

Corporate Governance Report

1. Company's Philosophy on Code of Corporate Governance

The Company is committed to maintain high standards and continues to practise good Corporate Governance to add long-term value. The core principles of Corporate Governance are:

- Lay emphasis on integrity and accountability.
- Incorporate several practices aimed at a high level of business ethics and effective supervision.
- Provide for enhancement of value for all stakeholders.

Schaeffler India's Corporate Governance conforms to all regulatory and legal requirements. The basic philosophy behind an endeavour towards better Corporate Governance is to achieve business excellence and strengthen the confidence of all stakeholders. It is very important for the Company to combine economic success with acting responsibly towards the environment, people and society. The Company's manner of conducting business is based on compliance of law, fairness, mutual respect and integrity. Under its 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. This Corporate Governance Report sets out a description of Schaeffler India's Corporate Governance practices.

2. Board of Directors

Your Board of Directors, closely monitors the performance of the Company and Management, approves the plans, reviews the strategy and strives to achieve organisational growth. Your Board ensures statutory and ethical conduct with high quality financial reporting. It holds itself accountable to the shareholders as well as other stakeholders for the long-term well-being of the Company.

(A) Composition of Board

- (i) The management of your Company is entrusted to the Managing Director, who is assisted by a Core Management Team and Senior Executives having rich experience and expertise in their respective fields.
- (ii) The 'Board of Directors' is constituted with appropriate combination of Executive Directors, Non-executive Directors, Independent Directors and Woman Director, as per the prevailing regulatory requirements. As on December 31, 2019 the Company had ten Directors, out of which eight Directors are Non-executive Directors and out of these eight, four are Independent Directors including one Woman Director.
- (iii) None of the Directors on the Board is a member of more than 10 committees or a Chairperson of more than 5 committees [as stipulated in Regulation 26(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')] across all the Indian Public Companies, in which he/she is a Director. The necessary disclosure regarding the committee position and other Directorship has been made by the Directors.
- (iv) The names and categories of the Directors on the Board, their attendance at Board Meetings, last Annual General Meeting held during the year, number of directorships held by them in Indian Companies and committee chairmanship / membership held by them in Indian Public Companies are given below. For reckoning the maximum number of chairmanships / memberships in committees, only two committees viz. 'Audit Committee' and 'Stakeholders' Relationship Committee' of the Board are considered.

Name of Director(s)	Director Identification Number (DIN)	Category ¹	Number of Directorships	Number of Membership (Chairmanship) in Committees	Attendance in Board Meetings held in 2019	Attendance at last AGM held on April 30, 2019
			As on December 31, 2019			Yes or No or NA ²
Mr. Avinash Gandhi	00161107	NE & ID	10	8(2)	4	Yes
Mr. Dharmesh Arora ³	05350121	NE & NID	1	0	4	Yes
Mr. Harsha Kadam ⁴	07736005	E & NID	1	1(0)	1	NA
Mr. Satish Patel ⁵	00690869	E & NID	1	2(0)	4	Yes
Mr. Klaus Rosenfeld	07087975	NE & NID	1	0	3	Yes
Mr. Jürgen Ziegler	07092477	NE & NID	1	1(0)	4	Yes
Mr. Marcus Eisenhuth ⁶	07904850	NE & NID	NA	NA	1	NA
Mr. R. Sampath Kumar	00495192	NE & NID	1	0	4	Yes
Dr. Sanak Mishra ⁷	00027288	NE & ID	NA	NA	4	Yes
Mrs. Renu Challu	00157204	NE & ID	4	5(3)	3	Yes
Mr. Rakesh Jinsi	00182187	NE & ID	3	3(0)	4	Yes
Mr. Arvind Balaji ⁸	00557711	NE & ID	10	1(0)	NA	NA

1 E & NID: Executive and Non-independent Director, NE & NID: Non-executive and Non-independent Director, NE & ID: Non-executive and Independent Director

2 NA: Not Applicable

3 Ceased to be a Managing Director and continued as a Non-executive Director effective October 1, 2019.

4 Appointed as a Managing Director effective October 1, 2019.

5 Appointed as a Director – Finance effective February 13, 2019.

6 Ceased to be a Director effective February 14, 2019.

7 Ceased to be a Director effective November 6, 2019.

8 Appointed as an Independent Director effective November 6, 2019.

Details of Directorship in Listed Companies as on December 31, 2019

Name of Director(s)	Name of Listed Company	Category of Directorship held ¹
Mr. Avinash Gandhi	Schaeffler India Limited	NE & ID
	Lumax Industries Limited	NE & ID
	Minda Corporation Limited	NE & ID
	Lumax Auto Technologies Limited	NE & ID
	Action Construction Equipment Limited	NE & ID
Mr. Dharmesh Arora	Schaeffler India Limited	NE & NID
Mr. Harsha Kadam	Schaeffler India Limited	E & NID
Mr. Satish Patel	Schaeffler India Limited	E & NID
Mr. Klaus Rosenfeld	Schaeffler India Limited	NE & NID
Mr. Jürgen Ziegler	Schaeffler India Limited	NE & NID
Mr. R. Sampath Kumar	Schaeffler India Limited	NE & NID
Mrs. Renu Challu	Schaeffler India Limited	NE & ID
	NCC Limited	NE & ID
	Ceinsys Tech Limited	NE & ID
Mr. Rakesh Jinsi	Schaeffler India Limited	NE & ID
Mr. Arvind Balaji	India Nippon Electricals Limited	E & NID
	Schaeffler India Limited	NE & ID

1 E & NID: Executive and Non-independent Director, NE & NID: Non-executive and Non-independent Director, NE & ID: Non-executive and Independent Director

(v) Executive Directors:

- Mr. Harsha Kadam, having qualification in Mechanical Engineering & Marketing and vast experience in various functions like Sales, Manufacturing and Product Design / Development, is the Managing Director & CEO effective October 1, 2019.
- Mr. Satish Patel, having an Associate Membership of the Institute of Cost Accountants of India and vast experience in the field of controlling and finance management, is a Director – Finance & CFO effective February 13, 2019.

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(vi) Independent Directors:

- Mr. Avinash Gandhi, having qualification in Mechanical Engineering and vast experience in the Automobile Industry, is the Chairman of the 'Board' and classified as 'Non-executive and Independent Director'.
- Mrs. Renu Challu, having Master's degree in Economics and vast experience in Banking and Finance, is a 'Non-executive and Independent Director'.
- Mr. Amit Kalyani having qualification in Mechanical Engineering and vast experience in manufacturing and technology, is a 'Non-executive and Independent Director' effective February, 11, 2020.
- Mr. Arvind Balaji, having qualification in Mechanical Engineering, Manufacturing Systems Engineering & Master's degree in Finance and vast experience in the investment banking, financing and M&A transactions is a 'Non-executive and Independent Director' effective November 6, 2019.

(vii) Non- Independent Directors:

- Mr. Klaus Rosenfeld having qualification in Business Administration & Economics and vast experience in Banking and Finance, working at senior positions with "Schaeffler Group" is a 'Non-executive and Non-Independent Director'.
- Mr. Jürgen Ziegler having qualification in Business Administration and vast experience in the fields of sales, logistics, project management, strategic planning, working at senior positions with "Schaeffler Group" is a 'Non-executive and Non-Independent Director'.
- Mr. Dharmesh Arora, having qualification in Mechanical Engineering & Business Administration and vast experience in the Automotive Industry, is a 'Non-executive and Non-independent Director'.
- Mr. R. Sampath Kumar having degree in law & commerce and vast experience in the area of corporate and general commercial law is a 'Non-executive and Non-Independent Director'.

