



Directors' Report

Dear Shareholders,

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

Financial Highlights

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

¹ Earnings before Interest, Tax, Depreciation and Amortisation

Financial and Operational Performance

Performance of the Company and State of Company's Affairs

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

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

Global Outlook

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

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

India Outlook

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

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

Share Capital Structure

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

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

Alteration of 'Capital Clause' of Memorandum of Association

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

Material Changes and Commitments and Change in Nature of Business

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

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

Dividend and Transfer to Reserves

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

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

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

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

Dividend Distribution Policy

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

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

Dividend Payout Ratio

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

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

Corporate Governance

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

Management Discussion and Analysis

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

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

Business Responsibility Sustainability Report

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

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

Board of Directors

Board's Composition and Independence

Board Composition

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

Independent Directors' Declaration

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

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



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

Directors

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

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

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

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

There is no inter-se relationship between the Directors.

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

Key Managerial Personnel (KMP)

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

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

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

Meetings of Board of Directors

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

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

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

Policy on Nomination and Remuneration

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

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

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

Nomination and Appointment of Directors and Senior Management

Criteria and Qualification

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

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

Policy on Remuneration

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

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

Formal Annual Performance Evaluation

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

Methodology

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

Process

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

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

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

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

Qualitative comments received during the Board evaluation were as follows:

- The composition of Board of Directors provides for the right level of experience and expertise to guide the management team.
- The visit of Board of Directors of the Company to Schaeffler HQ, Germany in 2022 and information shared during the said visit is highly appreciated and add value to performing ID roles.
- Audit Committee (AC) – Audit Committee comprise of highly qualified and competent Members. The meetings are well structured & conducted. Kudos to Chairperson. There should be five AC meetings in a year. The special meeting - focusing on RPT, Internal audits and regulatory updates - be continued in the future as well.
- Stakeholders Relationship Committee (SRC) – SRC appreciates the efforts of the Secretarial team to ensure shareholders' satisfaction, minimum complaints particularly during the split exercise.
- Risk Management Committee (RMC) – RMC is very diverse, comprised of very competent Members including those from the Company management. Kudos to Chairman for bringing the RMC to a benchmark level. His deep involvement is commendable. RMC should also review opportunities and not only risks. All the Committee Members should contribute to discussions and constructively.
- Independent Directors highly appreciates the time Mr. Klaus Rosenfeld, the CEO of the Schaeffler Group, spends in briefing the Board of Directors of the Company about Schaeffler Group in the frank and transparent manner.



Conclusion

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

Meeting of Independent Directors

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

Audit Committee

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

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

Whistle-Blower Policy/Vigil Mechanism

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

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

Risk Management

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

Constitution of Risk Management Committee

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

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

Auditors

Statutory Auditors

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

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

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

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

Reporting of Fraud

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

Secretarial Auditors

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

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

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

Directors' explanation:

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

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

Cost Records and Cost Audit

Maintenance of Cost Records

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

Cost Audit

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

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

Corporate Social Responsibility (CSR)

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

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

Contracts and Arrangements with Related Parties

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

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

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

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

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

Particulars of Employees and Related Disclosures

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

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

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

Annual Return

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

Particulars of Loans, Investments, Guarantees and Securities

The particulars of loans and investments have been disclosed in notes to the Financial Statements. The Company did not give any guarantee or provide any security in connection with any loan and did not acquire any securities during the financial year.

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

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



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

Status of complaints during the year 2022

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

Directors' Responsibility Statement

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

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

Adequacy of Internal Financial Controls

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

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

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

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

Compliance of Secretarial Standards

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

Investor Education and Protection Fund (IEPF)

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

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

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

Deposit

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

Subsidiaries, Joint Ventures and Associates

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

Orders Passed by the Regulators or the Courts or the Tribunals

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

Acknowledgements

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

For and on behalf of the Board

Ms. E. V. Sumithasri
Chairperson
DIN: 07087197

Mumbai: February 16, 2023

Secretarial Audit Report

(Annexure A to the Directors' Report)

For the Financial Year ended December 31, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Schaeffler India Limited** (hereinafter referred to as 'the company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed, and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on December 31, 2022 ("period under review"), complied with the statutory provisions listed hereunder and also that the company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the period under review, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of Board of Directors and General Meetings; and
- ii. The Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd. read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

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



We further report that;

- A. The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review, if any, were carried out in compliance with the provisions of the Act;
- B. Adequate notice is given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting;
- C. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;
- D. There are adequate systems and processes in place, whereby the company ensures and monitor compliances of applicable laws, rules, regulations and guidelines.
- E. The Compliance Management Tool/System' is adequate, commensurate with the size and operations of the company and operating effectively;
- F. During the audit period, there were no specific instances/actions in pursuance of the above referred laws, rules, regulations, guidelines etc., having a major bearing on the Company's affairs.

