface.

### Freight Billing Verification tool

Implemented Freight billing verification tool (Gocomet and SAP-based tool) for domestic and import freight bills, a 100% digitally enabled freight bill verification without any manual intervention.

### Automation of inventory verification

We digitised the Inventory verification process at our warehouses with improved accuracy and speed.



## Building locally global organisation

India offers the right intellectual engineering talent as well as business-friendly government policies to facilitate manufacturing. Schaeffler India leverages this as well as the cost competitiveness.



## Nurturing talent and partnerships

Through active collaboration with local universities and technical institutions, we aim to attract and develop skilled Indian professionals. Additionally, partnerships with local suppliers and technology providers foster innovation and build a robust ecosystem.

“

## Challenging status quo

I'm excited to share our continued journey towards sustainable and innovative growth in 2023. The ever-evolving landscape demands an agile, transformational and proactive approach towards challenging conventional practices.

We set new standards for operational excellence, quality parameters and employee safety. We recognise the power of local manufacturing and continue to invest aggressively in our business. Our Hosur plant that commissioned this year and the expansion at our Savli plant are a testament to our 'Make in India' mission. While pursuing our goals, we provide rigorous training programs, continuous process improvement initiatives and adherence to quality standards to ensure the delivery of best-in-class products while prioritising the safety and well-being of our employees.

With a clear vision, dedicated teams, and a focus on innovation, sustainability, and operational excellence, we are confident in shaping a thriving future for our Company and contributing significantly to India's industrial growth.”

**Sameer Mathur**  
Chief Operating Officer



0.52%

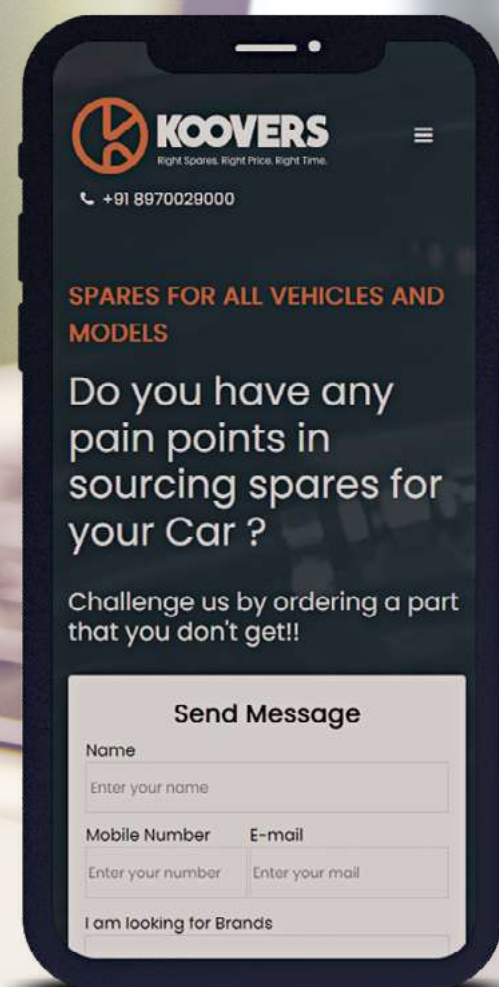
Internal failure cost

1,550 MWh

Electricity saved



# KOOVERS: FIRST-EVER ACQUISITION IN E-COMMERCE SPACE



In August 2023, we announced our first-ever acquisition of Kooovers, a B2B e-commerce platform offering spare parts solutions to Indian aftermarket workshops. This acquisition, fully funded by own cash generation, presents an ideal synergy for Schaeffler's future aftersales activities in India. It will be a key enabler for the aftermarket ecosystem, including distribution partners and help to play an important role in the fast-growing and evolving aftermarket digital landscape.

7,000

Workshops

1.8mn

SKUs

Read more on [page 44](#)

## Year in review

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## Message by the Chairperson

# Empowering future, thriving together



“Schaeffler India is well placed to capture these opportunities as we introduce and adopt innovative technologies at an even quicker pace, be it our advances in electric mobility, strengthening digitalisation initiatives or offerings of Industry 4.0 solutions.”

### Dear Stakeholders,

It is with great pleasure that I present to you the Company's Integrated Annual Report for the calendar year 2023. The year was a truly special year for Schaeffler India, and I am honoured to reflect on the progress and achievements we have made together. In addition to another year of resilient financial performance, we had many firsts to our credit this year. We completed our first acquisition in India, secured wins in the area of future mobility and took further strides in localisation and digitalisation initiatives. The addition of a B2B e-commerce platform in our portfolio presents an ideal synergy for Schaeffler's future aftersales activities in India. It will be a key enabler for the aftermarket ecosystem, including distribution partners and help to play an important role in the fast-growing and evolving aftermarket digital landscape. With our new project nomination in the area of future mobility, we would be offering a first system-level solution to our customers as we help them transition to a greener future. We continued to leverage on our local strengths and our performance in a challenging environment is a testimony to our perseverance.

### Reviewing the operating environment

Despite global headwinds and worsening geopolitical situation, India promises to remain the fastest-growing large economy for another year. In fact, after strong growth in the second quarter of FY2024, the Reserve Bank of India has raised its growth forecast for the year to 7%. In FY25, on the back of the government's support towards growth, controlled inflation and strong thrust on capital expenditure, private investment and healthy demand conditions, India is expected to continue with a growth trajectory. In the IPSOS index of December 2023, India with 64.3 points was at the top of the index in the world.

The optimism was evident from the automobile numbers. India is now the third-largest automobile market in the world. Indian light-vehicle sales, comprising of cars and light commercial vehicles, will grow to 6.1 million units in 2030 from 4.4 million units in 2022, according to an S&P Global Mobility forecast. The market size of the industry

is 7.5 lakh crores and is expected to reach 15 lakh crores backed by economic growth and investment in the national highway network. Over the past few decades, the Indian automotive industry has transformed with technology playing a key role in the massive change. The automotive landscape in India is undergoing a transformation with Indian mobility changing to bigger and greener vehicles driven by regulatory changes.

Within the industrial space - the Indian government's multifaceted approach to bolstering its infrastructure sector is commendable. The 'Make in India' initiative, skill development programs, infrastructure projects, and the ease of doing business reforms are paving the way for a more robust and competitive landscape. The government's emphasis on the railway sector is seen in a number of projects aimed at updating and enhancing the railways to make them more sustainable and efficient. Achieving the targets for clean energy adoption also remains a focus area with various policies and incentives being introduced to promote wind power development.

Schaeffler India is well placed to capture these opportunities as we introduce and adopt innovative technologies at an even quicker pace, be it our advances in electric mobility, strengthening digitalisation initiatives or offerings of Industry 4.0 solutions.

Throughout the year, we have remained steadfast in our commitment to delivering value to customers, employees, and shareholders. Our strategic initiatives have focused on innovation, operational excellence, and sustainable growth, which have enabled us to strengthen the market position and capitalise on emerging opportunities. It gives me immense pride to share that Schaeffler India today stands strong as a ₹72,261 mn company and an employee strength of ~3,300 resulting in a market capitalisation of ~₹500 bn. This growth is a testament to the dedication and hard work of employees, confidence of stakeholders and a resilient business model.

### Empowering change: Our ESG commitment

At Schaeffler, we recognise the importance of integrating sustainability into every business aspect to drive long-term value creation for all stakeholders. Over the past year, we have continued to make significant strides in advancing ESG efforts across all aspects of operations.

We remain dedicated to minimising our environmental footprint and mitigating the impacts of our business activities on the planet. We successfully implemented and executed projects in several key areas. We focused on using renewable energy across all operations and working towards replacing conventional technologies thereby reducing emissions at the plants. Activities on Scope 3 emission reduction included an evaluation of self-assessment questionnaires for ~89% of our suppliers, returnable packaging solutions for ~50% of our customers' packages, and consolidated distribution centres. We are set on the

right track to achieve our ambitious target of being climate-neutral in our operations by 2030.

Our commitment to social responsibility extends beyond business operations to the communities in which we operate. Within business operations, we are creating a positive social impact by fostering diversity and inclusion and supporting employee well-being and safety. And on community, we continued to have programmes on water conservation, skill development, enhancing the quality of education in rural India and improving community health to strengthen the social fabric and contribute to the betterment of society. During the year, we received multiple recognitions for Jal Sahara - our initiative to tackle water scarcity through natural resource management.

Sound governance practices are fundamental to maintaining the trust and confidence of our stakeholders. The core principles of corporate governance at Schaeffler India are integrity, accountability, business ethics, effective supervision and creating value for stakeholders. We aim to achieve business excellence through responsible corporate governance, ensuring effective collaboration between the Executive Leadership Team and the Board of Directors, with transparency in corporate and financial communications. We remain dedicated to upholding the highest standards of corporate governance, transparency, and ethical conduct.

As we look to the future, Schaeffler India remains firmly committed to advancing its ESG agenda and integrating sustainability into our business strategy.

### In conclusion

Ms. Hardevi Vazirani has recently taken over the reins of Schaeffler India's finances from Mr. Satish Patel. I am delighted that we are able to find a great fit within the organisation, for such an important position. I thank Satish for navigating us throughout these years and contributing to the growth of our India entity.

I look back at 2023 as a year where we weathered challenges, embraced change, and grew stronger, solidifying our commitment to a sustainable future.

I am deeply grateful for the unwavering support of the Board of Directors. I would also like to extend my sincere appreciation to our employees, esteemed customers and partners for their collaboration, and gratitude to our shareholders. The progress we made goes beyond numbers for fostering innovation, improving operational excellence, and building a more responsible future.

The journey ahead fills us with excitement, as we continue to forge strong partnerships, innovate, and embrace the opportunities that lie ahead. Together, let us embark on this journey of growth and boundless potential. India's future is bright, and we are honoured to be a part of its narrative.

**Eranti Sumithasri**  
Chairperson



## Message from the MD and CEO

# Our journey in 2023 — a year of firsts



“Even when the world was slowing down, India’s progress kept moving forward. And we played our role as catalysts to support the same, propelling industries forward with innovative and sustainable solutions. Beyond numbers, our story is one of agility.”

### Dear Stakeholders,

Schaeffler India has had a remarkable journey in the year 2023. It has been a year of milestones where we have responded to challenging business environments with agility and resilience. I am proud to report that despite the challenges we faced, our business has continued to thrive and grow. The resilience and dedication of our team, coupled with our unwavering commitment to innovation and excellence, has propelled us forward even in the face of uncertainty.

Following the post-pandemic rapid growth years of 2021 and 2022, 2023 presented unique difficulties. The second half of this year saw the pandemic-induced chip shortages settling down. This resulted in automotive manufacturers being able to meet the high demand for automobiles in general and SUVs in particular, resulting in a strong turnaround in the automotive segment. Our automotive technologies as well as automotive aftermarket business registered double-digit revenue growth. Our industrial business showed sustainable growth with revival in our key sectors and government policy support towards the infrastructure sector. Exports were under pressure, especially with the wind segment in Europe bearing the brunt of war and sanctions. However, the sector has now started registering an uptick and we continue to invest in this sector.

Once more, even when the world was slowing down, India’s progress kept moving forward. And we played our role as catalysts to support the same, propelling industries forward with innovative and sustainable solutions. Beyond numbers, our story is one of agility. Like I mentioned earlier, this was a year of milestones for us. The year started with the ground-breaking ceremony for our new greenfield facility in Hosur, a beacon of sustainable manufacturing in India. The Savli facility expanded with the future-forward production lines. The enhanced production capacity will support the growing market demand in the wind, heavy industries, and railway sectors. It also supports the country’s ‘Make In India’ call and we are proud to contribute towards the initiative.

Most importantly, we completed our first-ever acquisition in India and the first acquisition in the automotive aftermarket space with Koovers. I am very impressed by the motivated, and competent team we have at Koovers, particularly the Data Analytics, Customer Order management, and IT team, among others. We will work with the team to capitalise on the growth opportunities this business has to offer. I wish the team all the very best.

Another remarkable achievement that I would like to highlight is our foray into future mobility from one of the large players in the segment, thus taking our first step in India’s electrifying journey.

This year, Schaeffler India embraced digitalisation even further, transforming the way we work and interact with customers. We went beyond automating routine processes, building a digital ecosystem that streamlined operations, boosted efficiency, and enhanced customer experience. From automating the entire supplier payment process to creating an online platform for distributors to automating all HR processes, we have woven digital threads into the fabric of our business. On the production line, smart technologies are ensuring precision and quality control like never before. This digital metamorphosis is a testament to our agility, transparency, and intelligent collaboration to build the future of motion.

Sustainability remains at the heart of our every action. We continued to work on reducing our environmental footprint through the year, inching further towards becoming a carbon-neutral company. We have action fields defined covering the three ESG dimensions – Environment, Social, and Governance. I am happy to share that we have performed in this direction and achieved our targets for the year across areas of energy efficiency, usage of renewable energy, freshwater reduction, zero waste to landfill, accident rate and fostering a more equitable and representative environment for all. Our commitment extends beyond our factories, to the communities we call home, and are actively involved in CSR initiatives.

We are focused on integrating sustainability into our organisational culture and have implemented ESG targets in our performance measures. We understand that sustainability goals can be achieved together with a strong ecosystem, and we continue to prioritise sustainability in all aspects of our operations and strive for even greater successes in the future.

We continue to invest in talent development, nurturing a diverse and inclusive workforce, ready to lead us into the future. We championed gender equality, exceeding set targets and setting a benchmark for others to follow. I would also like to mention about the new leadership changes we saw during the year – we strengthened our leadership with the appointment of Mr. Aashish Bhatia to lead our Automotive Technologies business and Mr. Seshan Iyer to lead our Industrial business and Mr. Vinod Acharya to lead our Purchasing function. With their fresh perspective and proven expertise, I am confident that these leaders will help Schaeffler India to scale higher.

Looking ahead, we are excited about the opportunities that lie ahead of us. We will continue to invest in innovation, leveraging emerging technologies to drive efficiency, enhance customer experiences, and unlock new growth avenues. As we look ahead, the horizon pulsates with the promise of even greater strides. We stay focused on our strategic priorities and continue to invest in R&D, digitalisation, and strategic partnerships, fuelling innovation and solidifying our position as a leading motion technology company.

On behalf of the entire team, I want to express my gratitude to all our stakeholders for their continued confidence in Schaeffler India’s vision and strategy. Together, let us keep the wheels of progress turning, propelling India towards a brighter, more sustainable tomorrow. Thank you for being a part of our journey.

**Harsha Kadam**  
Managing Director & CEO



## Message from outgoing CFO

## Grateful past



“

The future holds immense promise, and I have no doubt that Schaeffler India will continue to soar to even greater heights.”

## Dear Stakeholders,

I am writing to you with gratitude and a deep sense of pride as I transition from my role as the Chief Financial Officer and Director Finance at Schaeffler India. The past 3 decades with the company in various positions including two decades as a CFO have been a remarkable journey, filled with ever-evolving challenges and exhilarating successes.

In this time, together, we have navigated shifting economic landscapes, embraced technological advancements and sustainable practices. We have redefined the possibilities for the future for motion and mobility. I have been lucky to see the transformation of Schaeffler into a motion technology company. Looking back over the past five years, we have witnessed a 10.6% compound annual growth rate in revenue, a 14.8% increase in exports, 19.8% rise in our profits and 3.5% increase in our employee base. These figures, however, are only a fraction of the story.

The true measure of our success is evident in the spirit of collaboration with our stakeholders, the relentless pursuit of innovation, and the commitment to excellence that define

Schaeffler India. We have fostered a culture of empowerment for our customers, employees, partners and suppliers.

As I hand the reins to Hardevi Vazirani, I do so with the utmost confidence. Her proven expertise, strategic vision, and deep understanding of the Company will further propel Schaeffler India on its growth trajectory.

My heartfelt thanks to every colleague, every partner, and every stakeholder who has played a pivotal role in shaping this magnificent legacy. While I move on to new horizons, my bond with Schaeffler India remains untarnished. I will be your ardent supporter, cheering you on as you write new chapters in the Company's illustrious story.

The future holds immense promise, and I have no doubt that Schaeffler India will continue to soar to even greater heights. Congratulations on all that we have achieved, and best wishes for a future brimming with opportunity and success.

## Satish Patel

Director - Finances &amp; CFO

(till 12<sup>th</sup> February 2024)

## Message from incoming CFO

## Exciting future



“

Our trajectory of business wins continued through the year and we also successfully made inroads into the e-mobility sector. We enter 2024, with committed efforts to leverage on the market growth opportunities.”

## Dear Stakeholders,

Today, as I address you for the first time, as CFO of Schaeffler India I feel excitement and a sense of healthy trepidation. Taking the helm as CFO and Director Finance in a company as renowned as Schaeffler India is both an immense privilege and a humbling responsibility. Before I embark on this new adventure, I want to extend my heartfelt gratitude to Satish. Your meticulous financial stewardship and insightful guidance have laid the foundation for the robust organisation we stand on today. I am honoured to inherit such a legacy and will strive to build upon it to the best of my abilities.

We performed well in the year 2023 amidst various challenges. Our revenue stood at ₹72,261 million, a growth of 5.2% as compared to CY22. We continued to record strong growth of 9.2% in our domestic business. Automotive technologies and automotive aftermarket registered double digit growth of 11.7% and 14.8% respectively as compared to the same period last year. The industrial business also recorded a growth of 5.1% despite some of the key sectors being impacted in the first half of the year. We saw exports being impacted during the year due to external economic headwinds and global slowdown.

Our trajectory of business wins continued through the year and we also successfully made inroads into the e-mobility sector. The introduction of new products and services across Automotive Technologies, Automotive Aftermarket, and Industrial businesses contributed favourably to the revenue growth of our domestic business. We enter 2024, with committed efforts to leverage on the market growth opportunities.

Our EBITDA (before exceptional items) for the year stood at ₹13,528 million, an increase of 3.4% from ₹13,076 million in the previous year. EBITDA margins for the year stood at 18.7% as compared to 19.0% for CY22. We successfully

sustained the quality of our earnings on the back of efficient utilisation and productivity measures. PAT stood at ₹9,090 million during CY23 (PAT margin 12.6% vs 12.8% in the previous year), representing a 3.4% growth compared to CY22. The Earnings Per Share (EPS) was at ₹58.2 in CY23, up from ₹56.3 in CY22.

During the year, we continued to maintain working capital at optimal levels while continuing the trajectory of investments for our capex framework. This has led to the generation of a strong Free Cash Flow (before cash in and outflows for M&A activities) of ₹4,620 million during the year. We continued our consistent approach to shareholder value creation by announcing a dividend of ₹26 per equity share (with a face value of ₹2 per share), reflecting a pay-out ratio of 45% thus maintaining our target pay-out ratio of 30-50% of the annual standalone Profit After Tax (PAT).

While improving our dividends, we focused on our capex framework in sync with our growth plans in India. We remain committed to providing sustainable, long-term value to our shareholders through a balanced approach that includes both capital appreciation and dividend payments. At the same time, we are aware of our responsibility to all stakeholders for true sustainable growth. Thus, we continue to make significant strides in our ESG journey including making sustainability integral to our operations.

As we enter CY24, I want to reiterate our dedication to executing our strategic focus areas while fulfilling ESG commitments. I look forward to yet another exciting year. I would like to express my heartfelt gratitude to all our stakeholders for their relentless support, encouragement, and trust in Schaeffler India's vision to create sustainable value and shape the future.

## Hardevi Vazirani

Director - Finance &amp; CFO

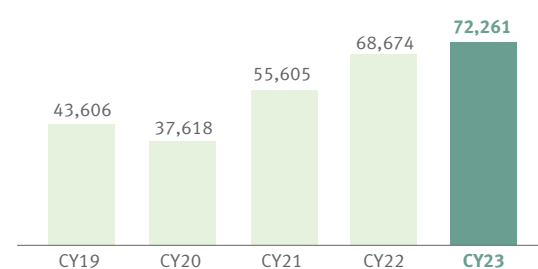


## Key performance indicators

## Measure of progress

We have been consistently delivering sustainable financial performance, creating value for all our stakeholders.

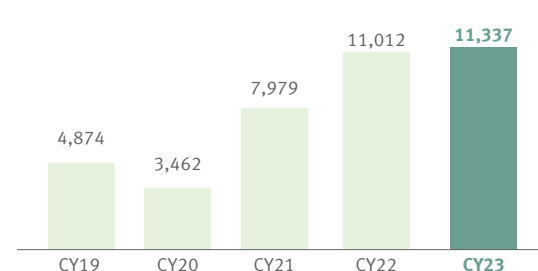
## Revenue (₹ in mn)



⬇ 5.2%

Our revenue for CY23 was 5.2% higher compared to the revenue from the previous year; domestic business grew by 9.2%. The automotive business registered strong growth though the industrial business slowed down slightly while exports lagged due to external economic headwinds.

## EBIT\* (₹ in mn)

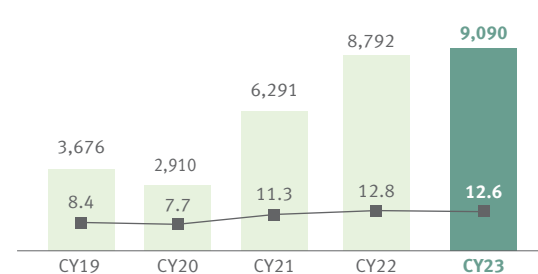


⬇ 2.9%

EBIT went up 2.9% from CY22 to CY23 following sustained quality of earnings due to efficient utilisation of resources and productivity measures.

\* Earnings Before Interest & Tax (before exceptional item),

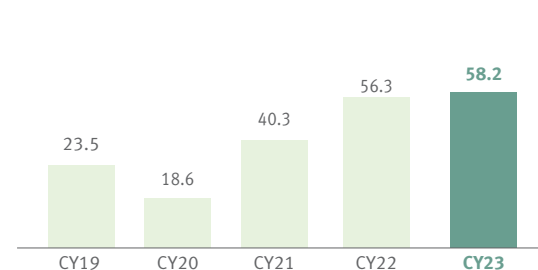
## PAT and net margin (₹ in mn/%)



⬇ 3.4%

Our PAT for the year stood at ₹9,090 crore, up 3.4%, while PAT margins reduced marginally due to adverse sales mix.

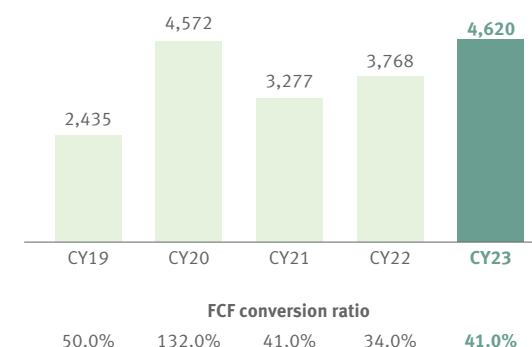
## EPS (₹)



⬇ 3.4%

In line with PAT, EPS was up marginally over the previous year.

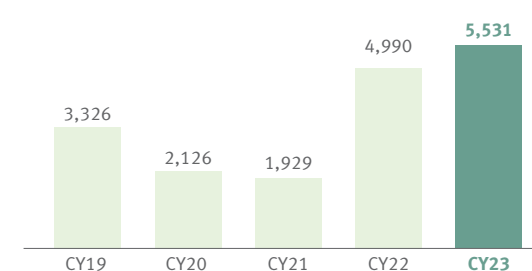
⬇ y-o-y growth

Free Cash Flow (FCF)<sup>1</sup> (₹ in mn)

⬇ 22.6%

We continued our endeavours to optimise working capital management, utilisation of plant capacities, and capital expenditure practices, which resulted in a healthy Free Cash Flow (before cash in and outflows for M&A activities) of ₹4,620 million during CY23, up by 22.6% as compared to the previous year.

<sup>1</sup> Before cash in and outflows for M&A activities

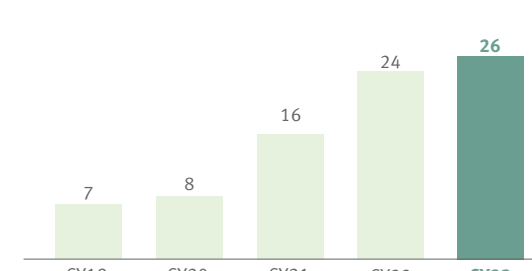
Capex<sup>1</sup> (₹ in mn)

⬇ 10.8%

As part of our commitment to expanding our business, we invested ₹5,531 million in Capex, up from ₹4,990 million in the previous year. Although this year saw slightly slower growth, we continued our expansion plans focusing on mid- to long-term growth potential.

<sup>1</sup> Capex Gross

## Dividend per share (₹)



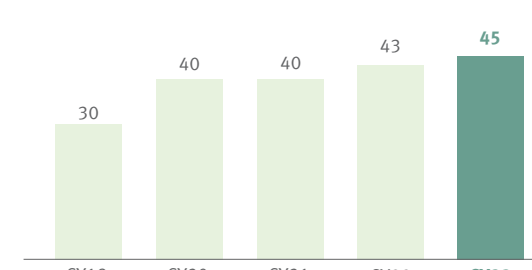
⬇ 30.0%<sup>1</sup>

We remained focused on maximising shareholder value during CY23 and achieved a dividend payout of ₹26 per equity share (with a face value of ₹2).

<sup>1</sup> 5-year CAGR

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

## Dividend payout ratio (%)



This year's dividend payout ratio stands at 45%. This ratio has been gradually increasing and is in line with our target dividend payout range of 30-50% of the annual standalone PAT.

⬇ y-o-y growth



## Automotive Technologies

# Precision meets innovation

We partner and engage with our customers to understand their evolving landscape and help them by offering leaner and cleaner solutions.

The Automotive Technologies division develops and manufactures innovative products, components and systems solutions for engine, transmission, and chassis applications for ICE (Internal combustion engine), hybrid as well as electric powertrains.

## New products introduced



Coated mechanical graded tappets for 2-wheelers



W-shaped Roller Finger Follower with rotating pin for Passenger Vehicles



High performance Shift Towers for Passenger Cars



Highly Durable CSC Bearings for Pick-ups & Performance Vehicles



Ultra Low Friction Bearings for Off-road vehicles



High Speed Ball Bearings for Electric Motors, Axles



Heavy Duty Truck Clutches with high wear reserve – Increased lifetime



Self Adjusting Clutches for Passenger Vehicles



Metal Concentric Slave Cylinders for passenger vehicles



Safety Double Clutches for Tractors

## Performance Highlights


**₹30,230 mn**  
Revenue up 11.7% YoY

**7.97**  
Schaeffler India Loyalty Index



## Reviewing 2023

- Our trajectory of business wins in areas of future mobility and internal combustion engines helped performance for the year. The automotive technologies business, contributing to 42% of our business, grew 11.7% during 2023.
- We saw strong growth in commercial vehicles for the year. In tractors, despite the challenging environment, we were able to secure wins and deliver growth.
- Our major strategic focus areas continue to be on customer-centricity, reliability e-mobility, hybrids and emission reduction.
- We saw increased recognition from customers across different segments and categories, solidifying our status as the preferred technology partner.
- A noteworthy accomplishment for us during the year has been the decrease in product development lead times, by advanced simulation tools, faster prototyping and increasing operations efficiencies. We made advancements in reducing customer warranty costs and improving customer satisfaction.



### Planetary Gear System

Forecasting the rising trend in multiple fuel technologies in India's automotive landscape, we are already collaborating with our customers for this transition.

With an upward trend in consumer demand for cleaner fuels, EVs and Hybrids have taken the focus in the current Indian automotive landscape. With our focus on customer-centricity, we expanded our Hosur facility to be well-placed for this change. The expanded section will help to localise the offering and support in the production of the Planetary Gear System (PGS).

#### What is a Planetary Gear System (PGS)?

PGS is utilised in hybrid vehicle technologies which helps in enhancing fuel efficiency, performance and overall driving experience.

## Megatrends and opportunities

### EVs and Hybrid

With two stronger individual technologies ruling the market, and customers minds, the auto industry in India is actively preparing for adoption of multiple fuel technologies.

### Safety — ADAS technology

With safety being a necessity, ADAS (Advanced Driver Assistance System) has become relevant. ADAS in India is rapidly growing, and is not limited to luxury vehicles.



## Automotive Technologies

### Strategic focus areas



E-mobility solutions



Solutions for hybrid and electrified powertrains



R&D for efficient and sustainable solutions



Digital competency



Enhanced bearing technology

### Our new Hosur plant

We are establishing a sustainable and future-ready plant at Hosur, Tamil Nadu for our automotive technologies business. The first phase of this project will manufacture components for ICE and hybrid powertrains.



### Inclusive growth

We recognise the value of community responsibility and are aware of the potential of incorporating women into our manufacturing process. Having established the essential infrastructure and personnel to fulfil compliance mandates, we commenced with fewer than ten women participating in the quality control procedure, dispersed over three shifts.

Currently, the facility proudly employs ~150 women, all of whom are engaged in three-shift operations, not just in production roles but also in managing any situation. We take pride that our female employees feel empowered and confident about their future.



### Green Mobility – The next big thing

The government has been proactive in supporting the manufacturing industry through policies and incentives, particularly in the adoption of electric vehicles and cleaner fuel technologies. These key technologies are expected to shape the Indian Auto Component industry over the next decade, including the development of components for EV and hydrogen fuel cells. As technology leaders, we are at the forefront of this movement with our electrified and hybrid power transmission solutions. As a supplier to the automotive sector, we at Schaeffler are fully geared up for the transition happening in the automotive landscape and are ready to support the next revolution of Green mobility, with solutions like hybrid powertrain components, electrified drives, and emerging technologies.

“

The automotive technologies business, contributing to 42% of revenues in 2023, registered a strong growth of 11.7% y-o-y. The strong demand for automotives in general, and SUVs in particular, enabled us to deliver an impressive top-line performance.

Automotive industry's powertrain technology is expected to undergo significant transformations, influenced by several factors such as Electrification, Hybridisation, Alternative fuels and Regulatory environment. Changing consumer preferences, and increased interest in sustainability will drive innovation and adoption of new powertrain technologies. We are well placed to provide cutting-edge products to support any of these fuel technologies by way of continuous investments in research & development, strategic partnerships, and embracing sustainable practices aligned with market demands & regulations. Committed to innovation and agility, Schaeffler India is poised to lead the change towards a cleaner, smarter and more sustainable automotive future.”

**Aashish Bhatia**  
Automotive Technologies





## Automotive Aftermarket

# Meeting customer needs

With an overarching understanding of systems and comprehensive services, we support garages in complex repairs and at the same time contribute to extending the operating life of vehicles.

The Automotive Aftermarket business supplies components and holistic repair solutions for the automobile spare parts business under the leading brands of LuK, INA and FAG. We offer comprehensive services to garages with our REPEXPERT brand to cater to the ever-changing customer needs.

## New products introduced



Serviceable clutch sets



Tapered roller bearings range



Wheel bearing set GEN 3



FEAD belt tensioner

## ₹6,813 mn

Revenue up 14.8% YoY

## 9.07

Schaeffler India Loyalty Index

## 6

Presence in countries

## Reviewing 2023

- The Automotive Aftermarket business is present in 125 cities in India. Contributing to 10% of the revenues in 2023, we recorded a strong growth of 14.8% y-o-y.
- We registered business wins for FEAD/Timing kit, TRBs in the PV segment as well as new product launches of wipers and lubricants.
- We have 2,000 SKUs in our portfolio and continue to strengthen it through the addition of new and innovative products. In 2023, we introduced new BSVI parts in the market and endeavor is to keep the pipeline going with the introduction of more high-end products.
- To continue our focus in the agriculture segment, we strengthened our network by working with specialised distributors in northern, western and southern parts of the country.
- Schaeffler TruPower continued to deliver encouraging results. A growth of 39% in the 5W-30 Series is heartening and is a testament to our excellent product quality and acceptance at the grassroots level.
- We are investing in brand building to increase penetration and create pull for the market.



## Getting future-ready

- We continue to invest aggressively in building our brand.
- To bring efficiency and seamless ordering process, a new Customer Portal was introduced as a part of our digitalisation agenda. The acceptance among customers are very encouraging
- Delivery Service Levels have improved by increasing the stock levels.

## 8 lakh

Parts ordered

## Increasing reach

We continue to invest aggressively in building our brand. We also focused on participating in trade shows to enhance visibility. Customer-facing events such as Auto Expo, Krishi Expo, and AIAWA NatCon helped us raise product awareness and brand credibility for the Schaeffler brand.

In addition to targeted marketing campaigns on Google and Facebook, we are continuing our association with 'Puneri Paltan', a Pro Kabaddi League team. We are elated that the team bagged their first-ever win in the 10<sup>th</sup> season of the league.

We launched the 'BadheChalo' campaign with a series of videos for the LuK Clutch category, effectively connecting with our customers on a deeper level.



## Automotive Aftermarket

## Megatrends and opportunities

## Sales of used high-value cars

Premium cars like BMW, hybrid and electric cars have started coming to market and the trend will get stronger. Schaeffler is building a strong franchise to address this demand.

## Reduction in replacement rate of components

There would be reduction in replacement rate as the car parc moves from BS IV to BS VI. The only way to grow is to increase market share through innovative product portfolio and solutions, which is where Schaeffler is focusing.

## Digitalisation of touch points

Access to data and information is key for IAM workshops to perform the car repairs. Schaeffler is collaborating to bring best practices through REPPERT Program.

## Increasing Parts requirement for BS VI Portfolio

We will see a steady rise in the BS VI portfolio which also requires diagnostic support and expertise at workshops to handle the products.



## New office

We inaugurated an innovative office space in Navi Mumbai, featuring Schaeffler's open workspace concept – a first-of-its-kind in India. This design promotes agile teamwork and creates an inspiring work environment that is positively received by all our employees. We are committed to creating an environment that further encourages collaboration and productivity while reflecting our commitment to innovation and growth.

## Strategic focus areas



Customer-centricity



CV/Tractors



Brand visibility



Koovers/E-commerce



Launch of STS range for CVs and PVs



Segments



Training initiatives



## Taking innovation to our partners

To further drive business growth and enhance brand awareness, we launched the Mobile Training Van for the Commercial Vehicle segment. This innovative initiative, covering 37 cities across 8 states, demonstrates our commitment to bringing automotive innovation directly to our mechanic partners. The van has generated significant traction with customers.

“

The automotive aftermarket business, contributing to 10% of revenues in 2023, reported an impressive growth of 14.8% y-o-y. I am immensely grateful to our sales team and business partners for their hard work and dedication to helping us reach this milestone.

We continue to build on our distribution reach in collaboration with our partners. Our core focus remains on launching new BS VI products whose contribution to revenue is gradually increasing. We are laying emphasis on the CV and tractor segment. We are investing in technical competency while prioritising customer and employee centricity. We continue to invest in sponsorships like Pro Kabaddi, training programmes, advertisements and more.

We are confident of conquering new horizons in the coming year with a focus on strategic growth pillars of product diversification and customer engagement.”

**Debasish Satpathy**  
Automotive Aftermarket





## Automotive Aftermarket

**KOOVERS: Right spares. Right price. Right time.**

Founded in 2015, Koovers has established a B2B e-commerce platform offering spare parts solutions to aftermarket workshops in India. With revenues of ₹777 mn in the financial year 2022-23, the company has a compelling

growth story and is one of the fast-growing players in the Indian B2B e-commerce market. Koovers supplies to over 7,000 plus workshops and has a portfolio of around 1.8 mn parts from various manufacturers.

**Rationale for acquisition**

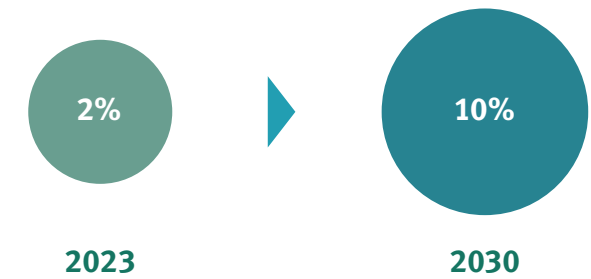
- The acquisition is in line with our focus on digital transformation, enabling fast participation in the automotive aftermarket B2B e-commerce market.
- Our distribution partners get access to a fast-growing and evolving digital landscape.
- We focus on delivering better customer experience while leveraging existing market and business competencies.
- This acquisition will help to further strengthen Schaeffler's position in the Indian automotive aftermarket, expanding its digital landscape.
- This will help Schaeffler India better understand customer preferences, optimise product offerings and tailor after-sales services.

**Koovers App****900+****Regular customers****100%****Orders through app****70+****Brands across  
OE and OES****200+****Suppliers of direct  
material****Growth plans**

Speeding up expansion plans beyond South India with a target of reaching 34 locations in 2024

Introduction of SNAP and European products on the platform

Focus on customer acquisition in new territories, including premium customers

**E-commerce penetration**

E-commerce penetration in Automotive Aftermarket as per Fox And Sullivan report



“

Since our foundation eight years ago, we have scaled our business through innovative solutions and offerings. Becoming a part of Schaeffler Group will help us to expand our market coverage and depth as well as extend our product portfolio across Automotive Aftermarket in India. We are delighted to be part of the Schaeffler Group and are committed to creating value for all stakeholders.”

**Sandeep Sheshadri Begur**  
Koovers



“

This acquisition is in line with Schaeffler India's strategic initiatives for growth and provides a compelling synergy potential. With its digital offering, the Koovers B2B e-commerce platform enables workshops to easily order spare parts solutions. We welcome the Koovers team to the Schaeffler Group.”

**Debasish Satpathy**  
Automotive Aftermarket





## Industrial

# Integrated solutions

We remain committed to delivering reliable and sustainable end-to-end solutions and offerings for our customers.

The Industrial division offers a wide range of product and service solutions for varied applications in the industrial sectors. Our portfolio of product offerings covers various designs of ball and roller bearings ranging from few millimeters of outer diameter extending up to a meter. Our products can be found in use in the sectors like railways, wind energy, two wheelers, heavy industries - steel, cement & mining, machine tools and robotics, off highway applications and many others.

## Our customer sectors



Raw material



Power transmission



Wind



Industrial automation



Off road



Two wheeler



Industrial distribution



Railway

## New products introduced



Angular contact ball bearing



Cylindrical roller bearing with black oxidised coating



Cylindrical roller bearing with MPAX-cage



Double row tapered roller bearing



Spherical roller bearing with black coating



Tapered roller bearing with black oxidized



Two row tapered roller bearing with black oxidised coating



OPTIME C1

## Performance Highlights

₹25,478 mn  
Revenue up 5.1% YoY

8.22  
Schaeffler India Loyalty Index



## Reviewing 2023

- The industrial business, contributing to 35% of the revenues, achieved a growth of 5.1% y-o-y. This was on the back of our continued trajectory of business wins and forays into newer areas of complimentary products and maintenance solutions.
- Strong growth in process industries and mobility sector aided performance for the year. We witnessed strong recovery in the core sectors aiding a healthy order book in the second half of 2023. We could deliver better performance with our focus on continuous growth despite the challenging external environment.
- With an enhanced product portfolio addition resulting from the strategic acquisitions of Schaeffler Ultra Precision Drives (earlier known as Melior Motion), Ewellix and Bega, enabled us to have the right product mix and expand our reach to a larger customer base. Thus positioning Schaeffler as a preferred technology partner in India.
- During the year we significantly strengthened our position in services business offerings by introducing technologically advanced products and solutions. Our focussed approach to remanufacturing supported our customers to refurbish bearings and align to

sustainability goals. Our Quick Centre at Vadodara continued to help us win orders in machine tools and automation sector by reducing the turnaround time for our customising the length of the linear guide rails as sought by the sector.

- Our R&D Centre at Maneja, Vadodara added several new test rigs to strengthen our competence in testing products for the railway sector. This setup also added advanced machines to widen our capability in acoustics. This makes Schaeffler India more independent and competent to handle the local engineering and testing needs.
- Schaeffler India established a Global Engineering Simulation hub during the year.
- Engineering computer simulation of bearing performance of customer real life application system in a virtual way is key to rapid product development benefiting customer immensely. This also enables our customers to optimise their entire system through advance analysis and collaboration with Schaeffler engineers locally.

1,400 mm

Diameter of largest bearing refurbished



## Getting future-ready

- **Innovative supplier to the automation industry:** Strategic Group acquisitions in emerging areas like the newest generation of planetary gearboxes, and innovative market-leading linear technology products have helped strengthen our position.
- **Combination of advanced engineering and lifetime solutions services for our customers:** Continued focus on better service offerings to customers ensuring functional capability and increasing the operating life of bearings and machines.
- **Empowering our distributors:** Investing in our channel partners to participate and play an important role in the fast-growing and evolving distribution landscape.
- **Leveraging India:** In an advantageous position of having a large talent pool, enabling us to excel in our manufacturing and R&D capabilities and localisation initiatives.
- **Waste Management:** We are committed to minimising waste generation and maximising recycling. We have implemented comprehensive waste management programs at our plants and are actively partnering with recycling companies to ensure responsible disposal of waste materials.
- **Supply Chain and Logistics:** We are collaborating with our suppliers and logistics partners to optimise transportation routes and reduce emissions throughout our supply chain. We are also exploring the use of sustainable packaging materials and alternative fuels for transportation.



## Industrial

## Megatrends and opportunities

## Sustainable solutions

Customers are demanding sustainable products and solutions that use fewer resources and will last longer.

## Focus on renewable energy

India has set an ambitious target of deriving 50% of energy through renewable energy sources by 2030 and wind farms are expected to contribute ~100 GW from current 53 GW in this energy mix.

## India's focus on hydrogen

The Government of India is focusing on green hydrogen. The Interim Budget for 2024-25 allocated ₹600 crore for the National Green Hydrogen Mission, compared to the previous year's budget of ₹297 crore.



## Government policies

The government increased capital outlay to ₹11 trillion, and continued to provide impetus to 'Make in India' through allocations to PLI schemes.

## Strategic focus areas



Product Management  
& Strategy



Schaeffler  
Lifetime Solutions



Strengthen local R&D  
and competence



Services Capabilities  
and Portfolio

## Expansion of industrial production capacity

Expansion at Schaeffler India's facility in Savli and Vadodara Gujarat, adds to the manufacturing capacity for small and medium-size products, further enhancing Schaeffler's market competitiveness in the region. The expansion of the Savli plant's production capacity is marked as a vital step towards driving localisation strategy and meeting the growing demands.

The facility enables us to add capacities of over 10,000 sq.m. of production space, to the existing state-of-the-art manufacturing plant. This enabled the manufacturing of spherical roller bearings (SRB) and spherical rollers, while also expanding the heat treatment capabilities. This will also help to cater to the market demand in the wind, heavy industries, and railway sectors.

With this expansion also comes an increase in employment opportunities. By 2025-2026, Schaeffler India expects the employee strength at the Savli plant to double, signifying the Company's commitment to creating sustainable employment and fostering economic growth in the region. It also supports the country's 'Make In India' call, and Schaeffler is proud to contribute towards this initiative.



## Case study

## Application engineering and after sales support



## Customer challenge

One of the leading OEMs in the wind sector, faced a challenging situation of assembling bearings on the main shaft in horizontal direction owing to limitations from the size of the equipment and complexity of mounting.

## Our approach

Having understood the nature of concern and applying our engineering expertise we could offer the customer a fail safe mounting solution in the horizontal axis that not only saved time but also associated costs. This reinforced our commitment to customer centricity, helping us further strengthening our relationship.

At Schaeffler, our customers are central to everything we do. Our capable team of application engineers and technical services actively engage with customers to not just resolve issues at the customer place, but also help and enable them to improve their process performance. Be it in the critical mounting of a steel converter trunnion bearing or a large windmill main shaft bearing, we address the customer needs with their engineering support and use of advanced tools and equipment, thereby instilling a high level of confidence in our esteemed customers.



Our agility and resilience helped us to mitigate the headwinds during the year and supported our growth. The Industrial business grew 5.1% y-o-y to ₹25,478 mn this year. We made significant business wins in various sectors, solidifying our position as a reliable player in providing integrated solutions. Our consistent growth in our Lifetime Solutions business is a testimony to our clear focus on our digitization drive.

We are continuously adopting and employing new technologies through lean manufacturing practices, digitalisation, and renewable energy integration. Our manufacturing sites demonstrate the practice of reuse, recycle and reduce. We also believe that our distribution partners have been instrumental in our growth and we continue to invest in enhancing our channel network, competence and presence.

We continue to invest in India ramping up our manufacturing footprints, embrace innovation in a rapidly evolving industrial landscape and to accelerate the transition to a greener future."

Seshan Iyer  
Industrial





# SOCIAL INNOVATOR FELLOWSHIP PROGRAMME



Our Social Innovator Fellowship Programme aims to nurture and support groundbreaking social innovations that address critical challenges in society. We embarked on a mission to identify and foster innovative solutions in areas ranging from environmental sustainability to technology-driven social solutions.

**260**  
Total applications received

**45**  
Shortlisted candidates

**130**  
Fulfilled eligibility criteria

**30**  
Final interviews

**10**  
Winners

 Read more on [page 77](#)

## Our action fields



**Environment**  
Minimising environmental impact of business activities



**Governance**  
Integrity to Company values of sustainability, innovation, excellence and passion at all times



**Social**  
Supporting employees, suppliers and partners and social initiatives

## ESG and stakeholders

Sustainability targets	52
Environment	54
Customers	60
Employees	64
Suppliers and partners	68
Community	70



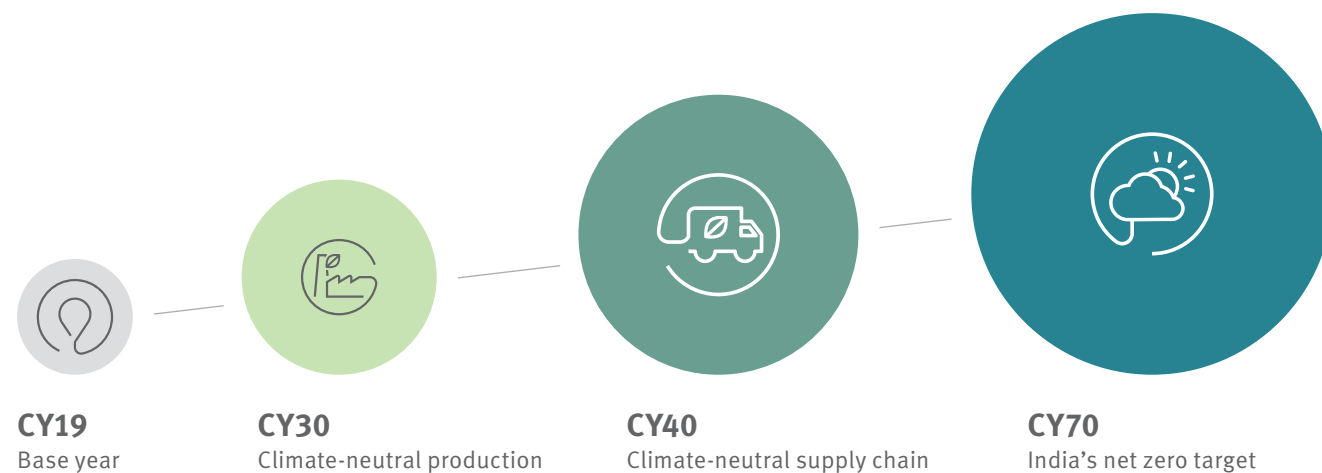
## Sustainability targets

## Towards a greener planet

We are characterised by our innovative strength and technological expertise, which allows us to align sustainability with efficiency.



In the calendar year 2022, India presented its Intended Nationally Determined Contribution (INDC) to the United Nations Framework Convention on Climate Change, focusing on a collection of fair and balanced commitments. Our sustainability objectives are in harmony with the Indian Government's goal of establishing a net-zero global environment.



## Schaeffler India sustainability targets

At Schaeffler India, we acknowledge the responsibility of businesses to help address the world's most pressing issues, such as climate change. Our sustainability strategy is aligned closely with the three ESG dimensions - Environment, Social, and Governance - taking into account our core areas of focus and the requirements of our external stakeholders.

We have developed an ambitious and structured programme with long-term goals to advance our commitment to sustainability.

Parameter	Target	Progress
<b>Energy efficiency</b>  	<b>By CY24</b> <b>4 GWh</b> cumulated annual efficiency gains via the implementation of energy efficiency measures	<b>In CY23</b> <b>1.38 GWh</b>
<b>Renewable energy</b>  	<b>By CY24</b> <b>100%</b> purchased power from renewable sources	<b>31%</b> of the power consumed in 2023 was from Renewable Energy
<b>Employee safety</b> 	<b>By CY24</b> <b>10%</b> average annual reduction in accident rates (LTIFR)	<b>0.15</b> Accident rate
<b>Women in leadership</b> 	<b>By CY25</b> <b>8%</b> female employees	<b>5%</b> female employees
<b>Freshwater supply</b> 	<b>By CY30</b> <b>20%</b> reduction of freshwater supply compared to the base year CY19	<b>6,511 m<sup>3</sup></b>
<b>Climate-neutral supply chain</b>  	<b>By CY40</b> <b>CO<sub>2</sub></b> reduction in the supply chain (Scope 3 upstream)	
<b>Climate-neutral production</b>  	<b>By CY40</b> <b>CO<sub>2</sub></b> reduction in own production (Scope 1 and 2)*	

\* compared to the base year CY19



## Environment

# Treading responsibly

Conscious of our responsibility towards the environment, we are guided by the Climate Action Plan developed by the Schaeffler Group. The Climate Action Plan forms the foundation for our climate action measures. We continuously strive to further optimise our internal processes, focus on the decarbonisation of production and improve resource efficiency.



## Environment key focus areas



## Climate neutrality

### Renewable energy

Renewable energy plays a crucial role in our decarbonisation strategy. We have set up about 1 MWp of rooftop solar at our Talegaon and Savli plants. We also have Power Purchase Agreements (PPA) in place with renewable power generators.

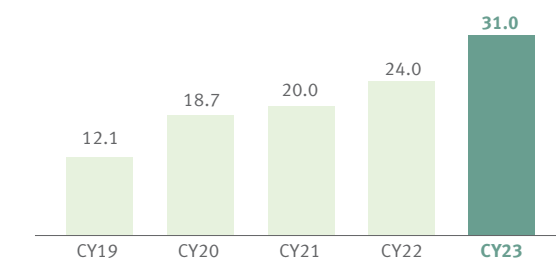
31%

Renewable energy consumption

34,902 MWh

Renewable energy used

### Increase in Renewable Energy (in%)



### Energy efficiency

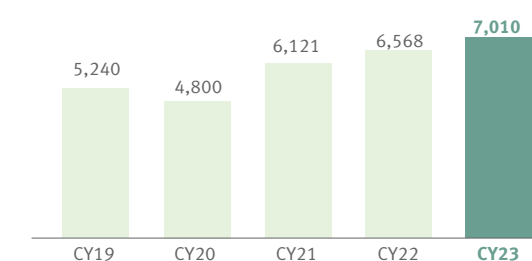
At Schaeffler India, we are undertaking efforts to reduce our climate impact significantly. Whilst our energy consumption, in terms of absolute numbers, increased due to surging demand, we have strengthened our energy-efficiency initiatives and made conscious efforts to reduce our consumption.

0.0019 kWh/K

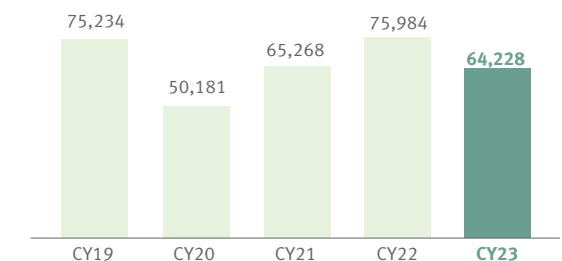
Energy intensity (Total energy consumption/turnover in rupees)

### CO<sub>2</sub> emissions (tonnes)

#### Scope 1



#### Scope 2





Environment

Circularity

We consider the carbon footprint of the product – from development to circular economy – into account at the designing stage. The circular economy strategy focuses on reuse, repair, refurbish, re-manufacture and recycle. We send all our metal scrap, plastic packaging scrap and other types of scrap to authorised recyclers/re-processors. It is ensured that the raw materials from the foundry and packing materials from the manufacturers contain the recycled content of metal and plastic, respectively. Further, plastic waste generated during the moulding process is recycled into the process. Hazardous wastes like used oil and waste oil are sent to CPCB-authorised re-processors. Efforts are made to co-process other hazardous wastes in collaboration with cement industries.

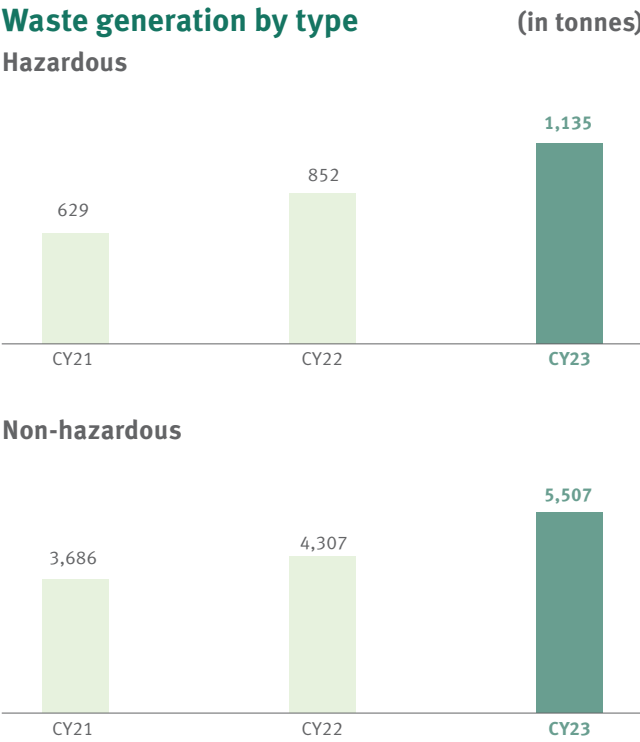
6,950 tonnes  
Waste generated

88%  
Waste recycled

443 tonnes  
Waste diverted from landfill

Reducing and reutilising waste

To manage our waste, we implement various efficient waste management initiatives that consider environmental impact, social effects, and commercial viability. We dispose of our hazardous waste at a government-approved central landfill, while our non-hazardous waste is recycled by sending it to authorised recyclers.



Resource efficiency and environmental protection

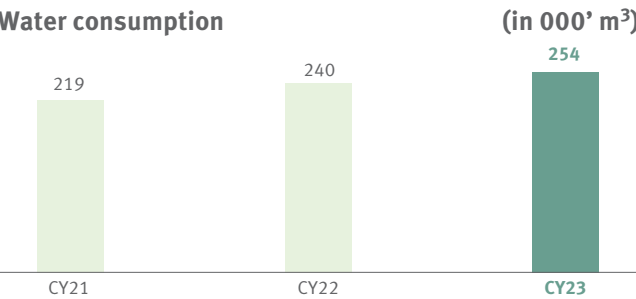
We have voluntarily set a target to reduce our freshwater withdrawal by 20% by 2030.

Installation of high-efficiency VSD air compressor

The VSD technology closely follows the air demand by automatically adjusting the motor speed. This results in massive energy savings of up to 35%. In addition, lowered system pressure with VSD minimises energy use across production. After installation of the compressor, verified savings is 491MWh/year.

0.0024 m³/₹  
Water intensity  
(Water consumed/turnover in thousand rupees)

80,061 m³  
Recycled and treated water used in operations and for domestic purposes



Schaeffler India locations use water primarily for sanitation, cooling and industrial applications. We are working towards systematically reducing dependence to minimise water-related production risks. A variety of projects were planned during the year to reduce water withdrawal and recycle withdrawn water.

We reduced the power consumption of the Sulfate Removal Unit (SRU) by processing high-salt concentrated Dipping Basin Water and adding this water to SBM instead of De-Mineralised Water (DM Water). This helped reduce DM Water (90 KL per annum) and 168 MWh electricity consumption per annum.



Green products

Along with using green energy, Schaeffler also takes pride in its approach towards green products. CO<sub>2</sub>e reduction is integrated into the product development process, including product design and material selection. We are developing several components and system solutions for e-mobility. We also plan to reduce our warehousing and reduce waste and scrap in the Automotive Aftermarket division.

Progress in 2023

In our sustainability pursuits, we have adopted various measures to improve energy efficiency, reduce water footprint, transform employee safety culture and bring inclusivity and diversity to the workforce. We are working to increase our Renewable Energy proportion by signing Power Purchase Agreements with renewable energy generators in Gujarat, Maharashtra and Tamil Nadu, where we have manufacturing facilities. Such measures have provided impetus for conserving natural resources along with a platform to develop synergies within the workforce.



## Case study

## Schaeffler's energy efficiency measuring and tracking web tool



With a web tool developed by the Group, and implemented in India as well, we measure, plan, implement and verify our energy efficiency programmes. This tool is widely used across our manufacturing facilities as well as our corporate offices.

At Schaeffler, the targets to improve energy efficiency and reduce water usage are decided at the beginning of the year. In 2023, we implemented projects/initiatives, verified by an external audit agency, across all our plants.

To achieve energy efficiency (energy consumed measured in kWh/ MWh), identifying and addressing air leaks promptly can save industrial set-ups from wasting air and escalating energy costs. It also optimises system efficiency, ensures equipment longevity, improves air efficiency, and reduces the carbon footprint across our plants. Air consumption is 20-25% of total plant consumption weightage.

### Expected savings of ~250T Euro every quarter.

To reduce water consumption (in m<sup>3</sup>):

- Implemented reuse of the STP Treated water at non-contact washroom points
- Re-use of RO reject

## Workflow steps and corresponding milestones when finishing





## Customers

# Relationships to succeed

We listen to our customers' needs and work together to achieve mutual success. We aim to build lasting relationships while shaping the future of mobility.

Our approach builds lasting partnerships while collectively steering the progression in the field of motion and mobility. The success of our business hinges on prioritising customer needs. Through meticulous engineering, dependability, and steadfast quality, we strive to deliver excellent value to our customers, which significantly impacts them and contributes to their sustainability goals.

## Capitals impacted



## UN SDGs impacted



## Case study

### Promise of reliability

The railways continue to be a strategic focus area for Schaeffler India. Our commitment to innovation and development of hybrid cylindrical roller bearings and ball bearings has secured key business wins for the Indian Railways' upcoming projects.

Our constant emphasis on competency enhancement, rigorous quality assurance, and a fortified supply chain has helped us maintain sustained growth within the sector.



## Case study

### REXPERT technical training van

Our technical training van was on the road for 221 days and covered 25,552 km. Target groups included repair garages, fleet workshops, multi-brand garages and retail markets. A REXPERT loyalty programme is underway.

**3,400**  
No. of garages

**882+**  
Training hours



## Case study

### Driving Results through Collaboration

Schaeffler India's engineering team proactively engaged right from the drawing board to contribute the advanced technology decisions with the customer. The frequent technology dialogue and customer connect gave us a significant advantage in the project's pre-development phase and helped us gain customer confidence. We achieved benchmark level of stiffness without compromising on friction losses. Dedicated efforts by the team ensured Schaeffler India won its first biggest born electric vehicle platform nomination for Gen. 3 Wheel bearings.



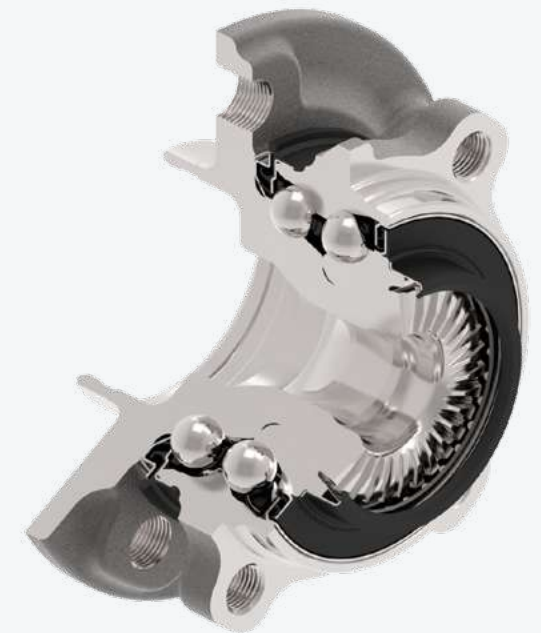
Efficiency



Speed



Sustainability





## Building our brand

# Creating a strong identity

At Schaeffler, we follow a Branded House strategy that centres around the Schaeffler corporate brand as our overarching brand, uniting all products and divisions under one roof.

Creating a strong resonance between our stakeholders and our brand, Schaeffler India has been on a mission to solidify its brand identity among all stakeholders. This year, we have amplified our efforts with a multi-channel brand campaign encompassing print, digital media, and OTT commercials to foster cultural connections with stakeholders within our global framework.

We have built a strong brand connection by developing four key motifs representing our strategic pillars. These impactful motifs were prominently showcased across digital platforms and major city airports like Delhi, Mumbai, Bengaluru, and Pune. This integrated approach has significantly boosted Schaeffler's brand recognition in India, earning trust and awareness from our diverse stakeholders while staying true to our core values and deep Indian market connection.

## Selected strategic pillars of the India campaign



### We pioneer motion

We operate almost anywhere from the world where things need to move, always seeking to maintain our technological leadership.



### Agility

As markets become more dynamic, and technology more complex, you need to respond quickly to changing trends, so the customer has the right solution at the right time.



### Quality

Schaeffler has been a local partner in Asia for over 70 years. Sharing our German expertise and local knowledge, we drive transformation together.



### Sustainability

If you are to take sustainability seriously, you have to approach it holistically. This is why it is a top priority at Schaeffler.



### Bring your ideas to life!

At Schaeffler, we're passionate about nurturing the engineers of tomorrow and paving the way for a reality where environmentally friendly vehicles become the norm. This was brought to life when we backed the smart engineering students from the Manipal Academy of Higher Education this year. We fueled their passion for building two vehicles - internal combustion engines and electric vehicles used in student formula racing.

## Connecting with the roots

Puneri Paltan, backed by Schaeffler India, secured victory in the 10<sup>th</sup> season of Pro Kabaddi League, connecting deeply with our Indian roots. Kabaddi, the nation's second-most watched sport after cricket in many Indian cities, strengthens our brand's bond with India, amplifying our presence in the competitive market.



## OTT commercials

The digital era has revolutionised the way people consume media and entertainment. We launched two commercials over the rising of Over-The-Top (OTT) platforms during the year to widen our reach.





Employees

People at the core

We are focused towards making Schaeffler India a preferred employer where diverse individuals feel at home and are inspired to contribute with their unique talent and capabilities.

At Schaeffler, we are transforming our priorities towards People and Culture. We believe in having a more progressive approach by focused capability building and creating a positive workplace culture that aligns with our values and mission. To remain competitive in the current ecosystem, we focus on driving Strategic Talent Management and Talent Mobility initiatives via acquiring key talent, targeted career development, focused job rotation and effective talent engagement.

Key thrust areas

Demonstrate empathy and care in all our actions

Collective and collaborative decision making and problem solving among teams

Building an inclusive culture with mutual respect and dialogue

Enabling and nurturing people

Training and Development

We at Schaeffler build future-ready competencies and nurture the capabilities of our people by offering continuous learning opportunities in diverse Technical and Behavioural areas like Advanced Manufacturing Technologies, Business Simulation, New Technological changes, Leadership Development, Value Selling and Self-development.

These learning opportunities are delivered through structured classroom workshops, digital learning tools, and virtual learning modes via an integrated learning platform - Schaeffler Academy.

Schaeffler India employees clocked over 21,348 Digital Learning hours through Schaeffler Academy.

Particulars	Behavioural Trainings	Functional Trainings	Technical Trainings
Number of classroom trainings	48	33	53
Number of employees covered in classroom trainings	694	303	588
Total Training Hours	3,590	2,312	6,508
Number of virtual trainings	64	61	26
Number of employees covered in virtual trainings	653	702	64
Total Training Hours	3,599	1,020	387
Number of Awareness Sessions	6	18	11
Number of employees covered in Awareness Sessions	81	180	215
Total Training Hours	286	1,151	758

Capitals impacted

UN SDGs impacted

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES



Diversity and inclusion

We continue to make progress on diversity and inclusion to promote a culture of greater productivity and innovation, and workforce well-being.

3/9  
Women in Board of Directors

Improving inclusivity and gender diversity

Since 2019, our Pune plant has been on a journey to improve inclusivity and gender diversity. Originally, our workforce had a low 2.3% diversity ratio, with women predominantly in office roles. However, committed to equality, we started offering opportunities on the shop floor. Currently, over 250 women are engaged in various roles across all shifts. The plant recognises the role of diversity in innovation and organisational success. We are focused on continuous improvement, ensuring

a positive, safe, and healthy working culture, especially for our women employees. The plant’s efforts have set a precedent in fostering an equitable and inclusive future.

2.3%  
2019 diversity ratio

17%  
2023 diversity ratio

One more step towards creating a gender-neutral organisation



Paternity leave policy

We at Schaeffler India are committed to fostering a supportive and inclusive work environment. This year, we announced the paternity leave policy, which offers expectant parents the opportunity to embrace the joys of parenthood while ensuring a smooth transition into their new roles.

We firmly believe that by implementing this, we aim to create an even more inclusive workplace where everyone can thrive personally and professionally.



## Employees

### Health and wellness

Providing employees with a safe and healthy work environment is of paramount importance to us at Schaeffler India.

We believe that employee wellness and well-being are significant factors in driving the efficiency of a company's operations. Therefore employee health and wellness are an important imperative with strong focus on emotional wellness and improving mental health.

We drive regular virtual sessions for our people to benefit from these sessions and create a more productive and positive workplace.

# 10%

Average annual reduction target for LTIFR



### Global Pulse Survey

Employee well-being, engagement and inclusion are key strategic priorities for us at Schaeffler India. The Global Pulse Survey measures how engaged our employees are and offers deep insights into what drives them. This year, the survey added the topics of Brand Resonance, Workplace Digitalisation and Post-survey Follow-up, in addition to other key indicators and drivers. The results reveal what is working well and what can be improved to better performance, drive transformation and retain our talent. The survey was fully anonymous and is compliant with General Data Protection Regulations.