None of the Directors is related *inter-se*.

Directors' Shareholding in the Company

Except Mrs. Renu Challu and Mr. Harsha Kadam, who holds 408 and 25 Equity Shares of the Company respectively, none of the Directors holds any Equity Share of the Company as on December 31, 2019.

(B) Board Meeting(s) During 2019

Four Board Meetings were held during 2019 on the following dates:

Board Meeting(s)	I	II	III	IV
Dates	February 13	April 30	July 23	October 21
Start Timing	11:00 a.m.	10:30 a.m.	1:45 p.m.	12:30 p.m.
Venue	Mumbai	Mumbai	Kappelrodeck, Pune Germany	

The details of attendance of each of the Directors at the Board Meeting(s) are given in the table at Point No. 2(A).

(C) Board Meeting Procedure

Annual Calendar of Board Meetings for the year is usually considered in the last Board Meeting of the previous year. The notice convening Board Meeting is sent to each of the Directors along with relevant papers well in advance of the meeting date. The items in the agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. All significant developments and material events are brought to the notice of the Board, either as a part of the agenda papers in advance of the meeting or by way of presentations or circulation of relevant documents during the meeting. The Managing Director briefs the Board on the financial performance of the Company during the previous quarter and trend analysis as compared to the budgets, operational performance and market scenario.

The Board has complete access to all the information of the Company. The following information are provided to the Board as and when occasion arises:

1. Annual operating plans, budgets and any updates;
2. Capital budgets and any updates;
3. Quarterly results for the Company and its operating divisions or business segments;
4. Minutes of meetings of Audit Committee & other Committees of the Board of Directors;
5. The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary;
6. Show cause, demand, prosecution notices and penalty notices which are materially important;
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;

8. Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
10. Details of any joint venture or collaboration agreement;
11. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.;
13. Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business;
14. Quarterly details of foreign exchange exposure and the steps taken by the Management to limit the risks of adverse exchange rate movement, if material;
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as non- payment of dividend, delay in share transfer etc.

(D) Code of Conduct

The Company has laid down a Code of Conduct, for all its Board Members and Senior Management Personnel for avoidance of conflicts of interest. The declarations with regard to its compliance have been received for the year 2019 from all the Board Members and Senior Management Personnel.

There were no material financial and commercial transactions, in which Board Members or Senior Management Personnel had personal interest, which could lead to potential conflict of interest with the Company during the year. The Code of Conduct is also available on Company's website on following web link:

https://www.schaeffler.co.in/remotemedien/media/_shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/code_of_conduct_for_directors_senior_management_schaeffler_india.pdf

(E) Familiarisation and Training to Directors

Induction, orientation or familiarisation programmes are part of our culture and applicable to all layers of management and the Board Members, which are designed based upon the position / job requirements.

Guided by the principles of best Corporate Governance Practices, all the Directors including Independent Directors are provided familiarisation trainings through various programmes and workshops about insights about the Company, including nature of Industry in which the Company operates, business model of the Company, relevant information on business processes, business development, strategy and business plan of the Company. They are also informed about their role, responsibilities, duties and rights from time to time.

The familiarisation and trainings are provided to all the Directors including Independent Directors. Executive Directors, have additional trainings, workshops and orientations depending upon their role, responsibilities and developments in business.

Following programmes, trainings and workshops were conducted for all Directors during the year 2019:

Sr. No.	Particulars	No. of Hours (approx.)	Faculty/ Trainer/ Speaker	Participants
1	Master Class for Directors	24	Faculties from Institute of Directors	Mr. Dharmesh Arora
2	Review of Financial and Operational Performance of the Company during the Meetings of Board and Committees thereof	8	KMPs of the Company as well as Statutory and Internal Auditors	All the Directors and KMPs
3	Visit to plants at Headquarters of Schaeffler Group in Germany	16	Automotive Board of Schaeffler Group and various other members of the Team	All the Directors except Mrs. Renu Challu and KMPs

The details of such programmes have been disclosed on the website of the Company on following web-link: https://www.schaeffler.co.in/remotemedien/media/_shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/familiarisation_programmes_id_details_schaeffler_india.pdf

(F) Matrix of skills/ expertise/ competence of the Board of Directors

Details of the core skills/ expertise/ competencies identified by the board of directors as required in the context of the business(es) and sector(s) in which it operates to function effectively and the names of directors who possessed such skills/ expertise/ competencies.

Core Skills/ Expertise/ Competence	Mr. Avinash Gandhi	Mr. Dharmesh Arora	Mr. Harsha Kadam	Mr. Satish Patel	Mr. Klaus Rosenfeld	Mr. Jürgen Ziegler	Mr. R. Sampath Kumar	Mr. Arvind Balaji	Mrs. Renu Challu	Mr. Amit Kalyani
Business Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Strategic Management	✓	✓	✓	✓	✓	✓	—	✓	✓	✓
Leadership	✓	✓	✓	✓	✓	✓	—	✓	✓	✓
Engineering and Technology	✓	✓	✓	—	—	—	—	✓	—	✓
Finance Management	✓	✓	✓	✓	✓	✓	—	✓	✓	✓
Governance & Board Dynamics	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(G) Confirmation of the Board on Independence

Based on the disclosures received from the Independent Directors, the Board of Directors of the Company confirms that the Independent Directors fulfill the conditions specified in the Listing Regulations and are Independent of the management.

(H) Succession Planning

The Company understands the importance of succession planning for Directors and Senior Management. Succession for each Director is carefully planned and the process for identification and appointment is followed as per policy of the Company. Similarly, the Company follows a well developed Global Talent Management (GTM) process wherein performance and potential of leadership talent in the Company are reviewed annually and succession plans established. The Company has a group of employees named 'Leadership Next' where potential future leaders for the Company are trained and groomed through various programmes. The Company also has programmes on 'Young Leadership' and 'Accelerated Leadership' for developing talent pipeline of young and emerging leadership.

3. Audit Committee

(A) Composition of Audit Committee

The Company has duly constituted Audit Committee, with the powers and roles in accordance with the prevailing regulatory requirements. The Committee acts as a link amongst the Management, Auditors and the Board of Directors. The members of the Audit Committee are:

Sr. No.	Name of Director	Role in the Committee	Category
1	Mrs. Renu Challu	Chairperson	Non-executive & Independent
2	Mr. Avinash Gandhi	Member	Non-executive & Independent
3	Mr. Arvind Balaji ¹	Member	Non-executive & Independent
4	Mr. Amit Kalyani ²	Member	Non-executive & Independent
5	Mr. Jürgen Ziegler	Member	Non-executive & Non-independent
6	Mr. Satish Patel	Member	Executive & Non-independent

1 Effective November 6, 2019, Dr. Sanak Mishra ceased to be a member of the Audit Committee and Mr. Arvind Balaji has been appointed as member of the Audit Committee.

2 Effective February 11, 2020, Mr. Rakesh Jinsi ceased to be a member of the Audit Committee and Mr. Amit Kalyani has been appointed as member of the Audit Committee.