Suresh Kumar Kabra
Partner

Samdani Kabra & Asso.
Company Secretaries

PR No. 884/2020

ACS No. 9711

CP No. 9927

UDIN: A009711D003144337

Place: Vadodara

Date: February 16, 2023

This Report is to be read with our letter of even date which is annexed as Appendix A and forms an integral part of this report.

Appendix A

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

Suresh Kumar Kabra
Partner

Samdani Kabra & Asso.
Company Secretaries

PR No. 884/2020

ACS No. 9711

CP No. 9927

UDIN: A009711D003144337

Place: Vadodara
Date: February 16, 2023



CSR Report

(Annexure B to the Directors' Report)

1. Brief outline on CSR Policy of the Company.

At Schaeffler India, we believe that science and technology are synonymous with economic and human development as both aim to drive progress and improve standard of living while preserving environment and supporting sustainability.

Being a part of the Schaeffler Group and a leading industrial and automotive supplier in the country, we find numerous opportunities to contribute to human progress through our innovative technologies and thus touch lives of people. At the same time, being an Indian Company, we are equally motivated by Indian ethos of Dharma as a key plank for organisational self-realisation. We constantly strive to contribute in our humble way to the motto – (May everyone be happy) and take up the cause of welfare amongst communities in which we operate.

Delineating our responsibility as a Corporate Citizen, we at Schaeffler India are committed to operate our business in an economically, socially & environmentally sustainable manner. At the same time, we endeavour to reach out to different sections of the society, with socially relevant projects, that benefit these communities and in small ways enhance the quality of their lives. These initiatives are independent of the normal operations of our Company's business. Programmes, projects and activities (collectively "CSR Programmes") as framed within the purview of Schedule VII of the Companies Act, 2013 as amended from time to time and are the subject matter of this Policy.

2. Composition of CSR Committee:

Sl. No.	Name of the Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Arvind Balaji	Chairman	2	2
2.	Mr. Harsha Kadam	Member	2	2
3.	Mr. Amit Kalyani	Member	2	1
4.	Ms. Corinna Schittenhelm	Member	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

CSR Committee

<https://www.schaeffler.co.in/content.schaeffler.co.in/en/investor-relations/corporate-governance/committees-board-of-directors/index.jsp>

CSR Policy

[https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Annexure_14 - CSR Policy.pdf](https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/Annexure_14_-_CSR_Policy.pdf)

CSR Projects

https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/2022_CSR_Projects.pdf.

4. Provide the details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

The Impact Assessment of the STEP Project 'Schaeffler Skill Development Centre' in Krishnagiri District of Tamil Nadu by EY LLP and commissioned by the Company.

The Impact Assessment study was exercised at Hosur, Krishnagiri district where the STEP Program 'Schaeffler Skill Development Centre' has been executed by Schaeffler India in collaboration with SHCS (Sacred Heart College Society) with an aim to improve employment of the local youth through skill development training.

https://www.schaeffler.co.in/remotemedien/media/shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/2023_Impact_Assessment_Report_STEP_Skill_Development_2022.pdf.

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – Not Applicable

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1.	2019	NIL	NIL
2.	2020	NIL	NIL
3.	2021	NIL	NIL

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

Year	Net Profit (₹ in million)
2019	5,346
2020	3,972
2021	8,431
Average Net Profit	5,916

7. (a) Two percent of average net profit of the company as per section 135(5)

Year	₹ in million
2% of Average Net Profit	118.3

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – NA

- (c) Amount required to be set off for the financial year, if any – NIL
 (d) Total CSR obligation for the financial year (7a+7b-7c) – The Company is required to spend an amount of ₹118.3 million as CSR expenditure during the financial year 2022.