# 91%

Employee engagement score

# 89%

Employee inclusion score

# 85%

Employee intend to stay at Schaeffler for more than 3-5 years

### Looking ahead

- Strengthen open communication channels
- Focus on inclusive culture and collaboration
- Sustain and further build on management-employee-organisation connections
- Strengthen people leadership development initiatives
- Focused communication and follow-up on the survey results and action items



# “

It gives me great pleasure to talk about the year gone by, reflecting the dedication and achievements of our talented employees. Our team's commitment to excellence, growth, and collaboration has been instrumental in driving our organisation forward.

With Koovers, we took our first inorganic step towards expansion, with a clear commitment to keep the entrepreneurial spirit of Koovers intact.

### Sustainability – a part of our corporate culture

Sustainability has been firmly established as a part of our corporate culture now. We continued to impart sustainability concepts across the organisation through our Climate Action Day initiative. We are ahead of the curve in imparting sustainability where performance measures linked to our sustainability targets.

### Employee inputs – essential to us

We emphasise on the value of listening to our employees through a number of programmes. Our leadership teams places the utmost focus on gathering and acting upon inputs from our employees. From recruitment and talent development to employee engagement initiatives, we continue to prioritise the well-being and professional development of our people.

Going forward, we will stay focused and committed on building an inclusive and diverse workplace. We will continue to invest in capability building of our people and offer an inclusive ecosystem to nurture our talents.”

**Santanu Ghoshal**  
Human Resources





## Suppliers and partners

# Mutually successful partnerships

We enable our suppliers and partners to create a sustainable tomorrow in a mutually beneficial way.

With a strong supplier base of 446, as of 2023, we remain committed to establishing long-term partnerships with our suppliers while focusing on sustainable and responsible sourcing. By keeping our suppliers updated on our vision, we enable mutual alignment of our goals, thereby actively influencing their future strategy.

## Supplier Innovation Hour

The Schaeffler Supplier Innovation Hour is a global digital initiative where suppliers present their ideas directly to Schaeffler decision makers. After seven successful Innovation Hours across various regions and themes, we were excited to bring the Innovation Hour in India. Suppliers play a crucial role in driving innovation with us. Therefore, we launched series of events to turn outstanding ideas into winning products and solutions. We invited our existing and potential suppliers to showcase their innovation on four different themes of sustainability viz. Green Production, Green Material, Green Data, and Green Energy.

We offered a chance to suppliers with the best ideas by onboarding them into our supplier pool and engaging in deeper discussions. We received an overwhelming response, and we have shortlisted 7 suppliers to explore further and evaluate the value proposition and how they can further collaborate with us.



## Green Purchasing

For the Schaeffler Group, the Green Purchasing element primarily refers to the purchase of low-emission materials and services. In line with our global purchasing strategy, we are working on promoting active dialogue with our existing and future suppliers, prioritising CO<sub>2</sub> reduction across the supply chain. In India, we collaborated with key steel mills and component manufacturers to work in the area of decarbonisation.



## Digitalisation

We connected with our suppliers through increased efforts on digitalisation through SupplyOn and COUPA during the year, thus improving efficiency and adding value. We focused on a range of services, including supplier management, transportation management, procurement and sourcing, quality management, and production control. This digital platform enhances the data-sharing experience and improves data transparency.

89%

suppliers connected  
through digitalisation



## Supplier Certifications

We require that our suppliers meet certain standards in quality, environmental management, occupational health and safety, and social responsibility. We emphasise and promote that our suppliers meet not only the standards defined but go beyond and also comply with ISO 14001 and OHSAS 18001 to ensure that our supply chain operates in a responsible and sustainable manner.

In addition, we also have the Schaeffler Code of Conduct set out to ensure we meet expectations for ethical behavior, human rights, labor standards, sustainability and regulatory compliance thereby ensuring value creation for all our stakeholders.

“

2023 has been a year of growth, collaboration, and significant strides towards a more sustainable future. We thank our supplier partners for having played an instrumental role and I am immensely proud of the progress we have made together.

In our ongoing commitment to excellence, we are renewing our focus on the digitalisation journey and I am excited to share with you its profound impact on our collaboration with suppliers.

We are working with our suppliers to increase our local presence as we continue on our growth journey and introduce new products. Backed by the government's 'Make in India' initiative, localisation remains a strategic topic for us and we continue to progressively contribute towards this initiative.

We are committed to investing in our suppliers responsibly and giving them the tools and assistance they require. Our aim is to create a supply chain that is sustainable, and we believe that collaborating with our suppliers is key to reaching this goal.

As we look ahead to the coming year, I am optimistic about the opportunities that lie before us. We will continue to prioritise sustainability in all aspects of our business, seeking innovative solutions and forging strong partnerships to drive positive change.”

**Vinod Acharya**  
Purchasing





Community

Creating a meaningful difference

At Schaeffler, we are committed to social progress, embodied by HOPE, our flagship CSR initiative. HOPE helps us deliver on our promise through four core pillars: Healthcare, Occupational Skilling for Employability, Preservation of Heritage and Environment, and Empowerment of Society. We strive to empower individuals, revitalise communities, and create a lasting positive impact on the nation we call home.



Capitals impacted

UN SDGs impacted

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

13 CLIMATE ACTION

15 LIFE ON LAND

Performance Highlights

1,358 Hours

143 Employees across various CSR Initiatives

CSR thematic areas

	Healthcare	₹20.8 mn Spend	50,535 Lives impacted
	Occupational training for skill development	₹33.2 mn Spend	1,138 Lives impacted
	Preservation of heritage and environment	₹46.5 mn Spend	11,478 Lives impacted
	Empowerment of society	₹51.8 mn Spend	21,886 Lives impacted



Healthcare

Actions and impact



**Mobile Health Units**  
We operate mobile health units to provide preventive and curative healthcare services to ~90 villages across Pune, Vadodara and Hosur. We bring these services to doorstep of beneficiaries through periodic visits, and at no cost to them.

50,535  
Beneficiaries in 2023

7,22,449  
Beneficiaries since inception



**Adolescent anaemia programme**  
Enrolment and tracking of anaemic children, providing supplements for iron improvement, and conducting regular awareness sessions.

2,272  
Children screened in 2023

10,405  
Total children screened



**Underweight children programme**  
Enrolment and tracking of underweight children along with special awareness sessions and regular counselling for the care providers.

2,058  
Underweight children identified in 2023

12,176  
Total underweight children identified



**Counselling and awareness programmes**  
We provide Antenatal Care (ANC) and Pre Natal Care (PNC) services like counselling, vaccination guidance to the beneficiaries. We also monitor them on parameters of HB, BP, weight, etc.

27,627  
Beneficiaries in 2023

1,17,345  
Total beneficiaries



## Community



## General OPD coverage

Curative services to treat minor ailments and distribution of free medicines accordingly.

66,807

Beneficiaries in 2023

5,36,928

Total beneficiaries



## Sangaath programme

This government scheme acts as a bridge between the beneficiary and the government. We also help beneficiaries avail basic documents like Aadhaar card, Ayushman Bharat card and PAN card.

2,970

Beneficiaries covered in 2023

5,036

Applications submitted



## Occupational training for skill development

## Actions

## STEP – Schaeffler Technical Enhancement Programme

Under this initiative, Schaeffler India focuses on the technical education of the underprivileged youth and has contributed to build a state-of-the-art technical training centre for underprivileged students. This programme is run at three locations.

## Hosur

Training the rural youths to gain technical skills in CNC Turning, Milling and Mechatronics, empowering them explore employment opportunities.

## Pune

Empowering the youth by imparting industry aligned skills in CNC Programming, Simulation and Autotronics.

## Vadodara

Upskilling programme at Government ITI, Gorwa trains youth on Industry Fundamentals, Mechanical Maintenance and Mechatronics.



## Women Skill Development Project, Hosur

Trains rural women as Sewing Machine Operators and Assistant Beauty Therapists, extending entrepreneur opportunities to them.

## NITARA Academy, Vadodara

NITARA Beauty Academy and Salon provides training in beauty and wellness services to marginalised and differently-abled women candidates to enable them to earn livelihood.

## Skilling women for earning

Our CSR team has adopted promoting women social enterprise to bring inclusion of vulnerable groups by providing them financial support, mentorship and capacity building programs as an initiative. Under one of such initiative, two women enterprises from rural areas have been trained and promoted on sustainable products like jute bags, and river grass products for corporate gifting. One such women-run enterprise is now a registered vendor with us and has initiated supplying corporate gifting packaging material on various occasions.

1,138

Youth trained in 2023

3,612

Youth trained since 2017



Schaeffler STEP has given new wings to my life! After completing a Diploma in Mechanical and working for 3 years in the manufacturing industry, I quit the job and started my married life. I decided to reignite my professional journey after 13 years of career break and dedication to familial responsibilities by completing the CNC Machinist course at STEP and got placed at TVS Upasana Ltd.”

Mary Christy P

STEP Hosur, Tamil Nadu





Community



Preserving environment

Actions and impact



Jal Samruddhi, Pune

Water security and conservation of natural resources at Wakalwadi and Gosai villages.



Jal Sanghamam, Hosur

Climate-proofing of agriculture and livelihoods at Madakkal, Krishnagiri district



Jal Jeevika, Narmada, Gujarat

Sustainable Water Resources Management

241.4 mn litres  
Overall water harvesting capacity

456 hectares of land  
Covered under soil conservation

5,450 tree  
Saplings in 38.5 Ha of agricultural land

26.4 HP Solar Pump  
Lift irrigation system installed  
Renewable energy for farming community

Recognitions for our CSR initiatives on water conservation

The CSR Journal  
Excellence Award

CSR & Sustainability  
Awards 2022  
(Excellence in Water Conservation)

Rural Developement and  
Infrastructure (Large) Award



Empowering society

Actions and impact



Level Wise Initiatives

School Level

Primary

Focus

Literacy skills

Projects

- Lok Vidyalaya
- Mook Dhwani
- Solar Electrification

School Level

Middle and High School

Focus

STEM education and life skills

Projects

- MSL
- Pre-Vocational
- Mook Dhwani
- Lok Vidyalaya

School Level

Higher secondary and engineering

Focus

Scholarship & Mentoring

Projects

- HOPE Engineering Scholarship
- Social Innovation

Education Initiatives

Mobile Science Lab

42 schools in Vadodara  
20 schools in Hosur  
7,929 unique children

Lok Vidyalaya

500 students enrolled  
80% regular attendance  
Clean School Award in 2022-23

Solar electrification project

22 schools in 2023 and 38 schools  
in 2022  
6,719 beneficiaries  
126 KW capacity installed

Social Innovator  
Fellowship

Received 130 applications  
49 qualified

Quest On Wheels

15 schools covered  
Organised 43 trips  
1,631 beneficiaries

Mook Dhwani

200 students enrolled  
90% regular attendance

Pre-Vocational Education

10 Govt. Aided Schools  
2,412 beneficiaries  
Community service ₹2,16,497

Scholarship & Mentorship

58/87 provided scholarship  
50 employees as Mentors  
38 sessions completed (Aug'23)



## Community

School students in the engineering division of one of our project schools (Pre-Vocational Education Programme) unveiled a solar dryer. This engineering marvel preserves fruits and vegetables while retaining their quality and nutrition. The students crafted this innovation at a jaw-dropping cost of just ₹2,500. This project not only showcased the students' technical prowess and skills but also unlocked a whole new dimension of food preservation in the village.



## Transforming lives through education

Somanathapuram Panchayat Union Primary School in Hosur faced the challenge of providing adequate learning opportunities for its 65 students. Due to insufficient classrooms, students had to sit outside, leading to inconveniences during monsoons. Determined to offer quality education, the school approached us for support.

Considering the situation, we have constructed new classrooms that create a conducive learning environment and feature interesting aesthetics that inspire and motivate students to learn.

The support has been extended to government schools located in tribal villages by renovating the toilet blocks and provisioning running water facilities, improving the overall school infrastructure, aiming to enhance the teaching-learning environment for the students of Karadikkal and Soolakunta Primary Schools in Madakkal Panchayat, Krishnagiri district.



## Schaeffler India Social Innovator Fellowship Programme

As a part of our social development initiative, we announced our Social Innovator Fellowship Programme to acknowledge and incentivise individuals capable of developing distinctive sustainable solutions to create significant positive change to the society.

Looking for projects addressing the challenges in areas such as environment sustainability, natural resource management, renewable energy, carbon neutrality, circular economy, and application of technology in the social sector, we received 130 exceptional entries. Among the entries that emphasized digitization was the development of a device combining smartwatch technology and gloves to interpret sign language in real-time. Other efforts included developing an innovative glove device translating sign language into spoken language, facilitating communication for the deaf community and digital platform providing branding and communication strategies for SMEs and impact organizations.

The environmental initiatives included, EV battery swapping service, enhancing the efficiency of electric vehicle charging, innovations in gender-friendly farm equipment, enhancing inclusivity in agriculture, working with farmers to improve soil health and implement agroforestry models, to industrial wastewater treatment using cavitation principles, revolutionize plastic waste management through AI and automation and developing sustainable solutions to combat climate change.

## Awards and recognitions 2023

Best delivery performance for FY 2022-23

**Rane (Madras) Limited**

Certificate of Appreciation Implementing Retrofit Emission Control Device at Hosur plant

**Cummins India**

Commitment towards employee advancement, engagement and welfare

**Maruti Suzuki**

100% on time delivery performance and Zero PPM in 2022

**Toyota**

Gold Award in 2023

**CCQC**

(Chapter Convention on Quality Concepts)

Best Supplier Award

**Alstom**

Certificate for exceptional service and enduring partnership

**ABB**

Certificate of excellence on QCD parameters

**Nidec**

Certificate for excellent service and on time delivery

**Honda**

Appreciation for 'Make in India' efforts

**Bhel**

Certificate of Kaizen Competition

**Poclain**



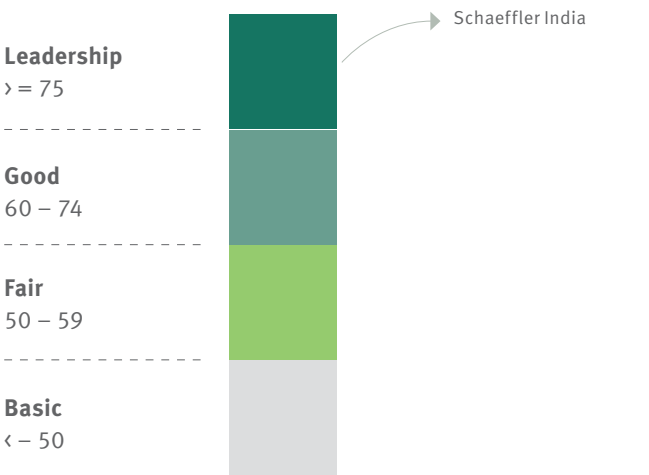


# GOVERNANCE

The core principles of corporate governance at Schaeffler India are integrity, accountability, business ethics, effective supervision and creating value for stakeholders.

We aim to achieve business excellence through responsible corporate governance. We ensure effective collaboration between the Executive Leadership Team and the Board of Directors and ensure transparency in corporate and financial communications. We recognise that good governance practices are essential to nurturing long-term, sustainable, and mutually beneficial relationships with all stakeholders. Our commitment to upholding the highest standards of ethical behaviour, integrity, and transparency has enabled us to build strong and lasting partnerships, also reflected in the strong governance rating that we received on the governance scorecard from Institutional Investor Advisory Services ('IIAS').

The IIAS rates corporate governance based on an evaluation framework built around the G20/OECD principles, which are the globally accepted benchmarks for corporate governance, adjusted for the Indian context. Some of the parameters considered are rights and equitable treatment of shareholders, the role of stakeholders in corporate governance, disclosure and transparency, and the responsibilities of the Board.



Governance that creates value	
Board of Directors	84
Executive leadership team	86
Risk management	88



Governance that creates value

# Standard of excellence

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

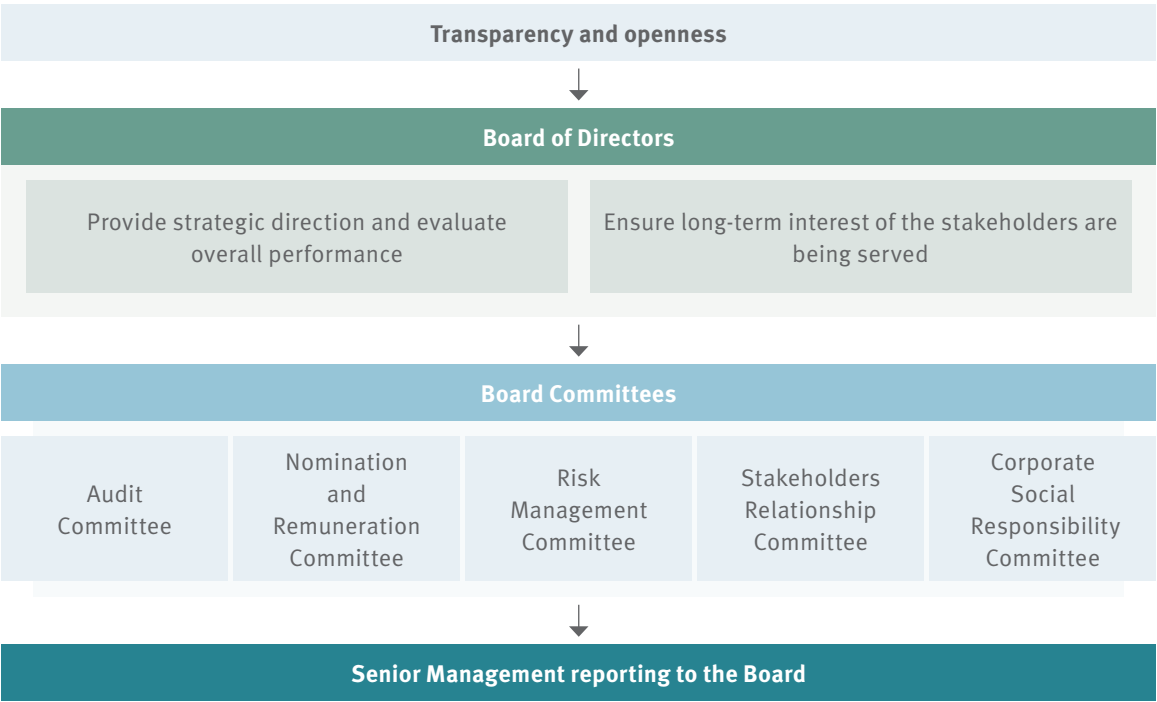
We uphold high standards and consistently follow good corporate governance practices. Our corporate governance practices adhere to regulatory mandates and legal standards.

Prioritising integrity and accountability

Adopting practices for strong business ethics and effective supervision

Aiming to enhance value for all stakeholders

## Corporate Governance Framework



## Accountability at the top



## Board and Committee Meetings details

	Meetings	Members	Overall attendance in %	Attendance of Independent Directors in %
Board of Directors	6	9	92.59%	91.66%
Audit Committee	6	6	88.88%	91.66%
Nomination and Remuneration Committee	3	6	94.44%	91.66%
Stakeholders and Relationship Committee	2	3	83.33%	100%
Risk Management Committee	2	7	85.71%	100%
Corporate Social Responsibility Committee	2	4	100%	100%



## Focus areas for 2023

- Review organisational progress and continuously evaluate our strategic priorities relating to changing dynamics and opportunities.
- Focus on future-ready technologies as per repositioning as a motion technology company.
- Monitoring of ESG targets implementation and advising a strategic roadmap to achieve them.



We take pride in our commitment to upholding exemplary corporate governance standards within our Company. Our corporate governance is a statement of the values we have embraced within our business. We continuously uphold our commitment to the highest standards of corporate governance, actively ensuring that our practices evolve in accordance with relevant guidelines and regulations.”

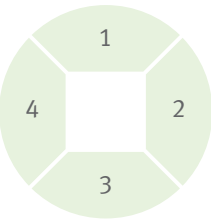
Ashish Tiwari  
Legal and Company Secretary





Governance that creates value

Cultivating value for tomorrow



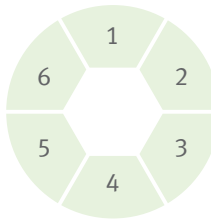
Rights and equitable treatment to shareholders

- 1. Communication with shareholders**
  - All shareholders are provided with an opportunity to participate, raise questions, and vote/electronically vote (in person/through proxies) in Shareholder meetings.
  - Shareholders have the right to approve or participate in decisions concerning amendments to the statutes, or Articles of Incorporation and are adequately informed about declaration and payment of Dividend, TDS on dividend, transfer to IEPF, Demat, KYC updation, etc.
  - We assign importance to resolving investor grievances fairly and expeditiously.
- 2. Related Party Transactions**
  - All Related Party Transactions are approved by the Audit Committee and Material Related Party Transactions are approved by the Shareholders, as per the regulatory requirements.
  - All Related Party Transactions are certified by an external auditor on a periodic basis.
  - Relevant disclosures are made to the Stock Exchanges on a timely basis.
- 3. Shareholder's Handbook**
  - The Shareholders' Handbook is an effort to educate the shareholders about their rights as shareholders, standard procedures and documentation requirements for certain matters. The handbook should be considered as an informal guideline only.
- 4. Conflict of interest**
  - Policies and procedures are in place to disclose and avoid conflicts of material interest involving Directors, Employees, and Related Parties which helps prevent situations where Shareholders' interests are compromised for personal gain. Annual affirmation is obtained from the Directors and Senior Management in this regard.



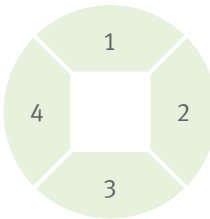
The role of stakeholders in corporate governance

- 1. Business responsibility initiative**
  - We recognise the rights of stakeholders established by law or through mutual agreements and encourage active cooperation with stakeholders in creating a sustainable organisation. We consult with all our stakeholders, internal as well as external to formulate our materiality matrix while deciding ESG governance factors.
- 2. Supplier management**
  - We conduct various supplier meets from time to time and treat them as our business partners. Suppliers form an important part of our ambitions to become carbon-neutral.
- 3. Employee welfare**
  - Our business performance is a result of the dedication and passion of Schaeffler India's employees. We focus on improving their well-being through our 'We Care, We Act' initiative. Employee townhalls and employee pulse surveys are conducted to improve the employee participation in business and governance.
- 4. Investor engagement**
  - We believe in transparent communication with our Shareholders, and we communicate with them periodically. Management interacts with the shareholders during Plant visits are organised from time to time.
  - We interact with investors through analyst/investor calls on a periodical basis.
- 5. Whistle-blower policy**
  - A whistle-blower policy is in place for stakeholders to raise concerns regarding violations and potential violations of our code of conduct and applicable laws without any fear of retaliation.



Disclosures and transparency

- 1. Ownership structure**
  - Shareholding structure (Schaeffler Group: 74.13% controlling interest, Public shareholding: 25.87%) is disclosed to the Stock Exchanges through quarterly filings, Annual Report and RBI as per the regulatory requirements. The Company has a Shareholder base of ~68,000 shareholders.
- 2. Financial and non-financial disclosures**
  - The Unaudited Financial Results are published on a quarterly basis and the Audited Financial results are published on an annual basis.
  - Policies relating to Corporate Governance, Whistleblower, Insider Trading, Nomination and Remuneration, Risk Management, Dividend distribution etc. are published on the Company website
  - Information on the remuneration of board members and key executives is published in the Annual Report.
  - Material Related Party transactions are disclosed with business rationale in the Annual Report.
- 3. Company filings and quarterly disclosures**
  - We prioritise transparent communication and timely dissemination of information to all stakeholders, fulfilling our statutory obligations and filings promptly to uphold accountability and trust.
  - Video recording and transcript of the Shareholders meetings held virtually are made available on the Company website
  - Public announcements, Press Release, Investors presentation, audio recordings and transcripts of analyst calls are filed with the Stock Exchanges and also made available on the Company website for the investors' view.
- 4. Risk management**
  - Robust risk management process and framework which identifies, assesses, monitors, and re-ports risks that impact our business, e.g. financial, operational, sectoral, ESG, strategy, cyber security risks are evaluated and measures for Risk mitigations are formulated as per the Risk Management Policy of the Company.
- 5. Audit integrity**
  - Annual audit is conducted by an independent, competent and qualified auditor in accordance with high-quality auditing standards to provide an external and objective assurance to the Board and Shareholders about the Financial Statements.
  - Structured evaluation criteria are in place for selecting of Statutory Auditors, which cover various aspects such as performance, independence, quality, skillset, and experience amongst others.
  - The Audit Committee reviews the statutory auditors' performance and related aspects on a yearly basis.
- 6. Dividends and payout policies**
  - Dividend Distribution Policy is in place to guide our dividend distribution every Financial Year. The Company endeavour to consider a total dividend pay-out ratio in the range of 30% to 50% of the annual Standalone PAT during the year, as mentioned in the published Dividend Distribution Policy of the Company.



Responsibilities of the Board and Committees

- 1. Board as a trustee**
  - The Board comprises eminent professionals with varied skill sets and experience. The Board acts on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the Shareholders and exercises objective independent judgement on corporate affairs. As trustees, the Board has fiduciary responsibility to protect interest of Stakeholders of the Company.
  - As a good governance practice and to strengthen the independence of the Board, the role of Chief Executive Officer and the Chairperson are separated.
  - The Board reviews and provide guidance on corporate strategy, major plans of action, risk management policies and procedures, annual budgets, and business plans. The Board sets performance objectives, monitors its implementation and corporate performance.
- 2. Board and committee composition**
  - Five Board-level committees have adopted charters defining the roles and duties of each committee to support the Board in performing its functions.
  - Committee mandate, composition and working procedures are well defined by the Board based on the specific skill requirements of each committee.
- 3. Training for Directors**
  - The Board regularly carries out evaluation to appraise its performance and assess whether it possess the right mix of background and competences. The familiarisation and training programmes for Directors are conducted from time to time.
- 4. Succession Planning**
  - The Board reviews and approve the adequacy of the Company's policies, plans, and procedures concerning succession planning in accordance with the recommendation of the Nomination and Remuneration Committee.



Board of Directors

Leading the way



**Eranti Sumithasri**  
Chairperson of the Board  
Independent Director

M

M

M



**Renu Challu**  
Independent Director

C

C

C



**Arvind Balaji**  
Independent Director

C

M

M



**Dharmesh Arora**  
Non-Executive  
Non-Independent Director

C

M



**Andreas Schick**  
Non-Executive  
Non-Independent Director

M

M

54 years

Average age

4.3 years

Average tenure on Board

5.8 years

Average tenure of Independent Directors on Board

33.3%

Female representation on the Board



**Amit Kalyani**  
Independent Director

M

M

M



**Hardevi Vazirani**  
Director – Finance & CFO

M

M

M



**Harsha Kadam**  
Managing Director & CEO

M

M

M



**Jens Schüler**  
Non-Executive  
Non-Independent Director

M

M

Audit Committee

Nomination & Remuneration Committee

Stakeholder's Relationship Committee

Risk Management Committee

Corporate Social Responsibility Committee

Chairperson

Member



## Executive leadership team

## In the right direction



**1. Vinod Acharya**  
Purchasing

**2. Santanu Ghoshal**  
Human Resources

**3. Madhurisha Vippatoori**  
Chief Technology Officer

**4. Debasish Sathpathy**  
Automotive Aftermarket

**5. Harsha Kadam**  
Managing Director &  
CEO



**6. Hardevi Vazirani**  
Director - Finance & CFO

**7. Sameer Mathur**  
Chief Operating Officer

**8. Seshan Iyer**  
Industrial

**9. Aashish Bhatia**  
Automotive Technologies

**52 years**

Average age of Executive  
Leadership Team

**11 years**

Average tenure in the  
Company

**22%**

Female representation in  
the Leadership



Risk management

# Anchor of stability

A dynamic operating environment comes with risks and opportunities. We stay ahead of the curve to mitigate identified risks and leverage potential opportunities.

We have a comprehensive Risk Management System (hereinafter ‘RMS’) to ensure timely identification and evaluating of the risks, analysing the mitigation plan in existence to overcome the risks, and identifying potential areas of improvement to minimise adverse impact on the Company. Risks are inevitable, as we operate in a dynamic environment. However, by implementing RMS, we safeguard and protect its earnings and assets.

Organisation and assessment

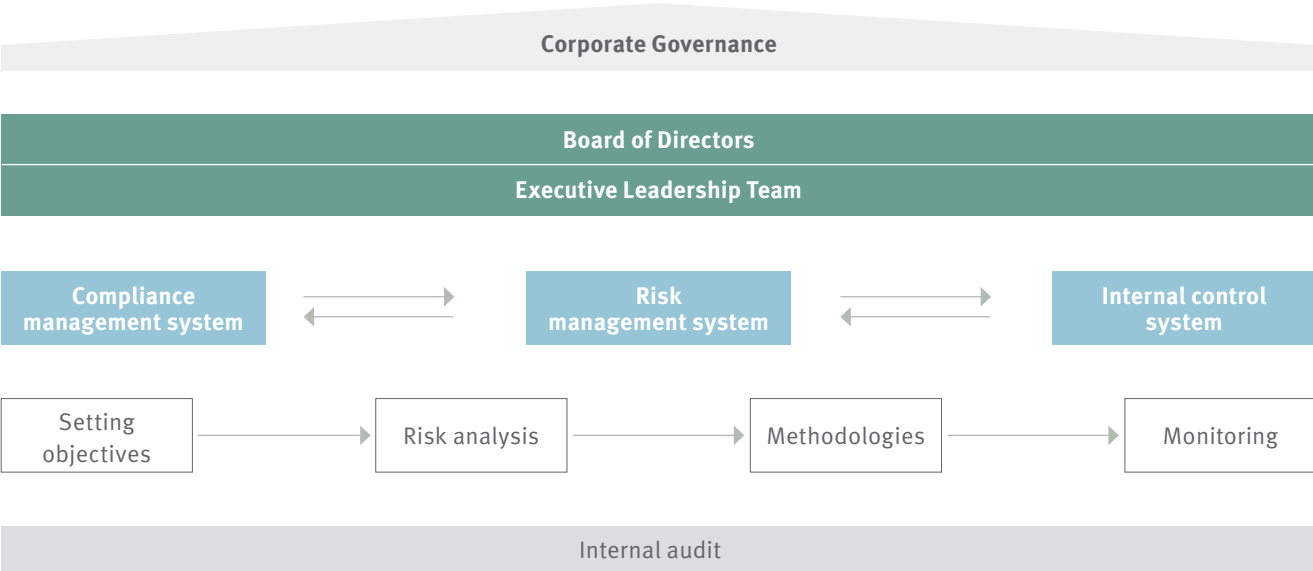
RMS is driven by your Board of Directors, ably supported by the Risk Management Committee (hereinafter ‘RMC’), constituted as per the provisions of the Companies Act. Details of RMS are set out in a risk management guideline, which is made available to the employees responsible for risk management and is binding on them. 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 Schaeffler India Limited and RMC of the Board of Directors. While on one hand it monitors, reviews, and guides productive implementation of risk management at Schaeffler India, on the other hand it provides valued feedback to the RMC.

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

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

Risk management system structure  
Risk Management: An important constituent of Corporate Governance



Prelude

- At Schaeffler India Limited (SIL), Risk Management is an integral part of its governance structure
- SIL is exposed to many potential risks that can adversely affect its business operations
- Risk Management System (RMS) identifies these risks on a timely basis and manages them in accordance with its risk strategy
- Identification and monitoring of risk factors increases risk awareness and ensures continuous improvement process
- SIL’s continued existence as a going concern is addressed to by the implementation of RMS

Risk Management Policy  
All pervading; adopting both top-down and bottom-up approach

Risk assessment is done with a two-dimensional approach - the amount of damage each risk can have on an annual basis and its probability of occurrence. Based on the amount of damage, each risk is classified as very low, low, medium, and high. The probability of occurrence is assessed using percentages and is classified as improbable, possible, probable, and high probable. The combination of the estimated amount of damage and probability of occurrence determines the risk class, which can be low, medium, or high based on its impact on net assets, financial position, and earnings.

Each risk is valued 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.

Risk assessment: Done with 2-dimensional approach  
Amount of damage:

- Implies financial impact each risk is likely to have on assets and/or earnings of the Company

Probability of damage:

- Implies likelihood of each risk to impact the assets and/or earnings of the Company

Risk Class

Determined as low, medium, and high, based on the combination of estimated amount of damage and probability of occurrence, as considered for net valuation.

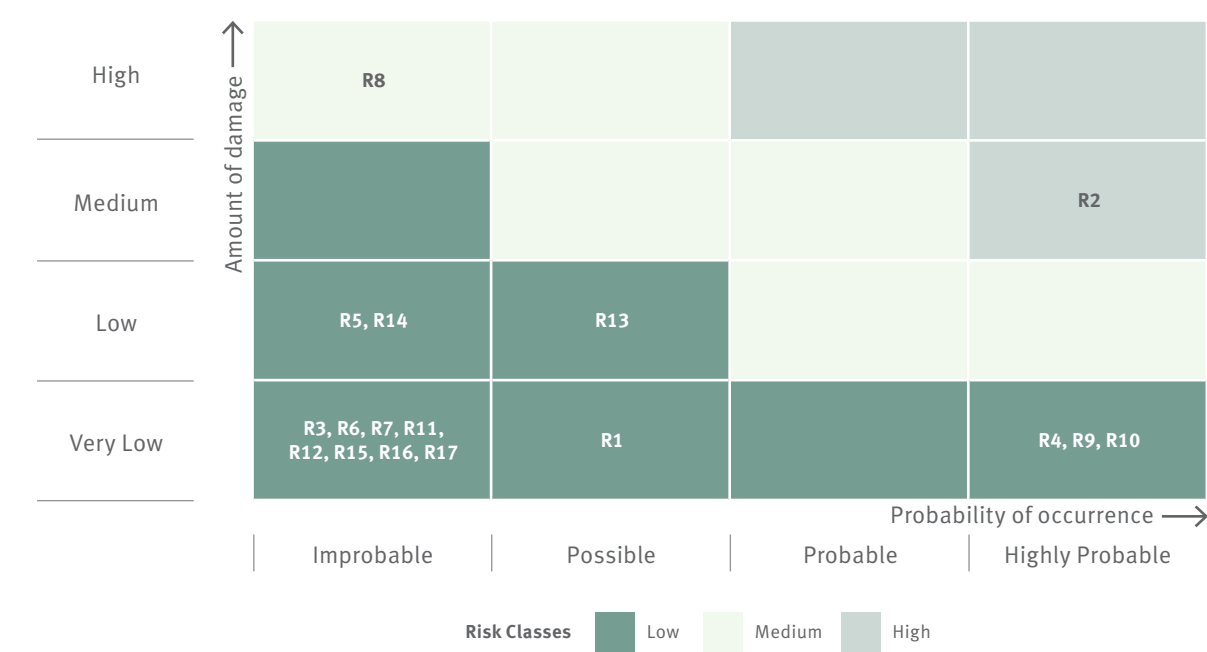
Basis of risk assessment:

- Valuation of risks and its impact on current year budget
- Impact on mid-term business sustainability



Risk Management

Risk assessment matrix



Risk categories at Schaeffler India

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



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.

Key risks	Mitigation measures	Risk class	Change
<b>Strategic risks</b>			
<b>Country risks</b> Changes in the social, political, legal, or economic stability within or outside the country could hamper the Company's 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 2023, geo-political situations, supply chain disruptions, inflationary pressure on food and energy prices had a dampening impact on general consumer sentiments and the global economy. In a connected world, India was impacted partially in terms of process and raw material cost risks. Further, local conditions within India with respect to uneven weather conditions, lower cash outlay for agriculture sector and adverse sentiments in rural market impacted sectors like Tractors.		Low	→
<b>Strategic market and technology risks</b> Transformative marketplace changes have been forecasted such as reducing diesel penetration, stricter emission norms, potential electrification of vehicle powertrain and so on. Customers are increasingly looking for bundled offerings of products and services. The evolution of our business from component-driven to more systems-based could reduce the proportion of value added by us. The Government of India aims to increase the penetration of electric vehicles in the Indian automobile landscape. Accordingly, automobile manufacturers continue to emphasise and act towards this industry trend. To address the changing priorities of Automobile OEMs, our product offerings need to evolve to capture the industry requirements.		Medium	↗
<b>Operational risks</b> <b>Market developments</b> As the Company is a supplier in the automotive and industrial sectors, demand for the Company's products is, to a large extent, driven by macro-economic conditions and related cyclical fluctuation. Besides these, 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, these factors lead to significant volatility in automobile production. Sales in Industrial division is spread across diversified business fields and risk in one sector can be offset by opportunity in another sectors. 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.		Low	→



Risk Management

Key risks	Mitigation measures	Risk class	Change
<b>Delivery performance</b> The ability to deliver consistent performance in terms of quality and timely deliveries is 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. Several factors impact delivery performance which may lead to sales volume loss and thereby increase in premium freight and other logistics costs.	The Company has 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. Also, accuracy of forecasting market demands, alternate sourcing, localisation are some measures that ensure timely delivery performance.	Medium	↗
<b>Procurement risks</b> Procurement risks arise mainly due to raw materials price fluctuations, especially prices of energy and steel, ability of suppliers to deliver quality products in time. Adverse fluctuations in market prices and/or supplier’s financial distress could have an impact on the Company’s financial position and earnings. There is constant threat emanating from global supply chain disruptions and import restrictions due to EXIM policy amendments.	The Company ensures 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, the Company is largely able to obtain competitive prices. The Company keeps a close watch on the operations of its suppliers, by deploying dedicated personnel performing quality checks, for early signs of distress and be able to intervene to secure its interests. Forward buying option is undertaken in selected cases.	Low	→
<b>Information Technology (IT) risks</b> 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.	The Company has highest standards of IT security systems and constantly upgrades the IT security infrastructure. It educates and trains its employees about IT security and what precautions the users should take, to ensure that the IT infrastructure, business data are adequately protected against any possible IT risks. Building redundancy in the IT systems (data back up in virtual server and fire and water proof cabinet) and the network infrastructure (secondary network lines) to mitigate the unavailability of data and processes.	Low	→
<b>Information or cyber security risks</b> The prevalent threat of cyber attacks remains an area of concern for most organisations in an increasingly digital space. Cyber security risk is an important and continuous focus for the Company. The Company devotes significant attention and resources to protect and improve the security of its 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 the Company’s net assets, financial position, and earnings.	Cyber security initiatives have been implemented to mitigate potential incremental security threats from possible security risk exposures. The company has reinforced and scaled up the internal environment to ensure the network is secured and healthy. Procedures and other IT security specifications supplement the information security regulations of the company. 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 fortify 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.	Low	→

Unchanged → Increased ↗ Reduced ↘



Key risks	Mitigation measures	Risk class	Change
<b>Production risk</b> As the Company’s manufacturing facility is capital-intensive, a large proportion of its costs are fixed. As a result, a decrease in the utilisation of plant capacity leads to under-absorption of costs and thereby impacts its earnings adversely. Moreover, the 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 the plant and arrangement from an alternative source could impact the Company’s net assets, financial position, and earnings.	The Company regularly reviews market conditions and aligns its production plan accordingly, where necessary alternative source can be realised from another plant within the Schaeffler Group. To minimise the probability of occurrence of unplanned interruptions, the Company takes extensive fire prevention measures. Several cost containment measures were identified and implemented in material and process cost to overcome.	Medium	↗
<b>Loss of market share</b> The Company faces competition in all business fields it operates in. As a result, the Company is exposed to dual risk of either being displaced by existing or new competitors or its products being replaced by product innovations or by new technological features. Customer dissatisfaction on price, quality, delivery performance and design could lead to a loss of market share.	The Company ensures close cooperation with its key customers on product development. It has implemented strict product quality controls to reduce the likelihood of substitution. The Company is also developing products which will help it to step up the value chain from components to systems. Unutilised capacity of products can be utilised by exploring additional opportunities. The Company is focusing on increasing its local footprint to comply with local content requirements under the Government of India’s ‘Make in India’.	Medium	→
<b>Warranty and liability risks</b> One of the significant factors in customer decision to purchase the products offered by Schaeffler India is quality. We employ a certified quality management system besides continuously striving to improve our quality processes. However, there is a risk that poor quality products may 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 reputational damage. Furthermore, this may result in an increase in warranty and liability risk.	The Company responds 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.	Low	→
<b>Product piracy</b> 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. We continue to engrave special markings on our products, making it difficult to counterfeit. Secondly, our Company follows a strict vigilance process to ensure the timely detection of counterfeiting instances and the initiation of legal actions against the guilty. This is done in association with law enforcement agencies. Moreover, a digital anti-counterfeit app is upgraded regularly to support these initiatives. We evaluate other technology-driven initiatives on an ongoing basis to overcome this risk. We also conduct awareness and engagement activities with our distributors.	Low	→
<b>Legal risks</b> Your Company’s operations give rise to legal risks, for instance those resulting from non-compliance with relevant regulations. Legal risks are reflected in provisions recognised in accordance with financial reporting standards.			
<b>Compliance</b> As a Company which operations at different locations, it must 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.	The Company has in place a comprehensive Compliance Management System, wherein laws and regulations applicable to the Company are mapped. Each compliance requirement is mapped to relevant process owner. The system sends alerts and reminders to each such process owner to enable him to comply with the requirements in a timely manner. Your Company’s management regularly reviews a comprehensive compliance report. The system is also updated regularly to capture regulatory changes and amendments.	Low	→



Risk Management

Key risks	Mitigation measures	Risk class	Change
<b>Financial risks</b> The key financial risks of the Company are listed below.			
<b>Tax risks</b> Your Company is 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 that of the Company. This may lead to adjustments to tax base and increase in the tax liabilities. An additional tax payment because of an adjustment to the tax base may impact on the Company’s financial position.	The Company extensively evaluates Corporate Tax and International Tax laws, both internally and with external tax experts, before implementing in the Company. The implementation strategy is well documented, reviewed periodically and amended as necessary.	Low	➡
<b>Pension risks</b> Your Company has pension obligations towards its 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 the Company’s net assets.	The Company uses government bond rate as discount rate and invests 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.	Low	➡
<b>Currency risks</b> The Company is exposed to currency risks due to its cross-border transactions. The largest currency risks from operations result from fluctuations in the USD and Euro exchange rates.	Your Company has INR as the inter-company invoicing currency with German entities. This leads to substantial reduction in its foreign exchange exposure and nullifies currency volatility impact. Additionally, the Company has a structured hedging strategy to counter currency risks. The strategy is followed consistently and reviewed periodically. The company monitors overall FX development closely and revisit its FX strategy on periodic basis.	Low	➡
<b>Liquidity risks</b> The risk that your Company will not be able to meet its payment obligations as they come 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 your Company is cash surplus and does not expect any liquidity risks, it has put efficient liquidity management measures to mitigate associated risks.	It has undertaken multiple measures to mitigate risks associated to liquidity management. The Company monitors liquidity risks using a rolling liquidity plan with a forecast period of twelve months. Short term cash flows are monitored regularly, involving key stakeholders. The working capital controls are adequately in place via appropriate actions including benchmarking and reviews. Company has a well established credit control mechanism to ensure timely collections and no loss of receivables. The credit insurance is undertaken in order to minimise the credit risk and thereby manage the overall liquidity risk in a better way.	Low	➡



# Corporate information

<b>Board of Directors</b>	
<b>Chairperson</b>	Eranti V. Sumithasri
<b>Managing Director &amp; CEO</b>	Harsha Kadam
<b>Director – Finance &amp; CFO</b>	Hardevi Vazirani <sup>1</sup>
<b>Directors</b>	Andreas Schick Dharmesh Arora Jens Schüler <sup>2</sup> Renu Challu Arvind Balaji Amit Kalyani
	<sup>1</sup> Satish Patel superannuated from the Company from end of business hours of February 12, 2024, and Hardevi Vazirani was appointed as Director-Finance & CFO of the Company effective from February 13, 2024.
	<sup>2</sup> Jens Schüler was appointed as Non-Executive Non-Independent Director of the Company effective from January 1, 2024.
<b>Company secretary</b>	Ashish Tiwari
<b>Bankers</b>	Deutsche Bank AG JP Morgan Chase Bank ICICI Bank Limited Citibank N.A
<b>Auditors</b>	M/s. Walker Chandiok & Co LLP, Chartered Accountants
<b>Collaborators</b>	Schaeffler Group, Germany
<b>Registered &amp; Corporate office</b>	15 <sup>th</sup> Floor, ASTP (Amar Sadanand Tech Park), Baner, Pune – 411045 Maharashtra, India
<b>Manufacturing plants</b>	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
<b>Sales offices<sup>3</sup></b>	Navi Mumbai, Bengaluru, Chennai, Gurugram, Jamshedpur, Kolkata and Secunderabad

<sup>3</sup> Coimbatore sales office closed effective from December 31, 2023



# Thank you for your trust and support

## Shareholder plant visit, Savli (Vadodara)

December 2023



## Management Discussion and Analysis

### 1. Economic Overview

#### 1.1 Global

The year 2023 started with what appeared as bleak prospects for the global economy, with expectations of recession in the developed world following the war, creating inflationary pressures and subsequent monetary tightening by global central banks. While the political situation in the Middle East and market upheavals in China should have further exacerbated the situation, the global economy remained comparatively stable and continued to surprise on the upside. As against the expected growth estimate of 2.9% at the beginning of the year, the economy unexpectedly grew by 3.1% during the year. Inflationary pressures abated slightly, in most regions, thanks to the easing of supply-side pressures and restrictive monetary policy. The IMF projected global headline inflation rate is expected to decrease to 5.8% in 2024 and 4.4% in 2025, with the forecast for 2025 revised down. This has led to analysts and economists adopting a more optimistic stance and being assured of a soft landing, largely due to resilience in the United States and several large emerging markets and developing economies.

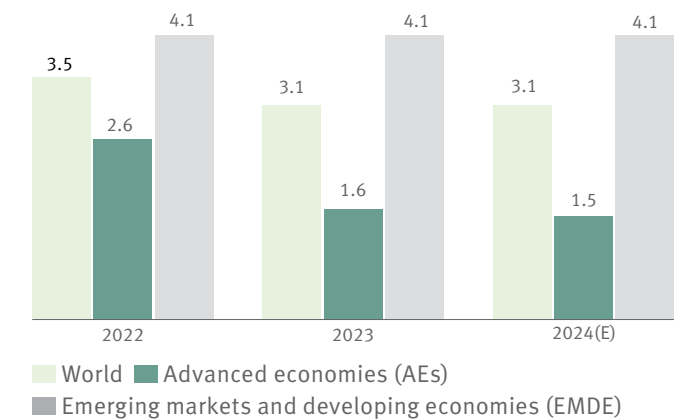
The Global Consumer Confidence Index for December 2023 stood at 47.7, with a 0.5 units gain from the previous month. With a score of 64.3, India sits at the top of this index, signifying the growth momentum and optimism.

#### Outlook

With a reduced risk of recession, the IMF is expecting the global economy to grow by 3.2% in 2024. The outlook is better than what was anticipated a few months back. Advanced economies are expected to see growth decline slightly in 2024 before rising in 2025, with a recovery in the euro area from low growth in 2023 and a moderation of growth in the United States. Emerging market and developing economies are expected to experience stable growth through 2024 and 2025, with regional differences. There is still room for positive surprises in the global economy, but caution remains on a few persistent risks.

Potential challenges to global growth reducing the pace of the economy include sticky inflation and geopolitical uncertainties, including the Red Sea crisis, where freight and insurance premiums have gone up significantly and shipment volume has reduced.

#### Global GDP forecast (in %)

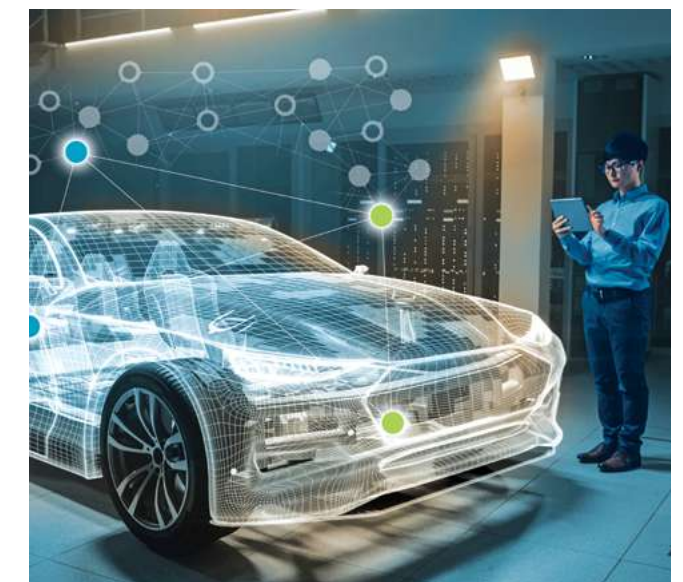


(e) - estimate, Source: World Economic Outlook, January 2024

#### 1.2 India Overview

India continues its strong growth trajectory. As per the advanced estimates released by NSO (National Statistical Organisation), the Indian economy is expected to grow by 7.3% for fiscal 2024. RBI also raised the growth estimate from the earlier 6.5% to 7% for the same period.

The retail inflation in India for 2023 is projected at 5.4%, while CPI inflation has remained above RBI's target of 4% for 50 consecutive months. For FY24, the monetary policy committee has kept the CPI inflation forecast unchanged at 5.4%. It expects inflation to gradually come down in FY25. Throughout 2023, India's manufacturing PMI remained above 50, signalling an expanding output, with the PMI hitting 56 in November.





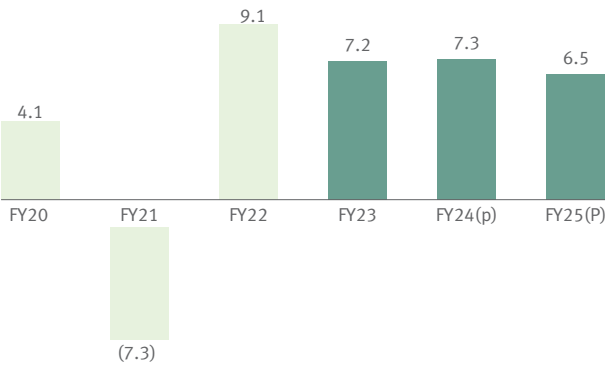
Management Discussion and Analysis

The agricultural sector is expected to grow at 1.8% in FY24. Manufacturing is expected to grow at 6.5, and construction is expected to register a double-digit growth of 10.7%, even on a strong base. The auto component industry, which contributes around 2.3% of India’s national GDP, is likely to grow by 6-9% in FY24, 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 7.7% in FY24.

Outlook

The IMF expects the Indian economy to grow by 6.5% in FY25 following resilience in domestic demand. S&P Global Ratings expects India will remain the fastest-growing major economy for the next three years, putting it on track to become the world’s third-largest economy by 2030, overtaking Japan and Germany.

India’s GDP trend (%)



(e)- estimate, (p)- projections

Source: Global Economic Prospects by World Bank, Jan 2024



2. Industry Overview  
2.1 Automotive sector review

Global automobile sales are estimated to have increased by ~10% to 90.1 million units in 2023 as chip and semiconductor shortages started easing in the second half of the year. In 2024, the growth is expected to slow to 2.4% to 92.2 million units, however, India and China will continue to outperform the market. India’s growing income levels, lack of effective public transport options, and government’s support for E-mobility have led to increasing demand for mobility.

The auto sector is one of the key pillars of Indian industry, contributing about 7.5% to our GDP and about 49% to manufacturing GDP. It also employs close to 4 crore people directly and indirectly. 2023 has been a bumper year in terms of car sales and growth, with the industry expecting sales of 4.22 million units by the end of the calendar year, an 8% increase over the previous year.<sup>1</sup>

Automotive market trends and outlook  
Embracing green technology

Action in the EV space picked up during the year, registering a 50% growth including, 2-W, 3-W and PVs and CVs. The e-bus segment is expected to do well in 2024 on the back of the PM E-bus Seva scheme which intends to introduce 10,000 electric buses in 169 eligible cities through public-private partnerships.



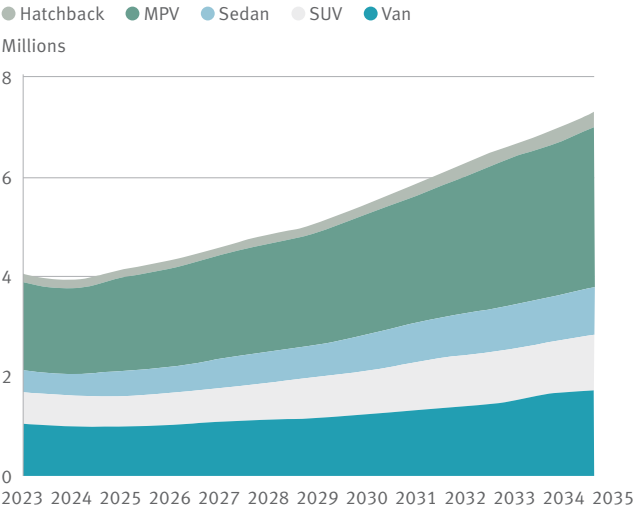
ICRA expects the vehicle volume growth to moderate next year due to the high base and waning of pent-up demand.

Vehicle Type	Expected growth rate	
	FY2023-24	FY2024-25
Passenger vehicle	6-9%	3-6%
Commercial vehicle	2-4%	(4-7%)
Two wheelers	8-11%	7-10%
Three wheelers	46-49%	10-13%

Changing vehicle mix in India

According to S&P Global Mobility, total automobile sales in India will grow to 6.1 million units in 2030 from 4.4 million in 2022, supported by India’s economic growth and investment in the national highway network.

SUVs to reach half of Indian Auto sales



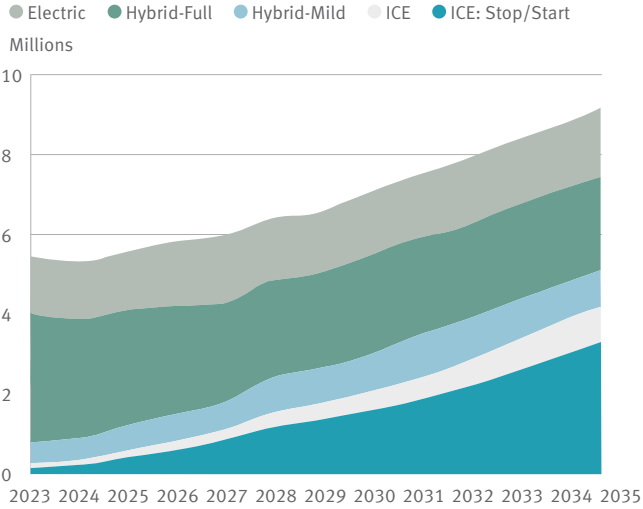
Data compiled June 19, 2023.  
Data includes cars and light commercial vehicles <6 metric tons.  
Source: S&P Global Mobility.  
©2023 S&P Global.

The Indian market has transitioned from a small car market to an SUV-dominated market. The luxury car segment registered nearly double-digit growth in 2023 and is expected to maintain the momentum in 2024. Small car sales lagged with the share of entry-level PVs reducing from 14% in 2018-19 to 4% recently. SUVs share has now reached close to 42% and is expected to breach that figure in the next year.

	2015	2023
SUV	16%	42%
Hatchback	41%	29%
Sedan	24%	13%
MPV	13%	12%
Van	6%	4%

Source: S&P Global

India’s changing vehicle mix



Data compiled June 19, 2023.  
ICE = internal combustion engine.  
Data includes cars and light commercial vehicles <6 metric tons.  
Source: S&P Global Mobility.  
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<sup>1</sup> <https://www.kedglobal.com/automobiles/newsView/ked202311270009>



Management Discussion and Analysis

Within a short to medium time horizon, India will continue to use and adopt a range of power technologies for vehicles. In a vast country characterised by diverse needs and preferences, internal combustion engines (ICEs), compressed natural gas, electricity, hydrogen, flex fuels, bio-fuels and hybrid – all technologies will continue to co-exist.

Within the space, the Economic Survey of 2023 forecasted a remarkable 49% CAGR for India’s domestic EV market between 2022 and 2030. This trajectory is anticipated to yield a predicted annual sales volume of nearly 10 million units by 2030.

Increasing value

The average price of a car has more than doubled in India over the past decade to ₹1,150,000(about \$14,000) from ₹450,000 (about \$ 5,500). This shows immense opportunity for the OEM sector as it reflects customer’s willingness to pay for utility, safety and security.

Challenges

A slowdown in rural demand, rising interest rates, supply bottlenecks and lack of EV charging infrastructure are some of the challenges faced by the industry.



2.2 Industrial sector review

For FY23-24, the construction sector is expected to exhibit robust double-digit growth at 10.7%. The government expects the manufacturing industry to expand by 6.5%, a significant improvement over 1.3% in the previous year. The mining and quarrying sector is expected to increase by 8.1% in FY24. From April 2023 to November 2023, the IIP growth stood at 6.4%, up from 5.6% in the corresponding period last year, all pointing towards a good performance by the industrial sector. The interim budget for FY25 has put the government Capex figure at a strong ₹11 trillion, showing the impetus for infrastructure investments will continue.

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.

Policy measures for the Auto and Industrial sectors

PLI Scheme

The Indian government increased the Production Linked Incentive (PLI) Scheme for auto and auto components by one year in January 2024, with total indicative incentives amounting to ₹25,938 crore. For FY 2024-25, the ₹3,500 crore has been earmarked for this incentive.

Support to e-Mobility

The government reiterated support for e-mobility by declaring support for bringing more e-buses on the road for public transport through a payment security mechanism. The government also announced and improved the charging infrastructure to meet the emission targets.

FAME (Faster Adoption and Manufacturing of Electric Vehicles) II Subsidy

FAME was first introduced in April 2015, and phase II was launched in April 2019. It aimed to give impetus to the purchase of electric and hybrid vehicles by providing financial support and thus making them more affordable. The allocation under FAME II for FY 2024-25 is ₹2,671 crore. Rollout of the new subsidy scheme will be a key for providing impetus to the EV sector.

Renewable Energy

India aims to achieve a 500 GW renewable energy target before 2030. As of Dec 2023, Renewable energy sources, including large hydropower, have a combined installed capacity of 180.79 GW. In the interim budget presented in February 2024, the Finance Minister announced that the government will support about one crore households under the rooftop solarisation scheme by providing them with up to 300 units of free electricity per month.

Strong government Capex continues

The recent Interim Budget proposes ₹11 trillion as Capex for FY 2024-25 to shore up demand and consumption in the economy.

Record allocation to Railways

The Railways have got a record allocation of ₹2.55 lakh crore in the Budget.

Green Hydrogen

The Interim Budget for 2024-25 allocated ₹600 crore for the National Green Hydrogen Mission, compared to the previous year’s budget of ₹297 crore.

3. 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 the Automotive Aftermarket and Industrial distribution markets. Our client-centric strategy, emphasis on innovation, and superior distribution network enables us to grow and create value for our stakeholders. We have a balanced business portfolio, with sales evenly distributed across the automotive and industrial categories.

3.1 SCOT analysis

Strength	<ul style="list-style-type: none"><li>Strong pedigree with decades of expertise, a powerful ecosystem, and diversified capabilities</li><li>Customer centric approach with a scalable, agile and strong business model</li><li>A culture of innovation that allows to provide superior products while gaining a competitive advantage</li><li>A diverse range of products across automotive and industrial business segments</li><li>Skilled team with extensive industry experience</li></ul>
Challenges	<ul style="list-style-type: none"><li>Preparing workforce to take on tomorrow’s mobility</li><li>Rapid changes in the technology landscape</li></ul>



Management Discussion and Analysis

Opportunity	<ul style="list-style-type: none"><li>Realise the full potential of our three business divisions to drive top-line growth</li><li>Optimise our R&amp;D capabilities to offer distinct, game-changing solutions for both local and global markets</li><li>Embrace digitalisation across all functions</li><li>Potential to grow products catering to EVs and other technologically advanced product segments</li><li>Potential to move up the value chain, from providing products to providing systems and end-to-end solutions</li></ul>
Threats	<ul style="list-style-type: none"><li>Geo-political tensions</li><li>Prolonged stress in the macro economy, automotive and industrial sectors</li><li>Unforeseen and sudden currency volatility and raw material prices</li></ul>

3.2 Operational performance review

3.2.1 Automotive Technologies segment

Our Automotive Technologies segment achieved significant growth despite the uncertainties in the automotive sector. Our consistent focus on innovation paid dividends as our product portfolio helped us drive growth. During the year, we achieved a breakthrough nomination in the area of future mobility with one of India’s leading OEMs. We also won business order wins in the area of hybridisation with OEM customers and wheel bearings for fully electrified car platforms. Our trajectory of business wins in CVs for double-clutch systems, in PVs for needle bearings, DGBBs, and light vehicle clutch systems continued during CY 2023.

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

3.2.2 Automotive Aftermarket segment

The Automotive Aftermarket business recorded a strong growth of 14.8% during the year. Business wins for FEAD/ Timing kit, TRBs in the PV segment as well as new product launches of wipers and lubricants helped deliver on our performance. Our focus on product expansion and strengthening our network continued.

2023 was also a milestone year for us, as we completed the acquisition of KRSV Innovative Auto Solutions Private Limited (“Koovers”), a Bengaluru-based private limited company offering spare parts solutions to Indian aftermarket workshops via a B2B e-commerce platform. This acquisition will be a key enabler for the aftermarket ecosystem, including distribution partners and help to play an important role in the fast-growing and evolving aftermarket digital landscape.

3.3.3 Industrial segment

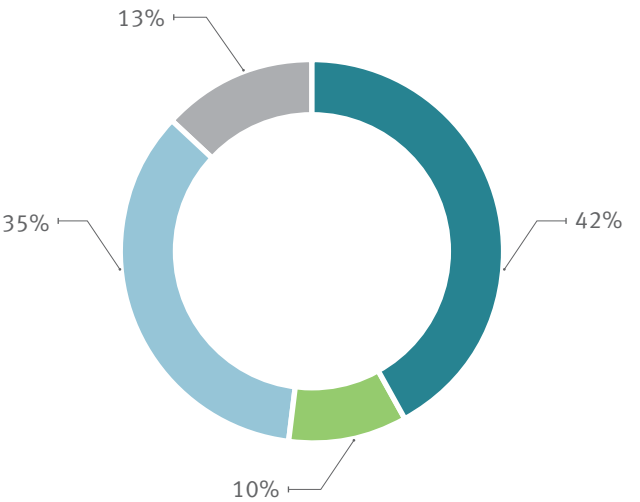
The Industrial business, contributing to 35% of the revenues, achieved a growth of 5.1% y-o-y. This was on

the back of our continued trajectory of business wins, forays into newer areas of complimentary products and maintenance solutions. Strong growth in our mobility sectors aided performance for the year. We also saw a revival in our key sectors which were impacted during the first half of 2023. We could deliver better performance with our focus on continuous growth despite the challenging external environment. We also significantly strengthened our position in services business offerings by introducing technologically advanced products and solutions.

3.3 Financial performance review

Revenue mix (%): 2023

Business segment	(%)
Automotive	42
Automotive Aftermarket	10
Industrial	35
Exports	13



Particulars	2023	2022	Change (%)
Net Revenue	72,261	68,674	5%
EBITDA <sup>1</sup>	13,528	13,076	3%
Less: Depreciation/ Amortisation	2,191	2,065	6%
Less: Finance cost	42	36	16%
Add: Interest income	989	645	53%
Profit before exceptional items and tax	12,284	11,620	6%
(Less)/Add : Exceptional items	(47)	150	131%
Provision for tax	3,147	2,978	6%
Profit after tax	9,090	8,792	3%

<sup>1</sup>Earnings before Interest, Tax, Depreciation and Amortisation

3.3.1 Revenue

Particulars	2023	2022	Change (%)
Net revenue	72,261	68,674	5%
Mobility component and related solutions	56,868	53,877	6%
Others	15,393	14,797	4%

Revenue mix (%): 2023

	2023
Mobility component and related solutions	79
Others	21



3.3.2 Profitability

Particulars	2023	2022	Change (%)
EBITDA <sup>1</sup>	13,528	13,076	3%
Less: Depreciation/ Amortisation	2,191	2,065	6%
Less: Finance cost	42	36	16%
Add: Interest income	989	646	53%
Profit before exceptional items and tax	12,284	11,620	6%

3.3.3 Taxes

Particulars	2023	2022	Change (%)
Provision for tax	3,147	2,978	6%

3.3.4 Profit after tax

Particulars	2023	2022	Change (%)
Profit after tax	9,090	8,792	3%

3.3.5 Cashflow

Particulars	2023	2022
EBITDA <sup>1</sup>	13,528	13,076
Income tax	(2,973)	(3,136)
Change in working capital and others	(1,555)	(1,841)
Capital expenditure <sup>2</sup>	(5,189)	(4,788)
Interest income <sup>2</sup>	809	457
Free cash flow	4,620	3,768

<sup>1</sup> Earnings before Interest, Tax, Depreciation and Amortisation.

<sup>2</sup> Figures are net

4. Business outlook

The performance for 2023 speaks of our strength and adaptability despite the global headwinds. Our domestic

business continued to deliver in 2023 backed by the trajectory of business wins across our sectors. Our continued focus on the efficient utilisation of resources and productivity measures helped in sustaining the quality of our earnings. Strong performance on operating metrics and trajectory of investments continued as planned.

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.

5. Internal control systems

In parallel to the risk management system, Schaeffler India has a system of internal controls over financial reporting (IFC), which ensures 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.

6. Cautionary statement

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



Business Responsibility and Sustainability Report

Section A: General Disclosures

I. Details of the listed entity

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

L29130PN1962PLC204515

2. Name of the Listed Entity

Schaeffler India Limited

3. Year of incorporation

April 27, 1962

4. Registered office address

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

5. Corporate address

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

6. E-mail

info.in@schaeffler.com For Industrial  
aftermarket@schaeffler.com For automotive & Automotive aftermarket  
deshmp11@schaeffler.com For Media  
investorsupport.in@schaeffler.com For investor queries

7. Telephone

+91-20-68198400

8. Website

www.schaeffler.co.in

9. Financial year for which reporting is being done

1<sup>st</sup> January to 31<sup>st</sup> December 2023

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

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

11. Paid-up Capital

As on December 31, 2023 the paid-up capital of the Company stood at ₹ 312,607,340 consisting of 156,303,670 numbers of Equity Shares of ₹ 2/- each.