The Company Secretary acts as the Secretary to the Audit Committee.

(B) Meetings of Audit Committee and Attendance of Members

Details of the Audit Committee Meetings held during 2019 are as follows:

Audit Committee Meeting(s)	I	II	III	IV	V
Dates	February 13	April 30	July 23	October 21	December 9
Start Timing	9:15 a.m.	8:30 a.m.	12:15 p.m.	9:30 a.m.	11:30 a.m.
Venue	Mumbai	Mumbai	Kappelrodeck, Germany	Pune	Mumbai
Attended by	All the members		All the members except Mrs. Renu Challu	All the members	All the members except Mr. Jürgen Ziegler and Mr. Arvind Balaji

The Audit Committee invites such executives as it considers appropriate to be present at the meeting including the representative of Statutory and Cost Auditors and the Internal Auditor of the Company.

All the members of Audit Committee are financially literate and majority of them have accounting and financial management expertise. The Chairperson of the Audit Committee, Mrs. Renu Challu, attended the 56th Annual General Meeting held on April 30, 2019.

The Audit Committee mandatorily reviews:

1. Management discussion and analysis of financial condition and results of operations;
2. All related party transactions submitted by Management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors, if any;
4. Internal audit reports;
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor; and
6. Statement of deviations, if any.

(C) Terms of Reference

The terms of reference of the Audit Committee include matters specified in the Companies Act, 2013, Rules made thereunder, the Listing Regulations and those specified by the Board in writing. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required.

The Audit Committee acts in accordance with the terms of reference which, *inter-alia*, include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the Management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the 'Directors' Responsibility Statement' to be included in the board's report in terms of Section 134(3)(c) of the Companies Act, 2013
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by Management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Modified opinion(s) in the draft audit report
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/

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- prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditors' independence and performance and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the Company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the Company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. Discussion with internal auditors of any significant findings and follow up thereon;
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. To review the functioning of the Whistle-Blower Mechanism;
 19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
 20. Carrying out any other function as is included in the terms of reference of the Audit Committee.

4. Nomination and Remuneration Committee

Pursuant to provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Listing Regulations, Nomination and Remuneration Committee of the Board (hereinafter referred as 'NRC') is duly constituted.

(A) Composition of NRC

The members of the Nomination and Remuneration Committee are:

Sr. No.	Name of Director	Role in the Committee	Category
1	Mrs. Renu Challu ¹	Chairperson	Non-executive & Independent
2	Mr. Avinash Gandhi	Member	Non-executive & Independent
3	Mr. Amit Kalyani ²	Member	Non-executive & Independent
4	Mr. Dharmesh Arora ¹	Member	Non-executive & Non-independent

1 Effective November 6, 2019, Dr. Sanak Mishra and Mr. Jürgen Ziegler ceased to be members of the NRC, Mrs. Renu Challu has been appointed as Chairperson of the NRC and Mr. Dharmesh Arora has been appointed as member of the NRC.

2 Effective 11, 2020, Mr. Rakesh Jinsi ceased to be a member of the NRC and Mr. Amit Kalyani has been appointed as member of the NRC.

(B) Meetings of NRC

During the year 2019, four meetings of NRC were held, details of which are as follows:

NRC Meeting(s)	I	II	III	IV
Dates	February 12	April 29	July 22	October 20
Start Timing	6:00 PM	7:00 PM	8:45 PM	7:00 PM
Venue	Mumbai	Mumbai	Kappelrodeck, Germany	Pune
Attended by	All the members			

(C) Terms of Reference of NRC

The Committee acts as a link between the Management and the Board of Directors. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise or obtain legal or other professional advice from external sources, whenever required.

The Committee shall act in accordance with the terms of reference which, *inter-alia*, include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and senior management;
2. Formulation of criteria for performance evaluation of Independent Directors and the Board of Directors;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. Whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors;
6. To recommend to the board, all remuneration, in whatever form, payable to senior management.

(D) Performance Evaluation Criteria for Independent Directors:

The criteria for performance evaluation of Independent Directors include (i) Attendance at the meetings, (ii) Preparedness for and participation at the meetings, (iii) Staying updated on developments, (iv) Constructive contribution at the meetings, (v) Being objective and protecting interest of all shareholders, (vi) Engaging with and challenging management without being confrontational or obstructionist, (vii) Ensuring integrity of financial

statements / internal controls, (viii) Ensuring risk management system & mitigation measures are in place, (ix) Fulfillment of the independence criteria (as specified in the Listing Regulations) and independence from the management.

5. Remuneration**(A) Remuneration to the Executive Directors**

The Remuneration of Executive Directors (Managing Director & Director–Finance & CFO) has fixed as well as variable components. The variable components comprise of ‘Short-term Bonus’ and ‘Long-term Bonus’ and the criteria for determination thereof effective 2019, are as under:

A. Short-term Bonus:

- (a) Free Cash Flow (FCF) (50%); and
- (b) Schaeffler Value Added (SVA) (50%)

B. Long-term Bonus:

- (a) Total Shareholders Return (TSR) i.e. relative outperformance of Share Price of Schaeffler India Limited in comparison of BSE 200 Index (50%);
- (b) Service Conditions (SC) (50%).

Rationale:**Free Cash Flow (FCF):**

- FCF reflects operational and liquidity performance, a key for short and long-term sustainability;
- FCF measures the company’s ability to convert its operating performance to cash inflows.

Schaeffler Value Added (SVA):

- RoCE is a value based performance indicator to reflect how efficiently the Company makes use of its resources.
- SVA is closely linked to RoCE and reflects the interest and needs of all investors.

FCF and SVA together reflects holistic view of short and long-term sustainable performance of the Company and returns to shareholders.

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The details of remuneration paid during 2019 to the Managing Director and Director – Finance are as follows:

Name	(₹ in million)				Total
	Salary & Performance Bonus	Allowance & Perquisites	Company's contribution to funds		
Mr. Dharmesh Arora, Managing Director (up to September 30, 2019)	20.0	10.6	1.4		32.0
Mr. Harsha Kadam, Managing Director (from October 1, 2019)	2.7	1.6	0.3		4.6
Mr. Satish Patel, Director – Finance & CFO (from February 13, 2019)	5.3	4.8	1.1		11.2

Notes:

- Company's contributions to fund include Superannuation Fund and Provident Fund and exclude the accruals for gratuity as it is funded on the basis of an actuarial valuation for the Company as a whole.
- The Company has entered into Employment Agreement with Executive Directors.
- The details of fixed and variable components of the remuneration of Executive Directors are disclosed in the resolution and explanatory statement for their appointment or for revision in remuneration, as the case may be. The criteria for variable performance linked component has been explained in this Report.
- As per employment agreement, either party can terminate agreement by giving six months' notice in writing. There is no provision of severance fees.
- The Company did not have any Stock Option Scheme as at December 31, 2019.

(B) Remuneration to the Senior Management

The scheme of variable components comprising Short-term Bonus and Long-term Bonus as detailed in point 5 (A) above, has also been made applicable to the Executive Leadership Team (Senior Management) of the Company effective January 1, 2019.

(C) Criteria for Remuneration to the Non-executive Directors

As per shareholders' approval by way of Ordinary Resolution passed at 53rd Annual General Meeting held on April 27, 2016, Non-executive Directors are paid 'Sitting Fees' for attending Board / Committee Meetings and 'Profit Related Commission' based on performance of the Company.

