

SCHAEFFLER

We pioneer motion

Resilient today. Empowering tomorrow.

Annual Report 2020 | Schaeffler India Limited



RESILIENT TODAY. EMPOWERING TOMORROW.

The year 2020 was a gigantic stress test for us. However, we utilised the crisis to think through, identify pain points, and formulate feasible counter measures to navigate the new normal. Our balanced portfolio, stringent cost discipline and realisations from new projects enabled us to gradually improve our performance and take advantage of the pent-up demand in key markets as the economy rebooted. We launched a range of innovative products and provided service excellence to our clients, without compromising on the health and safety of our teams.

During the first half of the year, all of us were pushed into uncharted territory due to the COVID-19 pandemic. We responded with agility, resilience and stayed the course, focused on our core initiatives – Protect, Retool and Recover.

In the second half of 2020, Schaeffler group launched its global strategy Roadmap 2025 supported by our new positioning – **We pioneer motion**. Similarly, in India, we have created our long-term roadmap aligned with the global strategy roadmap.

We will continue to stay ahead by demonstrating agility, innovation and efficiency in all that we do, while striving to enable an empowering tomorrow for all.

2020 performance highlights

₹ 37,618 million Revenue	₹ 3,462 million EBIT
₹ 2,910 million Earnings after tax	20% CO ₂ reduction
63,083 CSR beneficiaries	98.6% Employee retention rate

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About this report

Reinforcing our commitment to transparent stakeholder communications, we, at Schaeffler India, started on the journey of Integrated Reporting <IR> with our Annual Report 2019. Continuing on our journey, this is our second Integrated Report. The report is guided by the <IR> framework issued by the International Integrated Reporting Council (IIRC). To inform our stakeholders on all aspects of our business, we have introduced certain key elements of the <IR> framework in the report. We will continue to add more such elements to reporting in the coming years.

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

Reporting scope and boundary

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

Responsibility of those charged with governance

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

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

Capitals

 Financial capital	 Manufactured capital	 Intellectual capital
 Human capital	 Social and relationship capital	 Natural capital
 Page reference	 Strategic focus	

Contributing to the United Nations Sustainable Development Goals (SDGs)
In our report, we provide reference to the specific SDGs where we create value.



Find out more online
we-pioneer-motion.com schaeffler.co.in

@SchaefflerGroup @SchaefflerIndia Schaeffler

Growing through innovation



Schaeffler Group is a leading global automotive and industrial supplier. Its legacy spans more than 70 years, and it has carved a niche for itself as a manufacturer of high-precision components and systems for engine, transmission and chassis applications in the automotive segment. The Group also produces rolling and plain bearing solutions for a variety of industrial applications.

The Group has operations in 200 locations worldwide, with 75 production facilities in 22 countries, 20 R&D centres and a workforce of 84,200 employees. Renowned for its proven track record in launching innovative products, the Group has been granted over 26,000 patent registrations so far.

Schaeffler AG, the Group's flagship company, is a publicly listed stock corporation incorporated under the German law, with its registered office in Herzogenaurach. The Group owns majority stake in Schaeffler India.