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

Name : Channabasavanna Alegowda, Head of Sustainability  
Telephone : +91-20-68198400  
E-mail : alegocan@schaeffler.com

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

The Environmental, social and governance disclosures made in this report are on Standalone basis.



II. Products/services

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

Sl. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Automotive Technologies	The Automotive Technologies division is dedicated to creating and producing innovative products designed for various applications related to engines, transmissions, and chassis. These products are developed for use in vehicles powered by internal combustion engines, as well as for hybrid and electrified powertrains.	42%
2.	Industrial	The Industrial division offers a wide range of products that include Ball and Roller Bearings, Plain Bearings, Bearing Housings and Accessories, Linear Bearings, Ultra Precision Drives. Over and above this, under the vertical of Life time solutions we offer lubrication products that include Grease and Oils, Maintenance Products which include a wide range of mounting and dismounting tools, condition monitoring systems to customers across various industrial sectors. These products are distributed through direct sales channels as well as through widespread network of certified distribution partners.	35%
3.	Automotive Aftermarket	Tailor-made solutions for the automotive aftermarket Schaeffler's Automotive Aftermarket division is responsible for the global distribution of 'spare parts' – components and repair solutions for passenger cars, light and heavy commercial vehicles and tractors. With a comprehensive understanding of engine, transmission, and chassis systems, along with an extensive service offer, the aftermarket division also supports workshops carrying out complicated repairs.	10%
4.	Exports and Others	The exports comprise of revenue to overseas group companies based across four Schaeffler group regions i.e. America, Asia Pacific, China & Europe. while 'Others' revenue mainly consists Sale of Scrap.	13%

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

Sl. No.	Product/Service	NIC Code	% of total turnover contribute
1.	Bearings, Engine and transmission products & solutions	28140	99%

Bearing & engine transmission product is common among all the below segments

Sl. No.	Segment	Turnover (₹ Millions)	% of total turnover contribute
1.	Mobility components and related solutions	56,868	79%
2.	Others	15,393	21%
Total		72,261	100%

III. Operations

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

Location	Number of plants	Number of offices, R&D, Sales, Distribution centre	Total
National	4	22	26
International	-	-	-



Business Responsibility and Sustainability Report

17. Markets served by the entity:

a. Number of locations

Location	Number
National (No. of States)	26 States & 3 UTs
International (No. of Countries)	23

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

Sl. No.	Particulars	Revenue (₹ Millions)	% of total Turnover contribute
1.	Exports & Others	9,740	13%
2.	Total revenue	72,261	100%

Note: Refer Q14 (4) for export details

c. A brief on types of customers

Schaeffler India Limited has customers in domestic as well as international markets which are broadly classified in 3 divisions.

- Automotive Technologies division has customers in passenger & commercial vehicles, tractors & off-highway segments. Key OEMs in automobile are served by us.
- Industrial division has customers in sectors like railways, wind power, raw materials, power transmission as well as two wheelers. We also serve large OEMs in these sectors directly and have country wide footprint for distribution.
- Automotive Aftermarket has wide range of OES (Original Equipment Supplier) & distribution network.

IV. Employees

18. HCO reconciliation:

A. Employees and workers (including differently abled):

		Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1.	Permanent (D)	1,566	1,468	94%	98	6%
2.	Other than Permanent (E)	129	105	81%	24	19%
3.	Total employees (D + E)	1,695	1,573	93%	122	7%
Workers						
4.	Permanent (F)	1,292	1,264	98%	28	2%
5.	Other than Permanent (G)	2,237	2,006	90%	231	10%
6.	Total workers (F + G)	3,529	3,270	93%	259	7%

b. Differently abled Employees and workers:

		Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Differently abled Employees						
1.	Permanent (D)	4	3	75%	1	25%
2.	Other than Permanent (E)	1	1	100%	0	0%
3.	Total employees (D + E)	5	4	80%	1	20%
Differently abled Worker						
4.	Permanent (F)	1	1	100%	0	0%
5.	Other than Permanent (G)	10	10	100%	0	0%
6.	Total workers (F + G)	11	11	100%	0	0%



19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	9	3	33%
Key Management Personnel	3	0	0%

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2023			FY 2022			FY 2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	6.5%	1.0%	7.5%	7.5%	0.9%	8.4%	5.8%	0.7%	6.5%
Permanent Workers	4.1%	0.0%	4.1%	4.1%	0.0%	4.1%	3.8%	0.0%	3.8%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

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

Sl. No.	Name of the holding/subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	INA Holding Schaeffler GmbH & Co. KG, Germany	Ultimate holding Company	-	No
2.	Schaeffler Schweinfurt Beteiligungs GmbH	Promoter	-	No
3.	Schaeffler Bühl Verwaltungs GmbH	Promoter	-	No
4.	Schaeffler Verwaltungsholding Sechs GmbH	Promoter	-	No
5.	Industriewerk Schaeffler INA-Ingenieurdienst GmbH	Promoter	-	No
6.	KRSV Innovative Auto Solutions Private Limited	Subsidiary	100%	No

VI. CSR Details

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

Yes

(ii) Turnover (in ₹ Million)

₹ 72,261 mn as on December 31, 2023

(iii) Net worth (in ₹ Million)

₹ 48,153.6 mn as on December 31, 2023

VII. Transparency and Disclosures Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023			FY 2022		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, <ul style="list-style-type: none"><li>Open registers at all our plant location.</li><li>Through Implementing agencies, NGO through writing physical letters.</li><li>Helpline numbers are mentioned on website.</li></ul> <a href="https://www.schaeffler.co.in/en/meta/contact/deshmpll@schaeffler.com">https://www.schaeffler.co.in/en/meta/contact/deshmpll@schaeffler.com</a>	Nil	Nil		Nil	Nil	



## Business Responsibility and Sustainability Report

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023			FY 2022		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Investors (other than shareholders)	Schaeffler India Limited shareholding pattern consist of Holding company & shareholders only, so there are no outside investors. <a href="https://www.schaeffler.co.in/en/meta/contact/">https://www.schaeffler.co.in/en/meta/contact/</a>	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders	Yes, There is a Shareholders' Handbook for the redressal of investor grievances and to educate the shareholders about their rights as shareholders, standard procedures, and documentation requirements for certain matters. <a href="mailto:investorsupport.in@schaeffler.com">investorsupport.in@schaeffler.com</a>	26	Nil	These include complaints received through SEBI SCORES and stock exchanges	24	Nil	These include complaints received through SEBI SCORES and stock exchanges
Employees and workers	Under vigil mechanism employee can file compliant <a href="mailto:weo.india@schaeffler.com">weo.india@schaeffler.com</a> POSH related complaints <a href="mailto:posh@schaeffler.com">posh@schaeffler.com</a> Compliance related, Human rights queries <a href="mailto:complianceindia@schaeffler.com">complianceindia@schaeffler.com</a> Employee can file any complaint anonymously <a href="https://www.bkms-system.net/schaeffler">https://www.bkms-system.net/schaeffler</a> Grievance redressal Policy has formal Grievance redressal procedure, scope & Objective. (Policy doc available on Schaeffler Intranet)	111	12	Investigation is in progress	57	56	A complaint received in year 2022. was investigated in the same year concluded in 2023, as per requirement under POSH Act
Customer	<ul style="list-style-type: none"> <li>Yes, customers can file complaints on e-mail ids displayed on website.</li> <li>Key OEM customers have their portals for communicating the concerns.</li> <li>SPOCs (Special point of contacts) have been defined for each customer.</li> <li>A dedicated customer care number is pasted on our packaging (MRP stickers) for all products.</li> <li>In parallel we also has internal system of tracking these concerns through SAP based IQOS.</li> </ul> <a href="mailto:info.in@schaeffler.com">info.in@schaeffler.com</a> <a href="mailto:aftermarket@schaeffler.com">aftermarket@schaeffler.com</a> <a href="https://www.schaeffler.co.in/en/meta/contact/">https://www.schaeffler.co.in/en/meta/contact/</a>	78	Nil		56	Nil	
Value Chain Partners	SupplyOn is dedicated portal available for assessing supplier performance. In case of any grievances, suppliers can file complaints on the portal. Vigil Mechanism and Whistle-Blower policies are available on the website, which is covers value chain partners as well. <a href="mailto:weo.india@schaeffler.com">weo.india@schaeffler.com</a> <a href="https://www.schaeffler.co.in/en/meta/contact/">https://www.schaeffler.co.in/en/meta/contact/</a>	Nil	Nil		Nil	Nil	
Other (please specify)	Yes, Compliance Management System of the Schaeffler Group and Company's Vigil Mechanism/Whistle-Blower mechanism are effective tools towards grievance redressals for both external stakeholders & employees. The policies are available on company's website. <a href="mailto:weo.india@schaeffler.com">weo.india@schaeffler.com</a> <a href="https://www.schaeffler.co.in/en/meta/contact/">https://www.schaeffler.co.in/en/meta/contact/</a>	8	0		4	Nil	Whistle blower hints were received about various topics. Based on investigation none of the complaints were substantiated

Note : Employees and workers complaints include health & working conditions, POSH related complaints. In year 2023 we have taken concrete steps to keep record of such complaints.



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

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Water management	Opportunity	Water is one of the crucial elements in operations of the company. It is not only required in production processes, but also for domestic processes. Taking into account availability of fresh water, increasing water pollution in society, we have identified water management as need of the hour.	<ul style="list-style-type: none"> <li>Zero discharge plants, where the treated water is reused for processes, gardening, etc.</li> <li>Rain water harvesting &amp; ground water recharge projects initiated, which will reduce water footprint.</li> <li>Schaeffler India has set a target of 20% reduction of freshwater supply compared to the base year CY19 to be achieved by CY 30.</li> <li>Various water saving projects initiated like generation of process demineralised water using Treated STP water, Reduce water consumption of cooling tower by reducing daily blow-down water quantity, Treated water reuse in de-oiler &amp; poly dosing tank, Reuse of seepage Rainwater &amp; Rainwater harvesting.</li> <li>Water savings achieved so far 34,708 m<sup>3</sup>.</li> </ul>	Negative if target is not achieved
2.	Diversity & inclusion	Opportunity	We believe that diversity & inclusion at workplace will invite people with multiple skill sets and mindsets. This gives an opportunity for innovation, boost in performance, reputation and motivation. We value multicultural experiences and diversity of our employees and consider these the organisation's strength.	<ul style="list-style-type: none"> <li>Focus is on improving diversity at all levels in the organisation.</li> <li>Diversity &amp; Inclusion policy implementation.</li> <li>Welcoming diversified workforce.</li> </ul>	Positive if target is achieved
3.	Safety & working condition	Risk	Negligence in Health & safety practices may lead to deteriorating physical as well as mental health of the Employees & workers. We believe that as a responsible organisation, it is our duty to prioritise safety in all our operations. It is a critical aspect of our business, and we are committed to instilling a culture of safety across all levels of our organisation.	<ul style="list-style-type: none"> <li>Implementation of EHS policy.</li> <li>We have EHS personnel at all the plants who take care of EHS practices.</li> <li>Our health and safety management systems have been implemented in accordance with the International Standards ISO 45001 (Occupational Health and Safety Management System Standard).</li> <li>Target to achieve 10% average annual reduction in accident rates (LTIR) is on track.</li> </ul>	Incase of failure negative implications
4.	Solution for lower carbon mobility	Opportunity	To walk towards a path of a low-carbon economy, corporates need to adopt responsible business practices to reduce their carbon footprints. Low carbon mobility solutions are the need of the hour.	<ul style="list-style-type: none"> <li>Various steps have been initiated to reduce carbon footprints with an aspiration to attain climate neutral production by CY30 and be climate-neutral by CY40 which also covers our supply chain.</li> <li>Schaeffler products are already in EV, hybrid &amp; low carbon mobility technology segment.</li> </ul>	Positive if target is achieved
5.	Energy management	Opportunity	In manufacturing industries, production processes consumes large quantum of energy generated from multiple sources: coal, natural gas, electricity and other fossil fuel etc. Adopting energy efficiency measures will help in optimising energy consumption across its operations.	<ul style="list-style-type: none"> <li>Target of 4 GWh cumulated annual efficiency gains via the implementation of energy efficiency measures to be achieved by 2024.</li> <li>Energy saving initiatives undertaken at all the plants led to energy saving of 1,309 MWh.</li> <li>Target of 100% purchased power from renewable sources to be achieved by 2024.</li> <li>We have been constantly working on purchasing green energy through hybrid energy (solar and wind) Power Purchase Agreement our locations.</li> </ul>	Positive if target is achieved



Business Responsibility and Sustainability Report

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6.	Emission management	Risk	Upcoming regulations regarding emissions necessitate to be compliant with the requirements. While failure to comply may impact environment and society in the long run, in the short run it may lead to fines, penalties etc.	Schaeffler has clear agenda of lowering <ol style="list-style-type: none"><li>GHG emissions in own production (Scope 1 and 2 emissions) and</li><li>in the supply chain (Scope 3 emissions)</li><li>Net Zero CO<sub>2</sub> emissions by 2040.</li></ol>	Negative if target is not achieved
7.	Labour Management	Risk	Labour/workers unrest leads to situations like strikes, lockouts etc. This further leads to operational disruptions and lowering productivity, and affects reputation of organisation.	<ul style="list-style-type: none"><li>Schaeffler India respects opinions of its workers &amp; safeguards their interest, there by following principles of Human rights.</li><li>Workers are free to express their opinion to management through procedures like collective bargaining.</li><li>Regular meetings held between leads &amp; union members helps in understanding labor issues &amp; resolve them quickly.</li></ul>	Negative if labour issues are not resolved
8.	Employee advancement	Opportunity	Schaeffler believes that employee growth will ultimately lead to organisational growth, and hence, both should go hand in hand.	<ul style="list-style-type: none"><li>The succession for each leader is planned thoughtfully, keeping in mind short term &amp; long term risks.</li><li>The Company has well established leadership platforms, such as the ‘Young Leadership Program’ to strengthen the leadership.</li><li>The Company has a foundation of Talent Mobility to groom high-potential leaders across different Schaeffler locations.</li><li>We offer learning opportunities through a consolidated platform called The Schaeffler Academy.</li></ul>	Positive
9.	Waste management	Risk	Safe disposal of hazardous & non-hazardous waste generated during process of production is sole responsibility of organisation. Failure to do so may invite fines, punishment etc thereby harming the image of organisation.	<ul style="list-style-type: none"><li>We adhere to the three R principle: Reduce, Reuse, and Recycle.</li><li>To manage our waste, we implement various efficient waste management initiatives that consider environmental impact, social effects, and commercial viability.</li><li>We dispose our hazardous waste at a government-approved central landfill</li><li>While our non-hazardous waste is primarily recycled by sending it to authorised recyclers.</li></ul>	Negative if waste not disposed properly
10.	Compliance	Risk	Compliance acts as base for building trust among external stakeholders and also among employees. This ultimately builds strong organisation.	Company ensures 100% compliance of training on Code of Conduct. Company has digitally enabled comprehensive compliance management system.	Negative if not complied
11.	Data security & data protection	Risk	Cyber-attacks/breaches pose a significant threat to data privacy & cyber security of organisation as well as employees.	<ul style="list-style-type: none"><li>We have put in place a robust information security policy based on the ISO/IEC 27001 standard and taking into account sector-specific regulations.</li><li>Procedures and other IT security specifications supplement our information security regulations.</li><li>Several technical measures have been established to avoid any illegal intrusions and to mitigate the risk of cyber-attacks and avoid data thefts, which also includes monitoring the networks for cyber threats through Security Operations Centre (SOC) to detect and respond to cyber security events.</li><li>Regular training amongst employees for awareness.</li></ul>	Negative in case of data breach

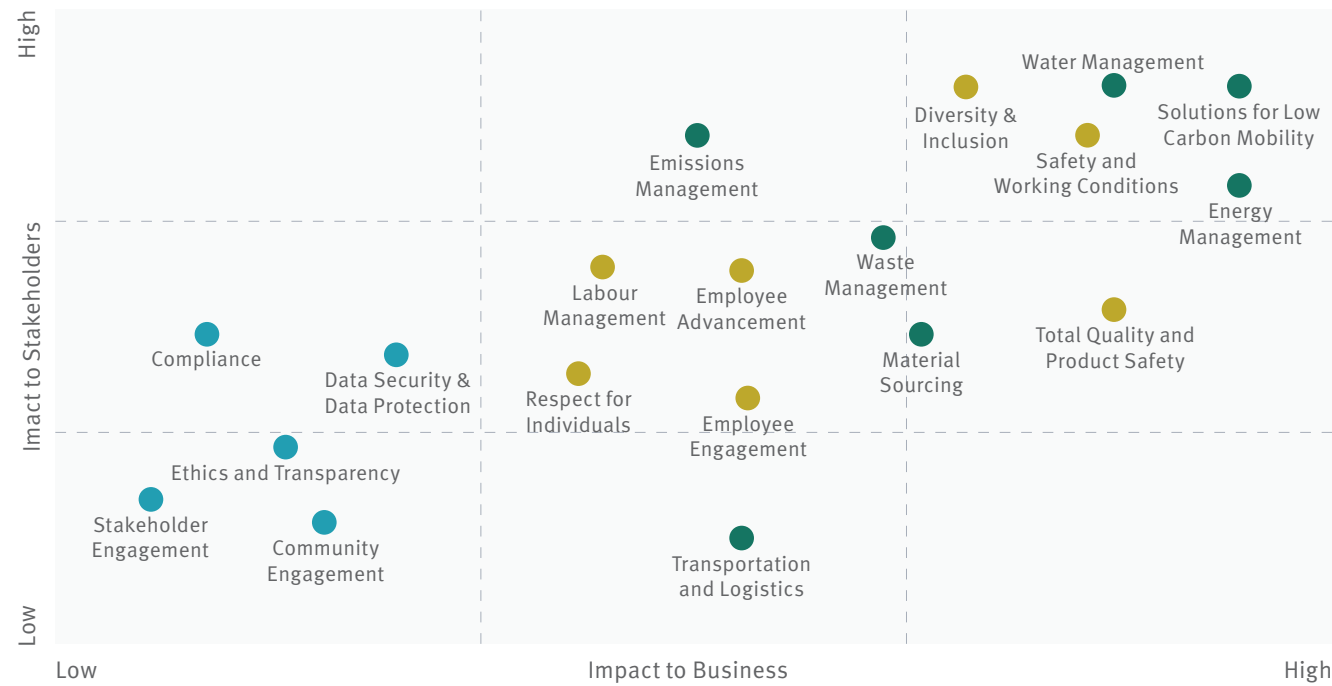
S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
12.	Respect for individuals	Risk	It is basic human right to respect dignity & personal rights of individual. Violation or non-compliance of same may lead to financial as well as reputational loss.	Our Code of Conduct (COC) contains principles of human rights and fair treatment. The Company is committed to the United Nations’ international code of human rights, the “UN guiding principles on business and human rights”, the ten principles of the “UN Global Compact”, and the internationally-recognised standards of the International Labor Organization (ILO).	Negative incase of labour unrest
13.	Employee engagement	Opportunity	Employee engagement initiatives helps in employee satisfaction, retention and Increase in productivity.	<ul style="list-style-type: none"><li>Formal onboarding</li><li>Recognition programs</li><li>Knowledge sharing</li><li>Improving employee wellbeing</li><li>Better work-life balance</li></ul>	Positive
14.	Material sourcing	Risk	<ul style="list-style-type: none"><li>Schaeffler has an extensive supplier base. Sustainable sourcing is of foremost importance to ensure compliance with regulations &amp; uninterrupted supply.</li><li>It also supports business longevity and builds a strong reputation.</li><li>This will also help company to achieve its Scope 3 sustainability targets &amp; monitor them more closely.</li></ul>	<ul style="list-style-type: none"><li>Schaeffler has set a clear target of Climate-neutral supply chain by 2040.</li><li>Every supplier need to adhere to Sustainable procurement policy.</li><li>Supplier Code of Conduct is signed off by all suppliers of Schaeffler India.</li><li>For supplier selection, we also have specific questions related to Sustainability in the “new supplier selection questionnaire” (SIA – Supplier Initial Assessment). So any new supplier who is added into the supplier base have to fulfil the requirements related to Sustainability.</li><li>During regular sourcing of parts, the sourcing board presentation includes points related to sustainability and these aspects are verified while approving any new sourcing to any supplier.</li><li>We also have Sustainability Target Agreements defined together with business partners, and their development is monitored over the period of this Agreement. So, the performance of our suppliers shall be improved continuously.</li></ul>	Positive
15.	Total quality & product safety	Risk	<ul style="list-style-type: none"><li>Schaeffler India’s product brands – FAG, INA and LuK are associated with best-in-class standards of quality, durability and reliability, making them increasingly susceptible to product piracy.</li><li>Quality risks &amp; cost involved</li><li>Reduction in sale due to quality issues</li></ul>	<ul style="list-style-type: none"><li>Schaeffler India has completed Quality Management System Certifications VDA 6.3A, IATF 16949, ISO 9001, AS (Aerospace certification)</li><li>Provision has been made against possible sales loss</li><li>Products need to go through strict Quality testing parameters before delivering to customer</li></ul>	Negative incase of rejections from customers
16.	Ethics & transparency	Risk	<ul style="list-style-type: none"><li>If any employees are involved in unethical practices, this will lead to loss of reputation in market</li><li>This ultimately will lead to loss of customers &amp; business.</li></ul>	Our Code of Conduct (COC) Applies to Board, Senior Management and every single employee serves as moral guide. It contains principle of Transparency, trust, and teamwork, transparency toward shareholders, business partners and dealing with each other with honesty	Negative incase of violation of ethical practices
17.	Stakeholder Engagement	Opportunity	Stakeholder Engagement can mitigate potential risks and conflicts with stakeholder groups, including uncertainty, dissatisfaction, misalignment, disengagement, and resistance to change.	<ul style="list-style-type: none"><li>Open, clear and regular communications with stakeholders regarding important events, progress of company.</li><li>Conducting regular surveys helps in knowing areas where improvement is required.</li></ul>	Positive



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S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
18.	Community engagement	Opportunity	When community engagement is done right, it can help to develop a more socially responsible organisation. It builds trust within community members, increases level of satisfaction, builds reputation for the company, and facilitates the 'social license to operate'.	<ul style="list-style-type: none"> <li>Communicating with stakeholders</li> <li>Encourage community involvement</li> <li>Undertaking community development projects</li> </ul>	Positive
19.	Transportation & Logistics	Risk	<ul style="list-style-type: none"> <li>Timely delivery of goods is of utmost importance for business continuity</li> <li>Frequent lapses may lead to reputational loss</li> <li>Political unrest, bad weather events are posing challenges</li> </ul>	<ul style="list-style-type: none"> <li>Training for supply chain partners</li> <li>Follow up of delivery terms &amp; timelines</li> </ul> <p>Keeping track of political events &amp; weather forecasting and having alternatives during such circumstances</p>	Negative in case frequent delays

## Material issues for Schaeffler India



## Environmental

- Water management
- Solutions for low carbon mobility
- Emissions management
- Energy management
- Waste management
- Material sourcing
- Transportation and logistics

## Social

- Diversity and inclusion
- Safety and working conditions
- Total quality and product safety
- Labour management
- Respect for individuals
- Employee advancement
- Employee engagement

## Governance

- Compliance
- Data security and data protection
- Ethics and transparency
- Stakeholder engagement
- Community engagement

## Section B: Management and Process Disclosures

Sl. No.	Disclosure Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Ethical & Transparent business conduct	Sustainable and safe goods	Well-being of Employees	Interest of Stakeholders	Promote Human rights	Protect & Restore Environment	Public Policy Advocacy	Diversity & Inclusion	Value to Consumers
Policy and management processes										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes, the company has policies which are relevant to NGRBC principles.								
	b. Has the policy been approved by the Board? (Yes/No)	Yes, all the policies are approved by Board								
	c. Web Link of the Policies, if available	Company policies are available on Schaeffler India official website, <a href="https://www.schaeffler.co.in/en/investor-relations/corporate-governance/codes-and-policies/">https://www.schaeffler.co.in/en/investor-relations/corporate-governance/codes-and-policies/</a> . Also some policies & internal documents are available on company Intranet page.								
2.	Whether the entity has translated the policy into procedures. (Yes/No)	Yes, all the policies are translated into procedures.								
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, we have Supplier code of conduct & sustainability target agreement (Internal document) applicable to suppliers								
4.	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 9001:2015 IATF 16949 ISO/TS 22163:2017 Quality Assurance programme certification	ISO 9001:2015 IATF 16949 ISO/TS 22163:2017 ISO 14001:2015	LKSG ILO Convention ISO 45001:2018	ISO 9001:2015 IATF 16949 TISAX BIS series	LKSG ILO Convention ISO 45001:2018	BIS Specifications ISO 14001:2015 ISO 50001:2018 EU-EMAS	LKSG ILO Convention	ISO 9001:2015 IATF 16949 Quality Assurance programme certification ISO/TS 22163:2017 TISAX BIS series	
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Details are available on Page XX								
6.	Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.	We have process of monitoring ESG performance to track deviations on time. We conduct regular quarterly reviews with the Board of Directors, in which we discuss our ESG performance, make changes in our strategy required if any. Also, Monthly reviews are conducted at the plants by Plant heads. Details about progress so far on our targets is available on page XX of our Annual report.								
P1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.	1. Code of Conduct for Directors, Senior Management & Employees 2. Code on Prohibition of Insider Trading 3. Dividend Distribution Policy 4. Policy on Determination of Material Subsidiary 5. Policy on Determination of Materiality for Disclosure of Events or Information				6. Related Party Transactions Policy 7. Vigil Mechanism or Whistle Blower Policy 8. Internal Audit Charter 9. Business Integrity Compliance (Internal Policy) 10. ESG Group policy (Internal doc.)				



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SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	2	Integrity & Security @ Schaeffler	100%
		Review of Financial, Business and Operational Performance of the Company, ESG update	100%
Key Managerial Personnel	4	Review of Financial, Business and Operational Performance of the Company, ESG update	100%
		Integrity & Security @ Schaeffler	99%
		Preventing Bribery & Corruption (PBAC)	100%
		New Compliance WBT “Antitrust Compliance”	100%
Employees other than BoD and KMPs	7	Integrity & Security @ Schaeffler	99%
		Preventing Bribery & Corruption (PBAC) (For new joiners )	100%
		New Compliance WBT “Antitrust Compliance” (For new joiners)	100%
		New Hire Integration (For new joiners)	93%
		Prevention of Sexual Harassment (POSH) at Workplace	90%
		Product Safety Awareness Training	95%
		Sustainability Roadmap	94%
Workers	1	Safety Induction, Basic EHS trainings, Safety DOJO for Shop floor employees, Shop floors rules and standard works, machine safety, fire protection, first aid, environment protection etc	100%
		Prevention of Sexual Harassment (POSH) at Workplace	

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

Monetary				
NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine	During the year, there were no fines/penalties/punishment/award/compounding fees settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions in accordance with the materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015.			
Settlement				
Compounding fee				
Non-Monetary				
NGRBC Principle	Name of the regulatory/enforcement agencies/ judicial institutions	Brief of the Case		Has an appeal been preferred? (Yes/No)
Imprisonment	During the year, there were no imprisonment/punishments against any Directors/KMP			
Punishment				

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

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
Not applicable – As during the year, there were no fines/penalties/punishment/imprisonment/award/compounding fees settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions in accordance with the materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015	

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

Yes

Business practices of Schaeffler are based on the principles of mutual respect, integrity and fairness which are defined in Schaeffler Group Code of Conduct, which is available on Schaeffler India website. Clause 2.2 of the Code of Conduct provides guidance on corruption and bribery. The values and principles of code of conduct are implemented while designing the policy of business integrity compliance policy of Schaeffler. Schaeffler India has a policy of business integrity compliance (Internal policy doc.) This policy provides binding instructions on business integrity, particularly in the compliance risk areas of corruption and bribery, conflicts of interest, and money laundering and financing of terrorism to reduce the risk of respective violations of the law. Schaeffler also has a separate Code of Conduct for Directors, Senior Management & Employees (refer: CoC of Directors, Senior Management & Employees) and Suppliers Code of Conduct (refer: COC\_ Suppliers). The relevant policies can be accessed through the web link provided. The Company also creates awareness about the policy to all its employees, vendors and supply chain partners through physical/virtual training sessions, e-modules Etc. Following are links

[Coc of directors, senior management & employees](#)   [Code of conduct of supplier](#)   [Group code of conduct](#)

In addition to this Business practices @ Schaeffler follows Anti-Corruption Guidelines( available for employees on Schaeffler intranet) which defines: rules for:

- (Anti-Corruption) defines rules and principles governing the proper handling of particular corruption-prone situations.
- (Gifts & Hospitality) provides details on the granting and accepting of gifts and hospitality.
- (Charitable Donations) prescribes rules and principles governing charitable donations made on behalf of Schaeffler.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY 2023	FY 2022
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

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

	FY 2023		FY 2022	
	Number	Remark	Number	Remark
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	No Conflict of Interest incidents were reported against Directors.	0	No Conflict of Interest incidents were reported against Directors.
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	No Conflict of Interest incidents were reported against KMPs	0	No Conflict of Interest incidents were reported against KMPs



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

Not applicable, as we do not have any instances of corruption/conflicts of interest against Directors and KMPs.

Leadership Indicators

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

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	Supply Chain digitalisation (SupplyOn implementation – Sourcing Module, Web EDI, ASN, GTL, Performance Monitor)	90%
1	Schaeffler Supplier Sustainability (Carbon emission management and targets, Environmental management certification, Occupational health and safety certification, SAQ and Sustainability Target agreement)	89% *

\* Self-Assessment (SAQ) by supplier

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

Yes

All directors and employees are governed by Schaeffler Code of Conduct which includes Conflict of interest (COI). Conflict of interest should be avoided & if it is unavoidable it must be disclosed to the Board of Directors to find a solution that will protect the Company’s interests.

COI declaration are taken from the Board members on a periodic basis. Adequate resolution is agreed about the declared conflict and documented. Following are links

1. Code of Conduct | Schaeffler Group
2. Code of Conduct of Directors, Senior Management & Employees
3. Code of Conduct for Suppliers
4. Business integrity & compliance Policy (Internal Policy)

Code of conduct of supplier

Coc of directors, senior management & employees

Group code of conduct

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

Essential Indicators

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

	FY 2023	FY 2022	Details of improvements in environmental and social impacts
R&D <sup>1</sup>	100% (₹ 995 mn)	100% (₹ 972 mn)	The ongoing investment in R&D is attributed to improving the localisation, closer to customer & efficiency which ultimately leads to sustainable products. Such products have improved impact on environment and society. <ul style="list-style-type: none"><li>Our investment e.g. Rail test rig and its accessories to support product development with low friction seal for wheelset would help Rail customers reduce energy consumption thereby reduce carbon footprint. In that perspective about 25% of ongoing investment in R&amp;D @ Industrial business may indirectly result positive impact to environment and social.</li></ul>
Capex <sup>2</sup>	7.7%	7.3%	<ul style="list-style-type: none"><li>We develop products that help our customers to meet their emission targets. We have products that increases reliability there by improving the total cost of ownership of a Truck or a bus operator.</li></ul>

1. 100% of Schaeffler India Limited’s R&D spend can be aligned to one or more principles of NGRBC
2. For capex we already have established machineries & procedures to control the environmental and social impacts of our product and processes, we do regular checks & updates which require no investment as such for time being.

2. Details on Sustainable Sourcing

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

Yes

1. We have Sustainable Procurement Policy available on Schaeffler India’s website
2. Supplier Code of Conduct signed by all Schaeffler India suppliers
3. Sustainability Assessment Questionnaire (SAQ) is applicable for new supplier as well as existing suppliers. It covers topics such as Company Management, Human Rights and Working Conditions, Health and Safety, Business Ethics, Environment, Responsible Supply Chain Management and Responsible Sourcing of Raw Materials etc. Supplier limitations in SAQ are referred to RSCI audit (Responsible Supply Chain Initiative)
4. Integration of sustainability aspects in sourcing board presentations for new sourcing approvals
5. Requirement for suppliers to adhere to Sustainability Target Agreement (STA) for continuous improvement in sustainability performance, which covers, Greenhouse Gas Emissions, Recycling, Renewable Energy, Water Consumption, Waste management, Human rights aspects (Human rights due diligence), Returnable packaging & Transportation, Energy consumption, internationally recognised standards.
6. We are member of Responsible Minerals Initiative (RMI) and implementation of Conflict Minerals Reporting procedure to ensure ethical supply chain practices.

[Sustainable Procurement Policy](#) | [Publications](#) | [Schaeffler India](#)



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

Yes

It is mandatory for all suppliers of Schaeffler India Limited to declare their commitments to our sustainability requirements during registration. 89% of Schaeffer’s inputs in India are sourced through suppliers who commit to our guiding principles by providing declarations during the registration phase. We are now working closely with the suppliers on improving their sustainability rating through improvement action. Low performer in SAQ are referred to RSCI audit (Responsible Supply Chain Initiative). We are also targeting top spend suppliers with the STA (Sustainability Target Agreements) which makes the supplier mandatory for committing to sustainable manufacturing practices, energy conservation, green energy usage, waste elimination etc. thus leading to a sustainable supply chain. We are collaborating with Steel Mills to promote green steel production, bolstering our entire supply chain to achieve inline with the Schaeffler’s climate neutrality target.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Schaeffler has Prohibited Substance standard which applicable to all the raw material namely Steel, plastics, rubber, oil, and Lubricants including packaging material. This is the comprehensive standard encompassing all the material compliance related requirement applicable to all the Schaeffler products. This standards Not only addresses ELV compliance but also includes Compliance with respect to ROHS, REACH, POP, Asbestos free, CLP (classification, labeling and packaging) compliance, TSCA (toxic substance compliance Act), Phthalates free material. Since Schaeffler has Global presence and delivering the parts across the Globe, including, Europe, Americas, Asia pacific, China and other South African Countries, This Hazardous and prohibited substance standard ensures inclusion and incorporation of all related and updated applicable material compliance requirement considering Global and regional wise local customers’ requirement and fulfilling them diligently and demonstrating the compliance by providing the compliance reports in terms of IMDS (international Material data system) reports, ELV, ROHS,REACH,POP ASBESTOS Free compliance report as well as follow Conflict Mineral Report system.

We adhere to the three R principle: Reduce, Reuse, and Recycle. To manage our waste, we implement various efficient waste management initiatives that consider environmental impact, social effects, and commercial viability there by we contribute towards circular economy. Our E-Waste is also provided to Original equipment manufacturer and registered recycler, so as per E-Waster guide line, being end user we comply to this requirement laid down in E-Waste rule. We are also committed towards Zero waste to landfill. (For detail please refer to Page XX)

(a) Plastics (including packaging)	Plastic waste generated from our manufacturing and warehousing locations are recycled through an authorised recycler.
(b) E-waste	Waste generated from all locations is safely recycled through either an authorised recycler or sending back to original manufacturer
(c) Hazardous waste	Waste generated from manufacturing locations is send of to authorised recyclers/co-processing, remaining waste is scientifically disposed off in an authorised landfill. We have initiated a pilot projects for Zero Waste to landfill at two of plant locations.
(d) Other waste	Metal scraps from the manufacturing process are recycled either by sending them back to the suppliers or authorised recycler

Note: We are intermediaries in supply chain, where major quantum of our products is directly supplied to the OEMs. Hence the Company has no scope for reclaiming it at the end of its life cycle.

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

Yes, it is applicable under category of Brand owner & Importer under plastic waste management rules 2016. We have processed our registration for EPR and We have submitted our application online on CPCB - EPR portal along with action plan.

Leadership Indicators

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

Besides reduction of greenhouse gas emissions in our own production and facilities, we at Schaeffler aim to reduce our climate footprint along the entire value chain. This includes assessing and reducing CO<sub>2</sub>-Emissions arising with our suppliers, as well as the footprint generated by the products during their use phase and in disposal. To this end we conduct life cycle analyses (LCA) on our products.

NIC Code	Name of Product/Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
28140	Ball & Roller Bearing	56%	Cradle-to-gate	No	Methodology of LCA is followed as per group Guidelines. Results would be provided on case-to-case basis.
28140	Engine Components	14%	Cradle-to-gate	No	
28140	Transmission System	26%	Cradle-to-gate	No	

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

LCA is carried out as per the Group Guidelines and there were no significant social & environmental concerns identified in LCA. However, Schaeffler has committed for Net Zero emissions from its operations by 2040.

Name of Product/Service	Description of the risk/concern	Action Taken
Nil	Nil	Nil

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

Indicate input material	Recycled or re-used input material to total material	
	FY 2023	FY 2022
Packaging plastic material	15.9%	13.5%
Plastic granules	12.0%	12.0%
Castings	83.1%	83.5%
Steel	17.2%	18.6%

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

	FY 2023			FY 2022		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste						
Hazardous waste						
Other waste						

We are intermediaries in supply chain, where major quantum of our products is directly supplied to the OEMs. Hence the Company has no scope for reclaiming it at the end of its life cycle.

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

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Qualitative (Name of Product)	Not applicable

We are intermediaries in supply chain, where major quantum of our products is directly supplied to the OEMs. Hence the Company has no scope for reclaiming it at the end of its life cycle.



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

Essential Indicators

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

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1,468	1,468	100%	1,468	100%	0	0%	0	0%	0	0%
Female	98	98	100%	98	100%	98	100%	0	0%	40	41%
Total	1,566	1,566	100%	1,566	100%	98	6%	0	0%	40	3%
Other than Permanent employees											
Male	105	105	100%	105	100%	0	0%	0	0%	0	0%
Female	24	24	100%	24	100%	24	100%	0	0%	11	46%
Total	129	129	100%	129	100%	24	19%	0	0%	11	9%

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

Category	Total (A)	% of workers covered by									
		Health		Accident		Maternity benefits		Paternity Benefits*		Day Care facilities**	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	1,264	1,264	100%	1,264	100%	0	0%	0	0%	0	0%
Female	28	28	100%	28	100%	28	100%	0	0%	0	0%
Total	1,292	1,292	100%	1,292	100%	28	2%	0	0%	0	0%
Other than Permanent Workers											
Male	2,006	2,006	100%	2,006	100%	0	0%	0	0%	0	0%
Female	231	231	100%	231	100%	231	100%	0	0%	111	48%
Total	2,237	2,237	100%	2,237	100%	231	10%	0	0%	111	5%

\* Parental leave was not applicable to Male candidate in year 2023, from 2024 onwards this is applicable to all male candidates across Schaeffler India.

\*\* In one plant Day care facility is available, for rest of the plants it is under construction stage. We have plan in place introduce the facility to the employees in year 2024.

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2023			FY 2022		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF <sup>1</sup>	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	100%	Yes	100%	100%	Yes
Superannuation benefit (Co Fund + NPS)	100%	100%	Yes	100%	100%	Yes
Encashment on retirement	100%	100%	Yes	100%	100%	Yes

<sup>1</sup> includes family pension scheme.

3. Accessibility of workplaces

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

Some of our premises and offices are currently accessible to differently abled employees and workers. We follow harmonised guidelines and space standards for barrier free environment for persons with disability. We are progressing towards installing the required facilities to make the premises accessible to differently abled employees and workers.

We have basic infrastructure development plan for Diff-abled persons in all the plants. This plan includes:

- 1. Signages
- 2. Separate Entry-Exit for punching
- 3. Elevator, Ramp and Handrails,
- 4. Dedicated Parking
- 5. Washrooms/Restrooms are few of them

In addition, to encourage diversity and inclusion, one aspect is to deploy differently abled candidates. In this view, as a regular practice the potential positions are identified in technical as well as non-technical functions. These positions may be filled on on-roll and off-roll basis. Currently, there are approximately 15 differently abled employees and workers deployed in different locations.

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

Schaeffler India Code of Conduct (COC), incorporates principle of Diversity. We have recognised equality as one of the human right and respecting this human right at workplace is priority for the company. The Company has a long-term commitment towards creating a respectful working environment that is free from prejudice and in which diversity is regarded as a success factor. We believe in respecting each individual and giving equal opportunity at work place regardless of their age, gender, gender identity, ethnic and social background, nationality, religion, world view, disabilities, and sexual orientation. Being a global organisation Schaeffler considers cultural diversity as strength. We strive to create a working environment which is inclusive and free from discrimination, intimidation, and abuse. Our Diversity & inclusion policy is under formulation stage. Link of code of conduct:

Coc of directors, senior management & employeesCode of conduct of supplierGroup code of conduct

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

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male*	NA	NA	NA	NA
Female	100%	100%	0 <sup>#</sup>	0
Total	100%	100%	0	0

\* Parental leave was not applicable to male candidate in year 2023, from year 2024 onwards this is applicable to all male candidates across Schaeffler India.

<sup>#</sup> There is no women worker who has taken maternity leave under permanent workers category.



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

	Yes/No	(If Yes, then give details of the mechanism in brief)	
Permanent Workers	Yes	<ul style="list-style-type: none"><li>For workers we have unions in place wherein workers can file a complaint and/or approach the management at any point of time to resolve their grievances. As an additional measure the company has well structured grievance mechanism with the clear scope &amp; objectives.</li><li>Under Vigil Mechanism and Whistle-Blower Policy, we have defined policy to file a complaint through separate e-mail Ids, Helpline numbers &amp; SPOCs for filing related complaints (Contact information circulated among employees)</li><li>Every plant &amp; offices have ICC committee to deal the issues related to POSH issues through helpline number, email Id, SPOCS</li></ul>	Under vigil mechanism employee can file compliant <a href="mailto:weo.india@schaeffler.com">weo.india@schaeffler.com</a>
Other than Permanent Worker			
Permanent Employees			POSH related complaints <a href="mailto:posh@schaeffler.com">posh@schaeffler.com</a>
Other than Permanent Employees			Compliance related, Human rights queries <a href="mailto:complianceindia@schaeffler.com">complianceindia@schaeffler.com</a> dedicated hotline displayed on code of conduct  Employee can file any complaint anonymously <a href="https://www.bkms-system.net/schaeffler">https://www.bkms-system.net/schaeffler</a>

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

Category	FY 2023			FY 2022		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees /workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	1,566	0	0%	1,547	0	0%
Male	1,468	0	0%	1,449	0	0%
Female	98	0	0%	98	0	0%
Total Permanent Workers	1,292	810	63%	1,324	809	61%
Male	1,264	810	64%	1,296	809	62%
Female	28	0	0%	28	0	0%

8. Details of training given to employees and workers:

	FY 2023					FY 2022				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill up gradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
	Employees									
Male	1,573	1,294	82%	1,475	94%	1,514	1,211	80%	1,443	95%
Female	122	69	57%	102	84%	121	55	45%	98	81%
Total	1,695	1,363	80%	1,577	93%	1,635	1,266	77%	1,541	94%
	Worker									
Male	3,270	1,981	61%	1,743	53%	4,563	1,701	37%	1,296	28%
Female	259	234	90%	63	24%	312	246	79%	28	9%
Total	3,529	2,215	63%	1,806	51%	4,875	1,947	40%	1,324	27%

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

We have, global Performance & Goal Management (PMGM) system to support the individual performance as well as the personal and professional development of employees. PMGM involves, setting performance goals for the new year, openly discussing employee’s career plans and defining appropriate development goals and actions in dialogs between the managers and the employees. For workers, internal performance appraisal mechanism is in place.

	FY 2023			FY 2022		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1,468	1,468	100%	1,449	1,449	100%
Female	98	98	100%	98	98	100%
Total	1,566	1,566	100%	1,547	1,547	100%
Worker						
Male	1,264	1,264	100%	1,304	1,304	100%
Female	28	28	100%	12	12	100%
Total	1,292	1,292	100%	1,316	1,316	100%

10 Health and safety management system:

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

**Yes**

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

[EHS Policy – Group](#)

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

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

On the routine work we have process of Identification of potential work related Risks, Assessment and valuation of risk (HIRA) is done in every risk assessment cycle for all work locations. This risk assessment process is carried out in three stages – to be at local locations across the locations by CFT teams and by engaging third party. Apart from the above process we have following system in place to identify routine and non routine related work

- Regular inspections of the workplace to identify potential hazards and unsafe practices by TPM check list
- EHS walk thrus by Cross functional team along with top management of the location
- Group internal Safety audits, External audits acc to ISO 45001
- Near miss reporting systems are implemented across the location for employees working at the shopfloor

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

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

We have Incidence reporting system in place where employee can report work related hazards

- Everyday shopfloor management meeting are conducted where employee can report such incidences or possibility of occurrence
- Every plant has a safety officer to whom worker can report such incidence & decide action plan incase of occurrence of such incident

To remove the risks we have implemented the white tag system where employees can fix the issues themself and red tag system to report it to maintenance department for further actions

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

**Yes.**

The employees and workers have access to non-occupational medical and healthcare services. Employees and workers can avail cashless medical services from the hospital chains which are covered under insurance coverage. We are providing health checkups for employees of age 45 and above. Employees are engaged in the mental wellness programs at offices like yoga, periodic health checkups, regular inspection of workplaces etc. Conducting the health awareness programs by company medical officers and external doctors on seasonal and life style related diseases etc. Recently we have launched a parenting leave policy which offers expectant parents the opportunity to embrace the joys of parenthood while ensuring smooth transition into their new roles. We have also implemented a hybrid work model in our regional offices.



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

Safety Incident/Number	Category	FY 2023	FY 2022
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.2	0.7
	Workers	0.1	1.4
Total recordable work-related injuries	Employees	1	3
	Workers	1	9
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

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

- Ensuring safety is our top priority, and to achieve this,
- We have mandatory safety trainings for all our employees
  - We engage cross location team and third party experts to conduct risk assessments where potential occupational risks are assessed, measures against that are defined in advance
  - Walkthrough surveys by CFT (cross functional teams) is conducted on regular basis
  - Safety committee meetings are conducted on regular basis headed by senior experts in area, to ensure safety practices are evaluated & well executed at work place
  - E-learning modules at induction of new joiner, while Training and awareness sessions on regular basis conducted
  - Mock drills and fire drills are conducted to face emergency situations
  - Corrective and preventive actions based on our safety walk observations and audit rounds are defined. Our systems are continuously monitored to ensure they function properly
  - Additionally, we have installed gas detection systems, fire hydrant and detection systems, personal announcement systems, and fire extinguishers in our facilities to ensure safety of worker at work place
  - We have trained ERT team distributed across all the shifts to react during any emergency and we have defined a crisis management team for managing the crisis centrally

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

	FY 2023			FY 2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	49	3	-	30	0	-
Health & safety	9	0	-	17	0	-

Note: In year 2023 we have taken concrete steps to keep record of such complaints.

14. Assessments for the year:

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

Note: Schaeffler India internal assessment

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

1. All safety related accidents are being investigated, Post incident/s route cause analysis being done and documented and outcomes from investigation reports are shared across organisation
2. Action plan prepared and corrective action have been taken through safety PDCA with why-why analysis
3. Lessons learnt from the incident are shared across the locations for the horizontal deployment of the corrective actions

Leadership Indicators

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

Employees Yes  
Workers Yes

Yes. Our benefits program follows an integrated approach and provides a range of options to improve financial and social security including notional gratuity, accident insurance & death benevolence to mitigate any unfortunate events.

- In Schaeffler India Limited, employees have death benefit scheme. Under this, in the event of unfortunate demise of employee, beneficiaries receive lump sum amount of 120 months of basic salary +DA last drawn by deceased employee.

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

Schaeffler India believes in following all government rules and regulations including the ones governing its supply chain:

1. Company follows a stringent policy on deduction of statutory dues and to be deposited by the value chain partners. The details are outlined in the Schaeffler Supplier Code of Conduct. All partners within the supply chain should uphold the principles of transparency and accountability in terms of statutory requirements, fostering business responsibility.
2. Company also ensures statutory compliances related to employees, workers such as timely wage payment and Provident fund, TDS. In case of non-compliances stringent actions are taken against defaulter business partner.

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

	Total no. of affected employees/worker		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023	FY 2022	FY 2023	FY 2022
Employees	0	0	0	0
Workers	0	0	0	0

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

No

5 Details on assessment of value chain partners

	% of value chain partners (by value of business done with such partners) that were assessed*
Health and safety practices	89%
Working Conditions	89%

\* Suppliers evaluated based on spent

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

Better Health & safety practices and working conditions are executed through the Supplier Code of Conduct document Additionally, the health and safety practices as well as the working conditions are assessed through the audits - SIA & SSA.

Sustainability Assessment Questionnaire (SAQ) is applicable for new as well as existing suppliers. It covers topics such as Company Management, Human Rights and Working Conditions, Health and Safety, Business Ethics, Environment, Responsible Supply Chain Management and Responsible Sourcing of Raw Materials etc. Low performers in SAQ is referred to RSCI audit (Responsible Supply Chain Initiative)

Sustainable Procurement Policy, which is available on our Schaeffler India internet site Link to the internet site - Sustainability | Schaeffler India



Business Responsibility and Sustainability Report

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

Essential Indicators

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

We have implemented a dynamic and strategic stakeholder engagement process, which includes following steps:

**Identification:** Wherein we identify key stakeholder groups from a larger universe of all possible stakeholders. Identification of stakeholder is based on their material influence on the Company’s ability to create value and vice-versa.

**Prioritisation:** We prioritise stakeholders based on their ability to influence company’s decision making & their impact on processes & operations. Presently, we have identified key stakeholders, internal viz. employees & external namely investors, customers, suppliers and partners, and communities, regulators.

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

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/ Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors/ Shareholders	No	<ul style="list-style-type: none"><li>Annual/Quarterly results publication</li><li>Annual report</li><li>Investor and analyst meetings</li><li>Financial follow-up reports</li><li>Earnings conference call</li><li>Shareholders plant visit</li></ul>	<ul style="list-style-type: none"><li>Annually</li><li>Quarterly</li></ul>	Financial performance and business, ESG updates & Strategic priorities
Customers/ dealers/ distributors	No	<ul style="list-style-type: none"><li>Publications</li><li>Media &amp; digital communications</li><li>Conferences and customer meets/events</li><li>Personal visits</li><li>Customer Surveys</li></ul>	<ul style="list-style-type: none"><li>As and when required</li></ul>	<ul style="list-style-type: none"><li>Information about products</li><li>Product/Service quality and safety</li><li>Delivery conditions, feedback</li></ul>
Employees	No	<ul style="list-style-type: none"><li>Employee surveys</li><li>Idea management</li><li>Internal media</li><li>One-on-one meetings</li><li>Conferences</li><li>Trainings</li><li>Workshops</li><li>Publications</li><li>Newsletters &amp; reports</li><li>Online portals Town hall, Open house meetings</li></ul>	<ul style="list-style-type: none"><li>Ongoing</li><li>As and when required</li></ul>	<ul style="list-style-type: none"><li>To inform employees about the organisation's updates, events</li><li>To create awareness about business, including codes and values</li><li>To understand employee needs and opinions, feedback</li></ul>
Suppliers and Vendors	No	<ul style="list-style-type: none"><li>Contracts/Agreements</li><li>SOPs</li><li>Guidelines</li><li>Training Purchase Orders/Service orders Management meetings</li></ul>	<ul style="list-style-type: none"><li>As and when required</li></ul>	<ul style="list-style-type: none"><li>Sustainable sourcing</li><li>Clear information of terms condition of supply delivery etc.</li></ul>
Community/ Associate partners/ NGOs	Yes	<ul style="list-style-type: none"><li>Community meetings</li><li>Survey</li><li>Visits</li><li>Discussions</li></ul>	<ul style="list-style-type: none"><li>As and when required</li></ul>	<ul style="list-style-type: none"><li>To empower community and promote community development</li></ul>
Union/State Government	No	<ul style="list-style-type: none"><li>Annual/Quarterly reports</li><li>E-mail, hard copy letters</li><li>Meetings</li><li>Communication through portals</li></ul>	<ul style="list-style-type: none"><li>Ongoing</li><li>As and when required</li></ul>	<ul style="list-style-type: none"><li>To comply with regulations</li><li>To get approvals</li><li>To keep regulators informed</li></ul>

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.
- The Executive Leadership Team subordinate to the Board of Directors, is responsible for all the matters related to ESG along with other organisational issues. They acts as a link between Board & Stakeholders. The members of ELT updates the Board about ESG related topics. ELT is responsible to seek feedback, inputs, suggestions from the Board on ESG topics. ELT take initiative on prioritising our strategies, and action plans to address our economic, environmental, and social impacts.
  - Materiality Assessment is one of the ways of identifying material issues along with ESG issues in consultation of various stakeholders. This is done though circulating questionnaire among stakeholders to assess and rank the relative importance of selected ESG topics. Outcome of the assessment is plotted on the graph so as to focus ESG initiatives and building out a comprehensive strategic framework. We did this materiality assessment in year 2022. (Details on Section A, question 24 of BRSR Report)
  - We have different committees which takes care of matters related with different stakeholders including ESG topics & inform board about the updates. Viz; Stakeholder relationship committee (SRC), Risk Management Committee (RMC), Corporate Social Responsibility Committee, Audit Committee (AC) etc.
2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.
- Yes
- Materiality Assessment was done in year 2022. In consultation with stakeholders, we identified 19 material issues. After taking poll, issues were prioritised & plotted on a graph. This helped us formulating time bound ESG targets, short term/long term plans and goals with a monitoring mechanism.
  - Reputation risk, ESG Targets vis a vis Status 2023, ESG Sustainability Roadmap – Long-term commitment with focus on short term goals, these were some of the topics that was raised in Risk management committee meeting/Board meetings. This made us more agile & vigilant towards ESG topic. We have created sustainability network in year 2023 to achieve & monitor our 8 ESG targets. We are also working progressively to have Schaeffler India esg policy.
3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

We work closely with communities and civil society networks to tackle systematic issues that can acts as force multipliers for social transformation and sustainable development. “Promoting women social enterprise to bring inclusion of vulnerable groups through Corporate Social Responsibility (CSR) initiatives is a commendable approach adopted by CSR team. Under one of such CSR initiatives on skill development, two women enterprises from rural areas has been trained and promoted on sustainable products like jute bags, River Grass products for corporate gifting. One such women enterprise is now a registered vendor with the company and has initiated supplying corporate gifting packaging material on various occasions. Through CSR initiatives, company is providing financial support, mentorship, and capacity-building programs to women social entrepreneurs. This support can help these enterprises grow and thrive, enabling them to become reliable suppliers within the company’s supply chain. By integrating these women enterprises we not only diversify our supplier base but also promoting economic empowerment and social inclusion.



Business Responsibility and Sustainability Report

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

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

	FY 2023			FY 2022		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	1,566	1,566	100%	1,547	1,547	100%
Other than permanent	129	129	100%	94	94	100%
Total Employees	1,695	1,695	100%	1,641	1,641	100%
Workers						
Permanent	1,292	1,292	100%	1,324	1,324	100%
Other than permanent	2,237	2,237	100%	225	225	100%
Total Workers	3,529	3,529	100%	1,549	1,549	100%

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

Category	FY 2023					FY 2022				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
	Employees									
Permanent	1,566	0	0%	1,566	100%	1,547	0	0%	1,547	100%
Male	1,468	0	0%	1,468	100%	1,449	0	0%	1,449	100%
Female	98	0	0%	98	100%	98	0	0%	98	100%
Other than Permanent	129	0	0%	129	100%	94	0	0%	94	100%
Male	105	0	0%	105	100%	71	0	0%	71	100%
Female	24	0	0%	24	100%	23	0	0%	23	100%
	Workers									
Permanent	1,292	0	0%	1,292	100%	1,324	0	0%	1,324	100%
Male	1,264	0	0%	1,264	100%	1,296	0	0%	1,296	100%
Female	28	0	0%	28	100%	28	0	0%	28	100%
Other than Permanent	2,237	1,071	48%	1,166	52%	3,558	1,106	31%	2,452	69%
Male	2,006	948	47%	1,058	53%	3,274	928	28%	2,346	72%
Female	231	123	53%	108	47%	284	178	63%	106	37%

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

	Male		Female	
	Number	Median remuneration/salary/ wages of respective category (₹)	Number	Median remuneration/salary/ wages of respective category (₹)
Board of Directors (BoD)	6	5,342,500	3	6,115,000
Key Managerial Personnel	3	19,532,508	0	-
Employees other than BoD and KMP	1,471	1,329,150	102	936,006
Workers	1,743	751,416	63	288,360

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

Yes. Regional Compliance Officer is first point of contact for issues regarding Human Rights.  
email id: [complianceindia@schaeffler.com](mailto:complianceindia@schaeffler.com).

In addition, anyone can send a mail with questions related to Human rights to [humanrights@schaeffler.com](mailto:humanrights@schaeffler.com) OR In case of violation of Human rights, a complaint can be filed via the Schaeffler Whistle Blowing Channel [weo.india@schaeffler.com](mailto:weo.india@schaeffler.com)

In addition, at each plant we have Industrial Relations & Admin. Which takes care of Human rights issues at plant level. Also, at company level we have various committees which takes care of Human rights issues E,g Grievance Redressal Committee, POSH Committee, Townhall meeting by ELT(Executive leadership team).

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

The Schaeffler Human Rights Policy is applicable to all employees from January 01, 2024 within the Schaeffler Group. The policy defines binding instructions for all employees facilitating the respect for human rights and the prevention of human rights violations in all business activities of Schaeffler, incl. own organisations and the supply chain.

- An appropriate and effective grievance management mechanism allows for the effective prevention, and remediation of adverse human rights-related impacts caused by company and business activities. Regional Compliance Officer is first point of contact for issues regarding Human Rights. [complianceindia@schaeffler.com](mailto:complianceindia@schaeffler.com).
- In addition, anyone can send a mail with questions related to Human rights: [humanrights@schaeffler.com](mailto:humanrights@schaeffler.com) OR
- Both employees and affected rights holders outside the company have the opportunity to submit information about potential human rights violations through the Schaeffler whistleblower system.
- Complaint can be filed by writing to Incident reporting system anonymously Via Business keeper Monitoring system (BKMS) <https://www.bkms-system.net/>. We provide an electronic reporting system in 20 different languages and reports can be submitted through various reporting channels.
- This information can be also provided the telephone hotline numbers to report verbally at global level.  
+55 61 35507564 (Portuguese; English, German), +86 10 65997961 (Chinese, English German)  
+ 49 30 99257146 (German, English, French), +1 213 2791015 (English, Spanish, German).

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

	FY 2023			FY 2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	1	Complaint is under investigation	1	1	The Internal Complaints Committee (ICC) is constituted to redress complaints received regarding sexual harassment. A complaint received in 2022 was investigated in the same year, and the investigation was concluded in 2023, as required by the POSH Act.
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/Involuntary Labour	0	0		0	0	
Wages	0	0		0	0	
Other human rights related issues	0	0		0	0	

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

There is an online tool where complainant can lodge complaint anonymously <https://www.bkms-system.net/schaeffler>. Such a tool is accessible only to Compliance department. Enquiry is conducted on accused irrespective of complainant. If complainant discloses identity voluntarily and participates in enquiry process, due care is taken by Internal Compliance Committee (includes external member) to follow confidentiality as much as possible. Till such time that enquiry is in process, complainant has option to work from other location (incl work from home). So far, there have been no such instances of adverse consequences to the complainant.



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

- Yes
- 1. We also have the Supplier Code of Conduct signed off with all suppliers of Schaeffler India. This is also required for all new suppliers who are added to the Schaeffler India supplier base.
  - 2. During new supplier selection, we also have specific questions related to Sustainability in the “new supplier selection questionnaire” (SIA – Supplier Initial Assessment). If any new supplier who is added into the supplier base have to fulfil the requirements related to Sustainability.
  - 3. Schaeffler wants its supplier adhere to Sustainability Target Agreement (STA) in which sustainability aspects are defined together with business partners, and their development is monitored over the period of this Agreement.
  - 4. We also have Sustainability Assessment questionnaire for existing supplier which covers the sections: Company Management, Human Rights and Working Conditions, Health and Safety, Business Ethics, Environment, Responsible Supply Chain Management and Responsible Sourcing of Raw Materials.

9 Assessments for the year:

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

\* Schaeffler India internal assessment done at 4 plants & corporate office.

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

We have not received such complaints. However, during the investigation following two areas of concern found.

- 1. During the investigation it was found that some employees were working beyond Permissible working hour. For tracking of excess working hour & to mitigate this issue Digital tool, Online time tracking system was developed. Which will give accurate data of time tracking.
- 2. Some of the premises was not having proper infrastructure facilities for physically disabled people. Hence action was initiated to basic infrastructure development plan for differently-abled persons for all the states. (refer P5 (L3) for plan details)

Leadership Indicators

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

We received 1 POSH complaint this year, which was resolved during the year immediately. We have taken a step ahead to make employees more agile & vigilant towards POSH issues. Along with online meetings that being attended from home and other places, apart from offices for POSH, we also conduct physical session to spread awareness about POSH mechanism.

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

Respect for human rights is an integral part of Schaeffler’s culture. In designing its human rights processes, Schaeffler follows recognised standards such as the UN Guiding Principles on Business and Human Rights and the National Action Plan for Human Rights (NAP), complies with current legislation, and incorporates stakeholder requirements.

Schaeffler thus creates the basis for a comprehensive company-wide human rights due diligence. Human rights due diligence conducted through circulating questionnaire & it has 100% coverage of employees of organisation.

These efforts are reflected in a large number of measures that encompass the company’s own organisation as well as its purchasing network and business partners. The measures are combined in a systematic management approach: the Human Rights Compliance Management System.

The Human Rights Compliance Management System comprises 5 fields of action:

- 1. Accepting Responsibility
- 2. Identifying Risks
- 3. Introducing Effective Measures
- 4. Informing and Reporting
- 5. Facilitating Grievances

Schaeffler is committed to the respect of human rights in our own company and in our supply chain. Company strived to protect people from being exploited while doing business in a way that is both profitable and ethical.

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

Company recognises importance of meeting the requirements of the Rights of Persons with Disabilities Act, 2016, hence taking steps forward to fulfill those requirement. We are also in the process of making our other premises inclusive and accessible. We have initiated basic infrastructure development plan for Diff-abled persons, in all the plants. This plan includes developing following facilities for differently abled persons, includes following:

- 1. Signages
- 2. Separate Entry-Exit for punching
- 3. Elevator, Ramp and Handrails,
- 4. Dedicated Parking
- 5. Washrooms/Restrooms are few of them

4. Details on assessment of value chain partners:

We have Sustainability Assessment questionnaire for existing supplier which covers the Human rights related topics Viz: Company Management, Human Rights and Working Conditions, Health and Safety, Business Ethics, Environment, Responsible Supply Chain Management and Responsible Sourcing of Raw Materials.

	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	89%
Forced/involuntary labour	89%
Sexual harassment	89%
Discrimination at workplace	89%
Wages	89%

Note: Supplier covering majority of volume were evaluated using social and environmental criteria through Self-Assessment Questionnaire (SAQ)

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

During the fiscal year 2023 the Company screened its Critical suppliers (based on volume criteria) using social and environmental criteria through Self-Assessment Questionnaire (SAQ) and found no negative social or environmental impacts. However, under NQC assessment 03 suppliers were identified having issue related with Human rights. They were referred to Responsible Supply Chain Initiative Audit (RSCI). It is mandatory for all suppliers of Schaeffer to declare their commitments towards Schaeffer’s sustainability requirements during registration. We are working closely with the suppliers on improving their sustainability rating through improvement action.



Business Responsibility and Sustainability Report

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

Essential Indicators

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

Parameter	FY 2023	FY 2022
Total electricity consumption – in kWh (A)	112,655,762	101,788,548
Total fuel consumption – in kWh (B)	27,835,442	23,010,212
Energy consumption through other sources – in kWh (C)	Nil	Nil
Total energy consumption – In kWh (A+B+C)	140,491,204	124,798,760
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.0019	0.0018
Energy intensity (optional) – the relevant metric may be selected by the entity per piece of production	-	-
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica

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

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

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

Parameter	FY 2023	FY 2022
Water withdrawal by source (in kiloliters)		
(i) Surface water	Nil	Nil
(ii) Groundwater	98,878	111,774
(iii) Third party water	155,264	128,537
(iv) Seawater/desalinated water	Nil	Nil
(v) Others	Nil	Nil
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	254,142	240,311
Total volume of water consumption (in kiloliters)	174,081	151,823
Water intensity per rupee of turnover (Water consumed/turnover)	0.0000024	0.0000022
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica

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

Yes

Three out of the four locations, Talegaon (Pune), Savli (Vadodara) and Hosur are zero discharge plants where the treated water is reused for processes, gardening, etc. At Maneja (Vadodara), wastewater after treatment is partially discharged to the municipal sewage drain at the municipal treatment facility, but efforts have been made to recover and reuse the treated water back into the facility for gardening. We Implemented reuse of the STP Treated water at noncontact washroom points and Re-use of RO Reject to reduce freshwater consumption.

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

Parameter	Unit	FY 2023	FY 2022
NOx	mg/Nm <sup>3</sup>	2,295	1,475
SOx	mg/Nm <sup>3</sup>	53	179
Particulate matter (PM)	kg	1,041	2,313
Persistent organic pollutants (POP)	Units	Nil	Nil
Volatile organic compounds (VOC)	kg	3,474	2,327
Hazardous air pollutants (HAP)	Units	Nil	Nil
Others – please specify	Units	-	-
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.		Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica

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

Parameter	Unit	FY 2023	FY 2022
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tons of CO <sub>2</sub> equivalent	7,010	6,568
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tons of CO <sub>2</sub> equivalent	64,228	75,984
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tons of CO <sub>2</sub> equivalent per rupee of turnover	0.0000010	0.0000012
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	Units	-	-
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.		Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica

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

Yes

We have implemented energy efficiency programs to reduce energy consumption, resulting in lower emissions and cost savings. Our initiatives on energy efficiency includes optimising operating pressure of centralised compressed air system, Installation of High efficiency air compressor, AMF Power Pack modification CNC machines are few initiatives. In addition, we are committed to green energy consumption and aim to achieve 100% renewable energy usage by 2024. We plan to achieve this through power purchase agreements, the installation of our rooftop solar panels, and the use of renewable energy certificates. Additionally we have taken a serious concern on reducing the scope1 emission by alternate fuels and converting the conventional type furnaces into modern or electric furnaces to reduce 90% of emissions. The CO<sub>2</sub> emission which cannot be reduced will be adjusted by doing carbon offset program.

