

Corporate Governance Report

1. Company's Philosophy on Code of Corporate Governance

The Company is committed to maintain high standards of Corporate Governance and continues to practice the same 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.

The Company'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 achieve economic success and simultaneously act responsibly towards the environment, people and society. These principles are also articulated through the Company's Code of Conduct which is applicable to the Board, Senior Management and every single employee of the Company. Under its comprehensive Code of Conduct, the Company is committed to a culture of sustainability and views it as a prerequisite for the Company's long-term success. Good Governance practices stem from the dynamic culture and positive mindset of the organisation. This Corporate Governance Report sets out a description of Schaeffler India's Corporate Governance practices.

2. Board of Directors

Your Board of Directors closely monitor 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 and place high importance on the internal financial reporting. It shoulders the responsibility and 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 Managing Director is entrusted with the Management of your Company. He is assisted by Core Management Team and Senior Executives comprising of expert from the respective fields.
- (ii) The 'Board of Directors' is constituted with appropriate combination of Executive Directors, Non-executive Directors, Independent Directors and Women Directors, as per the prevailing regulatory requirements. As on December 31, 2020 the Company had ten Directors, out of which eight Directors are Non-executive Directors and out of these eight, five are Independent Directors including two Women Directors.
- (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 & Disclosure Requirements) Regulations, 2015 ('Listing Regulations') across all the Indian Public Companies, in which he/she is a Director. The annual disclosure providing 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 have been 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 2020	Attendance at last AGM held on June 30, 2020
			As on December 31, 2020			Yes or No or NA ²
Mr. Avinash Gandhi	00161107	NE & ID	10	8(2)	4	Yes
Mr. Klaus Rosenfeld	07087975	NE & NID	1	0	4	Yes
Mr. Jürgen Ziegler	07092477	NE & NID	1	1(0)	4	Yes
Mr. Dharmesh Arora	05350121	NE & NID	1	0	4	Yes
Mrs. Renu Challu	00157204	NE & ID	3	5(3)	4	Yes
Mr. Arvind Balaji	00557711	NE & ID	11	1(0)	4	Yes
Mr. Amit Kalyani ³	00089430	NE & ID	10	2(0)	4	Yes
Ms. Eranti V. Sumithasri ⁴	07087197	NE & ID	3	2(0)	2	NA
Mr. Harsha Kadam	07736005	E & NID	1	1(0)	4	Yes
Mr. Satish Patel	00690869	E & NID	1	2(0)	4	Yes
Mr. Rakesh Jinsi ⁵	00182187	NE & ID	NA	NA	NA	NA
Mr. R. Sampath Kumar ⁶	00495192	NE & NID	NA	NA	2	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 Appointed as an Independent Director effective February 11, 2020.

4 Appointed as an Independent Director effective July 15, 2020.

5 Completed the term as an Independent Director on February 10, 2020 and ceased to be a Director effective February 11, 2020.

6 Ceased to be a Director effective May 30, 2020 on account of his growing professional commitments.

Details of Directorship in Listed Companies as on December 31, 2020

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. Klaus Rosenfeld	Schaeffler India Limited	NE & NID
	Schaeffler India Limited	NE & NID
Mr. Jürgen Ziegler	Schaeffler India Limited	NE & NID
Mr. Dharmesh Arora	Schaeffler India Limited	NE & NID
Mrs. Renu Challu	Schaeffler India Limited	NE & ID
	NCC Limited	NE & ID
	Ceinsys Tech Limited	NE & ID
Mr. Arvind Balaji	Schaeffler India Limited	NE & ID
	India Nippon Electricals Limited	E & NID
Mr. Amit Kalyani	Schaeffler India Limited	NE & ID
	Bharat Forge Limited	E & NID
	Kalyani Steels Limited	NE & NID
	BF Utilities Limited	NE & NID
	Kalyani Investment Company Limited	NE & NID
	BF Investment Limited	NE & NID
	Hikal Limited	NE & NID
Ms. Eranti V. Sumithasri	Schaeffler India Limited	NE & ID
Mr. Harsha Kadam	Schaeffler India Limited	E & NID
Mr. Satish Patel	Schaeffler India Limited	E & NID

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, Managing Director holds a Bachelor's degree in Mechanical Engineering from Bangalore University and also holds Diploma in Finance and Marketing from IGNOU. He has done Executive Development course in Marketing from IIM Bangalore and has a vast experience in various functions like Sales, Manufacturing and Product Design/Development.
- Mr. Satish Patel, Director – Finance & CFO is a member of The Institute of Cost Accountants of India and holds a Master's degree in Commerce. He has a vast experience in the field of Controlling and Finance Management.