Performance highlights, 2020

€ 14.4 billion
Revenue**

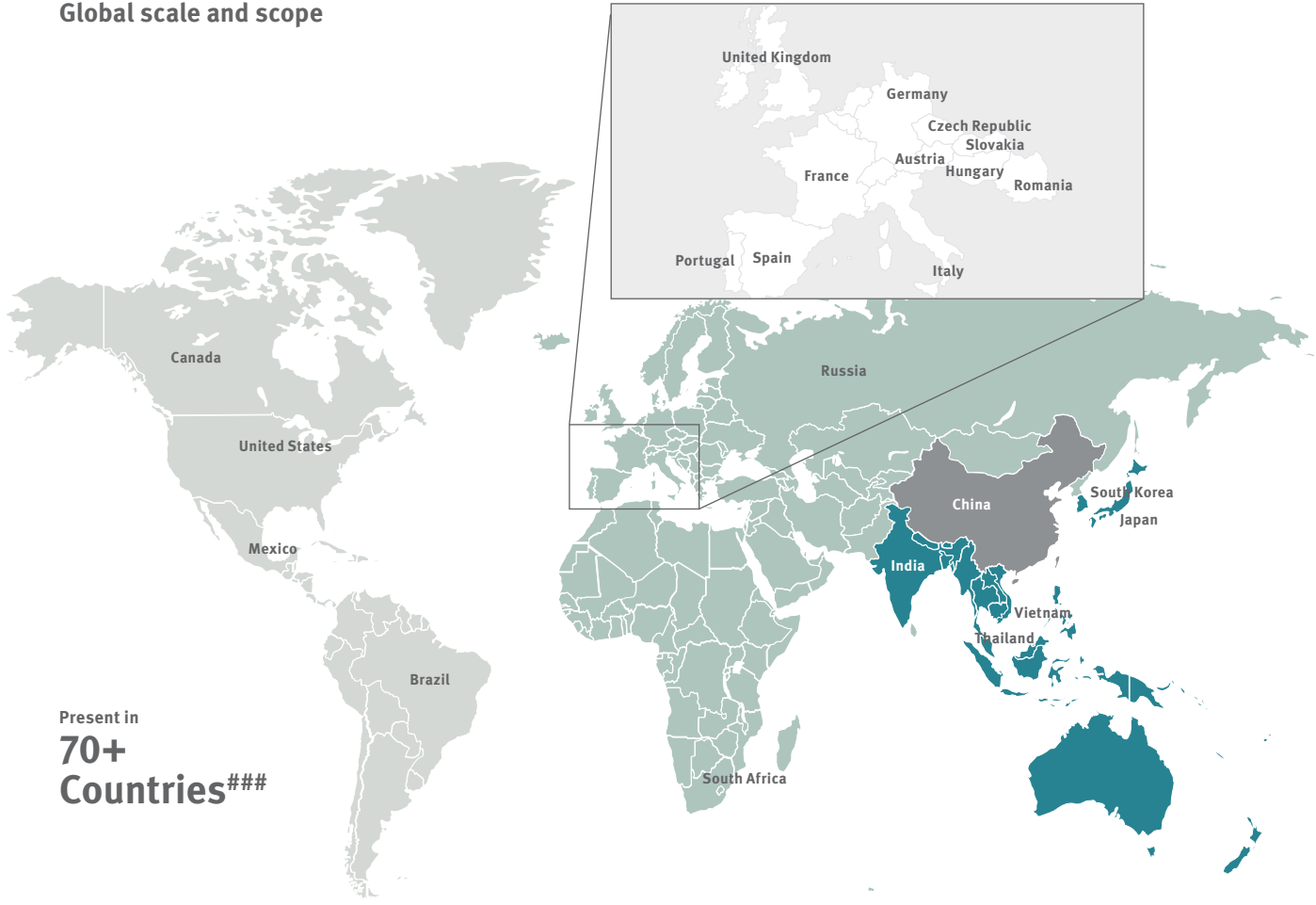
84,200
Employees***

1,875
Patent Applications in 2020*

Second most innovative company in Germany#

#According to the DPMA (German Patent and Trademark Office) in the year 2018
** For the full year 2020
*** As on December 31, 2020
*Patent applications concern first filings at the German Patent and Trademark Office (DPMA).
The counting method employed by the German Patent and Trademark Office was adapted in 2020.

Global scale and scope



Canada Stratford ●●📍	Russia Ulyanovsk ●	Thailand Chonburi ●	Germany Buehl (2) ●●📍 Erlangen ● Gunzenhausen ● Herzogenaurach ● Hirschaid ● Hoechststadt ●● Homburg (3)* ●●●📍 Ingolstadt ● Lahr ●●📍 Luckenwalde ● Morbach ● Nuremberg ● Schweinfurt (2) ●● Eltmann ● Steinhagen ● Suhl ● Wuppertal ●	United Kingdom Sheffield ●	Slovakia Kysucké Nové Mesto ●●●📍 Skalica ●●📍
United States Cheraw (2) ●📍 Danbury ● Fort Mill ●● Joplin ● Troy ● Wooster ●●	South Africa Port Elizabeth ●	Vietnam Biên Hòa City ●	France Calais ● Chevilly ● Haguenau ●●●📍	Hungary Debrecen ● Szombathely ●●	Hungary Debrecen ● Szombathely ●●
Mexico Huejotzingo ● Irapuato ● Puebla ●●	India Hosur ●● Pune ●● Savli ● Vadodara ●	Japan Yokohama ●	Portugal Caldas da Rainha ●	Romania Braşov (3)* ●●●📍	Romania Braşov (3)* ●●●📍
Brazil Sorocaba (2) ●●📍	China Anting ● Nanjing ●●📍 Suzhou ● Taicang (4) ● Xiangtan ● Yinchuan ●●📍	South Korea Ansan ● Changwon ●● Jeonju ●	Czech Republic Lanškroun ● Svitavy ●	Austria Berndorf-St. Veit ●	Austria Berndorf-St. Veit ●
			Spain Elgoibar ●	Italy Momo ●	Italy Momo ●

Plants and R&D centres

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

Number of plants in brackets. | ¹⁾ Regions reflect the regional structure of the Schaeffler Group.
Braşov *) 2 plants Industrial, 1 plant Automotive | Homburg *) 2 plants Automotive, 1 plant Industrial
*** As on December 31, 2020

Prudent decision-making for unparalleled reach



Schaeffler India Limited is an integral part of the Schaeffler Group.

Schaeffler, with four plants and eight sales offices, has a significant presence in India. Schaeffler's three major product brands – FAG, INA and LUK – are well represented in the country. All Schaeffler plants in India are certified according to international quality standards such as ISO 9001, TS 16949, OHSAS 18001.

We have four best-in-class production facilities and two dedicated R&D facilities across India. We are proud to note that in 2019, the R&D centres in India started providing engineering support to the global R&D centres. With these, we are poised to steadily grow our contribution to innovation at Schaeffler Group.

Our products cater to Automotive Original Equipment Manufacturers (OEMs) as well as retail customers in the three segments of Automotive, Industrial and Automotive Aftermarket.

As on December 31, 2020, our total employee headcount stood at 2,794.