For details Please refer: Annexure E to directors report: Conservation of energy.



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

Parameter	FY 2023	FY 2022
Total Waste generated (in metric tons)		
Plastic waste (A)	306	242
E-waste (B)	0.4	0.3
Bio-medical waste (C)	0.3	3.2
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	1.3	2.4
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any. (G)	1,135	852
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	5,507	4,307
Total (A+B + C + D + E + F + G + H)	6,950	5,407
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)		
Category of waste		
(i) Recycled	6,116	3,977
(ii) Re-used	Nil	Nil
(iii) Other recovery operations	Nil	Nil
Total	6,116	3,977
For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)		
Category of waste		
(i) Incineration	347	168
(ii) Landfilling	152	462
(iii) Other disposal operations	161	282
(iv) Waste sent for co processing	443	283
Total	1,103	1,195
Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica

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

Schaeffler India has adopted the group EHS policy where it addresses the waste generated in our processes which stated are under “Minimum Environmental Impact and Environmentally Friendly Products”. We endeavor to minimize environmental impact by taking suitable measures in advance. We consume raw materials and energy sparingly and make every effort to minimize waste, wastewater, noise, and other emissions. We manufacture environment friendly products considering the entire product lifecycle.

In line with our policy, Schaeffler India has taken a ESG target of Zero waste to land fill by carrying out a 3R principle to reduce our waste generation, Re-use of the possible wastes and recycling the Hazardous and non-Hazardous wastes. We have initiated a project at Savli location where the Hazardous waste generated from our Effluent treatment plant is disposed to a cement industry for co-processing which is best alternative to land fill. The same concept will be implemented at all the locations to achieve zero waste to landfill by 2025. Pilot Run implemented: 443 tons of hazardous waste diverted from landfills & sent for Co-processing to cement industry. Material yield is one of the major areas we are working to reduce the scrap from the production process. Automotive plants will take up the target of achieving 3% material yield by CY25.

The casting & MS scrap generated in the production process are sent back to the Vendors for recycling and our new raw material is having recycled content in the material, which will further reduce the Scope 3 emission.

Other non-hazardous wastes generated are wood, cartons, paper, gunny bags, plastic wastes and maintenance scraps. We have reduced the generation of the paper waste by adopting the digital solutions and reduced about 90% of the paper used.

Cartons are the major waste in packaging, which is generated when we receive raw materials and in the dispatches of the final product to customers. To reduce the packaging waste, Schaeffler India is working with suppliers & customers to reduce the packaging wastes and has initiated a returnable packaging material in agreement with more than 50% of our suppliers & customers. Wooden pallets are reused internally for the transportation to avoid purchasing of the new pallets.

For the chemicals and substances, which we use, we have our own control system called BAFF, a substance control system which will allows only approved substances for controlling the procurement of non-standard and highly toxic chemicals.

Schaeffler in the design stage itself considers optimizing the design of the product and process in coordination with the Tooling department to reduce the waste generated during production.

We are maintaining the register of declarable substance and we are compliant with REACh and RoHS standards. Also, we are abiding by the regulations around conflict of minerals at schaeffler.

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

Sl. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
The company has no operations or offices in or around ecologically sensitive areas.			

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

Name and brief details of project	EIA Notification No.	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not Applicable. As no projects were undertaken by the company that required to carry out Environmental Impact Assessment.				

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

Yes. We have complied with all applicable laws, regulations and guidelines.

Sl. No.	Specify the law/regulation/guidelines which was not complied with	Provide details of the non- compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by court	Corrective action taken, if any
Nil				

Leadership Indicators

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

Parameter	FY 2023	FY 2022
From renewable sources		
Total electricity consumption (KWh) (A)	34,902,688	14,107,128
Total fuel consumption (KWh) (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumption (KWh)(A+B+C)	34,902,688	14,107,128
From Non-renewable sources		
Total electricity consumption (KWh) (D)	77,753,074	87,681,420
Total fuel consumption (KWh) (E)	27,835,442	23,010,212
Energy consumption through other sources (F)	-	-
Total energy consumption (KWh)(D+E+F)	105,588,516	110,691,631
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica



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2. Provide the following details related to water discharged:

Parameter	FY 2023	FY 2022
<b>Water discharge by destination and level of treatment (in kiloliters)</b>		
(i) To Surface water		
No treatment	Nil	Nil
With treatment – please specify level of treatment		Nil
(ii) To Groundwater	Nil	
No treatment	Nil	Nil
With treatment – please specify level of treatment		Nil
(iii) To Seawater	Nil	
No treatment	Nil	Nil
With treatment – please specify level of treatment		Nil
(iv) Sent to third-parties	Nil	
No treatment	Nil	Nil
With treatment – please specify level of treatment		Nil
(v) Others	Nil	
No treatment	0	Nil
With treatment – please specify level of treatment (Tertiary treatment)	80,061	88,488
<b>Total water discharged (in kiloliters)</b>	<b>80,061</b>	<b>88,488</b>
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica

The waste water was treated initially in the Effluent treatment plant and then with Combined treatment plant (Effluent and sewage treatment plant) before discharge to municipal treatment facility. We Implemented reuse of the STP Treated water at non contact wash room points and Re-use of RO Reject to reduce freshwater consumption.

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

We don’t have any operations in any water stressed areas.

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

Parameter	Unit	FY 2023	FY 2022
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)*	Metric tons of CO <sub>2</sub> equivalent	353,153	703,383
Total Scope 3 emissions per rupee of turnover	Units	0.0000049	0.0000102
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	Units	-	-
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency		Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica	Yes, M/s KPMG, Ms. EMAS and Ms. Intechnica

Note: Purchase of good & services has been evaluated under Upstream Scope 3

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

Even though our operations are not situated in ecologically sensitive areas, we make a conscious effort to conserve and sustain local biodiversity around our operations. E.g Green belt development to increase the biodiversity within the premises.

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

Sl. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Renewable Energy	PPA and Own roof top panel	31% achieved
2.	Energy Efficiency	EEP	1.51 MWh savings achieved
3.	Fresh water withdrawal	Water saving projects	6,511 m <sup>3</sup> achieved
4.	Zero Waste to land fill	Hazardous waste from Effluent treatment plant sent to cement Industry	443 tons of Hazardous waste sent for Co-procession material to cement industry

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

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

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

Our procedure specifies what production and distribution at the site as well as relevant support/service functions must do to be able to continue customer supply in the event of resource outages or other defined situations with emergency potential.

This Group procedure (P) regulates the technical, organisational, environmental and safety-oriented measures and the responsible areas/departments for preventing hazards to persons and equipment and ensuring that contact with the customer is maintained and the customer is supplied with goods and services even in contingency situations. In addition we have Risk management system in place where we report potential risk with valuation criteria and also action plan is defined to mitigate those risk.

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

As a responsible organisation we have an ambitious target of becoming climate neutral in the supply chain (upstream-Scope 3) by 2040.

We have taken various measure to mitigate and reduce the impact on the environment such as:

- Sustainable supply chain with 89% of suppliers have been evaluated on SAQ,
- Reduction of the emission by optimising the transportation by implementing the CDC’s (consolidated distribution center-warehouse)
- Implementation of the returnable packaging as 50% our customers packages are already converted into returnable packaging’s etc.

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

We have assessed 89% of our production material suppliers through Schaeffler Self-Assessment Questionnaire (SAQ). SAQ covering various aspects such as environmental impacts and certifications. Schaeffler encouraging all suppliers for better environmental practices through ISO 14001 certifications.

No. of value chain partners that were assessed	% of value chain partners (by value of business done with such partners) that were assessed	Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.
77	89%	No negative environmental impacts on its value chain.



Business Responsibility and Sustainability Report

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

Essential Indicators

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

Schaeffler India Limited has 7 affiliations with trade and industry chambers/associations.

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

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1.	The Automotive Component Manufactures Association of India (ACMA)	National
2.	The Confederation of Indian Industry (CII)	National
3.	Indo-German Chamber of Commerce (IGCC)	National
4.	Employers Federation of India at Chennai	State
5.	Hosur Industries Association	State
6.	Federation of Gujarat Industries	State
7.	Gujarat Chamber of Commerce & Industry	State

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

There were no incidents of anti-competitive issues involving the Company during the reporting period 2023.

S. No.	Name of Authority	Brief of the case	Corrective action taken
Nil	Nil	Nil	Nil



Leadership Indicators

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

S. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain (Yes/ No)	Frequency of review by board	Weblink, If available
1.	BIS Technical Committee PGD13- Major amendment of IS 4773:2023: Rolling Bearings — Plummer Block Housings — Boundary Dimensions.  IS 6457: 2024: SINGLE ROW CYLINDRICAL ROLLER BEARINGS — SPECIFICATION	Schaeffler India Limited is the primary drafter of the new version of IS 4773, year 2023. Schaeffler India Limited created a new technical draft that was reviewed by other members of the BIS PGD13 committee	The p-draft of IS 4773:2023 is under review. It will be available in public domain when BIS publishes as Wide Circulation draft for comments by Indian public by end of the current year.		Weblink will be available after wide circulation to the public (pending)
2.	BIS Technical Committee PGD13- Major amendment of IS 6457: 2024: SINGLE ROW CYLINDRICAL ROLLER BEARINGS — SPECIFICATION	Schaeffler India Limited was the primary drafter of the new version of IS 6457, year 2023. We created a new technical draft that was reviewed by other members of the BIS PGD13 committee	The review of p-draft of IS 6457:2024 is completed. It will be available in public domain when BIS publishes as Wide Circulation draft for comments by Indian public by mid of the current year.		Weblink will be available after wide circulation to the public (pending)
3.	BIS Technical Committee PGD13- Major amendment of IS 3090:2023 INSTALLATION AND MAINTENANCE OF ROLLING BEARINGS — CODE OF PRACTICE	We contributed in re-drafting the standard IS 3090:2023	The p-draft is still under review by the PGD13 committee.		Weblink will be available after wide circulation to the public (pending)
4.	BIS Technical Committee MTD16 – review of IS17111 replacing IS4398 (withdrawal)	We contributed by playing a major role in revising the BIS Bearing Steel Standards IS17111 and recommending improvements to bring them up on par with other international standards. We were additionally tasked by BIS to review one of the international standards ISO 683-3- Heat Treatable Steels, Alloy Steels, and Free Cutting Steels-Part3-Case Hardening Steels pertaining to ISO/TC 17/SC. As a result IS4398 will be withdrawn and IS17111 will be revised	Since IS4398 is under compulsory certification, information is available in public domain such as Quality Control order by Ministry of Steel		<a href="#">Quality Control Orders   Ministry of Steel   GoI</a>

1. [PGD 13](#) – Bearing Sectional Committee – Committee | Dashboard (bis.gov.in) – Scope: Formulation of standards for rolling element bearings and hydro-mechanic bearing (including plain, thrust bush bimetallic, hydrostatic bearing and hydro dynamic bearings etc.) Composition | Dashboard (bis.gov.in)
2. [MTD16](#)- Alloy Steels and Forging Sectional Committee Sectional Committee – Committee | Dashboard (bis.gov.in) Composition | Dashboard (bis.gov.in)



Business Responsibility and Sustainability Report

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

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

According to applicable laws, SIA (Social Impact Assessment) is not required for any of the projects undertaken by us. However, as a part of our commitment to giving back to society, the company asses the need and evaluates the impact of major CSR projects. The impact assessment of CSR projects is aligned as per CSR Rules of 2014.

Name and brief details of project	SIA Notification No	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link	Relevant Web link
Not applicable						

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

We have not undertaken any new projects that requires Rehabilitation and Resettlement (R&R). Most of our plants and projects are operating on a land which is part of industrial development corporation.

Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not applicable					

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

We are committed towards community development not only around plant sites but also other areas. We are also involved in redressing their grievances and concerns. We maintain open registers at all our locations, in which community stakeholder groups can voice their concerns. Additionally the CSR team of the organisation, through its implementing agencies (NGOs) engages with the community members. The concerns are discussed and addressed through the elected members of Panchayats, other bodies and consequently a formal application of the concerns is submitted to Schaeffler India.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023	FY 2022
Directly sourced from MSMEs/small producers	35%	35%
Sourced directly from within the district and neighbouring districts	50%	49%

Note: Figures for FY 2022 are revised

Leadership Indicators

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

According to applicable laws, SIA (Social Impact Assessment) is not required for any of the projects undertaken by us during FY 2023.

Details of negative social impact identified	Corrective action taken
Not applicable	

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

Sl. No.	State	Aspirational District	Amount spent (In ₹)
1	Gujarat	Narmada	17,111,200

\* 1 out of 112 aspirational districts notified by NITI Aayog (Sr. no 36 as per list).  
Project “Jal Jeevika” has been initiated at tribal villages Mal & Somat of dediapada block, Narmada district of Gujarat in year 2022. The project aims to conserve rain water for the sustainable livelihood development. The project will be going to impact 4254 common citizens of these tribal villages.

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

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

However, under CSR activities company has started initiative to develop Entrepreneurial skill development programs for weaker section of society. People preferably women entrepreneurs are imparted with training to develop their entrepreneurial skills. Company is trying to bring them into business, not necessarily as supplier but for procuring other administrative requirement at various offices or plants. e.g packing material, uniforms, gifts articles etc. Recent example is, under our CSR activities, women entrepreneur belonging to marginalised group was registered as our vendor. They supply gifts article, bags, handmade gift article at corporate events. We are taking efforts to see whether any prospective product we could develop from these people which can be used in value chain. Also, we work with MSME suppliers to further upgrade on technical (technology aspects) & quality upgradation.

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

Not applicable as answer to above question (a) is “No”

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

Not applicable as answer to above question (a) is “No”



Business Responsibility and Sustainability Report

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

S. No	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
1	Nil	Nil	Nil	Nil

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

Not applicable, as there are no adverse orders in intellectual property related disputes wherein the usage of traditional knowledge was involved.

Name of authority	Brief of the Case	Corrective action taken
Nil	Nil	Nil

6. Details of beneficiaries of CSR Projects:

Sl. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised group
1.	Women Skill Development Project	200	100%
2.	Schaeffler India HOPE Engineering Scholarship Program	86	100%
3.	Schaeffler Technical Enhancement Program (STEP Centre) – Hosur	300	61%
4.	Watershed Project Hosur (Jal Sanghamam)	2,894	100%
5.	Mobile Science Lab – Vadodara	5,628	100%
6.	Nitara project: Promoting livelihood for women and differently abled	200	100%
7.	Lok Vidhyalaya School	526	74.45%
8.	Mook Dhwani School	225	100%
9.	Mobile Health Unit – Vadodara	39,980	83%
10.	Jal Jeevika	4,254	100%
11.	Quest On Wheels	3,371	100%
12.	STEP Vadodara	298	64%
13.	Schaeffler Technical Enhancement Program (STEP Centre) – Pune	122	76%
14.	Green Energy School Electrification Program	1,671	100%
15.	Mobile Health Unit – Talegaon	14,323	96%
16.	Jal Samridhhi	2,926	65%
17.	Pre-Vocational Education Program in Govt Schools	1,586	100%
18.	Mobile Science Lab – Hosur	2,429	100%
19.	Mobile Health Unit – Hosur	5,129	100%
20.	Community Development Project – Hosur & Talegaon	143	100%

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

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.
- We, at Schaeffler India, have a robust mechanism in place for tracking and responding to customer complaints.
- Our Schaeffler Global Handbook procedure outlines a detailed process for receiving and addressing customer complaints and feedback.
  - The entire complaint management system is managed through SAP IQOS identifying the entire process including the countermeasures required to address the complaints or feedback received.
  - Customer concerns or complaints are addressed by Key Account contact manager for the respective key account.
  - For other regional accounts, concerns or complaints are first handled by Sales Head of the respective business unit and it is escalated to the necessary function (Quality, Delivery etc.).
  - A dedicated customer care number pasted on our packaging (MRP stickers) for all products.

\* Schaeffler India Limited supplies its products to OEM companies, which use these intermediary products in their final product which will be sold to consumer. So, for Schaeffler India Limited consumers are these OEM companies i.e customers and has limited scope to directly reach to consumer.

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

	As a percentage to total turnover	
Environmental and social parameters relevant to the product	100%	We follow the Legal Metrology (Packaged Commodities Rules) 2011 guidelines for product labelling. REACH, IMDS guidelines are followed 100% to ensure that products meet regulation for restricted & hazardous elements.
Safe and responsible usage	100%	All products are designed & manufactured in accordance with Schaeffler internal product safety guidelines. “Recyclable” symbol is printed on the outer packaging of the product
Recycling and/or safe disposal	100%	All our products are in accordance with the Global Material Governance Standards and we adhere to the particular threshold of restricted elements to ensure we do not exceed it. We are in accordance with IMDS (International Material Data System) which is an internet bases globally accepted system for declaring the safe usage and disposal of parts.

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

	FY 2023		Remarks	FY 2022		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	-	Nil	Nil	-
Advertising	Nil	Nil	-	Nil	Nil	-
Cyber-security	Nil	Nil	-	Nil	Nil	-
Delivery of essential services	Nil	Nil	-	Nil	Nil	-
Restrictive Trade Practices	Nil	Nil	-	Nil	Nil	-
Unfair Trade Practices	Nil	Nil	-	Nil	Nil	-
Other	Nil	Nil	-	Nil	Nil	-



Business Responsibility and Sustainability Report

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

	Number	Reasons for recall
Voluntary recalls	0	Nil
Forced recalls	0	Nil

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

Yes

Cyber security is not just anchored in one area at Schaeffler but extends across several functions. We have robust & effective cyber security procedures laid out by group.

We follow the group policies on cyber security and data privacy. We are governed by Code of conduct which ensure, “Protection of personal data”. We are committed to protecting the data of our customers and employees. We have a privacy policy at group level to which we adhere It is available on company website at <https://www.schaeffler.co.in/en/meta/privacy-policy/>.

Additionally, we have an internal framework in place to address cybersecurity and risks related to data privacy.

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

There were no such instances occurred during the reporting year

Leadership Indicators

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

Information regarding products is available in the Products & solutions section of our website: <https://www.schaeffler.co.in/en/products-and-solutions/>

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

- Based on customer request our Application and Technical Service Team regularly visits and makes customer team aware on safe and responsible usage. From our side also we regularly seek customer permission to present Technical Seminars which cover various aspects including the product Safety and user safety.
- Also we are regularly conducting customer meets where all the customers of a region are invited and such knowledge on safety as well as queries are handled.
- We educate our consumers on fitment guidelines to ensure safe usage of our product parts. All the specifications and information on safe and responsible usage of our products is made available in the product catalogue
- SPOCs (Special point of contacts) have been defined for each customer.

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

Note: Schaeffler India Limited supplies its products to OEM companies, which use these intermediary products in their final product which will be sold to consumer. So, for Schaeffler India Limited consumers are these OEM companies i.e customers and has limited scope to directly reach to consumer.

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

WE follow procedure “Contingency Management with Focus on the Ability to Supply” available in the Management Handbook (Internal document ).

Procedure specifies what production and distribution at the site as well as relevant support/service functions must do to be able to continue customer supply in the event of resource outages or other defined situations with emergency potential.

This Group procedure (P) regulates the technical, organisational, environmental and safety-oriented measures and the responsible areas/departments for preventing hazards to persons and equipment and ensuring that contact with the customer is maintained and the customer is supplied with goods and services even in contingency situations.

In case of any risk with respect to product delivery to customer (Force majeure) customers are notified in advance as per the agreed terms, through mails, calls, distribution network & sales representatives for any disruption in services. Manufacturing plant would usually inform the Product Management Team of any such disruption. Accordingly, the customers who are likely to be impacted are identified and a formal communication informing them of the risk/ disruption is done along with recovery measures (if any are identified at that point).

We also maintain sufficient safety stock in our warehouses to cater to contingencies and are able to inform customers in advance in case of any unforeseen risks like supply chain disruptions etc.

So we have robust process to deal with contingent situation so as to avoid risk of disruption/discontinuation of essential services to customer.

Note: Schaeffler India Limited supplies its products to OEM companies, which use these intermediary products in their final product which will be sold to consumer. So, for Schaeffler India Limited consumers are these OEM companies i.e customers and has limited scope to directly reach to consumer.

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

Yes. We do display information on the product over and above what is mandated as per law. As an example, based on customer request, we do provide a Unique Identification number on selected product type, which allows us to trace back the manufacturing & assembly details of products More details about our products and services can be found on the following link: <https://www.schaeffler.co.in/en/products-and-solutions/>. We Conduct customer surveys to gauge consumer satisfaction with respect to major products, significant locations of operation, or the entity as a whole once in two years. ( We have conducted this survey recently in year 2023). Feedback output is analysed, discussed, based on that we define our strategy to resolve issues if any. E.g In survey if we find customer dissatisfaction about delivery terms, we find who all the customer who raised concern about delivery. We work upon how we can improve &measures are implemented accordingly.

Note: Schaeffler India Limited supplies its products to OEM companies, which use these intermediary products in their final product which will be sold to consumer. So, for Schaeffler India Limited consumers are these OEM companies i.e customers and has limited scope to directly reach to consumer.

5. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along-with impact  
Nil, there were no instances of reportable data breaches
- b. Percentage of data breaches involving personally identifiable information of customers  
Nil, there were no instances of reportable data breaches



# Directors’ Report

Dear Shareholders,

Your Directors are pleased to present the 61<sup>st</sup> Annual Report of the Company together with the audited financial statements (Standalone & Consolidated) of the Company for the year ended December 31, 2023.

## Standalone Financial Highlights

Particulars	(₹ in million)	
	2023	2022
Net revenue	72,261	68,674
EBITDA <sup>1</sup>	13,528	13,076
Less: Depreciation/Amortisation	2,191	2,065
Less: Finance cost	42	36
Add: Interest income	989	645
Profit before exceptional items and tax	12,284	11,620
(Less)/Add : Exceptional items	(47)	150
Provision for tax	3,147	2,978
Profit after tax	9,090	8,792

<sup>1</sup> 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 ₹72,261 million in year 2023 (Year 2022: ₹68,674 million) which is higher by 5.2%. Profit before tax (before exceptional items) was ₹12,284 million (Year 2022: ₹11,620 million) representing a growth of 5.7%. Your Company recorded profit after tax of ₹9,090 million (Year 2022: ₹8,792 million) which represent a growth of 3.4%.

## Global Outlook

The year 2023 started with what appeared as bleak prospects for the global economy with expectations of recession in the developed world following the war created inflationary pressures and subsequent monetary tightening by the global central banks. While the political situation in the middle east and market upheavals in China should have further exacerbated the situation, the global economy remained comparatively strong and continued to surprise on upside. With reduced risk of recession, and the IMF expects the global economy to grow by 3.2% in 2024. Advanced economies are expected to see growth decline slightly in 2024 before rising in 2025, with a recovery in the euro area from low growth in 2023 and a moderation of growth in the United States. Emerging market and developing economies are expected to experience stable growth through 2024 and

2025, with regional differences. There is still room for more positive surprises in global economy, but caution remains on a few persistent risks. Potential challenges to global growth include sticky inflation, geopolitical uncertainties including the red sea crisis where freight and insurance premiums have gone up significantly and shipments volume has reduced could make the recovery sticky.

## India Outlook

India continued its strong growth trajectory during the year. As per the advanced estimates released by NSO (National Statistical Organization) Indian economy is expected to grow by 7.3% for fiscal 2024. RBI also raised the growth estimate from the earlier 6.5% to 7% for the same period given the robustness observed in the industry sector. Strong collections of goods and services taxes, increasing automobile sales, consumer confidence, and double-digit credit growth indicate that demand for urban consumption is still strong. Growing manufacturing and services PMIs contribute to the evidence of strong economic momentum on the supply side. Although private industrial capital spending has been sluggish, this is anticipated to change as a result of the continuous benefits of supply chain diversification and investor reaction to the government’s plan to support important manufacturing industries. An improving picture for private investment is seen as a result of increasing capacity utilization, strong loan growth, and positive sentiment.

Higher-than-anticipated commodity prices, adverse weather conditions and an increase in inflation, though not expected, are some of the factors which may impact India’s momentum. However, despite these challenges, India is expected remain among the fastest growing economies globally in the next decade attributed to key drivers of digitalization, decarbonization, demographics and deglobalization.

## Share Capital Structure

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

**Alteration of ‘Capital Clause’ of Memorandum of Association**  
During the year under review, there was no alteration of ‘Capital Clause’ of Memorandum of Association of the Company.

## 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 2023 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 2023, your Directors recommend dividend for the year ended December 31, 2023 at the rate of ₹26/- per share of face value ₹2/- (2022:24/- dividend per share of face value ₹2/-) per equity share amounting to ₹4,063.9 million (2022: ₹3,751.3 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 2023 and 2022 are as follows:

Dividend	2023	2022 <sup>1</sup>
Month and Year of Declaration	April 2024	April 2023
Amount of Dividend Per Equity Share of ₹2 each (in ₹)	26	24
% of Dividend	1,300	1,200
Total Dividend (Amt. in ₹ million)	4,063.9	3,751.3

<sup>1</sup> 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/en/investor-relations/corporate-governance/codes-and-policies/>.

The Dividend Distribution Policy also forms part of this Integrated Annual Report 2023.

## 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 Integrated Annual Report and a compliance certificate from M/s. Samdani Kabra & Associates, Company Secretaries, the Company’s Secretarial Auditors confirming the compliance of conditions of Corporate Governance is annexed thereto.

## Management Discussion and Analysis

Pursuant to Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), detailed review of operations, performance and future outlook of the Company is covered under Management Discussion & Analysis section of the Annual Report.

## Business Responsibility and Sustainability Report

The Securities and Exchange Board of India (SEBI), througha notification dated May 5, 2021, made certain amendments to the Listing Regulations. One of the key changes is the requirement to submit Business Responsibility and Sustainability Report (BRSR) instead of the existing Business Responsibility Report.

BRSR is a performance-based disclosure on 9 (nine) defined principles of the ‘National Guidelines on Responsible Business Conduct’, which are intended towards having quantitative and standardized disclosures on ESG parameters. It enables comparability across companies and sectors. This will enable the investors for better investment decision making. Also, companies are benefited by showcasing their ESG performance in more structured way.

The SEBI, vide its circular dated May 10, 2021, made Business Responsibility and Sustainability Report (BRSR) mandatory for the top 1,000 listed companies (by market capitalization) from FY2023. The Company has prepared Business Responsibility and Sustainability Report (BRSR) for FY2023 in accordance with the format as prescribed in the SEBI Circular. The Company would also like to report that your Company has voluntarily published the BRSR, including leadership indicators in the Integrated Annual Report 2022.

## 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, 2023, the Board comprised of 2 (Two) Executive Directors, 4 (Four) Non-Executive Independent Directors and 3 (Three) Non-Executive Non-Independent



Directors’ Report

Directors. As on the date of this Report, your Company has 7 (Seven) Non-Executive Directors out of which 4 (Four) are Independent Directors. Pursuant to the provision of Regulation 17(1)(a) of the SEBI Listing Regulations, the Board of Directors of the top 1,000 listed entities are required to have at least one Independent Woman Director. The Company has 3 (Three) Women Directors comprising of 2 (Two) Independent Women Directors and 1 (One) Non-Executive Non- Independent Woman Director. Further, as per the Regulation 17(1)(b) of the SEBI Listing Regulations, every listed company is required to have at least one-third of its total strength of the Board of Directors as Independent Directors where Chairperson is a Non-Executive Director. Your Company complies with these requirements.

Independent Directors’ Declaration

Definition of ‘Independence’ of Directors is derived from Regulation 16 of the SEBI Listing Regulations and Section 149(6) of the Companies Act, 2013. The Company has received necessary declarations under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the SEBI Listing Regulations, from the Independent Directors stating that they meet the prescribed criteria for independence. All Independent Directors have affirmed compliance to the code of conduct for Independent Directors as prescribed in Schedule IV to the Companies Act, 2013. List of key skills, expertise and core competencies of the Board forms part of this Integrated 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, Dharmesh Arora [DIN: 05350121] will retire by rotation at the ensuing Annual General Meeting (‘AGM’) and being eligible offer himself for reappointment. Dharmesh Arora has confirmed his 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, Dharmesh Arora possess requisite qualifications and experience and therefore, your Directors recommend that the proposed resolution relating to the re-appointment of Dharmesh Arora be passed with the requisite majority.

During the year under report, the Members of your Company in 60<sup>th</sup> Annual General Meeting confirmed the appointment/ re-appointment as follows:

- a. Re-appointment of Corinna Schittenhelm [DIN: 09257159] as a Non-Executive Non-Independent Director.
- b. Re-appointment of Andreas Schick [DIN: 09257160] as a Non-Executive Non- Independent Director.

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/en/investor-relations/corporate-governance/independent-directors/>.

Key Managerial Personnel (KMP)

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

- 1. Managing Director & Chief Executive Officer: Harsha Kadam
- 2. Director-Finance & Chief Financial Officer: Hardevi Vazirani (Appointed as Whole-time Director, designated as Director-Finance) for a period of five years with effect from February 13, 2024 and Chief Financial Officer of the Company.  
<sup>1</sup> Satish Patel superannuated on February 12, 2024, and ceased to be the Director-Finance & CFO of the Company after the business hours of February 12, 2024.
- 3. Company Secretary: 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, 2023.

Meetings of Board of Directors

During the year under review, 6 (Six) 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 2022	February 16, 2023
2.	March 2023	April 18, 2023
3.	June 2023	July 7, 2023, July 26, 2023 & August 28, 2023
4.	September 2023	October 27, 2023

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 of Directors and Senior Management is framed with the objectives as under:

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

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. The Board independently evaluates the candidate, and if found suitable confirms the appointment.

Policy on Remuneration

- 1. The remuneration (including revisions) of Directors is recommended by NRC to the Board for its approval. The remuneration (including revisions) of the Directors, so recommended by NRC to the Board, should be within

the limits specified under the Companies Act, 2013 read with the Rules thereunder and as approved by the Shareholders of the Company.

- 2. None of the Directors (including Independent Directors) shall be entitled to any stock option of the Company.
- 3. The remuneration to be paid to KMP and Senior Management is recommended by NRC to the Board for its approval.

The Nomination and Remuneration Policy of the Company is disclosed on the website at <https://www.schaeffler.co.in/en/investor-relations/corporate-governance/codes-and-policies/>.

Formal Annual Performance Evaluation

Your Company believes that systematic performance evaluation of the Board, Committees, and the Directors contributes significantly to improve performance at 3 (Three) levels; Organisational, Board and Individual Board Member.

The Annual Performance Evaluation encourages the leadership, teamwork, accountability, decision-making, communication and efficiency of the Board. It also ensures teamwork by creating better understanding of Board dynamics & Board-management.

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) Chairperson 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 the Directors. Further, average of all ‘averaged ratings’ are considered



## Directors’ Report

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 2023, the Board has carried out an annual performance evaluation of its own and that of each of the Committees and all Directors including the Chairperson 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:

- Corporate governance emphasis was discussed and appreciated.
- The role played by India management team and majority shareholders was well appreciated.
- Directors are keen to guide and monitor growth of KRSV Innovative Auto Solutions Private Limited.
- Identity of Schaeffler India is evolving over time. The Board and its contribution over the years has also transformed significantly.
- The management team of Schaeffler India was appreciated.
- High ROCE of Schaeffler India share price was noted.
- Company presence in IC and EV segments was well appreciated.

### Conclusion

The evaluation for the year 2023 of Directors, each of the Committees and that of the Board have received ratings near excellent. The Board has taken note of the feedback received from Directors to further improve the performance of the Directors, the Board itself and Committees of the Board. NRC expressed its satisfaction to the overall process of annual performance evaluation.

### Meeting of Independent Directors

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

During the financial year 2023, the Independent Directors have held one separate meeting on October 27, 2023.

### Audit Committee

As on December 31, 2023, the Audit Committee consists of 6 (Six) Directors including 4 (Four) Independent Directors. Renu Challu is the Chairperson of the Committee. The other members of the Audit Committee were Arvind Balaji,

Amit Kalyani, Eranti V. Sumithasri, Andreas Schick and Satish Patel. The Committee met 6 (Six) times during the year. The terms of reference of the Audit Committee, details of meetings held during the year and attendance of members are disclosed in the Report on Corporate Governance. As on the date of this report, Satish Patel superannuated effective from February 12, 2024 and ceased to be the member of Audit Committee. Hardevi Vazirani was appointed as Director-Finance and CFO and was also inducted as a Member of the Audit Committee effective from February 13, 2024.

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/en/investor-relations/corporate-governance/codes-and-policies/>.

### 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.

### Risk Management Committee

As on December 31, 2023, the Risk Management Committee comprises of 5 (Five) Directors and 2 (Two) Senior Management employees of the Company. Dharmesh Arora is the Chairperson of the Committee. The other members of the Committee were Eranti V. Sumithasri, Andreas Schick, Harsha Kadam, Satish Patel, Sameer Mathur (Chief Operating Officer) and Santanu Ghoshal (Head of Human Resources). As on the date of this report, Satish Patel superannuated effective from February 12, 2024 and ceased to be the member of Risk Management Committee. Hardevi Vazirani was appointed as Director-Finance and CFO and was also inducted as a Member of the Risk Management Committee effective from February 13, 2024. Further, Mr. Jens Schüler was appointed as Non Executive Non Independent Director effective from January 1, 2024, and was also inducted as a Member of the Risk Management Committee effective from January 29, 2024.

## 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 58<sup>th</sup> 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 58<sup>th</sup> AGM till the conclusion of the 63<sup>rd</sup> AGM of the Company.

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

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

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

### Reporting of Fraud

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

### Secretarial Auditors

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

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, 2023. 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 2024.

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/en/investor-relations/corporate-governance/codes-and-policies/>.

Your Company’s CSR expenditure was ₹ 160.2 million i.e. 2% of the Average Net Profits of your Company made during three immediately preceding financial years. A summary of CSR Policy together with details of CSR activities undertaken by the Company during the year 2023 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 the 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/en/investor-relations/corporate-governance/codes-and-policies/>.

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



Directors’ Report

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 2023 in the prescribed form MGT-7 has been placed on the website of the Company at <https://www.schaeffler.co.in/en/investor-relations/shareholders-information/annual-return/>.

Particulars of Loans, Investments, Guarantees and Securities

The particulars of loans and investments have been disclosed in notes to the Financial Statements. The Company did not give any guarantee or provide any security in connection with any loan. During the year the Company acquired 100% shareholding of KRSV Innovative Auto Solutions Private Limited (“Koovers”) and acquisition transaction has been completed on September 8, 2023.

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 of 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/en/investor-relations/corporate-governance/codes-and-policies/>.

**Internal Complaints Committee (ICC)** is in place to redress complaints received regarding sexual harassment. The Company is committed to provide protection against sexual harassment of women at workplace (including employee or any other women visiting worksite for any other purpose).

Status of complaints during the year 2023

There was 1 (One) complaint pending at the beginning of the year 2023, which was resolved in January 2023. The Company received 1 (One) complaint during the year 2023, which is under investigation.

Directors’ Responsibility Statement

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

- (a) In preparation of the annual accounts, the applicable Indian Accounting Standards (Ind AS) have been followed and there are no material departures from the same;
- (b) The accounting policies have been selected and these have been applied consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at December 31, 2023 and of the profit of the Company for that period;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) Annual accounts of the Company have been prepared on a ‘going concern’ basis;
- (e) Internal Financial Controls have been laid down and being followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- (f) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and were operating effectively.

Adequacy of Internal Financial Controls

The Board of your Company has laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and operating effectively. The Risk Management framework recognizes 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, 2023 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 the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

Investor Education and Protection Fund (IEPF)

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

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

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

Bangalore: February 16, 2024

Deposit

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

Subsidiaries, Joint Ventures and Associates

During the year the Company acquired 100% shareholding of KRSV Innovative Auto Solutions Private Limited (“Koovers”) and the acquisition transaction has been completed on September 8, 2023.

The Company does not have any other 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

**E. V. Sumithasri**  
Chairperson  
DIN: 07087197



Directors’ Report

Secretarial Audit Report

Annexure A  
For the Financial Year ended December 31, 2023  
[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 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members,  
**Schaeffler India Limited**  
15<sup>th</sup> Floor, ASTP (Amar Sadanand Tech Park),  
Baner, 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** (“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, we hereby report that, in our opinion, the Company has, during the audit period covering the Financial Year ended on December 31, 2023 (“review period”), 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 review period, according to the provisions of:

- i.

The Companies Act, 2013 (“Act”) and the rules made thereunder;
- ii.

The Securities Contracts (Regulation) Act, 1956 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 (“SEBI”) Act, 1992: -

- a.

SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018; However, there were no actions / events pursuant to these regulations, hence not applicable.
- b.

SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c.

SEBI (Buy-back of Securities) Regulations, 2018; However, there were no actions / events pursuant to these regulations, hence not applicable.
- d.

SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; However, there were no actions / events pursuant to these regulations, hence not applicable.
- e.

SEBI (Prohibition of Insider Trading) Regulations, 2015;
- f.

SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
- g.

SEBI (Delisting of Equity Shares) Regulations, 2021; However, there were no actions / events pursuant to these regulations, hence not applicable;
- h.

SEBI (Depositories and Participants) Regulations, 2018;
- i.

SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021; However, there were no actions / events pursuant to these regulations, hence not applicable;

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; and
- ii.

Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the review period, the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as 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 review period, 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 operation of the Company and operating effectively;
- F.

During the review period, there were no specific instances / actions in the Company in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards etc. having major bearing on the Company’s affairs.

Suresh Kumar Kabra  
Partner

Samdani Kabra & Asso.  
Company Secretaries

ACS No. 9711 | CP No. 9927  
ICSI Peer Review # 884/2020  
ICSI UDIN: A009711E003415399

Place: Vadodara  
Date: February 16, 2024

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**  
15<sup>th</sup> Floor, ASTP (Amar Sadanand Tech Park),  
Baner, Pune - 411045  
Maharashtra, India.

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

- i.

Maintenance of secretarial records and compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the management of the Company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these secretarial records and compliances based on such verification and audit.
- ii.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records and we believe that the processes and practices we followed provide a reasonable basis for our opinion.
- iii.

Wherever required, we have obtained the management representation about the Compliance of Laws, Rules and Regulations, happening of events, etc.
- iv.

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the Company’s affairs.

Suresh Kumar Kabra  
Partner

Samdani Kabra & Asso.  
Company Secretaries

ACS No. 9711 | CP No. 9927  
ICSI Peer Review # 884/2020  
ICSI UDIN: A009711E003415399

Place: Vadodara  
Date: February 16, 2024



CSR Report

Annexure B

1. Brief outline on CSR Policy of the Company

At Schaeffler India, we believe that science and technology are synonymous with economic and human development as both aim to drive progress and improve standard of living while preserving environment and supporting sustainability.

Being a part of the Schaeffler Group and one of the leading motion technology companies 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 सर्वे भवन्तु सुखिन 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 endeavour to reach out to different sections of the society, with socially relevant projects, that benefit these communities and in small ways enhance the quality of their lives. These initiatives are independent of the normal operations of our Company’s business. Programmes, projects and activities (collectively “CSR Programmes”) as framed within the purview of Schedule VII of the Companies Act, 2013 as amended from time to time and are the subject matter of this Policy.

2. Composition of CSR Committee:

Sl. No.	Name of the Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Arvind Balaji	Chairperson	2	2
2.	Harsha Kadam	Member	2	2
3.	Amit Kalyani	Member	2	2
4.	Corinna Schittenhelm <sup>1</sup>	Member	2	2
5.	Jens Schüler <sup>2</sup>	Member	N.A.	N.A.

<sup>1</sup> Ceased to be a Director and a member of CSR Committee w.e.f. December 31, 2023.  
<sup>2</sup> Appointed as a member of CSR Committee w.e.f. Janunary 29, 2024.

3. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company CSR Committee

<https://www.schaeffler.co.in/en/investor-relations/corporate-governance/committees-board-of-directors/>

CSR Policy

<https://www.schaeffler.co.in/en/investor-relations/corporate-governance/codes-and-policies/>

CSR Projects

[https://www.schaeffler.co.in/remotemedien/media/shared\\_media\\_rwd/03\\_worldwide\\_1/websites\\_worldwide/india\\_3/csr/CSR\\_Projects\\_2023.pdf](https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/csr/CSR_Projects_2023.pdf)



Directors’ Report

4. Provide the details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any –

Not Applicable

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1.	2020	NIL	NIL
2.	2021	NIL	NIL
3.	2022	NIL	NIL

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

Year	Net Profit (₹ In million)*
2020	3,972
2021	8,431
2022	11,620
Average Net Profit	8,008

7. (a) Two percent of average net profit of the Company as per section 135(5)

Year 2023	(₹ In million)*
2% of Average Net Profit	160.2

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. – NIL

(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 ₹160.2\* million as CSR expenditure during the financial year 2023.

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

Total Amount Spent for the Financial Year (₹ In million)*	Amount Unspent (₹ In million)*				
	Total Amount transferred to Unspent CSR Account as per section 135(6) (₹ In million)*		Amount transferred to any fund specified under (₹ In million)*		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
160.2	NIL	-	-	NIL	-

\*Rounded off to single decimal.



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

1	2	3	4	5	6	7	8	9	10	11
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Project Duration	Amount allocated for the project (₹ in million)*	Amount spent in the current financial year (₹ in million)*	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in million)*	Mode of Implementation Direct (Yes/No)	Mode of implementation - Through Implementing Agency
				State	District					CSR Registration number
1	Mobi-Health Unit Phase II	Promoting Health Care (i)	Yes	Gujarat	Vadodara	24 Months	8.5	-	No	Deepak Foundation CSR00000353
2	Lok Vodhyalaya: providing holistic quality educational support - Phase II	Promoting Education (i)	Yes	Gujarat	Vadodara	24 Months	4.2	-	No	Lok Seva Mandal CSR00001124
3	Nitara project: Promoting livelihood for differently abled	Skills & livelihood Enhancement (i)	Yes	Gujarat	Vadodara	20 Months	5.8	-	No	Sambhav foundation CSR00000475
4	Quest on wheels: Heritage & Educational Trips	Promoting Education (i)	Yes	Gujarat	Vadodara	17 Months	3.2	-	No	Creation Foundation CSR00011685
5	Support to Mook Dhvani School - Phase II	Promoting Education (i)	Yes	Gujarat	Vadodara	24 Months	2.4	-	No	Mook Dhvani Trust CSR00000111
6	Jal Jeevika	Environment Sustainability (iv)	Yes	Gujarat	Vadodara	43 Months	14.8	-	No	BAIF Development Research Foundation CSR00000308
7	Mobile Science Lab	Promoting Education (i)	Yes	Gujarat	Vadodara	43 Months	1.7	-	No	Agastya International Foundation CSR00003442
8	STEP-Vadodara	Skills & livelihood Enhancement (ii)	Yes	Gujarat	Vadodara	33 Months	5.2	-	No	Creation Foundation CSR00011685
9	Mobie Health Unit	Promoting Health Care (i)	Yes	Maharashtra	Pune	24 Months	5.7	-	No	Deepak Foundation CSR00000353
10	Schaeffler Skill Development Center	Skills& livelihood Enhancement (ii)	Yes	Maharashtra	Pune	18 Months	2.2	-	No	Don Bosco Vyawasaik Prashikshan Kendra CSR00000686
11	Jal Samruddhi	Environment Sustainability (iv)	Yes	Maharashtra	Pune	30 Months	10.4	-	No	BAIF Development Research Foundation CSR00000308
12	Green Energy School Electrification Program	Promoting Education (ii)	Yes	Maharashtra	Pune	24 Months	10	-	No	Chirag Rural Development Foundation CSRO0001301



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 per Section 135(6) (₹ in million)*	Mode of Implementation Direct (Yes/No)	Mode of implementation - Through Implementing Agency
			State	District						CSR Registration number
13	Pre-Vocational Education Program in Govt. Schools	Promoting Education (i)	Yes	Maharashtra	Pune	36 Months	5.7	-	No	STARS Forum
14	Schaeffler Engineering Scholarship	Promoting Education (i)	No	Gujarat, Maharashtra	Different District locations	28 Months	6.5	-	No	Buddy4Study India Foundation
15	Schaeffler Skill Development Center - Hosur, Phase II	Skills & livelihood Enhancement (ii)	Yes	Tamil Nadu	Krishnagiri	36 Months	15.2	-	No	Creation Foundation
16	Watershed Project Jal Sanghamam -Hosur	Environment Sustainability (iv)	Yes	Tamil Nadu	Krishnagiri	46 Months	15.5	-	No	Bait Institute for Sustainable Livelihoods and Development
17	Schaeffler Social Innovation Fellowship Program	Promoting Education (i)	No	Pan India	Pan India	18 Months	8.5	-	No	Buddy4Study India Foundation
18	Women Skill Development Program	Skills & livelihood Enhancement (ii)	Yes	Tamil Nadu	Krishnagiri	24 Months	4.7	-	No	Hand in Hand India
19	Mobile Health Unit	Promoting Health Care (i)	Yes	Tamil Nadu	Krishnagiri	33 Months	6.6	-	No	Smile Foundation
20	Mobile Science lab	Promoting Education (ii)	Yes	Tamil Nadu	Krishnagiri	33 Months	3.1	-	No	Agastva International Foundation
21	Community Development Project	Promoting Education (ii)	Yes	Tamil Nadu	Krishnagiri	12 Months	6.6	-	No	Bait Institute for Sustainable Livelihoods and Development
22	Climate Action - Research & Development	(ix) (b)	No	Pan India	Pan India	48 Months	3.2	-	No	IIT Roorkee
23	Climate Action - Research & Development	(ix) (b)	No	Pan India	Pan India	25 Months	2.6	-	No	IIT Madras
							152.3	152.3		

\* Rounded off to single decimal.

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Not Applicable

(d) Amount spent in Administrative Overheads – 7.8 (₹ in million)\*

(e) Amount spent on Impact Assessment, if applicable – NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – 160.2 (₹ 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)	160.2
(ii)	Total amount spent for the Financial Year	160.2
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in million)*	Balance Amount in Unspent CSR A/C as per sec 135 (6)	Amount spent in the reporting Financial Year (₹ in million)*	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 million)*
					Name of the Fund	Amount (₹ in million)*	Date of transfer
1	2020	NA	NIL	NA	PM Cares Funds	3.2	30/06/2021
2	2021	13.6	NIL	NA	PM Cares Funds	5.2	09/05/2022
3	2022	11	NIL	11	NA	NA	NIL

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sl. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ in million)*	Amount spent on the project in the reporting Financial Year (₹ in million)*	Cumulative amount spent at the end of reporting Financial Year (₹ in million)*	Status of the project - Completed /Ongoing
1	X-009287-01	Jal Jiveeka - Watershed	2022	43 Months	2.3	2.3	22.1	Ongoing
2	X-006491-01-01/ X-006492-01-01	Mobile Health Unit – Vadodara	2021	36 Months	0.4	0.4	25.7	Completed
3	X-009293-01	Mobile Science Lab - Vadodara	2021	43 Months	1.4	1.4	4.9	Ongoing
4	X-006498-01-01	Schaeffler Skill Development Centre	2022	18 Months	1.5	1.5	5.7	Completed
5	X-007245-01	Schaeffler Engineering Scholarship	2022	30 Months	0.3	0.3	14.5	Ongoing
6	X-008323-01	Learning Outcome Improvement Project	2021	24 Months	2.6	2.6	16.5	Completed
7	X-009288-01	Women Skill Development Program	2022	24 Months	2.5	2.5	9.7	Completed
Total					11.0	11.0	99.1	

\* Rounded off to single decimal.



Directors’ Report

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

Yes, The details of capital assets are mentioned in below link.  
[https://www.schaeffler.co.in/remotemedien/media/\\_shared\\_media\\_rwd/03\\_worldwide\\_1/websites\\_worldwide/india\\_3/investor\\_relations/corporate\\_governance\\_1/List\\_of\\_Capital\\_Assets\\_CSR.pdf](https://www.schaeffler.co.in/remotemedien/media/_shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/List_of_Capital_Assets_CSR.pdf)

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)

Not Applicable

For **Schaeffler India Limited**

**Arvind Balaji**  
Chairperson of CSR Committee  
(DIN: 00557711)

**Harsha Kadam**  
Managing Director & CEO  
(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	2023 (₹ in million)	
		Actual	Cumulative
	Purchases – Finished Goods, Raw materials, Components and spares	13,104.6	19,539.8
	Fees for use of technology/trademark	1,409.9	
	Purchase of Machines and Equipment	469.6	
	Sale of Finished Goods	3,625.0	
	Others services <sup>1</sup>	930.7	
	<sup>1</sup> Includes SAP, other IT systems and connectivity cost, Travelling, Training, Testing, Support Fee & Other Cost, Expat Cost, Reimbursement of Expenses and Service Income received.		
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	Shareholders’ approval was obtained for material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany form time to time. Shareholders’ approval was obtained at the 59 <sup>th</sup> AGM held on April 27, 2022 for material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany, for the year 2022 and for the years 2023 to 2025. Thereafter, Shareholders’ approval was obtained at the 60 <sup>th</sup> AGM held on April 18, 2023 for material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany, with a year on year increase of 25% on total amount of transaction during the previous year, upto the year 2025		
Amount paid as advance, if any	-		

For and on behalf of the Board

**E. V. Sumithasri**  
Chairperson  
DIN: 07087197

Bangalore: February 16, 2024



Directors’ Report

Particulars of Employees

(Annexure D to the Directors’ Report)  
[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1. The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2023 and percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year 2023.

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 2023
1	Harsha Kadam	Managing Director & CEO	40.7	9.0%
2	Satish Patel <sup>1</sup>	Director-Finance & CFO	19.9	15%
3	Avinash Gandhi <sup>2</sup>	Chairman & Independent Director	5.8	-
4	Dharmesh Arora	Non-Independent Director	4.4	-
5	Andreas Schick	Non-Independent Director	-	-
6	Corinna Schittenhelm <sup>3</sup>	Non-Independent Director	-	-
7	Renu Challu	Independent Director	4.8	-
8	Arvind Balaji	Independent Director	4.8	-
9	Amit Kalyani	Independent Director	4.4	-
10	Eranti V. Sumithasri	Chairperson & Independent Director	4.7	-
11	Ashish Tiwari	VP-Legal & Company Secretary	10.8	6%

<sup>1</sup> Satish Patel superannuated from the Company from end of business hours of February 12, 2024, and Hardevi Vazirani appointed as Director- Finance & CFO of the Company effective from February 13, 2024.

<sup>2</sup> Avinash Gandhi ceased to be the Director of the Company effective from February 6, 2023.

<sup>3</sup> Corinna Schittenhelm resigned from Board effective from December 31, 2023.

2. The percentage increase in the median remuneration of employees in the financial year:

The median remuneration of employees of the Company was increased by 14% during 2023.

3. The number of permanent employees on the rolls of Company as on December 31, 2023: 3,383

4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase of white collar employee was 12.04% and average increase of KMP was 10.2%.

5. Affirmation that the remuneration is as per the remuneration policy of the Company:

We affirm that remuneration paid to the Employees & Directors is as per the remuneration policy of the Company.



Information pursuant to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(a) Details of top ten employees in terms of gross remuneration drawn during the year 2023

Sr. No.	Name	Designation	Remuneration during the year 2023 [₹]	Nature of Employment [Contractual / Regular]	Qualifications	Experience (in completed years)	Date of Commence-ment of employment with SIL	Age in yrs.	Last Employment	Shares held in the Company
1	Harsha Kadam	MD & CEO	40060630	Regular	BE (MECH)	34.6	12-Mar-18	58.3	HSIL Limited	500
2	Aashish Bhatia	President-Automotive	26500008	Regular	BE Electronics, M Tech	30.4	3-Jul-23	51.7	Visteon	Nil
3	Satish Patel	Director-Finance & CFO	19532508	Regular	M.COM, AICWA	33.9	7-Jan-92	59.7	Elecon Engineering Co. Limited	Nil
4	Santanu Ghoshal	Vice President-Corporate HR	17858436	Regular	BE Mining, PGDPM	31.6	1-Sep-10	57.9	General Motors	Nil
5	Debasish Satpathy	President-Automotive Aftermarket	15282612	Regular	BE Electrical, PGDM	25	2-Apr-18	50.11	Schaeffler UK	Nil
6	Seshan Iyer	President-Industrial	15000012	Regular	BE, PGDM, MBA	31	3-Apr-23	50.8	Bonfiglioli Transmission Pvt. Ltd	Nil
7	Sameer Mathur	Chief Operating Officer	14872296	Regular	B.E. (MECH)	31.7	21-May-92	55.10	-	Nil
8	Omkar Kulkarni	VP-Future Mobility	11340012	Regular	Masters in Electrical Engineering	21.8	11-Jul-22	46.10	Hella	Nil
9	Viswanathan Sambasivam	Vice President-Automotive	10903368	Regular	B.SC, MBA	27	8-May-97	49.3	-	Nil
10	Ashish Tiwari	VP-Legal & Company Secretary	10642740	Regular	CS, LLB	24.6	1-Mar-19	51.2	Thyssenkrupp Group	Nil

(b) Details of every employee, who was employed throughout the financial year, was in receipt of gross remuneration for that year which, in the aggregate, was not less than One crore two lakhs rupees during the year 2023

Sr. No.	Name	Designation	Remuneration during the year 2023 [₹]	Nature of Employment [Contractual / Regular]	Qualifications	Experience (in completed years)	Date of Commence-ment of employment with SIL	Age in yrs.	Last Employment	Shares held in the Company
1	Harsha Kadam	MD & CEO	40060630	Regular	BE (MECH)	34.6	12-Mar-18	58.3	HSIL Limited	500
2	Aashish Bhatia	President-Automotive	26500008	Regular	BE Electronics, M Tech	30.4	3-Jul-23	51.7	Visteon	Nil
3	Satish Patel	Director-Finance & CFO	19532508	Regular	M.COM, AICWA	33.9	7-Jan-92	59.7	Elecon Engineering Co. Limited	Nil
4	Santanu Ghoshal	Vice President-Corporate HR	17858436	Regular	BE Mining, PGDPM	31.6	1-Sep-10	57.9	General Motors	Nil
5	Debasish Satpathy	President-Automotive Aftermarket	15282612	Regular	BE Electrical, PGDM	25	2-Apr-18	50.11	Schaeffler UK	Nil
6	Seshan Iyer	President-Industrial	15000012	Regular	BE, PGDM, MBA	31	3-Apr-23	50.8	Bonfiglioli Transmission Pvt. Ltd	Nil
7	Sameer Mathur	Chief Operating Officer	14872296	Regular	B.E.(MECH)	31.7	21-May-92	55.10	-	Nil
8	Omkar Kulkarni	VP-Future Mobility	11340012	Regular	Masters in Electrical Engineering	21.8	11-Jul-22	46.10	Hella	Nil
9	Viswanathan Sambasivam	Vice President-Automotive	10903368	Regular	B.SC, MBA	27	8-May-97	49.3	-	Nil
10	Ashish Tiwari	VP-Legal & Company Secretary	10642740	Regular	CS, LLB	24.6	1-Mar-19	51.2	Thyssenkrupp Group	Nil



Directors’ Report

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 2023

Sr. No.	Name	Designation	Remuneration during the year 2023 [₹]	Nature of Employment [Contractual / Regular]	Qualifications	Experience (in completed years)	Date of Commence-ment of employment with SIL	Age in yrs.	Last Employment	Shares held in the Company
1	Alok Dave	Vice President -Corporate Purchase	12693714	Regular	BE-Mech, E MBA	24.5	07-Nov-11	58.4	Lear Automotive	Nil
Details of every employee, who was employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company during the year 2023										
Sr. No.	Name	Designation	Remuneration during the year 2023 [₹]	Nature of Employment [Contractual / Regular]	Qualifications	Experience (in completed years)	Date of Commence-ment of employment with SIL	Age in yrs.	Last Employment	Shares held in the Company
None										

Details of employees posted and working in a country outside India, not being directors or their relatives, drawing more than Sixty lakh rupees per financial year or Five lakh rupees per month, as the case may be during the year 2023

Sr. No.	Name	Designation	Remuneration during the year 2023 [₹]	Nature of Employment [Contractual / Regular]	Qualifications	Experience (in completed years)	Date of Commence-ment of employment with SIL	Age in yrs.	Last Employment	Shares held in the Company
1	Vazirani Hardevi #	Vice President - Strategy & Development	6598872	Regular	B.Com, DCS, DBM, CAS	33.9	11-Sep-92	55.4	Sigma Sys	Nil
2	Poojari Santosh	Vice President	6778556	Regular	DME	21.5	10-Aug-02	45.3	ABC Ltd.	Nil
3	Jhina Abhay	Corporate Security Officer	7026812	Regular	LLB, MASTER OF LAWS	15.9	16-Apr-12	39.1	--	Nil

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

(Annexure E to the Directors’ Report)

With increasing focus on ESG goals, Schaeffler India has constantly focused on the key aspect of Social & Environment Impacts. Talking about environment impacts, conservation of energy has been a major focus in Schaeffler India for the past years and the same rigor was seen in 2023, with initiatives and right investments in advance technologies.

A. Conservation of Energy  
1. Steps taken or impact on conservation of energy

Various steps are taken at all the Plants of Schaeffler India, some examples are here from plants are listed below. In 2023 Schaeffler India Limited achieved 1.55 GWh energy efficiency with the projects

- Installation of High Efficient Air compressor at Maneja and achieved 491.5 MWh savings.
- Reduce kWh consumption of SRU by processing right concentrated Dipping Basin Water in SBM and SRU Installation of Emulsion pump with Inverter & Pressure Transducer at Savli and achieved 169 MWh savings.
- AMF Power Pack modification in CNC machine for energy saving at Hosur and achieved 154 MWh savings.
- Installation of Invertor & Pressure Transducer in Coolant supply system in segment 08 at Maneja and achieved 79 MWh savings.
- Reduce energy consumption by reducing operating pressure of centralized compressed air system Replacement of the conventional bulb with LED lights in office areas at Savli and achieved 537 MWh savings.
- Elimination of Air Compressor at CRS product line and Temperature Controller for Cooling Tower fan motor at Hosur and achieved 61 MWh savings.
- IDLE run stoppage of Hydraulic motor on Plastic cage machine and 55 KW Motor was replaced with Energy Efficiency Motor at Talegaon and achieved 60 MWh savings.

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

- The Company has been constantly working on purchasing the green energy.
- Maneja and Savli plant locations have signed the Hybrid Energy (Solar + Wind) Power Purchase agreement in 2022 and in 2023 both locations consumed 13,647 MWh hybrid energy.
- Pune plant has signed a PPA of wind energy for 5.1 MW and consumed 8,173 MWh of wind energy.
- With the existing and new green energy projects in 2023 through the green energy consumption the Company has neutralised ~24,655metric tons of CO<sub>2</sub> emission.

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

New buildings or renovation of buildings and facilities:

- Phosphate coating plant – Maneja
- 110KW Compressor DSD 205 at Pune
- 1000 KVA transformer at Pune
- New hall 2.1.2 expansion at Pune
- Pressurized mold temperature controller at Pune
- Grinding oil filtration plant Pune
- Improve light intensity at incoming store at Pune

4. Environment Health & Safety  
Hosur

- Occupational Health Center expansion and renovation.
- Audiometric and Vision test conducted for MHE and Stamping Operators as per the schedule.



Directors’ Report

- 3. Automatic Inert gas suppression system installed & hoses laid inside the Main Panels at Central Powerhouse.
- 4. Fire load calculation conducted at Hall 1 & 2 by Competent Person to fulfill the group and customer requirement.
- 5. Arc Flash study conducted by Competent Person at Central Powerhouse and boundary marking done.
- 6. Mahindra Fire Safety Audit conducted on 29.11.2023 and no nonconformance received.
- 7. New Fire Extinguishers 12 nos ABC & Co<sub>2</sub> type procured for new PGS line.
- 8. Waste Vendor audit carried out at their facility 14 locations.
- 9. All LPG Detectors and NH<sub>3</sub> Detector are calibrated by Authorized person as per the schedule.
- 10. Leakage detection system provided for LPG Manifold at Canteen.
- 11. Fire Sniper system installed at UPS Cabins are refilled and fixed.
- 12. Fire Hydrant line flow meter service completed and fixed.
- 13. Fire drill with ERT was conducted.
- 14. Four new Fire Extinguishers 4.5 kg Co<sub>2</sub> type are fixed at New Diaphragm line in HT.

Pune

- 1. Machine risk assessment activities done in plant to cover all the press machines.
- 2. Near miss identification was implemented and closed the non-conformities and abnormalities and closure the non-conformities/abnormalities.
- 3. EHS & Workplace safety training given to new employees & existing employees. Training conducted on various topics such as Road safety, Machine safety, Hazard Identification and Risk assessment, Accident prevention, Fire Protection and Prevention, Environment protection, Waste handling, Material handling and rack safety.
- 4. EHS Man of the month- Segment wise appreciation scheme initiated.
- 5. My Safety My commitment – Oath by all workmen taken in the plant at the beginning of every shift.

- 6. Guard rails provided to the working platforms and steps.
- 7. Guard rails provided to bin lifters.
- 8. Waste water collection points provided and transferred for treatment.
- 9. Biomedical waste collected and disposed off to the authorized vendor/third party.
- 10. Hazardous waste segregated and disposed off in approved manner.
- 11. Medical check up conducted for employees including contractual employees.
- 12. Schaeffler Safety days celebrated and organized various activities such as awareness on Noise prevention, Ergonomics.
- 13. Provision made for RO reject water reused for gardening purpose.
- 14. ETP operation improved by providing sand beds for sludge separation.
- 15. Onsite Emergency plan revised and Mock drills conducted in Propane yard.
- 16. Safety signages, Posters, stickers revised and displayed in the shop floor and on machines.

Maneja (Vadodara)

- 1. Fire Water sprinkler System installed (Manual Type) in General Store, Hall-1 FBS, Hall-4 FBS.
- 2. 4 Big trees has been replanted with watering facility as we have expanded the production facility.
- 3. “Drive Towards Zero Accident” continued & rolling trophy has been given to best performing segments/dept. in terms of safety parameters.
- 4. Fixing anti-skid tape at staircase for Fall prevention.
- 8. Blood Donation camp has been organized at the Plant.
- 9. Employee Annual health medical checkup has been done.
- 10. Gold category Winner Quality Circle in safety convention Vadodara chapter.
- 11. Exxsol D95 Storage tank discontinued and one time License surrender.



- 12. Environment week & safety week celebration in Plant to create awareness.
- 13. Hydrotesting done of pressurized tank like air receiver and Propane tanks.
- 14. Safety valve testing has been done of Propane and LPG tank.
- 15. Best Safety performance and Best fresh water saving certificate received for Maneja plant at 8<sup>th</sup> Schaeffler India Production forum.
- 17. Recharging (Cleaning + Compressor) of rainwater well for facilitating recharge of rain water to underground water.
- 18. Maruti reaudited for NC verifications and confirmed compliance of all EHS Points.
- 19. Waterless and Odorless Urinal solution implementation in main gate washroom, east & west wing of technical building, SMB, security main gate and material gate and HR office.
- 20. Multi gas smoke detectors have been fixed in new building of operation hub, application, validation and purchase offices.
- 21. Environment and Water audit conducted by CII for water saving improvement Points potential and compliance for CGWA NOC.
- 22. Conducted third party safety audit by Vaibhu safety consultant.
- 23. Maintenance and sustenance of Illuminated Wind indicator at TTC Training Center, SMB Building and Hall-5.
- 24. Epoxy coating provided in Old ETP plant.
- 25. Mock drill and Fire drill has been conducted as per defined frequency.
- 26. Achieve LTIR target is 0.00 against 0.39 for Maneja plant.
- 27. SCBA suit with safety box installed at three different location Power house, Fire Pump House and emergency main control room.

Savli (Vadodara)

- 1. Road safety week celebration with awareness of signal, road safety signages, visual video presentation and leaflet covers two shift employees.
- 2. Safety week celebration with fire training programs, fire equipment usage exhibition, PPE usage exhibition, Shopfloor trainings, video presentation in canteen area, competition for motivation of employees.
- 3. First aid training program for selected employees with certification around 25 employees.
- 4. Awareness session for the employees on shopfloor regarding accident awareness covered all the employees all shifts.
- 5. Fire day celebration with mock drill on fire, fire training, and emergency handling training.
- 6. Change of entire mechanical foam fire extinguisher with new one.
- 7. More than 300 employees covered for the emergency handling training and awareness regarding emergency escape.
- 8. 6 monthly training program conducted for the contract labor.
- 9. Training for forklift and stacker operator done twice in a year.
- 10. Training regarding Self-contained breathing suit to all maintenance team.
- 11. Total 6 mock drill conducted for entire year.
- 12. DOJO room safety corner prepared and inputs for training.
- 13. Electrical panel room auto extinguishing system installation New as well as old system.
- 14. Risk assessment study for propane and Methanol for minor to worst scenario done.
- 15. Safety report prepared based on the fire and hazards.
- 16. Safety audit conducted by third party to analyze plant safety features.
- 17. 5S+2 audit conducted regular bases for the internal safety.



Directors’ Report

B. Technology Absorption  
1. The efforts made towards technology absorption

- CRB 120 - 2 Lines – Maneja
- LVL 6 New Line for DGBB 90-170 – Maneja
- DRACBB – Industrial 4 Lines – Savli
- RNN > 62 -1 Line – Savli
- TORO/KERO/ZRB > 50 mm From Brasov – Savli
- SRB < 120 Relocation from Maneja – Savli
- ASEH assembly Line – Pune
- Addition of new Truck & Tractor Diaphragm Line – Hosur
- Combination Disc Assembly Line for Truck

2. Benefits derived like product improvement, cost reduction, product development or import substitution

The Product reliability with customer-oriented Productivity and Schaeffler global Quality level is ensured with empowered technology of Schaeffler group with introduction of new Technology, better working condition, improved metrology and Global standards of Quality of our products with meeting all compliance level of health and safety as per ISO45001 standards for local and Global customers.