Considering the responsibilities shouldered, time spent and efforts made by the Non-executive Directors who are in whole-time employment of the Schaeffler Group, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, has approved, *inter-alia*, necessary amendments in Nomination and Remuneration Policy, for payment of Sitting Fees and Profit Related Commission to such Non-executive Directors.

Accordingly, effective April 1, 2019, such Non-executive Directors have been paid sitting fees for attending meetings of Board / Committees thereof. Further, they shall also be considered for payment of Profit Related Commission for the year 2019 onwards, subject to approval of shareholders at the ensuing Annual General Meeting.

The details of sitting fees for attending Board / Committee Meetings held during the year 2019 and profit related commission for the year 2018 paid to them are as follows:

Name of Director	Number of Meetings attended							Amount in ₹	
	Board Meetings	Audit Committee Meetings	Stakeholders Relationship Committee Meetings	Nomination & Remuneration Committee Meetings	Corporate Social Responsibility Committee Meetings	Risk Management Committee Meetings	Sitting Fees	Commission	
Mr. Avinash Gandhi	4	5	-	4	-	-	520,000	1,600,000	
Mrs. Renu Challu	3	4	2	-	3	-	460,000	1,050,000	
Dr. Sanak Mishra	4	4	2	4	-	1	570,000	1,050,000	
Mr. Rakesh Jinsi	4	5	-	4	3	-	610,000	1,050,000	
Mr. R. Sampath Kumar	4	-	-	-	-	-	200,000	1,050,000	
Mr. Klaus Rosenfeld ¹	3	-	-	-	-	-	100,000	-	
Mr. Jürgen Ziegler ¹	4	3	-	4	-	-	360,000	-	
Mr. Dharmesh Arora ¹	4	-	2	-	3	1	140,000	-	
Total							2,960,000	5,800,000	

¹ Effective April 1, 2019, sitting fees for attending meetings of Board and Committees thereof are paid to the Non-executive Directors who are in whole-time employment of the Schaeffler Group.

All the Directors have been reimbursed expenses incurred by them in discharge of their duties. The payments made to a Director in his / her individual capacity have been disclosed. However, none of these Directors has any material pecuniary relationship or transactions with the Company, its promoters, its directors, its senior management or holding company, subsidiaries and its associates which may affect their independence. The Company has not entered into any materially significant transaction with promoters, Directors or their relatives or its management or subsidiary that may have potential conflict with the interests of the Company.

Transactions of the Non-executive Directors or their relatives with the Company during the year 2019 are as follows:

- Professional consultation fees paid to Mr. R. Sampath Kumar: ₹ 110,700/-.

6. Stakeholders' Relationship Committee

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the Listing Regulations, 'Stakeholders' Relationship Committee' (hereinafter referred as 'SRC') of the Board has been constituted.

(A) Composition of SRC

The Committee consist of following members:

Sr. No.	Name of Director	Role in the Committee	Category
1	Mrs. Renu Challu	Chairperson	Non-executive & Independent
2	Mr. Satish Patel ¹	Member	Executive & Non-independent
3	Mr. Harsha Kadam ¹	Member	Executive & Non-independent

¹ Effective November 6, 2019, Mr. Dharmesh Arora and Dr. Sanak Mishra ceased to be members of the Committee and Mr. Satish Patel and Mr. Harsha Kadam have been appointed as members of the Committee.

(B) Meetings of SRC & Attendance of Members

The Committee meets to deal with matters relating to redressal of complaints from shareholders regarding transfers, non-receipt of Annual Report, non-receipt of declared dividends etc. and to review effectiveness of Investors' relations system of the Company.

During the year 2019, two meetings of SRC were held, details of which are as follows:

SRC Meeting(s)	I	II
Dates	April 29	October 20
Start Timing	6:00 PM	5:00 PM
Venue	Mumbai	Pune
Attended by	All the members	

The Chairperson of the SRC, Mrs. Renu Challu, attended the 56th Annual General Meeting held on April 30, 2019.

The Company Secretary Mr. Chirag K. Shukla is the Compliance Officer of the Company till February 28, 2020. Effective February 29, 2020, Mr. Ashish Tiwari, Company Secretary will be the Compliance Officer of the Company.

During 2019, total of six (6) complaints were received. All complaints received during the year 2019 including one (1) complaint pending at the beginning of the year were attended to and resolved satisfactorily. There was no complaint pending as on December 31, 2019.

(C) Terms of Reference of SRC

With effect from February 13, 2019, the Committee shall act in accordance with the terms of reference which, *inter-alia*, include:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- The Committee shall meet at least once a year.

7. Corporate Social Responsibility Committee

The 'Corporate Social Responsibility Committee' (hereinafter referred as 'CSR Committee') of the Board constituted pursuant to the provisions of Section 135 of the Companies Act, 2013, comprises the following members:

(A) Composition of CSR Committee

Sr. No.	Name of Director	Role in the Committee	Category
1	Mr. Arvind Balaji ¹	Chairman	Non-executive & Independent
2	Mr. Harsha Kadam ¹	Member	Executive & Non-independent
3	Mr. Amit Kalyani ²	Member	Non-executive & Independent

1 Effective November 6, 2019, Mrs. Renu Challu and Mr. Dharmesh Arora ceased to be a member of the CSR Committee and Mr. Arvind Balaji has been appointed as a Chairman and Mr. Harsha Kadam has been appointed as a member of the CSR Committee.

2 Effective February 11, 2020, Mr. Rakesh Jinsi ceased to be a member of the CSR Committee and Mr. Amit Kalyani has been appointed as a member of the CSR Committee.

(B) Meetings of CSR Committee & Attendance of Members

During the year 2019, three meetings of CSR Committee were held, details of which are as follows:

CSR Committee Meeting(s)	I	II	III
Dates	February 13	April 29	October 20
Start Timing	08:15 AM	5:00 PM	06:00 PM
Venue	Mumbai	Mumbai	Pune
Attended by	All the members		

8. Risk Management Committee

The 'Risk Management Committee' (hereinafter referred as 'RMC') has been constituted pursuant to the provisions of Regulation 21 of the Listing Regulations, comprises the following members:

(A) Composition of RMC

Sr. No.	Name	Role in the Committee	Category
Directors			
1	Mr. Dharmesh Arora	Chairman	Non-executive & Non-independent Director
2	Mr. Harsha Kadam ¹	Member	Executive & Non-independent Director
3	Mr. Satish Patel	Member	Executive & Non-independent Director
Members of Senior Management			
4	Mr. Sameer Mathur	Member	Chief Operating Officer
5	Mr. Santanu Ghoshal	Member	Vice President – Human Resources

1 Effective November 6, 2019, Dr. Sanak Mishra ceased to be a member of the Committee and Mr. Harsha Kadam has been appointed as a member of the Committee.

(B) Meetings of RMC & Attendance of Members

During the year 2019, one meeting of RMC was held on October 20, 2019. The meeting was attended by all the members.

