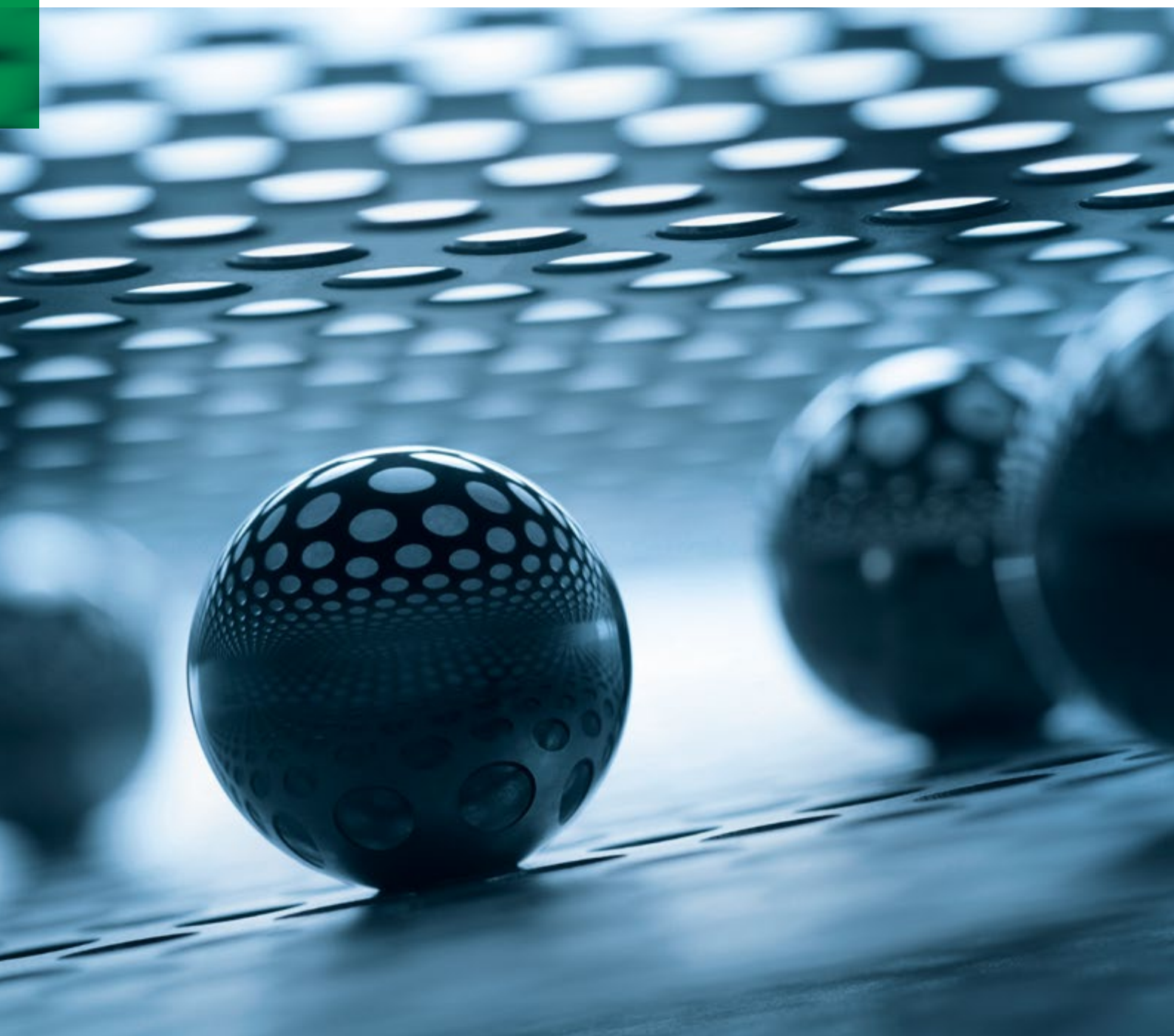


Leading ahead

Integrated Annual Report 2021 | Schaeffler India Limited



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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» in 2019. This is our third edition and we will continue on the path of building more comprehensive integrated reports in the coming years. The Report is guided by the «IR» framework issued by the erstwhile International Integrated Reporting Council (IIRC), which is now the Value Reporting Foundation. 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 future editions.	
Certain data sets 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, has reviewed the Report’s contents. Board members of the Company have provided the required governance oversight.	



