

Schaeffler India Limited · Vadodara · Gujarat

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI- 400 001

**Company Code: 505790**

**National Stock Exchange of India Limited**

Exchange Plaza, C - 1, Block G,  
Bandra-Kurla Complex, Bandra (E)  
MUMBAI- 400 051

**Company Code: SCHAEFFLER**

**Subject: Annual Report 2018**

14/05/2019

Dear Sir / Madam,

Pursuant to the provisions of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of the Annual Report for the year ended December 31, 2018 duly approved and adopted in the 56<sup>th</sup> Annual General Meeting of the Company held on April 30, 2019.

Phone: +91 265 6602206

Kindly take the same on your records.

Thanking you,

Yours faithfully,

**For Schaeffler India Limited**

[Formerly known as FAG Bearings India Limited]



**Chirag K. Shukla**

Company Secretary



Encl.: As above.

# SCHAEFFLER

Annual Report 2018 | Mobility for tomorrow

One Schaeffler  
Stronger Together



# 10 Years' Highlights

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

1 Net of Excise Duty.

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

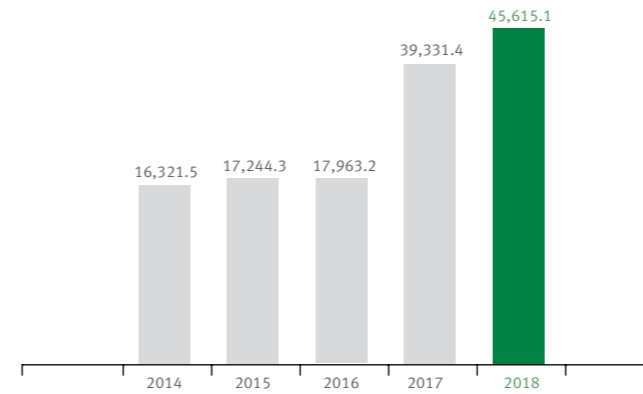
3 Before exceptional items.

4 Including Special Dividend of ₹ 10/- per share.

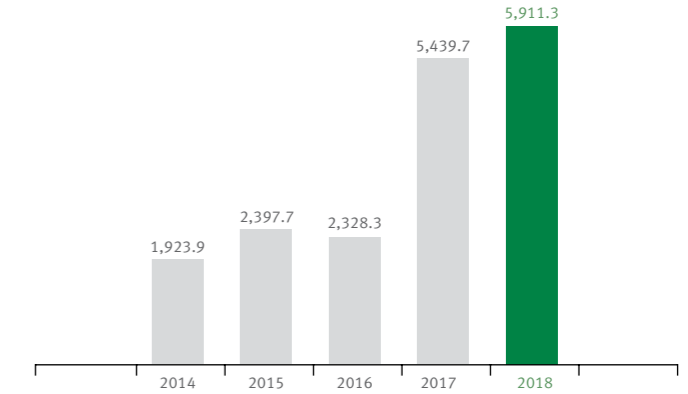
5 Including Special Dividend of ₹ 5/- per share.

# Performance Highlights

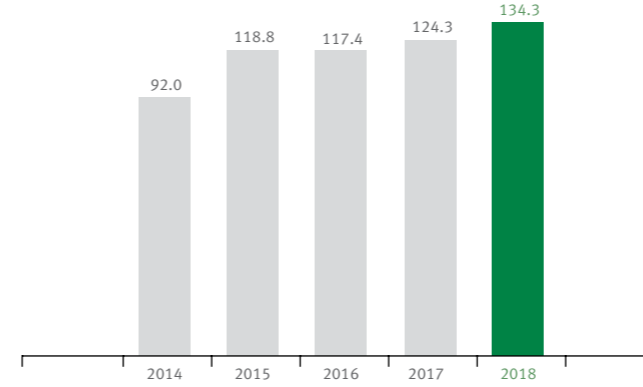
1. Revenue from operations  
(₹ In Million)



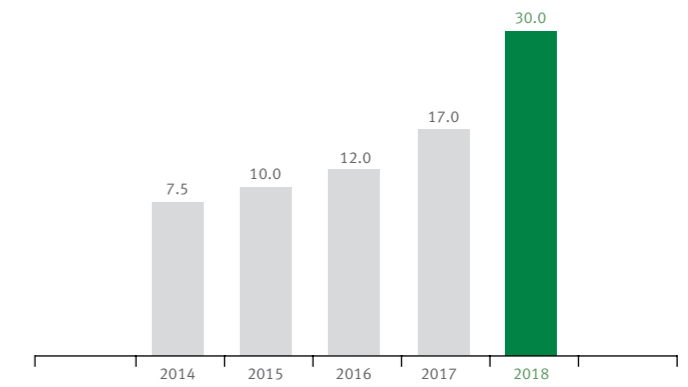
2. Earnings Before Interest and Tax  
(₹ In Million)



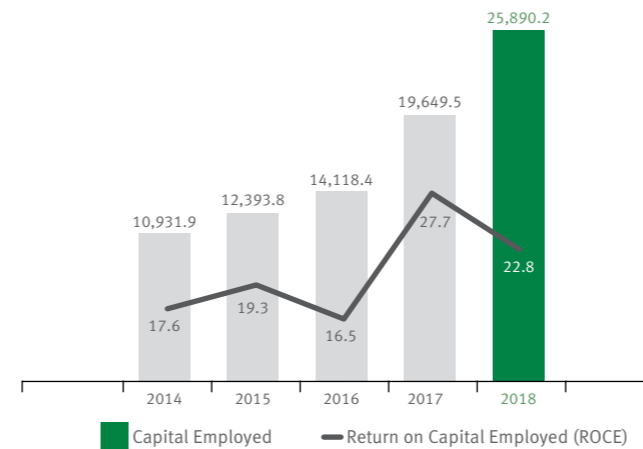
3. Earnings Per Share  
(₹)



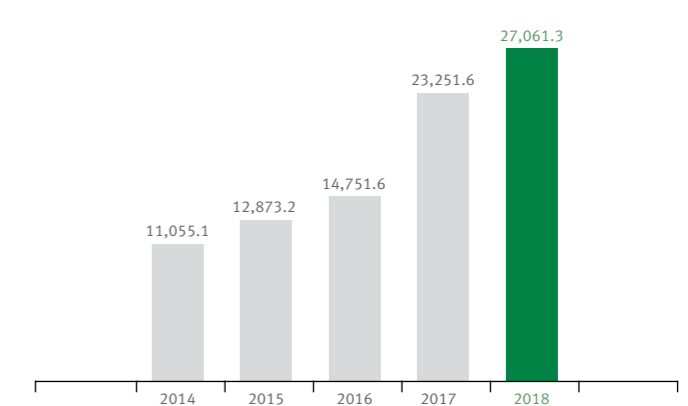
4. Dividend Per Share  
(₹)



5. Capital Employed and ROCE (%)  
(₹ in Million)



6. Shareholders' Equity  
(₹ in Million)



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

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

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

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

# One Schaeffler Stronger Together



**P. 12**  
At a Glance: Schaeffler Group



**P. 20**  
Three strong brands.  
One strong company: Schaeffler



**P. 27**  
Schaeffler Puts Industry 4.0  
into Practice



**P. 28**  
Driving stronger systems and  
processes



**P. 29**  
Driving logistics efficiency



**P. 30**  
Stronger Innovation Focus

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

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

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## 56<sup>th</sup> Annual General Meeting:

**Date** : April 30, 2019

**Time** : 3:00 PM

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

# Company Information

## Board of Directors

**Chairman** Mr. Avinash Gandhi

**Managing Director** Mr. Dharmesh Arora

**Director- Finance & CFO** Mr. Satish Patel

**Directors** Mr. Klaus Rosenfeld  
Mr. Jurgen Ziegler  
Mr. Marcus Eisenhuth  
Mr. Sampath Kumar Raman  
Dr. Sanak Mishra  
Mrs. Renu Challu  
Mr. Rakesh Jinsi

**Company Secretary** Mr. Chirag K. Shukla

**Bankers** ICICI Bank Limited

**Auditors** B S R & Co. LLP,  
Chartered Accountants

**Collaborators** Schaeffler Group, Germany

**Registered Office** Nariman Bhavan, 8<sup>th</sup> Floor,  
227, Backbay Reclamation,  
Nariman Point,  
Mumbai - 400 021  
Maharashtra, India

**Manufacturing Locations / Plants**

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

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

# Major Events 2018



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



Gold award for product reliability from Ashok Leyland



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



Quality performance award by SEG India



Locally manufactured FAG SNV Housing added competitive advantage



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



Multiple awards for Vadodara Quality team at the regional competition



Launch of STEP Center in Pune widens community care activities



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



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





Avinash Gandhi  
Chairman

Dear Stakeholders,

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

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

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

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

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

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

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

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

Sincerely,

Avinash Gandhi



Dharmesh Arora  
Managing Director and Chief Executive Officer

*Dear Shareholders,*

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

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

## Macro-economic View

While the global economy was on an upbeat note in 2018, economic performance in Europe and Asia started weakening towards the second half of the year. The global economy also faced challenges in terms of escalations in tariffs and protectionist rhetoric; a strengthening US dollar especially against the currencies of emerging economies; high levels of public and private debt in many leading economies; the looming threat of a 'no deal' Brexit and a greater-than-envisaged slowdown in China.

In contrast, India's economy fared better overall in 2018, benefiting from lower oil prices and a slower pace of monetary tightening than previously expected, as inflation pressures have eased. India still remains the fastest growing major economy in the world. It is expected to be one of the top three global economic powers over the next decade, and is poised to attain an upper-middle income status on the back of urbanisation, favourable demographics, digitalisation and reforms.

During the year, business investment and exports were strong. Past structural reforms – including the new Insolvency and Bankruptcy Code, stabilisation of the Goods and Services Tax (GST), focus on infrastructure and bank recapitalisation, all contributed to a fairly solid year. Furthermore, the Government's "Make in India" initiative, Digital India drive, middle class tax reductions and pro agriculture & infrastructure focused budget have been drivers in maintaining the country's momentum in consumption and economic growth. In the last quarter of this year, the Automotive industry witnessed a slowdown for the first time. The drop was across all the segments - passenger vehicles, two wheelers, trucks and tractors. This was due to the general reduction in consumer sentiments, inflationary pressure of high fuel cost as well as increasing interest and insurance rates.

## Our Performance

For 2018, Schaeffler India delivered a strong topline performance amidst mixed economic signals. The buoyant first three quarters gave way to a decelerating fourth quarter. We reported a net revenue of ₹ 45,615 mn in 2018, registering a 16.0% growth over the previous year. Profit (before taxes and exceptional items) grew by 13.7% to ₹ 6,749 mn. On the other hand, there was a relative increase in working capital and as a ratio to sales, it was 2.8% pt. higher on account of inventories.

In the Union Budget 2018, import duties on automotive components increased from 7.5% to 15%. Similarly, steel prices rose globally. Steel being the main raw material, your Company's input costs faced an upward pressure. We continued to work towards improving productivity, localisation and cost reduction projects, in order to compensate increase in the costs. During the year, we concentrated on enhancing our service levels and improving our quality aspects.

In the pursuit of achieving the highest standards in lean manufacturing, our manufacturing locations earned multiple distinctions in MOVE rating, a stringent internal benchmarking process in Schaeffler Group, based on 5-star rating process. I am pleased to inform you that your Company achieved the unique distinction of securing 3 star rating for all the plants. During the year Maneja (Vadodara) plant earned recognition as a 3 star while Talegaon (Pune) plant was adjudged to be 4 star, only the fifth plant amongst the Schaeffler family of 73 plants globally to secure such an accreditation. With this, the Company now has three plants 3 star rated and one plant 4 star rated.

Our industrial business continued to do well, with some of the segments such as Railways, Industrial Automation, Off Highway and the Distribution business leading the pack. During the year, the industrial business showed strong performance with our distribution business recording the highest ever sales. We also launched our new locally manufactured FAG SNV housing range in the country for industrial applications, improving our competitiveness and the product has been received well in the market. We continue to invest in improving our reach, capability and competency to serve our customers and in the coming year you will continue to see new initiatives being launched.

Your Company has also reached another milestone in its journey for creating deeper capabilities in the country, since DSIR (Department of Science and Industrial Research of Government of India) recognised the Talegaon location as an Approved R&D Centre. With this, the Company will be able to invest further in its R&D capabilities, while benefiting from the tax breaks provided by the government. Your company now has two DSIR approved facility – one each in Hosur and Talegaon.

The synergies and economies of scale resulting from our recent unifying merger of three entities into one, and a commitment to sizeable capex into expanding our capabilities and capacity within India, makes Schaeffler a formidable force in the marketplace. During the year, we invested ₹ 2,434 mn, twice as much what we have done in the past years. These investments are for expanding plant buildings at Talegaon & Savli, and increasing the company's engineering capabilities. This will help us increase our production capacities at all plant sites, allowing to address our home market requirements with swiftness and precision, while creating flexibility.

As a technology leader, we are passionate about technology and innovation to bring in the highest standards of quality and service. Our continued efforts have been recognised by our customers and industry associations across the board during 2018.

- Ashok Leyland recognised us with a Gold Award for product reliability and technology
- John Deere awarded us with the Partner Level Award for the fifth year in a row
- Mahindra presented us supplier excellence Award for our commitment, contribution and outstanding performance
- SEG Automotive recognised us with Quality Performance Award for maintaining consistent quality
- Honda Cars acknowledged our relentless efforts to achieve excellence through continuous improvement with a '1st prize' for best Kaizen
- Schaeffler Kaizen projects have also been awarded externally by ACMA (Automotive Components Manufacturer Association) and QCFI (Quality Circle Federation of India).
- Our efforts on social responsibility has been recognised by the Gujarat State with their CSR award for one of our flagship projects – Nitara.

## Investing into the Future

This transformation comes at the right time. We see the environment around us changing rapidly. In this increasingly volatile environment, companies that are prepared for the future will sustain success. Through the year, we have developed plans on preparing the organisation for the future. With the support from our Group in terms of increased allocation of investments to the country, we continue our commitment towards Schaeffler's business in India.

During the year, Schaeffler India aligned its 'One Schaeffler India' strategic plan for the next five years with the Executive Board of Schaeffler AG. The Company intends to build local R&D capabilities that would make it largely self-sufficient; increase localisation for improved competitiveness; improve its manufacturing footprint (including expanding current plants and setting up new ones); install a new logistics network for an efficient supply chain and distribution; and most importantly invest in its people.

## Company Outlook

2018 has been a landmark year for Schaeffler India, and all our employees have put in tremendous efforts in making that happen. I would like to thank each one for their dedication, hard work and commitment towards the organisation. Despite 2019 looks a little challenging, due to the ongoing softness in the automotive industry, your Company is ideally positioned to perform well. The demand for our products in the automotive, industrial and aftermarket segments is likely to grow. Driven by a fundamentally strong consumption story - the basic driving force behind India's economic growth, the demand for its products will continue to see sustained growth. In particular, the demand scenario is strong over the medium to long term led by growth in two-wheelers, construction equipment, tractors, railways and the industrial distribution business.

The Company's commitment towards India is underscored by the fact that its sales mix is being strategically directed in the favour of domestic demand, by consciously allocating more capacities to the domestic business so as to maintain long-term relationships and contractual commitments. As India will be amongst the fastest growing large economies for the foreseeable future, the strategy to focus on building stronger domestic ties will bode well for the company in the future.

## Concluding Remarks

We would like to continue to build upon this hard earned reputation as we maintain our position of being one strong Schaeffler entity in India. While we are firmly committed to growing our business in India, we are equally committed to doing it right - in a manner that is compliant with the law and with our Code of Conduct. To enable this on the ground, we have a well defined Compliance Code in place. Since the inception of the Compliance function in Schaeffler India in 2014, more than 80 workshops and trainings covering all relevant employees have been conducted. Continued sessions are held, reiterating Compliance focus within the organisation, the content of which are tailored keeping in mind respective business needs and risk profiles. I would like to thank our skilled employees for their passion, commitment and ongoing pursuit of excellence. We thank our customers for the opportunity to earn their trust and business. We are also thankful to our suppliers, bankers and all business associates for their continuous support.

We are also thankful for the support extended by all our shareholders. Together, we are determined to bring our vision of 'One Strong Schaeffler' to reality

Sincerely,

Dharmesh Arora

# At a Glance: Schaeffler Group

**92,500+**

Employees

**74**

Global Production Facilities

**20**

R&D centers

A photograph of a building at dusk with the Schaeffler logo in large, green, 3D letters on the roof. The sky is a mix of blue and purple, and the building's windows are lit from within, showing interior lights and some plants.

**SCHAEFFLER**

The Schaeffler Group is a global automotive and industrial supplier. Ensuring top quality, outstanding technology, and an exceptional innovative spirit form the basis on the Group's continued success.