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

Total Amount Spent for the Financial Year (₹ in million)	Amount Unspent (₹ in million)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) (₹ in million)	
	Total Amount transferred to Unspent CSR Account as per section 135(6) (₹ in million)	Date of Transfer	Name of the Fund	Amount
107.3	11	January 20, 2023		

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

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project Duration	Amount allocated for the project (₹ in million)	Amount spent in the current financial year (₹ in million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in million)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Mobi-Health Unit	Promoting Health Care (i)	Yes	Gujarat	Vadodara	36 Months	8.0	7.6	0.4	No	Deepak Foundation	CSR000000353
2.	Lok Vidyalaya: Construction of secondary School & providing holistic quality educational support	Promoting Education (ii)	Yes	Gujarat	Vadodara	60 Months	4.3	4.3		No	Lok Seva Mandal	CSR000001124
3.	Nitara project: Promoting livelihood for differently abled	Skills & Livelihood Enhancement (ii)	Yes	Gujarat	Vadodara	15 Months	5.0	5.1		No	Sambhav Foundation	CSR000000475
4.	Quest on wheels: Heritage & Educational Trips	Promoting Education (ii)	Yes	Gujarat	Vadodara	17 Months	2.0	1.8		No	Creation Foundation	CSR000011685
5.	Support to Mook Dhvani School	Promoting Education (ii)	Yes	Gujarat	Vadodara	60 Months	2.4	2.3		No	Mook Dhvani Trust	CSR000000111
6.	Safe Drinking Water Project	Promoting Health Care (i)	Yes	Gujarat	Vadodara	36 Months	2.9	2.9		No	Creation Foundation	CSR000011685
7.	Jal Jeevika	Environment Sustainability (iv)	Yes	Gujarat	Vadodara	43 Months	7.3	5.0	2.3	No	BAIF Development Research Foundation	CSR000000308
8.	Mobile Science Lab	Promoting Education (ii)	Yes	Gujarat	Vadodara	36 Months	3.3	1.8	1.4	No	Agastya International Foundation	CSR000003442
9.	Mobile Health Unit	Promoting Health Care (i)	Yes	Maharashtra	Pune	36 Months	2.9	2.9		No	Deepak Foundation	CSR000000353
10.	Comprehensive Community Development	Promoting Education (ii)	Yes	Maharashtra	Pune	18 Months	3.1	3.1		No	Deepak Foundation	CSR000000353
11.	Schaeffler Skill Development Centre	Skills & Livelihood Enhancement (i)	Yes	Maharashtra	Pune	24 Months	3.6	2.0	1.5	No	Don Bosco Vyvasaik Prashikshan Kendra	CSR000000686
12.	Jal Samruddhi	Environment Sustainability (iv)	Yes	Maharashtra	Pune	30 Months	8.6	8.6		No	BAIF Development Research Foundation	CSR000000308
13.	Green Energy School Electrification Program	Promoting Education (ii)	Yes	Maharashtra	Pune	24 Months	9.4	9.4		No	Chirag Rural Development Foundation	CSR000001301
14.	Pre-Vocational Education Program in Govt Schools	Promoting Education (ii)	Yes	Maharashtra	Pune	36 Months	7.7	7.7		No	STARS Forum	CSR000019778



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						Name	CSR Registration number
15.	Schaeffler Engineering Scholarship	Promoting Education (ii)	No	Gujarat, Maharashtra, Tamil Nadu	Different District Locations	30 Months	8.0	7.7	0.3	No	Buddy4Study India Foundation	CSR000000121
16.	Schaeffler Skill Development Centre	Skills & Livelihood Enhancement (ii)	Yes	Tamil Nadu	Krishnagiri	24 Months	13.5	13.5		No	The Sacred Heart College Society	CSR000000575
17.	Learning Outcome Improvement Project	Promoting Education (ii)	Yes	Tamil Nadu	Krishnagiri	36 Months	5.1	2.1	2.6	No	The Sacred Heart College Society	CSR000000575
18.	Schaeffler Social Innovation Fellowship Program	Promoting Education (ii)	No	Pan India	Pan India	17 Months	2.1	2.1		No	Buddy4Study India Foundation	CSR000000121
19.	Women Skill Development Program	Skills & Livelihood Enhancement (ii)	Yes	Tamil Nadu	Krishnagiri	24 Months	5.0	2.5	2.5	No	Hand In Hand India	CSR000001853
20.	Health & Safety for Mechanic Community	Promoting Health Care (i)	No	Pan India	Pan India	12 Months	2.8	2.8		No	VisionSpring Foundation	CSR000001721
21.	Climate Action – Research & Development	(ix) (b)	No	Pan India	Pan India	48 Months	2.5	2.5		No	IIT Roorkee	CSR000003687
22.	Climate Action – Research & Development	(ix) (b)	No	Pan India	Pan India	25 Months	2.5	2.5		No	IIT Madras	CSR000004320
							112	100.2	11			