Our integrated thinking pillars

Navigation

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

Capitals

Financial Capital

Manufacturing Capital

Intellectual Capital

Human Capital

Social & Relationship Capital

Natural Capital

Page reference

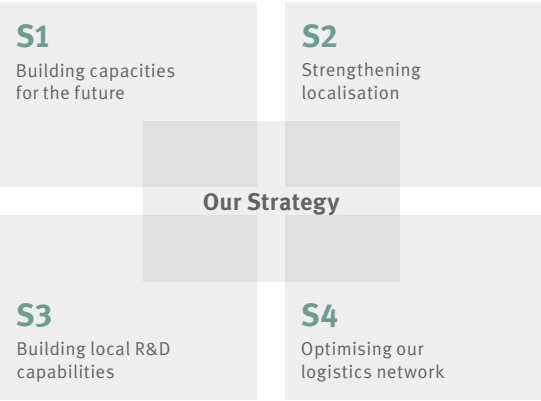
Key risks we track

Strategic risks

Operational risks

Legal risks

Financial risks



Stakeholders

Customers

Investors

Suppliers and partners

Community

Employees

Government and regulatory bodies

Contributing to the United Nations Sustainable Development Goals (SDGs)

Find out more online
we-pioneer-motion.com

schaeffler.com
schaeffler.co.in

@SchaefflerGroup

@SchaefflerIndia

Schaeffler



LEADING AHEAD



Taking ‘responsibility for tomorrow’ is integral to Schaeffler India’s relentless pursuit of shaping the future of motion and mobility. We are at the forefront of rapid change in the industrial and automotive segments with innovative, sustainable and reliable solutions and services. We continue to build upon our competencies by adopting new technologies to offer high precision and efficient products to our customers.

Our global R&D strengthens our competitive edge by providing access to a larger pool of resources. This also helps us capitalise on the emerging opportunities across internal combustion engine, as well as electric and hybrid vehicles.

Our customers rely on us to offer pioneering solutions for their most challenging problems. As a responsible leader, we are also setting benchmarks in adopting environmental, social and governance (ESG) targets, and enhancing disclosures.

In India, we are progressing well on our long-term roadmap, which is aligned with the Schaeffler Group. Powered by agility, innovation and efficiency, we are leading ahead to create a better tomorrow for all our stakeholders.

Delivering consistent performance



Financial Capital

Our financial capital consists of funds from providers of capital and free cash flow, generated during the course of our business, which are our key growth enablers. We remain focused on maintaining a robust and debt-free balance sheet, along with efficient capital allocation, to ensure continuous improvement in our return ratios.

48%
Increase in
revenue

131%
Increase
in EBIT

116%
Increase in
earnings after tax



Manufacturing Capital

Our state-of-the-art manufacturing facilities and logistics centres form the core of our manufacturing capital. We concentrate on regularly upgrading our technology and improving safety and reliability across all our facilities.

90%
On-time
delivery

30%
Reduction
in customer
rejects

6%
Productivity per
attendance hour
(5-year CAGR)



Intellectual Capital

Our intellectual capital consists of our research and mechatronic centres, an impressive suite of patents and strong brand value, resulting from in-house thrust on R&D and the Group’s expertise. We are continuously embracing high-end digitalisation platforms and tools to drive operational efficiency.

₹1,016 million
R&D spend

24
Patent
applications

58
Invention
disclosures



Human Capital

Our people are the driving force of our progress. We are focused on building an engaging, progressive, and safe ecosystem. Our policies and processes are designed to help them realise their full potential by creating opportunities for growth and development.

97%
Employee
Retention Rate

0.4
Loss Time Injury
Rate (LTIR)

14.5 hours
Of training per
person



Social & Relationship Capital

Our efforts towards developing long-term relationships based on trust and transparency with our customers, suppliers, partners and other stakeholders form the basis of social and relationship capital.

Customers

8.24
Schaeffler
loyalty index

Community

₹ 88.3 million
CSR spends

Suppliers

175 hours
Supplier
training



Natural Capital

The natural resources we utilise to conduct our operations and seamlessly deliver products and solutions, constitute our natural capital. We also strive to conserve natural resources by manufacturing environment-friendly products.

19%
Reduction
in carbon
emissions

03%
Reduction in
freshwater
consumption

15%
Renewable
energy share



We pioneer motion

Schaeffler Group is a leading supplier of innovative solutions to automotive and industrial sectors. From basic components to complete system solutions, its pioneering products and solutions play a significant role in advancing how the world moves. With a well-defined Roadmap 2025, the Schaeffler Group strives to remain the preferred technology partner for customers, with sustainability and digitalisation at the core.