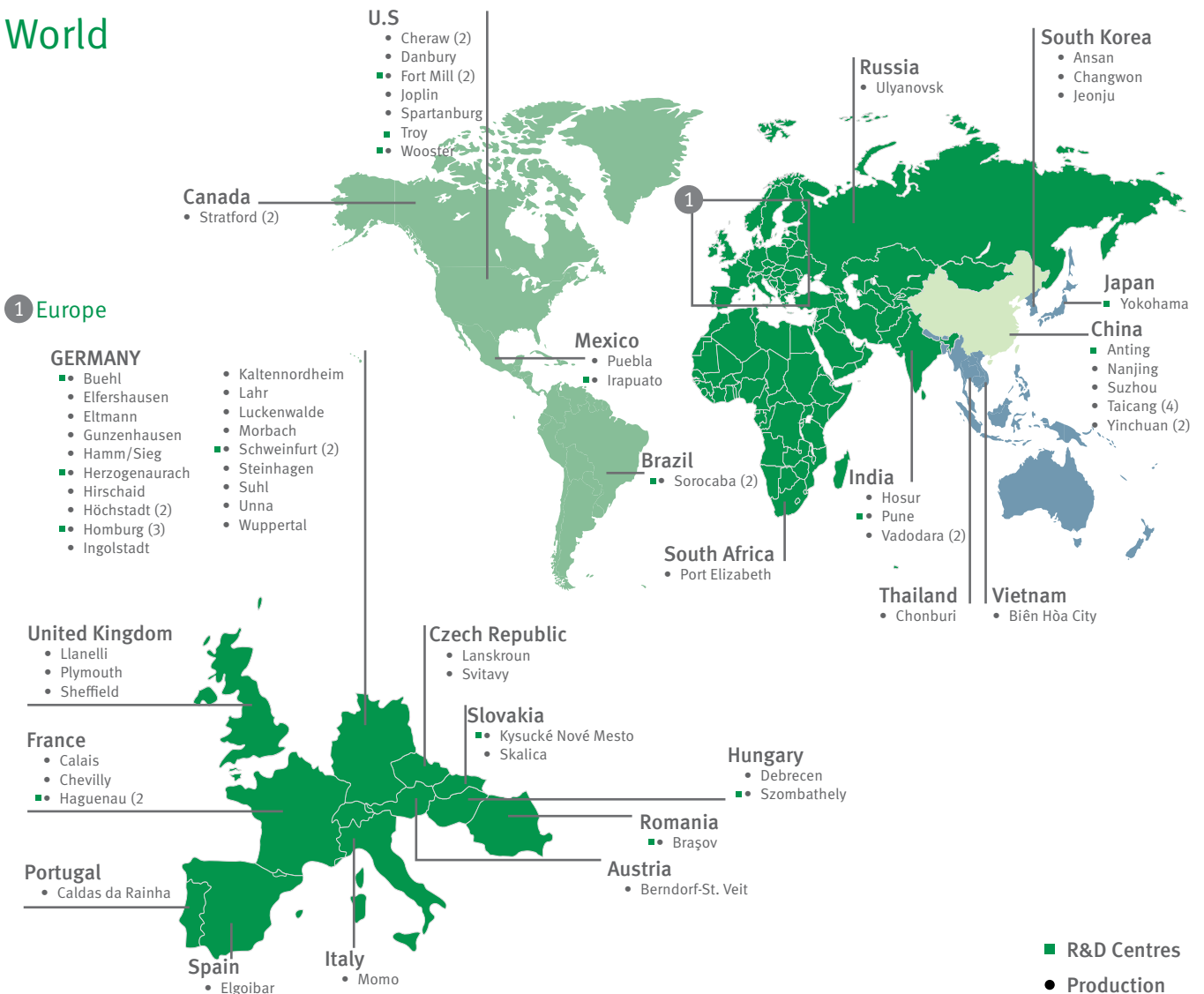
With over 92,500 employees, the Schaeffler Group is one of the leading global technology companies. Its network of manufacturing locations, research and development facilities, and distribution networks are spread over 170 locations across 50 countries. The Group's strength of 74 production facilities is the cornerstone of its operations.

The Schaeffler Group is actively shaping technological progress with its 20 R&D centres across the globe. Its 26,600 patent registrations, filed with the German Patent and Trademark Office, make the Schaeffler Group one of the most innovative companies.

Schaeffler AG, the Group's lead company, is a publicly listed stock corporation incorporated under the German law with its registered office in Herzogenaurach.

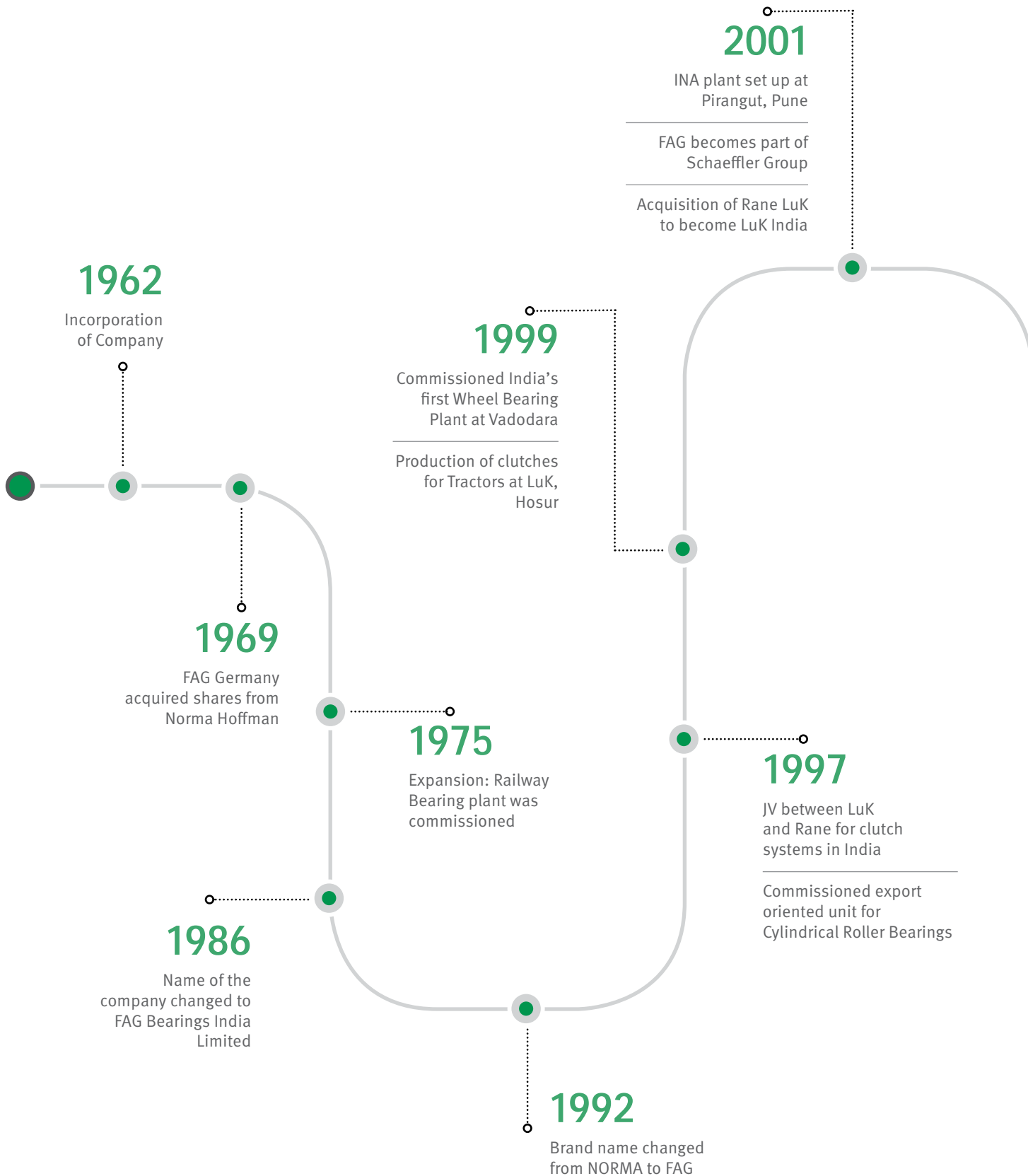
Schaeffler Group's Plants and R&D centers

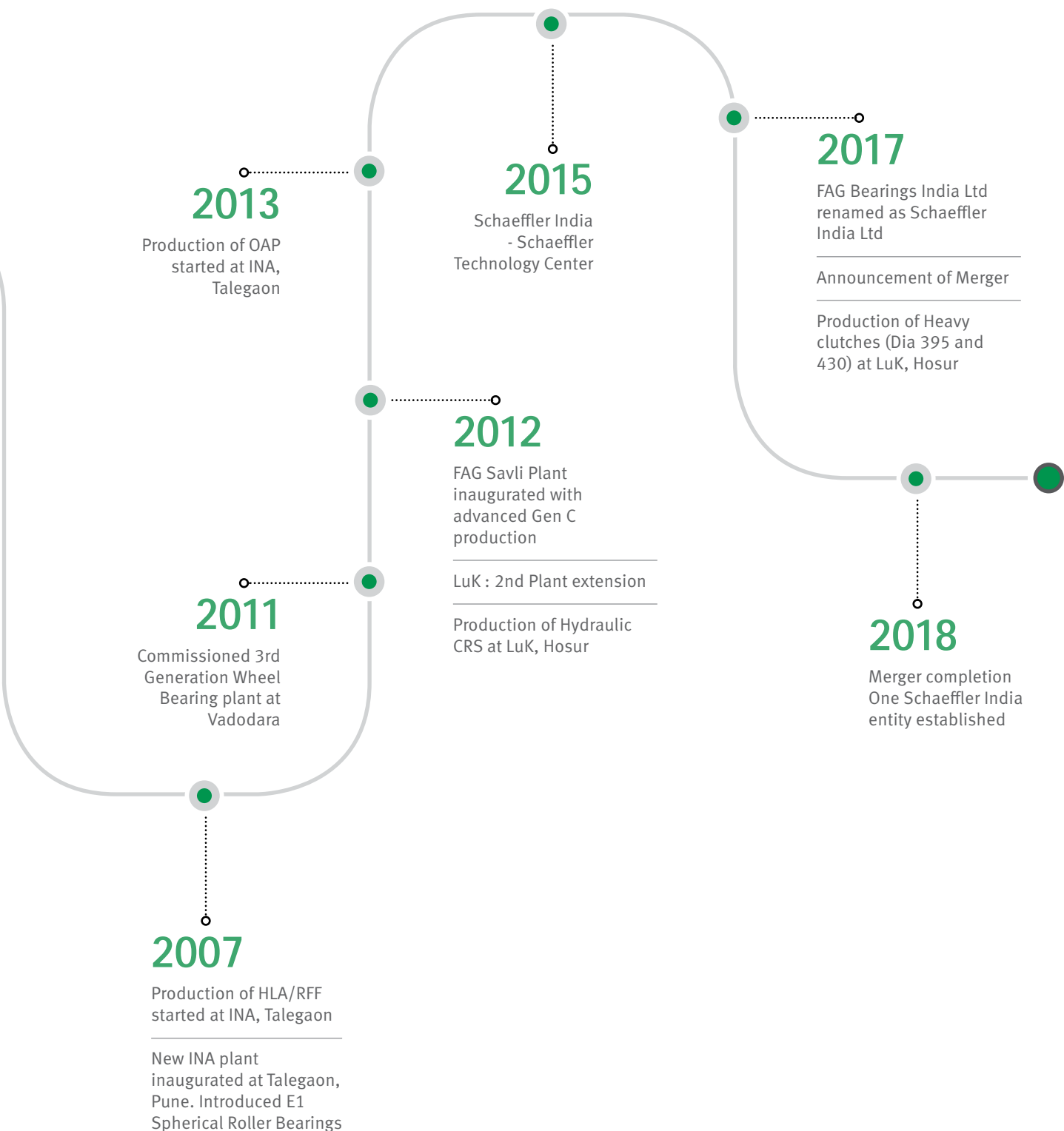
World





# Schaeffler in India: 50+ years of Progress





# Board of Directors



**Mr. Rakesh Jinsi**  
Independent  
Director

**Mr. Satish Patel**  
Director-Finance & CFO  
(From Feb 13, 2019)

**Mr. Jurgen Ziegler**  
Non-Executive  
Non-Independent Director

**Mr. Klaus Rosenfeld**  
Non-Executive  
Non-Independent Director

**Mr. Avinash Gandhi**  
Chairman  
Independent Director



**Mr. Dharmesh Arora**  
Managing Director

**Mrs. Renu Challu**  
Independent Director

**Mr. R. Sampath Kumar**  
Non-Executive  
Non-Independent Director

**Dr. Sanak Mishra**  
Independent Director

**Mr. Marcus Eisenhuth**  
Non-Executive  
Non-Independent Director  
(Up to Feb 13, 2019)

It is **Clear.**

We are **One Schaeffler.**

We are shaping **Mobility For Tomorrow.**





Schaeffler is a technology pioneer, and a leading Automotive and Industrial Supplier in India. Post merger, the consolidation of our operations, revenues and employees have made the Company more efficient, increasing its ability to serve customers wholeheartedly. By expanding plant facilities, Schaeffler has improved its local manufacturing capabilities.

As a part of our “One Schaeffler” initiative, our corporate will obtain a uniform brand identity, standardising the Company’s worldwide image. While we consolidate our position under one single corporate brand, our three strong product brands LuK, INA and FAG continue to offer wide range of products and solutions that our customers trust.

# Three strong brands. One strong company: Schaeffler

The whole is greater than the sum of its parts. With the merger of our three entities - INA Bearings India Private Limited (INA India) and LuK India Private Limited (LuK India) with Schaeffler India Limited, our combined India operation has become the leading Automotive and Industrial Supplier in India. Post-merger, the Company now has over INR 45.6 billion in revenues and around 3,000 efficient employees. Our unification makes way for multiple synergies and opportunities to align ourselves together to serve our customers better. Working together as one unit, we are more efficient, more agile and flexible. That is exactly what we have set out to do post-merger – build upon the strong foundation of our history and experience, driving stronger but simpler processes. We are improving our local manufacturing capabilities by expanding our existing plant facilities. Furthermore, we are reconfiguring our pan-India logistics to become more efficient.

Schaeffler is a technology leader, and a leading Automotive and Industrial Supplier in India. The consolidation of our operations, revenues and employees have made us more efficient, increasing our ability to serve our customers in a better manner. While we consolidate our position under one single corporate brand, our three strong product brands LuK, INA and FAG continue to offer wide range of products and solutions that our customers trust.

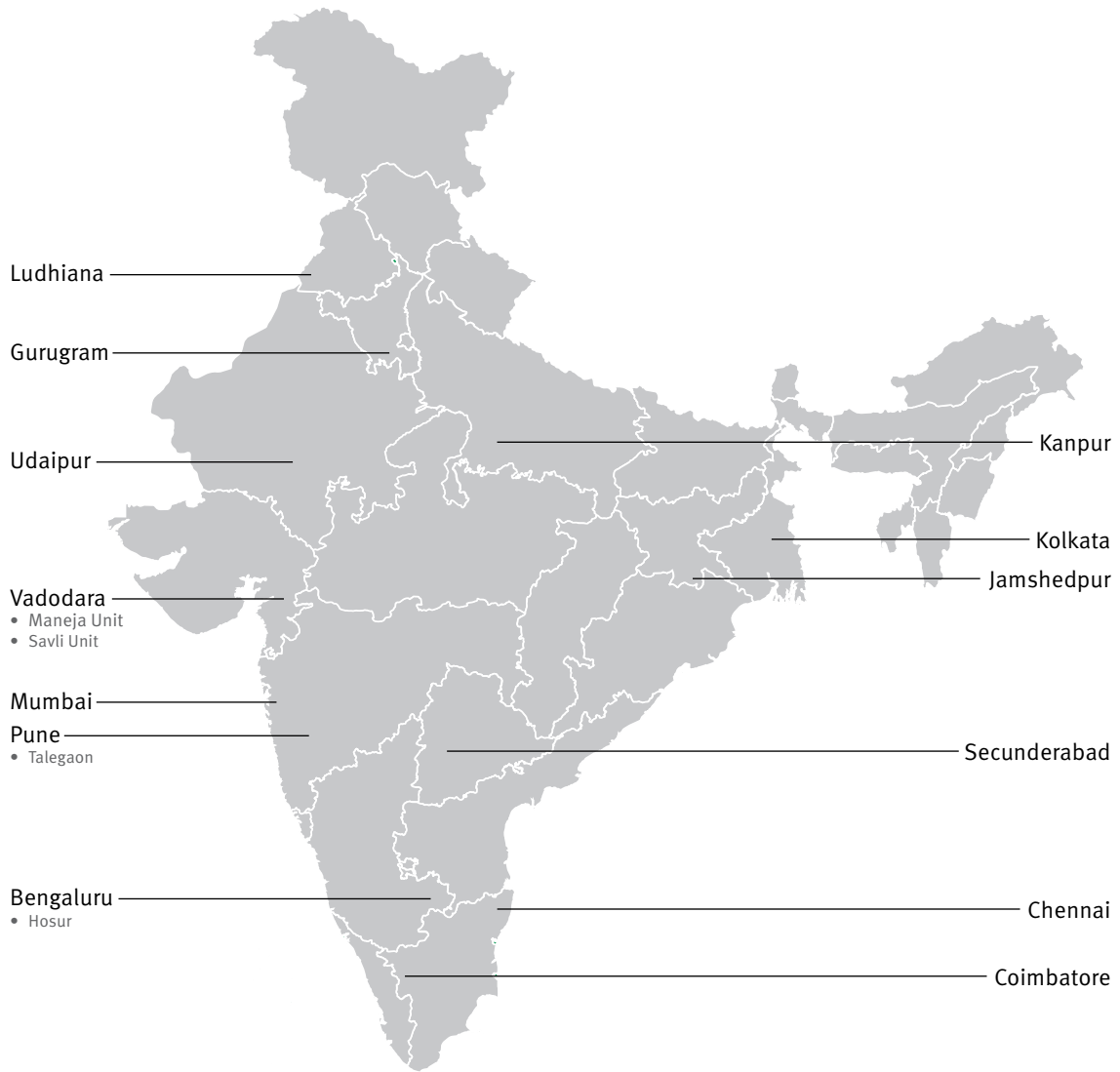


## Wider network, better access

Schaeffler's large operations in India is supported by a well thought out network of over 29,000+ touch points across the country, including distributors and retailers. This network supports business growth by ensuring availability of our three brands across the length and breadth of the country. With the consolidation of our

operations in India, we are now able to leverage this vast network and expand our geographic reach, getting closer to our customers. Not only this, our distributors will now have an enhanced portfolio with the possibility of selling all three brands depending upon the capacity and capability. Looking ahead, Schaeffler is investing in a state-of-the-art training and development facility to build the network competency to serve the customers in a better manner.