(C) Terms of Reference of RMC

The Committee shall act in accordance with the terms of reference which, *inter-alia*, include:

- The Committee shall monitor and review from time to time to ensure that adequate systems, processes, guidelines, methods, tools are in place to ensure timely and accurate identification, assessment and evaluation of the risks associated with the business of the Company, specifically covering the cyber security risk;
- The Committee shall monitor and review from time to time to ensure that adequate plans, procedures, methods, resources and measures are in place to effectively mitigate the risks identified;

3. The Committee shall report to the Board periodically the risk levels of identified risks, mitigation plans and risks owned if any;
4. The Committee shall meet as and when deemed necessary by its members, at least once a year;
5. The Committee may invite any employee of the Company to attend the meeting and may also engage services of external experts as and when required to discharge its functions effectively;
6. The Committee shall review the risk management framework of the Company at least once every two years and recommend to the Board, amendments thereto, if any.

9. General Body Meetings & Postal Ballot

Details of Annual General Meetings held in last three years are as follows:

Particulars	Meetings		
	56 th AGM	55 th AGM	54 th AGM
Date	April 30, 2019	April 17, 2018	April 21, 2017
Start Timing	3:00 PM	3:00 PM	3:00 PM
Venue	Y B Chavan Centre, General Jagannath Bhosle Marg, Besides Sachivalaya Gymkhana, Nariman Point, Mumbai – 400 021, Maharashtra, India	Y B Chavan Centre, General Jagannath Bhosle Marg, Besides Sachivalaya Gymkhana, Nariman Point, Mumbai – 400 021, Maharashtra, India	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021, Maharashtra, India
Resolutions Passed			
Ordinary Business:			
Adoption of Accounts as at	December 31, 2018	December 31, 2017	December 31, 2016
Declaration of Dividend	Regular Dividend of ₹ 20 and Special onetime Dividend of ₹ 10 per equity share of ₹ 10 each	₹ 17 per equity share of ₹ 10 each	₹ 12 per equity share of ₹ 10 each
Re-appointment of Rotational Directors	Mr. Klaus Rosenfeld	—	Mr. Klaus Rosenfeld Mr. R. Sampath Kumar
Ratification of Appointment of Auditors and / or Authorisation to fix their remuneration	Authorisation to fix their remuneration B S R & Co. LLP, Chartered Accountants, Mumbai	Ratification of Appointment and to fix their remuneration	Ratification of Appointment and to fix their remuneration
Special Business:			
Appointment of Directors	Mr. Jürgen Ziegler as a Director Mr. Satish Patel as a Director Mr. Satish Patel as a Whole-time Director, designated as Director– Finance & CFO	Mr. Marcus Eisenhuth as a Director Mr. Avinash Gandhi as an Independent Director	Mr. Dharmesh Arora as a Director Mr. Dharmesh Arora as the Managing Director —
Approval on	Revision in remuneration of Mr. Dharmesh Arora, Managing Director Material Related Party Transactions Alteration of Articles of Association (Special resolution) Ratification of Remuneration to the Cost Auditors	Not to fill up the vacancy caused by retirement of Mr. Dietmar Heinrich by rotation — —	Material Related Party Transactions — — Remuneration to the Cost Auditors

Postal Ballot

During the year 2019, two postal ballot activities were conducted by the Company, as per details mentioned below:

Postal Ballot 1:

Continuation of Directorship of Mr. Avinash Gandhi (DIN: 00161107) (Special Resolution)

Date of Notice: February 13, 2019

Date of Declaration of Results: March 25, 2019

Sr. No.	Resolution	No. of valid votes received	No. and % of votes in favour	No. and % of votes against
1	Continuation of Directorship of Mr. Avinash Gandhi (DIN: 00161107) aged 80 years, as a Non-executive Independent Director of the Company from April 1, 2019 till the conclusion of his present tenure as an Independent Director that is up to February 6, 2023.	27,668,891	26,400,782 (95.42%)	1,268,109 (4.58%)

Note: There were 1,995 number of invalid votes received in 27 Postal Ballots and were excluded from the above calculation.

Postal Ballot 2:

Re-appointment of Mrs. Renu Challu (DIN: 00157204) as an Independent Director for second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013 (Special Resolution)

Date of Notice: August 22, 2019

Date of Declaration of Results: September 30, 2019

Sr. No.	Resolution	No. of valid votes received	No. and % of votes in favour	No. and % of votes against
1	Re-appointment of Mrs. Renu Challu (DIN: 00157204) as an Independent Director for second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013	27,482,417	27,480,692 (99.99%)	1,725 (0.01%)

Note: There were 136 number of invalid votes received in 7 Postal Ballots and were excluded from the above calculation.

Mr. Suresh Kumar Kabra, Partner of M/s. Samdani Kabra & Associates, Company Secretaries was appointed as the scrutiniser for carrying out the postal ballot activities conducted by the Company during the year 2019 in a fair and transparent manner.

The Company has followed the procedure prescribed for conduct of Postal Ballot under the provisions of the Companies Act, 2013 and rules made thereunder read with the Listing Regulations.

10. Means of Communication

Publication of Quarterly Results:

Pursuant to provisions of the Listing Regulations, periodical financial results and other publications of the Company are being published in widely circulated English newspapers (Economic Times) and a Vernacular Marathi newspaper (Tarun Bharat). Financial results, as soon as they are approved by the Board, are submitted to the Stock Exchanges (BSE & NSE).

Website of the Company:

Apart from quarterly financial results, official news, press releases and other statutory and business information are displayed on the website of the Company: www.schaeffler.co.in.

Presentations made to Institutional Investors or to Analysts:

The Company regularly conducts Investor and analysts call after quarterly results. The Investor presentations made by the Company to analysts are submitted to the Stock Exchanges (BSE & NSE) and are also uploaded on the website of the Company. The transcripts of calls are also available on the website of the Company.

11. General Shareholder Information

i) 57th Annual General Meeting is scheduled to be held:

On: Thursday, the 23rd day of April, 2020

At: 3:00 PM

At: Y B Chavan Centre, General Jagannath Bhosle Marg, Besides Sachivalaya Gymkhana, Mumbai – 400 021, Maharashtra, India

ii) Financial Year

The Hon'ble Bench of Company Law Board, New Delhi has approved the petition filed by the Company under Section 2(41) of the Companies Act, 2013 and allowed the Company to continue to follow 'Calendar Year' as the 'Financial Year'.

Financial year of the Company is a twelve month period starting from January 1 to December 31.

Financial Reporting for the respective quarters of 2020 would be carried out within time limit, as per prevailing regulatory requirements.

iii) Date of Book Closure: April 17, 2020 to April 23, 2020 (Both days inclusive).

iv) Dividend

The Dividend for the year 2019 if declared at the 57th Annual General Meeting scheduled to be held on April 23, 2020, shall be paid within the time limit prescribed in the Companies Act, 2013.

v) Listing of Equity Shares on Stock Exchanges

The Equity Shares of the Company are listed on:

- BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra, India
- National Stock Exchange of India Limited (NSE), Exchange Plaza, C-1, Block "G", Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India

Note: 14,643,464 equity shares issued pursuant to scheme of amalgamation, to the respective shareholders of erstwhile INA Bearings India Private Limited and erstwhile LuK India Private Limited were listed on BSE Limited and National Stock Exchange of India Limited during the year.