(vi) Independent Directors:

- Mr. Avinash Gandhi holds a Bachelor's degree in Mechanical Engineering and has a vast experience in the Automobile Industry. He is the Chairman of the 'Board'.
- Mrs. Renu Challu, holds a Master's degree in Economics (Gold Medalist) from University of Lucknow and has a vast experience in Banking and Finance.
- Mr. Amit Kalyani holds a Bachelor's degree in Mechanical Engineering from Bucknell University, Pennsylvania, USA and also a Harvard Business School OPM graduate and a YPO member and has a vast experience in manufacturing and technology.
- Mr. Arvind Balaji, holds a Bachelor's degree in Mechanical Engineering from BITS Pilani, a Master's degree in Manufacturing System Engineering from Stanford University and an MBA in Finance from Wharton School, University of Pennsylvania and has a vast experience in the investment banking, financing and M&A transactions.
- Ms. Eranti V. Sumithasri, holds Master's degree in Computer Science & Engineering from University of Connecticut, USA and Bachelor's degree in Computer Science from Visvesvaraya College of Engineering, India and has a vast experience in Business Leadership, Technology, Consulting and Financial Services industry.

(vii) Non-independent Directors:

- Mr. Klaus Rosenfeld studied Business Administration and Economics at the University of Muenster and has a vast experience in Banking and Finance.
- Mr. Jürgen Ziegler studied Business Administration at the AKAD University in Germany and has a vast experience in the fields of Sales, Logistics, Project Management, Strategic Planning.

- Mr. Dharmesh Arora holds Bachelor's degree in Mechanical Engineering from University of Mumbai and the TRIUM Global Executive MBA degree from NYU Stern School of Business; London School of Economics and HEC Paris. He has a vast experience in the Automotive Industry.

None of the Directors is related inter-se.

Directors' shareholding in the Company

Except Mrs. Renu Challu and Ms. Eranti V. Sumithasri, who holds 408 Equity Shares and 10 Equity Shares of the Company respectively, none of the Directors hold any Equity Share of the Company as on December 31, 2020.

(B) Board Meeting(s) during 2020

Four Board Meetings were held during 2020 on the following dates:

Board Meeting(s)	I	II	III	IV
Dates	February 12	May 13	July 24	October 28
Start Timing	02:00 PM	02:15 PM	02:30 PM	01:00 PM
Venue/ Deemed venue	Pune	Virtual (New Delhi)		

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 scheduled in advance 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 supported by comprehensive background information which enable the Board to take informed 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. During the reporting year, the Managing Director also briefed the Board on COVID-19, employee health & safety and the Schaeffler India footprint.

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 of 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 regards to its compliance have been received for the year 2020 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 programs 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 programs and workshops which give them insights to the Company, including nature of Industry in which the Company operates, business model of the Company, relevant information of 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 programs, trainings and workshops were conducted for all Directors during the year 2020:

Sr. No.	Particulars	No. of Hours (approx.)	Faculty/Trainer/Speaker	Participants
1	Talegaon plant visit	4	Senior members of the Company	Mr. Avinash Gandhi
2	Interaction with Executive Leadership Team members for Business/Industry updates	4.5	Executive Leadership Team members and Company Secretary	Ms. E.V. Sumithasri
3	Strategy Meeting	6	Executive Leadership Team including CEO & CFO	All the Directors
4	COVID-19 updates and measures taken	2	CEO	All the Directors
5	Review of Financial and Operational Performance of the Company during the Meetings of Board and Committees thereof	10	CEO & CFO	All the Directors
6	Review of internal controls, key findings, key counter measures	2	Internal Auditor	All the Directors

The details of such programs 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) Meeting of Independent Directors

As per Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under the provisions of the Companies Act, 2013, a separate Meeting of the Independent Directors was held on October 27, 2020 inter alia, to review the performance of Non-independent Directors, Chairman, Managing Director and the Board as a whole and to assess quality, quantity and timeliness of flow of information between Management and the Board for ensuring effective participation by the Board Members. Mr. Avinash Gandhi, Mrs. Renu Challu, Mr. Arvind Balaji, Mr. Amit Kalyani and Ms. Eranti V. Sumithasri, Independent Directors were present at the Meeting.