## Schaeffler India’s Manufacturing units and Sales offices



**4**  
 Manufacturing Units

**13**  
 Sales Offices

**320+**  
 Distribution Channel  
 Partners

**29,000+**  
 Retail Network

»With the consolidation of our operations in India, we are now able to leverage this vast network and expand our geographic reach, getting closer to our customers.«



# Stronger Operations



## Pune - Talegaon Plant

**Year of establishment:**  
1998

**Certifications:**  
ISO 9001:2000, OHSAS 18001, TS 16949:2002  
and ISO 14001

**Segments:**  
automotive industry, precision equipment, machine tools  
and material handling

**Product range:**  
Engine and Powertrain Components for front accessory  
drive system, chain drive systems, valve train components,  
gear shift systems and a range of needle roller bearings  
and elements

## Vadodara - Savli Plant

**Year of establishment:**  
2012

**Certifications:**  
ISO 9001, TS 16949 and ISO 18001

**Segments:**  
Cars and Trucks, Two Wheelers, Railways,  
Renewable Energy, Power Transmission, Heavy Industry,  
Off Highway, Automation, MRO-Steel, MRO Raw Material,  
MRO-Power, MRO-Paper and Pulp

**Product range:**  
Ball Bearing – Gen C, Large Size Bearing





## Vadodara - Maneja Plant

**Year of establishment:**  
1962

**Certifications:**  
ISO 9001, TS 16949 and ISO 18001

**Segments:**  
Construction Machinery, Electrical Engineering, Fluid Technology, Conveying equipment, Industrial Gears, Mining & Cement, Power Generation, Agricultural Engineering, Steel plant, Motorcycles, Textile Machinery Machine tools, Wind power, Pulp and Paper

**Product range:**  
Vast range of ball bearings, cylindrical roller bearings, spherical roller bearings and wheel bearings along with a wide range of condition monitoring and asset management services

## Hosur Plant

**Year of establishment:**  
1978

**Certifications:**  
ISO14001, ISO 9001, TS 16949, OHSAS 18001, EMAS

**Segments:**  
Automotive and tractor industry

**Product range:**  
Concentric Slave Cylinder Assembly, Clutch Master Cylinder Assembly, Semi Slave Cylinder Assembly, Adapter Assembly, High Pressure Pipe Assembly



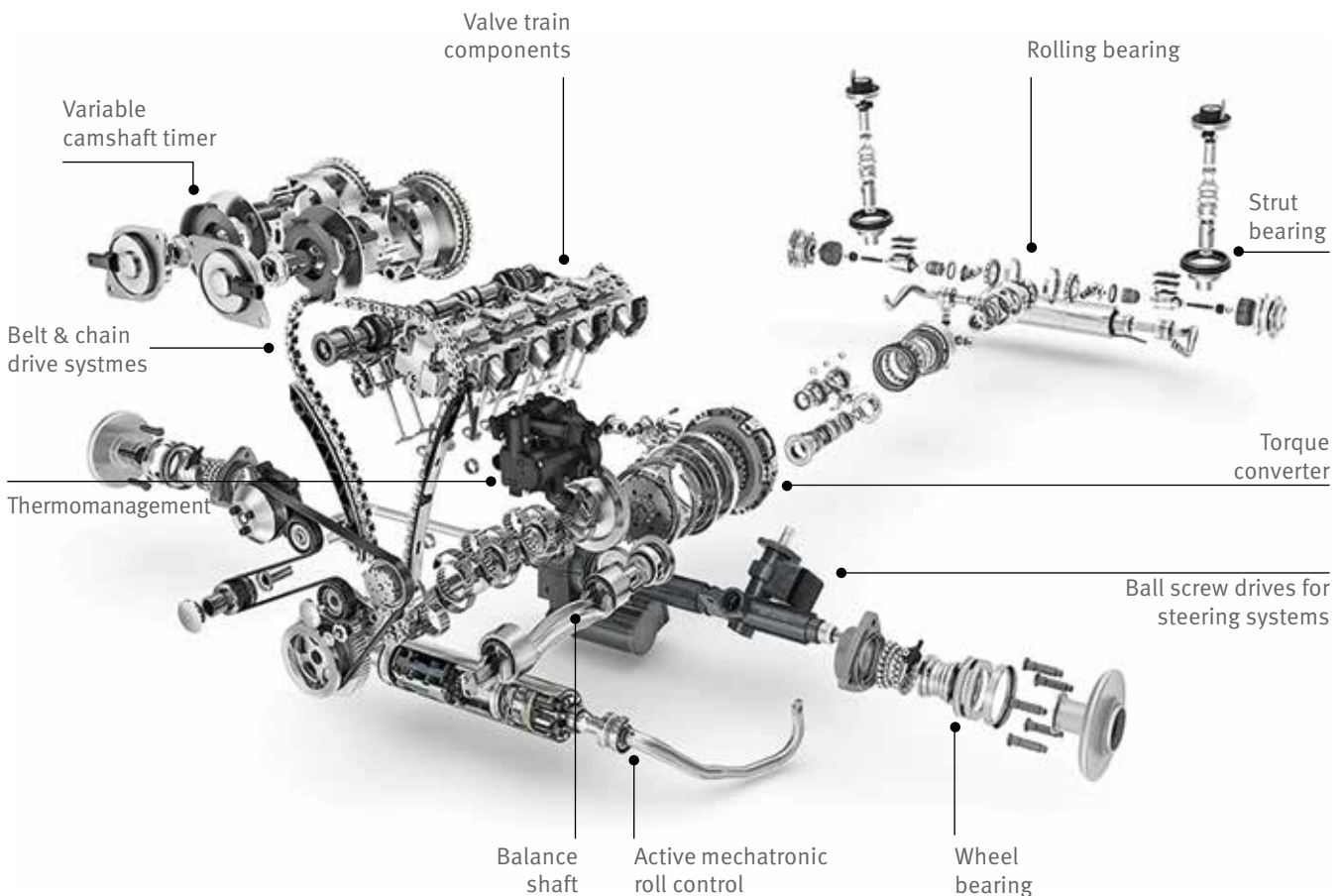
# Stronger systems capability Diverse product portfolio

Schaeffler's exceptional product offering includes:

## Automotive

Using innovative ideas, creative engineering, and comprehensive manufacturing expertise, this industry provides solutions that begin at the product-development phase and continue through to the volume production stage. The Automotive division of Schaeffler is working on a wide range of technologies for various concepts, markets and regions. This division supplies both technical and economical solutions to the automotive industry. In addition to this, it

has a diverse product range for vehicles. The main products include chassis components and systems, technologies for clutches and transmissions, as well as engine components and drives for hybrid and electric vehicles. Schaeffler's precision products are key to reducing fuel consumption and emissions. At the same time, they extend the service life of engines and transmissions, and increase driving comfort and dynamics.



The Automotive Aftermarket is responsible for offering the Company's replacement parts and services globally. The repair solutions are provided for transmission, engine and chassis components, under the four brands, LuK, INA, FAG, and Ruville. This division renders exceptional competence in systems and services, providing intelligent solutions for light commercial vehicles, heavy commercial vehicles, and tractor clutches. Moreover, the products and repair solutions from Schaeffler Automotive Aftermarket stand for advanced technology and outstanding quality. Furthermore, REPERT by Schaeffler, supports garages with up-to-date vehicle data and detailed information in their daily work, bundling the technical services offered under one roof.

**The Automotive Aftermarket is responsible for Schaeffler's replacement parts business in India.**

**Under the four brands LuK, INA, FAG, and Ruville, repair solutions are offered for transmission, engine, and chassis.**



### Passenger Cars



Outstanding competence in systems and services.

### Heavy Commercial Vehicles



Repair solutions for extended service life.

### Light Commercial Vehicles



Intelligent solutions for light commercial vehicles.

### Tractors

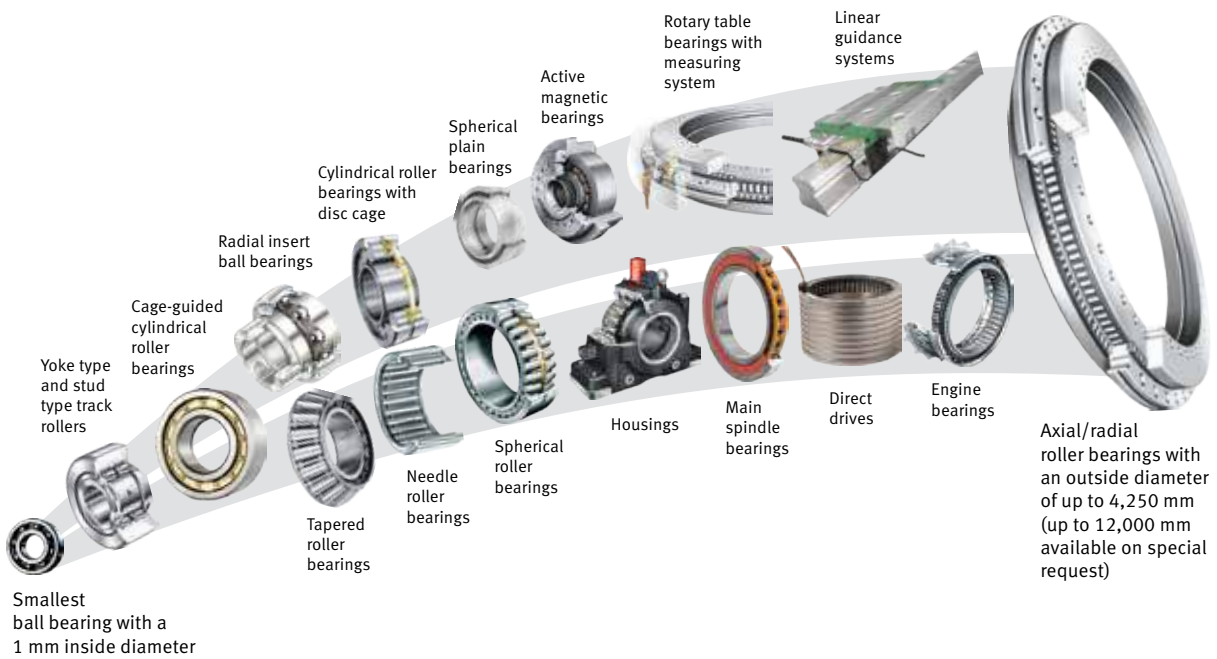


The No. 1 for tractor clutches.

## Industrial

The product spectrum includes bearing supports and components, which contributes to the quality of industrial applications. The Industrial division offers everything from miniature bearings to large-size bearings. In addition to

this, it provides solutions to industries such as Wind, Rail, Industrial Automation, Aero-space, Raw materials, and more. Increasingly, the focus is on smart products and connecting components.



**Linear technology**  
 Ball and roller bearing and guideway assemblies, hydrostatic linear guidance systems, and complete systems



**Direct drives**  
 Rotary and linear direct drives, including electronic subassemblies



**Maintenance**  
 Products and services for mounting, maintenance, and condition monitoring



**Mechatronics**  
 Bearings with integrated additional functions, e.g. using sensors or generators

# Schaeffler Puts Industry 4.0 into Practice

Drive technology, industrial automation, and IT continue to grow closer together. This integration offers immense potential for machine manufacturers and operators to increase performance and productivity and reduce costs.

These days, the value of a car or machine is determined less and less by hardware and software alone. Digital services, based on networked operating data, complement the classic business models in the automotive and mechanical engineering sectors. As a supplier to these industries, Schaeffler is not only reacting to this trend, but is also thinking ahead and playing an active role in shaping the future.

Schaeffler has been developing mechatronic components for a wide range of industrial drives for some years. These components are

“enablers” for Industry 4.0 because they are equipped with sensor systems, actuators, control units, and software that enable new functions and business models.

As a first milestone, Schaeffler has built a digital platform for all of its added-value digital services. This open-digital ecosystem will form an environment in which Schaeffler can work smoothly with its customers and partners, with the digital platform as the technical foundation. By constantly working to offer significant added value for its customers, Schaeffler’s aim is to connect data from across products and processes, and then use analytics to turn this primary data into valuable insight, which will then be used to increase the efficiency of Schaeffler’s own internal operations to develop innovative services for its customers.



»Digitalisation and Industry 4.0 captures the future vision of manufacturing.«

# Driving stronger systems and processes



To converge our separate Information Technology Systems, we implemented a framework that facilitates quick strategic decision making. The Schaeffler India entities were previously operating on the different modules of SAP. In order to enable quicker decision making and to ensure higher level of business integration, process harmonisation, and realisation of synergies, we are implementing a new upgraded network across all locations. Consequently, the Automotive and Industrial business transactions will get integrated that will significantly shorten the time required to analyse data, facilitating strategic decision making.



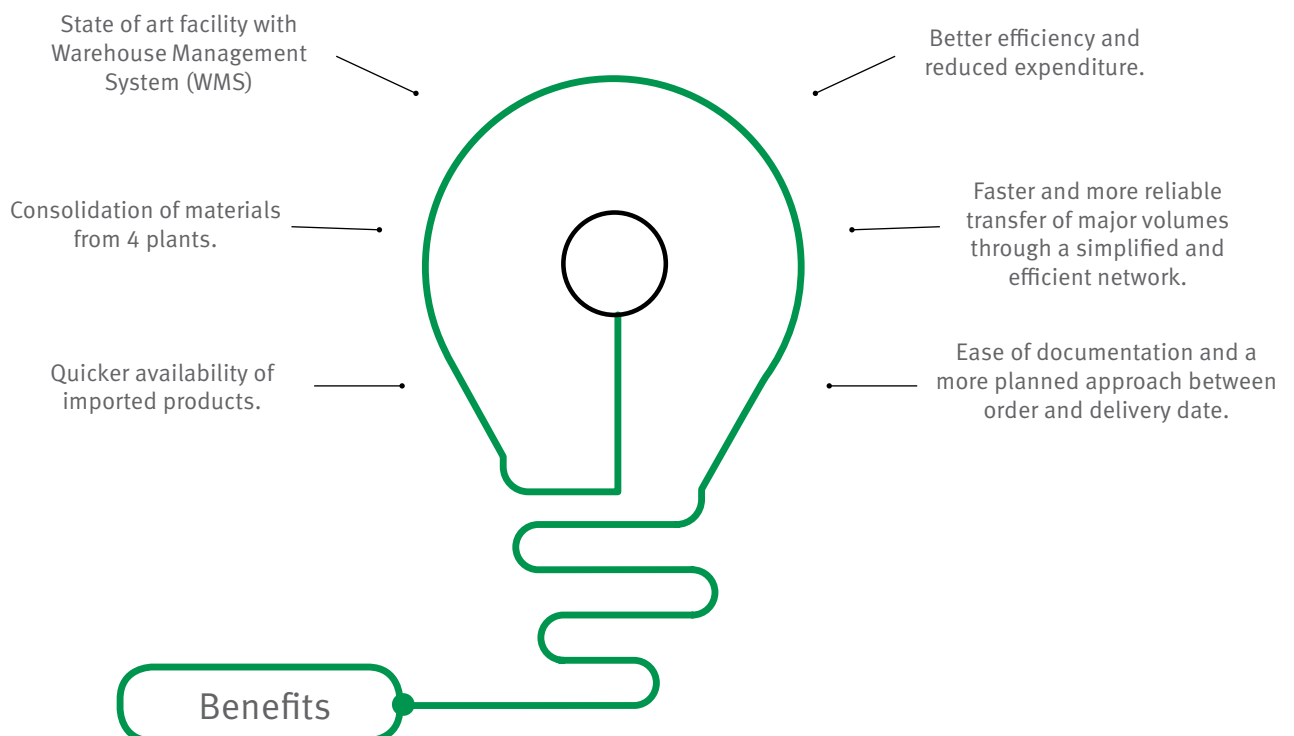
# Driving logistics efficiency



Schaeffler believes that sophistication is equal to simplicity. To serve our customers better and achieve operational excellence in deliveries, Schaeffler is working on a newly devised logistics network.