Purpose

We pioneer motion to advance how the world moves

We pioneer motion

‘We’ represents our identity as a ‘One Schaeffler’ company with three divisions. It encompasses our employees and business partners as the cornerstone of our success, united under a strong umbrella brand, and refers to the partnership-based cooperation with our customers and external R&D initiatives. Only together can we shape progress in motion and mobility.

‘Pioneer’ represents our outstanding history of innovation, starting with the invention of the cage-guided needle bearing. This inventive spirit still characterises the Schaeffler Group today. In view of the major future trends, it also embodies our claim to continue to be a pioneer in shaping the future of motion and mobility.

‘Motion’ represents our positioning as an integrated automotive and industrial supplier. Our new claim goes beyond our previous claim ‘Mobility for tomorrow’, which was strongly tailored to our automotive business. The term ‘motion’ explicitly encompasses both our industrial and automotive businesses and thus forms the foundation for our sectors defined across all divisions. These sectors enable us to address our customers more effectively and offer them a comprehensive range of products and services relating to motion and mobility.

Global strength

82,981^{###}
Employees

200
Locations

50
Countries

75
Plants

20
R&D centres

15
Campus locations

Innovation

#2
Most innovative company in Germany

26,000
Registered patents

Group performance

€ 13.9 billion
Revenue in 2021

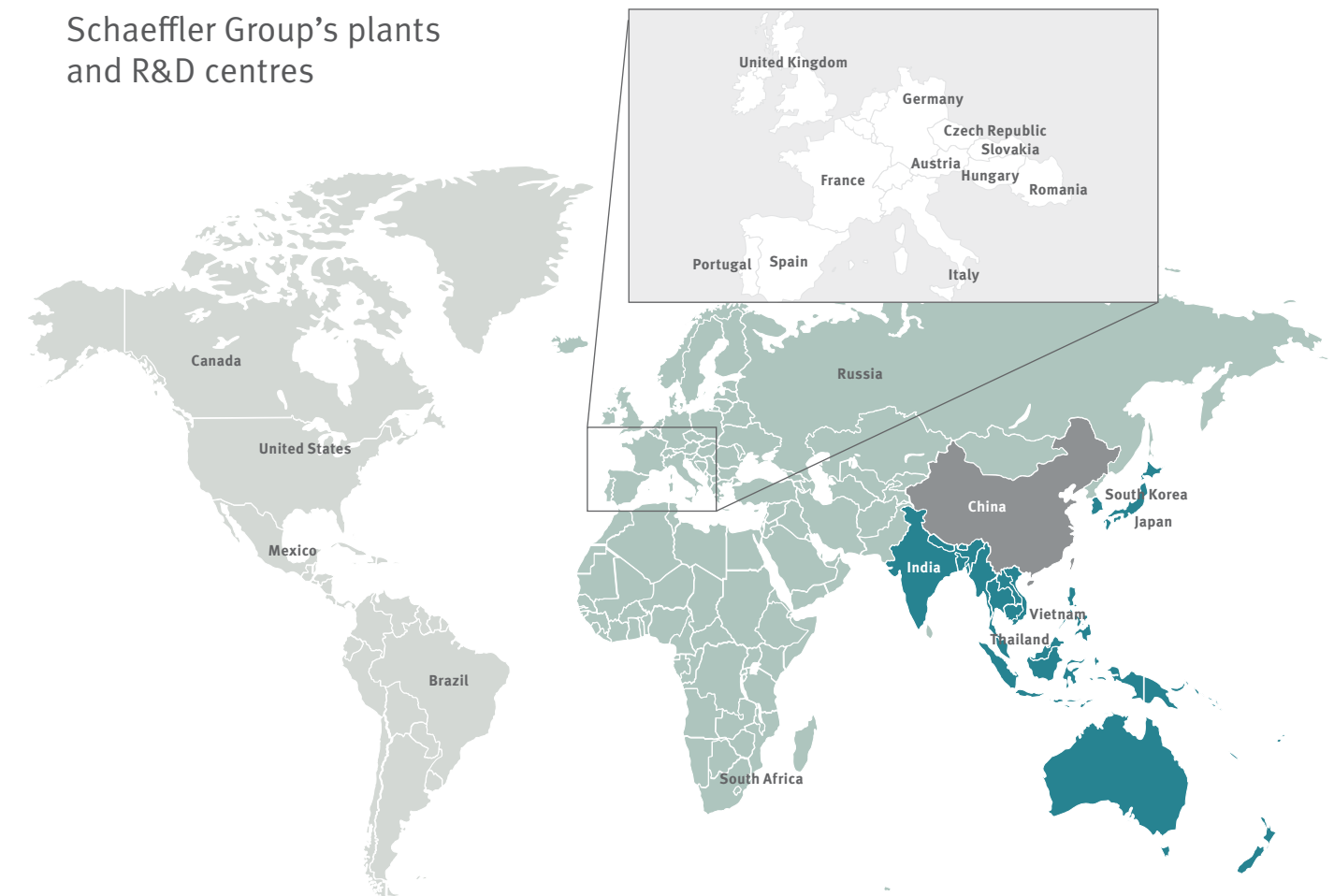
9.1%
EBIT margin in 2021

1,907
Patent applications in 2020

[Read more on Schaeffler Group's sustainability targets on Page 52](#)

^{###}As on December 31, 2021

Schaeffler Group's plants and R&D centres