Quick facts[#]

4
Production facilities

2
R&D centres

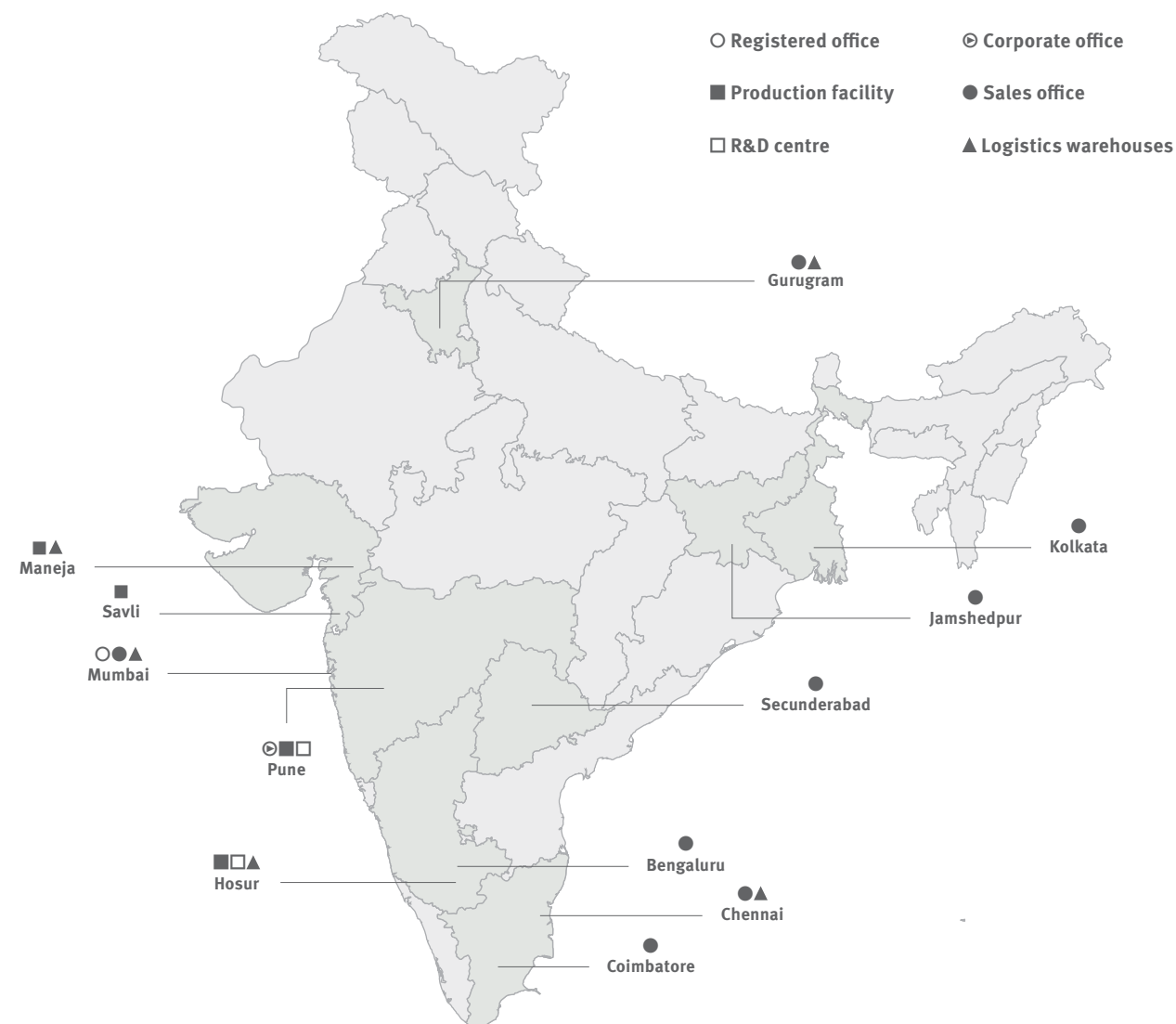
8
Sales offices

33,000+
Retail network

330
Distribution channel partners

[#] As on December 31, 2020

Our footprint



Note: Map not to scale

What makes our network stand out?

1

Our logistics footprint ensures we are able to cater to customer needs from every corner of the country, and we are working on improving it further.

2

We have invested in our manufacturing locations for the long term. We continue to drive higher localisation by expanding our facilities to cater to customer demands.

3

Spread across the length and breadth of the country, our highly qualified and trained teams continue to assist OEM customers.

Ensuring transparency and accountability



AC NRC
Mr. Avinash Gandhi
Chairman
Independent Director



Mr. Klaus Rosenfeld
Non-executive
Non-independent Director



AC NRC SRC
Mrs. Renu Challu
Independent Director



AC CSR
Mr. Arvind Balaji
Independent Director



AC NRC CSR
Mr. Amit Kalyani
Independent Director



AC RMC
Ms. Eranti Sumithasri
Independent Director



AC
Mr. Jürgen Ziegler
Non-executive
Non-independent Director



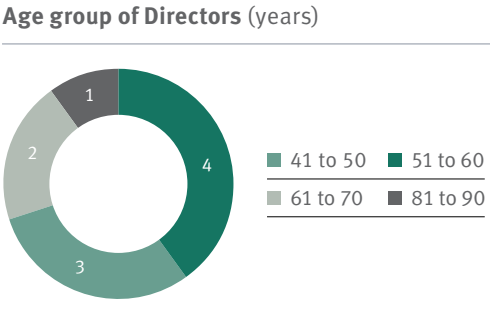
NRC RMC
Mr. Dharmesh Arora
Non-executive
Non-independent Director



