

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 61st 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 ¹	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

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 ₹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 ¹
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

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/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), through a 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 60th 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.

¹ 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
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.

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. 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

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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 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 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 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 ("Kooovers") 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
15th 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 operations 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.

Directors' Report

Appendix A

To,
The Members,
Schaeffler India Limited
15th 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 ¹	Member	2	2
5.	Jens Schüler ²	Member	N.A.	N.A.

¹ Ceased to be a Director and a member of CSR Committee w.e.f. December 31, 2023.

² Appointed as a member of CSR Committee w.e.f. January 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

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	CSR Registration number
1	Mobi-Health Unit Phase II	Promoting Health Care (i)	Yes	Gujarat Vadodara	24 Months	8.5	8.5	-	No	Deepak Foundation	CSR00000353
2	Lok Vodyalaya: providing holistic quality educational support - Phase II	Promoting Education (i)	Yes	Gujarat Vadodara	24 Months	4.2	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	5.8	-	No	Sambhav foundation	CSR00000475
4	Quest on wheels: Heritage & Educational Trips	Promoting Education (i)	Yes	Gujarat Vadodara	17 Months	3.2	3.2	-	No	Creation Foundation	CSR00011685
5	Support to Mook Dhvani School - Phase II	Promoting Education (i)	Yes	Gujarat Vadodara	24 Months	2.4	2.4	-	No	Mook Dhvani Trust	CSR00000111
6	Jal Jeevika	Environment Sustainability (iv)	Yes	Gujarat Vadodara	43 Months	14.8	14.8	-	No	BAIF Development Research Foundation	CSR00000308
7	Mobile Science Lab	Promoting Education (ii)	Yes	Gujarat Vadodara	43 Months	1.7	1.7	-	No	Agastya International Foundation	CSR00003442
8	STEP-Vadodara	Skills & livelihood Enhancement (ii)	Yes	Gujarat Vadodara	33 Months	5.2	5.3	-	No	Creation Foundation	CSR00011685
9	Mobie Health Unit	Promoting Health Care (i)	Yes	Maharashtra Pune	24 Months	5.7	5.7	-	No	Deepak Foundation	CSR00000353
10	Schaeffler Skill Development Center	Skills & livelihood Enhancement (ii)	Yes	Maharashtra Pune	18 Months	2.2	2.2	-	No	Don Bosco Vyavasaik Prashikshan Kendra	CSR00000686
11	Jal Samruddhi	Environment Sustainability (iv)	Yes	Maharashtra Pune	30 Months	10.4	10.4	-	No	BAIF Development Research Foundation	CSR00000308
12	Green Energy School Electrification Program	Promoting Education (ii)	Yes	Maharashtra Pune	24 Months	10	9.9	-	No	Chirag Rural Development Foundation	CSR00001301

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					Name	
										CSR Registration number	
13	Pre-Vocational Education Program in Govt. Schools	Promoting Education (i)	Yes	Maharashtra	Pune	36 Months	5.7	5.7	No	STARS Forum	CSR00019778
14	Schaeffler Engineering Scholarship	Promoting Education (ii)	No	Gujarat, Maharashtra	Different District locations	28 Months	6.5	6.5	No	Buddy4Study India Foundation	CSR00000121
15	Schaeffler Skill Development Center - Hosur, Phase II	Skills & livelihood Enhancement (ii)	Yes	Tamil Nadu	Krishnagiri	36 Months	15.2	15.2	No	Creation Foundation	CSR00011685
16	Watershed Project/Jal Sanghamam -Hosur	Environment Sustainability (iv)	Yes	Tamil Nadu	Krishnagiri	46 Months	15.5	15.5	No	Bait Institute for Sustainable Livelihoods and Development	CSR00000259
17	Schaeffler Social Innovation Fellowship Program	Promoting Education (ii)	No	Pan India	Pan India	18 Months	8.5	8.5	No	Buddy4Study India Foundation	CSR00000121
18	Women Skill Development Program	Skills & livelihood Enhancement (ii)	Yes	Tamil Nadu	Krishnagiri	24 Months	4.7	4.7	No	Hand in Hand India	CSR00001853
19	Mobile Health Unit	Promoting Health Care (i)	Yes	Tamil Nadu	Krishnagiri	33 Months	6.6	6.6	No	Smile Foundation	CSR00001634
20	Mobile Science lab	Promoting Education (ii)	Yes	Tamil Nadu	Krishnagiri	33 Months	3.1	3.1	No	Agastva International Foundation	CSR00003442
21	Community Development Project	Promoting Education (ii)	Yes	Tamil Nadu	Krishnagiri	12 Months	6.6	6.6	No	Bait Institute for Sustainable Livelihoods and Development	CSR00000259
22	Climate Action - Research & Development	(ix) (b)	No	Pan India	Pan India	48 Months	3.2	3.2	No	IIT Roorkee	CSR00003687
23	Climate Action - Research & Development	(ix) (b)	No	Pan India	Pan India	25 Months	2.6	2.6	No	IIT Madras	CSR00004320
							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	NIL
2	2021	13.6	NIL	NA	PM Cares Funds	5.2	09/05/2022	NIL
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

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 ¹	930.7	
	¹ Includes SAP, other IT systems and connectivity cost, Travelling, Training, Testing, Support Fee & Other Cost, Expat Cost, Reimbursement of Expenses and Service Income received.		
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 from time to time. 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. Thereafter, Shareholders' approval was obtained at the 60 th 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 ¹	Director-Finance & CFO	19.9	15%
3	Avinash Gandhi ²	Chairman & Independent Director	5.8	-
4	Dharmesh Arora	Non-Independent Director	4.4	-
5	Andreas Schick	Non-Independent Director	-	-
6	Corinna Schittenhelm ³	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%

¹ 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.

² Avinash Gandhi ceased to be the Director of the Company effective from February 6, 2023.

³ 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 Commencement 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 Commencement 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 Commencement 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 Commencement 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 Commencement 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

1. Installation of High Efficient Air compressor at Maneja and achieved 491.5 MWh savings.
2. 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.
3. AMF Power Pack modification in CNC machine for energy saving at Hosur and achieved 154 MWh savings.
4. Installation of Inverter & Pressure Transducer in Coolant supply system in segment 08 at Maneja and achieved 79 MWh savings.
5. 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.
6. Elimination of Air Compressor at CRS product line and Temperature Controller for Cooling Tower fan motor at Hosur and achieved 61 MWh savings.
7. 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

1. The Company has been constantly working on purchasing the green energy.
2. 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.
3. Pune plant has signed a PPA of wind energy for 5.1 MW and consumed 8,173 MWh of wind energy.
4. With the existing and new green energy projects in 2023 through the green energy consumption the Company has neutralised ~24,655 metric tons of CO₂ emission.

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

New buildings or renovation of buildings and facilities:

1. Phosphate coating plant – Maneja
2. 110KW Compressor DSD 205 at Pune
3. 1000 KVA transformer at Pune
4. New hall 2.1.2 expansion at Pune
5. Pressurized mold temperature controller at Pune
6. Grinding oil filtration plant Pune
7. Improve light intensity at incoming store at Pune

4. Environment Health & Safety

Hosur

1. Occupational Health Center expansion and renovation.
2. 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 & CO₂ type procured for new PGS line.
8. Waste Vendor audit carried out at their facility 14 locations.
9. All LPG Detectors and NH₃ 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 CO₂ type are fixed at New Diaphragm line in HT.
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.

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.

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 8th 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:

Particulars	₹ in Million)	
	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:

Particulars	₹ in Million)	
	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