(G) 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 possess such skills/expertise/competencies:

Core Skills/Expertise/ Competence	Name of Directors									
	Mr. Avinash Gandhi	Mr. Dharmesh Arora	Mr. Harsha Kadam	Mr. Satish Patel	Mr. Klaus Rosenfeld	Mr. Jürgen Ziegler	Ms. Eranti V. Sumithasri	Mr. Arvind Balaji	Mrs. Renu Challu	Mr. Amit Kalyani
Business Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Strategic Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Engineering and Technology	✓	✓	✓	-	-	-	✓	✓	-	✓
Finance Management	✓	✓	✓	✓	✓	✓	-	✓	✓	✓
Governance & Board Dynamics	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(H) 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.

(I) Digital Performance Management & Succession Planning

The Company recognizes the importance of Succession Planning for senior and critical roles. The Succession Plan for each leader is planned thoughtfully, keeping in mind short term & long term risks. A bench-strength analysis is done every year, based on the Talent Management guidelines. The Company is adopting a globally standardized SAP based Success Factors software as a futuristic Performance Management System. The Company has well established leadership platforms, such as the 'Young Leadership Program' for emerging leaders and 'Accelerated Leadership' for developing a talent pipeline. The Company has a foundation of Talent Mobility to groom high-potential leaders across different Schaeffler plant locations.

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 to connect 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	Member	Non-executive & Independent
4	Mr. Amit Kalyani ¹	Member	Non-executive & Independent
5	Ms. Eranti V. Sumithasri ²	Member	Non-executive & Independent
6	Mr. Jürgen Ziegler	Member	Non-executive & Non-independent
7	Mr. Satish Patel	Member	Executive & Non-independent

1 Mr. Amit Kalyani has been appointed as member of the Audit Committee effective February 11, 2020.

2 Ms. Eranti V. Sumithasri has been appointed as member of the Audit Committee effective July 15, 2020.

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 2020 are as follows:

Audit Committee Meeting(s)	I	II	III	IV
Dates	February 12	May 13	July 24	October 28
Start Timing	11:00 AM	01:30 PM	11:40 AM	11:00 AM
Venue/ Deemed venue	Pune	Virtual (Mumbai)		
Attended by	All the members			

The Audit Committee invites such Executives as it considers appropriate to be present at the meeting including the representative of Statutory Auditors, 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 57th Annual General Meeting held on June 30, 2020.

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/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 to as 'NRC') is duly constituted.

(A) Composition of NRC

The members of the NRC 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. Amit Kalyani ¹	Member	Non-executive & Independent
4	Mr. Dharmesh Arora	Member	Non-executive & Non-independent

¹ Mr. Amit Kalyani has been appointed as member of the NRC effective February 11, 2020.

(B) Meetings of NRC

During the year 2020, one meeting of NRC was held on February 12, 2020 at Pune, India and it was attended by all the members.

(C) Terms of Reference of NRC

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) Attending the meetings, (ii) Preparedness and active participation in meetings, (iii) Staying updated on developments, (iv) Constructive contribution made in the meetings, (v) Being objective and protecting interest of all shareholders, (vi) Engaging as well as 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 and Director-Finance) 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 2020, 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 reflects ability of the company to convert it operating performance to cash inflow to meet operational needs and capex for future growth.

Schaeffler Value Added (SVA):

- RoCE is a value-based performance indicator to reflect how efficiently the company 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.

The details of remuneration paid for 2020 to the Managing Director and Director – Finance & CFO are as follows:

Name	Salary & Performance Bonus	Allowance & Perquisites	Company's contribution to funds	(₹ in million)
				Total
Mr. Harsha Kadam, Managing Director	16.3	4.9	1.3	22.5
Mr. Satish Patel, Director – Finance & CFO	6.6	5.3	1.2	13.1

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 have 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 for severance fees.
- The Company has no Stock Option Scheme as on December 31, 2020.

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, 2020.

In view of 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, had approved, inter alia, necessary amendments in Nomination and Remuneration Policy, for payment of sitting fees and profit related commission to such Non-executive Directors.

(B) 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.

Accordingly, effective April 1, 2019, such Non-executive Directors have been paid sitting fees for attending meetings of Board/Committees thereof. The shareholders approved the payment of sitting fees and profit related commission to be paid to the Non-executive Directors and the payments have been made thereto.