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



AC SRC RMC
Mr. Satish Patel
Director-Finance & CFO



Experienced in delivering excellence



Mr. Sanjeev Saxena
President
(Automotive Technologies)



Mr. Alok Dave
Vice President
(Purchasing)



RMC
Mr. Sameer Mathur
Chief Operations Officer



RMC
Mr. Santanu Ghoshal
Vice President
(Human Resources)



Mr. Debasish Satpathy
Vice President
(Automotive Aftermarket)



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



AC SRC RMC
Mr. Satish Patel
Director – Finance & CFO



Mr. Biswajyoti Mandal
Vice President
(Technology)

30 years
Average experience

- AC Audit Committee
- RMC Risk Management Committee

- NRC Nomination and Remuneration Committee
- CSR Corporate Social Responsibility Committee

- SRC Stakeholders' Relationship Committee
- Chairperson
- Member

Stronger and smarter future

Insights from data will play an increasingly central role in the future. They are crucial for flexibly meeting dynamic market and customer requirements. Internal and external collaboration with colleagues and customers will also become increasingly important for creating real added value with digital solutions. This requires even better processes and a customised IT landscape.

For Schaeffler, digitalisation is a central, cross-sectoral topic that will advance the Company along its entire value chain. Various departments will shape their digital transformation accordingly within the organisation. Whether it be internal processes of employee training or finance or more complex manufacturing processes, Schaeffler India embarked on a digitalisation drive many years ago. Today, we continue to witness the fruition of those initiatives and we are encouraged to further this agenda across the organisation. The efforts and results continue to inspire us as we move ahead.



Digitalisation in Manufacturing

For manufacturing companies, standing still is not an option; neither is simply moving forward with 'business as usual' mindset. The factories of the future must become intelligent, innovative, and effective to tackle with shorter time to market, increasing complexity, and rising competition and cost economics. Considering this scenario, we initiated massive digitalisation drive to unlock system efficiency, process effectiveness and operational productivity. The key initiatives commenced were:

Operations Technology Security

Security transparency programme across its plants to protect its equipment against any potential cyberattacks and hacks.

Digitalised Quality Control

For any manufacturing leader, the quality of its design and conformance to specifications are an absolute requirement. To eliminate any instance of non-conformity of products,

Schaeffler India in its Pune plant rolled out the Control of Suspected Parts (CoSP) initiative to track and control the reason and bring in benefits of time and cost savings.

Supervisory Control and Data Acquisition (SCADA)

Schaeffler India implemented SCADA control system at its Pune plant to gather real-time data and identify problems and performance gaps.

Driving Overall Equipment Effectiveness

Schaeffler India introduced Lean Performance Management System (LPMS) at its Hosur plant to increase the equipment effectiveness. The system monitors and records key parameters such as equipment downtime, equipment idling and stoppages, and process defects to help us increase our operational productivity.



Digital Finance

The finance function is the biggest cog in an enterprise's performance wheel. Often considered as the most traditional role in company, the modern finance function is key to the adoption of digital technologies.

The finance department at Schaeffler India is no different. The team is in full support of the organisation's digitalisation drive and has embraced the digital transformation bringing in streamlined processes, improved efficiencies, increased collaboration, and better cost management. Some of the initiatives are:

e-Invoice

As per the mandate from Indian government, we have digitalised our invoice system and integrated our internal systems with government

portal. This initiative was successfully rolled out on 01.10.2020 and till date 300,000 invoices have been processed automatically

e-Way Bill

To ease the timely and seamless inter-state movement of goods, we have integrated our internal systems with government portals and launched the e-way bill facility on March 15, 2021. Till date, 5,000,000 e-way bills have been created automatically.

Others

Encouraged by the short adoption cycle, the teams have already initiated a number of projects to digitise traditional manual processes in the areas of employee direct tax, meetings and conferences, audits, payments, workflow for approval, stock keeping (using latest digital technology like HoloLens) and bank rationalisation among others. Even mundane tasks like invoice reader and a well-planned document management system are being rolled out digitally to ensure wide coverage.



Digital HR

We are pursuing the goal of implementing efficient and globally standardised and harmonised processes supported by a user-friendly, cloud-based human resources platform. In combination with a uniform HR data management the global data quality will be increased, the reporting capability extended, and the maintenance complexity of the HR system landscape reduced.

Three major initiatives that were launched under the digital HR initiative in India during 2020:

Learning Management System

Global portal to all learning offers of the Schaeffler Academy. Here, employees and managers can find an overview of all trainings and can book classroom trainings, Live Online Training and E-Learnings directly via the system.

Performance and Goal Management system

Doing away with the traditional bell curve process, the new Performance and Goal Management tool SuccessFactor aims to enhance individual performance and continuous development of employees. The new approach makes performance management transparent; careers of our employees are planned sustainably due to continuous dialogue via feedback between employee and manager.

Travel Management System

In today's world, ensuring employees' safety remains a top priority at Schaeffler India. The ability to pinpoint and communicate with the traveler, anywhere, quickly and accurately is critical, as alerts can be easily sent out should an unexpected event occur, or assistance can be rendered whenever required. New digital 'concur' system features an all-in-one modern, centralised digital solution for booking of business trips, similar to travel portals on the internet, and processing of claims, in accordance with standardised guidelines and processes. It is also easily accessible via PC or App.