Canada Stratford ●●	Russia Ulyanovsk ●	Thailand Chonburi ●	Germany Buehl (2) ●● Eltmann ● Erlangen ● Gunzenhausen ● Herzogenaurach ●● Hirschaid ● Hoechststadt ●● Homburg (2) ●●● Ingolstadt ● Lahr ●● Luckenwalde ● Morbach ● Nuremberg ● Schweinfurt (2) ●● 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 ●●
Mexico Huejotzingo ● Irapuato ● Puebla ●●	India Hosur ●● Pune ●● Savli ● Vadodara ●	Japan Yokohama ●	South Korea Ansan ● Changwon ●● Jeonju ●	Portugal Caldas da Rainha ●	Romania Braşov (2) ●●●
Brazil Sorocaba (2) ●●●	China Anting ● Nanjing ●● Suzhou ● Taicang (4) ●●● Xiangtan ● Yinchuan ●●			Czech Republic Lanškroun ● Svitavy ●	Austria Berndorf-St. Veit ●
				Spain Elgoibar ●	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	43	13	10	9	75
Automotive ●	28	10	8	6	52
Industrial ●	15	3	2	3	23
Campus locations ●	9	3	3	-	15

¹⁾ Regions reflect the regional structure of the Schaeffler Group
Cheraw 2 plants Automotive | Sorocaba 2 plants Automotive | Taicang 4 plants Automotive | Buehl 2 plants Automotive | Homburg 2 plants Automotive | Schweinfurt 1 plant Industrial | Braşov 2 plants Industrial



Focusing on future-readiness

Our parent, Schaeffler AG announced their five-year plan – ‘Roadmap 2025’ in November 2020. The roadmap lays out a clearly defined strategy, execution programme and mid-term targets, and aims to create lasting value by unlocking Group synergies. The plan has been crafted keeping in mind the objective of making Schaeffler future-ready.

The roadmap identifies the key focus areas and sectors centred around the five key trends expected to drive the market in the future. Additionally, 12 key growth initiatives have been identified across business segments as future growth drivers. Our key differentiators like innovation, superior quality, comprehensive system understanding, and manufacturing excellence will be leveraged to strengthen the execution strategy.

Key Trends

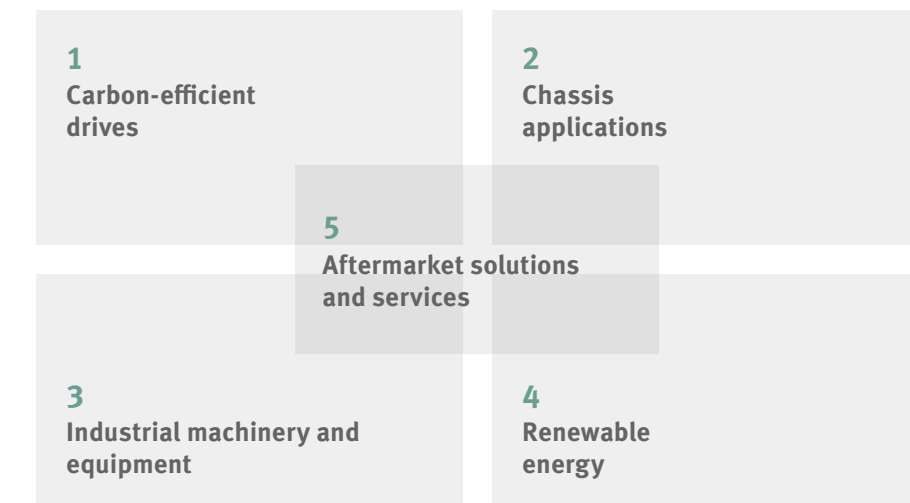


Customer sectors

Cars and LCV	Aerospace
Truck and bus	Raw materials
Two-wheelers	Industrial distribution
Off-road	Power transmission
Rail	Wind