The requisite listing fees have been paid to the Stock Exchanges up to March 31, 2020.

vi) Custodial Fee to Depositories

The Company has paid Annual Custodial Fees for the year 2019–2020 to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

vii) Stock Code

BSE Limited (BSE)	505790
National Stock Exchange of India Limited (NSE)	SCHAEFFLER
International Security Identification Number (ISIN)	INE513A01014
Corporate Identity Number [CIN]	L29130MH1962PLC012340

viii) Market Price Data

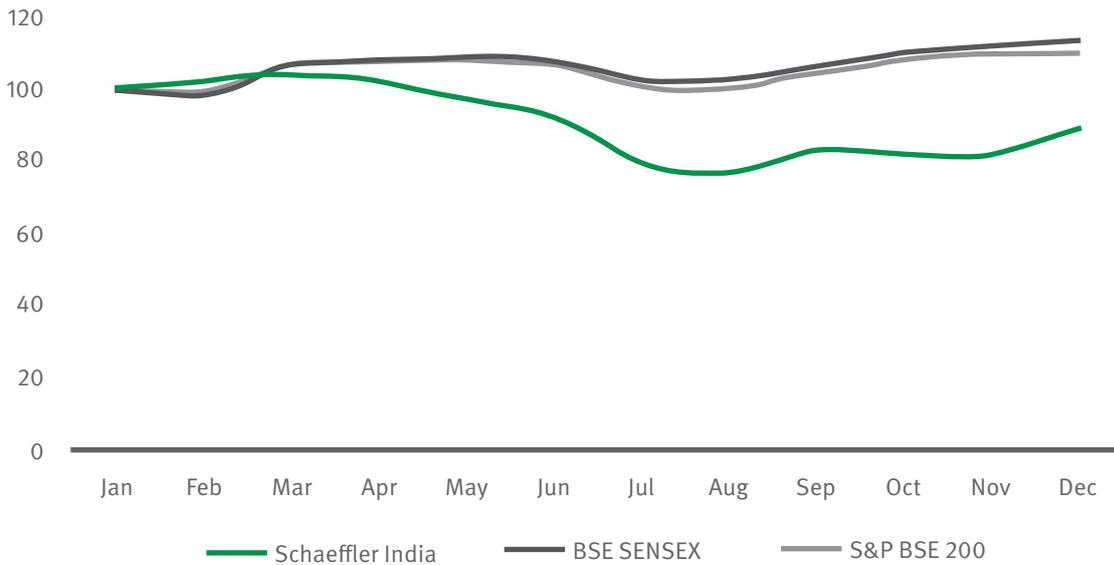
A summary containing monthly High / Low share prices at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) is as under:

For the year 2019	Equity Shares			
	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January	5,836.30	5,141.00	5,798.00	5,130.00
February	5,680.00	5,151.00	5,700.00	5,152.60
March	5,694.50	5,342.85	5,725.00	5,301.45
April	5,699.95	5,336.15	5,600.00	5,331.30
May	5,495.00	4,671.05	5,450.00	4,682.05
June	5,255.00	4,750.00	5,240.00	4,736.00
July	4,900.00	3,841.00	4,900.00	3,835.50
August	4,423.90	3,952.00	4,426.90	3,940.00
September	4,388.00	3,950.00	4,394.95	3,945.00
October	4,388.00	3,967.00	4,400.00	3,958.00
November	4,574.00	4,122.00	4,577.55	4,115.90
December	4,750.00	4,200.00	4,762.15	4,200.00

ix) Stock Performance

The performance of the Company’s shares relative to the BSE SENSEX and BSE SENSEX 200 for the year 2019 is given below:

Schaeffler India versus BSE SENSEX and BSE SENSEX 200 (January-December 2019)



x) Registrar and Share Transfer Agent [RTA]

The details are as under:

Name : Link Intime India Private Limited
 Address : B-102 & 103, Shangrila Complex, 1st Floor, Opp. HDFC Bank
 Near Radhakrishna Char Rasta, Akota,
 Vadodara (Gujarat) – 390 020 INDIA
 Phone No.: +91-265-2356573, 6136000
 E-mail : vadodara@linkintime.co.in
 Website : www.linkintime.co.in

‘Link Intime India Private Limited’ is acting as ‘Registrar & Share Transfer Agent’ for Company’s equity shares in physical and dematerialised form.

xi) Share Transfer System

Trading of Company’s equity shares was possible in physical as well as dematerialised form only till March 31, 2019. Shares that were sent for transfer in physical form till March 31, 2019 were registered on a fortnightly basis and returned within prescribed period from the date of receipt of document provided all the documents are valid and complete in all respects.

Effective April 1, 2019, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) are not processed unless the securities are held in the dematerialised form with the depositories.

With an intention to expedite the process of share transfer / transmission, the Board of Directors has delegated authority in favour of Key Managerial Personnel, up to 5,000 shares per application. Further, the Board of Directors has delegated authority w.r.t. approval for issue of duplicate share certificates in lieu of lost/misplaced certificates, in favour of Stakeholders’ Relationship Committee.

Pursuant to Regulation 40(9) of the Listing Regulations, certificates on half yearly basis have been issued by a Company Secretary in Practice for due compliance of Share transfer formalities by the Company. Pursuant to the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, certificates have been received from a Company Secretary in Practice for timely dematerialisation of Shares and for reconciliation of the Share Capital of the Company on a quarterly basis.

xii) Information of Dividend

The amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund (IEPF), a fund constituted by the Government of India under Section 125 of the Companies Act, 2013.

The due dates for transfer of unclaimed / unpaid dividend to IEPF are as under:

Dividend for year ended	Details of unclaimed and unpaid dividend		
	Date of declaration of dividend	Amount due for transfer to IEPF on	Amount lying unpaid (₹) as on 31.12.2019
31.12.2012	25.04.2013	26.05.2020	473,225.00
31.12.2013	24.04.2014	26.05.2021	535,308.00
31.12.2014	24.04.2015	31.05.2022	615,525.00
31.12.2015	27.04.2016	30.05.2023	845,840.00
31.12.2016	21.04.2017	28.05.2024	972,708.50
31.12.2017	17.04.2018	24.05.2025	1,394,476.45
31.12.2018	30.04.2019	06.06.2026	1,645,830.27
Total amount lying unpaid as on December 31, 2019			6,482,913.22

xiii) Distribution of Shareholding

Distribution of Shareholding	As on December 31, 2019			As on December 31, 2018		
	No. of Shareholders ¹	No. of Shares held	% to Total Shares	No. of Shareholders ¹	No. of Shares held	% to Total Shares
1 - 50	17,455	189,823	0.61	11,922	142,765	0.46
51 - 100	1,447	118,051	0.38	1,388	113,753	0.36
101 - 250	1,037	174,055	0.56	1,007	171,302	0.55
251 - 500	487	181,051	0.58	495	183,423	0.59
501 - 1000	283	211,725	0.68	293	219,052	0.70
1001 - 5000	197	418,279	1.34	206	438,150	1.40
5001 & above	120	29,967,750	95.86	124	29,992,289	95.94
Total	21,026	31,260,734	100.00	15,435	31,260,734	100.00

¹ Number of shareholders not clubbed based on unique Permanent Account Numbers.

xiv) Category-wise summary of Shareholding [As on December 31, 2019]

Sr. No.	Category	No. of shareholders ¹	No. of shares	%
1	Promoters (Foreign entities)	4	23,172,647	74.13
2	Mutual Fund	24	4,248,653	13.59
3	Foreign Portfolio Investor (Corporate)	78	1,174,139	3.76
4	Public	17,408	1,357,930	4.34
5	Other Bodies Corporate	376	485,666	1.55
6	Others	2,594	821,699	2.63
Total		20,484	31,260,734	100.00

¹ Number of shareholders are clubbed based on unique Permanent Account Numbers.

xv) Dematerialisation of Shares and liquidity

99.68% of the Paid-up Equity Share Capital is held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on December 31, 2019.