* Rounded off to single decimal

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Not Applicable

(d) Amount spent in Administrative Overheads – 5.8 (₹ in million)

(e) Amount spent on Impact Assessment, if applicable – 1.3 (₹ in million)

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) –107.3 (₹ in million)

(g) Excess amount for set off if any

Sl. No.	Particular	Amount (₹ in million)
i.	Two percent of average net profit of the company as per section 135(5)	118.3
ii.	Total amount spent for the Financial Year	107.3
iii.	Excess amount spent for the financial year [(ii) - (i)]	NIL
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
v.	Amount available for set off in succeeding financial years [(iii) - (iv)]	NA

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in million)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any	Date of transfer	Amount remaining to be spent in succeeding financial years (in ₹)
1.	2019	NA	NA	NA	NA	NA
2.	2020	NA	NA	PM Cares Funds	June 30, 2021	NIL
3.	2021	13.6	13.6	PM Cares Funds	May 9, 2022	NIL
Total		13.6	13.6		8.4	

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹ million)	Amount spent on the project in the reporting Financial Year (in ₹ million)	Cumulative amount spent at the end of reporting Financial Year (in ₹ million)	Status of the project – Completed/Ongoing
1.	X-008326-01	Jal Samridhhi	2021	30 Months	1.2	1.2	12.7	Ongoing
2.	X-006490-01-01	Quest On Wheels	2021	29 Months	0.3	0.3	3.4	Ongoing
3.	X-008323-01	Learning Outcome Improvement Project	2021	36 Months	7.6	7.6	11.8	Ongoing
4.	X-008325-01	National University Skill Development Program	2021	12 Months	0.7	0.7	3.0	Completed
5.	X-006499-01-01	Mobile Health Unit Pune	2020	36 Months	0.3	0.3	8.8	Ongoing
6.	X-007245-01	Schaeffler India HOPE Engineering Scholarship	2019	30 Months	0.1	0.1	5.5	Ongoing
7.	X-008324-01	Social Innovation Fellowship	2021	17 Months	3.4	3.4	6.1	Ongoing
Total					13.6	13.6	51.3	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s) – NA
- (b) Amount of CSR spent for creation or acquisition of capital asset – NA
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. -NA
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) -NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

The company strived to achieve the 100% of the allocated budget but due to strict internal and external legal framework for selection of project and implementation partner, took long time to initiate the implementation of the projects, however due to sustained monitoring and collaboration with the implementation partner we have been able to judiciously spend 90% of the allocated budget of year 2022 and 100% of the unspent CSR fund of 2021 as on December 31, 2022.

For Schaeffler India Limited

Arvind Balaji
Chairman of CSR Committee
(DIN: 00557711)

Harsha Kadam
Managing Director
(DIN: 07736005)



Report on Related Party Transactions: Form AOC-2

(Annexure C to the Directors' Report)

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

[A] Details of contracts or arrangements or transactions not at arm's length basis: Nil

[B] Details of material contracts or arrangements or transactions at arm's length basis:

Name(s) of related party & nature of relationship	Schaeffler Technologies AG & Co. KG, Germany, Fellow Subsidiary		
Nature of contracts/ arrangements/transactions	Sale, Purchase or Supply of Goods, Materials and Services including Sale and Purchase of tangible fixed assets		
	Summary of Transactions carried out with Schaeffler Technologies AG & Co. KG	2022 (₹ in million)	
		Actual	Cumulative
	Purchases – Finished Goods, Raw materials, Components and spares	12,952.2	19,294.5
	Fees for use of technology/trademark	1,295.5	
	Purchase of tangible fixed Assets	239.1	
	Sale of Finished Goods	3,783.5	
	Others ¹	1,024.2	
	¹ Includes SAP, IT systems and connectivity cost, Travelling, Training, Testing, Support Fee & Other Cost, Expat Cost, Reimbursement of expenses, Commission on guarantee and Service Income.		
Duration of contracts/ arrangements/transactions	Ongoing		
Salient terms of the contracts/ arrangements/transactions including the value, if any	As per transfer pricing guidelines		
Date(s) of approval by the Board	Transactions with Schaeffler Technologies AG & Co. KG are in the ordinary course of business and at arm's length basis. As a good governance practice, the Company has taken requisite approvals of the Audit Committee and Board of Directors from time to time. The transactions with Schaeffler Technologies AG & Co. KG, being 'material' in nature, have been approved by the Shareholders at their 56 th Annual General Meeting held on April 30, 2019, for the year 2018 and for a period up to year 2022. Approval of Shareholders has been obtained for material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany, in 58 th Annual General Meeting held on April 27, 2021, for the year 2021. Approval of Shareholders has been obtained for material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany, through Postal Ballot on December 19, 2021, for the year 2021. Thereafter, Shareholders' approval was obtained at the 59 th AGM held on April 27, 2022 for material Related Party Transactions with Schaeffler Technologies AG & Co. KG, Germany, for the year 2022 and for the years 2023 to 2025.		
Amount paid as advance, if any	-		