■ Mobility
■ Motion

Focus areas



Execution matrix

The execution matrix and seven sub programmes, reflecting the Group’s organisation and leadership structure were created. The core three business segments are expected to advance growth initiatives, boost market positions, and increase cost and capital efficiency. The cross-divisional sub programmes will help focus on Group-wide key areas and realisation of synergy potentials across divisions.

Automotive Technologies	Automotive Aftermarket	Industrial
Innovation and Technology		
Process, Data and IT		
People and Culture		
Sustainability and Engagement		

Aligning Schaeffler India to Roadmap 2025

Our strategic priorities are in line with the Group’s Roadmap 2025 and we are working on the 12 growth initiatives. Divisional growth and diversification plan form the pillars of our strategies for the next few years. These are supported by functional strategies across operations, supply chain, people and technology.

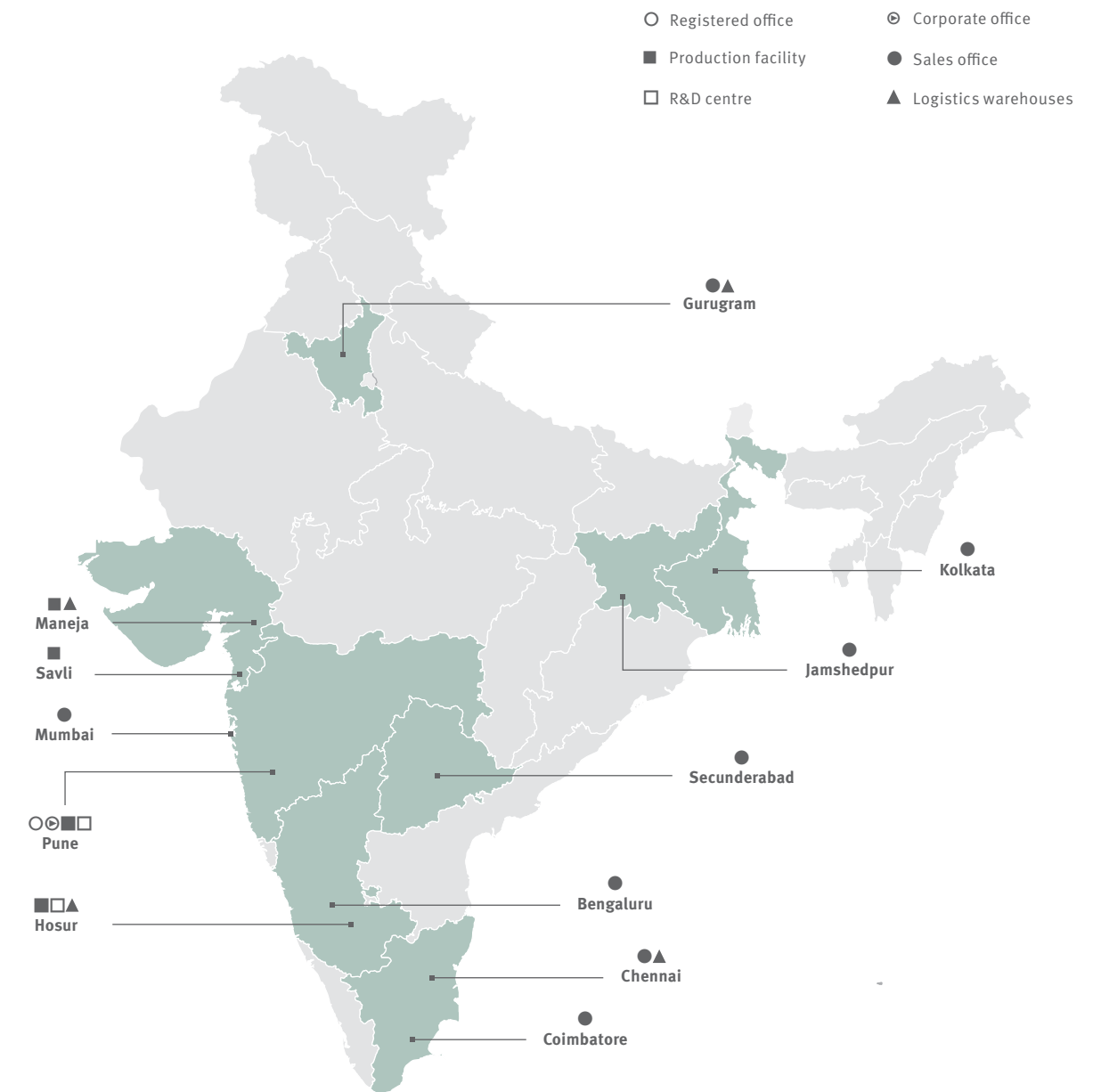
ESG		
Division plan		
Automotive Technologies	Automotive Aftermarket	Industrial
✓ Sustainable and efficient operational footprint		
✓ New product development and innovation		
✓ Winning people strategy		
✓ Leadership in corporate governance		