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

Technology	Year of import	Whether technology is fully absorbed?	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
Grinding and honing line for RN-RNN<62	2021	Yes	
Grinding and honing line for ACBB<62	2021	Yes	
Ultrasonic testing of taper rollers	2021	Yes	
Grinding and honing line for TRB<90	2021	Yes	
Grinding and honing line for TRB>90-170	2022	Yes	
Grinding and honing line for RN-RNN>62	2022	Yes	
Honing machine HM280G1 for cylindrical, taper and spherical rings	2022	Yes	
Face grinding machine for cylindrical and taper rings	2022	Yes	
Outer diameter grinding machines for cylindrical and taper rings	2022	Yes	
Grinding and honing line for DRACBB<62	2022	Yes	
Grinding and honing line for RN-RNN<62	2021	Yes	
Grinding and honing line for ACBB<62	2021	Yes	
Ultrasonic testing of taper rollers	2021	Yes	
Grinding and honing line for TRB<90	2021	Yes	
EK17 line for passenger car clutches	2021	Yes	
Fanuc Robo Drill -Hub Drilling	2021	Yes	
AMS for Hub outer Profile Milling	2022	Yes	
Fanuc Milling for Tractor Pressure Plate	2022	Yes	
Washer Blocking Automation	2022	Yes	
Roller Hearth Furnace	2022	Yes	
Round Table with IH machine for Diaphragm Spring	2022	Yes	
DGBB 62-170mm line	2021	Yes	
VH honing machines	2021	Yes	
MEG 75 OD Grinding machine for Rollers	2022	Yes	
Agathon Cutting machine for ASGS	2022	Yes	
Honing machine for ASGS	2022	Yes	



Technology	Year of import	Whether technology is fully absorbed?	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
Turning machine for ASGS	2022	Yes	
Raceway Grinding machine for ASGS	2022	Yes	
Grinding machine for SRB 120-200 Line	2022	Yes	
One Way clutch line	2022	Yes	
KIG Bore Grinding	2023	Yes	
Jupiter500 OD Grinding machine	2023	Yes	
KEG / KIG Grinding machines for CRB	2023	Yes	
Supfina OD honing for Noro	2023	Yes	
Zen-optic at Instrument Room Hall 2	2023	Yes	
MAS in TRB < 90 Line	2023	Yes	
Hembrug Turning machine	2023	Yes	
Supfina 778/2	2023	Yes	
SLH forming press	2023	Yes	
Centerless grinder Jupiter for KOT ASEH	2023	Yes	
Junker face grinder for ASEH	2023	Yes	
Heat treatment furnace for SLH localization	2023	Yes	
One-way clutch machine	2023	Yes	
injection molding machine	2023	Yes	
MAS_NOVA_SLH	2023	Yes	
Flat arres relocation elg Sternhagen	2023	Yes	
Hwacheon Horizontal Turning machine	2023	Yes	
FANUC Special Spindle for milling of Pressure Plate	2023	Yes	

4. The details of Expenditure incurred on Research and Development are as follows:

(₹ in Million)		
Particulars	2023	2022
Capital	73.7	66.5
Recurring	921.0	905.7
Total	994.7	972.2
% of Turnover	1.4%	1.4%

5. Foreign Exchange Earnings and Outgo:

(₹ in Million)		
Particulars	2023	2022
Earning:		
Earning in foreign exchange		
Sale of Service Income	164.6	308.7
FOB value of exports	9,364.9	10,546.7
Other	154.6	108.8
Total foreign exchange earned	9,684.1	10,964.1
Outgo:		
CIF value of Imports:		
Raw materials, Components, Products purchased for Sale, Stores & Spares, Capital goods and intangible assets	27,124.3	24,703.8
Expenditure in foreign currency		
Fees for use of technology	1,410.0	1,298.3
Dividend paid to Shareholders	2,780.4	1,853.8
Total foreign exchange used	31,314.7	27,855.9



Corporate Governance Report

1. Company’s Philosophy on Code of Corporate Governance

The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of corporate governance. The Company believes that governance practices enable the Management to direct and control the affairs of the Company in an efficient manner and to achieve the Company’s goal of maximising value for all its stakeholders. The core principles of Corporate Governance are:

- Lay emphasis on integrity and accountability.
- Incorporate practices aimed at a high level of business ethics and effective supervision.
- Provide for enhancement of value for all stakeholders.

During the year under review, the Company complied with the provisions relating to corporate governance as provided under the SEBI (Listing Obligations Disclosure Requirement) Regulation (“SEBI LODR”). The Corporate Governance Report, together with a certificate confirming the compliance is provided in the Report on Corporate Governance, which forms part of the Integrated Annual Report.

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for increasing long-term shareholder value, keeping in view the needs and interests of all its stakeholders. It is important for the Company to achieve economic success and to 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.

2. Board of Directors

Your Board of Directors closely monitor the performance of the Company, approves the Business 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.

(A) Composition of Board

- (i) The Managing Director is entrusted with the Management of your Company. He is assisted by Core Management Team and Senior Executives comprising of experts from the respective fields.
- (ii) The ‘Board of Directors’ is constituted with appropriate combination of Executive Directors, Non-Executive Directors, Independent Directors and Women Directors, as per the prevailing regulatory requirements. As on December 31, 2023, the Company had 9 (Nine) Directors, consisting of which 7 (Seven) Directors are Non-Executive Directors, including 3 (Three) Non-executive Women Directors, and out of these 7 (Seven), 4 (Four) 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 provided 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 as of December 31, 2023, 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 <sup>1</sup>	Number of Directorships	Number of Membership (Chairmanship) in Committees	Attendance in Board Meetings held in 2023	Attendance at last AGM held on April 18, 2023
			As on December 31, 2023		Yes or No or NA <sup>2</sup>	
Andreas Schick	09257160	NE & NID	1	1 (0)	6	Yes
Corinna Schittenhelm <sup>3</sup>	09257159	NE & NID	1	0	5	Yes
Dharmesh Arora	05350121	NE & NID	1	0	6	Yes
Renu Challu	00157204	NE & ID	3	5 (3)	6	Yes
Arvind Balaji	00557711	NE & ID	15	4 (0)	6	Yes
Amit Kalyani	00089430	NE & ID	10	2 (0)	3	Yes
Eranti V. Sumithasri	07087197	NE & ID	2	2 (0)	6	Yes
Harsha Kadam	07736005	E & NID	3	1 (0)	6	Yes
Satish Patel <sup>4</sup>	00690869	E & NID	3	2 (0)	6	Yes

<sup>1</sup> E & NID: Executive and Non-Independent Director, NE & NID: Non-Executive and Non-Independent Director, NE & ID: Non-Executive and Independent Director  
<sup>2</sup> NA: Not Applicable  
<sup>3</sup> Ceased to be a Director of the Company effective closure of business hours of December 31, 2023 on account of resignation.  
<sup>4</sup> Satish Patel has been superannuated from the Company effective from February 12, 2024.

Details of Directorship in Listed Companies as on December 31, 2023

Name of Director(s)	No. of Directorships <sup>1</sup>	No. of Committee Membership <sup>1</sup>	No. of Committee Chairmanship <sup>1</sup>	Name of Listed Company	Category of Directorship held <sup>2</sup>
Dharmesh Arora	1	0	0	Schaeffler India Limited	NE & NID
Harsha Kadam	1	1	0	Schaeffler India Limited	E & NID
Satish Patel	1	2	0	Schaeffler India Limited	E & NID
Andreas Schick	1	1	0	Schaeffler India Limited	NE & NID
Corinna Schittenhelm	1	0	0	Schaeffler India Limited	NE & NID
Renu Challu	3	5	3	Schaeffler India Limited	NE & ID
				NCC Limited	NE & ID
				Ceinsys Tech Limited	NE & ID
Arvind Balaji	2	4	0	Schaeffler India Limited	NE & ID
				India Nippon Electricals Limited	E & NID
Amit Kalyani	7	2	0	Schaeffler India Limited	NE & ID
				Bharat Forge Limited	E & NID
				Kalyani Steels Limited	NE & NID
				BF Utilities Limited	NE & NID
				Kalyani Investment Company Limited	NE & NID
				BF Investment Limited	NE & NID
				Hikal Limited	NE & NID
Eranti V. Sumithasri	1	2	0	Schaeffler India Limited	NE & ID

<sup>1</sup> Company Directorships includes directorships in all listed public limited companies and excludes private limited companies, foreign companies and Section 8 companies. The details of Committee Chairmanships/Memberships are disclosed as per Regulation 26 of the SEBI Listing Regulations.  
<sup>2</sup> E & NID: Executive and Non-Independent Director, NE & NID: Non-Executive and Non-Independent Director, NE & ID: Non-Executive and Independent Director.  
  
(v) Executive Directors:  
• 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.  
• 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. Satish Patel has been superannuated effective from the Company on February 12, 2024.  
• The Board, subject to Shareholders’ approval, appointed Hardevi Vazirani, as an Additional Director designated as Director-Finance (Whole- Time Director) and Chief Financial Officer with effect from February 13, 2024. Hardevi holds Bachelor of Commerce degree from MS University, Vadodara. Hardevi completed Diploma in Business Management from ICFAI, Hyderabad and Diploma in Computer Studies from NCC UK, Management Programs from INSEAD, IIM-Bangalore and is Certified Accounting Specialist, from Accovallist Institute, Germany, Global Leadership Excellence Program, International Management Training and Regional Management Pool program of Schaeffler Group.



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- (vi) Independent Directors:
- Renu Challu, holds a Master’s degree in Economics (Gold Medalist) from University of Lucknow and has a vast experience in Banking and Finance.
  - 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.
  - 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.
  - 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.
- (vii) Non-Independent Directors:
- Andreas Schick studied Automotive Engineering at the University of Munich and has a vast experience in Production and Supply Chain Management.
  - 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. Corinna has resigned from Board position effective from December 31, 2023.
  - 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.
  - Jens Schüler is Economist from the Johannes Gutenberg University Mainz. The Board of Directors, subject to shareholders approval, appointed Jens Schüler as an Additional Director (Non-Executive Non-Independent Director) of the Company effective from January 1, 2024.

None of the Directors is related inter-se.

Directors’ shareholding in the Company

Harsha Kadam holds 500 Equity Shares and Eranti V. Sumithasri holds 50 Equity Shares of the Company and none of the other Directors hold any Equity Share of the Company as on December 31, 2023.

(B) Board Meeting(s) during 2023

The gap between any two meetings did not exceed 120 days. 6 (Six) Board Meetings were held during 2023 on the following dates:

Board Meeting(s)	I	II	III	IV	V	VI
Dates	February 16	April 18	July 7	July 26	August 28	October 27
Start	16:15	09:00	15:45	14:00	11:30	11:15
Timing	HRS IST	HRS IST	HRS IST	HRS IST	HRS IST	HRS IST
Venue (Deemed Venue)	Mumbai	Pune	Virtual (Bangalore)	Virtual (Bangalore)	Virtual (Bangalore)	Mumbai

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 agenda papers as per the regulatory timelines 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 operational and 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 briefed the Board on, employee health & safety, Schaeffler India footprint, ESG, Sustainability Roadmap and Strategy updates and update on economy and market, capacity investment, acquisition of KRSV Innovative Auto Solutions Private Limited, and performance of the Company.

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;

- Annual and Quarterly results of the Company and its operating divisions or business segments;
- Minutes of meetings of Audit Committee & other committees of the Board of Directors;
- Quarterly results, Board meeting minutes of Subsidiary of the Company and other important information about the Subsidiary of the Company;
- 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 which are material in nature.
- 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 and all its employees for avoidance of conflicts of interest. The declarations with regards to its compliance have been received for the year 2023 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/en/investor-relations/corporate-governance/codes-and-policies/>.

(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.



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Following programs, trainings and workshops were conducted for all Directors during the year 2023:

Sr. No.	Particulars	No. of Hours (approx.)	Faculty/Trainer/Speaker	Participants
1.	Operational, Financial Performance, Business Performance & Risk Management, ESG	8	CEO & CFO	All the Directors
2.	Special Audit Committee meeting	2	CEO & CFO	All the Committee members (Except Amit Kalyani & E.V. Sumithasri)
3.	Strategy meeting (Program including workshops and discussions on business strategy for Schaeffler India covering following topics: <ul style="list-style-type: none"><li>Automotive Technologies</li><li>Industrial</li><li>Automotive Aftermarket</li><li>Country-wide ESG projects</li><li>Inorganic Growth Strategy</li></ul>	8	Functional Leaders	Directors, Business Heads and Functional Heads
4.	Plant visit, CSR visit	12	Senior Management Team	E. V. Sumithasri

The details of such programs have been disclosed on the website of the Company on following web-link: <https://www.schaeffler.co.in/en/investor-relations/corporate-governance/independent-directors/>.

(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 27, 2023 interalia, to review the performance of Non-Independent Directors, Chairperson, 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. All Independent Directors namely Renu Challu, Arvind Balaji, Amit Kalyani and Eranti V. Sumithasri 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	Dharmesh Arora	Harsha Kadam	Satish Patel	Andreas Schick	Corinna Schittenhelm	Eranti V. Sumithasri	Arvind Balaji	Renu Challu	Amit Kalyani
Business Management	✓	✓	✓	✓	✓	✓	✓	✓	✓
Strategic Management	✓	✓	✓	✓	✓	✓	✓	✓	✓
Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓
Engineering and Technology	✓	✓	-	✓	-	✓	✓	-	✓
Finance Management	✓	✓	✓	-	✓	✓	✓	✓	✓
Governance & Board Dynamics	✓	✓	✓	-	✓	✓	✓	✓	✓

(H) Confirmation of the Board on Independence

Based on the disclosures received from the Independent Directors, the Board of Directors of the Company confirms that the Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and are Independent of the Management.

(I) Talent Management & Succession Planning

Our Talent Management process fosters self-responsibility and support employees in finding their own career path and goals. This fully embraces our vision of empowering our employees with Drive Your Career mindset. We always integrate our Employee & Leadership Essentials with all talent development initiatives. At Schaeffler, we run well established multi-dimensional leadership programs for emerging leaders as “Young Leadership Program” and “Accelerated Leadership Program” for Senior Leaders for future capability building in business excellence and people leadership.

A structured Succession planning program focusing on successor identification for all critical roles and superannuation is being run to ensure succession health check across the organization at Division, Function & Region level. All inputs from succession planning processes are analysed and curated to clear Individual Development Plans, supported by other key talent initiatives such as Executive Coaching and Development Centers.

To remain competitive in the current marketplace, we focus on talent mobility as a part of workplace planning & retention strategies through career development, job rotation and talent engagement. Our focused drive on building future ready skills & competencies for the entire manpower, has helped us to propel our vision of building strategic workforce capabilities and to be the motion technology company.

3. Audit Committee  
(A) Composition of Audit Committee

The Company has duly constituted Audit Committee, with the powers and roles in accordance with the prevailing regulatory requirements. The Committee acts as a link to connect the Management, Auditors and the Board of Directors. As on December 31, 2023, the members of the Audit Committee are:

Sr. No.	Name of Director	Role in the Committee	Category
1.	Renu Challu	Chairperson	Non-Executive & Independent
2.	Arvind Balaji	Member	Non-Executive & Independent
3.	Amit Kalyani	Member	Non-Executive & Independent
4.	Eranti V. Sumithasri	Member	Non-Executive & Independent
5.	Andreas Schick	Member	Non-Executive & Non-Independent
6.	Satish Patel <sup>1</sup>	Member	Executive & Non-Independent

<sup>1</sup> Satish Patel has been superannuated from the Company effective from February 12, 2024.  
<sup>2</sup> Hardevi Vazirani has been appointed as Director-Finance & CFO and an Audit Committee member effective from February 13, 2024.

The Company Secretary acts as the Secretary to the Audit Committee of the Board of Directors of the Company.

(B) Meetings of Audit Committee and Attendance of Members

Details of the Audit Committee Meetings held during 2023 are as follows:

Audit Committee Meeting(s)	I	II	III	IV	V	VI
Dates	January 18, 2023	February 16, 2023	April 17, 2023	July 26, 2023	August 28, 2023	October 27, 2023
Start Timing	13:30 HRS IST	14:00 HRS IST	14:30 HRS IST	11:15 HRS IST	10:30 HRS IST	08:30 HRS IST
Venue (Deemed venue)	Virtual (Hyderabad)	Mumbai	Pune	Virtual (Hyderabad)	Virtual (Hyderabad)	Mumbai
Attended by	Renu Challu	Renu Challu	Renu Challu	Renu Challu	Renu Challu	Renu Challu
	Arvind Balaji	Arvind Balaji	Arvind Balaji	Arvind Balaji	Arvind Balaji	Arvind Balaji
	-	Amit Kalyani	Amit Kalyani	-	Amit Kalyani	Amit Kalyani
	-	E. V. Sumithasri	E. V. Sumithasri	E. V. Sumithasri	E. V. Sumithasri	E. V. Sumithasri
	Satish Patel	Satish Patel	Satish Patel	Satish Patel	Satish Patel	Satish Patel
	Andreas Schick	-	Andreas Schick	-	Andreas Schick	Andreas Schick
	Avinash Gandhi <sup>1</sup>	-	-	-	-	-

<sup>1</sup> Avinash Gandhi ceased to be Director of the Company w.e.f February 6, 2023.

The Audit Committee invites such Executives as it considers appropriate to be present at the meeting including but not limited to 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, Renu Challu, attended the 60<sup>th</sup> Annual General Meeting held on April 18, 2023.

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



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employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required.

The Audit Committee acts in accordance with the terms of reference which, inter alia, include:

1. Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;

3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;

4. Reviewing, with the Management, the Annual Financial Statements and Auditors’ Report thereon before submission to the Board for approval, with particular reference to:

(a) Matters required to be included in the ‘Directors’ Responsibility Statement’ to be included in the Board’s report in terms of Section 134(3)(c) of the Companies Act, 2013

(b) Changes, if any, in accounting policies and practices and reasons for the same

(c) Major accounting entries involving estimates based on the exercise of judgment by Management

(d) Significant adjustments made in the financial statements arising out of Audit findings

(e) Compliance with listing and other legal requirements relating to financial statements

(f) Disclosure of any Related Party Transactions

(g) Qualifications/Modified opinion(s) in the draft audit report

5. Reviewing, with the Management, the quarterly Financial Statements before submission to the Board for approval;

6. Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the
- monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the Auditors’ independence and performance and effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the Company with Related Parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;

11. Evaluation of internal financial controls and Risk Management systems;

12. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with Internal Auditors of any significant findings and follow up thereon;

15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board;

16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To review the functioning of the Whistle-Blower Mechanism;

19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
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20. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

21. Reviewing the utilization of loans and/ or advances from/investment by the company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / existing investments.
4. Nomination and Remuneration Committee
- Pursuant to provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI Listing Regulations, Nomination and Remuneration Committee of the Board (hereinafter referred to as ‘NRC’) is duly constituted.
- (A) Composition of NRC
- As on December 31, 2023, the members of the NRC are:
- | Sr. No. | Name of Director                  | Role in the Committee | Category                        |
|---------|-----------------------------------|-----------------------|---------------------------------|
| 1.      | Renu Challu                       | Chairperson           | Non-Executive & Independent     |
| 2.      | Amit Kalyani                      | Member                | Non-Executive & Independent     |
| 3.      | Dharmesh Arora                    | Member                | Non-Executive & Non-Independent |
| 4.      | Corinna Schittenhelm <sup>1</sup> | Member                | Non-Executive & Non-Independent |
| 5.      | Arvind Balaji                     | Member                | Non-Executive & Independent     |
| 6.      | E. V. Sumithasri                  | Member                | Non-Executive & Independent     |
- <sup>1</sup>Ceased to be a Director of the Company effective from December 31, 2023
- (B) Meetings of NRC
- Details of the Nomination and Remuneration Committee Meetings held during 2023 are as follows:
- | NRC Meeting(s)       | I   | II  | III   |
|----------------------|---|---|---|
| Dates                | February 3, 2023  | February 16, 2023   | July 26, 2023   |
| Start Timing         | 14:30 HRS IST   | 12:00 HRS IST   | 10:00 HRS IST   |
| Venue (Deemed venue) | Virtual (Hyderabad)   | Mumbai  | Virtual (Hyderabad)   |
| Attended by          | Renu Challu<br>Amit Kalyani<br>Dharmesh Arora<br>Corinna Schittenhelm<br>Arvind Balaji<br>Avinash Gandhi <sup>1</sup> | Renu Challu<br>Amit Kalyani<br>Dharmesh Arora<br>Corinna Schittenhelm<br>Arvind Balaji<br>E. V. Sumithasri <sup>2</sup> | Renu Challu<br>-<br>Dharmesh Arora<br>Corinna Schittenhelm<br>Arvind Balaji<br>E. V. Sumithasri |
- <sup>1</sup> Avinash Gandhi ceased to be Director of the Company w.e.f February 6, 2023.
- <sup>2</sup> E. V. Sumithasri has been appointed as member of the NRC w.e.f February 7, 2023.
- (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, Senior Management and other employees;

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.



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(D) Annual Performance Evaluation Criteria for Independent Directors:

The criteria for performance evaluation of Independent Directors include (i) Attendance at the meetings, (ii) Preparedness and active participation in meetings, (iii) Staying updated on developments, (iv) Constructive contribution made in the meetings, (v) Being objective and protecting interest of all shareholders, (vi) Engaging as well as challenging Management without being confrontational or obstructionist, (vii) Ensuring integrity of financial statements/internal controls, (viii) Ensuring Risk Management system & mitigation measures are in place (ix) Fulfilment of the independence criteria (as specified in the Listing Regulations) and independence from the Management.

5. Remuneration (A) Remuneration to the Executive Directors

The Remuneration of Executive Directors (Managing Director and Director-Finance) has fixed as well as variable components. The variable components comprise of ‘Short Term Bonus’ and ‘Long Term Bonus’ and the criteria for determination are as under:

A. Short Term Bonus

- (a) Non-Financial Target (20%)
- (b) Free Cash Flow (40%) and,
- (c) Schaeffler Value Added (40%).

Non-Financial Target (NF) : LTIR is the target chosen under NFT. People safety is our top priority with the increase in production demand the risk related to employees are also tend to increase but we as a responsible employer we are continuously focusing on reducing the risk of our employees with technology and innovation keeping us reducing the accident rate trend.

B. Long Term Bonus

- (a) Service Condition (50%),
- (b) Total Shareholders Return (25%) and,
- (c) Earning Per Share (25%).

Total Shareholders Return (TSR): relative outperformance of Share Price of Schaeffler India Ltd. In comparison of BSE Industrial Index, BSE Auto Index and BSE Capital Goods Index.

Earning Per Share: the target achievement is measured based on the absolute average annual growth of earning per preferred share during the performance period.

Rationale:

Free Cash Flow (FCF):

- FCF reflects operational and liquidity performance, a key for short and long-term sustainability;
- FCF reflects ability of the Company to convert it operating performance to cash inflow to meet operational needs and capex for future growth.

Schaeffler Value Added (SVA):

- RoCE is a value-based performance indicator to reflect how efficiently the Company uses its resources
- SVA is closely linked to RoCE and reflects the interest and needs of all investors

FCF and SVA together reflects holistic view of short and long term sustainable performance of the Company and returns to shareholders.

The remuneration to Executive Directors / Senior Management is paid in accordance with the Company Policy, as amended from time to time.

The details of remuneration paid for 2023 to the Managing Director and Director – Finance are as follows:

Name	(₹ in million)			
	Salary & Performance Bonus	Allowance & Perquisites	Company's contribution to funds	Total
Harsha Kadam (Managing Director)	31.2	8.4	1.7	41.3
Satish Patel (Director – Finance & CFO)	12.8	7.1	1.8	21.7

Notes:

- (a) Company’s contributions to fund include Superannuation Fund and Provident Fund and exclude the accruals for gratuity as it is funded on the basis of an actuarial valuation for the Company as a whole.
- (b) The Company has entered into Employment Agreement with Executive Directors.
- (c) The details of fixed and variable components of the remuneration of Executive Directors are disclosed in the resolution and explanatory statement for their appointment or for revision in remuneration, as the case may be. The criteria for variable performance linked component have been explained in this Report.

- (d) As per employment agreement, either party can terminate agreement by giving 6 (Six) months’ notice in writing. There is no provision for severance fees.
- (e) The Company has no Stock Option Scheme as on December 31, 2023.

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.

Details of the Senior management

Particulars of senior management including the changes therein since the close of the previous financial year is as under:

The senior management of the Company comprises of the following employees:

1. Harsha Kadam
2. Satish Patel <sup>1</sup>
3. Hardevi Vazirani <sup>2</sup>
4. Seshan Iyer <sup>3</sup>
5. Aashish Bhatia <sup>4</sup>
6. Santanu Ghoshal
7. Sameer Mathur
8. Debasish Satpathy
9. Alok Dave <sup>5</sup>
10. Vinod Acharya <sup>6</sup>
11. Madhurisha Vippatoori

<sup>1</sup> Ceased to be a Member of Senior Management effective from February 12, 2024 due to superannuation.

<sup>2</sup> Inducted as a Member of Senior Management effective from February 13, 2024.

The details of sitting fees for attending Board/Committee Meetings held during the year 2023 and profit related commission for the year 2022 paid to them are as follows:

Name of Director	Board Meetings	Audit Committee Meetings	Stakeholders Relationship Committee Meetings	Nomination & Remuneration Committee Meetings	Corporate Social Responsibility Committee Meetings	Risk Management Meetings	Sitting Fees (₹)	Commission (₹)
Avinash Gandhi	-	1	-	1	-	-	120,000	5,625,000
Renu Challu	6	6	2	3	-	-	1,115,000	3,625,000
Arvind Balaji	6	6	-	3	2	-	1,115,000	3,625,000
Amit Kalyani	3	4	-	2	2	-	705,000	3,625,000
Eranti V. Sumithasri	6	5	-	2	-	2	995,000	3,625,000
Dharmesh Arora	6	-	-	3	-	1	670,000	3,625,000
Andreas Schick <sup>1</sup>	6	4	-	-	-	1	-	-
Corinna Schittenhelm <sup>1</sup>	5	-	-	3	2	-	-	-

<sup>1</sup> 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. Andreas Schick and Corinna Schittenhelm have decided not to accept sitting fees and commission.

<sup>3</sup> Inducted as a Member of Senior Management effective from April 3, 2023

<sup>4</sup> Inducted as a Member of Senior Management effective from July 3, 2023

<sup>5</sup> ceased to be a Member of Senior Management effective from September 4, 2023

<sup>6</sup> Inducted as a Member of Senior Management effective from September 5, 2023 in place of Alok Dave

(B) Criteria for remuneration to the Non-Executive Directors

As per Shareholders’ approval by way of an Ordinary Resolution passed at 53<sup>rd</sup> Annual General Meeting held on April 27, 2016, Non-Executive Directors are paid ‘Sitting Fees’ for attending Board/Committee Meetings and ‘Profit Related Commission’ based on performance of the Company.

In view of the responsibilities shouldered, time spent and efforts made by the Non-Executive Directors who are in whole-time employment of the Schaeffler Group, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, had approved, inter alia, necessary amendments in Nomination and Remuneration Policy, for payment of sitting fees and profit related commission to such Non-Executive Directors.

Accordingly, effective April 1, 2019, the Non-Executive Directors including the Non-Executive Director of Schaeffler Group, have been paid sitting fees for attending meetings of Board/Committees thereof, unless specifically waived by the concerned Non-Executive Director. 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 accordingly.



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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, Holding Company, Subsidiary Company and its Associates or their promoters, or directors which may affect their independence. The Company has not entered into any materially significant transaction with Promoters, Directors or their Relatives or its Management that may have potential conflict with the interests of the Company.

During the year, there were no transactions entered with the Non-Executive Directors or their Relatives.

**6. Stakeholders’ Relationship Committee**

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of SEBI Listing Regulations, ‘Stakeholders’ Relationship Committee’ (‘SRC’) of the Board has been constituted.

**(A) Composition of SRC**

The Committee consist of following members:

Sr.	Name of Director	Role in the	Category
1.	Renu Challu	Chairperson	Non-Executive & Independent
2.	Harsha Kadam	Member	Executive & Non-Independent
3.	Satish Patel <sup>1</sup>	Member	Executive &Non-Independent

<sup>1</sup> Satish Patel has been superannuated from the Company effective from February 12, 2024.

<sup>2</sup> Hardevi Vazirani has been appointed as Director-Finance & CFO and SRC Committee member effective from February 13, 2024.

**(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.

Details of the SRC Meetings held during 2023 are as follows:

SRC Meeting(s)	I	II
Dates	April 17, 2023	October 26, 2023
Start Timing	11:30 HRS IST	15:15 HRS IST
Venue (Deemed venue)	Pune	Mumbai
Attended by	Renu Challu	Renu Challu
	Harsha Kadam	Harsha Kadam
	Satish Patel	-

The Chairperson of the SRC, Renu Challu, attended the 60<sup>th</sup> Annual General Meeting held on April 18, 2023.

Ashish Tiwari, VP-Legal & Company Secretary is the Compliance Officer of the Company. During the year 2023, total of 26 complaints were received.

All complaints received during the year 2023 were attended to and resolved satisfactorily. There was no complaint pending as on December 31, 2023.

**(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.	Arvind Balaji	Chairperson	Non-Executive & Independent
2.	Amit Kalyani	Member	Non-Executive & Independent
3.	Corinna Schittenhelm <sup>1</sup>	Member	Non-Executive & Non-Independent
4.	Harsha Kadam	Member	Executive & Non-Independent

<sup>1</sup> Ceased to be a Director of the Company effective closure of business hours of December 31, 2023.

**(B) Meetings of CSR Committee & Attendance of Members**

During the year 2023, 2 (Two) meetings of CSR Committee were held, details of which are as follows:

Dates	February 16, 2023	October 26, 2023
Start Timing	10:30 HRS IST	14:00 HRS IST
Venue (Deemed venue)	Mumbai	Virtual (Chennai)
Attended by	Arvind Balaji Harsha Kadam Corinna Schittenhelm Amit Kalyani	Arvind Balaji Harsha Kadam Corinna Schittenhelm Amit Kalyani

**(C) Terms of Reference of CSR**

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

- To formulate and recommend to the Board a CSR Policy which will define the focus areas and indicate the activities to be undertaken by the Company under CSR domain;
- 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;
- 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 SEBI Listing Regulations, comprises of the following members:

**(A) Composition of RMC**

Sr. No.	Name of Director	Role in the Committee	Category
1	Dharmesh Arora	Chairperson	Non-Executive & Non-Independent Director
2	Eranti V. Sumithasri	Member	Non-Executive & Independent Director
3	Andreas Schick	Member	Non-Executive & Non-Independent Director
4	Harsha Kadam	Member	Executive & Non-Independent Director
5	Satish Patel <sup>1</sup>	Member	Executive & Non-Independent Director
<b>Members of Senior Management</b>			
6	Sameer Mathur	Member	Chief Operating Officer
7	Santanu Ghoshal	Member	Vice President – Human Resources

<sup>1</sup> Satish Patel has been superannuated from the Company effective from February 12, 2024.

Note: Hardevi Vazirani has been appointed as Director-Finance & CFO and RMC member effective from February 13, 2024

**(B) Meetings of RMC & Attendance of Members**

The Chairperson of RMC, Dharmesh Arora, attended the 60<sup>th</sup> Annual General Meeting held on April 18, 2023. During the year 2023, 2 (Two) meetings of RMC were held, details of which are as follows:

RMC Meeting(s)	I	II
Dates	April 6, 2023	October 3, 2023
Start Timing	13:30 HRS IST	10:30 HRS IST
Venue (Deemed venue)	Virtual (Singapore)	Virtual (Bangalore)
Attended by	Dharmesh Arora Eranti V. Sumithasri Andreas Schick Harsha Kadam Satish Patel Sameer Mathur Santanu Ghoshal	- Eranti V. Sumithasri - Harsha Kadam Satish Patel Sameer Mathur 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;



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6. The Committee shall review the appointment, removal and terms of remuneration of the Chief Risk Officer, if any.
7. The Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors;
8. The Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

9. General Body Meetings & Postal Ballot

Particulars	Meetings		
	60 <sup>th</sup> AGM	59 <sup>th</sup> AGM	58 <sup>th</sup> AGM
Date	April 18, 2023	April 27, 2022	April 27, 2021
Start Timing	3:30 PM IST	3:30 PM IST	3:30 PM IST
Venue / Deemed venue	Hotel SAYAJI, Pearl Hall, 135/136, Mumbai – Bangalore Bypass Highway, Wakad, Pune, Maharashtra 411057	Video Conferencing/Audio Visual means 15 <sup>th</sup> Floor, ASTP (Amar Sadanand Tech Park), Baner, Pune – 411045	Video Conferencing/Audio Visual means (Registered office located at: Nariman Bhavan, 8 <sup>th</sup> Floor, 227 Backbay Reclamation, Nariman Point, Mumbai - 400 021, Maharashtra, India)
Resolution passed			
<b>Ordinary Business</b>			
Adoption of accounts at	December 31, 2022	December 31, 2021	December 31, 2020
Declaration of Dividend	Dividend of INR 24 per equity share of INR 2 each	Dividend of INR 16 per equity share of INR 2 each	Dividend of INR 38 per equity share of INR 10 each
Re-appointment of Rotational Director	Corinna Schittenhelm Andreas Schick	Satish Patel Dharmesh Arora	Satish Patel Dharmesh Arora
Ratification of Appointment of Auditors and/or authorisation to fix their remuneration	-	-	Appointment and authorisation to fix their remuneration M/s. Walker ChandioK & Co. LLP, Chartered Accountants
<b>Special Business</b>			
Appointment of Directors	-	Corinna Schittenhelm as Director Andreas Schick as Director	Eranti V. Sumithasri as Director
Approval on	Material Related Party Transactions	Material Related Party Transactions	Material Related Party Transactions
	Ratification of Remuneration to the Cost Auditors	Ratification of Remuneration to the Cost Auditors	Shifting of the Registered Office of the Company from Mumbai to Pune within the State of Maharashtra (Special resolution)
	-	-	Ratification of Remuneration to the Cost Auditors

Postal Ballot

During the year 2023, postal ballot activities were not conducted by the Company.

10. Means of Communication

Publication of Quarterly Results:

Pursuant to provisions of the SEBI Listing Regulations, periodical financial results and other publications of the Company are being published in widely circulated English newspapers (The Economic Times) and a Vernacular Marathi newspaper (Prabhat). Financial results, as soon as they are approved by the Board, are submitted with the Stock Exchanges (BSE & NSE).

Website of the Company:

Apart from quarterly financial results, official news, press releases and other statutory and business information are displayed on the website of the Company: [www.schaeffler.co.in](http://www.schaeffler.co.in);

Presentations made to Institutional Investors or to Analysts:

The Company regularly conducts Investor and analysts call after the declaration of Financial 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 recordings and transcripts of calls are also available on the website of the Company.

Shareholders Plant visit 2023

The Company organized Shareholders’ Plant visit to Savli, Vadodara, Gujarat plant on Thursday, December 7, 2023. This Plant Visit was organized considering various requests from the Shareholders. A communication in this regard, informing the Shareholders about the Plant Visit and explaining the eligibility criteria along with other terms and conditions for participation in the Plant Visit was sent to all the registered Shareholders of the Company. The Chairperson of the Company addressed the Shareholders and a presentation by the Managing Directors of the Company was made to the Shareholders during the Plant Visit. The visit was designed solely for the knowledge of the Shareholders.

11. General Shareholder Information

- (i) 61<sup>st</sup> Annual General Meeting is scheduled to be held:

On : Friday, the 26<sup>th</sup> day of April 2024

At : 3:30 PM

Mode : Video Conferencing /Other 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 2024 would be carried out within time limit, as per prevailing regulatory requirements.
- (iii) Record Date for Dividend/Cut-off date for e-voting:

Friday, April 19, 2024

- (iv) Date of Book Closure:

Saturday, April 20, 2024 to

Friday, April 26, 2024 (Both days inclusive)
- (v) Dividend

The Dividend for the year 2023 if declared at the 61<sup>st</sup> Annual General Meeting scheduled to be held on April 26, 2024, shall be paid within the time limit prescribed in the Companies Act, 2013.
- (vi) Listing of Equity Shares on Stock Exchanges

The Equity Shares of the Company are listed on:

• BSE Limited (BSE),  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai – 400 001, Maharashtra, India.

• National Stock Exchange of India Limited (NSE),  
Exchange Plaza, C-1, Block “G”, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India.

The requisite listing fees have been paid to the Stock Exchanges up to March 31, 2023.

- (vii) Custodial Fee to Depositories

The Company has paid Annual Custodial Fees for the year 2023 – 2024 to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(viii) Stock Code

BSE Limited (BSE)	505790
National Stock Exchange of India Limited (NSE)	SCHAEFFLER
International Security Identification Number (ISIN)	INE513A01022
Corporate Identity Number [CIN]	L29130PN1962PLC204515



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(ix) Market Price Data

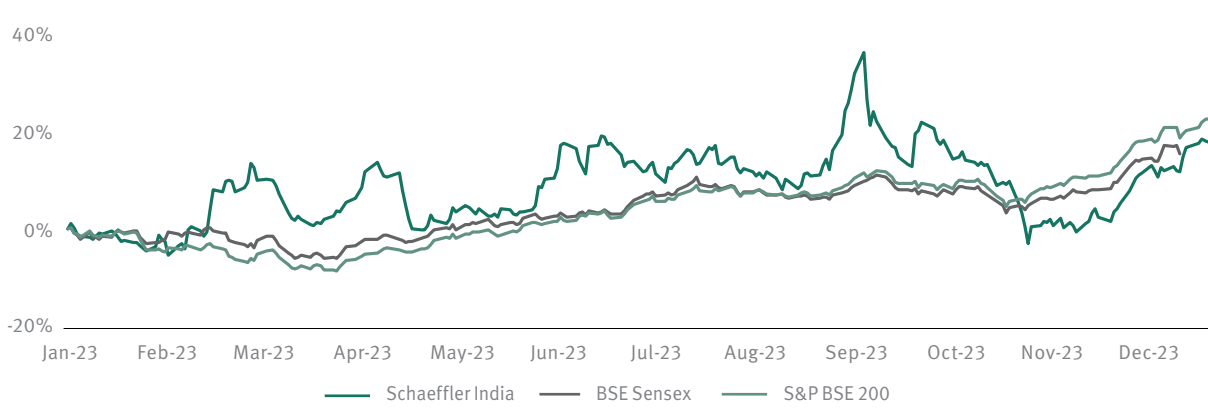
A summary containing monthly High/Low share prices at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) is as under:

Month (For the year 2023)	Equity Shares			
	BSE		NSE	
	High	Low	High	Low
January	2,786.50	2,554.75	2,789.35	2,555.55
February	3,039.00	2,575.20	3,039.80	2,575.05
March	3,135.50	2,740.00	3,137.85	2,738.45
April	3,121.05	2,685.90	3,121.00	2,685.00
May	2,985.00	2,700.60	2,992.00	2,727.70
June	3,293.50	2,922.05	3,294.05	2,919.00
July	3,249.85	2,975.00	3,230.00	2,976.00
August	3,199.85	2,928.40	3,146.80	2,912.55
September	3,719.20	3,055.00	3,726.05	3,052.30
October	3,335.70	2,795.00	3,335.00	2,795.50
November	2,889.85	2,616.05	2,888.15	2,612.20
December	3,246.75	2,836.00	3,235.45	2,840.45

(ix) Stock Performance

The performance of the Company’s shares related to the BSE SENSEX and BSE SENSEX 200 for the year 2023 is given below:

Schaeffler India versus BSE SENSEX and BSE SENSEX 200 (January-December 2023)



(xi) Registrar and Share Transfer Agent [RTA]

The details are as under:

Name : Link Intime India Private Limited  
Address : “Geetakunj” 1, Bhakti Nagar Society,  
Behind ABS Tower, Old Padra Road,  
Vadodara – 390 015.  
Phone No. : 0265 – 3566768  
E-mail : [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in)  
Website : [www.linkintime.co.in](http://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.

In terms of amended Regulation 40 of the SEBI Listing Regulations w.e.f. 1 April 2019, transfer of securities in physical form shall not be processed unless the securities are held in the demat mode with a Depository Participant. Further, w.e.f. 24 January 2022, SEBI has made it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/ splitting/consolidation of securities, transmission/ transposition of securities. Vide its Circular dated 25 January 2022, SEBI has clarified that listed entities/ RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request.

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

so as to be able to freely transfer them and participate in various corporate actions.

Trading in equity shares of the Company is permitted only in dematerialised form.

With an intention to expedite the process of share transmission, the Board of Directors has delegated authority in favour of Key Managerial Personnel, up to 5,000 shares per application. Further, the Board of Directors has delegated authority with regards to approval for issue of duplicate share certificates in lieu of lost/misplaced certificates, in favour of Stakeholders’ Relationship Committee.

During the year, the Company had obtained, on yearly basis, a certificate, from a Company Secretary in Practice, certifying that no share certificate transfer request has been processed in view of restriction on processing transfer in

physical mode pursuant to clause 40(1) of the Listing Regulations. Pursuant to the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, certificates have been received from a Company Secretary in Practice for timely dematerialisation of Shares and for reconciliation of the Share Capital of the Company on a quarterly basis.

(xiii) Information of Dividend

The unclaimed or unpaid amount of dividend declared for the financial year ended on December 31, 2016 is due for transfer to “Investor Education and Protection Fund (IEPF)” on May 21, 2024.

Entitled Members are requested to lodge their claims before the last date for claiming unpaid/ unclaimed dividend as shown in the table below for the dividend in respective years.

Details of unclaimed and unpaid dividend

Dividend for year ended	Date of declaration of dividend	Amount due for transfer to IEPF on	Amount lying unpaid (₹) as on 31, December 2023
December 31, 2016	April 21, 2017	May 21, 2024	900,084.50
December 31, 2017	April 17, 2018	May 24, 2025	1,277,601.45
December 31, 2018	April 30, 2019	June 6, 2026	1,440,330.27
December 31, 2019	June 30, 2020	July 30, 2027	1,402,321.82
December 31, 2020	April 27, 2021	May 28, 2028	1,041,578.00
December 31, 2021	April 27, 2022	May 28, 2029	2,252,143.00
December 31, 2022	April 18, 2023	April 17, 2030	3,084,407.40
Total amount lying unpaid as on	December 31, 2023		11,398,466.44

(xiv) Distribution of shareholding

Shareholding of Nominal Value of ₹	As on December 31, 2023				Shareholding of Nominal Value of ₹	As on December 31, 2022			
	Number of Shareholders	% of Total Shareholders	Share Amount (₹)	% of Total Share Amount		Number of Shareholders	% of Total Shareholders	Share Amount (₹)	% of Total Share Amount
1 to 1,000	69,733	96.75	4,406,680	1.41	1 to 1,000	54,361	95.58	4,516,888	1.44
1,001 to 2,000	980	1.36	1,503,838	0.48	1,001 to 2,000	1,052	1.85	1,608,094	0.51
2,001 to 4,000	580	0.80	1,687,690	0.54	2,001 to 4,000	586	1.03	1,738,580	0.56
4,001 to 6,000	217	0.30	1,101,518	0.35	4,001 to 6,000	220	0.39	1,115,190	0.36
6,001 to 8,000	93	0.13	651,592	0.21	6,001 to 8,000	110	0.19	769,794	0.25
8,001 to 10,000	80	0.11	747,592	0.24	8,001 to 10,000	90	0.16	843,970	0.27
10,001 to 20,000	130	0.18	1,936,280	0.62	10,001 to 20,000	154	0.27	2,262,462	0.72
20,001 to 99,999,999,999	261	0.36	300,572,150	96.15	20,001 to 99,999,999,999	299	0.53	299,752,362	95.89
TOTAL	72,074	100.00	312,607,340	100.00	TOTAL :	56,872	100.00	312,607,340	100.00



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(xv) Category wise summary of Shareholding [As on December 31, 2023]

Sr. No.	Category	No. of shareholders <sup>1</sup>	No. of shares	%
1.	Promoters (Foreign entities)	4	115,863,235	74.13
2.	Mutual Fund	29	22,619,826	14.47
3.	Foreign Portfolio Investor (Corporate)	157	6,806,542	4.36
4.	Public	68,886	7,566,040	4.84
5.	Other Bodies Corporate	394	788,046	0.50
6.	Others	1,225	2,659,981	1.70
Total		70,695	156,303,670	100.00

<sup>1</sup> Number of shareholders are clubbed based on unique Permanent Account Numbers.

(xvi) Dematerialisation of Shares and liquidity

99.84% 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, 2023.

	NSDL	CDSL	Physical	Total
Shares (nos.)	153,403,294	2,662,587	237,789	156,303,670
Shares (%)	98.14	1.70	0.16	100

(xvii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: NIL

(xviii) Commodity Price Risks or Foreign Exchange Risks and Hedging Activities:

The Company has adequate risk assessment and minimisation system in place including for commodities as well as foreign exchange. The foreign exchange risk is managed through the hedging strategy of the Company which is reviewed periodically. The Company does not have material exposure for any commodity and accordingly, no hedging activities for the same is carried out. Therefore, there is no disclosure to offer in terms of circular of SEBI dated November 15, 2018.

(xix) Plant Locations

The manufacturing activities are being carried out from the plants located at Talegaon (Pune), Maneja (Vadodara), Savli (Vadodara) and Hosur (Krishnagiri).

(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:

15<sup>th</sup> Floor, (ASTP) Amar Sadanand Tech Park,  
Baner, Pune – 411 045 (MH) India.  
Phone : +91 20 68198400  
E-mail : [investorsupport.in@schaeffler.com](mailto:investorsupport.in@schaeffler.com)

(xxi) Other useful information to shareholders

ECS/NECS Facility

The Company uses “National Electronic Clearing Services” (NECS) facility for remitting dividend to its shareholders wherever available.

To enable remittance of dividend through NECS, Members are requested to provide their account number allotted to them by their respective banks after implementation of CBS. The account number must be provided to the Company in respect of shares held in physical form and to the Depository Participants in respect of shares held in electronic form.

Nomination in Respect of Shares

Section 72 of the Companies Act, 2013 provides facility for making nominations by Members in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased Member to his/her nominee without being required to go through the process of obtaining Succession Certificates/ Probate of the Will, etc. It would, therefore, be in the best interest of the Members holding shares as a sole holder to make such nomination. Members holding shares in physical mode are

advised to submit form SH-13 to the Registrar and Share Transfer Agent of the Company for making nomination. Members holding shares in demat form are advised to contact their DP for making nominations. Members are further requested to quote their E-mail IDs, DP ID and Client ID, Telephone/Fax numbers for prompt reply to their communication.

KYC

Please refer to SEBI Circular No. SEBI/HO/MIRSD/ MIRSD RTAMB/P/CIR/2021/655 dated November 3, 2021 issued by SEBI that mandates all the listed companies to record the PAN, Address with PIN code, Email address, Mobile Number, Bank Account details, Specimen Signature and Nomination by holders of physical securities. Necessary communication for KYC updation has been sent to the shareholders holding shares in physical mode.

Please refer to the SEBI circular dated January 25, 2022 bearing Circular No. SEBI/HO/MIRSD/ MIRSD\_RTAMB/P/CIR/2022/8 pursuant to Issuance of Securities in dematerialised form in case of Investor Service Requests which states that henceforth listed companies shall issue the securities in dematerialised form only while processing certain service request. Investors holding securities in physical mode are advised to take a note of instructions mentioned in the said circular and get in touch with Link Intime India Private Limited, Registrar and Share Transfer Agent (RTA) of the Company for processing certain service requests. (Link: <https://liiplweb.linkintime.co.in/KYC-downloads.html>)

Members are requested to note that pursuant to the SEBI circulars dated November 03, 2021, December 14, 2021, March 16, 2023 and November 17, 2023, it is mandated that the security holders (holding securities in physical form), whose folio(s) do not have PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature updated, shall be eligible for any payment including dividend, interest or redemption in respect of such folios, only through electronic mode with effect from April 01, 2024. Members are requested to take note of the above and ensure compliance to the directions from SEBI.

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 applicable SEBI requirements.

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/en/investor-relations/corporate-governance/codes-and-policies/>
- (iii) The Company has established Vigil Mechanism to provide for safeguarding against victimisation of Directors, employees, or any other person 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 SEBI Listing Regulations and is available at <https://www.schaeffler.co.in/en/investor-relations/corporate-governance/codes-and-policies/>.  
  
As per the Policy, no personnel are denied access to the Audit Committee.
- (iv) There have been no instances of non-compliance and no penalties or strictures have been imposed on the Company on any matter relating to the capital markets, either by Stock Exchanges, the Securities and Exchange Board of India or any other statutory authority during the last three years.



Corporate Governance Report

- (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/en/investor-relations/corporate-governance/codes-and-policies/>.
- (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/en/investor-relations/corporate-governance/codes-and-policies/>.
- (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 and its Subsidiary 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 to this report.
- (xiv) Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulation: Not Applicable
- (xv) Details of Loans and advances in the nature of loans to firms/companies in which directors are interested, if any by name and amount are provided in the notes to financial statements which forms integral part of the Annual Report
- (xvi) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries: Not Applicable as the Company does not have any Material subsidiary as of the date of this report.

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	26	12050
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	1	500
Number of shareholders to whom shares were transferred from suspense account during the year	1	500
Number of shareholders whose shares were transferred to the Investor Education Protection Fund	2	1125
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	23	10425

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

E. V. Sumithasri, Non-Executive Chairperson, is entitled to maintain a Chairperson’s office at the Company’s expense which includes office rentals and assistant, car facility and independent advise from the law firm as and when required. The total expenses incurred for maintaining the Chairperson’s office were INR 6.4 Mn. for FY 2023.

(B) Modified Opinion(s) in Audit Report

The Auditors have issued Audit Report for the year 2023 with unmodified opinion(s).

(C) Reporting of Internal Auditor

The Head of Internal Audit reports to the Chairperson of the Audit Committee.

(D) Separate posts of Chairperson and the Managing Director or the Chief Executive Officer:

E. V. Sumithasri is a Chairperson and Independent Director and Harsha Kadam, is designated as Managing Director and Chief Executive Office of the Company

For and on behalf of the Board

E. V. Sumithasri  
Chairperson  
DIN: 07087197

Bangalore: February 16, 2024.

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, 2023.

Harsha Kadam  
Managing Director & CEO  
DIN: 07736005

Pune: February 16, 2024.



Corporate Governance Report

Dividend Distribution Policy
(Annexure A to Corporate Governance Report)

1. Introduction

In accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 made effective from July 8, 2016, the top five hundred listed entities based on market capitalisation (calculated as on March 31 of every financial year) are required to formulate 'Dividend Distribution Policy'. The 'Schaeffler India Limited' is ranked 141 as on the effective date of regulation (published in the Official Gazette on July 8, 2016), and therefore this 'Dividend Distribution Policy' (the Policy) is formulated with an objective and scope as under. This Policy will come into effect from the effective date of regulation i.e. July 8, 2016.

2. Objectives

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations with an ultimate aim to increase the value of investment made by the Shareholders. This Policy is aimed for the investors to take a well informed decision for their investment based upon the Company's criteria to deal with earned/retained profits.

3. Scope

This Policy intends to bring transparency, on the basis to prevailing circumstances in the Company/Industry – it operates, with respect to deal with distribution of earned/retained profit amongst its existing equity shareholders. This Policy is and shall be governed under the applicable legal provisions viz;

- 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 (seven) years (as per the provisions of sections 124(5) of the Companies Act 2013) shall be transferred to Investors Education and Protection Fund set up by the Government in that regard.

8. Policy Review/Amendments

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

- i. Statutory Updates  
This Policy shall be considered as updated automatically, without any formal approval, to the extent it needs to be aligned with any change in law. An update thereon would be reported to the Board of Directors.
- ii. Other updates  
All major procedural updates, shall be effective only if,those are carried out after the review and approval of the Board of Directors.



Corporate Governance Report

Corporate Governance Compliance Certificate

For the Financial Year ended December 31, 2023  
[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 (“Company”) for the financial year ended December 31, 2023 (“review period”) as per the relevant provisions of Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulation”).

The Compliance of conditions of Corporate Governance is the responsibility of the Company’s Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Governance. It is neither an audit nor an expression of an opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We state that in respect of investor grievances received during the review period, 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

ACS No. 9711 | CP No. 9927  
ICSI Peer Review # 884/2020  
ICSI UDIN: A009711E003415091

Place: Vadodara  
Date: February 16, 2024

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34 (3) and Schedule V Part C Clause 10 (i) of  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Members of  
**Schaeffler India Limited**  
15<sup>th</sup> Floor, ASTP (Amar Sadanand Tech Park) Baner,  
Pune, Maharashtra, India, 411045

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, having registered office situated at 15<sup>th</sup> 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](http://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, 2023, 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.	Arvind Balaji	00557711	06/11/2019
2.	Avinash Gandhi <sup>1</sup>	00161107	20/04/2006
3.	Dharmesh Arora	05350121	06/03/2017
4.	Harsha Kadam	07736005	01/10/2019
5.	Renu Challu	00157204	06/11/2014
6.	Satish Patel	00690869	13/02/2019
7.	Amit Kalyani	00089430	11/02/2020
8.	Eranti Sumithasri	07087197	15/07/2020
9.	Corinna Schittenhelm <sup>2</sup>	09257159	12/09/2021
10.	Andreas Schick	09257160	28/10/2021

<sup>1</sup> Avinash Gandhi ceased to be Director of the Company effective from 06.02.2023 (after business hours).

<sup>2</sup> Corinna Schittenhelm ceased to be Director of the Company effective from 31.12.2023 (after business hours).

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

ACS No. 9711 | CP No. 9927  
ICSI Peer Review # 884/2020  
ICSI UDIN: A009711E003415333

Place: Vadodara  
Date: February 16, 2024



Independent Auditor’s Report  
To the Members of Schaeffler India Limited  
Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Schaeffler India Limited (‘the Company’), which comprise the Balance Sheet as at December 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (‘the Act’) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

5. 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
<b>Revenue Recognition (refer note 25 and 48 of the accompanying financial statements)</b> <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"><li>Obtained an understanding of and assessed the design, implementation and operating effectiveness of management’s key internal financial controls in relation to revenue recognition;</li><li>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.</li><li>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;</li><li>Performed analytical review procedures on revenue recognized during the year to identify any unusual and/or material variances.</li><li>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.</li></ul> <p>Evaluated the appropriateness and adequacy of disclosures in the standalone financial statements in respect of revenue recognition with the applicable standards</p>

Basis for Opinion

3. 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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone 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.

Key audit matter	How our audit addressed the key audit matter
<b>Related Party Transactions (refer note 38 of the accompanying financial statements)</b> <p>The Company has entered into several transactions with related parties during the year ended 31 December 2023 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"><li>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.</li><li>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.</li><li>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.</li><li>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.</li></ul> <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 Standalone Financial Statements and Auditor’s Report thereon

6. The Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements and our auditor’s report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind

AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, the Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Standalone 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





## Report on the Audit of the Standalone Financial Statements

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2023 from being appointed as a director in terms of section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on December 31, 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in note 36 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at December 31, 2023;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at December 31, 2023;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended December 31, 2023;
  - iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 54 (5) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
  - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 54 (6) to the standalone financial statements, no funds have been received by the

Company from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. a. The final dividend paid by the Company during the year ended December 31, 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend and
- b. As stated in note 17 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended December 31, 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on April 1, 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

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

**Khushroo B. Panthaky**  
Partner

Place: Mumbai  
Date: February 16, 2024

Membership No.: 042423  
UDIN: 24042423BKCMLG7791



Annexure A
referred to in Paragraph 16 of the Independent Auditor’s Report of even date to the members of Schaeffler India Limited on the standalone financial statements for the year ended December 31, 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
(B) The Company has maintained proper records showing full particulars of intangible assets.
(c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 3.1 to the standalone financial statements are held in the name of the Company, except for the following properties which were transferred as a result of merger of companies wherein the title deeds are in the name of the erstwhile company:

Table with 6 columns: Description of property, Gross carrying value, Held in name of, Whether promoter, director or their relative or employee, Period held, Reason for not being held in name of company. Row 1: Freehold Land, 21.3, LuK India Private Limited, No, Since October 8, 2018, Property received as a result of merger of companies as stated in note 3.1 to the financial statements wherein the title deeds are in the name of the erstwhile company.

- (d) The Company has not revalued its Property, Plant and Equipment including Right of Use assets or intangible assets during the year.
(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for inventory-in-transit and inventory lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.
(b) As disclosed in note 12 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹5 crore, by banks and financial institutions. Pursuant to the terms of the sanction letters, till the time such limit remains unutilised/

- (b) The Company has a regular programme of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of two years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.

undrawn the Company is not required to file any quarterly return or statement with such banks or financial institutions.

- (iii) (a) The Company has made investment in and provided loan to subsidiary during the year as per details given below:

Table with 3 columns: Particulars, Investment, Loan. Row 1: Aggregate amount granted during the year: - Subsidiary, 1,424.0, 169.5. Row 2: Balance outstanding as at balance sheet date in respect of above cases: - Subsidiary, 1,424.0, 169.5.

- (b) In our opinion, and according to the information and explanations given to us, the investments made, and terms and conditions of the grant of all loans are, prima facie, not prejudicial to the interest of the Company.
(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/ receipts of principal and interest are regular, except for the following instances:

Table with 5 columns: Name of the Entity, Amount due, Due date, Extent of delay, Remarks. Row 1: KRSV Innovative Auto Solutions Private Limited, 3.1, December 31, 2023, 44 days (Upto February 14, 2024), Interest paid subsequently.

- (d) There is no amount which is overdue for more than 90 days in respect of loans granted to such company.
(e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans or advances in nature of loan that existed as at the beginning of the year.
(f) The Company has not granted any loan, which is repayable on demand or without specifying any terms or period of repayment.
(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable. Further, the Company has not entered into any transaction covered under section 185 of the Act.
(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended).
(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Table with 5 columns: Name of the statute, Nature of dues, Amount (₹ in million), Period to which the amount relates, Forum where dispute is pending. Rows include Income Tax Act, 1961, State and Central Sales Tax Act, Central Goods and Service Tax Act, 2017, The Central Excise Act, 1944, The Customs Act, 1962, and The Finance Act, 1994.

Above amounts are net of amounts paid under protest for Income-tax aggregating to ₹39.0 million, Value added tax and Central sales tax aggregating to ₹5.8 million, Goods and service tax aggregating to ₹0.8 million, Excise Duty aggregating to ₹8.5 million, Custom Duty aggregating to ₹6.6 million and for Service tax aggregating to ₹5.5 million.



**Independent Auditor's Report of even date to the members of Schaeffler India Limited  
on the standalone financial statements for the year ended December 31, 2023**

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) According to the information and explanations given to us, the Company does not have any loans or other borrowings from any lender. Accordingly, reporting under clause 3(ix) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) The whistle blower complaints received by the Company during the year, as shared with us by the management have been considered by us while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party

Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company. Further based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3 (xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year

from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

**Khushroo B. Panthaky**

Partner

Place: Mumbai

Date: February 16, 2024

Membership No.: 042423

UDIN: 24042423BKCMLG7791



Report on the Audit of the Standalone Financial Statements

Annexure B

Independent Auditor’s Report on the internal financial controls with reference to the standalone 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 standalone financial statements of Schaeffler India Limited (‘the Company’) as at and for the year ended December 31, 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Standalone 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 Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or

improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

were operating effectively as at December 31, 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls

**Khushroo B. Panthaky**  
Partner  
Place: Mumbai   Membership No.: 042423  
Date: February 16, 2024   UDIN: 24042423BKCMLG7791



Standalone Balance Sheet

as at December 31, 2023

		(₹ in million)	
	Notes	2023	2022
<b>A) ASSETS</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	3.1	11,842.9	10,190.7
b) Right of use assets	3.2	951.6	1,030.7
c) Capital work-in-progress	3.3	4,907.7	2,493.4
d) Intangible assets	3.4	8.3	5.7
e) Financial assets			
(i) Investments	4	1,424.0	-
(ii) Loans	5	169.5	-
(iii) Security deposits	6	142.0	133.6
(iv) Other	6	5.0	1,034.5
f) Deferred tax assets (net)	7	451.8	384.5
g) Non-current income-tax assets (net)	8	779.1	962.2
h) Other non-current assets	9	1,100.8	1,150.4
<b>Total non-current assets</b>		<b>21,782.7</b>	<b>17,385.7</b>
<b>2 Current assets</b>			
a) Inventories	10	13,111.2	12,433.7
b) Financial assets			
(i) Trade receivables	11	10,492.3	10,324.1
(ii) Cash and cash equivalents	12	690.9	1,660.4
(iii) Bank balances other than (ii) above	13	15,159.5	13,884.9
(iv) Other financial assets	14	409.1	365.1
c) Other current assets	15	1,044.2	864.6
<b>Total current assets</b>		<b>40,907.2</b>	<b>39,532.8</b>
<b>3 Assets held for sale</b>	3.1, 3.4	-	348.7
<b>TOTAL ASSETS</b>		<b>62,689.9</b>	<b>57,267.2</b>
<b>B) EQUITY &amp; LIABILITIES</b>			
<b>1 Equity</b>			
a) Equity share capital	16	312.6	312.6
b) Other equity	17	47,841.0	42,546.4
<b>Total Equity</b>		<b>48,153.6</b>	<b>42,859.0</b>
<b>Liabilities</b>			
<b>2 Non-current liabilities</b>			
a) Financial liabilities			
(i) Lease liabilities	18 (a)	406.5	473.6
(ii) Other financial liabilities	19	108.8	94.9
b) Provisions	20	44.8	60.8
<b>Total non-current liabilities</b>		<b>560.1</b>	<b>629.3</b>
<b>3 Current liabilities</b>			
a) Financial liabilities			
(i) Lease liabilities	18 (b)	104.5	100.2
(ii) Trade payables	21		
a) Total outstanding dues of micro enterprises and small enterprises		1,525.9	1,598.9
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		8,988.7	9,518.4
(iii) Other financial liabilities	22	2,120.0	1,270.3
b) Other current liabilities	23	416.9	632.3
c) Provisions	24	681.4	578.2
d) Current tax liabilities (net)		138.8	80.6
<b>Total current liabilities</b>		<b>13,976.2</b>	<b>13,778.9</b>
<b>Total Liabilities</b>		<b>14,536.3</b>	<b>14,408.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>62,689.9</b>	<b>57,267.2</b>
Significant accounting policies	2		
Notes to the financial statements	3 - 56		

The notes referred to above form an integral part of the Standalone 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

Place: Mumbai  
Date: February 16, 2024

**For and on behalf of the Board of Directors**

**E.V. Sumithasri**  
Chairperson  
DIN: 07087197

**Hardevi Vazirani**  
Director-Finance & CFO  
DIN: 10212814

Place: Bengaluru  
Date: February 16, 2024

**Harsha Kadam**  
Managing Director  
DIN: 07736005

**Ashish Tiwari**  
VP - Legal & Company Secretary



Standalone Statement of Profit and Loss

for the year ended December 31, 2023

		(₹ in million)	
Particular	Notes	2023	2022
<b>Income</b>			
Revenue from operations	25	72,261.3	68,674.2
Other income	26	1,248.9	776.8
<b>Total Income (I)</b>		<b>73,510.2</b>	<b>69,451.0</b>
<b>Expenses</b>			
Cost of materials consumed	27	30,834.7	27,720.8
Purchases of stock-in-trade	28	14,689.7	15,362.0
Changes in inventories of finished goods,stock-in-trade and work-in-progress	29	(738.4)	(559.5)
Employee benefits expense	30	4,583.4	4,305.9
Finance costs	31	41.7	35.5
Depreciation and amortisation expense	32	2,190.9	2,064.6
Other expenses	33	9,624.3	8,901.1
<b>Total Expenses (II)</b>		<b>61,226.3</b>	<b>57,830.4</b>
<b>Profit before exceptional items and tax (I -II)</b>		<b>12,283.9</b>	<b>11,620.6</b>
<b>Exceptional items (refer Note 52 and 53)</b>		<b>(47.0)</b>	<b>149.8</b>
<b>Profit before tax</b>		<b>12,236.9</b>	<b>11,770.4</b>
<b>Tax expense</b>	34		
Current tax		3,172.9	2,975.0
Deferred tax (credit)		(52.4)	4.8
Tax in respect of prior years		26.1	(1.5)
<b>Profit for the year (A)</b>		<b>9,090.3</b>	<b>8,792.1</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified subsequently to profit or loss:			
loss on remeasurement of post employment benefits obligation		(59.3)	41.5
Tax relating to items that will not be reclassified to profit or loss		14.9	(10.5)
<b>Total Other Comprehensive Income for the year (net of tax) (B)</b>		<b>(44.4)</b>	<b>31.0</b>
<b>Total comprehensive income for the year (A + B)</b>		<b>9,045.9</b>	<b>8,823.1</b>
<b>Earnings per equity share (Nominal value of share ₹2 each)</b>	35		
Basic (in ₹)		58.2	56.3
Diluted (in ₹)		58.2	56.3
Significant accounting policies	2		
Notes to the financial statements	3 - 56		

The notes referred to above form an integral part of the Standalone 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

Place: Mumbai  
Date: February 16, 2024

**For and on behalf of the Board of Directors**

**E.V. Sumithasri**  
Chairperson  
DIN: 07087197

**Hardevi Vazirani**  
Director-Finance & CFO  
DIN: 10212814

Place: Bengaluru  
Date: February 16, 2024

**Harsha Kadam**  
Managing Director  
DIN: 07736005

**Ashish Tiwari**  
VP - Legal & Company Secretary



Standalone Cash Flow Statement  
for the year ended December 31, 2023

	(₹ in million)	
	2023	2022
Cash flows from operating activities		
Net profit before tax	12,236.9	11,770.4
Adjustments:		
Depreciation and amortisation	2,190.9	2,064.6
Finance costs	41.7	35.5
Interest income	(989.0)	(644.2)
(Profit)/loss on sale of assets (net)	(25.4)	6.0
Provisions no longer required written back	(13.4)	(12.4)
Unrealised exchange loss/(gain) (net)	(14.6)	23.9
Bad debts written off	-	5.9
Exceptional items (refer Note 52)	-	(149.8)
	1,190.2	1,329.5
Operating cash flow before changes in working capital	13,427.1	13,099.9
Changes in working capital		
(Increase) in inventories	(478.2)	(1,600.0)
(Increase) in trade and other receivables	(342.0)	(2,374.1)
Increase in trade and other payables	(477.5)	1,608.0
Increase/(decrease) in other liabilities and provisions	(156.5)	(92.7)
	(1,454.2)	(2,458.8)
Cash generated from operating activities	11,972.9	10,641.1
Income tax paid (net of refunds)	(2,972.6)	(3,135.8)
A. Net cash generated from operating activities	9,000.3	7,505.3
Cash flows from investing activities		
Purchase of property, plant and equipment (tangible and intangible, capital work-in-progress, capital advance and capital creditors)	(5,195.3)	(4,830.4)
Proceeds from sale of property, plant and equipment	6.0	42.4
Purchase of investments	(1,424.0)	-
Advance received against assets held for sale	-	300.0
Proceeds from sale of chain drive business (refer Note 52)	-	294.2
Loan to related parties	(169.5)	-
(Investment in) bank deposits (with original maturity of more than 3 months and remaining maturity of less than 12 months)	(245.1)	(1,677.7)
Interest received	913.9	526.1
B. Net cash (used) in investing activities	(6,114.0)	(5,345.4)
Cash flows from financing activities		
Finance costs paid	(12.1)	(4.6)
Payment of lease liabilities	(62.8)	(33.2)
Interest on lease liabilities	(29.6)	(30.9)
Dividends paid on equity shares	(3,751.3)	(2,500.8)
C. Net cash used in financing activities	(3,855.8)	(2,569.5)
Net (decrease) in cash and cash equivalents (A + B + C)	(969.5)	(409.6)
Cash and cash equivalents at the beginning of year (see note 2 below)	1,660.4	2,070.0
Cash and cash equivalents at the end of year (see note 2 below)	690.9	1,660.4
	(969.5)	(409.6)



Standalone Cash Flow Statement  
for the year ended December 31, 2023

Notes:

- 1) The above cash flow statement has been prepared under the “Indirect Method” as set out in ‘Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flow
- 2) Cash and cash equivalents comprise of :

	(₹ in million)	
	2023	2022
With scheduled banks on :		
Current accounts	629.9	831.4
Deposit accounts (with original maturity of three months or less)	61.0	829.0
	690.9	1,660.4
Significant accounting policies	2	
Notes to the financial statements	3 - 56	

The notes referred to above form an integral part of the Standalone 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

E.V. Sumithasri  
Chairperson  
DIN: 07087197

Harsha Kadam  
Managing Director  
DIN: 07736005

Hardevi Vazirani  
Director-Finance & CFO  
DIN: 10212814

Ashish Tiwari  
VP - Legal & Company Secretary

Place: Mumbai  
Date: February 16, 2024

Place: Bengaluru  
Date: February 16, 2024



# Standalone Statement of Changes in Equity

for the year ended December 31, 2023

## (A) Equity Share Capital

	(₹ in million)
	Amount
As at January 1, 2022	312.6
Changes in equity share capital	-
As at December 31, 2022	312.6
Changes in equity share capital	-
As at December 31, 2023	312.6

## (B) Other equity

	(₹ in million)			
	Reserves and surplus			
	Capital reserve	Securities premium	General reserve	Retained earnings
As at January 1, 2022	617.8	600.0	4,218.4	30,787.9
Profit for the year	-	-	-	8,792.1
Other Comprehensive Income for the year	-	-	-	31.0
Total Comprehensive Income for the year	-	-	-	8,823.1
Dividends	-	-	-	(2,500.8)
As at December 31, 2022	617.8	600.0	4,218.4	37,110.2
Profit for the year	-	-	-	9,090.3
Other Comprehensive Income for the year	-	-	-	(44.4)
Total Comprehensive Income for the year	-	-	-	9,045.9
Dividends	-	-	-	(3,751.3)
As at December 31, 2023	617.8	600.0	4,218.4	42,404.8

### Nature and purpose of reserves:

- a) Capital reserve on account of Scheme of Amalgamation (refer Note 47).
- b) Securities premium is used to record premium received on issue of equity shares and it will be utilised in accordance with provisions of the Companies Act, 2013.
- c) General reserve is created out of profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividends and/or issue of fully paid-up shares.
- d) 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 standalone financial statement	3 - 56

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

As per our report of even date attached  
For Walker Chandiok & Co. LLP  
Chartered Accountants  
Firm's Registration No.: 001076N / N-500013

Khushroo B. Panthaky  
Partner  
Membership No.: 042423

### For and on behalf of the Board of Directors

E.V. Sumithasri  
Chairperson  
DIN: 07087197

Hardevi Vazirani  
Director-Finance & CFO  
DIN: 10212814

Place: Bengaluru  
Date: February 16, 2024

Harsha Kadam  
Managing Director  
DIN: 07736005

Ashish Tiwari  
VP - Legal & Company Secretary

Place: Mumbai  
Date: February 16, 2024

# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## 1. Corporate information

Schaeffler India Limited ('the Company') is a public limited company domiciled and incorporated in India and having its registered office at 15<sup>th</sup> 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 Basis of preparation and significant accounting policies

### 2.1 Basis of preparation

- (i) These financial statements of Schaeffler India Limited ('the Company') have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The accounting policies adopted in the preparation of these financial statements are consistent for all the periods presented.