The details of sitting fees for attending Board/Committee Meetings held during the year 2020 and profit related commission for the year 2019 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	4	-	1	-	-	390,000	1,600,000
Mrs. Renu Challu	4	4	1	1	-	-	420,000	1,050,000
Mr. Arvind Balaji ¹	4	4	-	-	2	-	420,000	NA
Mr. Amit Kalyani ²	4	4	-	1	2	-	450,000	NA
Ms. Eranti V. Sumithasri ³	2	2	-	-	-	1	210,000	NA
Mr. Sanak Mishra ⁴	-	-	-	-	-	-	-	1,050,000
Mr. Rakesh Jinsi ⁴	-	-	-	-	-	-	-	1,050,000
Mr. R. Sampath Kumar	2	-	-	-	-	-	100,000	1,050,000
Mr. Jürgen Ziegler ⁵	4	4	-	-	-	-	360,000	1,050,000
Mr. Dharmesh Arora ⁵	4	-	-	1	-	1	260,000	262500
Mr. Klaus Rosenfeld ⁶	4	-	-	-	-	-	-	-
Total							2,810,000	8,162,500

- Mr. Arvind Balaji appointed as an Independent Director and member of the Committees effective November 6, 2019 and commission for 2019 is not applicable (NA).
- Mr. Amit Kalyani appointed as an Independent Director and member of the Committees effective February 11, 2020 and commission for 2019 is not applicable (NA).
- Ms. Eranti V. Sumithasri appointed as an Independent Director and member of the Committees effective July 15, 2020 and commission for 2019 is not applicable (NA).
- Mr. Sanak Mishra and Mr. Rakesh Jinsi ceased to be Directors effective November 5, 2019 and February 10, 2020 respectively.
- 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.
- Mr. Klaus Rosenfeld has decided not to accept sitting fees and commission and returned the sitting fees and commission paid during FY20.

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.

During the year, there were no transactions entered with the Non-executive Directors or their relatives.

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' ('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	Member	Executive & Non-independent
3	Mr. Harsha Kadam	Member	Executive & Non-independent

(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 2020, one meeting of SRC was held on July 24, 2020 through virtual means (deemed venue-Mumbai) and it was attended by all the members.

The Chairperson of the SRC, Mrs. Renu Challu, attended the 57th Annual General Meeting held on June 30, 2020.

Mr. Ashish Tiwari, VP-Legal & Company Secretary is the Compliance Officer of the Company effective February 29, 2020. Mr. Chirag K. Shukla was the Compliance Officer of the Company till February 28, 2020.

During 2020, total of 2 (two) complaints were received. All complaints received during the year 2020 were attended to and resolved satisfactorily. There was no complaint pending as on December 31, 2020.

(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:

1. 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;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. 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;
4. 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;
5. The Committee shall meet at least once a year.

7. Corporate Social Responsibility Committee

The 'Corporate Social Responsibility Committee' ('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	Chairperson	Non-executive & Independent
2	Mr. Harsha Kadam	Member	Executive & Non-independent
3	Mr. Amit Kalyani ¹	Member	Non-executive & Independent

1 Mr. Amit Kalyani has been appointed as member of the CSR Committee effective February 11, 2020.

(B) Meetings of CSR Committee & Attendance of Members

During the year 2020, two meetings of CSR Committee were held, details of which are as follows:

CSR Committee Meeting(s)	I	II
Dates	February 12	October 28
Start Timing	09:45 AM	08:30 AM
Venue/Deemed venue	Pune	Virtual (Chennai)
Attended by	All the members	

(C) Terms of Reference of CSR

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

1. To formulate and recommend to the Board a CSR Policy which will define the focus areas and indicate the activities to be undertaken by the Company under CSR domain
2. To recommend to the Board necessary amendments, if any, in the CSR Policy from time to time
3. To formulate the Annual Action Plan, monitor the budget under the CSR activities of the Company and
4. To accomplish various CSR projects of the Company independently or through intermediary agencies, as the case may be.

8. Risk Management Committee

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

(A) Composition of RMC

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

¹ Ms. Eranti V. Sumithasri appointed as a member of the Committee effective July 15, 2020.