For and on behalf of the Board

Ms. E. V. Sumithasri
Chairperson
DIN: 07087197

Mumbai: February 16, 2023

Particulars of Employees

(Annexure D to the Directors' Report)

Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2022 and percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year 2022.

Sr. No.	Name of Director/ Key Managerial Personnel	Designation/Category	Ratio of Remuneration of Directors to Median Remuneration	% of increase in Remuneration in Financial Year 2022
1.	Mr. Harsha Kadam	Managing Director & CEO	37.1	10.0%
2.	Mr. Satish Patel	Director – Finance & CFO	17.2	12%
3.	Mr. Avinash Gandhi	Chairman & Independent Director	3.0	-
4.	Mr. Dharmesh Arora	Non-Independent	2.7	-
5.	Mr. Andreas Schick	Non-Independent	-	-
6.	Ms. Corinna Schittenhelm	Non-Independent	-	-
7.	Mrs. Renu Challu	Independent	3.1	-
8.	Mr. Arvind Balaji	Independent	3.0	-
9.	Mr. Amit Kalyani	Independent	2.6	-
10.	Ms. Eranti V. Sumithasri	Independent	3.0	-
11.	Ashish Tiwari	Vice President – Legal & Company Secretary	10.1	9%

- The percentage increase in the median remuneration of employees in the financial year:

The median remuneration of employees of the Company was increased by 16.4% during 2022.

- The number of permanent employees on the rolls of company as on December 31, 2022: 3190

- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average increase of white collar employee was 11.6% and average increase of KMP was 10.4%.

- Affirmation that the remuneration is as per the remuneration policy of the Company

We affirm that remuneration paid to the Employees & Directors is as per the remuneration policy of the Company.



Information pursuant to rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(a) Details of top ten employees in terms of gross remuneration drawn during the year 2022

Sr. No.	Name	Designation	Remuneration during the year 2022 (₹)	Nature of Employment [Contractual/Regular]	Qualifications	Experience (in Completed years)	Date of Commencement of employment with Schaeffler India	Age in years	Last Employment	Shares held in the Company
1.	Harsha Kadam	Managing Director & CEO	36,738,530	Regular	BE (MECH)	33.6	March 12, 2018	57.3	HSIL Limited	500
2.	Sanjeev Saxena	President – Automotive	33,930,706	Regular	BE (MECH)	23.6	October 15, 2019	55.6	Minda Corporation Limited	Nil
3.	Satish Patel	Chief Financial Officer	16,984,776	Regular	M.COM, AICWA	32.9	January 7, 1992	58.7	Elecon Engineering Co. Limited	Nil
4.	Santanu Ghoshal	Vice President – Corporate HR	16,088,676	Regular	BE (MINING ENGG.), PGDPM & IR	30.6	September 1, 2010	56.8	General Motors	Nil
5.	Sameer Mathur	Chief Operating Officer	13,644,312	Regular	B.E.(MECH)	30.7	May 21, 1992	54.9	-	Nil
6.	Debasish Satpathy	President – BD Automotive Aftermarket	11,683,956	Regular	BE (Electrical), Diploma in MA	24	April 2, 2018	49.1	Schaeffler UK	Nil
7.	Alok Dave	Vice President – Corporate Purchase	11,539,740	Regular	BE (MECH), E.MBA	23.7	November 7, 2011	57.4	Lear Automotive	Nil
8.	Omkar Kulkarni	VP – Future Mobility	10,800,012	Regular	Masters in Electrical Engineering	20.8	July 11, 2022	45.9	Hella	Nil
9.	Amitabh Anand	Vice President – Manufacturing	10,435,656	Regular	BE (MECH), PGDBM	26.9	January 1, 2013	50.6	GKN Sinter Metal Pvt. Ltd.	Nil
10.	Ashish Tiwari	Vice President	10,040,316	Regular	CS, LLB	23.6	March 1, 2019	50.1	Thyssenkrupp Group	Nil