Industry 4.0 – Schaeffler's offerings for customers

High-performance. Precise. Application-oriented. Schaeffler turns Industry 4.0 into practice – for increased customer benefits, sustainability, and efficiency. Even today, customers from a range of

sectors are already reaping the benefits of our 4.0 solutions. Smart sensors and mechatronic products from Schaeffler record data at the heart of the machine during operation. When combined with Schaeffler's system and modelling expertise, these real-time data form the basis for a digital image of the machine that makes further analysis and digital services possible. Our smart components and ready-to-install

systems are always perfectly tailored to the specific application. Convince yourself and benefit from Schaeffler Industry 4.0 solutions.



Benefits of Schaeffler's Service Solutions



SmartCheck



ProLink CMS

Digitising purchasing process

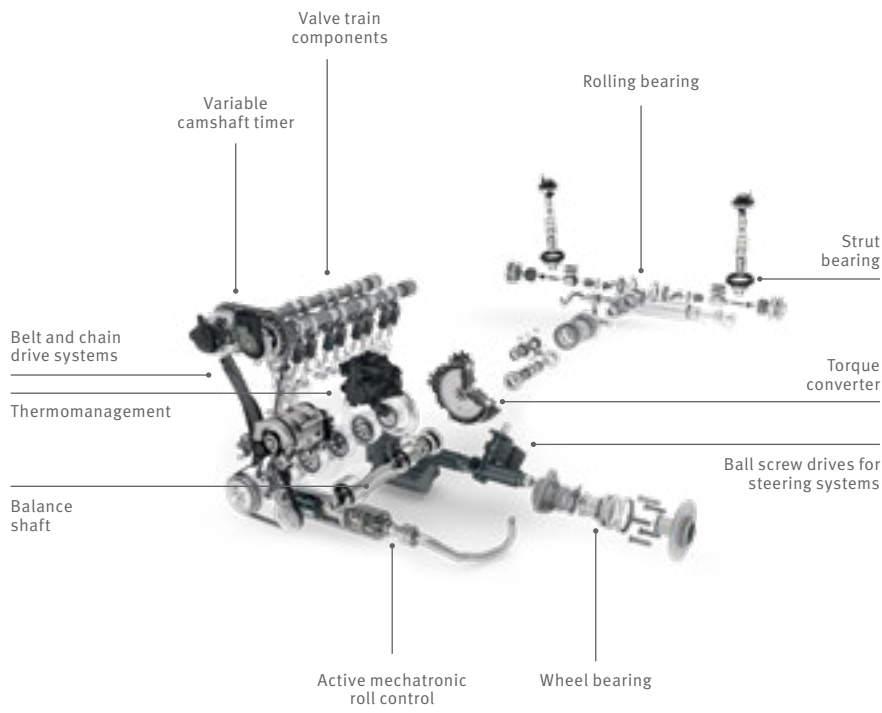

Implementation of Coupa

The Coupa procurement system streamlines procurement management processes so as to reduce costs while saving valuable time and obtain complete visibility with real-time dashboards that enables to understand cost and budgets. Implemented in a modular manner, the new digital NPM purchasing solution enables Source to Contract (S2C) visibility. Coupa enables state-of-the-art user interfaces, digital supplier-management, sourcing and contracting, transparent and audit-proof contracting and increased data quality and transparency.

Integrated Supplier Management System

Our integrated portal SupplyOn allows complete process automation including orders, scheduling, planning and dispatch monitoring. Schaeffler India initiated business directory registration for all the production material suppliers for maintaining supplier masters in system where suppliers upload their changes like contact person, certificates and company details among others. The digital tool is designed centrally to bring in greater transparency, speed and effectiveness into the entire value chain, driving effective decision-making.

Engineering excellence

	Automotive Technologies	Industrial	Automotive Aftermarket
Products	<ul style="list-style-type: none">Chassis components and systemsClutches and transmission systemsEngine components and precision products <ul style="list-style-type: none">Drives for hybrid and Electric Vehicles (EVs)	<ul style="list-style-type: none">Rolling and plain bearingsLinear guidance systemMaintenance products <ul style="list-style-type: none">Maintenance servicesMechatronicsDigital services	Replacement parts for <ul style="list-style-type: none">TransmissionEngine componentsChassis components Intelligent solutions for <ul style="list-style-type: none">Repair and service points via platforms such as REPPERT
Segments catered to	<ul style="list-style-type: none">Commercial vehiclesPassenger vehicles <ul style="list-style-type: none">Tractors	<ul style="list-style-type: none">RailwaysWind energyIndustrial automation (machine tools, textile)Two-wheelers <ul style="list-style-type: none">Off-highwayRaw materialsPower transmissionIndustrial distribution	<ul style="list-style-type: none">Repair garagesFleet workshopsMulti-brand garagesRetail markets
Applications			<ul style="list-style-type: none">Passenger cars Outstanding competence in systems and services.Heavy commercial vehicles Repair solutions for extended service life.Light commercial vehicles Intelligent solutions for light commercial vehicles.Tractors Dependable solutions for tractors.
Our expertise and experience	Technologies designed to make vehicles cleaner and more fuel efficient <p>Schaeffler precision products are key to reducing fuel consumption and emissions.</p>	Precise. Reliable. Connected. <p>This division offers a wide portfolio of bearing solutions, ranging from high-speed and high-precision bearings with small diameters to large-size bearings that are several meters wide. Increasingly, the focus here is on smart products and on connecting components.</p>	Advanced best-in-class service <p>This division delivers innovative repair solutions in original-equipment quality.</p> <p>We offer comprehensive services to garages by conducting practical-oriented training seminars to increase the competency of the repair network.</p>