The financial statements are presented in Indian Rupees, which is the Company's functional currency and all values are rounded off to the nearest million with one decimal place, except when otherwise indicated.

- (ii) The financial statements have been prepared on a historical cost convention basis, except for the following:

- certain financial assets and liabilities (including derivatives) that are measured at fair value;
- defined benefit plans - net defined benefit (asset) / liabilities – Fair value of plan assets less present value of defined benefit obligation.

## 2.2 Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Act. Based on the nature of the products and time taken between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its normal operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and non-current liabilities.

## 2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the Company's management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. Actual results could differ from those estimates.

Estimates and judgments are reviewed on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstance. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

### a) Impairment of assets

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 assets.



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

b) **Determination of the estimated useful lives**

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

c) **Current and deferred taxes**

Significant management judgment is required to determine the amount of current and deferred taxes that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

d) **Employee benefits**

Management’s estimate of the Company’s obligation is determined based on actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the Company’s management considers the interest rates of Government bonds. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Refer Note 42 for details of the key assumptions used in determining the accounting of these plans.

e) **Provision for inventory obsolesce**

The inventories are valued at lower of cost and net realisable value after providing for cost of obsolescence wherever considered necessary. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the

period to the extent that such events confirm conditions existing at the end of the period.

## 2.4 Property, Plant and Equipment and intangible

Property, Plant and Equipment (PPE) are stated at cost of acquisition or construction (including directly attributable expenses thereto), net of impairment loss if any, less depreciation / amortisation. Cost includes financing costs of borrowed funds attributable to acquisition or construction of qualifying fixed assets, up to the date the assets are put to use.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Capital work in progress is carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are substantially ready for their intended use. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under “Other non-current Assets”.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Cost of assets not ready for intended use, as on the reporting date, is shown under capital work-in-progress. Advances given towards acquisition of property, plant and equipment outstanding as at reporting date are disclosed as “other non-current assets”.

Intangible assets are initially recognised at cost.

Intangible assets with definite useful lives are amortised on a straight line basis so as to reflect the pattern in which the asset’s economic benefits are consumed.

Expenditure pertaining to research is expensed out as and when incurred. Expenditure incurred on development is capitalized if such expenditure leads to creation of an asset, otherwise such expenditure is charged to the statement of profit and loss.

# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

**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. 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 INR 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.

**Company as a lessee**

The Company’s lease asset classes primarily consist of leases for land and buildings. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The useful life of Right-of-use assets varies from 2 to 10 years.

**Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured



## Notes to the Standalone Financial Statements

for the year ended December 31, 2023

if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

## 2.6 Impairment of non-financial assets

The carrying amounts of assets 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 recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of estimated discounted cash flows of projections based on current prices. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been

determined had no impairment loss been recognised for the asset earlier.

## 2.7 Assets classified as held for sale

Assets classified as held for sale (including liabilities directly associated with those assets held for sales) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109 - Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

## 2.8 Inventories

Inventories comprise of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials are valued at the lower of cost and net realisable value. Cost is ascertained on a moving weighted average basis, except for goods in transit which is ascertained on a specific identification basis.

Work-in-progress, finished goods and traded goods are carried at the lower of cost and net realizable value. Cost is determined on a weighted average basis. In case of work-in-progress and manufactured finished goods, cost includes material, labour and production overheads. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

Net realisable value of work-in-progress and finished goods is determined with reference to the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale of related finished goods as applicable.

Stores, spares and tools other than obsolete and slow-moving items are carried at cost.

## 2.9 Foreign currency transactions

### Initial recognition

Foreign currency transactions are translated in the functional currency, by applying to the foreign currency amount, the exchange rate between functional currency and foreign currency prevailing at the date of transaction.



## Notes to the Standalone Financial Statements

for the year ended December 31, 2023

### 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).

## 2.10 Revenue recognition

Revenue from sale of goods is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Company 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.

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.

## 2.11 Employee benefits

### a) Short term employee benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognised in the period in which the employee renders the related service and comprises part of compensated absences paid on annual basis.

### 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



## Notes to the Standalone Financial Statements

for the year ended December 31, 2023

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.

## 2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

Financial assets are 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.

With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed under Revenue recognition policy.

### 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)

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.



## Notes to the Standalone Financial Statements

for the year ended December 31, 2023

### (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.

### 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.

### 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.



## Notes to the Standalone Financial Statements

for the year ended December 31, 2023

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.

### 2.13 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.

### 2.14 Investment in subsidiaries

Investment in subsidiaries, associates and joint venture is carried at cost. Refer note 2.6 above for impairment of non-financial assets.

### 2.15 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.

### 2.16 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.

### 2.17 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.

### 2.18 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.

### 2.19 Fair value measurement

The Company's accounting policies and disclosures require the measurement of fair values for both



## Notes to the Standalone Financial Statements

for the year ended December 31, 2023

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, 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 2.12 on financial instruments

### 2.20 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.

### 2.21 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.

### 2.22 Exceptional items

When items of income and expense within statement of profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

### 2.23 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, 2024.



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## 3.1 Property plant and equipment

	(₹ in million)					
	Freehold land <sup>1</sup>	Buildings	Plant and equipments	Furniture & fixtures	Office equipments	Vehicles
Gross carrying amount						
As at January 1, 2022	40.7	2,922.7	14,910.5	481.3	251.2	8.9
Additions	-	251.6	1,898.4	239.2	172.5	5.9
Disposals	-	3.1	388.4	17.4	26.7	10.5
Assets held for sale <sup>2</sup>	-	195.3	42.3	24.8	78.2	-
As at December 31, 2022	40.7	2,975.9	16,378.2	678.3	318.8	4.3
Additions	-	880.0	2,323.4	386.0	154.8	1.0
Disposals	-	-	21.0	0.6	6.5	-
As at December 31, 2023	40.7	3,855.9	18,680.6	1,063.7	467.1	5.3
Accumulated depreciation						
As at January 1, 2022	-	373.8	7,885.3	225.5	162.7	8.0
Depreciation for the year	-	120.8	1,658.8	123.2	59.4	1.3
Deletions	-	2.0	354.0	7.4	25.3	9.3
Assets held for sale <sup>2</sup>	-	2.6	4.2	1.3	7.2	-
As at December 31, 2022	-	490.0	9,185.9	340.0	189.6	(0.0)
Depreciation for the year	-	139.8	1,662.7	206.8	76.1	1.6
Deletions	-	-	19.8	0.4	1.9	-
As at December 31, 2023	-	629.8	10,828.8	546.4	263.8	1.6
Net Block						
As at December 31, 2022	40.7	2,485.9	7,192.3	338.3	129.2	4.3
As at December 31, 2023	40.7	3,226.1	7,851.8	517.3	203.3	3.7

**Note:**  
Buildings include ₹250, being cost of five ordinary shares of ₹50 each of Nariman Bhavan Premises Co-operative Society Limited and ₹500 being cost of ten ordinary shares of ₹50 each of Parekh Market Premises Co-Operative Society Limited, which entitle the ownership.

<sup>1</sup> The title deeds of immovable properties included in property plant and equipment are held in the name of the Company, except title deeds of immovable properties having gross carrying amount aggregating ₹ 21.3 million (2022: ₹ 21.3 million) and net carrying amount aggregating ₹ 21.3 million (2022: ₹ 21.3 million),which have been transferred to the Company, pursuant to the Schemes of Amalgamation (refer Note 47) and their title transfer proceedings are under progress.

<sup>2</sup> The transaction of sale of assets of Mechatronics business to Schaeffler Technologies Solution India Private Limited, which was approved by the Board of Directors of the Company at its meeting held on 27 July 2022. The assets net of WDV ₹ 325.3 million which were disclosed as assets held for sale, have been sold during the year.

## 3.2 Right-of-use of assets

	(₹ in million)			
	Leasehold land <sup>1</sup>	Buildings	Vehicle	Total
Cost				
As at January 1, 2022	187.7	707.1	5.5	900.3
Additions for the year	352.9	35.6	-	388.5
Disposals	-	0.6	-	0.6
As at December 31, 2022	540.6	742.1	5.5	1,288.2
Additions for the year	-	11.6	9.4	21.0
Disposals	-	-	-	-
As at December 31, 2023	540.6	753.7	14.9	1,309.2
Accumulated amortisation				
As at January 1, 2022	2.2	168.7	4.6	175.5
Amortisation for the year	1.2	88.3	1.1	90.6
Deletions	-	8.4	0.2	8.6
As at December 31, 2022	3.4	248.6	5.5	257.5
Amortisation for the year	5.8	92.9	1.4	100.1
Deletions	-	-	-	-
As at December 31, 2023	9.2	341.5	6.9	357.6
Net Block				
As at December 31, 2022	537.2	493.5	-	1,030.7
As at December 31, 2023	531.4	412.2	8.0	951.6

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

# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## 3.3 Capital work-in-progress

	(₹ in million)
	Total
As at January 1, 2022	892.3
Additions	4,196.4
Deductions	-
Assets capitalised during the year	2,595.3
As at December 31, 2022	2,493.4
Additions	6,165.9
Deductions	-
Assets capitalised during the year	3,751.6
As at December 31, 2023	4,907.7

## Capital work-in-progress ageing schedule 2023

	(₹ in million)			
Particulars	Amount in CWIP for a period of			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	4,191.8	516.2	198.8	0.9
Projects temporarily suspended	-	-	-	-
Total	4,191.8	516.2	198.8	0.9

There is no capital work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan

## Capital work-in-progress ageing schedule 2022

	(₹ in million)			
Particulars	Amount in CWIP for a period of			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	2,182.3	292.7	17.6	0.8
Projects temporarily suspended	-	-	-	-
Total	2,182.3	292.7	17.6	0.8

There is no capital work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan

## 3.4 Intangible assets

	(₹ in million)	
	Software	Total
Cost		
As at January 1, 2022	25.3	25.3
Additions	27.7	27.7
Disposals	5.1	5.1
Assets held for sale <sup>1</sup>	33.6	33.6
As at December 31, 2022	14.3	14.3
Additions	6.4	6.4
Disposals	-	-
As at December 31, 2023	20.7	20.7
Accumulated amortisation		
As at January 1, 2022	13.1	13.1
Amortisation for the year	10.5	10.5
Deletions	4.8	4.8
Assets held for sale <sup>1</sup>	10.2	10.2
As at December 31, 2022	8.6	8.6
Amortisation for the year	3.8	3.8
Deletions	-	-
As at December 31, 2023	12.4	12.4
Net Block		
As at December 31, 2022	5.7	5.7
As at December 31,2023	8.3	8.3

<sup>1</sup> The transaction of sale of assets of Mechatronics business to Schaeffler Technologies Solution India Private Limited, which was approved by the Board of Directors of the Company at its meeting held on 27 July 2022. The assets net of WDV ₹ 23.4 million which were disclosed as assets held for sale, have been sold during the year.



Notes to the Standalone Financial Statements
for the year ended December 31, 2023

4. Investments (non-current)

Table with 4 columns: Description, No. of shares, 2023, 2022. Includes sub-section (i) Investments (at cost) (refer Note 38) with details for equity investments in subsidiary company.

During the year ended December 31, 2023 the Company has acquired 100% shares 1,204,758 of ₹10/- each of KRSV Innovative Auto Solutions Private Limited (in the following “Koovers”) for a total purchase consideration of ₹ 1,424.0 million in 100% cash consideration.

5. Loans (non-current)

Table with 4 columns: Description, 2023, 2022. Includes sub-section (ii) Loans with details for loans to related parties, considered good, credit impaired, and allowance for credit losses.

Non-current loans to related parties represents loan given to KRSV Innovative Auto Solutions Private Limited ₹ 169.5 million (December 31, 2022: ₹ Nil), out of which Nil (December 31, 2022: ₹ Nil) is impaired.

Table with 5 columns: Name of the loanee, Rate of Interest / Due Date, Secured/unsecured, 2023, 2022. Details loan to KRSV Innovative Auto Solutions Private Limited.

6. Financial assets (non-current)

Table with 4 columns: Description, 2023, 2022. Includes sub-sections (iii) Security deposits and (iv) Other, detailing various financial assets and their values for 2023 and 2022.

1 Includes deposits of ₹ nil million (2022: ₹ 229.5 million) under lein.

Notes to the Standalone Financial Statements
for the year ended December 31, 2023

7. Deferred tax assets (net)

Table with 4 columns: Description, 2023, 2022. Includes Deferred tax liabilities, Deferred tax assets, and Net deferred tax assets.

Movement in deferred tax assets / (liabilities) net

Table with 9 columns: Description, Depreciation, Provision for employee benefits, Provision for expenses and others, Allowance for expected credit loss, Leases, Amortisation of contract assets, Exchange gain / (loss) on cash flow hedges, Total. Shows movement from January 1, 2022 to December 31, 2023.

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

Table with 3 columns: Description, 2023, 2022. Details advance tax recoverable and total non-current income-tax assets.

9. Other non-current assets

Table with 3 columns: Description, 2023, 2022. Details various other non-current assets including VAT, excise, stamp duty, and contract assets.



Notes to the Standalone Financial Statements
for the year ended December 31, 2023

10. Inventories

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

Table with 3 columns: Particulars, 2023, 2022. Rows include Raw materials and components, Work-in-progress, Finished goods, Stock-in-trade, Stores and spares, and Total.

The Company follows suitable provisioning norms for writing down the value of Inventories towards slow moving and non-moving inventory. As at December 31, 2023, provision for write-down of inventories to net realisable value is ₹949.3 million (2022: ₹1,148.6 million).

11. Trade receivables

Table with 3 columns: Particulars, 2023, 2022. Rows include Other than related parties, From related parties, Less: Allowance for expected credit loss, Of which (secured, unsecured, credit risk), and Total.

1 Includes receivable of ₹5.3 million (2022; ₹10.0 million), from a private limited companies in which an Independent Director is a Director.

The Company’s exposure to currency risk and credit risk related to trade receivables are disclosed in Note 40 A(i) and C.

Trade receivables ageing

Table with 8 columns: Particulars, Current but not due, Outstanding for following periods from due date of payment (6 months, 1 year, 1-2 years, 2-3 years, > 3 years), Total. Rows include undisputed and disputed trade receivables, gross receivables, less allowance, and net receivables.

Notes to the Standalone Financial Statements
for the year ended December 31, 2023

Table with 8 columns: Particulars, Current but not due, Outstanding for following periods from due date of payment (6 months, 6 months - 1 year, 1-2 years, 2-3 years, > 3 years), Total. Rows include undisputed and disputed trade receivables, gross receivables, less allowance, and net receivables.

12. Cash and cash equivalents

Table with 3 columns: Particulars, 2023, 2022. Rows include Balances with banks (on current and deposit accounts) and Total.

The Company has been sanctioned an unsecured working capital limit of ₹1,550 million by banks. The Company has not utilised this limit during the reporting period.

13. Bank balances other than Cash and cash equivalents

Table with 3 columns: Particulars, 2023, 2022. Rows include Bank deposits with original maturity of more than 3 months, Restricted deposits, and Total.

1 Includes deposits of ₹229.5 million (2022: ₹403.1 million) under lein.

14. Other current financial assets

Table with 3 columns: Particulars, 2023, 2022. Rows include Security deposits (Total, Breakup), Other (Other receivables, Interest accrued, Derivative forward exchange contracts), and Total.



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## 15. Other current assets

	(₹ in million)	
	2023	2022
<b>Unsecured and considered good</b>		
Balance with Government authorities	706.5	591.1
Advances for supply of goods and services	277.1	222.7
Export incentives receivable	51.1	46.7
Advances to employees	5.1	2.6
Prepaid expenses	4.4	1.5
<b>Total</b>	<b>1,044.2</b>	<b>864.6</b>

## 16. Equity share capital

	(₹ in million)	
	2023	2022
<b>Authorised capital</b>		
627,500,000 equity shares of ₹2 each (2022: 627,500,000 equity shares of ₹2 each)	1,255.0	1,255.0
<b>Total</b>	<b>1,255.0</b>	<b>1,255.0</b>
<b>Issued, subscribed and paid-up</b>		
156,303,670 fully paid-up equity shares of ₹2 each (2022: 156,303,670 fully paid-up equity shares of ₹2 each)	312.6	312.6
<b>Total</b>	<b>312.6</b>	<b>312.6</b>

### Details of Promoters shares holding

				2023
				(₹ in million)
S. No.	Promoter name	Number of shares held <sup>1</sup>	% of total shares	% change during the year
1	Schaeffler Schweinfurt Beteiligungs GmbH	42,645,915	27.28%	-
2	Schaeffler Bühl Verwaltungs GmbH	32,142,865	20.56%	-
3	Schaeffler Verwaltungsholding Sechs GmbH	23,462,255	15.01%	-
4	Industriewerk Schaeffler INA-Ingenieurdienst GmbH	17,612,200	11.27%	-

				2022
				(₹ in million)
S. No.	Promoter name	Number of shares held <sup>1</sup>	% of total shares	% change during the year
1	Schaeffler Schweinfurt Beteiligungs GmbH	42,645,915	27.28%	-
2	Schaeffler Bühl Verwaltungs GmbH	32,142,865	20.56%	-
3	Schaeffler Verwaltungsholding Sechs GmbH	23,462,255	15.01%	-
4	Industriewerk Schaeffler INA-Ingenieurdienst GmbH	17,612,200	11.27%	-

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

(₹ in million)				
	2023		2022	
	No. of shares	Amount	No. of shares	Amount
<b>Equity shares</b>				
Shares outstanding at the beginning of the year	156,303,670	312.6	31,260,734	312.6
Increase in Equity shares on sub-division of 1 (one) equity share of face value of ₹10 each into 5 (five) equity shares of face value of ₹2 each <sup>1</sup>	-	-	125,042,936	-
Shares outstanding at the end of the year	156,303,670	312.6	156,303,670	312.6



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

### b) Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares having par value of ₹2 per share. Accordingly, all equity shares rank equally with regard to one vote per share held. The dividends proposed by the Board of directors is subject to the approval of shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive assets of the Company, after distribution of all preferential amounts, in the proportion to their shareholding.

### c) Shares held by ultimate holding company and / or their subsidiaries/ affiliates:

(₹ in million)				
Name of Shareholders	2023		2022	
	No. of Shares held (of ₹2 each) <sup>1</sup>	Amount	No. of Shares held (of ₹2 each) <sup>1</sup>	Amount
Schaeffler Schweinfurt Beteiligungs GmbH (affiliates)	42,645,915	85.3	42,645,915	85.3
Schaeffler Bühl Verwaltungs GmbH (affiliates)	32,142,865	64.3	32,142,865	64.3
Schaeffler Verwaltungsholding Sechs GmbH (affiliates)	23,462,255	46.9	23,462,255	46.9
Industriewerk Schaeffler INA-Ingenieurdienst GmbH (affiliates)	17,612,200	35.2	17,612,200	35.2
<b>Total</b>	<b>115,863,235</b>	<b>231.7</b>	<b>115,863,235</b>	<b>231.7</b>

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

(₹ in million)				
Name of Shareholder	2023		2022	
	No. of Shares held <sup>1</sup>	% of shareholding	No. of Shares held <sup>1</sup>	% of shareholding
Schaeffler Schweinfurt Beteiligungs GmbH	42,645,915	27.28%	42,645,915	27.28%
Schaeffler Bühl Verwaltungs GmbH	32,142,865	20.56%	32,142,865	20.56%
Schaeffler Verwaltungsholding Sechs GmbH	23,462,255	15.01%	23,462,255	15.01%
Industriewerk Schaeffler INA-Ingenieurdienst GmbH	17,612,200	11.27%	17,612,200	11.27%

<sup>1</sup> Pursuant to the approval of the shareholders accorded in the extra-ordinary general meeting of the company held on December 19, 2021, each equity share of face value of ₹10/- per share was subdivided into five equity shares of face value of ₹2/- per share, with effect from February 9, 2022.

### e) The Company in aggregate has not issued, any 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.

## 17. Other equity

(₹ in million)		
	2023	2022
<b>Capital reserve</b>	617.8	617.8
(A)	<b>617.8</b>	<b>617.8</b>
<b>Securities premium</b>	600.0	600.0
(B)	<b>600.0</b>	<b>600.0</b>
<b>General reserve</b>	4,218.4	4,218.4
(C)	<b>4,218.4</b>	<b>4,218.4</b>
<b>Retained earnings</b>		
At the commencement of the year	37,110.2	30,787.9
Add: Net profit for the year	9,090.3	8,792.1
Remeasurements of defined benefit liability / asset (net of tax) (FVTOCI)	(44.4)	31.0
Less: Appropriations		
Dividends paid	3,751.3	2,500.8
(D)	<b>42,404.8</b>	<b>37,110.2</b>
<b>Total (A+B+C+D)</b>	<b>47,841.0</b>	<b>42,546.4</b>



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

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

	(₹ in million)	
	2023	2022
₹ 24 per equity share of face value of ₹ 2/- each (2022: ₹ 16 per equity share of face value of ₹ 2/- each)	3,751.3	2,500.8
	3,751.3	2,500.8

After the reporting dates, the following dividends were proposed by the Board of Directors subject to the approval at the ensuing annual general meeting and hence, dividends have not been disclosed as liabilities.

	(₹ in million)	
	2023	2022
Dividend of ₹ 26 per equity share of face value of ₹ 2/- each (2022: ₹ 24 per equity share of face value ₹2/- each)	4,063.9	3,751.3

## 18. a) Lease liabilities (non current)

	(₹ in million)	
	2023	2022
Lease liabilities	406.5	473.6
Total	406.5	473.6

## 18. b) Lease liabilities (current)

	(₹ in million)	
	2023	2022
Lease liabilities	104.5	100.2
Total	104.5	100.2

## 19. Other financial liabilities (non current)

	(₹ in million)	
	2023	2022
Employee liabilities	86.0	75.0
Security deposits from customers / suppliers	22.8	19.9
Total	108.8	94.9

## 20. Provisions (non current)

	(₹ in million)	
	2023	2022
Provision for other statutory matters (being litigated) <sup>1</sup>	12.0	12.0
Provision for warranties	32.8	48.8
Total	44.8	60.8

<sup>1</sup> Provisions are made for ongoing litigation on tax and regulatory matters, the liabilities for which will be ascertained on conclusion of the respective assessments.

## 21. Current financial liability - Trade payables

	(₹ in million)	
	2023	2022
Total outstanding dues of micro and small enterprises	1,525.9	1,598.9
Other than related parties	3,777.6	3,879.6
Related parties (refer Note 38)	5,211.1	5,638.8
Total	10,514.6	11,117.3

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.

# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

	(₹ in million)	
Particulars	2023	2022
a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year, if any:		
Principal	1,525.9	1,598.9
Interest <sup>1</sup>	0.0	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, 2023 and year ended December 31, 2022. This has been relied upon by auditors

The Company’s exposure to currency and liquidity risks related to trade payables is disclosed in Note 40.

<sup>1</sup> Values less than ₹ 1 million.

## Trade Payables Ageing

	2023				
	(₹ in million)				
Particulars	Outstanding for following periods from due date of payment				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Undisputed dues of micro enterprises and small enterprises	1,513.7	4.5	1.9	5.8	1,525.9
Undisputed dues of creditors other than micro enterprises and small enterprises	8,910.1	13.6	14.6	50.4	8,988.7
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	10,423.8	18.1	16.5	56.2	10,514.6

	2022				
	(₹ in million)				
Particulars	Outstanding for following periods from due date of payment				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Undisputed dues of micro enterprises and small enterprises	1,582.7	10.0	3.0	3.2	1,598.9
Undisputed dues of creditors other than micro enterprises and small enterprises	9,380.1	28.9	52.6	56.8	9,518.4
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	10,962.8	38.9	55.6	60.0	11,117.3



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## 22. Other current financial liabilities

	(₹ in million)	
	2023	2022
Employee liabilities	570.4	647.6
Creditors for capital goods		
Other than related parties	459.8	353.4
Related parties (refer Note 38)	894.0	137.0
Accrued expense	175.2	114.8
Unclaimed dividends <sup>1</sup>	11.4	9.5
Other payables	9.2	8.0
<b>Total</b>	<b>2,120.0</b>	<b>1,270.3</b>

<sup>1</sup> There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

## 23. Other current liabilities

	(₹ in million)	
	2023	2022
Advance against asset held for sale (refer Note 38)	-	300.0
Advances from customers (refer Note 48)	47.6	94.9
TDS payable	88.3	82.9
GST Payable	260.7	143.6
Other statutory dues	20.3	10.9
<b>Total</b>	<b>416.9</b>	<b>632.3</b>

## 24. Provisions (Current)

	(₹ in million)	
	2023	2022
<b>Provision for employee benefits</b>		
Compensated absences	549.8	494.1
Gratuity (refer Note 42)	101.0	48.5
<b>Other provisions</b>		
Provision for warranties <sup>1</sup>	30.6	35.6
<b>Total</b>	<b>681.4</b>	<b>578.2</b>

<sup>1</sup> Warranty provision is estimated for expected warranty claims in respect of eligible products sold during the year by the Company, which usually carry a warranty period ranging from 12 to 24 months from the date of sale. The provision is determined based on the historical data. The timing and amount of cashflows will determined on receipt of claims.

## Additional disclosures relating to certain provisions (as per Ind AS 37):

	(₹ in million)	
<b>Warranties</b>	<b>2023</b>	<b>2022</b>
At the commencement of the year	84.4	66.7
Provision made during the year	36.0	20.3
Provision utilised during the year	(57.0)	(2.6)
<b>At the end of the year</b>	<b>63.4</b>	<b>84.4</b>

# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## 25. Revenue from operations

	(₹ in million)	
	2023	2022
<b>Revenue from Contract with Customer</b>		
<b>Sale of products</b>		
Manufactured goods	53,914.6	50,049.7
Traded goods	16,861.1	16,914.6
	<b>70,775.7</b>	<b>66,964.3</b>
<b>Sale of services</b>	296.2	454.0
<b>Other operating revenues</b>		
Export incentives	238.9	274.0
Scrap sales	950.5	981.9
<b>Total</b>	<b>72,261.3</b>	<b>68,674.2</b>

The management determines the information reported under Note 44 and 48 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.

## 26. Other income

	(₹ in million)	
	2023	2022
<b>Interest income</b>		
On fixed deposits	942.4	577.7
On loan and others	46.6	66.5
Provisions no longer required written-back	13.4	12.4
Other income	221.1	120.2
Profit on sale / retirement of assets (net)	25.4	-
<b>Total</b>	<b>1,248.9</b>	<b>776.8</b>

## 27. Cost of materials consumed<sup>1</sup>

	(₹ in million)	
	2023	2022
Inventory of materials at the beginning of the year	3,930.0	2,921.5
Purchases	30,671.5	28,729.3
Inventory of materials at the end of the year	3,766.8	3,930.0
<b>Total</b>	<b>30,834.7</b>	<b>27,720.8</b>

<sup>1</sup> The consumption amounts shown above have been ascertained on the basis of materials consumed and after considering excess / shortages ascertained on physical verification.

## 28. Purchases of stock-in-trade

	(₹ in million)	
	2023	2022
Purchase of traded goods	14,689.7	15,362.0
<b>Total</b>	<b>14,689.7</b>	<b>15,362.0</b>



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## 29. Changes in inventories of finished goods, stock in trade and work-in progress<sup>1</sup>

	(₹ in million)	
	2023	2022
<b>Decrease / (Increase) in inventory of finished goods</b>		
Opening inventory	2,893.2	2,604.2
Less: Closing inventory	3,387.3	2,893.2
(A)	(494.1)	(289.0)
<b>(Increase) in inventory of traded goods</b>		
Opening inventory	4,586.2	4,220.8
Less: Closing inventory	4,670.5	4,586.2
(B)	(84.3)	(365.4)
<b>(Increase) in inventory of work-in-progress</b>		
Opening inventory	452.7	547.6
Less: Closing inventory	612.7	452.7
(C)	(160.0)	94.9
<b>Total (A + B + C)</b>	<b>(738.4)</b>	<b>(559.5)</b>

<sup>1</sup> Closing inventory is net off scrapped / reworked items and shortages / excesses.

## 30. Employee benefits expense

	(₹ in million)	
	2023	2022
Salaries, wages and incentives	3,873.0	3,693.4
Contributions to: (refer Note 42)		
- Provident and other funds	206.1	189.1
- Gratuity fund	64.0	65.2
- Superannuation fund	33.4	33.1
Compensated absences	110.8	43.1
Staff welfare expenses	296.1	282.0
<b>Total</b>	<b>4,583.4</b>	<b>4,305.9</b>

## 31. Finance costs

	(₹ in million)	
	2023	2022
Interest and finance charges on lease liability	29.6	30.9
Bank and other financial charges	12.1	4.6
<b>Total</b>	<b>41.7</b>	<b>35.5</b>

## 32. Depreciation and amortisation expense

	(₹ in million)	
	2023	2022
Depreciation on property, plant and equipment	2,087.0	1,963.5
Depreciation of right of use of assets (refer Note 49)	100.1	90.6
Amortisation of intangible assets	3.8	10.5
<b>Total</b>	<b>2,190.9</b>	<b>2,064.6</b>



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## 33. Other expenses

	(₹ in million)	
	2023	2022
Consumption of stores and spare parts	2,543.4	2,561.2
Power and fuel	980.7	874.6
Freight, clearing and forwarding	734.7	744.4
Rent	22.8	27.3
Repairs and maintenance		
- Building	23.4	17.4
- Machinery	39.1	45.5
- Others	141.6	100.0
Insurance	93.4	62.1
Rates and taxes	57.1	56.6
Travelling expenses	322.9	180.5
Legal and professional fees	94.7	75.3
Payments to auditors (refer note below)	8.7	8.0
Fees for use of technology (refer Note 38)	1,410.2	1,295.6
Advertising and sales promotion	172.9	141.2
Bank charges	5.7	14.6
Telephone and other communication expenses	38.0	25.0
Printing and stationery	20.8	18.5
Bad debts written off	-	5.9
Loss on sale / retirement of assets (net)	-	6.0
Loss on account of foreign exchange fluctuations (net)	29.6	15.0
Warranty costs	36.0	20.3
Outside services	2,685.3	2,506.6
Corporate Social Responsibility expenditure (refer note below)	160.2	118.3
Miscellaneous expenses	71.2	39.3
Less: Capitalised for own consumption	(68.1)	(58.1)
<b>Total</b>	<b>9,624.3</b>	<b>8,901.1</b>

## Note : Payments to auditors

	(₹ in million)	
	2023	2022
<b>As auditors</b>		
- Statutory audit	5.6	5.0
- Limited review	3.0	3.0
- Out of pocket expense	0.1	-
- Other services	-	-
<b>Total</b>	<b>8.7</b>	<b>8.0</b>



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## Note : Corporate Social Responsibility expenditure

	(₹ in million)	
	2023	2022
<b>Details of CSR expenditure:</b>		
Gross amount required to be spent by the Company during the year	160.2	118.3
Amount spent during the year ending on other than construction/ acquisition of any asset	160.2	107.3
Shortall at the end of the year <sup>1</sup>	-	11.0
Total of previous year shortfall	-	-
Reason for shortfall	-	-

<sup>1</sup> There is no amount unspent for the year 2023 which requires to be deposited in corporate social responsibility bank account (2022: ₹ 11.0 million deposited on January 20, 2023).

### Nature of CSR activities

The Company has incurred CSR expenses through our overarching programme HOPE, which emphasises four core areas: Healthcare, Occupational skills for better employability, the Preservation of heritage and environment, and the Empowerment of society which are specified in Schedule VII of the Companies Act, 2013.

## 34. Income tax expense

	(₹ in million)	
	2023	2022
<b>Tax expense</b>		
<b>(a) Current tax</b>		
Current tax on profit during the year	3,172.9	2,975.0
Tax in respect of prior years	26.1	(1.5)
<b>Total current tax expense</b>	<b>3,199.0</b>	<b>2,973.5</b>
<b>(b) Deferred tax</b>		
Deferred tax (credit) / expense attributable to origination and reversal of temporary differences	(52.4)	4.8
<b>Total tax expense</b>	<b>3,146.6</b>	<b>2,978.3</b>
<b>Reconciliation of tax expenses and the accounting profit multiplied by tax rate:</b>		
Profit before tax	12,236.9	11,770.4
Current tax at the Indian tax rate of 25.17%	3,080.0	2,962.6
Tax adjustments of earlier years	26.1	(1.5)
Effect of non deductible expenses	40.5	29.4
Effect of exempt other income/weighted deduction	-	(12.2)
<b>Tax expense recognised in Statement of Profit and Loss</b>	<b>3,146.6</b>	<b>2,978.3</b>
<b>Tax impact recognised in Other Comprehensive Income (OCI)</b>		
Remeasurement of defined benefits obligation	14.9	(10.5)
<b>Total</b>	<b>14.9</b>	<b>(10.5)</b>



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## 35. Earnings Per Share (EPS)

	(₹ in million)	
	2023	2022
a) Amount used as the numerator		
Profit after tax attributable to equity shareholders (₹ in million)	9,090.3	8,792.1
b) Weighted average number of equity shares used as the denominator (Nos.) (refer Note 51)	156,303,670	156,303,670
c) Nominal value of share (in ₹)	2.0	2.0
d) Earnings per share (Basic and Diluted) (in ₹)	58.2	56.3

## 36. Contingent liabilities not provided for in respect of:

Claims against the company not acknowledged as debts:

	(₹ in million)	
	2023	2022
<b>a) Employees and ex-employees related matters:</b>		
(i) Matters pending in labour court / civil court / High Court for reinstatement of service / recovery of salary, PF and ESIC matters.	106.1	154.5
(ii) Demand for discontinuing of contract system and for differential wages	48.2	12.7
	<b>154.3</b>	<b>167.2</b>
<b>b) (i) Sales-tax</b>		
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.	25.7	65.2
<b>(ii) Excise duty and Service tax:</b>		
In respect of matters decided against the Company, for which the Company is in appeal with higher authorities	138.2	116.5
	<b>163.9</b>	<b>181.7</b>
<b>c) Income tax:</b>		
i) In respect of matters decided against the Company, for which the Company is in appeal with higher authorities.	284.6	160.3
	<b>284.6</b>	<b>160.3</b>
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.		
<b>d) Others:</b>		
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
	<b>250.0</b>	<b>250.0</b>

## 37. Commitments

	(₹ in million)	
	2023	2022
<b>Contracts on capital account:</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance ₹ 507.6 million; 2022: ₹ 562.2 million).	4,888.8	4,171.8



Notes to the Standalone Financial Statements  
for the year ended December 31, 2023

38. 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.

2023	2022
<b>Ultimate holding Company</b>	<b>Ultimate holding Company</b>
INA Holding Schaeffler GmbH & Co. KG, Germany	INA Holding Schaeffler GmbH & Co. KG, Germany
<b>Subsidiaries</b>	
KRSV Innovative Auto Solutions Private Limited, India - 100% Holding (w.e.f. September 8, 2023)	
<b>Fellow subsidiaries / Affiliates</b>	<b>Fellow subsidiaries / Affiliates</b>
Schaeffler Australia Pty Ltd., Australia	Schaeffler Australia Pty Ltd., Australia
Schaeffler Brasil Ltda., Brasil	Schaeffler Austria GmbH, Austria
Schaeffler Canada Inc., Canada	Schaeffler Brasil Ltda., Brasil
Schaeffler (China) Co., Ltd., China	Schaeffler Canada Inc., Canada
Schaeffler Trading (Shanghai) Co., Ltd., China	Schaeffler (China) Co., Ltd., China
Schaeffler (Ningxia) Co., Ltd., China	Schaeffler Trading (Shanghai) Co., Ltd., China
Schaeffler Friction Products (Suzhou) Co., Ltd., China	Schaeffler (Ningxia) Co., Ltd., China
Schaeffler (Nanjing) Co., Ltd., China	Schaeffler Friction Products (Suzhou) Co., Ltd., China
Schaeffler (Xiangtan) Co., Ltd., China	Schaeffler (Nanjing) Co., Ltd., China
Schaeffler Middle East FZE., Dubai	Schaeffler (Xiangtan) Co., Ltd., China
Schaeffler France SAS., France	Schaeffler Middle East FZE., Dubai
WPB Water Pump Bearing GmbH & Co. KG, Germany	Schaeffler France SAS., France
Schaeffler Technologies AG & Co. KG, Germany	WPB Water Pump Bearing GmbH & Co. KG, Germany
Schaeffler Automotive Buehl GmbH & Co. KG, Germany	Schaeffler Technologies AG & Co. KG, Germany
Schaeffler Automotive Aftermarket GmbH & Co. KG, Germany	Schaeffler Automotive Buehl GmbH & Co. KG, Germany
Schaeffler AG, Germany	Schaeffler Automotive Aftermarket GmbH & Co. KG., Germany
Schaeffler Friction Products GmbH, Germany	LuK Unna GmbH & Co. KG., Germany
Compact Dynamics GmbH, Germany	Schaeffler AG, Germany
Schaeffler Digital Solutions GmbH, Germany	Schaeffler Engineering GmbH, Germany
Schaeffler Consulting GmbH, Germany	Schaeffler Monitoring Services GmbH, Germany
Schaeffler Ultra Precision Drives GmbH, Germany	Schaeffler Friction Products GmbH, Germany
Schaeffler Sondermaschinenbau AG & Co. KG, Germany	Schaeffler Digital Solutions GmbH, Germany
Schaeffler Schweinfurt Beteiligungs GmbH, Germany	Schaeffler Schweinfurt Beteiligungs GmbH, Germany
Schaeffler Bühl Verwaltungs GmbH, Germany	Schaeffler Bühl Verwaltungs GmbH, Germany
Schaeffler Verwaltungsholding Sechs GmbH, Germany	Schaeffler Verwaltungsholding Sechs GmbH, Germany
Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany
Schaeffler Hong Kong Company Limited, Hong Kong	Schaeffler Hong Kong Company Limited, Hong Kong
Schaeffler Savaria Kft., Hungary	Schaeffler Savaria Kft., Hungary
Schaeffler Debrecen Kft., Hungary	FAG Magyarorszag Ipari Kft., Hungary
Schaeffler Technology Solutions India Private Limited, India	Schaeffler Bearings Indonesia, PT., Indonesia
Schaeffler Bearings Indonesia, PT., Indonesia	Schaeffler Water Pump Bearing Italia S.r.l., Itali
Schaeffler Water Pump Bearing Italia S.r.l., Itali	Schaeffler Italia S.r.l., Itali
Schaeffler Italia S.r.l., Itali	Schaeffler Technologies Solution India Private Limited, India
Schaeffler Japan Co., Limited, Japan	Schaeffler Japan Co., Ltd., Japan
Schaeffler Ansan Corporation, Korea	Schaeffler Ansan Corporation, Korea
Schaeffler Korea Corporation, Korea	Schaeffler Korea Corporation, Korea
Schaeffler Bearings (Malaysia) Sdn. Bhd., Malaysia	Schaeffler Bearings (Malaysia) Sdn. Bhd., Malaysia
Schaeffler Transmisión, S. de R.L. de C.V., Mexico	Schaeffler Transmisión, S. de R.L. de C.V., Mexico
Schaeffler Automotive Aftermarket Mexico, S. de R.L. de C.V., Mexico	Schaeffler Automotive Aftermarket Mexico, S. de R.L. de C.V., Mexico
Schaeffler Mexico, S. de R.L. de C.V., Mexico	Schaeffler Mexico, S. de R.L. de C.V., Mexico

Notes to the Standalone Financial Statements  
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2023	2022
Radine B.V., Netherland	Schaeffler Philippines Inc., Philippines
Schaeffler Philippines Inc., Philippines	Schaeffler Portugal, Unipessoal, Lda., Portugal
Schaeffler Portugal, Unipessoal, Lda., Portugal	Schaeffler Romania S.R.L., Romania
Schaeffler Romania S.R.L., Romania	Schaeffler (Singapore) Pte. Ltd., Singapore
Schaeffler (Singapore) Pte. Ltd., Singapore	Schaeffler Kysuce, spol. s r.o., Slovakia
Schaeffler Kysuce, spol. s r.o., Slovakia	Schaeffler Skalica, spol. s r.o., Slovakia
Schaeffler Skalica, spol. s r.o., Slovakia	Schaeffler South Africa (Pty.) Ltd., South Africa
Schaeffler South Africa (Pty.) Ltd., South Africa	Schaeffler (Thailand) Co., Ltd., Thailand
Schaeffler Manufacturing (Thailand) Co., Ltd., Thailand	Schaeffler Manufacturing (Thailand) Co., Ltd., Thailand
Schaeffler Turkey Endüstri ve Otomotiv Ticaret Limited Sirketi., Turkey	Schaeffler (UK) Limited, UK
Schaeffler (UK) Limited, UK	Schaeffler Automotive Aftermarket (UK), Limited, UK
Schaeffler Automotive Aftermarket (UK), Limited, UK	Schaeffler Group USA, Inc., USA
Schaeffler Group USA, Inc., USA	Schaeffler Transmission Systems, LLC., USA
Schaeffler Transmission Systems, LLC., USA	Schaeffler Vietnam Co., Ltd., Vietnam
Schaeffler Vietnam Co., Ltd., Vietnam	
<b>Key Management Personnel</b>	<b>Key Management Personnel</b>
Mr. Harsha Kadam, Managing Director	Mr. Harsha Kadam, Managing Director
Ms. Hardevi Vazirani, Director Finance and CFO (w.e.f. February 13, 2024)	Mr. Satish Patel, Director Finance and CFO
Mr. Satish Patel, Director Finance and CFO (up to February 12, 2024)	

3) Transactions with related parties during the year:

(₹ in million)				
Nature of transactions	Subsidiaries	Fellow subsidiaries/ Affiliates	Key Management Personnel	Total
Purchase of finished goods	-	11,753.0	-	11,753.0
	-	(11,634.7)	-	(11,634.7)
Purchase of raw materials and components and spares	-	8,321.4	-	8,321.4
	-	(7,535.4)	-	(7,535.4)
Purchase of tangible assets	-	1,886.4	-	1,886.4
	-	(751.3)	-	(751.3)
Fees for use of technology / trademark	-	1,410.0	-	1,410.0
	-	(1,295.6)	-	(1,295.6)
Travelling, training, testing, support fee and other cost	-	517.4	-	517.4
	-	(548.4)	-	(548.4)
Dividend for the year - 2022	-	2,780.4	-	2,780.4
2021	-	(1,853.6)	-	(1,853.6)
SAP, other IT systems and connectivity cost	-	535.5	-	535.5
	-	(515.2)	-	(515.2)
Expat cost	-	0.7	-	0.7
	-	(7.5)	-	(7.5)
Commission on guarantee - other cost	-	1.6	-	1.6
	-	(2.4)	-	(2.4)
Sale of finished goods	-	8,816.1	-	8,816.1
	-	(10,115.3)	-	(10,115.3)
Sale of tangible assets	-	382.1	-	382.1
	-	-	-	-
Reimbursement of expenses	-	181.4	-	181.4
	-	(109.1)	-	(109.1)
Service income	-	164.6	-	164.6
	-	(308.7)	-	(308.7)
Investment in subsidiaries	1,424.0	-	-	1,424.0
	-	-	-	-



Notes to the Standalone Financial Statements

for the year ended December 31, 2023

(₹ in million)				
Nature of transactions	Subsidiaries	Fellow subsidiaries/ Affiliates	Key Management Personnel	Total
Loan given to subsidiaries	169.5	-	-	169.5
	-	-	-	-
Interest on loan given to subsidiaries	3.1	-	-	3.1
	-	-	-	-
Managerial remuneration <sup>1</sup>	-	-	59.6	59.6
	-	-	(53.7)	(53.7)

<sup>1</sup> 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 2023:

(₹ in million)	
Nature of Transaction	Subsidiaries / Fellow subsidiaries / Affiliates
<b>Trade receivables</b>	
Schaeffler Technologies AG & Co. KG, Germany	1,009.5
	(1,260.9)
Schaeffler Trading (Shanghai) Co. Ltd., China	213.5
	(346.6)
Others	687.5
	(1,238.4)
<b>2023</b>	<b>1,910.5</b>
2022	(2,845.9)
<b>Trade payables</b>	
Schaeffler Technologies AG & Co. KG, Germany	3,818.9
	(3,911.1)
Others	1,392.2
	(1,727.7)
<b>2023</b>	<b>5,211.1</b>
2022	(5,638.8)
<b>Other receivables</b>	
Schaeffler Technologies AG & Co. KG, Germany	15.9
	(22.9)
Schaeffler (China) Co., Ltd., China	6.9
	-
Schaeffler (Singapore) Pte. Ltd., Singapore	6.2
	(6.1)
Others	32.1
	(27.5)
<b>2023</b>	<b>61.1</b>
2022	(56.5)
<b>Creditors for Capital goods</b>	
Schaeffler Technologies AG & Co. KG, Germany	284.8
	(79.7)
Schaeffler (China) Co., Ltd., China <sup>1</sup>	249.4
	(0.0)
Schaeffler Savaria Kft., Hungary	206.5
	-
Schaeffler Sondermaschinenbau AG & Co. KG, Germany	89.8
	-
Others	63.5
	(57.3)



Notes to the Standalone Financial Statements

for the year ended December 31, 2023

(₹ in million)	
Nature of Transaction	Subsidiaries / Fellow subsidiaries / Affiliates
<b>2023</b>	<b>894.0</b>
2022	(137.0)
<b>Loan Receivable</b>	
KRSV Innovative Auto Solutions Pvt. Limited, India	169.5
	-
<b>Interest on loan receivable</b>	
KRSV Innovative Auto Solutions Pvt. Limited, India	3.1
	-
<b>2023</b>	<b>172.6</b>
2022	-
<b>Advance against asset held for sale</b>	
Schaeffler Technologies Solution India Pvt. Limited, India	-
	(300.0)
<b>2023</b>	<b>-</b>
2022	(300.0)

<sup>1</sup> Values less than ₹ 1 million

5) The significant related party transactions are as under:

(₹ in million)		
Nature of Transactions	Subsidiaries / Fellow subsidiaries / Affiliates	Amount
Purchase of finished goods	Schaeffler Technologies AG & Co. KG, Germany	8,897.6
		(8,864.7)
	Schaeffler (China) Co. Ltd.China	1,176.6
		(669.7)
Purchase of raw material and components and spares	Schaeffler Technologies AG & Co. KG, Germany	4,207.0
		(4,083.5)
	Schaeffler (China) Co. Ltd.China	1,185.5
		(661.8)
	Schaeffler Friction Products (Suzhou) Co., Ltd.,	1,158.9
		(953.8)
Purchase of tangible assets	Schaeffler Technologies AG & Co. KG, Germany	469.9
		(239.2)
	Schaeffler Kysuce, spol. s r.o., Slovakia	413.1
		(200.4)
	Schaeffler (China) Co. Ltd.China	299.6
		(13.7)
	Schaeffler Korea Corporation., Korea	231.9
		-
	Schaeffler Savaria Kft., Hungary	206.6
		-
Sale of finished goods	Schaeffler Technologies AG & Co. KG, Germany	3,625.1
		(3,783.5)
	Schaeffler Trading( Shanghai) Co. Ltd; China	996.2
		(1,814.6)
Sale of tangible assets	Schaeffler Technology Solutions India Pvt. Limited, India	382.1
		-
Fees for use of technology / trademark	Schaeffler Technologies AG & Co. KG, Germany	1,410.0
		(1,295.6)
SAP, other IT systems and connectivity cost	Schaeffler Technologies AG & Co. KG, Germany	535.5
		(515.2)



Notes to the Standalone Financial Statements
for the year ended December 31, 2023

Nature of Transactions	Subsidiaries / Fellow subsidiaries / Affiliates	(₹ in million)
		Amount
Travelling, training, testing, support fee and other cost	Schaeffler Technologies AG & Co. KG, Germany	173.7
		(212.1)
	Schaeffler (Singapore) Pte. Ltd., Singapore	68.4
		(42.9)
	Schaeffler Kysuce, spol. s r.o., Slovakia	61.5
		(81.9)
Expat cost	Schaeffler Automotive Buehl GmbH & Co. KG, Germany	0.7
		(7.5)
Commission on guarantee - other cost	Schaeffler AG, Germany	1.6
		(2.4)
Reimbursement of expenses	Schaeffler Technologies AG & Co. KG, Germany	58.2
		(28.7)
	Schaeffler (Singapore) Pte. Ltd., Singapore	23.9
		(19.2)
	Schaeffler Technology Solutions India Pvt. Limited, India	26.8
		-
Service income	Schaeffler Technologies AG & Co. KG, Germany	163.3
		(268.4)
Investment in subsidiaries	KRSV Innovative Auto Solutions Pvt. Limited, India	1,424.0
		-
Loan given to subsidiaries	KRSV Innovative Auto Solutions Pvt. Limited, India	169.5
		-
Interest on loan given to subsidiaries	KRSV Innovative Auto Solutions Pvt. Limited, India	3.1
		-
Managerial remuneration	Mr. Harsha Kadam	40.1
		(36.7)
	Mr. Satish Patel	19.5
		(17.0)
Dividend paid	Schaeffler Schweinfurt Beteiligungs GmbH, Germany	1,023.3
		(682.2)
	Schaeffler Bühl Verwaltungs GmbH, Germany	771.2
		(514.2)
	Schaeffler Verwaltungsholding Sechs GmbH, Germany	563.1
		(375.4)
	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	422.8
		(281.8)

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.

Names and details of fellow subsidiaries, affiliates and subsidiary having transaction value in excess of 10% in line transactions during the year.

39. 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.

Notes to the Standalone Financial Statements
for the year ended December 31, 2023

Outstanding derivative instruments

Category	Currency hedged	2023		2022	
		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	7,762,000	645.9	15,200,000	1,257.4

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

Maturity

	2023		2022	
	1-6 months	6-12 months	1-6 months	6-12 months
Foreign currency risk				
Forward exchange contracts				
Net exposure (₹ in million)	447.5	198.4	718.8	538.5
Average INR: USD forward contract rate	83.4	84.2	80.8	83.2

Foreign currency exposures as at December 31, 2023:

Particulars	Currency	Amount in foreign currency	Equivalent amount (₹ in million)
Trade Payables	USD	21,973,306.0	1,828.6
		(20,785,540.6)	(1,719.4)
	EUR	2,384,462.7	219.3
		(2,829,034.6)	(249.8)
	CHF <sup>1</sup>	461.65	0.0
		(3,108.5)	(0.3)
	GBP	-	-
		(508.0)	(0.1)
	JPY	1,236,800.0	0.7
		(8,176,104.0)	(5.1)
Trade Receivables	CNY	13,699,651.4	160.6
		(7,638,743.4)	(91.6)
	USD	9,444,008.5	785.9
		(17,899,242.2)	(1,480.6)
	EUR	819,891.5	75.4
		(786,350.5)	(69.4)
	Bank balance in EEFC accounts	761,559.4	63.4
		(404,019.1)	(33.4)
	EUR <sup>1</sup>	203,239.7	18.7
		(26.5)	(0.0)

Amounts in brackets represents previous year numbers.

<sup>1</sup> Values less than ₹ 1 million.



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

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

	(₹ in million)	
	2023	2022
Financial assets		
Trade receivables		
USD	785.9	1,480.6
EUR	75.4	69.4
Bank Balances in EEFC account		
USD	63.4	33.4
EUR <sup>1</sup>	18.7	0.0
Total Exposure to foreign currency assets	943.4	1,583.4

	(₹ in million)	
	2023	2022
Financial liabilities		
Trade payables		
USD	1,828.6	1,719.4
EUR	219.3	249.8
CHF <sup>1</sup>	0.0	0.3
JPY	0.7	5.1
GBP	-	0.1
CNY	160.6	91.6
Total Exposure to foreign currency liabilities	2,209.2	2,066.3

<sup>1</sup> Values less than ₹ 1 million.

## 40. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- market risk [refer 40 (A) below]
- liquidity risk [refer 40 (B) below]
- credit risk [refer 40 (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).

# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

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 39 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:

(₹ in million)			
		Effect on Profit Before Tax	
		2023	2022
USD	+ 5%	(49.0)	(10.3)
	- 5%	49.0	10.3
EUR	+ 5%	(6.3)	(9.0)
	- 5%	6.3	9.0
CHF	+ 5%	(0.0)	(0.0)
	- 5%	0.0	0.0
JPY	+ 5%	(0.0)	(0.3)
	- 5%	0.0	0.3
GBP	+ 5%	0.0	(0.0)
	- 5%	-	0.0
CNY	+ 5%	(8.0)	(4.6)
	- 5%	8.0	4.6

#### (ii) Interest rate risk

Interest rate risk exposure: The Company does not have interest bearing borrowings and interest rate risk is towards opportunity cost on investment in tax free bonds. Surplus funds are being invested in bank deposits at fixed interest rates and the tenure is managed to match with the Company’s liquidity profile.

## B) Liquidity risk

The Company’s principal sources of liquidity are cash and cash equivalents and cash flows generated from operations. The Company regularly monitors actual cash flows and forecasts to ensure that the Company maintains sufficient liquidity to meet the operation needs.

The following table shows the maturity analysis of the Company’s financial liabilities based on contractually agreed undiscounted cash flows (except lease liabilities refer Note 49) at the balance sheet date:

(₹ in million)				
	Carrying amount	Less than 12 months	More than 12 months	Total
As at December 31, 2023				
Financial liabilities				
Lease liabilities	511.0	104.5	406.50	511.0
Trade payables	10,514.6	10,514.6	-	10,514.6
Security deposits from customers / suppliers	22.8	-	22.8	22.8
Employee liabilities	656.4	656.4	-	656.4
Creditors for capital goods	1,353.8	1,353.8	-	1,353.8
Accrued expense	175.2	175.2	-	175.2
Unclaimed dividends	11.4	11.4	-	11.4
Other payables	9.2	9.2	-	9.2



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

	(₹ in million)			
	Carrying amount	Less than 12 months	More than 12 months	Total
As at December 31, 2022				
Financial liabilities				
Lease liabilities	573.8	100.2	473.6	573.8
Trade payables	11,117.3	11,117.3	-	11,117.3
Security deposits from customers / suppliers	19.9	-	19.9	19.9
Employee liabilities	722.6	722.6	-	722.6
Creditors for capital goods	490.4	490.4	-	490.4
Accrued expense	114.8	114.8	-	114.8
Unclaimed dividends	9.5	9.5	-	9.5
Other payables	8.0	8.0	-	8.0

## 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 ranging from 0.04% to 0.78%, except for few customer where specific provisions is being created. The expected credit loss allowance is considered as a percentage of net receivable position.

	(₹ in million)			
	2023		2022	
	Less than 6 months	More than 6 months	Less than 6 months	More than 6 months
Gross carrying amount	10,416.1	96.2	10,349.1	8.3
Allowance for expected credit loss	(15.9)	(4.1)	(30.0)	(3.3)
Carrying amount of trade receivables (net)	10,400.2	92.1	10,319.1	5.0

Reconciliation of expected credit loss allowance is as follows:

	(₹ in million)
As at January 1, 2023	33.3
Movement in expected credit loss allowance	(13.3)
As at December 31, 2023	20.0

### Financial assets other than trade receivables

Credit risk on cash and cash equivalents, bank balances other than cash and cash equivalents is limited as the Company generally invest in deposits with banks which have high credit rating assigned by external agencies. Credit risk on loans given to subsidiaries are assessed for credit risk based on the underlying valuation of the entity and their ability to repay within the contractual repayment terms. Based on the Company’s historical experience, the credit risk on other financial assets is low.

# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## 41. 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.

## 42. 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 ₹ 206.1 million (2022: ₹ 189.1 million) and contribution to superannuation fund for the year aggregated to ₹ 33.4 million (2022: ₹ 33.1 million).

### Defined benefit plans

The Company has defined benefit plans that provide gratuity benefit. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month’s salary for each year of completed service at the time of retirement/exit. The Scheme is funded by the plan assets.

## The following table summarises the position of assets and obligations

	(₹ in million)	
	Gratuity	
	2023	2022
Present value of funded obligations	931.6	824.1
Fair value of plan assets	830.6	775.6
Liability recognised in balance sheet	101.0	48.5

## Classification into current / non-current

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

	(₹ in million)	
	Gratuity	
	2023	2022
Noncurrent liability	-	-
Current liability	101.0	48.5
Total	101.0	48.5



Notes to the Standalone Financial Statements
for the year ended December 31, 2023

Movement in present values of defined benefit obligations:

Table with 3 columns: Description, 2023, 2022. Rows include: Defined benefit obligation at January 1, Service cost, Interest cost, Actuarial (gains)/ losses recognised in Other Comprehensive Income due to: Change in assumptions, Demographic assumptions, Experience changes, Benefits paid / Employees contribution, Liabilities assumed / (settled), Defined benefit obligation at December 31.

Movement in fair value of plan assets:

Table with 3 columns: Description, 2023, 2022. Rows include: Fair value of plan assets at January 1, Return on plan assets recognised in other comprehensive income, Interest on plan assets, Contributions by employer, Benefits paid / Employees contribution, Fair value of plan assets at December 31.

Expense recognized in the Statement of Profit and Loss:

Table with 3 columns: Description, 2023, 2022. Rows include: Current service cost, Interest on net defined benefit liability / (asset), Total included in Employee benefits expense.

Remeasurements recognised in other comprehensive income

Table with 3 columns: Description, 2023, 2022. Rows include: Actuarial (gain)/ loss on defined benefit obligation, Return on plan assets excluding interest income, Currency effects - OCI from DBO.

Notes to the Standalone Financial Statements
for the year ended December 31, 2023

Principal actuarial assumptions at the balance sheet date

Table with 3 columns: Description, 2023, 2022. Rows include: Discount rate per annum as at December 31, Expected return per annum on plan assets as at December 31, Future salary increment, Retirement age, Mortality, Attrition rate.

At December 31, 2023, the weighted-average duration of the defined benefit obligation was 6.42 years (31 December 2022: 6.47 years).
Note: The estimates of future salary increases, considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Sensitivity Analysis

The following table 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:

Table with 4 columns: Description, 2023 Increase, 2023 Decrease, 2022 Increase, 2022 Decrease. Rows include: Discount rate (100 bps movement on DBO), Salary escalation rate (100 bps movement pn DBO).

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

Table with 4 columns: Description, 2023 Quoted, 2023 Unquoted, 2023 Total. Rows include: Insurer managed funds (Life Insurance Corporation), Others.

Maturity profile of defined benefit obligations:

Table with 3 columns: Year, 2023, 2022. Rows include: Year 1, Year 2, Year 3, Year 4, Year 5, Year 6, Year 7, Year 8, Year 9, Year 10 and above.



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## Characteristics of defined benefit plans and risks associated with them:

Valuations of defined benefit plan are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit plans which are as follows:

- (i) **Interest Rate risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (i.e. value of defined benefit obligation).
- (ii) **Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- (iii) **Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- (iv) **Investment Risk:** The Company has funded with well established Govt. of India undertaking & other IRDA approved agency and therefore, there is no material investment risk.

## 43. Financial instruments

### A) Accounting classifications

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

Financial instruments category	(₹ in million)	
	Carrying value / Fair value	
	2023	2022
<b>Financial Assets</b>		
a) <b>Measurement at amortised cost:</b>		
Trade receivables	10,492.3	10,324.1
Investments	1,424.0	-
Cash and cash equivalents	690.9	1,660.4
Bank balances other than cash and cash equivalents	15,159.5	13,884.9
Loans	169.5	-
Security deposits	142.0	133.6
Other financial assets	414.1	1,399.6
<b>Total Financial Assets</b>	<b>28,492.3</b>	<b>27,402.6</b>
<b>Financial Liabilities</b>		
a) <b>Measurement at amortised cost:</b>		
Trade payables	10,514.6	11,117.3
Other financial liabilities	2,228.8	1,365.2
Lease liabilities	511.0	573.8
<b>Total Financial Liabilities</b>	<b>13,254.4</b>	<b>13,056.3</b>

The carrying amounts of all financial instruments (except derivative instruments which are measured at fair value through Other Comprehensive Income and long-term loans) are not materially different from their fair values, since these are of short term nature.

# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

## B) Fair value hierarchy

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

December 31, 2023				
	Level 1	Level 2	Level 3	(₹ in million) 2023
<b>Financial Assets</b>				
Trade receivables	-	-	10,492.3	10,492.3
Investments	-	-	1,424.0	1,424.0
Cash and cash equivalents	-	-	690.9	690.9
Bank balances other than cash and cash equivalents	-	-	15,159.5	15,159.5
Loans	-	-	169.5	169.5
Security deposits	-	-	142.0	142.0
Other financial assets	-	-	414.1	414.1
<b>Total</b>	<b>-</b>	<b>-</b>	<b>28,492.3</b>	<b>28,492.3</b>

December 31, 2022				
	Level 1	Level 2	Level 3	(₹ in million) 2023
<b>Financial Liabilities</b>				
Trade payables	-	-	10,514.6	10,514.6
Other financial liabilities	-	-	2,228.8	2,228.8
Lease liabilities	-	-	511.0	511.0
<b>Total</b>	<b>-</b>	<b>-</b>	<b>13,254.4</b>	<b>13,254.4</b>

December 31, 2022				
	Level 1	Level 2	Level 3	(₹ in million) 2022
<b>Financial Assets</b>				
Trade receivables	-	-	10,324.1	10,324.1
Investments	-	-	-	-
Cash and cash equivalents	-	-	1,660.4	1,660.4
Bank balances other than cash and cash equivalents	-	-	13,884.9	13,884.9
Loans	-	-	-	-
Security deposits	-	-	133.6	133.6
Other financial assets	-	-	1,399.6	1,399.6
<b>Total</b>	<b>-</b>	<b>-</b>	<b>27,402.6</b>	<b>27,402.6</b>

December 31, 2022				
	Level 1	Level 2	Level 3	(₹ in million) 2022
<b>Financial Liabilities</b>				
Trade payables	-	-	11,117.3	11,117.3
Other financial liabilities	-	-	1,365.2	1,365.2
Lease liabilities	-	-	573.8	573.8
<b>Total</b>	<b>-</b>	<b>-</b>	<b>13,056.3</b>	<b>13,056.3</b>

## Valuation techniques and significant unobservable inputs

Specific valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments include:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- All financial assets and liabilities referred in Level 3 are measured at amortised cost, their carrying amount are reasonable approximation of their fair value



Notes to the Standalone Financial Statements
for the year ended December 31, 2023

44. 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	2023	2022
(A) Segment Revenue (Net revenue / income)		
Mobility components and related solutions		
Automotive Technologies	30,230.3	27,065.0
Automotive Aftermarket	6,812.7	5,935.8
Industrial	13,106.9	12,572.4
Exports & Others¹	6,718.4	8,303.6
Sub total (a)	56,868.3	53,876.8
Others		
Automotive Technologies	-	-
Automotive Aftermarket	-	-
Industrial	12,371.1	11,674.2
Exports & Others¹	3,021.9	3,123.2
Sub total (b)	15,393.0	14,797.4
(c) Total Revenue		
Automotive Technologies	30,230.3	27,065.0
Automotive Aftermarket	6,812.7	5,935.8
Industrial	25,478.0	24,246.6
Exports & Others¹	9,740.3	11,426.8
Revenue from operations (a + b)	72,261.3	68,674.2
(B) Segment Results (Profit before unallocable income, finance costs, exceptional items and tax)		
Mobility components and related solutions	7,997.0	8,121.6
Others	3,079.7	2,757.7
Total profit before unallocable income, finance costs, exceptional items and tax	11,076.7	10,879.3
Less : Finance cost	41.7	35.5
Add : Unallocable Income	1,248.9	776.8
Add : Exceptional items (refer Note 52 and 53)	(47.0)	149.8
Profit before tax	12,236.9	11,770.4
(C) Segment assets		
Mobility components and related solutions²	38,832.2	32,878.8
Others	5,097.5	4,950.8
Unallocated	18,760.2	19,437.6
Total assets	62,689.9	57,267.2
(D) Segment liabilities		
Mobility components and related solutions	10,375.2	10,342.6
Others	2,290.4	2,433.0
Unallocated	1,870.7	1,632.6
Total liabilities	14,536.3	14,408.2
(E) Net capital employed	48,153.6	42,859.0

¹ Export & Others mainly includes exports to group companies, scrap sales and other operating income
² Property, plant and equipment (PPE) of the Company is predominantly used for 'Mobility components and related solutions' and hence has been disclosed as a segment asset under that reportable segment.

Notes to the Standalone Financial Statements
for the year ended December 31, 2023

(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

	2023	2022
India	62,684.1	57,818.9
Outside India	9,577.2	10,855.3
Total	72,261.3	68,674.2

(b) Non-current assets¹

	2023	2022
India	19,591.1	15,806.5
Outside India	-	-
Total	19,591.1	15,806.5

¹ Non-current assets exclude financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts, if any.

(c) Customers accounted individually more than 10% of the revenue 2023 none (2022: none).

45. Research and development expenses under the respective heads aggregate to ₹ 994.7 million (2022 : ₹ 972.2 million) including of capital nature ₹ 73.7 million (2022 : ₹ 66.5 million).

	2023				2022			
	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	367.1	335.3	218.6	921.0	390.1	333.1	182.5	905.7
Capital expenses on research and development capitalised along with other Fixed assets	66.8	1.4	5.5	73.7	15.9	1.5	49.1	66.5
Total	433.9	336.7	224.1	994.7	406.0	334.6	231.6	972.2

46. The tax year for the Company being the year ending March 31, 2024, provision for taxation for the year ended December 31, 2023 is aggregate of provision made for three months ended March 31, 2023 and provision based on amounts for remaining nine months ended December 31, 2023, the ultimate tax liability of which will be determined on the basis of figures for the fiscal year April 1, 2023 to March 31, 2024.

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, 2023. The Management believes that the Company's international transactions with associated enterprises post March 31, 2023 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 Standalone Financial Statements  
for the year ended December 31, 2023

47. 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.

48. 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 liabilities (Advances from Customers)

(₹ in million)		
Particulars	2023	2022
Closing Contract liabilities	47.6	94.9

The Contract liabilities outstanding at the beginning of the year has been recognised as revenue during the year ended December 31, 2023.

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

(₹ in million)		
Particulars	2023	2022
Revenue as per Contract price	71,594.4	67,697.6
Less: Incentives and rebates	637.0	600.2
Less: Discounts	181.7	133.1
Revenue as per statement of profit and loss	70,775.7	66,964.3

49. 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.

Notes to the Standalone Financial Statements  
for the year ended December 31, 2023

3. Right-of-use assets by class of assets is as follows.

Particulars	Gross Block				Amortisation				Net Block
	As at Jan 1, 2023	Additions	Deductions	As at Dec 31, 2023	As at Jan 1, 2023	For the Year	Deductions	As at Dec 31, 2023	As at Dec 31, 2023
<b>Tangible Assets</b>									
Leasehold land	540.6	-	-	540.6	3.4	5.8	-	9.2	531.4
Buildings	742.1	11.6	-	753.7	248.6	92.9	-	341.5	412.2
Vehicle	5.5	9.4	-	14.9	5.5	1.4	-	6.9	8.0
<b>Total</b>	<b>1,288.2</b>	<b>21.0</b>	<b>-</b>	<b>1,309.2</b>	<b>257.5</b>	<b>100.1</b>	<b>-</b>	<b>357.6</b>	<b>951.6</b>

4. Finance costs includes interest expense amounting to ₹ 29.6 millions (2022: ₹ 30.9 millions) on lease liability accounted in accordance with Ind AS 116 “Leases”.

5. Rent expense in Note No. 33 Represents lease charges for short term leases.

6. Lease liabilities

The table provides details regarding contractual liabilities of lease liabilities on an undiscounted basis.

(₹ in million)		
Particulars	2023	2022
<b>Undiscounted future cash outflows</b>		
Not later than 1 year	65.1	60.7
Later than 1 year and not later than 5 years	528.4	536.1
Later than 5 years	-	89.3

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

50. Ratio Analysis and its elements

Ratio	Unit of Measurement	Numerator	Denominator	2023	2022	% change	Remark
Current ratio	Times	Current assets	Current liabilities	2.9	2.9	2.0%	-
Debt-Equity ratio	Times	Debt consists of borrowings and lease liabilities	Total Equity	0.01	0.01	-20.7%	-
Debt service coverage ratio	Percentage	Earnings for debt service <sup>1</sup>	Debt service <sup>2</sup>	99.3	109.6	-9.4%	-
Return on equity ratio	Percentage	Net Profits after taxes	Average total equity	20.0%	22.1%	-9.8%	-
Inventory turnover ratio	Times	Cost of goods sold	Average inventory	3.5	3.7	-3.9%	-
Trade receivables turnover ratio	Times	Net credit sales	Average trade receivables	6.8	7.2	-4.9%	-
Trade payables turnover ratio	Times	Net credit purchases <sup>3</sup>	Average trade payables	5.1	5.1	-0.4%	-
Net capital turnover ratio	Times	Net Sales	Working capital <sup>4</sup>	2.6	2.6	0.8%	-
Net profit ratio	Percentage	Net Profit	Net Sales	12.8%	13.0%	-1.9%	-
Return on capital employed	Percentage	Earnings before interest and taxes	Capital employed <sup>5</sup>	24.6%	27.3%	-10.0%	-
Return on investment	Percentage	Earnings before interest and taxes	Average total assets	18.9%	20.7%	-8.8%	-

<sup>1</sup> Earnings for debt service includes net profit after taxes and non-cash operating expenses like depreciation, profit/ loss on sale of property, plant and equipment, etc.

<sup>2</sup> Debt service includes interest & lease payments.

<sup>3</sup> Net credit purchases means gross credit purchases after deducting purchase return. Gross credit purchases includes other expenses.

<sup>4</sup> Working capital is calculated by deducting current liabilities from current assets.

<sup>5</sup> Capital employed calculated based on total assets less current liabilities.



# Notes to the Standalone Financial Statements

for the year ended December 31, 2023

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. Consequent to the approvals received from the Board of Directors of the Company at its meeting held on May 23, 2022, the Company has entered into a business transfer agreement on June 29, 2022 with CATENSYS India Private Limited and has sold its Chain Drive business under Automotive Technologies segment by way of a slump sale on a going concern basis for a lumpsum consideration of ₹ 294.2 million. The gain on sale of business amounting to ₹ 149.8 million has been recognised as an exceptional item in the above results.
53. The Board of Directors of the Company on August 28, 2023 had approved acquisition of 100% shares 12,04,758 of ₹10/- each of KRSV Innovative Auto Solutions Private Limited (in the following “Koovers” ) for a total purchase consideration of ₹ 1,424.0 million in 100% cash consideration. Schaeffler india Limited has completed the above acquisition by acquiring 100% shareholding of Koovers on September 8, 2023 in cash consideration. Consquently, Koover’s has became a subsidiary of the Company. The expenditure towards acquistion of Koovers mainly includes professional/ consulting fees, stamp duties and other costs amounting to ₹ 47.0 million has been recognised as an exceptional items. Koovers offers spare parts solution to Indian Automotive aftermarket workshops via B-to-B e-commerce platform. The acquistion is in line with Schaeffler India’s strategic initiatives for growth and provides a synergy potential. It will be a key enabler for the aftermarket ecosystem, inculding distribution partner and help to play an important role in the fast growing and evolving aftermarket digital landscape.
54. Other Statutory Information
1. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

2. The Company does not have any transactions with companies struck off.

3. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

4. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

5. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
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for the year ended December 31, 2023
6. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

7. The Company does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

55. The figures for the previous year have been regrouped/reclassified wherever necessary, to make them comparable. The impact of such reclassification/regrouping is not material to the financial statements.

56. The financial statement are approved for issued by the Board of Directors in their meeting held on February 16, 2024.
- |   |   |                                |
|---|---|--------------------------------|
| 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                        | For and on behalf of the Board of Directors |                                |
|   | E.V. Sumithasri                             | Harsha Kadam                   |
|   | Chairperson                                 | Managing Director              |
| Partner                                     | DIN: 07087197                               | DIN: 07736005                  |
|   | Hardevi Vazirani                            | Ashish Tiwari                  |
|   | Director-Finance & CFO                      | VP - Legal & Company Secretary |
| Membership No.: 042423                      | DIN: 10212814                               |                                |
|   | Place: Bengaluru                            |                                |
|   | Date: February 16, 2024                     |                                |



# Independent Auditor’s Report

To the Members of Schaeffler India Limited  
Report on the Audit of the Consolidated Financial Statements

## Opinion

1. We have audited the accompanying consolidated financial statements of **Schaeffler India Limited** (‘the Holding Company’) and its subsidiary, KRSV Innovative Auto Solutions Private Limited (the Holding Company and its subsidiary together referred to as ‘the Group’), which comprise the Consolidated Balance Sheet as at 31 December 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statement and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (‘the Act’) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally

accepted in India of the consolidated state of affairs of the Group, as at 31 December 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

## Basis for Opinion

3. 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 Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditor in terms of their report referred to in paragraph 14 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the report of the other auditor on separate financial statement of the subsidiary, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Revenue Recognition</b> (refer note 23 and 46 of the accompanying consolidated financial statements)	Our key audit procedures around revenue recognition included, and not limited to, the following:
The Group’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.	<ul style="list-style-type: none"><li>Obtained an understanding of and assessed the design, implementation and operating effectiveness of management’s key internal financial controls in relation to revenue recognition;</li></ul>
We have identified the recognition of revenue as a key audit matter since the Group 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.	<ul style="list-style-type: none"><li>Assessed the appropriateness of the revenue recognition accounting policies of the Group including those relating to variable consideration, by evaluating compliance with the applicable accounting standards.</li></ul>
The Group 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.	<ul style="list-style-type: none"><li>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 Group’s timing of revenue recognition;</li><li>Performed analytical review procedures on revenue recognized during the year to identify any unusual and/or material variances.</li></ul>

Key audit matter	How our audit addressed the key audit matter
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.	<ul style="list-style-type: none"><li>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.</li></ul> <p>Evaluated the appropriateness and adequacy of disclosures in the financial statements in respect of revenue recognition with the applicable standards</p>
<b>Related Party Transactions</b> (refer note 36 of the accompanying consolidated financial statements)	<p>Our key audit procedures around Related party transactions included, and not limited to, the following:</p> <ul style="list-style-type: none"><li>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.</li><li>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.</li><li>Evaluated the compliance with Indian Transfer Pricing Regulations with respect to arm’s length based on the transfer pricing documentation prepared by the Group. This also involved obtaining views from the auditor’s internal tax experts regarding the arm’s length pricing.</li><li>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 Group’s management.</li></ul> <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 Consolidated Financial Statements and Auditor’s Report thereon

5. The Holding 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 consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

6. The accompanying consolidated financial statements have been approved by the Holding Company’s Board of Directors. The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of



## Report on the Audit of the Consolidated Financial Statements

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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of are responsible for assessing the ability of the Group and of to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
8. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.
10. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and 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 Group and to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entity included in the financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

11. 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.
12. 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.

13. 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

14. We did not audit the financial statements one (1) subsidiary, whose financial statement reflect total assets of ₹184.7 million and net assets of ₹ (64.8) million as at 31 December 2023, total revenues of ₹247.5 million and net cash inflows amounting to ₹3.7 million for the period ended on that date, as considered in the consolidated financial statements. These financial statement have been audited by other auditor whose report have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary, are based solely on the reports of the other auditor.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 14, on separate financial statements of the subsidiary we report that the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act is not applicable to the subsidiary company, as it is not a public company as defined under section 2(71) of the Act.

16. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the other auditor as mentioned in paragraph 14 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
17. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) On the basis of the written representations received from the directors of the Holding Company, and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditor of its subsidiary company, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 December 2023 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion; and



Report on the Audit of the Consolidated Financial Statements

- g) With respect to the other matters to be included in the Auditor’s Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statement of the subsidiary incorporated in India whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 34 to the consolidated financial statements;

ii. The Holding Company and its subsidiary company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 December 2023;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company, during the year ended 31 December 2023. Further, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiary company covered under the Act, during the year ended 31 December 2023;

iv.

a. The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statement have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of their knowledge and belief , as disclosed in note 52(5) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary company to or in any person or entity, including
- foreign entities (‘the intermediaries’), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies (‘the Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, as disclosed in the note 52(6) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary company from any person or entity, including foreign entities (‘the Funding Parties’), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (‘Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditor of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors’ notice that has caused us or the other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v.

a. The final dividend paid by the Holding Company during the year ended 31 December 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

b. As stated in note 15 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 December 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.
- For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm’s Registration No.: 001076N/N500013

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423  
UDIN: 24042423BKCMLH9649

Place: Mumbai  
Date: February 16, 2024



Annexure A

Independent Auditor’s Report on the internal financial controls with reference to consolidated 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 consolidated financial statements of Schaeffler India Limited (‘the Holding Company’) and its subsidiary (the Holding Company and its subsidiary together referred to as ‘the Group’), as at and for the year ended 31 December 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

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

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are 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 Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that

we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls with Reference to Consolidated 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 Consolidated Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditor on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 December 2023, 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.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one (1) subsidiary company, which are companies covered under the Act, whose financial statements reflect total assets of ₹184.7 million and net assets of ₹(64.8) million as at 31 December 2023, total revenues of ₹247.5 million and net cash inflows amounting to ₹3.5 million for the period ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditor whose report have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditor of such company.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditor.

For Walker Chandiok & Co LLP  
Chartered Accountants  
Firm’s Registration No.: 001076N/N500013  
  
Khushroo B. Panthaky  
Partner  
Place: Mumbai Membership No.: 042423  
Date: February 16, 2024 UDIN: 24042423BKMLH9649



Consolidated Balance Sheet

as at December 31, 2023

		₹ in million	
	Notes	2023	2022
<b>A) ASSETS</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	3.1	11,851.2	10,190.7
b) Right of use assets	3.2	951.6	1,030.7
c) Capital work-in-progress	3.3	4,907.7	2,493.4
d) Goodwill on consolidation	51	822.3	-
e) Other intangible assets	3.4	786.8	5.7
f) Financial assets			
(i) Security deposits	4	150.3	133.6
(ii) Other		5.0	1,034.5
g) Deferred tax assets (net)	5	249.2	384.5
h) Income-tax assets (net)	6	779.1	962.2
i) Other non-current assets	7	1,100.3	1,150.4
<b>Total non-current assets</b>		<b>21,603.5</b>	<b>17,385.7</b>
<b>2 Current assets</b>			
a) Inventories	8	13,156.1	12,433.7
b) Financial assets			
(i) Trade receivables	9	10,555.9	10,324.1
(ii) Cash and cash equivalents	10	697.1	1,660.4
(iii) Bank balances other than (ii) above	11	15,159.5	13,884.9
(iv) Other	12	410.1	365.1
c) Other current assets	13	1,082.9	864.6
<b>Total current assets</b>		<b>41,061.6</b>	<b>39,532.8</b>
<b>3 Assets held for sale</b>	3.1, 3.4	-	348.7
<b>TOTAL ASSETS</b>		<b>62,665.1</b>	<b>57,267.2</b>
<b>B) EQUITY &amp; LIABILITIES</b>			
<b>1 Equity</b>			
a) Equity share capital	14	312.6	312.6
b) Other equity	15	47,740.9	42,546.4
<b>Total Equity</b>		<b>48,053.5</b>	<b>42,859.0</b>
<b>Liabilities</b>			
<b>2 Non-current liabilities</b>			
a) Financial liabilities			
(i) Lease liabilities	16 (a)	406.5	473.6
(ii) Other financial liabilities	17	108.8	94.9
b) Provisions	18	44.8	60.8
<b>Total non-current liabilities</b>		<b>560.1</b>	<b>629.3</b>
<b>3 Current liabilities</b>			
a) Financial liabilities			
(i) Lease liabilities	16 (b)	104.5	100.2
(ii) Trade payables	19		
a) Total outstanding dues of micro enterprises and small enterprises		1,526.3	1,598.9
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		9,025.1	9,518.4
(iii) Other financial liabilities	20	2,130.6	1,270.3
b) Other current liabilities	21	440.5	632.3
c) Provisions	22	685.7	578.2
d) Current tax liabilities (net)		138.8	80.6
<b>Total current liabilities</b>		<b>14,051.5</b>	<b>13,778.9</b>
<b>Total Liabilities</b>		<b>14,611.6</b>	<b>14,408.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>62,665.1</b>	<b>57,267.2</b>
Significant accounting policies	2		
Notes to the financial statements	3 - 54		

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

As per our report of even date attached  
**For Walker Chandiook & Co. LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N / N-500013

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423

**For and on behalf of the Board of Directors**

**E.V.Sumithasri**  
Chairperson  
DIN: 07087197

**Hardevi Vazirani**  
Director – Finance & CFO  
DIN: 10212814

**Harsha Kadam**  
Managing Director  
DIN: 07736005

**Ashish Tiwari**  
VP – Legal & Company Secretary

Place: Mumbai  
Date: February 16, 2024

Place: Bengaluru  
Date: February 16, 2024



Consolidated Statement of Profit and Loss

for the year ended December 31, 2023

		₹ in million	
	Notes	2023	2022
<b>Income</b>			
Revenue from operations	23	72,509.1	68,674.2
Other income	24	1,245.5	776.8
<b>Total Income (I)</b>		<b>73,754.6</b>	<b>69,451.0</b>
<b>Expenses</b>			
Cost of materials consumed	25	30,834.7	27,720.8
Purchases of stock-in-trade	26	14,942.5	15,362.0
Changes in inventories of finished goods,stock-in-trade and work-in-progress	27	(749.0)	(559.5)
Employee benefits expense	28	4,619.4	4,305.9
Finance costs	29	42.7	35.5
Depreciation and amortisation expense	30	2,230.1	2,064.6
Other expenses	31	9,649.5	8,901.1
<b>Total Expenses (II)</b>		<b>61,569.9</b>	<b>57,830.4</b>
<b>Profit before exceptional items and tax (I -II)</b>		<b>12,184.7</b>	<b>11,620.6</b>
<b>Exceptional items (refer Note 51 and 49)</b>		<b>(47.0)</b>	<b>149.8</b>
<b>Profit before tax</b>		<b>12,137.7</b>	<b>11,770.4</b>
<b>Tax expense</b>	32		
Current tax		3,172.9	2,975.0
Deferred tax (credit)		(51.5)	4.8
Tax in respect of prior years		26.1	(1.5)
<b>Profit for the year (A)</b>		<b>8,990.2</b>	<b>8,792.1</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Loss on remeasurement of post employment benefits obligation		(59.3)	41.5
Tax relating to items that will not be reclassified to profit or loss		14.9	(10.5)
<b>Total Other Comprehensive Income for the year (net of tax) (B)</b>		<b>(44.4)</b>	<b>31.0</b>
<b>Total comprehensive income for the year (A + B)</b>		<b>8,945.8</b>	<b>8,823.1</b>
<b>Earnings per equity share [Nominal value of share ₹2 each]</b>	33		
Basic ( in ₹)		57.5	56.3
Diluted ( in ₹)		57.5	56.3
Significant accounting policies	2		
Notes to the financial statements	3 - 54		

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

As per our report of even date attached  
**For Walker Chandiook & Co. LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N / N-500013

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423

**For and on behalf of the Board of Directors**

**E.V.Sumithasri**  
Chairperson  
DIN: 07087197

**Hardevi Vazirani**  
Director – Finance & CFO  
DIN: 10212814

**Harsha Kadam**  
Managing Director  
DIN: 07736005

**Ashish Tiwari**  
VP – Legal & Company Secretary

Place: Mumbai  
Date: February 16, 2024

Place: Bengaluru  
Date: February 16, 2024



Consolidated Cash Flow Statement

for the year ended December 31, 2023

	(₹ in million)	
	2023	2022
Cash flows from operating activities		
Net profit before tax	12,137.7	11,770.4
Adjustments:		
Depreciation and amortisation	2,230.1	2,064.6
Finance costs	42.7	35.5
Interest income	(988.9)	(644.2)
(Profit)/loss on sale of assets (net)	(25.4)	6.0
Provisions no longer required written back	(10.8)	(12.4)
Unrealised exchange loss/(gain) (net)	(14.8)	23.9
Bad debts written off	-	5.9
Exceptional items (refer Note 49)	-	(149.8)
	1,232.9	1,329.5
Operating cash flow before changes in working capital	13,370.6	13,099.9
Changes in working capital		
(Increase) in inventories	(488.8)	(1,600.0)
(Increase) in trade and other receivables	(383.1)	(2,374.1)
(Decrease)/increase in trade and other payables	(530.5)	1,608.0
(Decrease) in other liabilities and provisions	(151.0)	(92.7)
	(1,553.4)	(2,458.8)
Cash generated from operating activities	11,817.2	10,641.1
Income tax paid (net of refunds)	(2,972.6)	(3,135.8)
A. Net cash generated from operating activities	8,844.6	7,505.3
Cash flows from investing activities		
Purchase of property, plant and equipment (tangible and intangible, capital work-in-progress, capital advance and capital creditors)	(5,201.0)	(4,830.4)
Proceeds from sale of property, plant and equipment	6.0	42.4
Payment of purchase consideration for business combination	(1,424.0)	-
Advance received against assets held for sale	-	300.0
Proceeds from sale of chain drive business (refer Note 49)	-	294.2
(Investment in) bank deposits (with original maturity of more than 3 months and remaining maturity of less than 12 months)	(245.1)	(1,677.7)
Interest received	914.0	526.1
B. Net cash (used) in investing activities	(5,950.1)	(5,345.4)
Cash flows from financing activities		
Finance costs paid	(16.6)	(4.6)
Payment of lease liabilities	(62.8)	(33.2)
Interest on lease liabilities	(29.6)	(30.9)
Dividends paid on equity shares	(3,751.3)	(2,500.8)
C. Net cash used in financing activities	(3,860.3)	(2,569.5)
Net (decrease) in cash and cash equivalents (A + B + C)	(965.8)	(409.6)
Cash and cash equivalents at the beginning of year (see note 2 below)	1,660.4	2,070.0
Effect of Acquisition of "Koovers" (refer Note 51)	2.5	-
Cash and cash equivalents at the end of year (see note 2 below)	697.1	1,660.4
	(965.8)	(409.6)



Consolidated Cash Flow Statement

for the year ended December 31, 2023

	(₹ in million)	
	2023	2022
Cash on Hand	0.1	-
With scheduled banks on :		
Current accounts	636.0	831.4
Deposit accounts (with original maturity of three months or less)	61.0	829.0
	697.1	1,660.4

Significant accounting policies2

Notes to the financial statements3 - 54

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

As per our report of even date attached  
For Walker Chandiok & Co. LLP  
Chartered Accountants  
Firm's Registration No.: 001076N / N-500013

Khushroo B. Panthaky  
Partner  
Membership No.: 042423

For and on behalf of the Board of Directors

E.V.Sumithasri  
Chairperson  
DIN: 07087197

Hardevi Vazirani  
Director – Finance & CFO  
DIN: 10212814

Harsha Kadam  
Managing Director  
DIN: 07736005

Ashish Tiwari  
VP – Legal & Company Secretary

Place: Mumbai  
Date: February 16, 2024

Place: Bengaluru  
Date: February 16, 2024



Consolidated Statement of Changes in Equity

for the year ended December 31, 2023

(A) Equity Share Capital

	(₹ in million)
	Amount
As at January 1, 2022	312.6
Changes in equity share capital	-
As at December 31, 2022	312.6
Changes in equity share capital	-
As at December 31, 2023	312.6

(B) Other equity

	Reserves and surplus				(₹ in million)
	Capital reserve	Securities premium	General reserve	Retained earnings	Total
As at January 1, 2022	617.8	600.0	4,218.4	30,787.9	36,224.1
Profit for the year	-	-	-	8,792.1	8,792.1
Other Comprehensive Income for the year	-	-	-	31.0	31.0
Total Comprehensive Income for the year	-	-	-	8,823.1	8,823.1
Dividends	-	-	-	(2,500.8)	(2,500.8)
As at December 31, 2022	617.8	600.0	4,218.4	37,110.2	42,546.4
Profit for the year	-	-	-	8,990.2	8,990.2
Other Comprehensive Income for the year	-	-	-	(44.4)	(44.4)
Total Comprehensive Income for the year	-	-	-	8,945.8	8,945.8
Dividends	-	-	-	(3,751.3)	(3,751.3)
As at December 31, 2023	617.8	600.0	4,218.4	42,304.7	47,740.9

Nature and purpose of reserves:

- a) Capital reserve on account of Scheme of Amalgamation (refer Note 45).
- b) Securities premium is used to record premium received on issue of equity shares and it will be utilised in accordance with provisions of the Companies Act, 2013.
- c) General reserve is created out of profits earned by the Group by way of transfer from surplus in the Statement of Profit and Loss. The Group can use this reserve for payment of dividends and/or issue of fully paid-up shares.
- d) Retained earnings are the profits that the Group has earned till date, less any transfers to General reserve and payment of dividend. It is utilised in accordance with the provisions of the Companies Act, 2013.

Significant accounting policies2

Notes to the Consolidated financial statement3 - 54

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

As per our report of even date attached  
For Walker Chandiok & Co. LLP  
Chartered Accountants  
Firm's Registration No.: 001076N / N-500013

Khushroo B. Panthaky  
Partner  
Membership No.: 042423

For and on behalf of the Board of Directors

E.V.Sumithasri  
Chairperson  
DIN: 07087197

Hardevi Vazirani  
Director – Finance & CFO  
DIN: 10212814

Place: Bengaluru  
Date: February 16, 2024

Harsha Kadam  
Managing Director  
DIN: 07736005

Ashish Tiwari  
VP – Legal & Company Secretary

Place: Mumbai  
Date: February 16, 2024



Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

1. Corporate information

Schaeffler India Limited (‘the Company’ or “Holding Company” or “the Parent Company”) (CIN: L29130PN1962PLC204515) is domiciled and incorporated in India.

The Company along with its subsidiary, KRSV Innovative Auto Solutions Private Limited (collectively referred to as “the Group”) 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, through its subsidiary also offers spare parts solution to Indian Automotive aftermarket workshops via B-to-B e-commerce platform. 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.

The registered office of the Company is located at 15<sup>th</sup> 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.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation of Consolidated Financial Statements (CFS)

- i) The CFS 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 the CFS are consistent for all the periods presented.

The CFS are presented in Indian Rupees, which is the Group’s functional currency and all values are rounded off to the nearest million with one decimal place, except when otherwise indicated.

- ii) The CFS 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 Basis of consolidation

Subsidiaries:

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Holding Company controls an investee if and only if the Group has:

- i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- ii) Exposure, or rights, to variable returns from its involvement with the investee, and
- iii) The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the years are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member’s statements in preparing the consolidated financial statements to ensure conformity with the group’s accounting policies.

The consolidated financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., year ended on December 31, 2023.

Consolidation procedure:

- i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

- ii) Offset (eliminate) the carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill/ reserve.
- iii) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group, profits or losses resulting from intragroup transactions that are recognised in assets (if any), such as inventory, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12, Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Consolidated Statement of profit and loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- (i) Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- (ii) Derecognises the carrying amount of any non-controlling interests;
- (iii) Derecognises the cumulative translation differences recorded in equity;
- (iv) Recognises the fair value of the consideration received;
- (v) Recognises the fair value of any investment retained;
- (vi) Recognises any surplus or deficit in profit and loss;

- (vii) Reclassifies the parent’s share of components previously recognised in OCI to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.3 Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Group’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 Group 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.

## 2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the Group’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 Group 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 assets**  
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,

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

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 assets.

Goodwill recognised on business combination are tested for impairment at least annually or when events occur or changes in circumstances indicate that the recoverable amount of the asset to which these pertain is less than the carrying value. The recoverable amount of the asset is higher of value-in use and fair value less cost of disposal. The calculation of value in use involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk adjusted discount rate, future economic and market conditions.

- b) **Determination of the estimated useful lives**  
The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.
- c) **Current and deferred taxes**  
Significant management judgment is required to determine the amount of current and deferred taxes that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.
- d) **Employee benefits**  
Management’s estimate of the Group’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 Group’s management considers the interest rates of Government bonds. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Refer Note 40 for details of the key assumptions used in determining the accounting of these plans.

- e) **Provision for inventory obsolesce**  
The inventories are valued at lower of cost and net realisable value after providing for cost of obsolescence wherever considered necessary. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.
- f) **Business combinations**  
Business combinations are accounted for using Ind AS 103. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets and their estimated useful life. These valuations are conducted by independent valuation experts.

## 2.5 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



# Notes to the Consolidated Financial Statements

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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.

### 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 Group’s management at each reporting date and revised, if appropriate.
- (ii) The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management’s best estimation of obtaining economic benefits from those classes of assets. The estimated useful life is reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

Such classes of assets and their estimated useful lives are as under:

No	Nature	Estimated Useful Life
1	Buildings	25-30 Years
2	Plant and equipments	3-8 Years
3	Furniture & fixtures	5-10 Years
4	Office equipments	5 Years
5	Vehicles	5 Years
6	Software	3 Years

- (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 INR 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.
- (vi) Intangible assets acquired in business combination, include brand, consumer contracts and relationship, technology platform, content review, patents, trademarks and non-compete which are amortised on a straight-line basis over their estimated useful life which is as follows:

No	Nature	Estimated Useful Life
1	Patents and trademarks	8.6 Years

### 2.6 Leases

Effective 1 January 2020, the Group 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.

#### Group as a lessee

The Group’s lease asset classes primarily consist of leases for land and buildings. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

### Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The useful life of Right-of-use assets varies from 2 to 10 years.

### Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

### 2.7 Impairment non-current financial assets

The carrying amounts of assets 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 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 Group 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.



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### 2.8 Assets classified as held for sale

Assets classified as held for sale (including liabilities directly associated with those assets held for sales) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109 - Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

### 2.9 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.

### 2.10 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).

### 2.11 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 Group expects to be entitled in exchange for those goods. The Group 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 Group 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 Group assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

In determining the transaction price, the Group 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 Group'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.



## Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

#### Significant payment terms

Generally, the Group 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 Group 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.

### 2.12 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 and comprises part of compensated absences paid on annual basis.

#### b) Post-employment benefits

##### Defined benefit plans

All employees are covered under Employees' Group Gratuity Scheme, which is a defined benefit plan. The Group 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 the Group 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 Group's rules for compensated absences. Remeasurement gains or losses are recognized in statement of profit and loss in the period in which they arise.

### 2.13 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.

With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed under Revenue recognition policy.

##### 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 Consolidated Financial Statements

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Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group 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 Group 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 Group 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 Group 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 Group 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 Group to track changes in credit risk. As a practical expedient, the Group 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 Group’s financial liabilities include trade payables and other payables.

Equity instruments issued by the Group 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



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instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### Subsequent measurement

Financial liabilities, including derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Other financial liabilities such as deposits are measured at amortised cost using Effective Interest Rate (EIR) method.

### Derecognition

A financial liability is 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.

### Derivative instruments

The Group 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.

## 2.14 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 Group 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.

## 2.15 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group 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



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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.

## 2.16 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 Group’s obligation.

## 2.17 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.

## 2.18 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.

## 2.19 Fair value measurement

The Group’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 Group has an established control framework with respect to the measurement of fair values. The Group’s management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Group’s management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Group 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 Group 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 Group 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 2.13 on financial instruments

## 2.20 Segment Reporting - Identification of Segments:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group’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 Groups’s performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

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## 2.21 Business combinations

The Group accounts for its business combinations under the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date

**Goodwill**

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than the carrying amount.

## 2.22 Exceptional items

When items of income and expense within statement of profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## 2.23 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, 2024.



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3.1 Property plant and equipment

	(₹ in million)					
	Freehold land <sup>1</sup>	Buildings	Plant and equipments	Furniture & fixtures	Office equipments	Vehicles
Gross carrying amount						
As at January 1, 2022	40.7	2,922.7	14,910.5	481.3	251.2	8.9
Additions	-	251.6	1,898.4	239.2	172.5	5.9
Disposals	-	3.1	388.4	17.4	26.7	10.5
Assets held for sale <sup>2</sup>	-	195.3	42.3	24.8	78.2	-
As at December 31, 2022	40.7	2,975.9	16,378.2	678.3	318.8	4.3
Additions	-	880.0	2,323.4	387.1	158.4	1.0
Effect of Acquisition of “Koovers” (refer Note 51)	-	-	0.1	5.0	3.5	0.5
Disposals	-	-	21.0	0.6	6.5	-
As at December 31, 2023	40.7	3,855.9	18,680.7	1,069.8	474.2	5.8
Accumulated depreciation						
As at January 1, 2022	-	373.8	7,885.3	225.5	162.7	8.0
Depreciation for the year	-	120.8	1,658.8	123.2	59.4	1.3
Deletions	-	2.0	354.0	7.4	25.3	9.3
Assets held for sale <sup>2</sup>	-	2.6	4.2	1.3	7.2	-
As at December 31, 2022	-	490.0	9,185.9	340.0	189.6	(0.0)
Depreciation for the year	-	139.8	1,662.7	207.2	76.3	1.6
Effect of Acquisition of “Koovers” (refer Note 51)	-	-	0.1	2.4	2.3	0.1
Deletions	-	-	19.8	0.4	1.9	-
As at December 31, 2023	-	629.8	10,828.9	549.2	266.3	1.7
Net Block						
As at December 31, 2022	40.7	2,485.9	7,192.3	338.3	129.2	4.3
As at December 31, 2023	40.7	3,226.1	7,851.8	520.6	207.9	4.1

**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.

<sup>1</sup> The title deeds of immovable properties included in property plant and equipment are held in the name of the Group, except title deeds of immovable properties having gross carrying amount aggregating ₹21.3 million (2022: ₹21.3 million) and net carrying amount aggregating ₹21.3 million (2022: ₹21.3 million), which have been transferred to the Group, pursuant to the Schemes of Amalgamation (refer Note 45) and their title transfer proceedings are under progress.

<sup>2</sup> The transaction of sale of assets of Mechatronics business to Schaeffler Technologies Solution India Private Limited, which was approved by the Board of Directors of the Holding Company at its meeting held on 27 July 2022. The assets net of WDV ₹325.3 million which were disclosed as assets held for sale, have been sold during the year.

3.2 Right-of-use of assets

	(₹ in million)			
	Leasehold land	Buildings	Vehicle	Total
Cost				
As at January 1, 2022	187.7	707.1	5.5	900.3
Additions for the year	352.9	35.6	-	388.5
Disposals	-	0.6	-	0.6
As at December 31, 2022	540.6	742.1	5.5	1,288.2
Additions for the year	-	11.6	9.4	21.0
Disposals	-	-	-	-
As at December 31, 2023	540.6	753.7	14.9	1,309.2
Accumulated amortisation				
As at January 1, 2022	2.2	168.7	4.6	175.5
Amortisation for the year	1.2	88.3	1.1	90.6
Deletions	-	8.4	0.2	8.6
As at December 31, 2022	3.4	248.6	5.5	257.5
Amortisation for the year	5.8	92.9	1.4	100.1
Deletions	-	-	-	-
As at December 31, 2023	9.2	341.5	6.9	357.6
Net Block				
As at December 31, 2022	537.2	493.5	-	1,030.7
As at December 31, 2023	531.4	412.2	8.0	951.6

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

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3.3 Capital work-in-progress

	(₹ in million)
	Total
As at January 1, 2022	892.3
Additions	4,196.4
Deductions	-
Assets capitalised during the year	2,595.3
As at December 31, 2022	2,493.4
Additions	6,171.8
Deductions	-
Assets capitalised during the year	3,757.5
As at December 31, 2023	4,907.7

Capital work-in-progress ageing schedule 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4,191.8	516.2	198.8	0.9	4,907.7
Projects temporarily suspended	-	-	-	-	-
Total	4,191.8	516.2	198.8	0.9	4,907.7

There is no capital work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan

Capital work-in-progress ageing schedule 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2,182.3	292.7	17.6	0.8	2,493.4
Projects temporarily suspended	-	-	-	-	-
Total	2,182.3	292.7	17.6	0.8	2,493.4

There is no capital work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan

3.4 Intangible assets

	(₹ in million)		
	Patents and trademarks	Software	Total
Cost			
As at January 1, 2022	-	25.3	25.3
Additions	-	27.7	27.7
Disposals	-	5.1	5.1
Assets held for sale <sup>1</sup>	-	33.6	33.6
As at December 31, 2022	-	14.3	14.3
Additions	-	7.6	7.6
Effect of Acquisition of "Koovers" (refer Note 51)	799.5	35.7	835.2
Disposals	-	-	-
As at December 31, 2023	799.5	57.6	857.1
Accumulated amortisation			
As at January 1, 2022	-	13.1	13.1
Amortisation for the year	-	10.5	10.5
Deletions	-	4.8	4.8
Assets held for sale <sup>1</sup>	-	10.2	10.2
As at December 31, 2022	-	8.6	8.6
Amortisation for the year	31.0	11.4	42.4
Effect of Acquisition of "Koovers" (refer Note 51)	-	19.3	19.3
Deletions	-	-	-
As at December 31, 2023	31.0	39.3	70.3
Net Block			
As at December 31, 2022	-	5.7	5.7
As at December 31, 2023	768.5	18.3	786.8

<sup>1</sup> The transaction of sale of assets of Mechatronics business to Schaeffler Technologies Solution India Private Limited, which was approved by the Board of Directors of the Holding Company at its meeting held on 27 July 2022. The assets net of WDV ₹23.4 million which were disclosed as assets held for sale, have been sold during the year.



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4 Financial assets (non-current)

	(₹ in million)	
	2023	2022
(i) Security deposits	150.3	133.6
Total	150.3	133.6
Breakup of security deposit		
Considered goods secured	-	-
Considered goods unsecured	150.3	133.6
Which have significant increase credit risk	-	-
Credit impaired	-	-
(ii) Other		
Bank deposits with remaining maturity of more than 12 months <sup>1</sup>	5.0	1,034.5
Total	5.0	1,034.5
Total (iii)+(iv)	155.3	1,168.1

<sup>1</sup> Includes deposits of ₹ nil million (2022: ₹229.5 million) under lein.

5 Deferred tax assets (net)

	(₹ in million)	
	2023	2022
Deferred tax liabilities		
Amortisation of contract assets	45.0	41.2
Exchange loss on cash flow hedges	0.2	7.0
(A)	45.2	48.2
Deferred tax assets		
Excess of depreciation / amortisation on property, plant and equipment and intangible assets provided in accounts over depreciation /amortisation under tax laws	65.8	234.2
Provision for employee benefits	175.2	145.7
Provision for expenses and others	25.3	25.4
Allowance for expected credit loss	5.0	8.4
Leases	23.1	19.0
(B)	294.4	432.7
Net deferred tax assets (B - A)	249.2	384.5

Movement in deferred tax assets / (liabilities) net

	(₹ in million)							
	Depreciation	Provision for employee benefits	Provision for expenses and others	Allowance for expected credit loss	Leases	Amortisation of contract assets	Exchange gain / (loss) on cash flow hedges	Total
As at January 1, 2022	184.0	157.7	47.6	11.5	15.3	(16.3)	-	399.8
(Charged) / credited to:								
Statement of Profit and Loss	50.2	(1.5)	(22.2)	(3.1)	3.7	(24.9)	(7.0)	(4.8)
Other Comprehensive Income	-	(10.5)	-	-	-	-	-	(10.5)
As at December 31, 2022	234.2	145.7	25.4	8.4	19.0	(41.2)	(7.0)	384.5
(Charged) / credited to:								
Statement of Profit and Loss	33.3	14.6	(0.1)	(3.4)	4.1	(3.8)	6.8	51.5
DTL on business combination at acquisition date (refer Note 51)	201.7	-	-	-	-	-	-	201.7
Other Comprehensive Income	-	14.9	-	-	-	-	-	14.9
As at December 31, 2023	65.8	175.2	25.3	5.0	23.1	(45.0)	(0.2)	249.2



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6 Non-current income-tax assets (net)

	(₹ in million)	
	2023	2022
Advance tax recoverable (net of provisions for tax ₹2,289.5 million, 2022: ₹2,220.0 million)	779.1	962.2
Total	779.1	962.2

7 Other non-current assets

	(₹ in million)	
	2023	2022
VAT, excise and others receivable (paid under protest)	77.3	77.5
Stamp duty (paid under protest, refer Note 34 d )	250.0	250.0
Other balance with government authorities	79.5	89.7
Capital advance, considered good	507.6	562.2
Contract assets	185.9	171.0
Total	1,100.3	1,150.4

8 Inventories

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

	(₹ in million)	
	2023	2022
Raw materials and components (including goods-in-transit ₹2,129.2 million; 2022: ₹2,109.5 million)	3,766.8	3,930.0
Work-in-progress	612.7	452.7
Finished goods	3,387.3	2,893.2
Stock-in-trade (including goods-in-transit ₹1,898.9 million; 2022: ₹2,005.7 million)	4,715.4	4,586.2
Stores and spares (including goods-in-transit ₹19.1 million; 2022: ₹7.0 million)	673.9	571.6
Total	13,156.1	12,433.7

The Group follows suitable provisioning norms for writing down the value of Inventories towards slow moving and non-moving inventory. As at December 31, 2023, provision for write-down of inventories to net realisable value is ₹955.6 million (2022: ₹1,148.6 million).

9 Trade receivables

	(₹ in million)	
	2023	2022
Other than related parties <sup>1</sup>	8,668.0	7,511.5
From related parties (refer Note 36)	1,910.5	2,845.9
Less: Allowance for expected credit loss	(22.6)	(33.3)
	10,555.9	10,324.1
Of which;		
secured, considered good	19.9	17.0
unsecured, considered good	10,550.4	10,331.0
which have significant increase in credit risk	8.2	9.4
	10,578.5	10,357.4
Less: Allowance for expected credit loss	(22.6)	(33.3)
Total	10,555.9	10,324.1

<sup>1</sup> Includes receivable of ₹5.3 million (2022; ₹10.0 million), from a private limited companies in which an Independent Director is a Director.

The Group’s exposure to currency risk and credit risk related to trade receivables are disclosed in Note 38 A(i) and C.



Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

Trade receivables ageing

							2023
							(₹ in million)
Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		< 6 months	6 months – 1 year	1-2 years	2-3 years	> 3 years	
Undisputed Trade Receivables – considered good	10,302.8	165.7	96.8	2.5	0.1	2.4	10,570.3
Undisputed Trade Receivables – which have significant increase in credit risk	-	1.7	-	-	-	-	1.7
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	6.5	-	-	-	-	6.5
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Gross receivables	10,302.8	173.9	96.8	2.5	0.1	2.4	10,578.5
Less: Allowance for credit losses							(22.6)
Net receivables							10,555.9

							2022
							(₹ in million)
Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		< 6 months	6 months – 1 year	1-2 years	2-3 years	> 3 years	
Undisputed Trade Receivables – considered good	10,066.6	277.8	1.2	-	2.4	-	10,348.0
Undisputed Trade Receivables – which have significant increase in credit risk	-	4.6	-	-	-	-	4.6
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	0.1	4.7	-	-	-	4.8
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Gross receivables	10,066.6	282.5	5.9	-	2.4	-	10,357.4
Less: Allowance for credit losses							(33.3)
Net receivables							10,324.1

10 Cash and cash equivalents

			(₹ in million)
	2023	2022	
Cash on hand	0.1	-	
Balances with banks:			
on current accounts	636.0	831.4	
on deposit accounts (with original maturity of 3 months or less)	61.0	829.0	
Total	697.1	1,660.4	

The Group has been sanctioned an unsecured working capital limit of ₹1,550 million by banks. The Group has not utilised this limit during the reporting period.



Notes to the Consolidated Financial Statements

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11 Bank balances other than Cash and cash equivalents

			(₹ in million)
	2023	2022	
Bank deposits with original maturity of more than 3 months and remaining maturity of less than 12 months <sup>1</sup>	15,148.1	13,875.4	
Restricted deposits (unclaimed dividend)	11.4	9.5	
Total	15,159.5	13,884.9	

<sup>1</sup> Includes deposits of ₹229.5 million (2022: ₹403.1 million) under lein.

12 Other current financial assets

			(₹ in million)
	2023	2022	
(i) Security deposits	32.4	37.2	
Total	32.4	37.2	
Breakup of security deposit			
Considered goods secured	-	-	
Considered goods unsecured	32.4	37.2	
Which have significant increase credit risk	-	-	
Credit impaired	-	-	
(ii) Other			
Other receivables - related parties (refer Note 36)	61.1	56.5	
Interest accrued - fixed deposits	311.0	241.4	
Interest accrued - others	4.8	2.4	
Derivative forward exchange contracts	0.8	27.6	
Total	377.7	327.9	
Total (i)+(ii)	410.1	365.1	

13 Other current assets

			(₹ in million)
	2023	2022	
Unsecured and considered good			
Balance with Government authorities	743.7	591.1	
Advances for supply of goods and services	277.2	222.7	
Export incentives receivable	51.1	46.7	
Advances to employees	5.2	2.6	
Prepaid expenses	5.7	1.5	
Total	1,082.9	864.6	

14 Equity share capital

			(₹ in million)
	2023	2022	
Authorised capital			
627,500,000 equity shares of ₹2 each (2022: 627,500,000 equity shares of ₹2 each)	1,255.0	1,255.0	
Total	1,255.0	1,255.0	
Issued, subscribed and paid-up			
156,303,670 fully paid-up equity shares of ₹2 each (2022: 156,303,670 fully paid-up equity shares of ₹2 each)	312.6	312.6	
Total	312.6	312.6	



Notes to the Consolidated Financial Statements  
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Details of Promoters shares holding

(₹ in million)			
S. No.	Promoter name	Number of shares held <sup>1</sup>	% change during the year
1	Schaeffler Schweinfurt Beteiligungs GmbH	42,645,915	27.28%
2	Schaeffler Bühl Verwaltungs GmbH	32,142,865	20.56%
3	Schaeffler Verwaltungsholding Sechs GmbH	23,462,255	15.01%
4	Industriewerk Schaeffler INA-Ingenieurdienst GmbH	17,612,200	11.27%

(₹ in million)			
S. No.	Promoter name	Number of shares held <sup>1</sup>	% change during the year
1	Schaeffler Schweinfurt Beteiligungs GmbH	42,645,915	27.28%
2	Schaeffler Bühl Verwaltungs GmbH	32,142,865	20.56%
3	Schaeffler Verwaltungsholding Sechs GmbH	23,462,255	15.01%
4	Industriewerk Schaeffler INA-Ingenieurdienst GmbH	17,612,200	11.27%

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

(₹ in million)			
	2023		2022
	No. of shares	Amount	No. of shares
Equity shares			Amount
Shares outstanding at the beginning of the year	156,303,670	312.6	31,260,734
Increase in Equity shares on sub-division of 1 (one) equity share of face value of ₹10 each into 5 (five) equity shares of face value of ₹2 each <sup>1</sup>	-	-	125,042,936
Shares outstanding at the end of the year	156,303,670	312.6	156,303,670

b) Rights, preferences and restrictions attached to equity shares:

The Group has a single class of equity shares having par value of ₹2 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 Group, the equity shareholders are eligible to receive assets of the Group, after distribution of all preferential amounts, in the proportion to their shareholding.

c) Shares held by ultimate holding company and / or their subsidiaries/ affiliates:

(₹ in million)			
Name of Shareholders	2023		2022
	No. of Shares held (of ₹2 each) <sup>1</sup>	Amount	No. of Shares held (of ₹2 each) <sup>1</sup>
Schaeffler Schweinfurt Beteiligungs GmbH (affiliates)	42,645,915	85.3	42,645,915
Schaeffler Bühl Verwaltungs GmbH (affiliates)	32,142,865	64.3	32,142,865
Schaeffler Verwaltungsholding Sechs GmbH (affiliates)	23,462,255	46.9	23,462,255
Industriewerk Schaeffler INA-Ingenieurdienst GmbH (affiliates)	17,612,200	35.2	17,612,200
Total	115,863,235	231.7	115,863,235

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

(₹ in million)			
Name of Shareholder	2023		2022
	No. of Shares held <sup>1</sup>	% of shareholding	No. of Shares held <sup>1</sup>
Schaeffler Schweinfurt Beteiligungs GmbH	42,645,915	27.28%	42,645,915
Schaeffler Bühl Verwaltungs GmbH	32,142,865	20.56%	32,142,865
Schaeffler Verwaltungsholding Sechs GmbH	23,462,255	15.01%	23,462,255
Industriewerk Schaeffler INA-Ingenieurdienst GmbH	17,612,200	11.27%	17,612,200

<sup>1</sup> Pursuant to the approval of the shareholders accorded in the extra-ordinary general meeting of the company held on December 19, 2021, each equity share of face value of ₹10/- per share was subdivided into five equity shares of face value of ₹2/- per share, with effect from February 9, 2022.

e) The Group in aggregate has not issued, any 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.



Notes to the Consolidated Financial Statements  
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15 Other equity

(₹ in million)		
	2023	2022
Capital reserve	617.8	617.8
	(A)	617.8
Securities premium	600.0	600.0
	(B)	600.0
General reserve	4,218.4	4,218.4
	(C)	4,218.4
Retained earnings		
At the commencement of the year	37,110.2	30,787.9
Add: Net profit for the year	8,990.2	8,792.1
Remeasurements of defined benefit liability / asset (net of tax) (FVTOCI)	(44.4)	31.0
Less: Appropriations		
Dividends paid	3,751.3	2,500.8
	(D)	42,304.7
Total (A+B+C+D)	47,740.9	42,546.4

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

(₹ in million)		
	2023	2022
₹24 per equity share of face value of ₹2/- each (2022: ₹16 per equity share of face value of ₹2/- each)	3,751.3	2,500.8
	3,751.3	2,500.8

After the reporting dates, the following dividends were proposed by the Board of Directors of the Holding Company subject to the approval at the ensuing annual general meeting and hence, dividends have not been disclosed as liabilities.

(₹ in million)		
	2023	2022
Dividend of ₹26 per equity share of face value of ₹2/- each (2022: ₹24 per equity share of face value ₹2/- each)	4,063.9	3,751.3

16 a) Lease liabilities (non current)

(₹ in million)		
	2023	2022
Lease liabilities	406.5	473.6
Total	406.5	473.6

16 b) Lease liabilities (current)

(₹ in million)		
	2023	2022
Lease liabilities	104.5	100.2
Total	104.5	100.2

17 Other financial liabilities (non current)

(₹ in million)		
	2023	2022
Employee liabilities	86.0	75.0
Security deposits from customers / suppliers	22.8	19.9
Total	108.8	94.9

18 Provisions (non current)

(₹ in million)		
	2023	2022
Provision for other statutory matters (being litigated) <sup>1</sup>	12.0	12.0
Provision for warranties	32.8	48.8
Total	44.8	60.8

<sup>1</sup> Provisions are made for ongoing litigation on tax and regulatory matters, the liabilities for which will be ascertained on conclusion of the respective assessments.



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19 Current financial liability - Trade payables

	(₹ in million)	
	2023	2022
Total outstanding dues of micro and small enterprises	1,526.3	1,598.9
Other than related parties	3,814.0	3,879.6
Related parties (refer Note 36)	5,211.1	5,638.8
<b>Total</b>	<b>10,551.4</b>	<b>11,117.3</b>

The Group’s exposure to currency and liquidity risks related to trade payables is disclosed in Note 38 A(i) and B.

Trade Payables Ageing

	2023				
	(₹ in million)				
Particulars	Outstanding for following periods from due date of payment				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Undisputed dues of micro enterprises and small enterprises	1,514.2	4.5	1.9	5.8	1,526.4
Undisputed dues of creditors other than micro enterprises and small enterprises	8,946.4	13.6	14.6	50.4	9,025.0
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>10,460.6</b>	<b>18.1</b>	<b>16.5</b>	<b>56.2</b>	<b>10,551.4</b>

	2022				
	(₹ in million)				
Particulars	Outstanding for following periods from due date of payment				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Undisputed dues of micro enterprises and small enterprises	1,582.7	10.0	3.0	3.2	1,598.9
Undisputed dues of creditors other than micro enterprises and small enterprises	9,380.1	28.9	52.6	56.8	9,518.4
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>10,962.8</b>	<b>38.9</b>	<b>55.6</b>	<b>60.0</b>	<b>11,117.3</b>

20 Other current financial liabilities

	(₹ in million)	
	2023	2022
Employee liabilities	578.3	647.6
Creditors for capital goods		
Other than related parties	459.8	353.4
Related parties (refer Note 36)	894.0	137.0
Accrued expense	176.5	114.8
Unclaimed dividends <sup>1</sup>	11.4	9.5
Other payables	10.6	8.0
<b>Total</b>	<b>2,130.6</b>	<b>1,270.3</b>

<sup>1</sup> There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.



Notes to the Consolidated Financial Statements  
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21 Other current liabilities

	(₹ in million)	
	2023	2022
Advance against asset held for sale (refer Note 36)	-	300.0
Advances from customers (refer Note 46)	50.6	94.9
TDS payable	88.3	82.9
GST Payable	260.7	143.6
Other statutory dues	40.9	10.9
<b>Total</b>	<b>440.5</b>	<b>632.3</b>

22 Provisions (Current)

	(₹ in million)	
	2023	2022
<b>Provision for employee benefits</b>		
Compensated absences	549.8	494.1
Gratuity (refer Note 40)	105.3	48.5
<b>Other provisions</b>		
Provision for warranties <sup>1</sup>	30.6	35.6
<b>Total</b>	<b>685.7</b>	<b>578.2</b>

<sup>1</sup> Warranty provision is estimated for expected warranty claims in respect of eligible products sold during the year by the Group, which usually carry a warranty period ranging from 12 to 24 months from the date of sale. The provision is determined based on the historical data. The timing and amount of cashflows will determined on receipt of claims.

Additional disclosures relating to certain provisions (as per Ind AS 37):

	(₹ in million)	
Warranties	2023	2022
At the commencement of the year	84.4	66.7
Provision made during the year	36.0	20.3
Provision utilised during the year	(57.0)	(2.6)
<b>At the end of the year</b>	<b>63.4</b>	<b>84.4</b>

23 Revenue from operations

	(₹ in million)	
	2023	2022
<b>Revenue from Contract with Customer</b>		
<b>Sale of products</b>		
Manufactured goods	53,914.6	50,049.7
Traded goods	17,108.5	16,914.6
	<b>71,023.1</b>	<b>66,964.3</b>
<b>Sale of services</b>	296.2	454.0
<b>Other operating revenues</b>		
Export incentives	238.9	274.0
Scrap sales	950.9	981.9
<b>Total</b>	<b>72,509.1</b>	<b>68,674.2</b>

The management determines the information reported under Note 42 and 46 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.



Notes to the Consolidated Financial Statements  
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24 Other income

	(₹ in million)	
	2023	2022
Interest income		
On fixed deposits	942.5	577.7
On loan and others	43.1	66.5
Provisions no longer required written-back	13.4	12.4
Other income	221.1	120.2
Profit on sale / retirement of assets (net)	25.4	-
Total	1,245.5	776.8

25 Cost of materials consumed<sup>1</sup>

	(₹ in million)	
	2023	2022
Inventory of materials at the beginning of the year	3,930.0	2,921.5
Purchases	30,671.5	28,729.3
Inventory of materials at the end of the year	3,766.8	3,930.0
Total	30,834.7	27,720.8

<sup>1</sup> The consumption amounts shown above have been ascertained on the basis of materials consumed and after considering excess / shortages ascertained on physical verification.

26 Purchases of stock-in-trade

	(₹ in million)	
	2023	2022
Purchase of traded goods	14,942.5	15,362.0
Total	14,942.5	15,362.0

27 Changes in inventories of finished goods, stock in trade and work-in progress<sup>1</sup>

	(₹ in million)	
	2023	2022
Decrease / (Increase) in inventory of finished goods		
Opening inventory	2,893.2	2,604.2
Less: Closing inventory	3,387.3	2,893.2
(A)	(494.1)	(289.0)
(Increase) in inventory of traded goods		
Opening inventory	4,620.5	4,220.8
Less: Closing inventory	4,715.4	4,586.2
(B)	(94.9)	(365.4)
(Increase) in inventory of work-in-progress		
Opening inventory	452.7	547.6
Less: Closing inventory	612.7	452.7
(C)	(160.0)	94.9
Total (A + B + C)	(749.0)	(559.5)

<sup>1</sup> Closing inventory is net off scrapped / reworked items and shortages / excesses.



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28 Employee benefits expense

	(₹ in million)	
	2023	2022
Salaries, wages and incentives	3,904.5	3,693.4
Contributions to: (refer Note 40)		
- Provident and other funds	207.6	189.1
- Gratuity fund	66.0	65.2
- Superannuation fund	33.4	33.1
Compensated absences	110.8	43.1
Staff welfare expenses	297.1	282.0
Total	4,619.4	4,305.9

29 Finance costs

	(₹ in million)	
	2023	2022
Interest and finance charges on lease liability	29.6	30.9
Bank and other financial charges	13.1	4.6
Total	42.7	35.5

30 Depreciation and amortisation expense

	(₹ in million)	
	2023	2022
Depreciation on property, plant and equipment	2,087.6	1,963.5
Depreciation of right of use of assets (refer Note 47)	100.1	90.6
Amortisation of intangible assets	42.4	10.5
Total	2,230.1	2,064.6

31 Other expenses

	(₹ in million)	
	2023	2022
Consumption of stores and spare parts	2,543.8	2,561.2
Power and fuel	980.9	874.6
Freight, clearing and forwarding	740.1	744.4
Rent	27.0	27.3
Repairs and maintenance		
Building	23.4	17.4
Machinery	39.2	45.5
Others	142.2	100.0
Insurance	93.8	62.1
Rates and taxes	57.2	56.6
Travelling expenses	325.0	180.5
Legal and professional fees	100.8	75.3
Payments to auditors (refer Note below)	8.7	8.0
Fees for use of technology (refer Note 36)	1,410.2	1,295.6
Advertising and sales promotion	174.3	141.2
Bank charges	5.9	14.6
Telephone and other communication expenses	38.3	25.0
Printing and stationery	21.1	18.5
Bad debts written off	2.6	5.9
Loss on sale / retirement of assets (net)	-	6.0
Loss on account of foreign exchange fluctuations (net)	29.6	15.0
Warranty costs	36.0	20.3
Outside services	2,685.7	2,506.6
Corporate Social Responsibility expenditure (refer Note below)	160.2	118.3
Miscellaneous expenses	71.6	39.3
Less: Capitalised for own consumption	(68.1)	(58.1)
Total	9,649.5	8,901.1



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Note : Payments to auditors

	(₹ in million)	
	2023	2022
As auditors		
- Statutory audit	5.6	5.0
- Limited review	3.0	3.0
- Out of pocket expense	0.1	-
- Other services	-	-
Total	8.7	8.0

32 Income tax expense

	(₹ in million)	
	2023	2022
(a) Current tax		
Current tax on profit during the year	3,172.9	2,975.0
Tax in respect of prior years	26.1	(1.5)
Total current tax expense	3,199.0	2,973.5
(b) Deferred tax		
Deferred tax (credit) / expense attributable to origination and reversal of temporary differences	(51.5)	4.8
Total tax expense	3,147.5	2,978.3
Reconciliation of effective tax rate		
Profit before tax	12,137.7	11,770.4
Current tax at the Indian tax rate of 25.17%	3,055.1	2,962.6
Tax adjustments of earlier years	26.1	(1.5)
Expenses allowable when paid and other timing differences	66.3	29.4
Effect of exempt other income/weighted deduction	-	(12.2)
Tax expense recognised in Statement of Profit and Loss	3,147.5	2,978.3
Tax impact recognised in Other Comprehensive Income (OCI)		
Remeasurement of defined benefits obligation	14.9	(10.5)
Total	14.9	(10.5)

33 Earnings Per Share (EPS)

	(₹ in million)	
	2023	2022
a) Amount used as the numerator		
Profit after tax attributable to equity shareholders (₹ in million)	8,990.2	8,792.1
b) Weighted average number of equity shares used as the denominator (Nos.) (refer Note 48)	15,63,03,670	15,63,03,670
c) Nominal value of share (in ₹)	2.0	2.0
d) Earnings per share (Basic and Diluted) (in ₹)	57.5	56.3



Notes to the Consolidated Financial Statements

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34 Contingent liabilities not provided for in respect of:

Claims against the Group not acknowledged as debts:

	(₹ in million)	
	2023	2022
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 and ESIC matters.	106.1	154.5
(ii) Demand for discontinuing of contract system and for differential wages	48.2	12.7
	154.3	167.2
b) (i) Sales-tax		
For non receipt of C Forms and non acceptance of Group's claim of certain sales as exempt sales in respect of various assessment years.	25.7	65.2
(ii) Excise duty and Service tax:		
In respect of matters decided against the Group, for which the Group is in appeal with higher authorities	138.2	116.5
	163.9	181.7
c) Income tax:		
(i) In respect of matters decided against the Group, for which the Group is in appeal with higher authorities.	284.6	160.3
	284.6	160.3
In respect of above matters, it is not practicable for the Group 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 Group, for which the Group is in appeal with higher authorities.	250.0	250.0
	250.0	250.0

35 Commitments

	(₹ in million)	
	2023	2022
Contracts on capital account:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance ₹507.6 million; 2022: ₹562.2 million).	4,888.8	4,171.8



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36 Related Party disclosures as required under Ind AS-24 are given below:

1) Name and nature of relationship of the related party where control exists:

The ultimate control lies with INA Holding Schaeffler GmbH & Co. KG, Germany.

2) Names of the Related Parties having transactions with the Group during the year.