(b) Details of every employee, who was employed throughout the financial year, was in receipt of gross remuneration for that year which, in the aggregate, was not less than One crore two lakhs rupees during the year 2022

Sr. No.	Name	Designation	Remuneration during the year 2022 (₹)	Nature of Employment [Contractual/Regular]	Qualifications	Experience (in Completed years)	Date of Commencement of employment with SIL	Age in years	Last Employment	Shares held in the Company
1.	Harsha Kadam	Managing Director & CEO	36,738,530	Regular	BE (MECH)	33.6	March 12, 2018	57.3	HSIL Limited	500
2.	Satish Patel	Chief Financial Officer	16,984,776	Regular	M. COM, AICWA	32.9	January 7, 1992	58.7	Elecon Engineering Co. Limited	Nil
3.	Santanu Ghoshal	Vice President – Corporate HR	16,088,676	Regular	BE (Mining ENGG.), PGDPM & IR	30.6	September 1, 2010	56.8	General Motors	Nil
4.	Sameer Mathur	Chief Operating Officer	13,644,312	Regular	B.E.(MECH)	30.7	May 21, 1992	54.9	-	Nil
5.	Debasish Satpathy	President – BD Automotive Aftermarket	11,683,956	Regular	BE (Electrical), Diploma in MA	24	April 2, 2018	49.1	Schaeffler UK	Nil
6.	Alok Dave	Vice President – Corporate Purchase	11,539,740	Regular	BE (MECH), E.MBA	23.7	November 7, 2011	57.4	Lear Automotive	Nil
7.	Omkar Kulkarni	VP – Future Mobility	10,800,012	Regular	Masters in Electrical Engineering	20.8	July 11, 2022	45.9	Hella	Nil
8.	Amitabh Anand	Vice President – Manufacturing	10,435,656	Regular	BE (MECH), PGDBM	26.9	January 1, 2013	50.6	GKN Sinter Metal Pvt. Ltd.	Nil

Details of every employee, who was employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight lakhs fifty thousand rupees per month during the year 2022.

Sr. No.	Name	Designation	Remuneration during the year 2022 (₹)	Nature of Employment [Contactual/Regular]	Qualifications	Experience (in Completed years)	Date of Commencement of employment with SIL	Age in years	Last Employment	Shares held in the Company
1.	Sanjeev Saxena	President – Automotive	33,930,706	Regular	BE (MECH)	23.6	October 15, 2019	55.6	Minda Corporation Limited	Nil

Details of every employee, who was employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company during the year 2022.

Sr. No.	Name	Designation	Remuneration during the year 2021 (₹)	Nature of Employment [Contactual/Regular]	Qualifications	Experience (in Completed years)	Date of Commencement of employment with SIL	Age in years	Last Employment	Shares held in the Company
	None									

Details of employees posted and working in a country outside India, not being directors or their relatives, drawing more than Sixty lakh rupees per financial year or Five lakh rupees per month, as the case may be during the year 2022.

Sr. No.	Name	Designation	Remuneration during the year 2021 (₹)	Nature of Employment [Contactual/Regular]	Qualifications	Experience (in Completed years)	Date of Commencement of employment with SIL	Age in years	Last Employment	Shares held in the Company
1.	Hardevi Vazirani	Vice President – Strategy & Development	12,266,876	Regular	BCOM, DIPCS, DBM	32.9	September 11, 1992	54.4	Sigma Sys	Nil
2.	Santosh Poolari	Vice President	11,227,555	Regular	DME	20.5	August 10, 2002	44.3	ABC Ltd.	Nil

For and on behalf of the Board

E. V. Sumithasri
Chairperson
DIN: 07087197

Mumbai: February 16, 2023



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

(Annexure E to the Directors' Report)

With increasing focus on ESG goals, Schaeffler India has constantly focused on the key aspect of Social & Environment Impacts. Talking about environment impacts, conservation of energy has been a major focus in Schaeffler India for the past year and the same rigor was seen in 2022, with initiatives and right investments in advance technologies.

Various steps have been initiated to maintain & improve carbon footprints with an aspiration to be carbon neutral production by 2030.