Our new network will establish an integrated inbound and outbound network through centralised warehouses. Our four Central Distribution Centres (CDCs) in Mumbai, Vadodara, Gurgaon and Hosur; and two Distribution Centres in Kolkata and Chennai will now operate for all three product brands. All these centres are aligned with the needs of their respective regional customers.

Operated by warehousing experts in logistics and supply chain networks, these centres are streamlining the delivery of materials to customers. Furthermore, this network will improve the overall supply chain network and reduce uncertainty in transit times. The first distribution centre, operational in Mumbai is spread across 70,000 Sq. feet of area. It is a modern facility aligned with global standards.





# Stronger Innovation Focus

»Actively shaping the developments of the future as part of 'Mobility for Tomorrow', Schaeffler is at the forefront of cutting edge R&D for solutions that are founded on quality, technology, and innovation.«





We are operating in a rapidly changing and disruptive environment and the technology landscape is changing faster than ever. The future becomes a reality because someone could foresee it. Schaeffler is actively shaping the developments of the future as part of 'Mobility for Tomorrow'. The impacts are seen worldwide as we leap ahead with solutions that are founded on quality, technology, and innovation.

Schaeffler is actively investing in the Research and Development capabilities for the future. Engineers at Schaeffler India excel at the kind of creative engineering that drives value to customers. Employees constantly work on advanced products and technologies within a connected environment of progressive research and development centres across the world. These centres are hubs of advanced and efficient solutions, developed in co-operation with customers from the automotive and industrial industries.

Our R&D facilities are proficient centres that facilitate the necessary testing of the products from individual bearing systems to complete vehicles. We continue to invest into our R&D competencies for the future and two of the R&D facilities located in Hosur and Pune are now approved by the Department of Scientific and Industrial Research (DSIR).

# Management Discussion and Analysis

## Global Economy Overview

2018 began on an upbeat note for the global economy, buoyed by a pickup in global manufacturing and trade through 2017. The final global growth numbers for 2018 is estimated to come in at 3.7%, despite weaker performance in some economies, notably Europe and Asia.

As the growth tapered downward towards the second half of the year, there were several factors that posed challenges to steady global growth. A key reason behind this loss in momentum is the implementation of trade tariffs by major economies. The increasingly protectionist rhetoric on trade has meant higher uncertainty about trade policy, which weighs on future investment decisions.

Going forward the global economy is likely to remain volatile in 2019. A range of triggers beyond escalating trade tensions could spark a further deterioration in risk sentiment with adverse growth implications, especially given the high levels of public and private debt. These potential triggers include a “no-deal” withdrawal of the United Kingdom from the European Union and a greater-than-envisaged slowdown in China.

## Indian Economy Overview

Indian economy continues to be a bright spot among major economies. Despite market volatilities, India retains the fastest growing major economy tag in the world and is expected to maintain the momentum. According to data, India’s GDP grew by 7.3 per cent in 2018-19. As proof of its growing economy and increased investor spending, India is now ranked at 77th

position in the World Bank’s Ease of Doing Business rankings 2018 – a jump of 23 places up from 2017.

India’s gross domestic product (GDP) is expected to continue to grow and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms. The measures to strengthen infrastructure and reforms like Goods and Services Tax (GST) augur well in mid to long term.

In addition, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.



The government is focused on uplifting the rural economy by strengthening the agriculture sector, providing healthcare access, improving the quality of education and improving infrastructure for connectivity. The government has set a long term goal of doubling the farmers' income by 2022. All-time high allocations have been made to the rail and road sectors.

The Indian Engineering sector has witnessed a remarkable growth over the last few years driven by increased investments in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy.

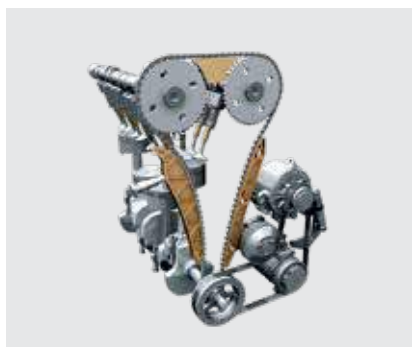
Certain measures taken by the government in the interim budget aims towards increasing the disposable income of the masses. The benefit given to all the income groups, especially, to the lower income category, as well as the senior citizens will give an impetus to consumer sentiment and is likely to reflect positively on economic activities across the spectrum.

## Business Overview

Schaeffler India is a leading automotive and industrial supplier with a diverse product portfolio and a large after market presence. Your company has a balanced portfolio in both the segments and continues to enjoy a competitive position in the market. The business overview section discusses the industry developments, your company's performance and the business outlook.

### Automotive Sector

India is poised to soar, higher than many fast-growing large economies over the next decade. At the same time, automotive original equipment manufacturers (OEMs) and component manufacturers in the country aspire to achieve global eminence. The future of the auto OEM and auto component industry is being shaped by multiple trends and policies. In a transforming landscape — growing demand, rising investment, and policy support from the government — Indian automotive manufacturers have been very successful across segments in the local



Engine Systems



Transmission Systems



Chassis Systems



Hybrid and Electrical Drive Systems

and global markets and as a result India currently ranks as the 4th largest automobile market in the world.

In 2018, the overall automobile demand remained positive despite a slowdown in the market in the final three months of the year. With the exception of passenger vehicles segment, all segments reported double-digit growth in the calendar year 2018 with overall automobile sales crossing 32 million units.

Commercial Vehicles (CV) segment grew by 33.6 percent in January-December 2018 over the same period in the previous year. The Indian Commercial Vehicle segment is poised for future growth driven by a pick-up in the infrastructure sector and stable demand from core freight intensive sectors such as cement, steel, and automobiles. The demand for MCV and HCV's is expected to witness a healthy growth in the coming years. As Schaeffler India Limited supplies reliable and efficient products and components that are essential to the manufacturing of vehicles, your Company is expected to benefit from this growth in demand for Commercial Vehicles.

**»With a growing demand, rising investment, and policy support from the government, India currently ranks as the 4th largest automobile market in the world.«**

**32 million**

Automobiles sold in India, 2018

**» Under the One Schaeffler entity, our diversified product portfolio and expanded distribution network have positioned Schaeffler India to benefit from growth opportunities in the Automotive and Industrial Sectors.«**

The passenger car segment registered a modest growth during the year. The slump in the industry towards the end of the year was a result of increased fuel prices, liquidity crunch, high interest rates and led to worst festive season in the last five years. However, this is likely to be a short term trend and the long term story still holds a lot of promise. Several policy announcements made recently aim to strengthen the play of multi-technology players in the industry to meet the emission norms. The recently announced extension of the FAME II scheme (faster adoption and manufacturing of electric vehicles) by the government is a positive sign for the industry and many technology suppliers.

As consumer preferences continue to change, we see increasing preference towards automatic transmission for passenger cars. Multiple Automatic Transmission technologies like AMT/TC/CVT/DCT/DSG are available in India and most of the car manufacturers are offering automatics in their product lineups. With a robust and diversified product portfolio and an expanded

distribution network under the One Schaeffler entity, your Company is set to capitalise on the significant growth opportunities in this sector.

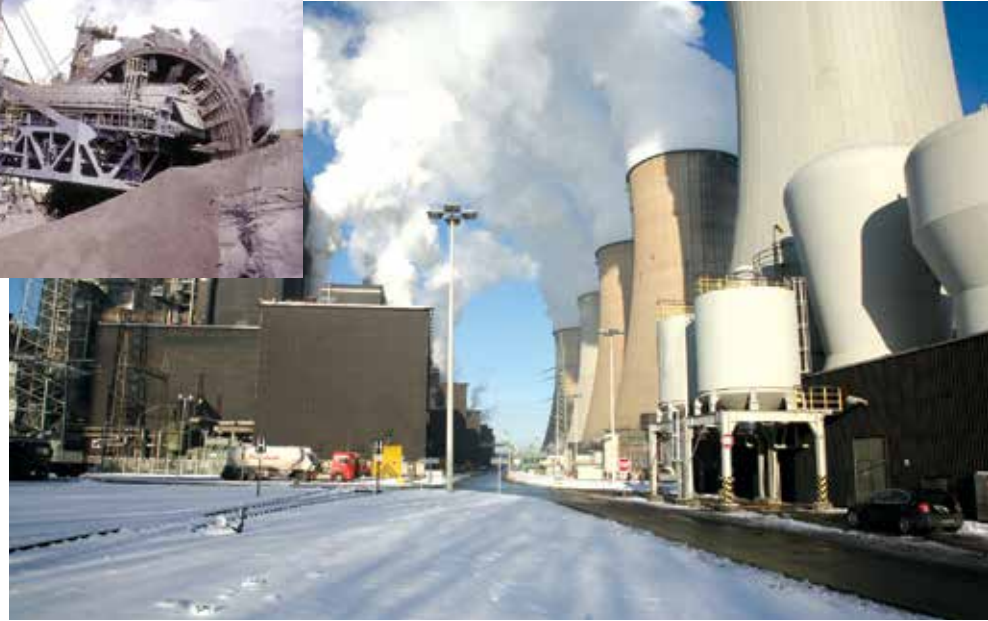
Your Company, Schaeffler India Limited is a leading supplier of advanced wheel bearing solutions, efficient engine and powertrain components for front accessory drive system, chain drive systems, valve train, gear shift systems and a range of needle roller bearings, a wide range of clutches and hydraulic clutch release systems. The Company's enduring attention to technology and innovation and focus on developing sustainable mobility solutions for the future will help drive future growth.

Three and two wheelers are essential part of the Indian automotive ecosystem. While the burgeoning two wheeler segment continues to grow, after a period of sluggish growth the three wheeler sector witnessed a revival in local sales. Supported by growing per capita income, higher minimum support price and farm loan waivers, improved farm sentiment and favorable government policies announced in Interim Budget 2019, there are positive signals of the rural markets coming back on track. Better crops, increased affordability and an increase in disposable income in the hands of the rural populace is raising the demand for two-wheelers in the country. Currently, the growing focus on mass public transportation and personal mobility such as two and three wheelers top manufacturers' focus towards launching clean-energy products, in India's ambitious drive towards electric mobility.

Your company produces a range of bearings and components for two and three-wheeler industry, while the parent company Schaeffler AG is making progressive strides in the E-Mobility segment. Supported by the parent company and aided by local manufacturing, your Company is geared to support the industry's growth.

The domestic tractor industry has registered a strong volume growth over the last few years. The normal monsoons precipitation is expected to have direct positive impact on farm output in the current fiscal.





Furthermore, the recently announced government initiatives on farming sector coupled with infrastructure creation is likely to add more purchasing power to the farmers consequently driving a positive demand for tractors in the future.

Schaeffler is a leading supplier of wide ranging products for transmission and chassis application in agricultural tractors. Your Company’s deep customer engagement and wide qualitative offering will help it benefit from the positive developments of the industry.

### Industrial Sector

The industrial sector is one of the key enablers of growth for the country. During the year, the engineering and manufacturing sector posted a healthy growth on the back of economic activities. India’s Industrial output grew mainly on the back of mining, power and manufacturing sectors coupled with higher offtake of capital as well as consumer durable goods. The Industrial Production (IIP) showed stable growth throughout 2018 with the fastest growth in October 2018. However, factors such as inflation and a consequent slowdown in the manufacturing sector along with advanced inventory stocking for festive season, the growth in industrial production temporarily dropped in

November 2018 before recovering to 2.4 percent in December 2018.

The government’s focus on the industrial sector is clear and decisive. Multiple programs continue to drive impetus to the infrastructure improvement across the board in creating a conducive environment for attracting investments. The announcement of industrial corridors and in building smart cities connected through a dedicated freight corridor bodes well for the movement of goods across the nation. Massive upgradation of railway infrastructure continues to drive activities across many segments. There is a clear drive on making in India, that is evident with the level of investments that are

**7.3%**

India’s expected GDP growth, 2019

**»India’s output is expected to grow on the back of the mining, power and manufacturing industries, bolstering growth in the Industrial Sector. «**

coming in for electronics and mobile manufacturing facilities. While overall manufacturing remained upbeat, the core sector slowed down towards the end of 2018 considerably along with crude oil, refinery and fertilizers. On the other hand, the steel industry grew considerably and India became the 2nd largest producer of steel in the world. Similar growth sentiments have been reflected by the mining and cement industry, riding the infrastructure growth curve.

The demand for the distribution business is linked to capacity utilisation and new projects in sectors such as Steel, Mining, Cement, Textile and Paper, to name a few. After facing multiple challenges last year, the distribution business has bounced back in 2018, registering highest sales growth for the business and that continues to drive the positive business sentiments among our channel partners. While the competition in this business sector continues to intensify every year as more brands, both local and imported, enter the market, your Company has gained a big advantage this year with the merger of three legal entities. As a result, our product brands will have wider market access and deeper market penetration. This will drive revenue and growth for the business in the long term.

Your Company is a formidable player in the Industrial segment. With a product range consisting of over 40,000 catalog products along with numerous special designs, Schaeffler India offers the widest product range to the industrial division. Your Company's decades of experience in the industry and engineering knowhow has helped in excelling across its focus sectors. Your Company continued on its added value-oriented approach in the distribution segment with the goal of reducing total cost of ownership. Your Company not just offered quality products to its customers, but continually supported them in improving reliability, quality and productivity of their processes



and plants. Its basket of services includes condition monitoring, mounting, dismounting, alignment and lubrication, among others. Some of your Company's service initiatives such as roll-shop maintenance in the steel industry and on-line condition monitoring projects in cement and steel sectors, have found growing acceptance in the market.



# 40,000

Schaeffler's catalog of products in the Industrial Sector

With the goal of ensuring high value creation for customers through products which are of the highest quality, efficiency, safety standards, and tailor-made to their requirements, your Company continues to invest in developing new product lines, R&D capabilities and training the workforce to leverage the benefits of Digitisation and Industry 4.0 and to create a sustainable future in line with the overall group strategy of Mobility for Tomorrow.

Your Company's Revenue (net) was at ₹ 45,615.1 million in 2018 (Year 2017: ₹ 39,331.4 million) representing a growth of 16.0 %. Profit before tax (before exceptional items) was placed at ₹ 6,749.0 million (Year 2017: ₹ 5,933.6 million) representing a growth of 13.7%. Your Company recorded profit after tax (after exceptional items) of ₹ 4,198.0 million (Year 2017: ₹ 3,884.9 million) representing a growth of 8.1%. Adverse Sales mix and input cost increase impacted the margin performance.

Your Company has been consistently practicing prudent financial management. The renewed focus on liquidity and working capital management helped in sustaining generation of free cash flow for the long term strategic objectives of the company. The Company has Structured Hedging Policy to neutralise the volatility in the foreign currency development. The consistent implementation and monitoring thereof has helped avoidance of negative Forex impact during the year.

Under the given market conditions, the Company's performance is considered satisfactory.

## Risk Management System

Like any other ongoing business, your Company is exposed to a large number of potential risks that can adversely affect its business. Your Company has established comprehensive Risk Management System to ensure that risks to the Company's continued existence as a going concern and to its development are identified and addressed on timely basis. Consciously dealing with identified risks and regularly monitoring risk factors increases risk awareness and ensures continuing improvements.

»To ensuring value creation through products of the highest quality, efficiency, and safety standards, in addition to being tailor-made to customer requirements, your Company continues to invest in developing new product lines, R&D capabilities, and training its workforce.«

## Operational and Financial Performance

2018 has been an eventful year for Schaeffler in India. Our three legal entities merged to form One Schaeffler India, that has tremendous scope going forward for our business. Our Automotive and Industrial businesses grew at a healthy pace in the first three quarters. The third quarter however saw our Automotive business decline on account of slower industry growth and shrinking volumes. But our industrial business held the territory and the combined entity posted solid numbers.





»At Schaeffler, identified risks are actively managed to achieve the intended level of risk mitigation.«

## 1.1 Risk Management System

Management identifies and evaluates - especially such risks which could jeopardise continued existence or development at an early stage and defines and implements measures to control these risks. The Risk Management System consists of multi phased process. Initially, all risks are identified by different departments and functions as bottom up approach. These risks are then analysed and evaluated by your Company's management team before they are reported to the Board of Directors.

Risks are classified in different categories such as strategic risk, operational risk, financial risk and legal risk. These risks are then classified and quantified depending on probability of occurrence and the extent of potential damage. This analytical approach clearly leads to categorisation of risks as follows:

- Material Risks: Risk with high probability and high negative

impact on net assets, financial position and earnings.

- Significant Risks: Risk with medium probability and medium negative impact on net assets, financial position and earnings.
- Non-critical Risks: Risk with either low probability of occurrence or which has negligible impact on net assets, financial position and earnings.