Leading ahead as we shape the future of mobility and motion

Schaeffler India provides innovative technologies, products and services to make mobility efficient, intelligent and sustainable. Today, we are a partner of choice for India's biggest original equipment manufacturers (OEMs), new age players and retail customers. We bring reliable offerings and solutions across our three segments of Industrial, Automotive Technologies, and Automotive Aftermarket.

Geographic footprint



Key highlights

4
Plants

2
R&D centres

8
Sales offices

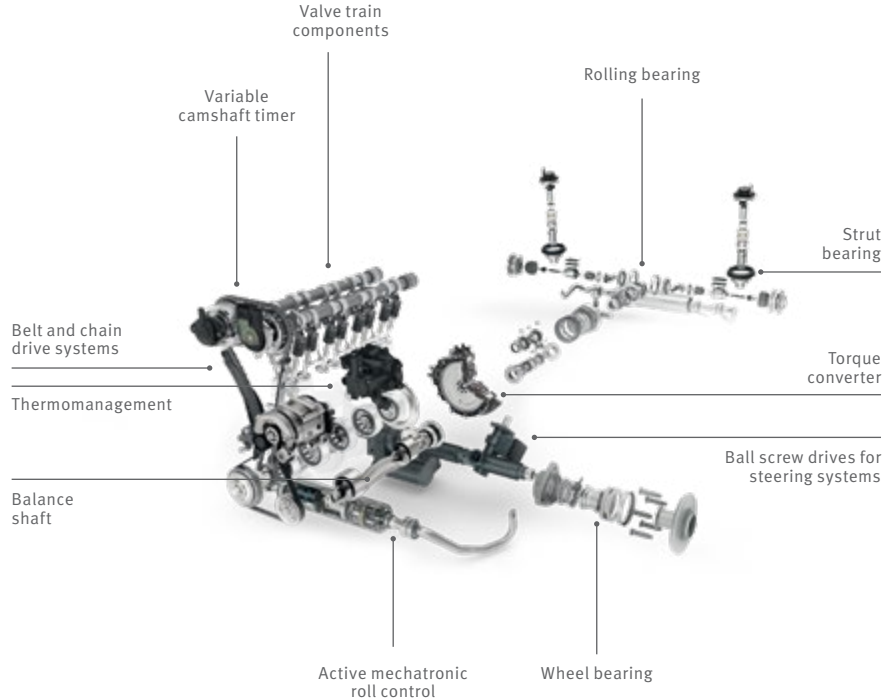

33,000+
Retail network

330
Distribution channel partners

2,922
Employees



Business Segments

	Automotive Technologies	Industrial	Automotive Aftermarket
Products	<ul style="list-style-type: none">Chassis components and systemsClutches and transmission systemsEngine components and precision productsDrives for hybrid and Electric Vehicles (EVs)	<ul style="list-style-type: none">Rolling and plain bearingsLinear guidance systemMaintenance productsMaintenance 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 vehiclesTractors	<ul style="list-style-type: none">RailwaysWind energyIndustrial automation (machine tools, textile)Two-wheelersTractorsOff-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 servicesHeavy commercial vehicles Repair solutions for extended service lifeLight commercial vehicles Intelligent solutions for light commercial vehiclesTractors Dependable solutions for tractors
Our expertise and experience	Making vehicles cleaner and leaner through technology Schaeffler precision products are key to reducing fuel consumption and emissions.	Precise. Reliable. Connected. 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. Additionally, industrial business also offers a wide ranging maintenance services products and industry 4.0 solutions.	Delivering best-in-class service This division delivers innovative repair solutions in original-equipment quality. We offer comprehensive services to garages by conducting practical training seminars to enhance competency within the repair network.