(B) Meetings of RMC & Attendance of Members

During the year 2020, one meeting of RMC was held on October 28, 2020 through virtual means (deemed venue- Singapore) and it 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:

1. 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;
2. 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		
	57th AGM	56th AGM	55th AGM
Date	June 30, 2020	April 30, 2019	April 17, 2018
Start Timing	3:30 PM	3:00 PM	3:00 PM
Venue	Video Conferencing/ Audio Visual means	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.
RESOLUTIONS PASSED			
Ordinary Business:			
Adoption of Accounts as at	December 31, 2019	December 31, 2018	December 31, 2017
Declaration of Dividend	Dividend of ₹ 35 per equity share of ₹ 10 each	Regular Dividend of ₹ 20 and Special onetime Dividend of ₹ 10 per equity share of ₹ 10 each	₹ 17 per equity share of ₹ 10 each
Re-appointment of Rotational Directors	Mr. Jürgen Ziegler Mr. Klaus Rosenfeld	Mr. Klaus Rosenfeld	-
Ratification of Appointment of Auditors and/or authorization to fix their remuneration	Appointment and authorization to fix their remuneration	Authorization to fix their remuneration	Ratification of Appointment and to fix their remuneration
	B S R & Co. LLP, Chartered Accountants, Mumbai		
Special Business:			
Appointment of Directors	Mr. Harsha Kadam as Director Mr. Harsha Kadam as Managing Director Mr. Arvind Balaji as Director Mr. Amit Kalyani as Director	Mr. Jürgen Ziegler as a Director Mr. Satish Patel as a Director Mr. Satish Patel as a Whole-Time Director, designated as Director-Finance	Mr. Marcus Eisenhuth as a Director Mr. Avinash Gandhi as an Independent Director -
Approval on	Payment of commission for the year 2019 to Non-executive Directors of the Company, who are in employment of any Schaeffler Group Company	Revision in remuneration of Mr. Dharmesh Arora, Managing Director	Not to fill up the vacancy caused by retirement of Mr. Dietmar Heinrich by rotation.
	Remuneration to Non-executive Directors for the year 2020 onwards	Material Related Party Transactions	-
	-	Alteration of Articles of Association (Special resolution)	-
	Ratification of Remuneration to the Cost Auditors	Ratification of Remuneration to the Cost Auditors	Remuneration to the Cost Auditors

Postal Ballot

During the year 2020, no postal ballot activities were conducted by the Company.

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 with 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 with 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) 58th Annual General Meeting is scheduled to be held:

On : Tuesday, the 27th day of April 2021
At : 3:30 PM
Mode : Video Conferencing/Audio visual means

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 2021 would be carried out within time limit, as per prevailing regulatory requirements.

iii) **Record Date for Dividend/Cut-off date for evoting:**
Tuesday, April 20, 2021

iv) **Date of Book Closure:** Wednesday, April 21, 2021 to Tuesday, April 27, 2021 (Both days inclusive)

v) **Dividend**
The Dividend for the year 2020 if declared at the 58th Annual General Meeting scheduled to be held on Tuesday, April 27, 2021, shall be paid within the time limit prescribed in the Companies Act, 2013.

vi) **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

The requisite listing fees have been paid to the Stock Exchanges up to March 31, 2021.

vii) Custodial Fee to Depositories

The Company has paid Annual Custodial Fees for the year 2020 – 2021 to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