Our business segments are integrated and we often have common customers across them. While industrial and automotive businesses provide relevant products to customers, the Automotive Aftermarket segment is largely focused on providing services. The latter plays an important role in growing our reach and connect with mechanics and other influencer groups. This in turn, facilitates the growth of the automotive business and strengthens the Schaeffler brand recall. Thus, these businesses complement one another and enable us to maximise the opportunities while keeping the risks firmly in check.

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

Designed to deliver. Geared for growth.

Capitals	Defining our capitals	Inputs	Outputs	Outcomes
<div>Financial capital</div> <div></div> <div>p.22</div>	<div></div> <p>Funds from providers of capital and free cash flow generated during the course of our business are key growth enablers for us.</p> <p>We have a strong, debt-free balance sheet and we focus on efficient capital allocation.</p> <p>As an outcome, we enjoy adequate return ratios and continued support from the investor community.</p>	<div>Fixed capital ₹ 11,663 million*</div> <div>Working capital ₹ 19,740 million*</div> <div>Equity capital ₹ 313 million*</div> <div>Reserves and surplus ₹ 31,090 million*</div>	<div></div> <div>Total installed capacities 463 million pieces*</div>	<div>Revenue ₹ 37,618 million#</div> <div>Free cashflow ₹ 4,572 million#</div> <div>EPS ₹ 93.1#</div> <div>Dividend payout ₹ 38# on face value of ₹ 10 per share</div>
<div>Manufactured capital</div> <div></div> <div>p.5, 20</div>	<div></div> <p>Our operations are conducted through a state-of-the-art infrastructure of manufacturing facilities and logistics centres. We manufacture best-in-class products at our facilities.</p> <p>We regularly upgrade the technology, and focus on improving the safety and reliability across all our facilities.</p>	<div>Plant, machinery and equipments (gross) ₹ 12,960 million*</div> <div>Production facilities 4</div> <div>Capital expenditure ₹ 2,377 million#</div>	<div></div> <div>Automotive (Technologies and Aftermarket)</div>	<div>Productivity per attendance hour (5-year CAGR) 7%</div>
<div>Intellectual capital</div> <div></div> <div>p.32</div>	<div></div> <p>Our Parent Group's expertise and continued thrust on R&D provides us with a significant competitive edge.</p> <p>We are embracing high-end digitalisation platforms and tools to drive operational efficiency.</p> <p>Our impressive suite of patents and strong brand value are testimony to our growing strength.</p>	<div>R&D expenditure ₹ 758 million#</div> <div>R&D employees 163**</div>	<div></div> <div>Industrial</div> <div>p.10</div>	<div>Technical papers published 3*</div> <div>Patent applications originating from India 14*</div> <div>Both our R&D centres in India are approved by the Department of Scientific and Industrial Research (DSIR)</div>
<div>Human capital</div> <div></div> <div>p.52</div>	<div></div> <p>Our people are the driving force of our progress. We are committed to providing them with an enabling ecosystem that is safe, takes care of their well-being, encourages innovative thinking and equips them with the right tools and trainings for their development. Our policies and processes inspire them to realise their full potential, while giving them opportunities to evolve and grow.</p> <p>At Schaeffler, workforce diversity is fundamental to promoting lateral and divergent thinking. It helps foster innovation and flexibility.</p>	<div>Permanent employees 2,794</div> <div>Training hours 30,000+</div> <div>Employee welfare benefits ₹ 219 million#</div>	<div>Segments we cater to Automotive</div> <div>Engine, Chassis and Transmissions</div> <div>Industrial Direct Business: Railways, Wind Energy, Two Wheeler, Off Road, Power Transmission, Industrial Automation, Raw Materials. Indirect Business: Industrial Distribution Catering to SMEs, Retailers and MRO Markets</div>	<div>Employee retention rate 98.6%</div> <div>Average tenure of employees in the company 11.5 years* (increased from 11 in 2019)</div> <div>Women employees (as a % of total employees) 2.8% versus 2.6% in 2019</div>
<div>Social and relationship capital</div> <div></div> <div>p.44, 48</div>	<div></div> <p>We are committed to creating holistic value and drive inclusive growth across our communities.</p> <p>We are focussed on developing long-term relationships that are based on trust and transparency.</p> <p>Customers, suppliers, partners and other stakeholders play a crucial role in our success and growth.</p>	<div>CSR spend ₹ 251 million**</div> <div>Supplier meetings 38#</div> <div>Advertising and sales costs ₹ 224 million**</div>	<div></div> <div>How we do business</div> <div>Management process</div> <div>Support processes</div>	<div>Schaeffler managed Mobile Healthcare units Provided health consultations to 3.07 lakh+ patients* Covered 78 villages in Vadodara and Talegaon*</div> <div>Suppliers with QMS Certification IATF: 275* ISO 9001: 58* ISO 14001: 164*</div> <div>Outstanding shareholder complaints Nil#</div>
<div>Natural capital</div> <div></div> <div>p.42</div>	<div></div> <p>At Schaeffler, taking 'responsibility for tomorrow' is an essential part of our strategy.</p> <p>We aim to achieve carbon neutrality at our production facilities by optimising the use of natural resources such as land and water, reducing energy emissions and consuming raw materials in a prudent manner.</p> <p>We are also striving to conserve natural resources by manufacturing environment-friendly products.</p>	<div>Electricity consumption 7,29,10,957 kWh#</div> <div>Water consumption 1,84,740 m³#</div> <div>Solar power consumption 51,43,932 kWh#</div>	<div></div> <div>Automotive Aftermarket reach</div> <div>40,000+ Mechanics</div> <div>25,000+ Garages</div>	<div>Reduction in CO₂ emissions (Scope 1 and 2) 10%# over 2019</div> <div>Reduction in electricity consumption 11%# over 2019</div> <div>Reduction in water consumption 15%# over 2019</div>