Our business segments are integrated and we often have common customers across them. While Industrial and Automotive technologies offer a wide range of products to customers, the Automotive Aftermarket business is largely focused on expanding our market reach and penetration through a wider range of products and services. The businesses complement one another, and help maximise opportunities.

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 are reflected in the 'others' segment.



Board of Directors

Experienced and diversified Board



Mr. Avinash Gandhi
Chairman
Independent Director

AC NRC



Mr. Andreas Schick
Non-Executive
Non-Independent Director

AC RMC



Mr. Arvind Balaji
Independent Director

AC CSR



Mr. Amit Kalyani
Independent Director

AC NRC CSR



Ms. Eranti V. Sumithasri
Independent Director

AC RMC



Ms. Corinna Schittenhelm
Non-Executive
Non-Independent Director

NRC CSR



Mr. Dharmesh Arora
Non-Executive
Non-Independent Director

NRC RMC



Mrs. Renu Challu
Independent Director

AC NRC SRC



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

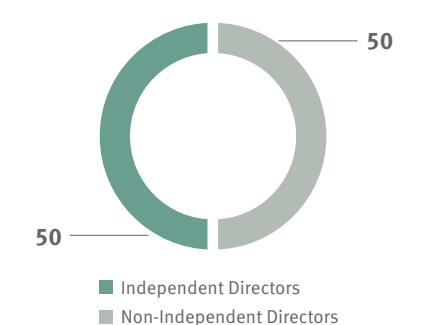
SRC CSR RMC



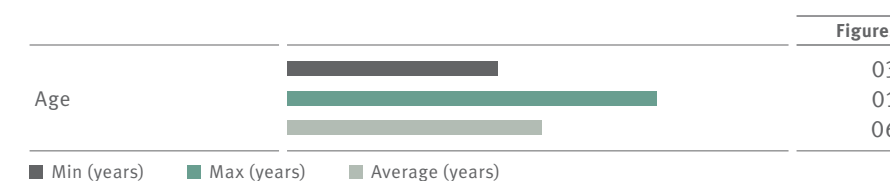
Mr. Satish Patel
Director-Finance & CFO

AC SRC RMC

Board's independence (%)



Core Skills/Expertise/ Competence	Name of Directors									
	Mr. Avinash Gandhi	Mr. Dharmesh Arora	Mr. Harsha Kadam	Mr. Satish Patel	Mr. Andreas Schick	Ms. Corinna Schittenhelm	Ms. Eranti V. Sumithasri	Mr. Arvind Balaji	Mrs. Renu Challu	Mr. Amit Kalyani
Business management	✓	✓	✓	✓	✓	-	✓	✓	✓	✓
Strategic management	✓	✓	✓	✓	✓	✓	-	✓	✓	✓
Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Engineering and technology	✓	✓	✓	-	✓	-	✓	✓	-	✓
Finance management	✓	✓	✓	✓	-	-	-	✓	✓	✓
Governance and board dynamics	✓	✓	✓	✓	-	✓	✓	✓	✓	✓



30%
Female representation
on the Board

AC Audit Committee RMC Risk Management Committee NRC Nomination and Remuneration Committee
CSR Corporate Social Responsibility Committee SRC Stakeholders' Relationship Committee Chairperson Member



Executive Leadership Team

Leading with passion and commitment



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

SRC CSR RMC



Mr. Sanjeev Saxena
President (Automotive Technologies)



Mr. Alok Dave
Vice President (Purchasing)



Mr. Santanu Ghoshal
Vice President (Human Resources)

RMC



Mr. Debasish Satpathy
President
(Automotive Aftermarket)