	NSDL	CDSL	Physical	Total
Shares (Nos.)	30,698,206	463,886	98,642	31,260,734
Shares (%)	98.20	1.48	0.32	100.00

Note: 14,643,464 equity shares issued pursuant to scheme of amalgamation, to the respective shareholders (classified as promoters) of erstwhile INA Bearings India Private Limited and erstwhile LuK India Private Limited were credited in demat form of respective shareholders during the year.

xvi) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity: NIL

xvii) Commodity Price Risks or Foreign Exchange Risks and Hedging Activities:

The Company has adequate risk assessment and minimisation system in place including for commodities as well as foreign exchange. The foreign exchange risk is managed through the hedging strategy of the Company which is reviewed periodically. The Company does not have material exposure for any commodity and accordingly, no hedging activities for the same is carried out. Therefore, there is no disclosure to offer in terms of circular of SEBI dated November 15, 2018.

xviii) Plant Locations

The manufacturing activities are being carried out from the plants located at Maneja (Dist. Vadodara), Savli (Dist. Vadodara), Talegaon (Dist. Pune) and Hosur (Dist. Krishnagiri).

xix) Address for correspondence

Shareholders / Beneficial owners are requested to correspond with the Company's RTA as shown in Para (x) above with respect to any query, request, information or clarification pertaining to shares and are further advised to quote their folio number, DP & Client ID number as the case may be, in all correspondence with it. Additionally, shareholders may correspond at the following addresses:

Registered Office:

Nariman Bhavan, 8th Floor, 227 Backbay Reclamation, Nariman Point, Mumbai - 400 021(MH) INDIA
Phone: +91 22 6681 4444 to 6681 4499
Fax: +91 22 2202 7022

Corporate Office:

15th Floor, (ASTP) Amar Sadanand Tech Park, Baner, Pune – 411 045
Phone: +91 20 68198400
E-mail: investorsupport.in@schaeffler.com

xx) Other useful information to shareholders ECS / NECS Facility

The Company uses "National Electronic Clearing Services" (NECS) facility for remitting dividend to its shareholders wherever available.

To enable remittance of dividend through NECS, Members are requested to provide their account number allotted to them by their respective banks after implementation of CBS. The account number must be provided to the Company in respect of shares held in physical form and to the Depository Participants in respect of shares held in electronic form.

Shareholders holding shares in physical form are requested to provide details of their bank account for availing NECS facility in the form attached to the Notice of the Annual General Meeting. However, if the shares are held in dematerialised form, the NECS mandate has to be sent to the Depository.

12. Disclosures

- The Board has received disclosures from the Senior Management that there are no material, financial and commercial transactions, where they and / or their relatives have personal interest. There are no materially significant related party transactions of the Company, which have potential conflict with the interest of the Company at large. The transactions with related parties as per requirements of applicable Indian Accounting Standards (Ind AS) are disclosed under notes to accounts.
- All transactions with related party, as defined under the Companies Act, 2013, the Listing Regulations, during the year were in ordinary course of business and at arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. The Board has approved a policy on dealing with related party transactions, and the same has been uploaded on the Company's website on following web link:

https://www.schaeffler.co.in/remotemedien/media/_shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/policy_on_related_party_transactions_schaeffler_india.pdf

- ii) The Company has established Vigil Mechanism to provide for the safeguards against victimisation of Directors and employees who follow such mechanism. The Board has approved Whistle-Blower Policy / establishment of Vigil Mechanism pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the same has been put up on the website of the Company on following web link:

https://www.schaeffler.co.in/remotemedien/media/_shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/vigil_mechanism_or_whistle_blower_policy_schaeffler_india_2019.pdf

As per the Policy no personnel has been denied access of the Audit Committee.

- iv) There have been no instances of any non-compliance and no penalties or strictures have been imposed on the Company on any matter relating to the capital markets, either by Stock Exchanges, the Securities and Exchange Board of India or any statutory authority during the last three years.
- v) The Company has adopted and complied with mandatory requirements as per provisions of the Listing Regulations. Some of the non-mandatory requirements have also been complied with.
- vi) The requisite certificates from CEO and CFO were placed before the Board Meetings for consideration.
- vii) The Company has complied with the Corporate Governance requirements specified in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.
- viii) To determine 'material subsidiary', the Company has adopted a 'Policy on Determination of 'Material' Subsidiary and the same has been hosted on the website of the Company on the following web link:
- https://www.schaeffler.co.in/remotemedien/media/_shared_media_rwd/03_worldwide_1/websites_worldwide/india_3/investor_relations/corporate_governance_1/codes_and_policies/policy_on_determination_of_material_subsidary_schaeffler_india.pdf
- ix) The Company has formulated the Dividend Distribution Policy as required under Regulation 43A of the Listing Regulations and the same is annexed as Annexure - A to this report and also available on the website of the Company.
- x) Disclosures required under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 have been included in the Directors' report which forms part of the Annual Report.
- xi) During the year under review, there were no instances wherein recommendation of any Committee of the Board which is mandatorily required for approval of the Board, were not accepted by the Board.
- xii) Details of total fees for all services paid by the Company to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part have been included in the notes to financial statements which forms part of the Annual Report.
- xiii) A Certificate required from a Practicing Company Secretary with regard to debarment / disqualification of any of the Directors on the Board of the Company from being appointed or continuing as directors of the Company by the SEBI / Ministry of Corporate Affairs or any such statutory authority is annexed as Annexure – B to this report.
- xiii) Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulation: Not Applicable

13. Demat suspense account / Unclaimed suspense account

The Company has transferred shares, the certificates of which remained unclaimed to the Unclaimed Suspense Account of the Company and these shares are being held by the Company in Demat form on behalf of the beneficial owners of the said shares.

The disclosures with respect to the Unclaimed Suspense Account are as under:

Particulars	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	40	3,380
Number of Shareholders who approached listed entity for transfer of shares from suspense account during the year	0	0
Number of Shareholders to whom shares were transferred from suspense account during the year	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	40	3,380

The voting rights on the shares in the Unclaimed Suspense Account shall remain frozen till the rightful owner of such shares claims the shares.

Adoption of Discretionary Requirements [Reg. 27(1) read with Part E of Schedule II of the Listing Regulations]

A) The Board

Mr. Avinash Gandhi, being Non-executive Chairman, is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

B) Modified Opinion(s) in Audit Report

The Auditors have issued Audit Report for the year 2019 with unmodified opinion(s).

C) Separate Posts of Chairman and CEO

The Chairman and Managing Director are two separate individuals having vast experience and expertise.

D) Reporting of Internal Auditor

Internal Auditor submits report to the Audit Committee regularly.

For and on behalf of the Board
Avinash Gandhi
 Chairman
 DIN: 00161107

Pune: February 12, 2020

Note: Members are requested to refer AGM notice for the details of AGM and Book Closure.