* As on December 31, 2020
** Over the last three years ending 2020
For the year ending December 31, 2020

Why Schaeffler India?



Strong parentage

Our parent, Schaeffler AG is renowned for being a pioneer in innovation. Over the past seven decades, it has progressed swiftly on the path of growth and all-round value creation. Its global reach, expertise, quality-focused approach and technology-led products lend it an unmatched lead in the market. The parent supports us across our operations and is leading by example.

Among top 3
Players globally across most segments

2 out of 4
Wind turbines use Schaeffler products, globally

26,000+
Patent registrations till date



Prominent market position

We provide a wide array of innovative solutions under the brands of Schaeffler, LuK, INA and FAG. Our leading position as a supplier to both industrial and automotive segments is an outcome of our robust distribution network, customer-centric approach and strong brand salience. Our ability to respond quickly and effectively to the changing needs of our customers helps us stand out in the crowd.

Among top 3
Suppliers for most leading OEMs in India



Innovation in our DNA

At Schaeffler India, we celebrate a strong culture of innovation. In India, we bring relevant innovative products of the Group and customise them to meet the needs of our clients. Our innovation spectrum cater to all key business segments, leverage best-in-class technology and enables the industry to progress forward. Our India-based R&D and incubator centres help us build local competencies and gain market share in the Indian market.

107
Patent applications originating from India (2017-2020)



Strong financial profile

Our disciplined manner of managing our finances has enabled us to maintain a solid financial profile. For us, growth and profitability go hand in hand, and we have shied away from taking uncalculated risks and growing aggressively. This, along with our debt-free balance sheet have held us in good stead across the ebbs and flows in our journey. Our strong focus on corporate governance additionally, continues to steer the organisation as we scale newer heights of governance leadership.

Net worth (₹ in million)
31,403
2020
12,873
2015



Increasingly diverse portfolio

Our diversified and complementary suite of products and services helps us serve a wide gamut of consumers across business segments. Our innovative and future-ready offerings enable us to stay relevant and provide superior experiences to our customers. Our offerings provide customers with unmatched reliability, efficiency and technology.

Wide range of products
Automotive
Engine, chassis and powertrain solutions and Aftermarket repair solutions
Industrial
40,000+
Catalogue products for applications across varied industries