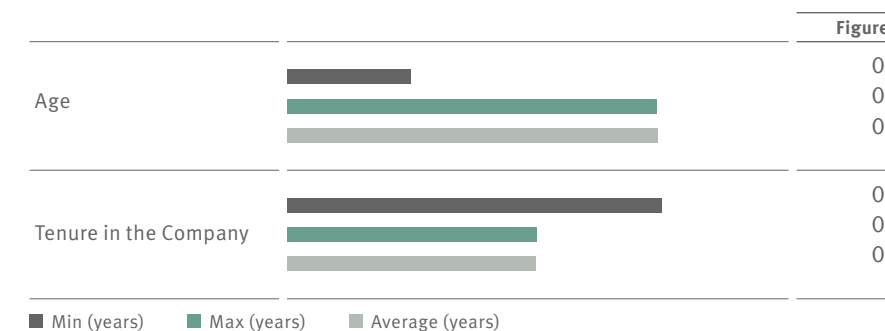
Mr. Satish Patel
Director – Finance & CFO

AC SRC RMC



Mr. Sameer Mathur
Chief Operations Officer

RMC




Name	Designation	Finance management	Operation management	Building customer experience	Strategic management	People management	Innovation and technology
Mr. Harsha Kadam	Managing Director & CEO, President (Industrial)	✓	✓	✓	✓	✓	✓
Mr. Sanjeev Saxena	President (Automotive Technologies)	✓	✓	✓	✓	✓	✓
Mr. Debasish Satpathy	President (Automotive Aftermarket)	✓	✓	✓	✓	✓	✓
Mr. Satish Patel	Director – Finance & CFO	✓	-	-	✓	✓	✓
Mr. Sameer Mathur	Chief Operations Officer	-	✓	-	✓	✓	-
Mr. Alok Dave	Vice President (Purchasing)	✓	✓	-	✓	✓	✓
Mr. Santanu Ghoshal	Vice President (Human Resources)	-	-	✓	✓	✓	-

- AC Audit Committee
- RMC Risk Management Committee
- NRC Nomination and Remuneration Committee
- CSR Corporate Social Responsibility Committee
- SRC Stakeholders' Relationship Committee



Creating sustainable value

[Governance](#) p.72

Capitals	Inputs		Outputs	Outcomes
Financial Capital 	Capital employed Fixed capital ₹ 11,589 million* Working capital ₹ 22,286 million* Equity capital ₹ 313 million* Reserves and surplus ₹ 36,224 million*	Our businesses  Automotive Technologies  p.38  Automotive Aftermarket  p.44  Industrial  p.32	 Total installed capacities 470 million pieces*	Revenue ₹ 55,605 million# Free cashflow ₹ 3,277 million# Earnings per share ₹ 201.3# RoE 17.2%#
Manufactured Capital 	Plant, machinery, and equipment (gross) ₹ 14,910 million* Capital expenditure ₹ 1,826 million# Production facilities 4*		Segments we cater to  Automotive Technologies Engine, Chassis and Transmissions	Productivity per attendance hour (5-year CAGR) 6% Revenue from value-added products ₹ 41,270 million#
Intellectual Capital 	DSIR+ approved R&D centres in India 2 R&D expenditure ₹ 1,016 million#		 Industrial direct business: Railways, wind energy, two- wheeler, off road, power transmission, industrial automation, raw materials Indirect business: Industrial distribution business Catering to SMEs,retailers and MRO markets	Technical papers published 6# Patents applications originating from India 22*
Human Capital 	Permanent employees 2,922* Employee welfare benefits ₹ 305 million# Training hours 14.5#		Automotive Aftermarket reach 40,000+ Mechanics 25,000+ Garages	Employee retention rate 97%# Women employees (as a % of total employees) 2.9%# Fatal accidents 0#
Social and Relationship Capital 	CSR spend in last three years ₹ 282.6 million Advertising and sales spend ₹ 205 million** Customer conferences 12#			Schaeffler India managed mobile healthcare units Provided health consultations to 3.07 lakh+ patients* Covered 78 villages in Vadodara and Talegaon* Suppliers with QMS certification IATF: 304*; ISO 14001: 133*; ISO 9001: 74* Outstanding shareholder complaints NIL# Number of customer awards won in last three years 20
Natural Capital 	Electricity consumption 84,994 MWh# Recycled water consumption 29,187 m³# Freshwater/ Groundwater consumption 2,06,926 m³# Renewable power consumption 31,572 MWh#	Process  ■ Management process ■ Support processes Our strategies  p.28	Reduction in CO₂ emissions (Scope 1 and 2) 27.5%# over 2020 Reduction in freshwater consumption 3%# over 2020 Reduction in electricity consumption +25%# over 2020	

[Risk Management](#) p.74

External environment p.34, 40, 46

*As on December 31, 2021; ** Over the last three years ending 2021; #For the year ending December 31, 2021; DSIR*: Department of Scientific and Industrial Research