The Risk Management strategy as approved by the Board of Directors is implemented by your Company management. The risk evaluation is performed semi-annually. The management presents the risk management report along with planned mitigation measures to the Board of Directors periodically.

## 1.2 Risks

Risks are divided into strategic, operating, legal and financial risks and are described in decreasing order of the magnitude of their impact on the net assets, financial position and earnings of the Company.

### Strategic risks

The key Strategic risks of the Company are described below.

#### *Country risks*

Changes in the social, political, legal, or economic stability in certain markets could hamper the operations or planned expansion projects of the Company. Changes in the political and regulatory environment of markets in which the Company does business could have an impact on the net assets, financial position, and earnings of the Company.

#### *Mitigation measures:*

The socio – economic – political risks are mitigated with continuous observations of the developments in relevant business environment and taking appropriate actions in terms of changes in strategies to protect the interest of the Company.





### *Strategic market and technology risks*

There are transformative changes forecasted in the market place from reducing diesel penetration to potential electrification of vehicle powertrain. Similarly customers increasingly are looking for bundled offering of products and services. On the manufacturing side, the Company currently relies on a certain degree of vertical integration and comprehensive production expertise that facilitate improvements in the production process and ultimately safeguard the company's ability to maintain its competitive position in the market. The evolution of the company's business from being component-driven to more systems-based could reduce the proportion of value added by the Company.

### *Mitigation Measures:*

The Company is taking a variety of measures to address these trends. It has developed and is aggressively securing businesses in new evolving technologies and offerings. It is strategically enhancing its production system to be more modular. Constantly improving its efficiency in order to safeguard and further expand its market position.

**»As part of the “Digital Agenda”, employees with varying skills and qualifications constantly engage with new products, processes, and structures.«**

### **Operational risks**

The key operational risks of the Company are listed below.

#### *Market developments:*

As the Company is a supplier in the automotive and industrial sector, demand for Company's products is, to a large extent, driven by macro economic conditions. In addition, demand is subject to certain cyclical fluctuations. A change in forecasted market trends could have an impact on the net assets, financial position, and the earnings of both Automotive and Industrial markets.

### *Mitigation Measures:*

Markets are analyzed on an ongoing basis in order to detect changes in market structure or regulations early on. The Company uses managed cost efficiency programs to flexibly and dynamically reduce the amount of damage from unexpected market slow-downs. Should prices deteriorate unexpectedly, the amount of damage arising from the risk is reduced by renegotiating with suppliers as much as possible.



***Delivery performance:***

The ability to deliver and delivery performance represent a key competitive factor for a long-term relationship of trust with customers; this competitive factor is being constantly enhanced by systematic improvements in production and delivery logistics. Inability to meet contractual delivery dates could have an impact on the financial position and earnings of the Company.

***Mitigation Measures:***

The company is building high-performance distribution centers for the Industrial division and the Automotive Aftermarket aimed at improving market supply and delivery performance with fewer logistics locations.

***Procurement risks:***

Procurement risks arise mainly from fluctuations in market prices of raw materials and ability of its supplier base to deliver. Adverse fluctuations in market prices and/or supplier's financial distress could have an impact on the Company's financial position and earnings.

***Mitigation Measures:***

The Company's purchasing function ensures optimal supply of goods and services to the company, focusing on quality, cost, and delivery performance. By negotiating prices and utilizing synergies resulting, the Company is largely able to obtain competitive prices. The organisation keeps a close watch on the operations of its suppliers for early signs of distress and be able to intervene in order to secure its interests.

***Information Technology (IT) and Cyber Security risks:***

The importance of the IT systems utilised throughout all the company locations is growing. The operability of business processes and, therefore, the continuity of operations depend on the availability of the IT systems. Three protection targets – confidentiality, integrity and availability – steer the company's IT security management and protection of data and IT systems. Cyber Security is the risk of unauthorised access to IT systems, modification and misappropriation of sensitive business data which could have an impact on the Company's net assets, financial position and earnings.

***Mitigation Measures:***

The Company has highest standards of IT security systems and constantly upgrade the IT security infrastructure. To mitigate the cyber security risk, the Company has put in place various security measures including Internet proxy gateway security measure known as Advanced Persistent Threat (APT) and Seven layers security. Further, the Company also educates/ trains its employees about relevant developments about cyber security and modus operandi on how a cyber attacks could occur and what precautions the users should take, to ensure that the IT infrastructure, business data are adequately protected against any possible IT/cyber security risks.

**Production risk:**

As the Company's production is very capital-intensive, a large proportion of its costs are fixed. As a result, a decrease in utilization of plant capacity increases the company's costs and reduces its profitability. The influence of force majeure could result in delays or interruptions in the supply chain.

**Mitigation Measures:**

The Company regularly reviews market conditions and compares them to its footprint. Where necessary, alternative means of production can either be realised by another plant within Schaeffler Group with comparable production lines or provided by an alternative supplier. To minimise the probability of occurrence of unplanned interruptions, the Company takes extensive fire pre-cautions. There exist also a comprehensive insurance coverage.

**Loss of market share:**

The Company faces competition in all business fields. As a result, the company is exposed to the risk of being displaced by existing or new competitors and of its products being replaced by product innovations or by new technological features.

**»The Company continues to measures with special markings on its products, making it difficult to counterfeit. Additionally the company upgrades its digital anti-counterfeit app regularly to support these initiatives.«**

**Mitigation Measures:**

The Company ensures close cooperation with the key customers of the Company on product development and strict product quality control measures in order to reduce the likelihood of substitution. The Company is also developing products which will help it to step up the value chain from components to systems.

**Warranty and liability risks:**

One significant factor in customers' decision to purchase the products offered by the Company is their high quality. Though, the Company employs a certified quality management system for the purpose, there is a risk that poor quality products end up getting delivered, causing product liability risk.

**Mitigation Measures:**

The Company responds to such risks by adopting strict quality control measures and continually improving its production processes in order to minimise the probability of warranty and liability risks materializing. All product liability risks are insured.

**Product piracy risks:**

The product brands INA, LuK, and FAG are associated with a high standard of quality, making them increasingly susceptible to product piracy.

**Mitigation Measures:**

The Company protects intellectual property. The Company continues to measures with special markings on its products, making it difficult to counterfeit. Additionally the company upgrades its digital anti-counterfeit app regularly to support these initiatives.

**Financial risks****Currency risks**

The Company is exposed to a currency risks due to its international reach. The largest such currency risks from operations result from fluctuations in the U.S. dollar and Euro exchange rates.

**Mitigation measures:**

The Company has a structured hedging strategy to counter currency risks. The strategy is applied consistently and is also reviewed periodically.

»Schaeffler India's Internal Control System includes well documented policies and procedures that are aligned with Group standards and processes, while also adhering to local statutory requirements.«

## Legal risks

### *Compliance risks*

As a Company with operations at different locations, it has to comply with laws and regulations across the Country. It is possible that violations of existing law occur despite careful observance of such legal requirements.

### *Mitigation Measures:*

The Company has in place a comprehensive Compliance Management System wherein laws and regulations applicable to the Company are mapped. Respective owners of compliances are also mapped and the system provides the owners of the compliances with advance alert, reminders etc. to help them identify and comply with requirements in timely manner. The system is also updated regularly to capture regulatory changes and amendments.

## 1.3 Overall assessment of risks faced by Schaeffler India Limited

In addition to the specific risks described herein, unexpected developments significantly damaging or harming the company's production process, customer relationship, or reputation may occur at any time.

The overall assessment of the significant risks does not indicate any risks which, either individually or in combination with other risks, jeopardise the company's continued existence as a going concern.



## Internal Control System

Your Company has a system of Internal Controls over financial reporting (IFC) ensuring the accuracy of the accounting system and the related financial reporting. The Internal Control System provides for well-documented policies and procedures that are aligned with Group standards and processes. It adheres to local statutory requirements for orderly and efficient conduct of business, safeguarding of assets, the detection and prevention of frauds and errors, adequacy and completeness of accounting records and timely preparation of reliable financial information. The efficacy of the internal checks and control systems are validated by Internal as well as Statutory Auditors.



Your Company's IFC is conceptually based on regulatory framework, as applicable. The Controls defined in the framework are applied to all levels - Entity Level, Process Level and IT System Level. The management assesses the appropriateness and effectiveness of the Controls in place on yearly basis. To this end, your Company uses a standardised methodology to identify the processes relevant to IFC, define the required controls and document them in accordance with uniform requirements. This is then followed up with a review of the effectiveness of the defined controls that is performed using a risk-based approach. The Process Controls are self evaluated as well as audited by the Internal and the Statutory Auditors. The measurement plans are laid out and monitored regularly to overcome the deficiencies as detected during self evaluation and confirmed by the Auditors.

The Audit Committee reviews the adequacy and effectiveness of the internal control systems, significant audit observations and monitors the sustainability of remedial measures.

## Human Resource Management

With total workforce strength of 2,904 the prime objective of the Human Resource function is employee development. To achieve success and profitability, your Company relies on its greatest assets- its intellectual capital.

### Recruitment

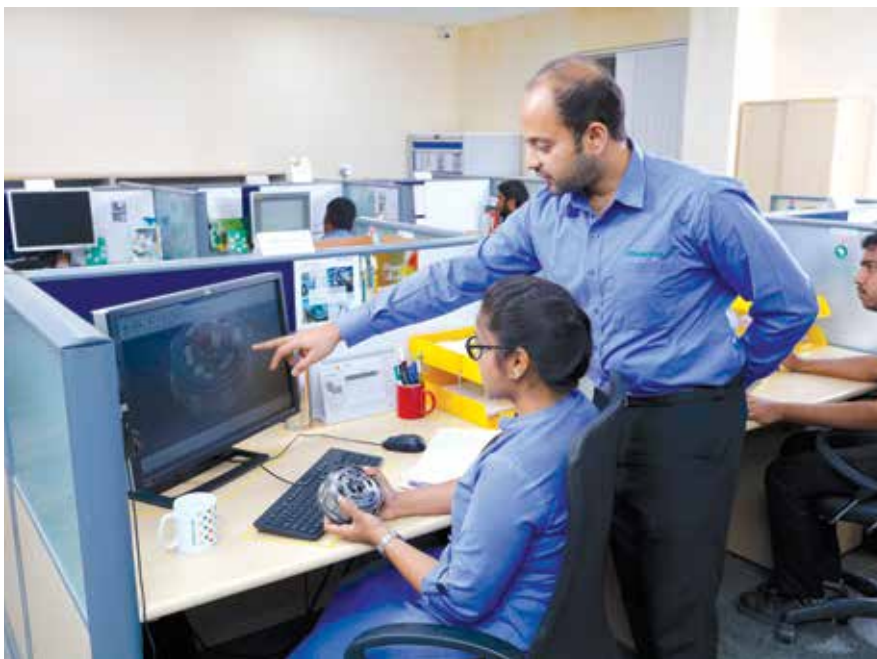
Your Company believes in hiring quality manpower for accomplishment of its growth objectives with a strong attention on their career and growth. To overcome the challenge of attracting qualified professionals and skilled manpower in today's dynamic market, your Company adopts the scheme for cross functional rotation.

### Training & Development

People with different level of experience and education become a part of the Company. Your Company consistently invests in the training of its employees to enhance their skills and competencies.

Induction training: Your Company's NHI (New Hire Integration) process, continues to fare very well. Under this programme, new recruits undergo an induction training which offers a broad overview of your Company's corporate strategy and growth objectives. Further, in line with our digitalisation strategy, your Company introduced e-learning methods and modules which give an in-depth understanding of the tools and processes of the organisation. This allows the new incumbent to fit seamlessly within the organisation structure, culture and environment.

Training & Development: Your Company has a structured annual calendar divided in monthly training plans based on the individual needs that are in line with the organisational requirements. In addition, your Company has an extensive focus towards soft skill development of its employees.



»Schaeffler has an extensive focus towards soft skill development of its employees.«

# 2,904

Employee strength of Schaeffler India

## A Learning Organisation

At Schaeffler India Limited, the robust talent management framework facilitates in identifying and nurturing employees with long-term potential to take up critical leadership roles. The objective of this effort is to build a strong talent pool for the future.

Your company practices a structured 70:20:10 learning process for all employees. Different leadership and grooming programmes across all levels - Young Leadership Programme; for seniors through Accelerated Leadership Programme; and for senior management group through International Leadership Programme, your Company is focusing on building a sustainable leadership pipeline. Moreover, at the shop floor level, a unique Team Leader Development programme is practiced, where high potential blue-collar employees are identified and groomed towards growth and career path towards attaining organisation objectives.

**»Schaeffler India practices a structured 70:20:10 learning process for all employees. Different leadership and grooming programmes across all levels ensures a sustainable leadership talent pipeline«**



## Employee Engagement and Health initiatives

Your Company has been successful in creating positive changes in the employee's behaviour while shaping the future of the organisation. Your Company carried various employee engagement activities such as Celebrations of New Year, Republic day, Diversity and Independence Day, among others.

- Organised 'Health Week' to encourage employees to maintain good health.
- Conducted Town Hall Meetings periodically to update employees on business and market scenario; company achievements; challenges and concerns.
- Employee Birthday celebrations.
- Organised Education Awards for the children of employees.
- Recognition of long serving employees.

## Health, Safety & Environment

Your Company is committed towards creating a Safe and Healthy work environment by designing work stations and workflows based on the principles of Occupational Safety and ergonomics. The work force is well trained in preventive aspects of safety and is highly motivated to achieve the target of "ZERO" work related accidents.

Your Company's plants at Maneja, Savli, Talegaon and Hosur have all requisite validations for environmental protection, health and quality certifications. All four manufacturing locations are IATF 16949, OHSAS 18001:2007 and ISO 50001:2011 certified.

A systematic and periodic measurement of indices such as Water Consumption, Effluent Discharge, Gas Emission and Electric Consumption is undertaken. This helps in tracking the progress of the environment sustainability measures implemented by your Company and target a further reduction in the consumption of resources.

Your Company has been effective in identifying waste in the processes and improving overall process efficiency in line with the organisation wide initiative - MOVE (German acronym for “More without Waste”).

While being responsible to the environment in its operations, your Company has a strong impetus on manufacturing and designing energy efficient products. Your Company manufactures products across four plants that help customers reduce their energy consumption and get optimised efficiency. For e.g. X-life bearings are designed and manufactured to carry higher load ratings within the existing boundary dimensions. Besides, its advanced products such as wheel modules for passenger car and commercial vehicles combine various functionalities within a bearing and thus significantly reduce system weight and improve efficiency. The Savli unit has been successfully producing Low Friction Ball bearings which besides reducing noise levels also reduces friction significantly. Further, your Company has a strong presence in the Renewable Energy sector. Talegaon unit manufactures engine components for internal combustion engines (ICE) that are helping OEMs to meet emission norms, while the Hosur unit manufactures a range of clutches that help in reducing fuel consumption and increase comfort for end users.

Various activities including Safety Week Celebration, Environment Day Celebration, Safety Training, Safety Audit, Health Week Celebration and Blood Donation Camp were organised. Several measures were also taken by your Company during the year on energy conservation. These are mentioned in the report under ‘Energy Conservation, Technology absorption and Foreign Exchange Earnings and Outgo’ segment, which is a part of the Directors’ Report and enclosed as Annexure-H thereto.



## Cautionary Statement

Statement made in the Management Discussion and Analysis describing the Company’s objectives, projections, estimates, expectations may be “Forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company’s operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.



# Sustainability Report



## Our focus areas for sustainability are:

- A. Sustainable Management
- B. Customers and Products
- C. Environment and Energy
- D. Employees and Society

### A. Sustainability through management

#### 1. Responsibility in Supply Chain Management

Building a secure and sustainable supply chain globally is one of the key elements for Schaeffler's healthy development and successful operation. Schaeffler India is committed to achieve sustainability excellence throughout its supply chain. In line with that, Schaeffler India has a well-developed process of mapping sustainability across the supply chain right from sourcing points to customer delivery points.



- a. All sourcing suppliers doing business with Schaeffler India are covered under the ‘Supplier Code of Conduct’ and are committed to do business within the ethical and legal principles set down in this Supplier Code of Conduct. This includes among others, compliance to applicable laws, avoidance of conflict of interest, integrity, fair competition, rejection of forced or child labour and safe working environment.
- b. Consolidation of our warehouses and distribution centers translated into reduction of over 1,20,000 Kms of truck movement which approximately translates into an CO2 emission reduction of 84,216 Kg.



**»The basic philosophy behind an endeavour towards better Corporate Governance is to achieve business excellence and strengthen the confidence of all stakeholders.«**

## 2. Human Rights Due diligence

At Schaeffler India, respect for human rights is an integral part of the corporate responsibility. A structured policy and a global Code of Conduct is in place that defines our commitment and care for human rights. Our stringent code states that all suppliers are required to treat all individuals fairly and with respect, and to create a business environment which is free from any form of inhuman actions. They must also treat their employees and all other parties with respect and dignity and refrain from unlawful harassment.

## 3. Corporate Governance

Schaeffler India is committed towards maintaining 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 value enhancement for all stakeholders.