2023	2022
<b>Ultimate holding Company</b>	<b>Ultimate holding Company</b>
INA Holding Schaeffler GmbH & Co. KG, Germany	INA Holding Schaeffler GmbH & Co. KG, Germany
<b>Holding Company</b>	
Schaeffler India Limited	
<b>Subsidiaries</b>	
KRSV Innovative Auto Solutions Private Limited, India - 100% Holding (w.e.f. September 8, 2023)	
<b>Fellow subsidiaries / Affiliates</b>	<b>Fellow subsidiaries / Affiliates</b>
Schaeffler Australia Pty Ltd., Australia	Schaeffler Australia Pty Ltd., Australia
Schaeffler Brasil Ltda., Brasil	Schaeffler Austria GmbH, Austria
Schaeffler Canada Inc., Canada	Schaeffler Brasil Ltda., Brasil
Schaeffler (China) Co., Ltd., China	Schaeffler Canada Inc., Canada
Schaeffler Trading (Shanghai) Co., Ltd., China	Schaeffler (China) Co., Ltd., China
Schaeffler (Ningxia) Co., Ltd., China	Schaeffler Trading (Shanghai) Co., Ltd., China
Schaeffler Friction Products (Suzhou) Co., Ltd., China	Schaeffler (Ningxia) Co., Ltd., China
Schaeffler (Nanjing) Co., Ltd., China	Schaeffler Friction Products (Suzhou) Co., Ltd., China
Schaeffler (Xiangtan) Co., Ltd., China	Schaeffler (Nanjing) Co., Ltd., China
Schaeffler Middle East FZE., Dubai	Schaeffler (Xiangtan) Co., Ltd., China
Schaeffler France SAS., France	Schaeffler Middle East FZE., Dubai
WPB Water Pump Bearing GmbH & Co. KG, Germany	Schaeffler France SAS., France
Schaeffler Technologies AG & Co. KG, Germany	WPB Water Pump Bearing GmbH & Co. KG, Germany
Schaeffler Automotive Buehl GmbH & Co. KG, Germany	Schaeffler Technologies AG & Co. KG, Germany
Schaeffler Automotive Aftermarket GmbH & Co. KG, Germany	Schaeffler Automotive Buehl GmbH & Co. KG, Germany
Schaeffler AG, Germany	Schaeffler Automotive Aftermarket GmbH & Co. KG., Germany
Schaeffler Friction Products GmbH, Germany	LuK Unna GmbH & Co. KG., Germany
Compact Dynamics GmbH, Germany	Schaeffler AG, Germany
Schaeffler Digital Solutions GmbH, Germany	Schaeffler Engineering GmbH, Germany
Schaeffler Consulting GmbH, Germany	Schaeffler Monitoring Services GmbH, Germany
Schaeffler Ultra Precision Drives GmbH, Germany	Schaeffler Friction Products GmbH, Germany
Schaeffler Sondermaschinenbau AG & Co. KG, Germany	Schaeffler Digital Solutions GmbH, Germany
Schaeffler Schweinfurt Beteiligungs GmbH, Germany	Schaeffler Schweinfurt Beteiligungs GmbH, Germany
Schaeffler Bühl Verwaltungs GmbH, Germany	Schaeffler Bühl Verwaltungs GmbH, Germany
Schaeffler Verwaltungsholding Sechs GmbH, Germany	Schaeffler Verwaltungsholding Sechs GmbH, Germany
Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany
Schaeffler Hong Kong Company Limited, Hong Kong	Schaeffler Hong Kong Company Limited, Hong Kong
Schaeffler Savaria Kft., Hungary	Schaeffler Savaria Kft., Hungary
Schaeffler Debrecen Kft., Hungary	FAG Magyarorszag Ipari Kft., Hungary
Schaeffler Technology Solutions India Private Limited, India	Schaeffler Bearings Indonesia, PT., Indonesia
Schaeffler Bearings Indonesia, PT., Indonesia	Schaeffler Water Pump Bearing Italia S.r.l., Itali
Schaeffler Water Pump Bearing Italia S.r.l., Itali	Schaeffler Italia S.r.l., Itali
Schaeffler Italia S.r.l., Itali	Schaeffler Technologies Solution India Private Limited, India
Schaeffler Japan Co., Limited, Japan	Schaeffler Japan Co., Ltd., Japan
Schaeffler Ansan Corporation, Korea	Schaeffler Ansan Corporation, Korea
Schaeffler Korea Corporation, Korea	Schaeffler Korea Corporation, Korea
Schaeffler Bearings (Malaysia) Sdn. Bhd., Malaysia	Schaeffler Bearings (Malaysia) Sdn. Bhd., Malaysia
Schaeffler Transmisión, S. de R.L. de C.V., Mexico	Schaeffler Transmisión, S. de R.L. de C.V., Mexico
Schaeffler Automotive Aftermarket Mexico, S. de R.L. de C.V., Mexico	Schaeffler Automotive Aftermarket Mexico, S. de R.L. de C.V., Mexico



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2023	2022
Schaeffler Mexico, S. de R.L. de C.V., Mexico	Schaeffler Mexico, S. de R.L. de C.V., Mexico
Radine B.V., Netherland	Schaeffler Philippines Inc., Philippines
Schaeffler Philippines Inc., Philippines	Schaeffler Portugal, Unipessoal, Lda., Portugal
Schaeffler Portugal, Unipessoal, Lda., Portugal	Schaeffler Romania S.R.L., Romania
Schaeffler Romania S.R.L., Romania	Schaeffler (Singapore) Pte. Ltd., Singapore
Schaeffler (Singapore) Pte. Ltd., Singapore	Schaeffler Kysuce, spol. s r.o., Slovakia
Schaeffler Kysuce, spol. s r.o., Slovakia	Schaeffler Skalica, spol. s r.o., Slovakia
Schaeffler Skalica, spol. s r.o., Slovakia	Schaeffler South Africa (Pty.) Ltd., South Africa
Schaeffler South Africa (Pty.) Ltd., South Africa	Schaeffler (Thailand) Co., Ltd., Thailand
Schaeffler Manufacturing (Thailand) Co., Ltd., Thailand	Schaeffler Manufacturing (Thailand) Co., Ltd., Thailand
Schaeffler Turkey Endüstri ve Otomotiv Ticaret Limited Sirketi., Turkey	Schaeffler (UK) Limited, UK
Schaeffler (UK) Limited, UK	Schaeffler Automotive Aftermarket (UK), Limited, UK
Schaeffler Automotive Aftermarket (UK), Limited, UK	Schaeffler Group USA, Inc., USA
Schaeffler Group USA, Inc., USA	Schaeffler Transmission Systems, LLC., USA
Schaeffler Transmission Systems, LLC., USA	Schaeffler Vietnam Co., Ltd., Vietnam
Schaeffler Vietnam Co., Ltd., Vietnam	
<b>Key Management Personnel</b>	<b>Key Management Personnel</b>
Mr. Harsha Kadam, Managing Director	Mr. Harsha Kadam, Managing Director
Ms. Hardevi Vazirani, Director Finance and CFO (w.e.f. February 13, 2024)	Mr. Satish Patel, Director Finance and CFO
Mr. Satish Patel, Director Finance and CFO (up to February 12, 2024)	

3) Transactions with related parties during the year:

	(₹ in million)		
Nature of transactions	Fellow subsidiaries/ Affiliates	Key Management Personnel	Total
Purchase of finished goods	11,753.0	-	11,753.0
	(11,634.7)	-	(11,634.7)
Purchase of raw materials and components and spares	8,321.4	-	8,321.4
	(7,535.4)	-	(7,535.4)
Purchase of tangible assets	1,886.4	-	1,886.4
	(751.3)	-	(751.3)
Fees for use of technology / trademark	1,410.0	-	1,410.0
	(1,295.6)	-	(1,295.6)
Travelling, training, testing, support fee and other cost	517.4	-	517.4
	(548.4)	-	(548.4)
Dividend for the year - 2022	2,780.4	-	2,780.4
2021	(1,853.6)	-	(1,853.6)
SAP, other IT systems and connectivity cost	535.5	-	535.5
	(515.2)	-	(515.2)
Expat cost	0.7	-	0.7
	(7.5)	-	(7.5)
Commission on guarantee - other cost	1.6	-	1.6
	(2.4)	-	(2.4)
Sale of finished goods	8,816.1	-	8,816.1
	(10,115.3)	-	(10,115.3)
Sale of tangible assets	382.1	-	382.1
	-	-	-
Reimbursement of expenses	181.4	-	181.4
	(109.1)	-	(109.1)
Service income	164.6	-	164.6
	(308.7)	-	(308.7)
Managerial remuneration <sup>1</sup>	-	59.6	59.6
	-	(53.7)	(53.7)

<sup>1</sup> In the case of present key management personnel, remuneration does not include gratuity and leave encashment benefits which are determined for the Group as a whole.



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4) Balances outstanding as at 31 December 2023:

		(₹ in million)
Nature of Transaction	Fellow subsidiaries / Affiliates	
<b>Trade receivables</b>		
Schaeffler Technologies AG & Co. KG, Germany		1,009.5
		(1,260.9)
Schaeffler Trading (Shanghai) Co. Ltd., China		213.5
		(346.6)
Others		687.5
		(1,238.4)
2023		1,910.5
2022		(2,845.9)
<b>Trade payables</b>		
Schaeffler Technologies AG & Co. KG, Germany		3,818.9
		(3,911.1)
Others		1,392.2
		(1,727.7)
2023		5,211.1
2022		(5,638.8)
<b>Other receivables</b>		
Schaeffler Technologies AG & Co. KG, Germany		15.9
		(22.9)
Schaeffler (China) Co., Ltd., China		6.9
		-
Schaeffler (Singapore) Pte. Ltd., Singapore		6.2
		(6.1)
Others		32.1
		(27.5)
2023		61.1
2022		(56.5)
<b>Creditors for Capital goods</b>		
Schaeffler Technologies AG & Co. KG, Germany		284.8
		(79.7)
Schaeffler (China) Co., Ltd., China <sup>1</sup>		249.4
		(0.0)
Schaeffler Savaria Kft., Hungary		206.5
		-
Schaeffler Sondermaschinenbau AG & Co. KG, Germany		89.8
		-
Others		63.5
		(57.3)
2023		894.0
2022		(137.0)
<b>Advance against asset held for sale</b>		
Schaeffler Technologies Solution India Pvt. Limited, India		-
		(300.0)
2023		-
2022		(300.0)

<sup>1</sup> Values less than ₹ 1 million.

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5) The significant related party transactions are as under:

		(₹ in million)
Nature of Transactions	Fellow subsidiaries / Affiliates	Amount
Purchase of finished goods	Schaeffler Technologies AG & Co. KG, Germany	8,897.6
		(8,864.7)
	Schaeffler (China) Co. Ltd.China	1,176.6
		(669.7)
Purchase of raw material and components and spares	Schaeffler Technologies AG & Co. KG, Germany	4,207.0
		(4,083.5)
	Schaeffler (China) Co. Ltd.China	1,185.5
		(661.8)
	Schaeffler Friction Products (Suzhou) Co., Ltd.,	1,158.9
		(953.8)
Purchase of tangible assets	Schaeffler Technologies AG & Co. KG, Germany	469.9
		(239.2)
	Schaeffler Kysuce, spol. s r.o., Slovakia	413.1
		(200.4)
	Schaeffler (China) Co. Ltd. China	299.6
		(13.7)
	Schaeffler Korea Corporation., Korea	231.9
		-
	Schaeffler Savaria Kft., Hungary	206.6
		-
Sale of finished goods	Schaeffler Technologies AG & Co. KG, Germany	3,625.1
		(3783.5)
	Schaeffler Trading( Shanghai) Co. Ltd; China	996.2
		(1814.6)
Sale of tangible assets	Schaeffler Technology Solutions India Pvt. Limited, India	382.1
		-
Fees for use of technology / trademark	Schaeffler Technologies AG & Co. KG, Germany	1,410.0
		(1295.6)
SAP, other IT systems and connectivity cost	Schaeffler Technologies AG & Co. KG, Germany	535.5
		(515.2)
Travelling, training, testing, support fee and other cost	Schaeffler Technologies AG & Co. KG, Germany	173.7
		(212.1)
	Schaeffler (Singapore) Pte. Ltd., Singapore	68.4
		(42.9)
	Schaeffler Kysuce, spol. s r.o., Slovakia	61.5
		(81.9)
Expat cost	Schaeffler Automotive Buehl GmbH & Co. KG, Germany	0.7
		(7.5)
Commission on guarantee - other cost	Schaeffler AG, Germany	1.6
		(2.4)
Reimbursement of expenses	Schaeffler Technologies AG & Co. KG, Germany	58.2
		(28.7)
	Schaeffler (Singapore) Pte. Ltd., Singapore	23.9
		(19.2)
	Schaeffler Technology Solutions India Pvt. Limited, India	26.8
		-
Service income	Schaeffler Technologies AG & Co. KG, Germany	163.3
		(268.4)
Managerial remuneration	Mr. Harsha Kadam	40.1
		(36.7)
	Mr. Satish Patel	19.5
		(17.0)
Dividend paid	Schaeffler Schweinfurt Beteiligungs GmbH, Germany	1,023.3
		(682.2)
	Schaeffler Bühl Verwaltungs GmbH, Germany	771.2
		(514.2)
	Schaeffler Verwaltungsholding Sechs GmbH, Germany	563.1
		(375.4)
	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	422.8
		(281.8)

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.

Names and details of fellow subsidiaries, affiliates and subsidiary having transaction value in excess of 10% in line transactions during the year.



# Notes to the Consolidated Financial Statements

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## 37 Derivative instruments:

The Group’s exposure to foreign currency fluctuations relates to foreign currency assets, liabilities and forecasted cash flows. The Group limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives like forward contracts. The Group 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	2023		2022	
		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	7,762,000	645.9	15,200,000	1,257.4

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

## Maturity

	2023		2022	
	1-6 months	6-12 months	1-6 months	6-12 months
Foreign currency risk				
Forward exchange contracts				
Net exposure (₹ in million)	447.5	198.4	718.8	538.5
Average INR: USD forward contract rate	83.4	84.2	80.8	83.2

## Foreign currency exposures as at December 31, 2023:

Particulars	Currency	Amount in foreign currency	Equivalent amount (₹ in million)
Trade Payables	USD	21,973,306.0	1,828.6
		(20,785,540.6)	(1,719.4)
	EUR	2,384,462.7	219.3
		(2,829,034.6)	(249.8)
	CHF <sup>1</sup>	461.65	0.0
		(3,108.5)	(0.3)
	GBP <sup>1</sup>	-	-
Trade Receivables		(508.0)	(0.1)
	JPY	1,236,800.0	0.7
		(8,176,104.0)	(5.1)
	CNY	13,699,651.4	160.6
		(7,638,743.4)	(91.6)
	USD	9,444,008.5	785.9
		(17,899,242.2)	(1,480.6)
Bank balance in EEFC accounts	EUR	819,891.5	75.4
		(786,350.5)	(69.4)
	USD	761,559.4	63.4
		(404,019.1)	(33.4)
	EUR <sup>1</sup>	203,239.7	18.7
		(26.5)	(0.0)

Amounts in brackets represents previous year numbers.

<sup>1</sup> Values less than ₹1 million.

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

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

	(₹ in million)	
	2023	2022
Financial assets		
Trade receivables		
USD	785.9	1,480.6
EUR	75.4	69.4
Bank Balances in EEFC account		
USD	63.4	33.4
EUR <sup>1</sup>	18.7	0.0
Total Exposure to foreign currency assets	943.4	1,583.4

	(₹ in million)	
	2023	2022
Financial liabilities		
Trade payables		
USD	1,828.6	1,719.4
EUR	219.3	249.8
CHF <sup>1</sup>	0.0	0.3
JPY	0.7	5.1
GBP	-	0.1
CNY	160.6	91.6
Total Exposure to foreign currency liabilities	2,209.2	2,066.3

<sup>1</sup> Values less than ₹1 million.

## 38 Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- market risk [refer 38 (A) below]
- liquidity risk [refer 38 (B) below]
- credit risk [refer 38 (C) below]

In the course of its business, the Group is exposed primarily to aforesaid risks, which may impact the fair value of its financial instruments. The Group 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 Group'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 Group's earnings. The risks identified through the risk management system are analysed and evaluated by the Group'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 Group 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 Group’s functional currency (Indian Rupees).

The Group has import and export transactions in foreign currencies. Imports are higher than exports and hence the Group has foreign currency exposure to the extent of imports being higher than exports. The risk of foreign currency fluctuation is mitigated through hedging. Please refer Note 37 for details of foreign currency exposure.



## Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

The Group'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:

(₹ in million)			
		Effect on Profit Before Tax	
		2023	2022
USD	+ 5%	(49.0)	(10.3)
	- 5%	49.0	10.3
EUR	+ 5%	(6.3)	(9.0)
	- 5%	6.3	9.0
CHF	+ 5%	(0.0)	(0.0)
	- 5%	0.0	0.0
JPY	+ 5%	(0.0)	(0.3)
	- 5%	0.0	0.3
GBP	+ 5%	0.0	(0.0)
	- 5%	-	0.0
CNY	+ 5%	(8.0)	(4.6)
	- 5%	8.0	4.6

### (ii) Interest rate risk

Interest rate risk exposure: The Group does not have interest bearing borrowings and interest rate risk is towards opportunity cost on investment in tax free bonds. Surplus funds are being invested in bank deposits at fixed interest rates and the tenure is managed to match with the Group's liquidity profile.

## B) Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and cash flows generated from operations. The Group regularly monitors actual cash flows and forecasts to ensure that the Group 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 (except lease liabilities refer Note 47) at the balance sheet date:

(₹ in million)				
	Carrying amount	Less than 12 months	More than 12 months	Total
<b>As at December 31, 2023</b>				
<b>Financial liabilities</b>				
Lease liabilities	511.0	104.5	406.5	511.0
Trade payables	10,551.4	10,551.4	-	10,551.4
Security deposits from customers / suppliers	22.8	-	22.8	22.8
Employee liabilities	664.3	664.3	-	664.3
Creditors for capital goods	1,353.8	1,353.8	-	1,353.8
Accrued expense	176.5	176.5	-	176.5
Unclaimed dividends	11.4	11.4	-	11.4
Other payables	10.6	10.6	-	10.6



## Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

(₹ in million)				
	Carrying amount	Less than 12 months	More than 12 months	Total
<b>As at December 31, 2022</b>				
<b>Financial liabilities</b>				
Lease liabilities	573.8	100.2	473.6	573.8
Trade payables	11,117.3	11,117.3	-	11,117.3
Security deposits from customers / suppliers	19.9	-	19.9	19.9
Employee liabilities	722.6	722.6	-	722.6
Creditors for capital goods	490.4	490.4	-	490.4
Accrued expense	114.8	114.8	-	114.8
Unclaimed dividends	9.5	9.5	-	9.5
Other payables	8.0	8.0	-	8.0

## 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 Group 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 ranging from 0.04% to 0.78%, except for few customer where specific provisions is being created. The expected credit loss allowance is considered as a percentage of net receivable position.

₹ in million				
	2023		2022	
	Less than 6 months	More than 6 months	Less than 6 months	More than 6 months
Gross carrying amount	10,476.7	101.8	10,349.1	8.3
Allowance for expected credit loss	(15.9)	(6.7)	(30.0)	(3.3)
<b>Carrying amount of trade receivables (net)</b>	<b>10,460.8</b>	<b>95.1</b>	<b>10,319.1</b>	<b>5.0</b>

### Reconciliation of expected credit loss allowance is as follows:

	₹ in millions
<b>As at January 1, 2023</b>	<b>33.3</b>
Effect of Acquisition of "Koovers" (refer Note 51)	-
Movement in expected credit loss allowance	(10.7)
<b>As at December 31, 2023</b>	<b>22.6</b>

### Financial assets other than trade receivables

Credit risk on cash and cash equivalents, bank balances other than cash and cash equivalents is limited as the Group generally invest in deposits with banks which have high credit rating assigned by external agencies. Based on the Group's historical experience, the credit risk on other financial assets is low.



Notes to the Consolidated Financial Statements
for the year ended December 31, 2023

39 Capital management

For the purpose of Group's capital management, capital includes equity share capital and all other reserves attributable to equity shareholders. The Group has a long-term strategy of pursuing profitable growth. Capital is managed proactively to secure the existence of the Group as a going concern in the long-term and create financial flexibility for profitable growth in order to add value to the Group. 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 Group funds it's operations through internal accruals and the Management along with the Board of Directors of Holding Company regularly monitor the returns on capital as well as dividend levels to shareholders.

40 Employee benefits: Post employment benefit plans

Defined contribution plans

The Group 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 Group 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 and others for the year aggregated to ₹207.6 million (2022: ₹189.1 million) and contribution to superannuation fund for the year aggregated to ₹33.4 million (2022: ₹33.1 million).

Defined benefit plans

The Group 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

Table with 3 columns: Description, 2023, 2022. Rows include Present value of funded obligations, Fair value of plan assets, and Liability recognised in balance sheet.

Classification into current / non-current

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

Table with 3 columns: Description, 2023, 2022. Rows include Noncurrent liability, Current liability, and Total.

Notes to the Consolidated Financial Statements
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Movement in present values of defined benefit obligations:

Table with 3 columns: Description, 2023, 2022. Rows include Defined benefit obligation at January 1, Effect of Acquisition of "Koovers", Service cost, Interest cost, Actuarial (gains)/ losses recognised in Other Comprehensive Income due to: Change in assumptions, Demographic assumptions, Experience changes, Benefits paid / Employees contribution, Liabilities assumed / (settled), and Defined benefit obligation at December 31.

Movement in fair value of plan assets:

Table with 3 columns: Description, 2023, 2022. Rows include Fair value of plan assets at January 1, Return on plan assets recognised in other comprehensive income, Interest on plan assets, Contributions by employer, Benefits paid / Employees contribution, and Fair value of plan assets at December 31.

Expense recognized in the Statement of Profit and Loss:

Table with 3 columns: Description, 2023, 2022. Rows include Current service cost, Interest on net defined benefit liability / (asset), and Total included in Employee benefits expense.

Remeasurements recognised in other comprehensive income

Table with 3 columns: Description, 2023, 2022. Rows include Actuarial (gain)/ loss on defined benefit obligation, Return on plan assets excluding interest income, Currency effects - OCI from DBO, and Total.



Notes to the Consolidated Financial Statements  
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Principal actuarial assumptions at the balance sheet date

	Gratuity		
	2023 (Holding Company)	2022 (Holding Company)	2023 (Subsidiary Company)
Discount rate per annum as at December 31	7.20%	7.30%	7.20%
Expected return per annum on plan assets as at December 31	7.30%	7.30%	0.00%
Future salary increment	6.50%	6.50%	7.00%
Retirement age	58 Years	58 Years	58 Years
Mortality	Indian Assured Lives Mortality (2012-14) Ult table	Indian Assured Lives Mortality (2012-14) Ult table	Indian Assured Lives Mortality (2012-14) Ult table
Attrition rate	6%- 13%	6%- 13%	10%
The weighted-average duration of the defined benefit obligation (in years)	6.42	6.47	15.91

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

Sensitivity Analysis

The following table 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:

Holding Company	2023		2022	
	Increase	Decrease	Increase	Decrease
Discount rate (100 bps movement on DBO)	(6.04%)	6.85%	(6.08%)	6.90%
Salary escalation rate (100 bps movement on DBO)	6.84%	(6.14%)	6.89%	(6.19%)

Subsidiary Company	2023	
	Increase	Decrease
Discount rate (100 bps movement on DBO)	(13.30%)	7.44%
Salary escalation rate (100 bps movement on DBO)	6.93%	(13.26%)

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 years in the methods and assumptions used in preparing the sensitivity analyses.

The major categories of plan assets are as follows

	2023		
	(₹ in million)		
	Quoted	Unquoted	Total
Insurer managed funds (Life Insurance Corporation)	-	825.7	825.7
Others	-	4.9	4.9

Maturity profile of defined benefit obligations:

Year	2023	
	(₹ in million)	
Year 1	181.6	152.5
Year 2	148.9	110.4
Year 3	104.2	120.6
Year 4	81.3	85.2
Year 5	85.7	67.6
Year 6	67.5	70.0
Year 7	71.0	55.9
Year 8	57.1	62.2
Year 9	58.6	48.3
Year 10 and above	834.2	734.9

Notes to the Consolidated Financial Statements  
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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 Group is exposed to various risks in providing the above benefit plans which are as follows:

- (i) **Interest Rate risk:** The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (i.e. value of defined benefit obligation).
- (ii) **Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- (iii) **Demographic Risk:** The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- (iv) **Investment Risk:** The Group has funded with well established Govt. of India undertaking & other IRDA approved agency and therefore, there is no material investment risk.

41 Financial instruments

A) Accounting classifications

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

Financial instruments category	(₹ in million)	
	Carrying value / Fair value	
	2023	2022
<b>Financial Assets</b>		
a) <b>Measurement at amortised cost</b>		
Trade receivables	10,555.9	10,324.1
Cash and cash equivalents	697.1	1,660.4
Bank balances other than cash and cash equivalents	15,159.5	13,884.9
Security deposits	150.3	133.6
Other financial assets	415.1	1,399.6
<b>Total Financial Assets</b>	<b>26,977.9</b>	<b>27,402.6</b>
<b>Financial Liabilities</b>		
a) <b>Measurement at amortised cost</b>		
Trade payables	10,551.4	11,117.3
Other financial liabilities	2,239.4	1,365.2
Lease liabilities	511.0	573.8
<b>Total Financial Liabilities</b>	<b>13,301.8</b>	<b>13,056.3</b>

The carrying amounts of all financial instruments (except derivative instruments which are measured at fair value through Other Comprehensive Income and long-term loans) are not materially different from their fair values, since these are of short term nature.



Notes to the Consolidated Financial Statements  
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B) Fair value hierarchy

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

December 31, 2023

	(₹ in million)			
	Level 1	Level 2	Level 3	2023
<b>Financial Assets</b>				
Trade receivables	-	-	10,555.9	10,555.9
Cash and cash equivalents	-	-	697.1	697.1
Bank balances other than cash and cash equivalents	-	-	15,159.5	15,159.5
Security deposits	-	-	150.3	150.3
Other financial assets	-	-	415.1	415.1
<b>Total</b>	-	-	<b>26,977.9</b>	<b>26,977.9</b>

	(₹ in million)			
	Level 1	Level 2	Level 3	2023
<b>Financial Liabilities</b>				
Trade payables	-	-	10,551.4	10,551.4
Other financial liabilities	-	-	2,239.4	2,239.4
Lease liabilities	-	-	511.0	511.0
<b>Total</b>	-	-	<b>13,301.8</b>	<b>13,301.8</b>

December 31, 2022

	(₹ in million)			
	Level 1	Level 2	Level 3	2022
<b>Financial Assets</b>				
Trade receivables	-	-	10,324.1	10,324.1
Cash and cash equivalents	-	-	1,660.4	1,660.4
Bank balances other than cash and cash equivalents	-	-	13,884.9	13,884.9
Security deposits	-	-	133.6	133.6
Other financial assets	-	-	1,399.6	1,399.6
<b>Total</b>	-	-	<b>27,402.6</b>	<b>27,402.6</b>

	(₹ in million)			
	Level 1	Level 2	Level 3	2022
<b>Financial Liabilities</b>				
Trade payables	-	-	11,117.3	11,117.3
Other financial liabilities	-	-	1,365.2	1,365.2
Lease liabilities	-	-	573.8	573.8
<b>Total</b>	-	-	<b>13,056.3</b>	<b>13,056.3</b>

Valuation techniques and significant unobservable inputs

Specific valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments include:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- All financial assets and liabilities referred in Level 3 are measured at amortised cost, their carrying amount are reasonable approximation of their fair value

Notes to the Consolidated Financial Statements  
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42 Segment reporting

(i) Information about business segments:

As per 'Ind AS 108 - Operating Segments', the Group has reported segment information under two segments i.e 1) Mobility components and related solutions and 2) Others.

	(₹ in million)	
Particulars	2023	2022
<b>(A) Segment Revenue (Net revenue / income)</b>		
<b>Mobility components and related solutions</b>		
Automotive Technologies	30,230.3	27,065.0
Automotive Aftermarket	7,060.5	5,935.8
Industrial	13,106.9	12,572.4
Exports & Others <sup>1</sup>	6,718.4	8,303.6
<b>Sub total (a)</b>	<b>57,116.1</b>	<b>53,876.8</b>
<b>Others</b>		
Automotive Technologies	-	-
Automotive Aftermarket	-	-
Industrial	12,371.1	11,674.2
Exports & Others <sup>1</sup>	3,021.9	3,123.2
<b>Sub total (b)</b>	<b>15,393.0</b>	<b>14,797.4</b>
<b>(c) Total Revenue</b>		
Automotive Technologies	30,230.3	27,065.0
Automotive Aftermarket	7,060.5	5,935.8
Industrial	25,478.0	24,246.6
Exports & Others <sup>1</sup>	9,740.3	11,426.8
<b>Revenue from operations (a + b)</b>	<b>72,509.1</b>	<b>68,674.2</b>
<b>(B) Segment Results (Profit before unallocable income, finance costs, exceptional items and tax)</b>		
Mobility components and related solutions	7,902.2	8,121.6
Others	3,079.7	2,757.7
<b>Total profit before unallocable income, finance costs, exceptional items and tax</b>	<b>10,981.9</b>	<b>10,879.3</b>
Less : Finance cost	42.7	35.5
Add : Unallocable Income	1,245.5	776.8
Add : Exceptional items (refer Note 51 and 49)	(47.0)	149.8
<b>Profit before tax</b>	<b>12,137.7</b>	<b>11,770.4</b>
<b>(C) Segment assets</b>		
Mobility components and related solutions <sup>2</sup>	38,807.4	32,878.8
Others	5,097.5	4,950.8
Unallocated	18,760.2	19,437.6
<b>Total assets</b>	<b>62,665.1</b>	<b>57,267.2</b>
<b>(D) Segment liabilities</b>		
Mobility components and related solutions	10,450.5	10,342.6
Others	2,290.4	2,433.0
Unallocated	1,870.7	1,632.6
<b>Total liabilities</b>	<b>14,611.6</b>	<b>14,408.2</b>
<b>(E) Net capital employed</b>	<b>48,053.5</b>	<b>42,859.0</b>

<sup>1</sup> Export & Others mainly includes exports to group companies, scrap sales and other operating income

<sup>2</sup> Property, plant and equipment (PPE) of the Group is predominantly used for 'Mobility components and related solutions' and hence has been disclosed as a segment asset under that reportable segment.



Notes to the Consolidated Financial Statements
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(ii) Secondary segment information

The geographical information analyses the Group's revenues and non-current assets by the Group'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

Table with 3 columns: Location, 2023, 2022. Rows: India, Outside India, Total. Values in ₹ in million.

(b) Non-current assets¹

Table with 3 columns: Location, 2023, 2022. Rows: India, Outside India, Total. Values in ₹ in million.

¹ Non-current assets exclude financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts, if any.

(c) Customers accounted individually more than 10% of the revenue 2023 none (2022: none).

43 Research and development expenses under the respective heads aggregate to ₹994.7 million (2022: ₹972.2 million) including of capital nature ₹73.7 million (2022: ₹66.5 million).

Table with 9 columns: Expense Head, 2023 (Maneja, Savli, Talegoan, Hosur, Total), 2022 (Maneja, Savli, Talegoan, Hosur, Total). Rows: Revenue expenses, Capital expenses, Total.

44 The tax year for the Group being the year ending March 31, 2024, provision for taxation for the year ended December 31, 2023 is aggregate of provision made for three months ended March 31, 2023 and provision based on amounts for remaining nine months ended December 31, 2023, the ultimate tax liability of which will be determined on the basis of figures for the fiscal year April 1, 2023 to March 31, 2024.

The Group's international transactions with associated enterprises are at arm's length, as per the independent accountant's report for the year ended March 31, 2023. The Management believes that the Group's international transactions with associated enterprises post March 31, 2023 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 Group 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 Group 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 Consolidated Financial Statements
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45 Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with the group

Scheme of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited (jointly referred to as 'transferor companies') with Schaeffler India Limited, has been approved by the National Company Law Tribunal, Chennai and Mumbai Benches vide their orders dated June 13, 2018 and October 8, 2018 respectively.

46 Revenue (Ind AS 115)

The Group is manufacturing and distribution of bearings, engine systems and transmission components, chassis applications, clutch systems and other automotive parts. 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 liabilities (Advances from Customers)

Table with 3 columns: Particulars, 2023, 2022. Row: Closing Contract liabilities. Values in ₹ in million.

The Contract liabilities outstanding at the beginning of the year has been recognised as revenue during the year ended December 31, 2023.

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

Table with 3 columns: Particulars, 2023, 2022. Rows: Revenue as per Contract price, Less: Incentives and rebates, Less: Discounts, Revenue as per statement of profit and loss.

47 Leases

1 Practical expedients applied

- Applied discount rate based Incremental borrowing rate as per portfolio of leases of similar assets in similar economic environment with a similar 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 Group'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.

Table with 10 columns: Particulars, Gross Block (As at Jan 1, 2023, Additions, Deductions, As at Dec 31, 2023), Amortisation (As at Jan 1, 2023, For the Year, Deductions, As at Dec 31, 2023), Net Block (As at Dec 31, 2023). Rows: Tangible Assets, Leasehold land, Buildings, Vehicle, Total (ii).



Notes to the Consolidated Financial Statements
for the year ended December 31, 2023

- 4 Finance costs includes interest expense amounting to ₹29.6 millions (2022: ₹30.9 millions) on lease liability accounted in accordance with Ind AS 116 “Leases”.
- 5 Rent expense in Note No. 31 Represents lease charges for short term leases.

6 Lease liabilities

The table provides details regarding contractual liabilities of lease liabilities on an undiscounted basis:

Table with 3 columns: Particulars, 2023, 2022. Rows include Undiscounted future cash outflows, Not later than 1 year, Later than 1 year and not later than 5 years, Later than 5 years.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

- 48 Pursuant to the approval of the shareholders accorded on December 19, 2021 vide postal ballot conducted by the Holding 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.
- 49 Consequent to the approvals received from the Board of Directors of the Holding Company at its meeting held on May 23, 2022, the Group has entered into a business transfer agreement on June 29, 2022 with CATENSYS India Private Limited and has sold its Chain Drive business under Automotive Technologies segment by way of a slump sale on a going concern basis for a lumpsum consideration of ₹294.2 million. The gain on sale of business amounting to ₹149.8 million has been recognised as an exceptional item in the above results.
- 50 Additional information pursuant to Para 2 of Part III General instructions for the preparation of consolidated financial statements, for a company required to comply with Ind AS

a) As at and for the year ended 31 December 2023

Table with 5 main columns: Sr. No., Name of the entity, Net Assets, Share in Profit or Loss, Share in Other Comprehensive Income, Share in Total Comprehensive Income. Rows include Holding Company, Subsidiaries - Indian, and Total.

- (i) The contribution of Holding and subsidiaries are considered based on the financial statements of respective entities without considering elimination and consolidation adjustments.
- (ii) There were no acquisitions in the year ended 31 December 2022.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2023

51 Business Combination
A Summary of acquisition

- i) The Board of Directors of the Company on August 28, 2023 had approved acquisition of 100% shares 1,204,758 of ₹10/- each of KRSV Innovative Auto Solutions Private Limited (in the following “Koovers”) for a total purchase consideration of ₹1,424.0 million in 100% cash consideration. Schaeffler india Limited has completed the above acquisition by acquring 100% shareholding of Koovers on September 8, 2023 in cash consideration. Consquently, Koover’s has became a subsidiary of the Company. The expenditure towards acquisition of Koovers mainly includes professional/consulting fees, stamp duties and other costs amounting to ₹47.0 million has been recognised as an exceptional items.

Koovers offers spare parts solution to Indian Automotive aftermarket workshops via B-to-B e-commerce platform. The acquisition is in line with Schaeffler India’s strategic initiatives for growth and provides a synergy potential. It will be a key enabler for the aftermarket ecosystem, incuding distribution partner and help to play an important role in the fast growing and evolving aftermarket digital landscape.

Summary of assets acquired and liabilities assumed as at the acquisition date (8 September 2023):

The fair values of the identifiable assets and liabilities of the above mentioned acquired company at the date of acquisition are as under:

Table with 2 columns: Particulars, Amount. Rows include Assets (Property, plant and equipment, Intangible Assets, Inventories, etc.), Less: Liabilities (Trade payable, Borrowings, etc.), and Net identifiable assets (A-B).

Measurement of Fair Values

Table with 2 columns: Assets Acquired, Valuation Technique. Rows include Trademark / domain names “Koovers” and Deferred tax liabilities.



Notes to the Consolidated Financial Statements
for the year ended December 31, 2023

ii) Purchase Price Allocation

The purchase price is allocated to assets acquired and liabilities assumed based upon determination of fair values at the dates of acquisition is as follows:

Table with 4 columns: Component, Acquiree's carrying, Adjustments on account of Fair value, Purchase price allocated. Rows include Net assets, Trademark / domain names "Koovers", Deferred tax liabilities, Total, Net assets acquired by Holding company, Goodwill, and Total purchase price.

iii) Purchase Consideration

Table with 2 columns: Particulars, Amount. Rows include Cash paid and Total purchase consideration.

iv) Computation of goodwill

Goodwill mainly represents the expected synergies that will flow to the Group from combining operations of the acquiree, optimisation of resources and operating on a larger scale in the Indian AAM (Automotive aftermarket) e-Commerce.

Table with 2 columns: Particulars, Amount. Rows include Consideration transferred, Less: Net assets acquired, and Goodwill arising on acquisition.

Goodwill

The valuation of goodwill is based on the value of the estimated synergies and the value expected to be generated by speed to market and to attract new customers within the market (going concern value). Furthermore, goodwill also accounts for the potential that Koover's platform can be scaled-up in scope for new products and services as well as in range. Goodwill particularly comprises assets which are not separately recognised.

v) Purchase consideration - cash outflow

Table with 2 columns: Particulars, Amount. Rows include Cash consideration, Less: Acquired on acquisition, Cash and bank balances, and Net outflow of cash - investing activities.

vi) Significant judgement & accounting estimates

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by external valuation experts. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the Management.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2023

B Goodwill movement

Table with 2 columns: Particulars, Amount. Rows include Opening balance, Add: On acquisition of Koover's, and Closing balance.

C Other information

- i) There were no acquisitions in the year ended 31 December 2022.
- ii) The Group has prepared it's first consolidated financial statement considering that it has acquired 100% stake in KRSV Innovative Auto Solutions Private Limited in the current year. Accordingly the comparable numbers presented above are the same as the standalone result for year 2022, and therefore these numbers are not comparable.
- iii) The Group does not have Non-controlling interest.
- iv) Revenue from operations of ₹247.5 million and loss after tax of ₹65.6 million, pertaining to Koovers, have been included in consolidated statement of profit and loss for the year ended 31 December 2023. Management estimates that if the acquisition had taken place at the beginning of the year, revenue from operations for the Group would have been ₹72,994.3 million and the profit after tax for the Group would have been ₹8,933.6 million for the year ended 31 December 2023.
- v) Acquisition related cost amounting to ₹47.0 million have been included in 'Exceptional Items' in consolidated statement of profit and loss.
- vi) Goodwill recognised on acquisition is not expected to be deductible for income tax purposes.

52 Other Statutory Information

- 1 "The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property."
- 2 The Group does not have any transactions with companies struck off.
- 3 The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 4 The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 5 The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 6 The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 7 The Group does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

- 53
- The figures for the previous year have been regrouped/reclassified wherever necessary to correspond with current year classification/disclosure, to make them comparable. The impact of such reclassification/regrouping is not material to the financial statements.
- 54
- The consolidated financial statement are approved for issued by the Board of Directors in their meeting held on February 16, 2024.

As per our report of even date attached  
**For Walker Chandiok & Co. LLP**  
Chartered Accountants  
Firm’s Registration No.: 001076N / N-500013

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423

**For and on behalf of the Board of Directors**

**E.V.Sumithasri**  
Chairperson  
DIN: 07087197  
  
**Hardevi Vazirani**  
Director – Finance & CFO  
DIN: 10212814

**Harsha Kadam**  
Managing Director  
DIN: 07736005  
  
**Ashish Tiwari**  
VP – Legal & Company Secretary

Place: Mumbai  
Date: February 16, 2024

Place: Bengaluru  
Date: February 16, 2024



## Form AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiary of the Company

Schaeffler India Limited has one wholly owned Subsidiary namely KRSV Innovative Auto Solutions Private Limited (‘Koovers’).

The statement containing salient features of the financial statement of Koovers is as under:

(₹ in Million)		
Sr. No.	Particulars	Details
1.	Name of the Subsidiary	KRSV Innovative Auto Solutions Private Limited
2.	The date since when subsidiary was acquired	September 8, 2023
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1 to March 31
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
5.	Share capital	12.05
6.	Reserves and surplus	42.62
7.	Total assets	180.63
8.	Total Liabilities	180.63
9.	Investments	0
10.	Turnover	777.43
11.	Profit / (Loss) before taxation	(89.05)
12.	Provision for taxation	0.18
13.	Profit / (Loss) after taxation	(89.22)
14.	Proposed Dividend	0
15.	Extent of shareholding (in percentage)	100%

Names of subsidiaries which are yet to commence operations: Not Applicable

Names of subsidiaries which have been liquidated or sold during the year: Not Applicable



Multi-year comparison - Standalone

Income statement	Unit	Chart	2023	2022	2021	2020	2019
Reevenue	₹ Million	1	72,261.3	68,674.2	55,605.1	37,618.4	43,606.3
EBITDA <sup>a</sup>	₹ Million		13,527.5	13,076.5	9,949.8	5,401.3	6,460.8
EBITDA Margin	%		18.7%	19.0%	17.9%	14.4%	14.8%
EBIT <sup>a</sup>	₹ Million	2	11,336.6	11,011.9	7,978.7	3,461.6	4,873.7
EBIT Margin	%	2	15.7%	16.0%	14.3%	9.2%	11.2%
Earnigs before tax <sup>a</sup>	₹ Million		12,283.9	11,620.6	8,431.4	3,972.1	5,346.2
Earnigs after tax	₹ Million	3	9,090.3	8,792.1	6,291.2	2,909.7	3,676.4
EPS	₹	4	58.2	56.3	40.3	18.6	23.5
Statement of financial position							
Share Capital	₹ Million		312.6	312.6	312.6	312.6	312.6
Share holder's equity	₹ Million		48,153.6	42,859.0	36,536.7	31,402.9	29,621.6
Total assets	₹ Million		62,689.9	57,267.2	48,962.7	41,514.3	36,452.3
Statement of cash flows							
Cash flow from operating activities	₹ Million		9,000.3	7,505.3	4,646.7	6,491.9	5,097.7
Cash flow from Investing activities (Capex net)	₹ Million	6	(5,189.3)	(4,193.8)	(1,825.9)	(2,376.7)	(3,198.6)
Cash flow from Financing activities	₹ Million		809.4	457.4	456.3	456.5	536.0
Free cash flow before cash in-and outflows for M&A activities <sup>b</sup>	₹ Million	5	4,620.4	3,768.9	3,277.1	4,571.7	2,435.1
Current ratio	Times		2.9	2.8	2.9	3.0	3.6
Value based management							
Capital employed	₹ Million		48,713.7	43,364.5	37,090.5	32,395.5	30,076.5
Average capital employed	₹ Million		46,039.1	40,227.5	34,743.0	31,236.0	28,790.0
Return on capital employed	%		24.6%	27.4%	23.0%	11.1%	16.9%
Shareholders							
Number of Shareholders <sup>c</sup>	No.		70695	56872	22214	15915	21026
Number of shares <sup>d</sup>	No.		156,303,670	156,303,670	156,303,670	156,303,670	156,303,670
Dividend per share <sup>d</sup>	₹	7	26.0	24.0	16.0	7.6	7.0
Dividend			4,063.9	3,751.3	2,500.9	1,187.9	1,094.1
Closing share price <sup>e</sup>			3,202.2	2,744.5	1,758.1	907.7	939.69
Market Capitalisation	₹ Million		500,515.6	428,975.4	274,795.9	141,878.4	146,877.0
Net Worth			48,153.6	42,859.0	36,536.7	31,402.9	29,621.6
Employess							
Employee no.	No.		3383	3190	2922	2794	2846

<sup>a</sup>Before exceptional items.  
<sup>b</sup>Free cash flow: Cash flow from operating activities less net capex add interest income (net).  
<sup>c</sup>Number of shareholders not clubbed based on unique Permanent Account Number.  
<sup>d</sup>Values are restated at face value of ₹2/- per equity share.  
<sup>e</sup>Closing share price as on December 31, 2023.

Notice of AGM

To  
The Members  
**Schaeffler India Limited**

Notice is hereby given that the 61<sup>st</sup> Annual General Meeting of **SCHAEFFLER INDIA LIMITED** (‘Company’) will be held on Friday, April 26, 2024 at 3:30 pm IST through Video Conferencing (‘VC’) / Other Audio Visual Means (‘OAVM’) to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements including Balance Sheet as at December 31, 2023 and the Statement of Profit and Loss for the year ended on that date together with Directors’ and Auditors’ Report thereon.
2. To declare Dividend on Equity Shares for the financial year ended December 31, 2023.
3. To appoint a Director in place of Dharmesh Arora (DIN: 05350121), who retires by rotation and being eligible offers himself for re-appointment.

Special Business

4. To ratify remuneration of the Cost Auditors

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) excluding all taxes and reimbursement of out of pocket expenses to M/s. Y. S. Thakar & Co., Cost Accountants having Firm Registration No. 000318, appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending December 31, 2024, 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.”

5. Appointment of Hardevi Vazirani (DIN: 10212814) 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, if any, of the Companies Act, 2013 (‘the Act’) read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Hardevi Vazirani (DIN: 10212814) who was appointed by the Board of Directors of the Company as an Additional Director of the Company with effect from February 13, 2024 and who holds office up to the date of this Annual General Meeting of the Company and who is eligible to be appointed 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 authorised to do all acts, deeds, matters and things, necessary and expedient to give effect to the resolution.”

6. Appointment of Hardevi Vazirani (DIN: 10212814) as a Whole-Time Director, designated as Director-Finance

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V of the Companies Act, 2013 (‘the Act’) and other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory amendment, modification(s) or re-enactment thereof, for the time being in force), the appointment of Hardevi Vazirani (DIN: 10212814) as Whole-time Director, designated as Director-Finance, by the Board of Directors be and is hereby confirmed for a period of five years with effect from February 13, 2024, on the terms and conditions as set out in the explanatory statement annexed to the Notice including remuneration and other benefit(s), as agreed between the Company and Hardevi Vazirani.”



**RESOLVED FURTHER THAT** in accordance with the provisions of Sections 196, 197 and other applicable provisions, if any, read with Schedule V of the Act and subject to other consents, if any, the approval of the Members of the Company be and is hereby accorded to the said appointment of Hardevi Vazirani at such remuneration and perquisites for the year 2024 and further increase by way of annual increment, as the Board may think fit, within the overall limit of remuneration for the period up to February 12, 2029 as per details given below:

		Amount in ₹ million p.a.	
Sr. No.	Particulars	With effect from February 13, 2024	Max. up to February 12, 2029
1	Fixed Base Salary	5.69	11.44
2	Short Term Bonus (STB)	1.63	3.27
3	Long Term Bonus (LTB)	1.63	3.27
4	House Rent Allowance (HRA)	2.28	4.58
5	Perquisites/Allowances	3.23	6.49
6	Company's contributions to funds	1.81	3.64
Total Cost to the Company		₹ 16.27 million	₹ 32.69 million

- Travelling and out of pocket expenses in accordance with the Rules of the Company.
- Annual Leave in accordance with the Rules of the Company.
- Personal accident and life insurance coverage in accordance with the Rules of the Company.
- Car allowance in accordance with the Rules of the Company.
- The remuneration is paid within the approved limits and in accordance with the Company Policy, as amended from time to time.

**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

VP-Legal & Company Secretary

Bangalore: February 16, 2024

Schaeffler India Limited

Registered Office : 15<sup>th</sup> Floor, ASTP (Amar Sadanand Tech Park), Baner, Pune, Maharashtra, India, 411045  
CIN : L29130PN1962PLC204515  
Phone : +91-20-68198400  
E-mail : investorsupport.in@schaeffler.com  
Website : www.schaeffler.co.in

Notes:

1. The Ministry of Corporate Affairs (‘MCA’) vide its General Circular No. 14/2020 dated 8<sup>th</sup> April 2020, General Circular No. 17/2020 dated 13<sup>th</sup> April 2020, General Circular No. 20/2020 dated 5<sup>th</sup> May 2020 and General Circular No. 09/2023 dated September 25, 2023 (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’), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) and MCA Circulars, the 61<sup>st</sup> AGM of the Company is being held through VC / OAVM. The deemed venue for the 61<sup>st</sup> AGM shall be the Registered Office of the Company.
2. 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. 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. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice.  
  
Institutional / Corporate Members are requested to send a scanned copy (PDF / JPEG format) of the Board Resolution authorizing its representatives to attend the AGM and vote on the Resolutions as set out in this Notice through remote e-voting, pursuant to Section 113 of the Companies Act, 2013, at [Investorsupport.IN@schaeffler.com](mailto:Investorsupport.IN@schaeffler.com)
3. In compliance with the aforesaid MCA Circulars and SEBI Circular No SEBI/HO/CFD/CFD-PoD-2/P/ CIR/2023/167 dated October 07, 2023, Notice of the AGM along with the Annual Report 2023 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice along with Annual Report 2023 has been disclosed on the website of the Company at [www.schaeffler.co.in](http://www.schaeffler.co.in) and also available on the websites of the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The physical copy of the Annual Report 2023 will be sent to the Shareholders based on the specific request received.
4. 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 20, 2024 to April 26, 2024 (both days inclusive) to determine entitlement of dividend on Equity shares.

5. The Dividend on Equity shares as recommended by the Board of Directors and if declared at the AGM, will be paid within statutory time limit of 30 (Thirty) days or as per the prescribed legal requirements, as under:
  - (a) To all beneficial owners in respect of shares held in dematerialized 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 19, 2024.
  - (b) To all Members in respect of shares held in Physical Form as per the Register of Members of the Company on the close of business hours on April 19, 2024.
6. 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 2016 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.
7. Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of Shareholders w.e.f. April 1, 2020 and Company is required to deduct tax at source on payment of dividend at the prescribed rates. The Shareholders are requested to refer the Finance Act, 2020 and amendments thereof for prescribed rates for various categories of Shareholders. The Company shall send the email in this regard to all the Shareholders whose email id is registered with RTA or Depository Participant.
8. 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.



9. 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 Private Limited, 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 in dematerialized form only, effective from April 1, 2019. Therefore, the Members are requested to take prompt action to dematerialize the Equity Shares of the Company.
10. As per SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/ CIR/2023/193 dated 27.12.2023, last date for submission of ‘choice of nomination’ for Demat accounts is June 30, 2024.
- (1) The securities in the frozen folios shall be:
- Eligible to lodge any grievance or avail service request from the RTA only after furnishing the complete documents/details as aforesaid.
  - Eligible for any payment including dividend, interest or redemption payment only through electronic mode upon complying with the above stated requirements.
- (2) (a) The relevant formats for Nomination and Updation of KYC details viz; Forms ISR-1, ISR-2, ISR-3, SH-13, SH-14 and SEBI circular are available on Company website as well as the website of Link Intime India Pvt. Ltd. (<https://web.linkintime.co.in/KYC-downloads.html>).
- (b) Original cancelled cheque leaf bearing the name of the first holder failing which first security holder is required to submit copy of bank passbook/statement attested by the bank which is mandatory for registering the new bank details.
- 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.
11. As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. Effective

from January 24, 2022, requests for transmission or transposition of Securities held in physical or dematerialized form shall be effected only in dematerialized form. In view of this and to eliminate all risks associated with physical Shares and for ease of portfolio management, Members holding Shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company’s Registrar & Share Transfer Agent for assistance in this regard.

12. 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, “Geetakunj” 1, Bhakti Nagar Society, Behind ABS Tower, Old Padra Road, Vadodara – 390 015, Gujarat, India, at [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in), quoting their folio number.

Voting through Electronic means

1. 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 Suresh Kumar Kabra, Partner of Samdani Kabra & Associates, Company Secretaries, Vadodara as scrutinizer for scrutinizing 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. Friday, April 19, 2024, may cast their vote electronically. The e-voting period will commence from Tuesday, April 23, 2024 at 9:00 a.m. (IST) and will end at 5:00 p.m. (IST) on Thursday, April 25, 2024. The remote e-voting module will be disabled on April 25, 2024 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 19, 2024. A Person who is not a Member as on the cut off date should treat this Notice for information purpose only.

The Members who have voted by remote e-voting prior to the AGM can also attend the AGM but shall not be entitled to cast their vote again.

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. 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.

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 19, 2024, may obtain User ID and password by sending a request to [evoting@nsdl.com](mailto:evoting@nsdl.com). 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](http://www.evoting.nsdl.com) or call on toll free no. 1800 1020 990 and 1800 22 44 30 or send a request to Pallavi Mhathri, Sr. Manager – NSDL at [evoting@nsdl.com](mailto:evoting@nsdl.com) (Tel no.: 022 - 4886 7000 and 022 - 2499 7000) In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e., April 19, 2024 may follow step 1 i.e. “Access to NSDL e-Voting system” as mentioned below.

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.	<div>1. Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ 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 “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</div> <div>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></div> <div>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 <b>e-Voting service provider i.e. NSDL</b> 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 &amp; voting during the meeting</div>

The instructions for Members for remote e-voting are as under:-

The remote e-voting period begins on Tuesday, April 23, 2024 at 09:00 A.M. and ends on Thursday, April 25, 2024 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e. April 19, 2024, may cast their vote electronically. The voting right of Shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being April 19, 2024. The Scrutinizer will submit the Report to the Chairperson or the Managing Director or the Executive Director of the Company as authorized by the Chairperson upon completion of the scrutiny of the votes cast through remote e-voting. The result of the e-voting shall be declared on or before April 28, 2024, at the Registered Office of the Company before the close of working hours.

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.





Type of shareholders	Login Method
	<p>4. Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;">     </div>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. 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 <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p>
	<p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</p>
	<p>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p>
	<p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>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 &amp; voting during the meeting.</p>

**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 <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30 Members who need assistance before or during the AGM, can contact NSDL on <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a> 022-48867000 or contact: Pallavi Mhatre, Sr. Manager – NSDL at <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a>
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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> 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 Login to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

**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:**

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - How to retrieve your ‘initial password’?
    - If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
- If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.com](mailto:evoting@nsdl.com) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

- After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
- Now, you will have to click on “Login” button.
- 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?**

- 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.
  - 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”.
  - Now you are ready for e-Voting as the Voting page opens.
  - 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.
  - Upon confirmation, the message “Vote cast successfully” will be displayed.
- If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
    - Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).





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 [samdantics@gmail.com](mailto:samdantics@gmail.com) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com).
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](http://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](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at [evoting@nsdl.com](mailto:evoting@nsdl.com).

### Process for those Shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case Shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the Share Certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [investorsupport.in@schaeffler.com](mailto:investorsupport.in@schaeffler.com)
2. In case Shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [investorsupport.in@schaeffler.com](mailto:investorsupport.in@schaeffler.com). If you are an individual Shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. **Login method for e-Voting and joining virtual meeting for Individual Shareholders holding securities in demat mode.**

3. Alternatively Shareholder/Members may send a request to [evoting@nsdl.com](mailto:evoting@nsdl.com) 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.

### The Instructions for members for e-Voting through VC / OAVM 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/Shareholders, 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.

### 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 Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants 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.

### III. Process for registration of email id for obtaining Annual Report and user id/ password for e-voting and updating bank account mandate for receiving the dividend: Physical Holding

1. Please refer to the Notes of this notice for detailed procedure.
2. Shareholders are requested to register their e-mail address with Link Intime India Private Limited, by clicking the link: [https://liiplweb.linkintime.co.in/EmailReg/Email\\_Register.html](https://liiplweb.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 (up to 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](mailto:vadodara@linkintime.co.in) and [investorsupport.in@schaeffler.com](mailto: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 sending hard copy of KYC Forms alongwith original cancel cheque leaf at Link Intime India Pvt Ltd, Mumbai. 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](mailto:rnt_helpdesk@linkintime.co.in) or [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in).

4. Members are requested to share the below details for registering/updating Bank Account:
  - 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 is to be shared with (RTA) at [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in) and [investorsupport.in@schaeffler.com](mailto:investorsupport.in@schaeffler.com)

### Demat Holding

Please contact your Depository Participant (DP) and register your email ID and bank account details with your demat account agency, as per the process advised by your Depository Participant.

1. Members are requested to submit their questions in advance along with their name and demat account no./ folio number to [investorsupport.in@schaeffler.com](mailto:investorsupport.in@schaeffler.com) till April 19, 2024. The questions raised by the Members will be replied suitably by the Company.
2. Members who would like to express their views or ask questions during the AGM 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](mailto:investorsupport.in@schaeffler.com) till April 19, 2024. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
3. 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](mailto:investorsupport.in@schaeffler.com). The same will be replied by the Company suitably.
4. Statement as required under Section 102 of the Companies Act, 2013 in respect of Item Nos. 4,5 and 6 under ‘Special Business’, are attached hereto. All relevant documents referred to in this Notice and the Statement are open for inspection by the Members at



the Registered Office of the Company on all working days, except Saturdays and Sundays, during business hours up to the date of the Meeting. Also, the electronic copy of the relevant documents referred to in the accompanying Notice and the Statement will be made available for inspection by the Members through e-mail. Members can send a request for the inspection of such documents to [investorsupport.in@schaeffler.com](mailto:investorsupport.in@schaeffler.com).

5. 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/RTA.

Members are requested to note that pursuant to the SEBI circulars dated November 03, 2021, December 14, 2021, March 16, 2023 and November 17, 2023, it is mandated that the security holders (holding securities in physical form), whose folio(s) do not have PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature updated, shall be eligible for any payment including dividend, interest or redemption in respect of such folios, only through electronic mode with effect from April 01, 2024. Members are requested to take note of the above and ensure compliance to the directions from SEBI.

**Statement under Section 102 of the Companies Act, 2013 relating to Special Business mentioned in the Notice convening the 61<sup>st</sup> Annual General Meeting:**

**Item No. 4. 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, 2024, 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, 2024.

The Audit Committee and the Board of Directors of the Company have approved a remuneration of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) to M/s Y. S. Thakar & Co., Cost Accountants excluding all taxes and reimbursement of out of pocket expenses for the year 2024.

Pursuant to Section 148 of the Companies Act, 2013 read with the Rule 14 of Companies (Audit and Auditors) Rules, 2014, Members of the Company are required to ratify the remuneration to be paid to the Cost Auditors of the Company.

Accordingly, consent of the Members is sought by way of Ordinary Resolution as set out at Item No. 4 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, 2024.

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. 4 of the Notice.

The Board recommends the Resolution under Item No. 4 of the Notice for approval of the Members as an Ordinary Resolution.

**Item No. 5: Appointment of Hardevi Vazirani (DIN: 10212814) as Director**

The Board of Directors at its meeting held on July 7, 2023, upon approval of the Audit Committee and on the recommendation of the Nomination and Remuneration Committee, has appointed Hardevi Vazirani as an Additional Director effective February 13, 2024. Pursuant to provisions of Section 161 of the Companies Act, 2013, Hardevi Vazirani holds office up to the date of this Annual General Meeting.

Hardevi Vazirani holds Bachelor of Commerce degree from MS University, Vadodara. Hardevi Vazirani completed Diploma in Business Management from ICFAI, Hyderabad and Diploma in Computer Studies from NCC UK, Management Programs from INSEAD, IIM-Bangalore, Global Leadership Excellence Program, International Management Training and Regional Management Pool program of Schaeffler Group and is Certified Accounting Specialist, from Accovalist Institute, Germany. Hardevi Vazirani has been part of Schaeffler Group for three decades, during which she held various roles in IT, Finance & Corporate Strategy including invaluable international exposure during her four years stint in Shanghai and three years in Singapore, where she played vital roles in Schaeffler APAC region.

Hardevi Vazirani’s major accomplishments with Schaeffler Group are –

1. Setting up strategic framework “EP2025 Asia Pacific” & Program management
2. Post-merger integration of Schaeffler’s entities in India from pro-cesses, systems, footprint perspective
3. Project lead (Business) for SAP EP1 rollout in India - Business plans and PPAs for Green field projects “Savli” and “Nanjing”

Her association with the Company as a Director would be a great advantage. Your Directors therefore recommend her appointment to the office of Director of the Company. The Company has received notice from the Member proposing her candidature for the office of Director under Section 160 of the Companies Act, 2013.

The details of Hardevi Vazirani as required under 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.

Except Hardevi Vazirani, 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 Hardevi Vazirani (DIN: 10212814) as a Whole-Time Director, designated as Director-Finance**

The Board of Directors at its meeting held on July 7, 2023, on the recommendation of the Nomination and Remuneration Committee, and approval of the Audit Committee, has appointed Hardevi Vazirani as a Whole-Time Director, designated as Director-Finance, effective February 13, 2024. The Directors are of the view that her knowledge, experience, guidance would be useful for the growth of the Company.

Hardevi Vazirani is not holding any equity shares in the Company.

The material terms and conditions of her appointment including remuneration are as follows:

**A. Duties and Position**

- a) Hardevi Vazirani agrees to serve the Company in the capacity of Whole Time Director for the period February 13, 2024 to February 12, 2029 (subject to earlier termination) on the terms and conditions herein contained.
- b) Hardevi Vazirani, Director-Finance & CFO will be overall in-charge of Finance function of the Company. She shall report to the Managing Director.
- c) Hardevi Vazirani shall faithfully adhere to, execute and fulfil all policies and guidelines established by the Board of Directors of the Company and the Schaeffler Group.
- d) Irrespective of her authorization to represent the Company externally in accordance with the Articles of Association, shareholders’ resolutions or statutory laws, Hardevi Vazirani is obliged to observe all Schaeffler Group guidelines and procedures applicable internally to her and to the Company and to ensure that they are observed within the Company, especially with regard to the rights, obligations and restrictions of the Management Handbook and Approval Guidelines as applicable from time to time.

- e) Hardevi Vazirani further undertakes to ensure adherence to the compliance standards as prescribed by the Schaeffler Group. This includes in particular observance of the ‘Anti-Bribery and Anti-Corruption Guideline’ (on the handling of acceptance of gratuities and gifts) and the ‘Competition and Antitrust Guideline’ (dealings with competitors and business partners).
- f) Hardevi Vazirani confirms that she has knowledge of the content of the guidelines and guarantees that they are adopted within the Company and agrees to take the necessary measures to enforce a compliance environment within the Company.
- g) Hardevi Vazirani shall devote the most substantial part of her time and attention to the affairs of the Company and shall not, without its express consent in writing, engage in any business, profession or occupation (whether or not competing with its business) or become a director, consultant, partner or owner in or of any other entity.
- h) Hardevi Vazirani shall faithfully serve the Company and use her best endeavours to promote the interests thereof. She shall not, while an employee thereof or thereafter, directly or indirectly, divulge any information concerning the affairs, or any information of whatever nature which she shall have acquired during her employment, to anyone or to use it for any purpose except performance of her duties in terms of her employment.

**B. Remuneration and Benefits**

**Remuneration:** INR 16.27 Million (total Cost to the Company)

Sr. No.	Particulars	Amount in ₹ million p.a.	
		With effect from February 13, 2024	Max. up to February 12, 2029
1	Fixed Base Salary	5.69	11.44
2	Short Term Bonus (STB)	1.63	3.27
3	Long Term Bonus (LTB)	1.63	3.27
4	House Rent Allowance (HRA)	2.28	4.58
5	Perquisites/ Allowances	3.23	6.49
6	Company’s contributions to funds	1.81	3.64
<b>Total Cost to the Company</b>		<b>₹ 16.27 million</b>	<b>₹ 32.69 million</b>

- Travelling and out of pocket expenses in accordance with the Rules of the Company.
- Annual Leave in accordance with the Rules of the Company.
- Personal accident and life insurance coverage in accordance with the Rules of the Company.
- Car allowance in accordance with the Rules of the Company.



- The remuneration is to be paid within the approved limits and in accordance with the Company Policy, as amended from time to time.

The Short Term Bonus and Long Term Bonus are variable components of the remuneration to Hardevi Vazirani.

The Short Term Bonus and Long Term Bonus shall be determined and paid in accordance with the Company Policy, as determined from time to time.

The appointment and remuneration payable to Hardevi Vazirani is required to be approved by the Shareholders in the General Meeting and accordingly resolution at set out at Item No. 6 is being placed before the Members for approval.

The details of Hardevi Vazirani as required under 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 relevant document/agreement as entered between Hardevi Vazirani and the Company containing terms of her appointment will be available for inspection without any fees at the Registered Office of the Company on any working days (excluding Saturdays, Sundays and Public Holidays) between 9.00 a.m. and 5.00 p.m. up to the date of Annual General Meeting.

Except Hardevi Vazirani, 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 as set out at item no. 6 of the Notice.

The Board recommends the Resolution as set out under item no. 6 of the Notice for approval of the Members as an Ordinary Resolution.

By Order of the Board  
**Ashish Tiwari**  
VP-Legal & Company Secretary

Bangalore: February 16, 2024

Schaeffler India Limited

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Annexure – A

Information on Directors seeking appointment/re-appointment at 61<sup>st</sup> 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 the General Meetings:

Name	Dharmesh Arora	Hardevi Vazirani
Director Identification No.	05350121	10212814
Date of Birth / Age	August 8, 1967 / 57 years	August 26, 1968 / 56 years
Qualification	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	Bachelor of Commerce degree from MS University, Vadodara. Hardevi Vazirani completed Diploma in Business Management from ICFAI, Hyderabad and Diploma in Computer Studies from NCC UK, Management Programs from INSEAD, IIM-Bangalore, Global Leadership Excellence Program, International Management Training and Regional Management Pool program of Schaeffler Group and is Certified Accounting Specialist, from Accoalist Institute, Germany
Brief Profile and nature of expertise in specific functional area and experience	<p>Dharmesh 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.</p> <p>Dharmesh Arora has rich experience of over 32 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. Dharmesh 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.</p>	Hardevi Vazirani has been part of Schaeffler Group for three decades, during which she held various roles in IT, Finance & Corporate Strategy including invaluable international exposure during her four years stint in Shanghai and three years in Singapore, where she played vital roles in Schaeffler APAC region.
Date of first appointment on the Board	March 6, 2017	February 13, 2024
Category	Non Executive Non Independent	Executive - Non-Independent
Relationship with other Directors, Managers and KMP	Not related to any other Directors, Managers or KMP	Not related to any other Director, Managers or KMP
Current Remuneration (last drawn remuneration)	None	₹ 13.77 Million p.a
Details of remuneration sought to be paid	None	₹ 16.27 Million p.a
Terms and Conditions of appointment / Terms of revised remuneration	He shall continue to be subject to terms and conditions of his appointment as Non-Executive Director.	As detailed in the Explanatory Statement.
Shareholding in the Company including shareholding as a beneficial owner	Nil	Nil
No. of Meetings of the Board attended during the year 2023	6 out of 6 Board Meetings attended	Not Applicable – Hardevi Vazirani was appointed as an Additional Director w.e.f February 13, 2024.
Directorships – Listed Companies	Schaeffler India Limited	Schaeffler India Limited
Directorships – Non-listed Companies	Schaeffler Japan Co., Ltd. Schaeffler (Singapore) PTE. LTD.	KRSV Innovative Auto Solutions Private Limited
Committee Membership/ Chairmanship <sup>1</sup>	Risk Management Committee - Chairperson Nomination and Remuneration Committee - Member	Audit Committee – Member <sup>2</sup> Risk Management Committee – Member <sup>2</sup> Stakeholders Relationship Committee – Member <sup>2</sup>
Listed entities from which the person has resigned in the past three years	None	None

<sup>1</sup> Committee Membership/Chairmanship mentioned are of Schaeffler India Limited. None of the above-mentioned Directors hold any Committee Membership/ Chairmanship in any other Company.

<sup>2</sup> Hardevi Vazirani was appointed as Member on the Committees effective from February 13, 2024.



## Notes

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**Schaeffler India Limited**

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