To,

The Members of Schaeffler India Limited

Re.: Declaration by Managing Director and CEO

I, HARSHA KADAM, Managing Director and CEO of Schaeffler India Limited, hereby declare that to the best of my knowledge and belief, all members of the Board of Directors and Senior Management Personnel have confirmed compliance with Company's Code of Conduct for the year ended on December 31, 2019.

Harsha Kadam
 Managing Director and CEO
 DIN: 07736005

Pune: February 12, 2020

Dividend Distribution Policy

(Annexure - A to Corporate Governance Report)

1. Introduction

In accordance with the provisions of Regulation 43 A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 made effective from July 8, 2016, the top five hundred listed entities based on market capitalisation (calculated as on March 31 of every financial year) are required to formulate 'Dividend Distribution Policy'. The 'Schaeffler India Limited' is ranked 141 as on the effective date of regulation (published in the Official Gazette on July 8, 2016), and therefore this policy 'Dividend Distribution Policy' is formulated with an objective and scope as under. This policy will come into effect from the effective date of regulation i.e. July 8, 2016.

2. Objectives

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations with an ultimate aim to increase the value of investment made by the Shareholders. This policy is aimed for the investors to take a well informed decision for their investment based upon the Company's criteria to deal with earned/retained profits.

3. Scope

This Policy intends to bring transparency, on the basis to prevailing circumstances in the Company/ Industry – it operates, with respect to deal with distribution of earned/retained profit amongst its existing equity shareholders. This policy is and shall be governed under the applicable legal provisions viz.:

1. The Companies Act, 2013 (Chapter VIII and other applicable provisions),
2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR),
3. The Companies (Declaration and Payment of Dividend) Rules, 2014 and
4. Any amendment therein made applicable from time to time.

4. Definitions

- 4.1 **"Act"** means the Companies Act, 2013, or any statutory modification or re-enactment thereof and includes any Rules and Regulations framed thereunder.
- 4.2 **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with regulation 18 of the SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015.

- 4.3 **"Company"** means Schaeffler India Limited.
- 4.4 **"Dividend"** under Section 2(35) of the Companies Act, 2013, "Dividend" includes any 'interim dividend'. In common parlance, "dividend" means the profit of a Company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid-up on the shares held by them.
- 4.5 **"Free Reserves"** means reserves the utilisation of which is not restricted in any manner.
- 4.6 **"Interim Dividend"** means the Dividend declared in a Meeting of the Board of Directors.
- 4.7 **"Member"** means any person who agrees, either by subscribing to the Memorandum of Association of the Company or by applying in writing, to become a Member of the Company and whose name is entered either in the Register of Members of the Company or in the records of the depository as a beneficial owner in respect of the shares of the Company held by him.

5. Policy on Declaration of Dividend

The Company may declare dividend considering:

- A) **The circumstances under which its shareholders can or cannot expect dividend, which includes:**
 - i) The Company's Performance trend,
 - ii) Past years' (at least 5 years) track record of Dividend Rate, Dividend Outflow including taxes thereon,
- B) **The Company's Financial Parameters, including:**
 - i) Company's Profitability,
 - ii) Value Added,
 - iii) Earning Per Share [EPS]
 - iv) Free Cash Flow
- C) **Internal & External Factors, including:**
 - i) Business / Financial Projections for Mid Term Period,
 - ii) Unplanned Liabilities,
 - iii) Likely financial risks,
 - iv) Regulatory Changes,

**Dividend Distribution Policy
(Annexure - A to Corporate Governance Report)**

- v) Industry trend, market challenges and growth optimism

D) Mode of utilisation of retained earnings, including:

- i) Business Growth & Expansion,
- ii) Market Development,
- iii) Better Resources Utilisation,
- iv) Research & Development,
- v) Reducing Long-Term Liabilities,
- vi) Dividend

And

- E) Other parameters as decided by the Board, provided the policy is revised to the extent of incorporating those parameters and disclosed on the Company's website together with its rationale.**

6. Distribution of Dividend

A) Periodicity:

i) During the Financial Year

The Board of Directors of the Company may declare Interim Dividend during any financial year.

ii) On Completion of Financial Year

The Board of Directors of the Company may recommend a Dividend for respective financial year and may be declared in the Annual General Meeting.

B) Dividend Entitlement

The members, whose name appear in the register of members as on the record date / Book Closure, shall be entitled for the dividend.

C) Mode of Payment

The payment of the dividend would be in cash:

- i) Through electronic clearing services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc. for making payment of dividend. OR

- ii) Through issuance of 'payable-at-par' warrants/ cheques, in case where bank details are not available or the electronic payment instructions have failed or have been rejected by the bank,

D) Transfer to IEPF

The dividend remained unpaid and unclaimed for a period of 7 years (as per the provisions of Sections 124(5) of the Companies Act, 2013) shall be transferred to Investors Education and Protection Fund set up by the Government in that regard.

7. Policy Review/ Amendments

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

i. Statutory Updates

This Policy shall be considered as updated automatically, without any formal approval, to the extent it needs to be aligned with any change in law. An update thereon would be reported to the Board of Directors.

ii. Other updates

All major procedural updates, shall be effective only, if, those are carried out after the review and approval of the Board of Directors.

Certificate

Samdani Kabra & Associates

To the Members of Schaeffler India Limited

We have examined the compliance of the conditions of Corporate Governance by Schaeffler India Limited for the year ended December 31, 2019 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Governance. It is neither an audit nor an expression of an opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Vadodara: February 12, 2020

Suresh Kumar Kabra
Partner
ACS/CP No. 9711/9927
Samdani Kabra & Associates
Company Secretaries
UDIN: A009711B000137993

Certificate of Non-Disqualification of Directors

(Annexure - B to Corporate Governance Report)

[Pursuant to Regulation 34 (3) and Schedule V Part C Clause 10 (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To the Members of Schaeffler India Limited

We have examined the Registers, Papers, Books, Records, Forms, Returns, Declarations, Disclosures and other related documents, of Schaeffler India Limited (the Company), having CIN: L29130MH1962PLC012340, situated at Nariman Bhavan, 8th Floor, 227 Backbay Reclamation, Nariman Point, Mumbai – 400 021, Maharashtra, India as produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company, its officers and representatives, we hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ending on December 31, 2019, have been debarred or disqualified from being appointed or continuing as Director of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of Appointment
1.	Mr. Arvind Balaji	00557711	6 Nov 2019
2.	Mr. Avinash Gandhi	00161107	20 Apr 2006
3.	Mr. Dharmesh Arora	05350121	6 Mar 2017
4.	Mr. Harsha Kadam	07736005	1 Oct 2019
5.	Mr. Jürgen Ziegler	07092477	18 Apr 2018
6.	Mr. Klaus Rosenfeld	07087975	11 Feb 2015
7.	Mr. Rakesh Jinsi	00182187	11 Feb 2015
8.	Mrs. Renu Challu	00157204	6 Nov 2014
9.	Mr. R. Sampath Kumar	00495192	21 Apr 2011
10.	Mr. Satish Patel	00690869	13 Feb 2019

During the period under review, Mr. Marcus Eisenhuth (DIN: 07904850) has resigned and Dr. Sanak Mishra (DIN: 00027288) has retired from the Board of the Company with effect from February 14, 2019 and November 6, 2019 respectively.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Vadodara: February 12, 2020

Suresh Kumar Kabra
Partner
ACS/CP No. 9711/9927
Samdani Kabra & Associates
Company Secretaries
UDIN: A009711B000137982