Schaeffler India’s corporate governance conforms to all regulatory and legal requirements. The basic philosophy behind 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 responsibility towards the environment, people and the society. The Company’s manner of conducting business



»Our vision states that as a technology leader, we strive to shape the future of mobility for a cleaner, safer and a smarter world.«

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 create 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.

## B. Responsible towards customers and products

### 1. Green Products

Our vision states that as a technology leader, we strive to shape the future of mobility for a cleaner, safer and a smarter world. At Schaeffler, we are focused towards reduction of energy consumption for our customers, translating into CO<sub>2</sub> reduction. While we work on sustainable solutions for personal and mass mobility segments, we are conscious that green mobility alone is not sufficient to create a cleaner world. Clean energy has to be generated and transmitted across the value chain, in order to create a meaningful impact. We partner with the energy sector, assisting in the development

of renewable energy production and focusing on wind power, hydropower and solar power. In conventional energy generation as well, we see opportunities for expanding our range of products and services. Ultimately all segments of the energy chain – from its production to its transport and conversion to energy consumption – will be optimised further.

### 2. Product Responsibility

Quality assurance is directly integrated into the manufacturing process at Schaeffler and is supported by regular audits. In addition, we have defined worldwide standards for occupational safety and environmental-friendly manufacturing. One key feature that differentiates the Schaeffler Group from its competitors is its strong commitment to quality. This entails a high level of responsibility for the products that are free of errors and are safe. At Schaeffler India we run a structured production forum and measurable KPI's towards quality. It is further strengthened by running structured programs on TPM and quality Kaizens across all manufacturing facilities.

### 3. Customer Relations

Long-term customer relations are a central contributing factor to the success of the Schaeffler Group. Schaeffler has been close to its customers for many years as a competent solution partner, and this connection has always been a key to innovation. "Customer Excellence" is directly built into our strategy 'Mobility for Tomorrow', placing our customers in the middle of everything and fostering our customer-centered culture further in the foreground. This is particularly about the continuous improvement or optimisation of our dialogue with the customer, along with our approach and care. The initiative is divided into four areas: Account Strategy, Customer Proximity, People Excellence, and Processes and Tools. To run these processes, we have a global and local structured key account management program to focus on customer needs and serving them better.

## C. Committed to Environment and Energy

### 1. Committed to Climate Protection

It is clear that companies will be increasingly obligated to deal with the energy efficiency of their business activities. One of the focus points of the Schaeffler’s Sustainability Strategy “Responsibility for tomorrow”, is commitment towards the fight against climate change.” The goal formulated in the strategy of introducing and successively implementing climate neutrality at its production sites confirms the Schaeffler Group’s commitment in fulfilling the carbon neutrality.

#### Steps taken or impact on conservation of energy

- With the usage of clean coolant pumps of 15HP instead of 25HP, we reduced power consumption at Face & OD.
- Switched to LED lights instead of CFL.
- Installed Energy Efficient Air Compressors with IE 4 efficiency -1500 CFM.
- Installed Energy Efficient pumps of IE 3/IE 2 class in supply systems.
- Conveyor motors are interlocked when idle.
- Installed of new air conditioning units with 407/410A gas in 5 major sections.
- Black Oxidation OEE improved with program modification to use double basket dipping.
- Installed noxmat burners (8 Nos) instead of LBE LPG fired 10 Nos burners in heat treatment.

#### Steps taken by the Company for utilisation of alternate sources of energy

- Schaeffler Pune Plant is the first plant to install Solar panels on the roof with capacity of 750KW, which suffice around 10% of the total electricity consumptions of the plant. Additionally, this facility also has following salient features:
  - Water Cooled HVAC Systems having higher efficiency and lower running cost.

- North Light Glazing with clear laminated glass to increase natural lights during say time.
- Discussion in progress on purchase of additional power from Wind & Solar Power producers at a reduced rate.

### 2. Environmental Management

Schaeffler has been investing in environmental protection for more than 20 years, and as defined in our EHS Policy, regardless of the activities we are carrying out, we endeavor to minimise environmental impact by taking suitable measures in advance. We consume raw materials and energy sparingly and make every effort to minimise waste, water pollution, noise, and other emissions. Besides, we manufacture environmental-friendly products taking into account the entire product lifecycle. Every Schaeffler employee bears the responsibility for reducing energy and water consumption, and the emission of greenhouse gases in all their activities.

## D. Care for employees and society

### 1. Diversity

The Schaeffler Diversity & Inclusion agenda provides an opportunity to deepen our understanding of the cultural values & gender diversity and to vow acceptance and tolerance towards different cultures and ideologies. The Diversity Day is a day to celebrate and embrace who we are,



no matter what race, religion, gender, sexual orientation, age, ethnicity or disability. It is a day to consciously address the unconscious bias at all levels in Schaeffler India. Being a manufacturing facility, we are aware of the predominant male population, and with the diversity project, we are focusing on balancing the equation, one step at a time through various workshops and discussions.

## 2. Employee Advancement and Development

We, at Schaeffler India, recognise and appreciate that high performing organisations in today's VUCA environment cannot produce extraordinary results from age old learning methods. Our Leadership Platforms use blended 7,02,101 methods to groom high performing employees for a future ready Schaeffler India. The Accelerated Leadership Program and the Young Leaders Program has stepped into its 4th year and has created a legacy of 170 leaders. Our focused approach on employee development across the board led us to organise trainings worth 9100+ man-days during 2018, covering behavioral, technical, functional aspects and many more, with 3,000+ employees.

**»Over 2.5 Lakhs + healthcare consultations provided in remote areas where access to quality healthcare continues to remain the challenge.«**



## 3. Employee Health Management

Wellness at Schaeffler is about promoting overall well-being of employees – within the premises or outside. This is an active daily pursuit and a commitment towards being healthy and happy in a purposeful manner. All employees are covered by this initiative, which includes medical insurance, with an option to include parents voluntarily, health awareness sessions on stress management, ergonomics, battling hypertension /obesity/diabetes and health checkups for employees above a certain age. Schaeffler India acknowledges the need to focus more on work-life balance and psychological health. All employees have access to a psychiatrist who can support the employee to deal with major life-events in an effective way. Schaeffler believes that employee wellbeing is a core responsibility of good corporate citizenship and a critical performance strategy to drive employee engagement, organisational energy, and productivity.

## 4. Corporate Citizenship

The corporate citizenship of the Schaeffler Group follows the mission statement “In the region – for the region.” The company thus considers itself to be responsible for fostering social well-being beyond its core business, especially in the areas around Schaeffler sites. These initiatives focus on the three core areas of “Education and Science,” “Health and Social Issues,” and “Sports and Culture.”

At Schaeffler India, the company has HOPE initiative as a part of CSR Activities. The HOPE Initiative having following focus Areas;

- Health Care
- Occupational Skill for Employability
- Preservation of National Heritage Art & Culture
- Empowerment of Society

During the year 2018 the following impacts were made through various programs:

**1. Health Care: Mobi-Health Units**

2.5 lakhs + healthcare consultations provided.

80 + villages covered near Vadodara and Talegaon.

2500 + beneficiaries covered under special health camps undertaken in last one year covering issues related to Gynecology, Pediatrician, Ophthalmology, Oral and Dermatology.

**2. Occupational Skill for Employability***Project Nitara*

60 differently abled ladies received vocational training in beauty and wellness with 100% placement in salons after successful completion of training.

*Project STEP – Schaeffler Technical Education Program*

Set up 3 technical labs with Don Bosco Technical Institute at Chakan - CNC Programming, CNC Simulation, Hydraulic and Pneumatic lab.

70+ promising students from economically backward community trained and offered certificates by NSDC, with 66% placement enabling social transformation in the local area.

**3. Preservation of National Heritage Art & Culture**

Innovative project in Vadodara aims to make students aware of our glorious tradition and exciting future.

8500+ beneficiaries including government school students, children from shelter homes, differently-abled children and senior citizens

**4. Empowerment to society***Adoption of Lok Vidhyalaya School in Savli*

334 underprivileged and tribal students admitted to school during the Academic year June 2018.

225 hours of remedial classes for newly admitted students in standard 9th by appointing subject wise expert teachers.

Project to construct a girls hostel with 5,600 sq. ft. space and capacity to accommodate 50 tribal and



underprivileged girls coming from the rural and tribal pockets of Gujarat.

*Infrastructural and Educational support to Mook Dhwani School for children with speech and hearing disability*

Schaeffler India supports the school with 210 students, so as to facilitate and prepare them to live an independent and successful life ahead.

Focus on increasing the strength of the students in the school, to improve board results, to develop effective learning and teaching strategies, early intervention program, to encourage parents support group, to facilitate speech therapy program and infrastructure upgradation.

*Access to hygiene for local school in Hosur*

Schaeffler India Hosur facility picked up the theme of Swachh Bharat mission and supported the government high school in the vicinity and helped them by designing and constructing several toilet blocks (for girls and boys separately). Overall 2,600 sq. ft. area was developed for this.

Also constructed deep borewell to ensure water availability.

# Business Responsibility Report

## Section A: General Information About the Company

1	Corporate Identity Number (CIN) of the Company	L29130MH1962PLC012340
2	Name of the Company	Schaeffler India Limited (Formerly known as FAG Bearings India Limited)
3	Registered address	Nariman Bhavan 8th Floor, 227, Backbay Reclamation, Nariman Point, Mumbai (MH) - 400021 INDIA
4	Website	www.schaeffler.co.in
5	E-mail id	info.in@schaeffler.com
6	Financial Year reported	January 1, 2018 to December 31, 2018
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Ball and Roller Bearings and related components, Engine Components, Clutch cover assemblies, clutch driven plates and related components - NIC code 2814
8	List three key products/services that the Company manufactures / provides	
9	Total number of locations where business activity is undertaken by the Company	17
	(a) Number of International Locations (Provide details of major 5)	-
	(b) Number of National Locations	17
10	Markets served by the Company – Local / State /National / International	All : Local, State, National and International.

## Section B: Financial Details of the Company

1	Paid up Capital	Paid up capital is ₹ 312,607,340/-
2	Total Turnover	The turnover for the Financial Year 2018 was ₹ 45,615 million
3	Total profit after taxes	The Profit After Tax for the Financial Year 2018 was ₹ 4,198 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.9% during the year 2018
5	List of activities in which expenditure in 4 above has been incurred	Please refer to Project-wise summary of CSR expenditure provided in CSR Report

## Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	Company has no Subsidiary as on December 31, 2018
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(s)	Not applicable
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No.

## Section D: BR Information

### 1. Details of the Director and BR responsible for implementation of the BR policy / policies

#### a. Details of the Director and BR Head

1	DIN Number	05350121
2	Name	Mr. Dharmesh Arora
3	Designation	Managing Director
4	Telephone No.	+91 265 6602000
5	E-mail id	aroradar@schaeffler.com



## 2. Principle-wise (as per NVGs) BR Policy/policies

Question	Policies / Guidelines on									
	P1	P2	P3	P4	P5	P6	P7	P8	P9	
	Ethics, Bribery & Corruption	Sustainability	Treatment of Employees & Colleagues	Behaviour towards Stakeholders	Human Rights	Environment, Health & Safety	Industrial Policy	CSR	Customer Centricity	
1	Do you have a policy/ policies for...	Yes, Company's Code of Conduct sets out the principle & practices that must be observed toward Business Partner and Third Parties								
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes, while formulating the policy documents - rights & obligations of concerned stakeholders are analysed in view of best Industry Practices.								
3	Does the policy conform to any national / international standards? If yes, specify?	Fairness, mutual respect and integrity are the cornerstones within the Company and the Schaeffler Group upon which our actions are based. Being member of Schaeffler Group, the Company believes in benchmarking practices and global standards - to the best possible extent.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective authority levels [Board of Directors, its Committees and Company Management].								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Implementation mechanism of all the Policies & Codes is presented to and reviewed by the respective authority levels periodically.								
6	Indicate the link for the policy to be viewed online?	<a href="https://www.schaeffler.co.in/content.schaeffler.co.in/en/investor-relations/corporate-governance/codes-and-policies/index.jsp">https://www.schaeffler.co.in/content.schaeffler.co.in/en/investor-relations/corporate-governance/codes-and-policies/index.jsp</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, requisite awareness programs are carried out for all the stakeholders to help them understand various aspects of policies. In critical areas online training followed by test and certification is made mandatory for all the employees.								
8	Does the company have in-house structure to implement the policy/ policies.									
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Compliance Management System of the Schaeffler Group and Company' Vigil Mechanism / Whistle Blower Policy are effective tool towards grievance redressal mechanism.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company has carried out audits as applicable for the respective policies.								

## 3. Governance Related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year: 3-6 months
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

BR report is published annually and the link for viewing the report is as under:

<https://www.schaeffler.co.in/content.schaeffler.co.in/en/investor-relations/financials/annual-reports/index.jsp>

## Section E :- Principle-Wise Performance

### Principle 1

1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?	Yes
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	<p>Schaeffler India Limited believes in pursuing its business objectives ethically, transparently and responsibly with its stakeholders across the value chain. Fairness, mutual respect and integrity are the cornerstones upon which the actions of the Company are based. Further, the Company only engages in business deals with third parties that conduct business ethically and do not subject the Company to any reputational harm.</p> <p>The Company's Code of Conduct is in compliance with the standards of business conduct and ethics, as well as the regulatory requirements. The Code of Conduct is communicated to all stakeholders through its website. The Company's Whistle Blower Policy also encourages employees to bring instances of unethical behaviour to the knowledge of the management. The Company has a system in place to undertake measures to resolve grievances.</p>

### Principle 2

1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	<ol style="list-style-type: none"> <li>1. Clutch Disc - With no Asbestos</li> <li>2. 1T bearings for automotive applications and New Generation DGBB Bearings</li> <li>3. Large Size Bearings for wind mills - with increased life and durability</li> </ol>
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):	
	a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?	The Company has targeted reductions in process water requirements. The Company has also undertaken rain water harvesting in some of the plants to improve the ground water level.
	b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	<p>Company produces energy efficient products which gives high durability and consumes less energy, for example:</p> <ol style="list-style-type: none"> <li>1. Water Pump Bearings of the Company provides higher efficiency which tends to consume comparatively less power.</li> <li>2. Company produces a self-adjusting clutch which helps engine of a vehicle for less fuel consumption.</li> <li>3. 1T Bearings are 'greased-and-sealed-for-life' bearings that return optimised friction levels translating in to efficiency for the consumers. New generation DGBB bearings are 35% more efficient than normal DGBB bearings.</li> </ol>
3	Does the company have procedures in place for sustainable sourcing (including transportation)?	Yes

a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	<p>EnEHS policy drives the sustainable sourcing which was derived as a policy.</p> <p>Regardless of the activities the Company carries out, it endeavors to minimize environmental impact by taking suitable measures in advance. The Company consumes raw materials and energy sparingly and makes every effort to minimize waste, waste water, noise, and other emissions.</p> <p>The Company manufactures environmental-friendly products taking into account the entire product lifecycle.</p> <ol style="list-style-type: none"> <li>1. Agreement of Scrap Recycling by supplier</li> <li>2. More than 50% suppliers are certified with ISO14001.</li> </ol> <p>The suppliers are imparted awareness about various environmental aspects and guidelines regarding good environmental practices from time to time. The suppliers are also audited for the basic environmental, health and safety requirements.</p> <p>The supplier are carried out with a selection process which includes environmental condition and actions towards protecting it. The purchase team is trained in environmental sound purchasing guidelines which ensures the minimum impact.</p>
4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	<p>Yes,</p> <p>Localization projects are being increased year on year. Which is a major focus area to reduce the cost and energy. Sourcing is done from large as well as small size suppliers. We have commodities defined for procuring the goods from all locations of the plant. Which includes small producers, communities in the vicinity of the manufacturing facilities of the Company.</p>
a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	<p>The Company has dedicated supplier quality evaluation teams and programs to improve their capability and competence.</p>
5 Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	<p>Yes ,</p> <p>The Company manufactures environmentally-friendly products taking into account the entire product lifecycle.</p> <p>Some of the unique products from major customers are refurbished:</p> <ol style="list-style-type: none"> <li>1. Railway bearings are refurbished depending upon preference of the customers for reusing.</li> <li>2. Recycling of scrap &amp; waste is &gt;80% in all locations of Schaeffler India.</li> </ol> <p>Company has a target of achieving of 90% recycle of scrap and waste by 2020, which will protect the resource depletion and protecting the environment.</p>

### Principle 3

1	Please indicate the Total number of employees.	2904
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	2380
3	Please indicate the Number of permanent women employees.	52
4	Please indicate the Number of permanent employees with disabilities	3
5	Do you have an employee association that is recognized by Management	1. FAG Karmachari Association 2. Chemical Mazdoor Panchayat 3. Shiv Kranti Kamgar Sanghatana 4. LuK India Employees Union 5. LuK India National Employees Union
6	What percentage of your permanent employees is members of this recognized employee association?	35.64%
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	
	<b>Category</b>	<b>No of complaints filed during the financial year</b>
		<b>No of complaints pending as on end of the financial year</b>
	1 Child labour/ forced labour/involuntary labour	NIL
	2 Sexual Harassment	NIL
	3 Discriminatory Employment	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	
	a. Permanent Employees	68%
	b. Permanent Women Employees	82%
	c. Casual/Temporary/Contractual Employees	86%
	d. Employees with Disabilities	34%

### Principle 4

1	Has the company mapped its internal and external stakeholders?	Yes
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	Recognising the responsibility of the Company towards disadvantaged and vulnerable and marginalised stakeholders, various programs are run by the Company for such stakeholders. The Company has 'HOPE' initiative wherein - programs focussing on Health, Occupational skills development and Protection of Heritage and Education. More details of such programs and their impacts assessment are disclosed in Annual Report on Corporate Social Responsibility.