viii) 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

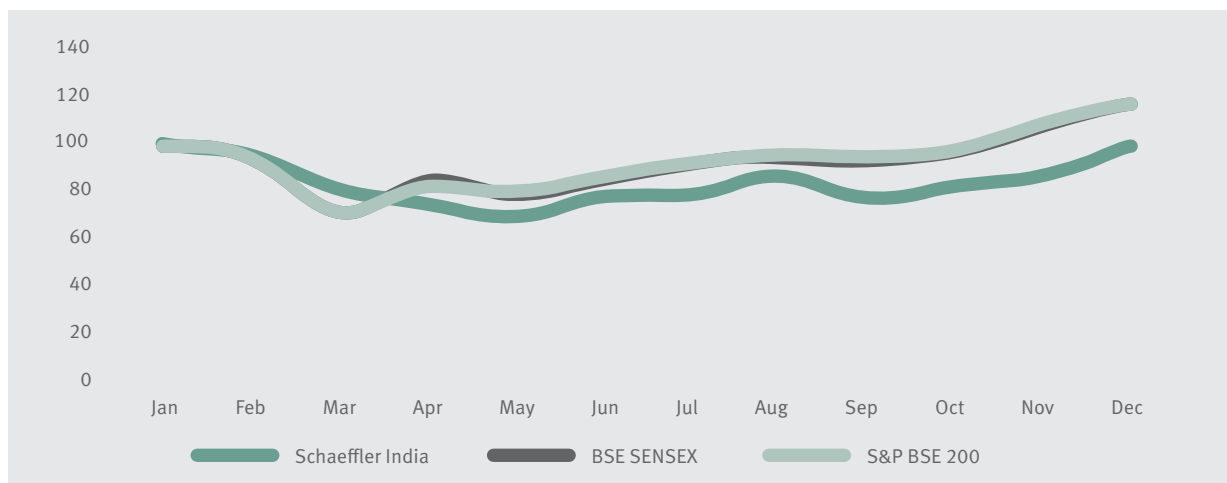
ix) Market Price Data

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 2020	Equity Shares			
	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January	4,751.60	4,465.00	4,779.00	4,454.05
February	4,950.00	4,300.00	4,959.85	4,270.00
March	4,896.00	3,206.00	4,499.50	3,311.50
April	3,705.00	3,270.80	3,775.00	3,280.25
May	3,445.75	3,044.10	3,446.00	3,025.25
June	3,760.00	3,175.75	3,800.00	3,181.65
July	3,771.05	3,437.00	3,782.70	3,425.50
August	4,255.00	3,452.75	4,160.00	3,464.05
September	4,230.00	3,450.00	4,239.00	3,514.00
October	3,905.00	3,450.00	4,100.00	3,443.30
November	4,042.45	3,600.00	4,040.00	3,611.55
December	4,746.55	3,816.05	4,750.00	3,870.00

x) Stock Performance

The performance of the Company's shares relative to the BSE SENSEX and BSE SENSEX 200 for the year 2020 is given below:

Schaeffler India versus BSE SENSEX and BSE SENSEX 200 (January-December 2020)**xi) Registrar and Share Transfer Agent [RTA]**

The details are as under:

Name	: Link Intime India Private Limited
Address	: B-102 & 103, Shangrila Complex, 1 st Floor, Opp. HDFC Bank Near. Radhakrishna Char Rasta, Akota, Vadodara (Gujarat) - 390 020 INDIA
Phone No.	: +91 265 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.

xii) Share Transfer System

SEBI has mandated that no share can be transferred in physical mode effective April 1, 2019. Hence, the

Company has stopped accepting any fresh lodgement of transfer of shares in physical form.

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.

The Company had sent communication to the shareholders encouraging them to dematerialise their holding in the Company. Shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in various corporate actions.

Trading in equity shares of the Company is permitted only in dematerialised form.

With an intention to expedite the process of share 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 with regards to approval for issue of duplicate share certificates in lieu of lost/misplaced certificates, in favour of Stakeholders' Relationship Committee.

During the year, the Company had obtained, on half-yearly basis, a certificate, from a Company Secretary in Practice, certifying that no share certificate transfer request has been processed in view of restriction on processing transfer in physical mode pursuant to clause 40(1) of the Listing Regulations. 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.

xiii) Information of Dividend

The unclaimed or unpaid amount of dividend declared for the financial year ended on December 31, 2013 is due for transfer to "Investor Education and Protection Fund (IEPF)" on May 26, 2021.

Entitled Members are requested to lodge their claims before the last date for claiming unpaid/unclaimed dividend as shown in the table below for the dividend in respective years.

Details of unclaimed and unpaid dividend			
Dividend for year ended	Date of declaration of dividend	Amount due for transfer to IEPF on	Amount lying unpaid (₹) as on 31.12.2020
31.12.2013	24.04.2014	26.05.2021	533,058.00
31.12.2014	24.04.2015	31.05.2022	612,712.50
31.12.2015	27.04.2016	30.05.2023	836,030.00
31.12.2016	21.04.2017	28.05.2024	967,524.50
31.12.2017	17.04.2018	24.05.2025	1,385,126.45
31.12.2018	30.04.2019	06.06.2026	1,628,430.27
31.12.2019	30.06.2020	30.07.2027	1,610,484.82
Total amount lying unpaid as on December 31, 2020			7,573,366.54

xiv) Distribution of shareholding

As on >	December 31, 2020			December 31, 2019		
	Distribution of Shareholding	No. of shareholders ¹	No. of shares held	% to Total shares	No. of shareholders ¹	No. of shares held
1 - 500	15,774	627,286	2.01	20,426	662,980	2.12
501 - 1,000	268	197,688	0.63	283	211,725	0.68
1,001 - 2,000	118	171,183	0.55	119	171,674	0.55
2,001 - 3,000	44	106,130	0.34	41	98,054	0.31
3,001 - 4,000	16	57,229	0.18	17	58,755	0.19
4,001 - 5,000	15	67,577	0.21	20	89,796	0.29
5,001 - 10,000	29	200,676	0.64	35	245,721	0.79
10,001 - above	89	29,832,965	95.44	85	29,722,029	95.07
Total	16,353	31,260,734	100.00	21,026	31,260,734	100.00