A. Conservation of Energy

1. Steps taken or impact on conservation of energy

Various steps are taken at all the plants of Schaeffler India, some examples are here from plants are listed below. In 2022 Schaeffler India limited achieved 1.31 GWh energy efficiency with the projects

- Cold Washing media instead of heating for the post washing from Sealed Quenching
- Installation of Inverter & Pressure Transducer in Coolant supply system
- Installation of Emulsion pump with Inverter & Pressure Transducer
- Heat Recovery by Jacket Installation on Washing Machine
- Reduction of energy consumption by installing top cover on Salt Bath
- Reduction of power consumption in pre and post Washing Drying operation using Waste Heat (of RHF) etc.
- Replacement of the conventional bulb with LED lights in office areas

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

- Schaeffler India limited have been constantly working on purchasing the green energy
- Maneja (Vadodara) and Savli (Vadodara) locations have signed the Hybrid Energy (Solar + Wind) Power Purchase agreement. For Maneja (Vadodara), 2.55 MW which will contribute 34% of its overall consumption and the power had started from August 2022 and consumed 1.8 GWh

- For Savli (Vadodara) 1.8 MW which will contribute 35% of overall consumption and the power will start from 2023 beginning. And solar roof top panels will be installed of about 450kwp
- Pune have signed a PPA of wind energy for 5.1 MW and consumed 5.1 GWh of wind energy
- With the existing and new green energy projects in 2022 through the green energy consumption Schaeffler India Limited have neutralised ~12,500 metric tons of CO₂ emission

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

- New Central warehouse building with all required infrastructure constructed to utilise natural day light
- Outer periphery lights changed from HPSV lamp to LED
- LPG Vaporizer changed from Heater vaporizer to Heater less Vaporizer
- The Moisture removal implemented by ATFD (Agitated Thin Film Dryer) system for hazardous sludge
- New pipeline installed for propane gas to avoid the transportation loss in pipeline
- Entire plant cooling system converted to Water based cooling system in place of Air based cooling system
- Installation of Foam flow faucet at handwash area at plant level

4. Environment Health & Safety

Hosur

1. Additional Assembly tool storage vertical rack installed at Hall-2
2. National Safety Day and World Environment Day campaign conducted at all the locations
3. Climate Action Day celebration by Schaeffler group level
4. The Moisture removal implemented by ATFD (Agitated Thin Film Dryer) system for hazardous sludge
5. Green belt development to increase the biodiversity within the premises

Pune

1. Water consumption per value-add reduction by 8%- year 2022.
2. To achieve 90% of unsafe condition of safety observation points & submit the report to segments for their actions. Take follow up for closer action & support to department.
3. EHS & Workplace safety training given to new joining employees & company existing employees.
4. Machine risk assessment activities done in plant cover all the press machines.

Maneja (Vadodara)

1. Fire Resistant Coating at new ETP
2. Drip irrigation project for gardening & Plantation
3. Monitoring of Ground water level
4. Periodic Maintenance of recharge well of Rainwater harvesting
5. Water conservation-Water saving of 27,687 m³ by different 3 water projects and verified in Maneja (Vadodara) Plant.
6. Reuse of RO reject water for Segment 2,6 & 8
7. Water uses reduction by Installing Flush Tanks at Toilets in Segment 4, & 7
8. Implementing the returnable packaging instead of corrugated paper packaging.
9. Water day celebration for water saving awareness
10. "Drive Towards Zero Accident" has been started & Rolling trophy has been given to best performing segments/dept. in terms of EnEHS.
11. Vaccination Drive in Plant for All Employee on COVID-19 for precautionary Dose.
12. Plant was runner up in Schaeffler award 2022 under sustainability category.

Savli (Vadodara)

1. Central hooter system for plant with High range hooter
2. Entire plant cooling system converted to Water based cooling system in place of Air based cooling system
3. Air conditioner of electrical panel in Central supply system are converted to Water based conditioner to reduced fire risk
4. Gas detection system activated in New furnace area
5. Foam trolley with the capacity of 200 lit of foam introduced in the DGBB grinding area

6. NOVAC flooding system initiated in the electrical panels in central facility
7. Water saving project introduced in washroom and canteen tap by changing the discharge nozzle which reduced the water flow from 1000ml to 200 ml
8. New tree plantation in the plant periphery during environment day
9. Around 1,000 training programs run in the KIOSK safety training module
10. More than 200 employees covered under basic fire training on shop floor
11. Water day celebration done on March 22, 2022 for awareness for water saving
12. New Effluent Treatment Plant started with full capacity
13. Booster dose vaccination drive conducted in the plant for COVID
14. New loading unloading device developed in the F&OD area
15. Magnetic lifter was introduced in HT area for handling of LSB ring0073
16. Safety instruction display board introduced at the main gate