### Principle 5

1	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	The Code of Conduct of the Company sets out the principles toward treatment of human beings and it extends to suppliers, contractors and service providers.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	There were no complaints with regard to Human rights violations.

## Principle 6

1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.	Yes, it extends to all interested parties. Open Communication: The Company conducts an intensive and trusted dialog with interested parties. The Company provides information about the occupational health and safety and environmental protection measures as well as the impact that each of its locations has on the environment.
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes. <a href="https://www.schaeffler.com/content.schaeffler.com/en/strategy/strategy_mobility_for_tomorrow/strategy_mobility_for_tomorrow.jsp">https://www.schaeffler.com/content.schaeffler.com/en/strategy/strategy_mobility_for_tomorrow/strategy_mobility_for_tomorrow.jsp</a>
3	Does the company identify and assess potential environmental risks? Y/N	Yes As per ISO14001, Aspect and Impact Studies have been conducted. After identifications of the aspects, they are evaluated for their significance by calculating their severity on the impact. The aspects are identified, which have environmental impact as defined by the statutory bodies are to be directly taken as significant aspects. Also, conservation of natural and manmade resources is to be taken as significant aspects. All significant aspects shall be included in establishing the implementation strategy of environmental management system, including objectives & targets, environmental programs, procedures, etc. One of the primary objectives of environmental protection is to prevent adverse effects on the environment and to minimize the effects that cannot be controlled. To achieve this objective many measures have been implemented. The environmental effects caused at the location are evaluated on a regular basis.
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Schaeffler India limited has its EHS goals at least one CO2 neutral plant in a region by 2020. To accomplish this, the Company has defined 3 scopes : – scope 1: CO2 coming from internal burning processes of any material like natural gas, diesel oil, propane, etc. – scope 2: CO2 coming from external supply, e. g. power supply, etc. – scope 3: CO2 coming from non direct production related sources like logistic, employee travel, canteen services, raw material supply, etc. The Company shall endeavor to achieve the above scopes by energy conservation projects such as eliminating the losses, heat recovery, usage of the energy efficient equipments and by more usage of renewable energy.
5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, the Company has undertaken many initiatives. – Energy conservation projects such as eliminating the losses, heat recovery , usage of the energy efficient equipment’s etc. – Use of renewable energy. – EneffPro workshops – arresting the compressed air leakages during off days. – Pull chord light switches – Changed all conventional bulbs of 250w to 80w LED high bay lights etc.
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, the Company has established compliance management system to monitor the legal requirements defined by CPCB/SPCB which helps the Company to comply with the requirements within the limits.

7	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	The Company has not received any show cause and legal notices from CPCB/SPCB during the financial year.
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### Principle 7

1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Yes, Confederation of Indian Industry, Indo German Chamber of Commerce, Federation of Gujarat Industries, Auto Component Manufacturers' Association.
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).	Through the membership of the trade associations, the Company has advocated on the topics of skill development, education and training and related technology areas such as E-mobility, energy consumption reduction.

### Principle 8

1	Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes, the details of the programs undertaken by the Company are available in the Sustainability Report as well as under CSR Report.
2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	Some programs are undertaken through inhouse teams and others in partnership with NGOs and implementing agencies.
3	Have you done any impact assessment of your initiative?	Yes
4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	The details of contributions made by the company for community development are provided in the CSR report of the Company.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	

### Principle 9

1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	There are no consumer cases pending as on end of financial year.
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information).	No
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes, the Company engages with customers regularly for seeking their feedback.

# Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 56<sup>th</sup> Annual Report of the Company together with the audited financial statements of the Company for the year ended December 31, 2018.

## Financial Highlights

	(₹ In Million)	
Particulars	2018	2017
<b>REVENUE FROM OPERATIONS (NET)</b>	<b>45,615.1</b>	39,331.4
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	7,396.4	6,821.3
Less: Depreciation / Amortization	(1,485.0)	(1,381.6)
Earnings Before Interest and Tax (EBIT)	5911.4	5439.7
Less: Interest expense	(70.4)	(101.6)
Add: Other income	908.0	595.5
<b>EARNINGS BEFORE TAX (before exceptional items)</b>	<b>6,749.0</b>	5,933.6
Provision for Tax	2,119.0	2,003.4
<b>EARNINGS AFTER TAX</b>	<b>4,198.0</b>	3,884.9

## Financial and Operational Performance

### Economy

2018 on an upbeat note for the global economy, buoyed by a pickup in global manufacturing and trade through 2017. The final global growth numbers for 2018 is estimated to come in at 3.7%, despite weaker performance in some economies, notably Europe and Asia.

Indian economy continues to be a bright spot among major economies. Despite market volatilities, India retains the fastest growing major economy tag in the world and is expected to maintain the momentum. According to data, India's GDP grew by 7.3 per cent in 2018-19. As proof of its

growing economy and increased investor spending, India is now ranked at 77<sup>th</sup> position in the World Bank's Ease of Doing Business rankings 2018 – a jump of 23 places up from 2017.

## Performance of the Company and State of Company's Affairs

Your Company's Revenues (net) was at ₹ 45,615.1 million in year 2018 (Year 2017: ₹ 39,331.4 million) representing a growth of 16.0 %. Profit before tax (before exceptional items) was placed at ₹ 6,749.0 million (Year 2017: ₹ 5,933.6 million) representing a growth of 13.7%. Your Company recorded profit after tax (after exceptional items) of ₹ 4,198.0 million (Year 2017: ₹ 3,884.9 million) representing a growth of 8.1%.

## Outlook

The IMF expects the weakness in the second half of 2018 will carry over to coming quarters, with global growth projected to decline to 3.5 percent in 2019 before picking up slightly to 3.6 percent in 2020. It also mentions that India's economy is poised to pick up in 2019, benefiting from lower oil prices and a slower pace of monetary tightening than previously expected, as inflation pressures ease. Indian Economy is projected to grow at 7.5 % during 2019.

## Dividend

Your Company has a steady dividend payment history and considering the financial performance of the year 2018, your Directors recommend a dividend for the year ended December 31, 2018 at the rate of ₹ 20/- (2017: ₹ 17/-) per equity share amounting to ₹ 625.2 Million (2017: ₹ 282.5 Million). Further, your directors have also recommended a one-time special dividend at the rate of ₹ 10/- per equity share amounting to ₹ 312.6 Million. The Company will pay the tax on dividend as per the provisions of the Income Tax Act, 1961.

## One Schaeffler India Entity

During the year under review, the Company has successfully completed the merger of INA Bearings India Private Limited and LuK India Private Limited with the Company.

The Hon'ble National Company Law Tribunal (NCLT), Chennai Bench, vide its order dated June 13, 2018 read with corrigendum dated July 3, 2018 and Hon'ble Mumbai bench, vide its order dated October 08, 2018 have approved the Scheme of Amalgamation. The merger has become effective from October 22, 2018

The Company is now one of the leading automotive and industrial component supplier.

## Increase in Authorised Share Capital

Pursuant to the Scheme of Amalgamation of INA Bearings India Private Limited ('INA') and LuK India Private Limited ('LuK') with Schaeffler India Limited ('the Scheme'), the Authorised Share Capital of the Company has increased from ₹ 200 Million to ₹ 1,255 Million.

## Issue of Shares

During the year under review the Company issued and allotted 14,643,464 fully paid up Equity Shares having face value of ₹ 10/- each of the Company to the shareholders of INA and LuK in respect of Equity Shares held by them in INA and LuK, as per the share entitlement ratio provided under the Scheme. Consequently, the paid up share capital of the Company has increased from ₹ 166.2 Million to ₹ 312.6 Million.

## Management Discussion and Analysis

Pursuant to Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, detailed review of operations, performance and future outlook of the Company is covered under a separate section of the Annual Report as Management Discussion & Analysis.

## Corporate Governance

A separate section on Corporate Governance is included in the Annual Report and the certificate from M/s. Samdani Kabra & Associates, Company Secretaries, the Company's Secretarial Auditors confirming the compliance of conditions on Corporate Governance is annexed thereto.

## Directors

In accordance with the provisions of Section 152 the Companies Act, 2013, Mr. Klaus Rosenfeld [DIN: 07087975] will retire by rotation at the ensuing Annual General Meeting ('AGM') and being eligible offers himself for reappointment.

Mr. Jurgen Ziegler [DIN: 07092477] has been appointed as an Additional Director with effect from April 18, 2018. Your Company has received a notice for his candidature for the office of Director under Section 160 of the Companies Act, 2013. The Nomination and Remuneration Committee and the Board of Directors recommend his appointment as a Director of the Company, liable to retire by rotation.

Mr. Marcus Eisenhuth [DIN: 07904850] resigned from the Directorship effective February 14, 2019. Your Directors express their gratitude for the contribution made by Mr. Eisenhuth during his tenure as Director.

Mr. Satish Patel [DIN: 00690869] has been appointed as an Additional Director and Whole-time Director, designated as Director-Finance, with effect from February 13, 2019. Your Company has received a notice for his candidature for the office of Director under Section 160 of the Companies Act, 2013. The Nomination and Remuneration Committee and the Board of Directors recommend his appointment as a Director of the Company, liable to retire by rotation and as Director-Finance for a period of five years upto February 12, 2024.

The details of the Directors retiring by rotation / seeking appointment or reappointment at the ensuing AGM including, nature of their expertise in specific functional areas and the names of companies in which they hold directorship, membership/ chairmanship of committees of the Board is annexed to the Notice convening 56<sup>th</sup> AGM of the Company.

## Key Managerial Personnel (KMP)

Pursuant to provisions of Sections 2(51) and 203 of Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 following persons are acting as Key Managerial Personnel of the Company:

1. Managing Director & Chief Executive Officer:  
Mr. Dharmesh Arora
2. Director-Finance & Chief Financial Officer:  
Mr. Satish Patel
3. Company Secretary: Mr. Chirag K. Shukla

## Meetings of Board of Directors

During the year under review, four meetings of the Board of Directors were held on February 7, 2018, April 17, 2018, July 26, 2018 and October 22, 2018. The details of attendance of each Director at these meetings are provided in the Corporate Governance Report.

## Policy on Nomination and Remuneration

The Company's Policy on Nomination and Remuneration is framed with objectives as under:

1. To formulate criteria and advise the Board in matters of determining qualifications, competencies, positive attributes and independence of Directors, and policies relating to their appointment and removal;
2. To review corporate goals and objectives, to set norms of performance evaluation and to lay out remuneration principles for Directors, KMP and Senior Management



linked to their effort, performance and contribution towards achievement of organisational goals;

3. To evaluate performance and give recommendations to the Board on remuneration payable to the Directors, KMP and Senior Management; and
4. To review and recommend to the Board measures to retain and motivate talent including KMP and Senior Management Personnel with a view to ensuring long term sustainability and competitiveness of the organisation.

## Nomination and Appointment of Directors and Senior Management

### Criteria and Qualification:

A person to be appointed as Director, KMP or at Senior Management level should possess adequate relevant qualification, expertise and experience for the position he / she is considered for appointment. Further, a person, to be appointed as Director, should possess impeccable reputation for integrity, expertise and insight in sectors / areas relevant to the Company, besides ability to contribute to the Company's growth and should possess complementary skills in relation to the other Board members.

### Process:

The candidates are identified internally as well as externally, depending on the position. Thereafter Human Resources / Relevant Department / Subject matter expert / external sourcing agency, as the case may be, carries out assessment of suitability of the candidate for the position and requisite interviews / background verification / remuneration negotiations are carried out. Thereafter, proposals are placed before the Nomination and Remuneration Committee. The NRC reviews qualification, expertise and experience possessed by the candidate for the concerned position and makes appropriate recommendations to the Board of Directors.

## Policy on Remuneration

1. The remuneration (including revisions) to Directors is recommended by NRC to the Board for approval. The remuneration (including revisions) to the Directors, so recommended by NRC to the Board, should be within the limits under the Companies Act, 2013 read with the Rules thereunder and as approved by the shareholders of the Company.
2. None of the Directors (including Independent Directors) shall be entitled to any stock option of the Company.
3. While determining remuneration to KMP, Senior Management Personnel and other Employees, the Company encourages and rewards, merit and superior performance. The objective is to set the

total remuneration at levels to attract, motivate, and retain high-calibre, and high potential personnel in a competitive global market.

The Nomination and Remuneration Policy of the Company is disclosed on the 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/nomination\\_and\\_remuneration\\_policy\\_schaeffler\\_india.pdf](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/nomination_and_remuneration_policy_schaeffler_india.pdf)

## Formal Annual Evaluation

Your Company believes that systematic evaluation contributes significantly to improve performance at three levels: Organisational, Board and Individual Board Member. It encourages the leadership, teamwork, accountability, decision-making, communication and efficiency of the Board. Evaluation also ensures teamwork by creating better understanding of Board dynamics, board-management relations and thinking as a group within the board.

### Methodology

The Evaluation is done as per the criteria of performance evaluation recommended by the Nomination and Remuneration Committee (NRC) and approved by the Board of Directors. As per the said criteria, separate evaluation questionnaire for each category of evaluation viz. the Board of Directors, Non-Independent Directors, Independent Directors and Committees of the Board are defined under the policy document on the criteria. The NRC has reviewed the implementation and compliance of the process of performance evaluation.

### Process

Separate sets of questions (questionnaire) for each of the evaluations i.e. for evaluation of (a) Board; (b) Each of the Committees of the Board; (c) Independent Director; (d) Non-Independent Director and (e) Chairman of the Board, are defined in the Policy for Performance Evaluation.

Inclusive summary of evaluation criteria for each category are as under:

**Chairperson:** (i) Effective conduct of meetings, (ii) Leading the policy and governance work of the Board (iii) Handling and resolving conflict of interest situations at the meetings (iv) Unbiased opinions on the matters (v) Ability to assert and build support for consensus among the Board members (vi) Understanding of legal/compliance requirements under Companies Act, 2013 (vii) ability to assess sense of meeting, objectively, independently and practically (viii) Considering views of all Board members and ensuring decisions are taken keeping in mind interest of all stakeholders and company as a whole.

**Board of Directors:** (i) Expertise and Experience of Directors, (ii) Integrity of Directors, avoiding conflict of interest (iii) Understanding of legal requirements and obligations (iv) Quality of participation at the Board Meeting (v) Time spent on targets and strategy (vi) Frequency of meetings whether sufficient (vii) Length of meetings, agenda content, effective discussion (viii) Foresight of Board in anticipating issues (ix) Understanding of risk of the business and ensuring risk management system etc.

**Committees of the Board:** (i) Competence of Members, (ii) Clarity of terms of reference (iii) Sufficient reporting to the Board (iv) Frequency and organisation of meetings (v) Effective suggestions and recommendations provided to the Board (vi) Open participation and meaningful contribution by members (vii) Sufficiency of time allocation for discussion in detail on pertinent topics etc.

**Non-Independent Directors:** (i) Attendance at the meetings, (ii) Preparedness for and active participation at the meeting (iii) Staying updated on developments, (iv) Constructive contribution at the meetings, (v) Being objective and protecting interest of all shareholders, (vi) Quality and innovation of contributions at the meetings (vii) Ensuring integrity of financial statements / internal controls (viii) Ability to present one's view convincingly etc.

**Independent Directors:** (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 and effective February 13, 2019 include fulfillment of the independence criteria (as specified in the Listing Regulations) and independence from the management.

The questionnaire for each category of evaluation are circulated to all the Directors. Each question has four rating options i.e. 1 to 4. Rating 1 denotes 'Need Improvement', 2: 'Fair', 3: 'Good' and 4: 'Excellent'.

The ratings of every question are averaged ('averaged ratings') based on feedbacks received from each Director. Further, average of all 'averaged ratings' are considered as the rating for a particular questionnaire. Based on the outcomes of questionnaire, the NRC carries out evaluation of all the Directors including Independent Directors and the Board carries out the evaluation of its own performance, each of the committees and that of all Directors.

For the year 2018, the Board has carried out an annual performance evaluation of its own and that of each of the committees and all Directors. Further, the NRC has also carried out evaluation of all the Directors including Independent Directors.

## Conclusion

The Evaluation for the year 2018 of Directors, each of the Committees and that of the Board have received ratings that are near Excellent.

