

SCHAEFFLER

Annual Report 2018 | Mobility for tomorrow

One Schaeffler
Stronger Together



10 Years' Highlights

	Unit	Chart	2018 ²	2017 ²	2016	2015	2014	2013	2012	2011	2010	2009
Income statement												
Revenue from operations ¹	Mio INR	1	45,615.1	39,331.4	17,963.2	17,244.3	16,321.5	14,024.2	14,466.5	13,085.5	10,400.8	7,976.9
EBIT ³	Mio INR	2	5,911.3	5,439.7	2,328.3	2,397.7	1,923.9	1,403.4	1,901.4	2,221.5	1,575.0	715.5
Earnings before tax ³	Mio INR		6,749.0	5,933.6	2,993.3	2,938.1	2,323.7	1,854.4	2,334.7	2,609.6	1,818.8	995.8
Earnings after tax ³	Mio INR		4,630.0	3,930.2	1,950.6	1,974.8	1,528.8	1,218.3	1,591.8	1,759.7	1,215.0	655.4
EPS	INR	3	134.3	124.3	117.4	118.8	92.0	73.3	95.8	105.9	73.1	39.4
Statement of financial position												
Share Capital	Mio INR		312.6	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2
Shareholders' equity	Mio INR	6	27,061.3	23,251.6	14,751.6	12,873.2	11,055.1	9,875.1	8,774.0	7,278.8	5,712.3	4,594.5
Total assets	Mio INR		37,673.7	31,803.8	18,537.1	16,553.8	14,341.9	13,332.7	11,436.6	9,968.0	7,775.6	6,097.0
Statement of cashflows												
EBITDA	Mio INR		7,396.4	6,821.3	2,969.3	3,052.8	2,417.4	1,835.9	2,204.1	2,447.4	1,776.1	916.3
Cash flow from operating activities	Mio INR		4,669.1	6,049.9	3,051.2	2,943.2	1,896.4	2,115.6	2,095.6	1,726.7	1,933.8	2,131.6
Capital expenditure (Capex)	Mio INR		2,434.5	1,382.8	930.4	577.7	405.2	673.6	1,411.5	1,474.3	197.2	78.4
Current ratio	Times		2.6	3.0	3.7	3.6	3.4	2.4	2.9	2.7	3.1	3.2
Value based management												
Capital employed	Mio INR	5	27,503.6	24,276.9	15,022.2	13,214.5	11,573.1	10,290.7	9,104.0	7,332.1	5,763.9	4,662.5
Average capital employed			25,890.2	19,649.5	14,118.4	12,393.8	10,931.9	9,697.4	8,218.1	6,548.0	5,213.2	4,385.1
Return on capital employed	%	5	22.8%	27.7%	16.5%	19.3%	17.6%	14.5%	23.1%	33.9%	30.2%	16.3%
Shareholders												
Number of Shareholders	No.		15,435	12,871	10,430	9,771	8,701	7,808	8,465	8,205	7,876	7,276
Number of shares	No.		31,260,734	16,617,270	16,617,270	16,617,270	16,617,270	16,617,270	16,617,270	16,617,270	16,617,270	16,617,270
Dividend per share	INR	4	30.0 ⁴	17.0	12.0	10.0	7.5	6.0	5.0	10.0 ⁵	5.0	4.5
Employees	No.		2904	2936	1525	1560	1477	1495	1580	1456	1343	1334

1 Net of Excise Duty.
2 Figures are derived after giving effect of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with the Company.
3 Before exceptional items.
4 Including Special Dividend of ₹ 10/- per share.
5 Including Special Dividend of ₹ 5/- per share.

Performance Highlights



Figures of FY2017-FY2018 are derived after giving effect of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with the Company.

Our position is now three times stronger. LuK, INA and FAG are together under one corporate brand: Schaeffler.

Under our globally unified Schaeffler brand, we now offer an entire portfolio of solutions seamlessly to our customers – regardless of whether they are from LuK, INA or FAG.

Irrespective of the product involved, this unification will make it easier for our customers to engage with either of our divisions – Industry or Automotive.

One Schaeffler Stronger Together



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At a Glance: Schaeffler Group



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Three strong brands.
One strong company: Schaeffler



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Schaeffler Puts Industry 4.0
into Practice



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Driving stronger systems and
processes



P. 29
Driving logistics efficiency



P. 30
Stronger Innovation Focus

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This unification will increase the ease with which our customers engage with us in either of our divisions – Industrial or Automotive.

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56th Annual General Meeting:

Date : April 30, 2019

Time : 3:00 PM

Venue : Y B Chavan Centre General Jagannath Bhosle Marg, Beside Sachivalaya Gymkhana, Nariman Point, Mumbai-400 021

Company Information

Board of Directors

Chairman	Mr. Avinash Gandhi
Managing Director	Mr. Dharmesh Arora
Director- Finance & CFO	Mr. Satish Patel
Directors	Mr. Klaus Rosenfeld Mr. Jurgen Ziegler Mr. Marcus Eisenhuth Mr. Sampath Kumar Raman Dr. Sanak Mishra Mrs. Renu Challu Mr. Rakesh Jinsi

Company Secretary Mr. Chirag K. Shukla

Bankers ICICI Bank Limited

Auditors B S R & Co. LLP,
Chartered Accountants

Collaborators Schaeffler Group, Germany

Registered Office Nariman Bhavan, 8th Floor,
227, Backbay Reclamation,
Nariman Point,
Mumbai - 400 021
Maharashtra, India