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

xv) Category wise summary of Shareholding [As on December 31, 2020]

Sr. No.	CATEGORY	No. of shareholders ¹	No. of shares	%
1	Promoters (Foreign entities)	4	23,172,647	74.13
2	Mutual Fund	18	3,852,256	12.32
3	Foreign Portfolio Investor (Corporate)	91	1,510,470	4.83
4	Public	14,236	1,285,848	4.11
5	Other Bodies Corporate	270	520,750	1.67
6	Others	1,296	918,763	2.94
Total		15,915	31,260,734	100.00

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

xvi) Dematerialisation of Shares and liquidity

99.73% 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, 2020.

	NSDL	CDSL	Physical	Total
Shares (nos.)	30,846,204	331,195	83,335	31,260,734
Shares (%)	98.67	1.06	0.27	100.00

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

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

The Company has adequate risk assessment and minimization 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.

xix) Plant Locations

The manufacturing activities are being carried out from the plants located at Vadodara, Savli, Pune and Hosur.

xx) Address for correspondence

Shareholders/Beneficial owners are requested to correspond with the Company's RTA as shown in Para (xi) 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 the RTA. Additionally, shareholders may correspond with the Company 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

xxi) 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

- i) The Board has received disclosures from the Senior Management relating to 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; however, transactions with related parties as per requirements of applicable Accounting Standard are disclosed under notes to accounts.
- ii) 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 at:
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
- iii) The Company has established Vigil Mechanism to provide for safeguarding 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 and is available at:
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 are denied access to the Audit Committee.
- iv) There have been no instances of 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 other 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 at:
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/dividend_distribution_policy_schaeffler_india.pdf
- x) Disclosures required under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013: In 2020, one complaint was filed and the same was resolved. There were no pending complaints at the end of the year.
- 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 integral part of the Annual Report.
- xiii) A Certificate required from a practicing Company Secretary with regards 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.
- xiv) Details of utilization 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
Number of shareholders whose shares were transferred to the Investor Education and Protection Fund	9	595
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	31	2,785

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, 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 2020 with unmodified opinion(s).

C) Reporting of Internal Auditor

The Head of Internal Audit reports to the Chairman of the Audit Committee.

For and on behalf of the Board

Avinash Gandhi

Chairman

DIN: 00161107

New Delhi: February 16, 2021

To,
The Members of Schaeffler India Limited

Re.: Declaration by CEO

I, HARSHA KADAM, Managing Director 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, 2020.

New Delhi: February 16, 2021

Harsha Kadam

Managing Director

DIN: 07736005

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,
- 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.

Corporate Governance Certificate

For the Financial Year ended December 31, 2020

[Pursuant to Schedule V – Part E of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015]

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, 2020 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We state that in respect of investor grievances received during the year ended December 31, 2020, no investor grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders Relationship Committee.

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.

Date: February 16, 2021
Place: Vadodara

Suresh Kumar Kabra
Partner
Samdani Kabra & Asso.
Company Secretaries
ACS No. 9711; CP No. 9927
UDIN: A009711B002987312

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, 2020, 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.	Ms. Renu Challu	00157204	6 Nov 2014
8.	Mr. Satish Patel	00690869	13 Feb 2019
9.	Mr. Amit Kalyani	00089430	11 Feb 2020
10.	Eranti V. Sumithasri	07087197	15 July 2020

During the period under review, Dr. Sampath Kumar Raman (DIN: 00495192) has resigned and Mr. Rakesh Jinsi (DIN: 00182187) has retired upon completion of term as an Independent Director from the Board of the Company with effect from May 30, 2020 and February 11, 2020 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.

Date: February 16, 2021

Place: Vadodara

Suresh Kumar Kabra

Partner

Samdani Kabra & Asso.

Company Secretaries

ACS No. 9711; CP No. 9927

UDIN: A009711B002986498