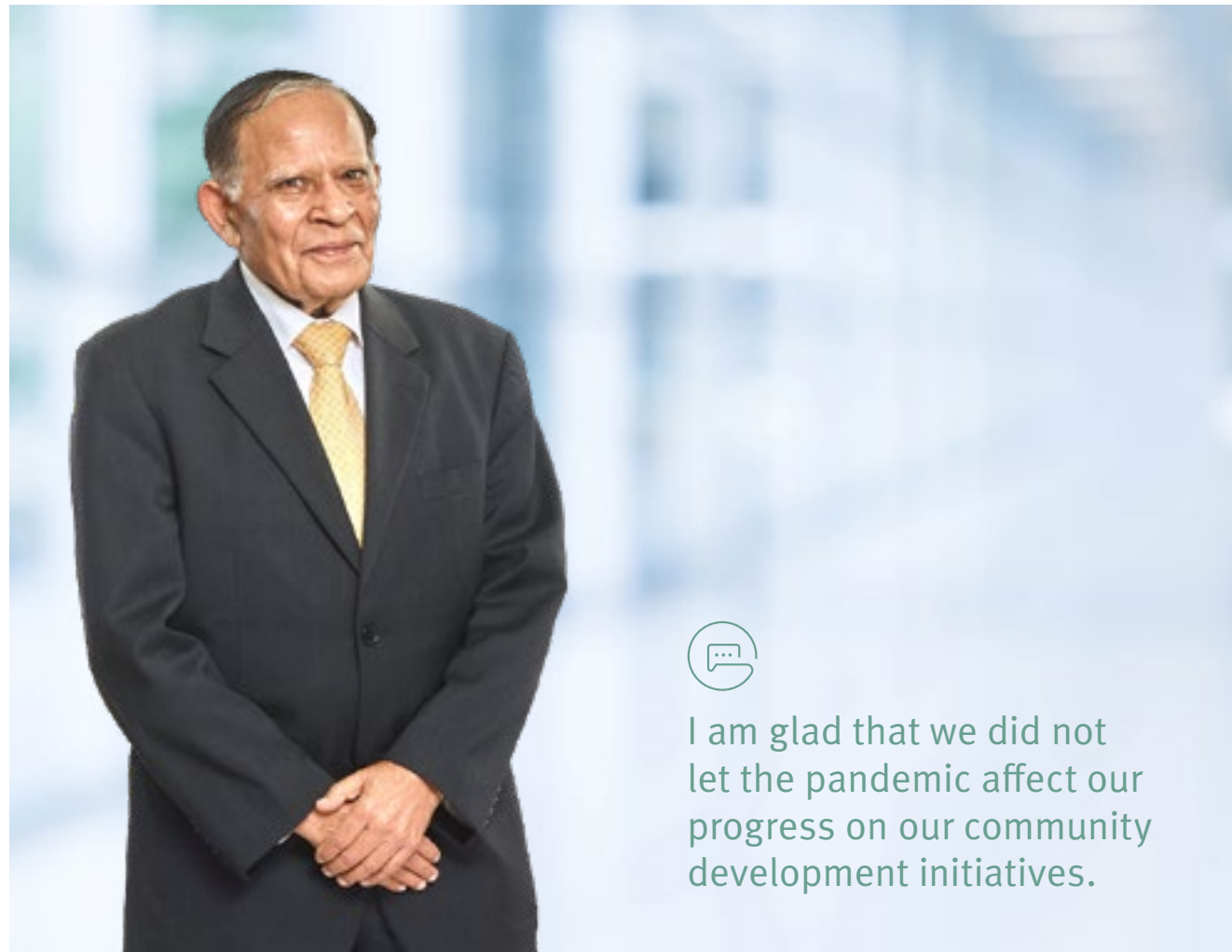
Potential to deliver strong growth

Our well-defined strategies encompass all potential opportunities across our businesses and aim to optimise the strengths of our business model. Our continued emphasis on R&D, technology adoption, and localisation along with efforts to drive efficiencies across all domains will enable us to take our company to its next level and also achieve greater operating leverage. Macro trends such as rising per capita consumption in India and strong demand from core sectors are some of the catalysts for growth in the future.

Per capita consumption growth estimate in India during 2019-2030
Rural **Urban**
4.3x **3.5x**

Source: World Economic Forum report, January 2019

Delivering quality. Focusing on value creation.



I am glad that we did not let the pandemic affect our progress on our community development initiatives.

“We continued on our commitment to provide access to healthcare and empower the community through our Nitara and the STEP programmes. We also actively supported the government, regulators and communities in overcoming the challenges arising out of the pandemic.”

Dear stakeholders,

The year 2020 was an unprecedented one in every sense. It tested our abilities to withstand enormous challenges, which brought out our collective strength to push through paradigm shifts. Before delving deep into our performance during the year and the road ahead, let me wish all of you and every member of your family the best of health and wellbeing.

We had entered the year on an optimistic note with green shoots of economic recovery visible across sectors after a period of structural slowdown. The auto industry growth appeared to be bottoming out. As we approached the end of Q1 2020, the coronavirus pandemic brought economic activities to a standstill, disrupted supply chains globally and threatened lives and livelihoods.

“The government’s quick response to minimise the pandemic impact stabilised the economy. Stimulus measures equivalent to 10% of GDP were announced. When a gradual opening up began in June, the recovery has been swift and much sharper than previously expected, boosted by strong pent up demand followed by festive spending.”

Resilient in the face of adversity

At Schaeffler India, we adopted a proactive approach to navigate through these challenging times. We activated our crisis management plan even before the nationwide lockdown was imposed. Our focus remained on ensuring the health and safety of our key stakeholders while maintaining the highest level of transparency. We also set in motion our business continuity plan to limit the impact on our performance. As the engines of economic growth started rolling again in the second half of 2020, our performance too gathered momentum. We managed to close the year with margins and profitability at pre-pandemic levels.

The road to recovery

The government’s quick response to minimise the pandemic impact helped stabilise the economy. Stimulus measures equivalent to 10% of GDP were announced. When a gradual opening up began in June, the recovery has been swift and much sharper than previously expected, boosted by strong pent-up demand followed by festive spending. Auto sales too witnessed a steady growth trend.

The pandemic notwithstanding, we continued to make investments in high-priority areas such as capacity expansions, innovation and digitalisation during the year. As the Schaeffler Group redefined its strategy under Roadmap 2025 to become more competitive and fit for the future, we have aligned ourselves with the same.

Reinforcing commitments to the society

I am glad that we did not let the pandemic affect our progress on our community development initiatives. We continued on our commitment to provide access to healthcare and empower the community through our Nitara and the STEP programmes. We also actively supported the government, regulators and communities in overcoming the challenges arising out of the pandemic.

Moving forward with optimism

We are confident of gaining momentum in 2021. Our healthy performance and continued investments hold us in good stead. We, the Board of Directors of Schaeffler India, are strongly committed to successfully stewarding the company towards sustained value creation for all of you.

I would like to extend my heartfelt gratitude to every member of Team Schaeffler India for their invaluable contribution. I am grateful to all our stakeholders, including customers, shareholders, our business partners, regulators and society at large for believing in our vision and capabilities. Special thanks to our parent company for their constant support and guidance.

Sincerely,
Avinash Gandhi