B. Technology Absorption

1. The efforts made towards technology absorption

1. Additional Clutch release bearings assembly line installed
2. CRB 120 grinding line installed
3. TRB assembly lines <90 installed
4. DRACBB bearing assembly line installed
5. RNN bearing assembly line installed
6. One-way clutch assembly line installed
7. SRB assembly line installed

2. Benefits derived like product improvement, cost reduction, product development or import substitution

The Product reliability with customer-oriented Productivity and Schaeffler global Quality level is ensured with empowered technology of Schaeffler group with introduction of new Technology, better working condition, improved metrology and Global standards of Quality of our products with meeting all compliance level of health and safety as per ISO45001 standards for local and Global customers.



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

Technology	Year of import	Whether technology is fully absorbed?	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
Grinding and honing line for CRB<120	2020	Yes	
Grinding and honing line for CRB<120	2020	Yes	
Hwacheon Live Tool Machine	2020	Yes	
Grinding and honing line for CRB 120	2020	Yes	
New Technology and Capacity Expansion in Plastic injection molding	2020	Yes	
BU drawn cup assembly machine	2020	Yes	
Stamping Press for drawn cup bearings	2020	Yes	
Grinding and honing line for RN-RNN<62	2021	Yes	
Grinding and honing line for ACBB<62	2021	Yes	
Ultrasonic testing of taper rollers	2021	Yes	
Grinding and honing line for TRB<90	2021	Yes	
Grinding and honing line for RN-RNN<62	2021	Yes	
Grinding and honing line for ACBB<62	2021	Yes	
Ultrasonic testing of taper rollers	2021	Yes	
Grinding and honing line for TRB<90	2021	Yes	
EK17 line for passenger car clutches	2021	Yes	
Fanuc Robo Drill -Hub Drilling	2021	Yes	
DGBB 62-170mm line	2021	Yes	
VH honing machines	2021	Yes	
Grinding and honing line for TRB>90-170	2022	Yes	
Grinding and honing line for RN-RNN>62	2022	Yes	
Honing machine HM280G1 for cylindrical, taper and spherical rings	2022	Yes	
Face grinding machine for cylindrical and taper rings	2022	Yes	
Outer diameter grinding machines for cylindrical and taper rings	2022	Yes	
Grinding and honing line for DRACBB<62	2022	Yes	
MEG 75 OD Grinding machine for Rollers	2022	Yes	
Agathon Cutting machine for ASGS	2022	Yes	
Honing machine for ASGS	2022	Yes	
Turning machine for ASGS	2022	Yes	
Raceway Grinding machine for ASGS	2022	Yes	
Grinding machine for SRB 120-200 Line	2022	Yes	
One Way clutch line	2022	Yes	
AMS for Hub outer Profile Milling	2022	Yes	
Fanuc Milling for Tractor Pressure Plate	2022	Yes	
Washer Blocking Automation	2022	Yes	
Roller Hearth Furnace	2022	Yes	
Round Table with IH machine for Diaphragm Spring	2022	Yes	

The details of Expenditure incurred on Research and Development are as follows:

Sr. No.	Particulars	2022	2021
1.	Capital	66.5	60.7
2.	Recurring	905.7	955.0
3.	Total	972.2	1,015.7
4.	Total R&D spend as % of total turnover	1.4%	1.8%

4. Foreign Exchange Earnings and Outgo:

Particulars	2022	2021
(₹ in Million)		
Earning:		
Earning in foreign exchange		
Sale of Service Income	308.7	24.0
FOB value of exports	10,546.7	6,826.1
Other	108.8	84.8
Total foreign exchange earned	10,964.1	6,934.9
Outgo:		
CIF value of Imports:		
Raw materials, Components, Products purchased for Sale, Stores & Spares, Capital goods and intangible assets	24,703.8	21,649.4
Expenditure in foreign currency		
Fees for use of technology	1,298.3	1,064.3
Dividend paid to Shareholders (net of tax)	1,853.8	880.5
Total foreign exchange used	27,855.9	23,594.2

For and on behalf of the Board

Ms. E. V. Sumithasri
Chairperson
DIN: 07087197

Mumbai: February 16, 2023