Manufacturing Locations / Plants

1. P.O. Maneja, Vadodara - 390 013 Gujarat, India
2. Plot No.1 (Alindra), Savli GIDC Phase - III, Taluka: Savli, Vadodara - 391 775 Gujarat, India
3. Plot No. A-3 Talegaon Industrial & Floriculture Park, Village Ambi, Navalakha Umbre, Tal. Maval, Talegaon Dabhade, Dist. Pune - 410 507 Maharashtra, India
4. Survey No. 950, Royakottah Road, Krishnagiri District, Hosur - 635 109, Tamil Nadu, India

Sales Offices Bengaluru, Chennai, Coimbatore, Gurugram, Jamshedpur, Kanpur, Kolkata, Ludhiana, Mumbai, Pune, Secunderabad, Udaipur

Major Events 2018



Gold award for best performance in Logistics Excellence from Hyundai India.



Gold award for product reliability from Ashok Leyland



First prize in Cost Category for Best Kaizen by Honda cars India



Quality performance award by SEG India



Locally manufactured FAG SNV Housing added competitive advantage



»Our continued efforts have been recognised by our customers and industry associations across the board during the year 2018.«



Multiple awards for Vadodara Quality team at the regional competition



Launch of STEP Center in Pune widens community care activities



Georg F. W. Schaeffler (Chairman of Supervisory Board-Schaeffler AG) along with global board members at the launch of One Schaeffler



Project Nitara awarded for sustainable and impactful CSR project by Gujarat state



Avinash Gandhi
Chairman

Dear Stakeholders,

In spite of pressures from global market conditions, India has remained one of the fastest growing major economies in 2018. Although some uncertainty is expected as we approach events like the general elections and the implementation of the Bharat Stage VI emission norms, the outlook for next year's growth is also optimistic, benefitting from expected low oil prices and an ease in inflationary pressures. Schaeffler India has performed well under these market conditions, and I am happy to see that the strategies that we have put in place are paying off.

To start, I am extremely happy to announce that, during the year under review, we have successfully concluded the merger effective as of October 2018. The merger has bolstered the strengths and competencies of all the three companies, unifying our capabilities under

one strong Schaeffler entity. Aside from transforming Schaeffler India into one of the leading automotive and industrial component suppliers, this strategy aims to strengthen the way our company is perceived among customers, potential employees, investors, and the public. By increasing the long-term identity 'Schaeffler' in India, our established product brands are becoming synonymous with the umbrella brand. This enables us to position ourselves strategically and gain competitive edge.

As our company evolves into this strong entity, we must also acknowledge the catalysts for changing market dynamics across the globe. With factors such as climate change, urbanisation, globalisation, and digitalisation on the rise, the way we live and work in the future depend on the innovation and technology that we invest in today. The core of our corporate strategy has evolved around recognising this importance. Apart from investing in our world class R&D infrastructure, we recognise the importance of engaging the best talent—employees who are creative; performance oriented; committed; and most importantly, have the ability to think outside the box. These virtues have become embedded into the work ethic at Schaeffler, and I truly believe that they are the foundation for our success.

The Board of Directors is the core of corporate governance, and in a fast paced business environment, right governance is of paramount importance. At Schaeffler India, we acknowledge and recognise the responsibility and trust placed on us by our shareholders. The Board of Directors currently comprises of four independent directors with diverse backgrounds, three non-executive directors, including Schaeffler AG CEO, two executive directors and a strong India leadership team led by the Managing Director. All of us have collective responsibility and commitment towards corporate governance as it is essential to the delivery of our strategic priorities. We endeavour to conduct business based on the compliance of law, fairness, mutual respect, and integrity. Under a comprehensive 'Code of Conduct' applicable to the Board, Senior Management and every single employee, Schaeffler India is committed to a culture of sustainability, and views it as a prerequisite for the Company's long-term success.

We continue to focus on reducing our environment footprint. Our newly expanded Pune (Talegaon) manufacturing hall has a rooftop solar installation that reduces energy consumption. We also took dedicated efforts towards making our surrounding communities more sustainable and improve the quality of life through various CSR initiatives such as Nitara, access to healthcare and hygiene, STEP program among others.

Lastly, I would also like to acknowledge our commitment to responsibility and long-term value creation for our shareowners. At Schaeffler India, we are highly cognizant of our statutory duties. Our role as the Board is to set the strategy for the organisation, and ensure that our business is operated in accordance with the strategy.

On this note, I would like to thank you, my employees and our customers once again. Schaeffler India is on the brink of realising its full combined potential, and I am excited to see where our skill and commitment to success will take us.

Sincerely,

Avinash Gandhi



Dharmesh Arora
Managing Director and Chief Executive Officer

Dear Shareholders,

It is my privilege to present to you the results for the Financial Year 2018.

2018 was no 'ordinary' year. This year will go down as a historic year in the transformation of your company. We successfully concluded the merger of our three entities, to establish ourselves as one of the leading Automotive and Industrial suppliers in the country. A company that is capable, progressive, aspirational and responsible. From a business strategy perspective, this consolidation will accrue significant long-term benefits to your Company. "One Schaeffler" entity will strengthen the position of the unified Schaeffler corporate brand, helping to consistently improve its market positioning in India. It will allow us to leverage economies of scale; state-of-the-art technologies; an optimised distribution & logistics network; and deliver quality innovative solutions to our customers.