The Board has taken note of the following feedback received from Directors to further improve the performance of the Directors, the Board itself and Committees of the Board:

- Suggestion to bring more awareness to all Independent Directors on risks of the Company and mitigation measures being taken.
- Suggestion for holding an additional meeting of the Board once a year to discuss strategy and other business matters – as good governance practice.
- Suggestion for holding an additional meeting of Audit Committee to review Internal Audit Plan for the year.
- Suggestion for enhanced involvement of the Nomination and Remuneration Committee in overall process of appointment and remuneration of persons directly reporting to Managing Director.

## Separate Meeting of Independent Directors

As per provisions of Schedule IV to the Companies Act 2013, the Independent Directors are required to hold at least one meeting in a financial year, without the attendance of Non-Independent Directors and members of management. During the financial year 2018, the Independent Directors have held one separate meeting on February 6, 2018.

## Independent Directors' Declaration

The Independent Directors have given declarations that they meet the criteria of independence as per the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

## Audit Committee

The Audit Committee is duly constituted and has met four times during the year 2018. The details of terms of reference of the Committee, dates of meetings held during the year and attendance of members thereat, are disclosed in the Corporate Governance Report. There was no instance where any recommendation by the Committee was not accepted by the Board.

Mrs. Renu Challu is Chairperson of the Committee. Other members of the Committee are Mr. Avinash Gandhi, Dr. Sanak Mishra and Mr. Rakesh Jinsi. The Board of Directors has reconstituted the Audit Committee effective from February 13, 2019 and thereby, has appointed Mr. Jurgen Ziegler and Mr. Satish Patel as members of the Committee.

## Whistle Blower Policy / Vigil Mechanism

Your Company has a well defined Vigil Mechanism / Whistle Blower Policy which provides for mechanism for stakeholders to report their genuine concerns. The said mechanism/policy provides for adequate safeguard to the whistle blower against victimization. It provides for direct access to the Chairperson of Audit Committee in appropriate cases.

Whistle Blower Policy of the Company is available on the Company's website at the 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.pdf](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.pdf)

## Risk Management

Your Company has established comprehensive Risk Management System to ensure that risks to the Company's continued existence as a going concern and to its performance are identified and addressed on timely basis.

## Constitution of Risk Management Committee

The Board of Directors of the Company has constituted the Risk Management Committee on February 13, 2019 comprising Mr. Dharmesh Arora, as Chairman, Dr. Sanak Mishra, Mr. Satish Patel, Mr. Sameer Mathur (Chief Operating Officer) and Mr. Santanu Ghoshal (Head of Human Resources) as Members. The terms of reference of the Risk Management Committee is disclosed in the Corporate Governance Report.

## Auditors

### Statutory Auditors

The Statutory Auditors, M/s. B.S.R. & Co. LLP, Chartered Accountants, Mumbai, (Firm Registration Number: 101248 W / W-100022) were appointed as Statutory Auditors of the Company at the 52<sup>nd</sup> Annual General Meeting of Company held on April 24, 2015 for a period of five consecutive years. The observations made in the Auditor's Report, read together with relevant notes thereon, are self-explanatory and hence do not call for any comments. There is no qualification, reservation, adverse remark or disclaimer by the Statutory Auditors in their Report.

### Reporting of Fraud

The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

## Secretarial Auditors

M/s. Samdani Kabra & Associates, a firm of Company Secretaries in Practice was appointed as 'Secretarial Auditors' to carry out Secretarial Audit of the Company for the year 2018. In terms of provisions of section 204 of the Companies Act, 2013, a Secretarial Audit Report has been annexed to this Report. (Annexure - A)

## Cost Records and Cost Audit

### Maintenance of Cost Records

The Company is required to maintain cost records under Companies (Cost Records and Audit) Rules, 2014. Accordingly, cost records have been maintained by the Company.

### Cost Audit

M/s Y. S. Thakar & Co., Cost Accountants, as Cost Auditors were appointed to conduct the audit of the cost records of the Company for the Financial Year ended December 31, 2018. Based upon the declaration on their eligibility, consent and terms of engagement, your Directors have reappointed M/s. Y. S. Thakar & Co., Cost Accountants to conduct Audit of Cost records for the FY 2019.

As required under the provisions of Companies Act, 2013, the remuneration of Cost Auditors as approved by the Board of Directors is subject to ratification by the shareholders at the ensuing Annual General Meeting.

### Explanation or Comments on disqualifications, reservations, adverse remarks or disclaimers in the auditor's reports:

Explanation with regard to the remarks of the Secretarial Auditors in their Audit report on amount of CSR spend being below 2% of average net profits is as under:

Schaeffler India Limited is committed to creating a positive impact over the society. Most of the Company's projects are long term association towards creating a sustainable transformation. Since the time CSR policy came into effect, Company's records demonstrate that it has been very particular in picking up the right projects and comply with legal spending mandate as well. During the year under review, the Company, while continuing to support its ongoing projects, has associated itself with a few new projects and intends to expand its CSR initiatives in a systematic manner to create meaningful contributions in the development of weaker sections of the society. The Company envisages valuable CSR spend in a more structured manner for which it has initiated a long-term project in the field of community development and skill training. As an organization, it took time, to identify the

right projects which are more sustainable in nature and thus create more impact. These projects were in the initial stage, and because of delay in conceptualization of project design and receiving necessary approvals from local legislation, the whole process of implementation got delayed. In a few of the cases, the Company also faced some challenges with its implementation partner, which further added to the delay. However, the Company is still pursuing those projects and will endeavour to implement them.

Going forward, the Company will take due care in identification of projects in a timely manner and focus on projects that are scalable, those that would create impact and be in alignment with the Company's overall HOPE philosophy.

There have been no other disqualifications, reservations, adverse remarks or disclaimers in the auditor's reports, requiring explanation or comments by the Board.

## Corporate Social Responsibility (CSR)

Being a responsible Corporate Citizen, your Company is committed to fulfill Social Responsibility. Guided by the prevailing regulatory requirements, the Company has constituted a 'Corporate Social Responsibility (CSR) Committee' and framed a Policy on CSR. The Policy is 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/policy\\_on\\_corporate\\_social\\_responsibility\\_schaeffler\\_india.pdf](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_corporate_social_responsibility_schaeffler_india.pdf)

The explanation for amount of CSR spend being below 2% of average net profits has been given under previous paragraphs.

A summary of CSR Policy together with details of CSR activities undertaken by the Company during the year 2018 have been covered in the Annual Report on CSR activities, which is annexed to this report. (Annexure - B)

## Contracts and Arrangements with Related Parties

During the year, all transactions with the Related Parties have been carried out in ordinary course of business and based upon well set principles of arm's length.

Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseeable and repetitive nature. The details of all transactions executed with Related Parties are placed before the Audit Committee on a quarterly basis for its review or ratification as the case may be and are also placed before the Board for its information.

The Related Party Transaction Policy of the Company is 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/policy\\_on\\_related\\_party\\_transactions\\_schaeffler\\_india.pdf](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)

A separate report containing details of Material Related Party Transactions carried out during the year is annexed to this report in prescribed form AOC-2. (Annexure - C)

Erstwhile INA Bearings India Private Limited ('INA') and LuK India Private Limited ('LuK') had their respective business transactions with Schaeffler Technologies AG & Co. KG, Germany and pursuant to their merger with the Company, those transactions have become transactions of the Company. Therefore, a revision in limits for material related party transactions, with Schaeffler Technologies AG & Co. KG, Germany, pursuant to provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is proposed at the ensuing Annual General Meeting.

## Particulars of Employees and Related Disclosures

The disclosures pertaining to remuneration and other details of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1), 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Directors' Report Rules, 2014, have been annexed to this Report. (Annexure - D)

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 have been annexed to this Report. (Annexure - E)

## Annual Return and Extract of Annual Return

As per provisions of Section 92 of the Companies Act, 2013 read with Rules made thereunder, a draft Annual Return of the Company for the year 2018 in the form MGT-7 is available on the website of the Company at <https://www.schaeffler.co.in/content.schaeffler.co.in/en/investor-relations/shareholders-information/annual-return/index.jsp> and the Extract of Annual Return in the form MGT-9 has been annexed to this Report. (Annexure - F)

## Particulars of Loans Given, Investments Made, Guarantees Given and Securities Provided

The particulars of loans Given and Investments made have been disclosed in notes to the Financial Statements. There were no financial guarantee or security provided by the Company.

## Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Policy against Sexual Harassment at workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy is available on the website of the Company [www.schaeffler.co.in](http://www.schaeffler.co.in)

Internal Complaints Committees (ICC) have been set up to redress complaints received regarding sexual harassment. Details of Internal Complaints Committee Members are as under:

Maneja & Savli Location:

Name	Category
Ms. Hemlata Nair	Chairperson
Ms. Mercy K.	Secretary
Ms. Megha Dave	Member
Ms. Kajal Doshi	Member
Mr. Amul Niphadkar	Member
Mr. Amarjeet Benipal	Member
Mr. Peeyush Dhanak	External Member- Legal Consultant

Pune Location:

Name	Category
Mrs. Pallavi Sarkar	Chairperson
Ms. Dipti Khole	Secretary
Mrs. Snehal Birari	Member
Mr. Vinaykumar Pal	Member
Mr. Rajeev Joshi (Advocate)	External Member- Legal Consultant

Hosur Location:

Name	Category
Ms. Radha	Chairperson- External Member- Legal Consultant
Ms. Gowri Velumayil	Secretary
Mrs. Nalini Kalamani	Member

### Status of complaints during the year 2018:

There were no complaints pending at the beginning of the year 2018 and the Company has not received any complaint during the year 2018.

## Directors' Responsibility Statement

Pursuant to the requirements under Section 134(3)(c) of the Companies Act, 2013, your directors hereby state that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- The accounting policies have been selected and these have been applied consistently and judgments and estimates made thereon are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at December 31, 2018 and of the profit of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- Annual accounts of the Company have been prepared on a 'going concern' basis;
- Internal financial controls have been laid down and are being followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- Proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and were operating effectively.

## Adequacy of Internal Financial Controls

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the Audit Committee, the Board is of the opinion that during the financial year ended December 31, 2018, the Company had sound internal financial controls commensurate with the nature and size of the business operations and are adequate and operating effectively with no material weaknesses.

## Material Changes and Commitments and Change in Nature of Business

There have been no material changes and commitments, affecting the financial position of the Company from the end of the Year 2018 upto the date of this report.

In view of the Merger of erstwhile INA Bearings India Private Limited and erstwhile LuK India Private Limited with the Company, the Company now deals in wider range of the products including clutches, components for engine and chassis systems apart from bearings. Apart from the above, there has been no change in the nature of business carried on by the Company.

## Compliance of Secretarial Standards

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

## Transfer to Reserves

Considering sufficiency of balance, your Directors do not propose to transfer any amount to General Reserves for the year under review.

Mumbai: February 13, 2019

## Deposit

During the year, the Company has not accepted any deposits under the Companies Act, 2013.

## Subsidiaries, Joint Ventures and Associates

The Company does not have any Subsidiary Company, Joint Venture or Associate Companies as defined in the Companies Act, 2013.

## Orders Passed by the Regulators or the Courts or the Tribunals

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations.

## Acknowledgements

Your Directors express their gratitude to the employees for their dedication, hard work and efforts. The Board also places on record the continued cooperation and support extended by the Schaeffler Group, all the Shareholders, Customers, Suppliers, Distributors, Banks, Government & Regulatory Authorities and Business Associates.

For and on behalf of the Board

**Avinash Gandhi**  
Chairman  
DIN: 00161107

# Secretarial Audit Report

for the financial year ended December 31, 2018  
(Annexure - A to the Directors' Report)

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Schaeffler India Limited  
(Erstwhile FAG Bearings India Limited)  
Nariman Bhavan, 8th Floor,  
227, Backbay Reclamation,  
Nariman Point,  
Mumbai – 400 021,  
Maharashtra, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Schaeffler India Limited (hereinafter referred to as 'the company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on December 31, 2018, complied with the statutory provisions listed hereunder and also that the company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on December 31, 2018, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We report that, there were no actions/events in pursuance of the following regulations requiring compliance thereof by the company during the period of this report:-

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

We have also examined compliance with the applicable clauses/regulations of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India; and
- ii. The Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd. read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

The company has spent INR 37.47 million towards Corporate Social Responsibility against requisite amount of INR 63.70 million.

#### We further report that;

- A. The Board of directors of the company is duly constituted with proper balance of executive directors, non-executive directors and independent directors. The changes in the composition of the Board of Directors that took place during the period under review, if any, were carried out in compliance with the provisions of the Act.
- B. Adequate notice is given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting.

C. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

D. There are adequate systems and processes in place, whereby the company ensures and monitor compliances of applicable laws, rules, regulations and guidelines.

E. 'The Compliance Management Tool / System' is adequate, commensurate with the size and operations of the company and operating effectively.

F. During the audit period, the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

- i. The Hon'ble National Company Law Tribunal, Mumbai Bench approved the Scheme of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with the Company pursuant to its order dated October 08, 2018.

- ii. The company has issued and allotted 14,643,464 equity shares to the shareholders of INA Bearings India Private Limited and LuK India Private Limited as per the Share Entitlement Ratio pursuant to the Scheme of Amalgamation.

**Suresh Kumar Kabra**  
Partner  
ACS No. 9711, CP No. 9927

**Samdani Kabra & Asso.**  
Company Secretaries

Vadodara: February 13, 2019

This Report is to be read with our letter of even date which is annexed as Appendix A and forms an integral part of this report.



# Appendix A

To,  
The Members,  
Schaeffler India Limited  
(Erstwhile FAG Bearings India Limited)  
Nariman Bhavan, 8th Floor,  
227, Backbay Reclamation,  
Nariman Point,  
Mumbai – 400 021,  
Maharashtra, India.

Our report of even date is to be read along with this letter.

- i. Maintenance of Secretarial records and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these secretarial records and compliances based on such verification and audit.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- iii. Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
- iv. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Suresh Kumar Kabra**  
Partner  
ACS No. 9711, CP No. 9927

**Samdani Kabra & Asso.**  
Company Secretaries

Vadodara: February 13, 2019

# Annual Report on Corporate Social Responsibility Activities

(Annexure - B to the Directors' Report)

## 1. Brief outline of Company's CSR Policy

At Schaeffler India, we believe that science and technology are synonymous with economic and human development as both aim to drive progress and improve standard of living while preserving environment and supporting sustainability.

Being a part of the Schaeffler Group and a leading industrial and automotive supplier in the country, we find numerous opportunities to contribute to human progress through our innovative technologies and thus touch lives of people. At the same time, being an Indian Company, we are equally motivated by Indian ethos of Dharma as a key plank for organisational self-realisation. We constantly strive to contribute in our humble way to the motto 'सर्वे भवन्तु सुखिनः' – (May everyone be happy) and take up the cause of welfare amongst communities in which we operate.

Delineating our responsibility as a Corporate Citizen, we at Schaeffler India are committed to operate our business in an economically, socially & environmentally sustainable manner. At the same time we endeavour to reach out to different sections of the society, with socially relevant projects, that benefit these communities and in small ways enhance the quality of their lives. These initiatives are independent of the normal operations of our Company's business. Programmes, projects and activities (collectively "CSR Programmes") as framed within the purview of Schedule VII of the Companies Act, 2013 as amended from time to time and are the subject matter of this Policy.

The Company's CSR Policy is made available at below 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\\_corporate\\_social\\_responsibility\\_schaeffler\\_india.pdf](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_corporate_social_responsibility_schaeffler_india.pdf)

### Objectives :

We aim to constantly identify and implement unique initiatives which are scalable and sustainable and which have capacity to create a positive impact on the lives of people especially the weaker and underserved or marginalised sections. By contributing to development of health, science and culture, we wish to further all round progress. With a view to extending the reach of CSR initiatives and leveraging collective

expertise, Schaeffler India will explore opportunities of partnerships with likeminded stakeholders.

This Policy lays a framework to identify and implement different CSR initiatives of the Company within the context of this Policy and in alignment with relevant provisions of the Companies Act, 2013 while following high standards of Corporate Governance.

CSR Committee of the Board of Schaeffler India reviews, improves, directs and monitors effective implementation of the Company's CSR Policy.

## 2. Composition of the CSR Committee

The Committee comprises of the following members:

Sr. No.	Name of Director	Role in the Committee	Category
1	Mr. Rakesh Jinsi	Chairman	Non-executive & Independent
2	Mr. Dharmesh Arora	Member	Executive & Non-Independent
3	Mrs. Renu Challu	Member	Non-executive & Independent

## 3. Calculation of CSR Spend

- (A) Average net profit for past three financial years: ₹ 3,185 million
- (B) Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 63.70 Million

## 4. Details of CSR Spent during the Financial Year

- (A) Total amount to be spent for the Financial Year: ₹ 63.70 Million
- (B) Amount unspent, if any: ₹ 26.23 Million
- (C) Manner in which the amount was spent during the financial year is detailed in this report.

## 4. Reasons for the amount unspent

Schaeffler India Limited is committed to create a positive impact over the society. Most of our projects are long term association towards creating a sustainable transformation. Since the time, CSR policy came into effect, our records demonstrate that we are very particular in picking up the right projects and comply with legal spending mandate as well. During the year under review, the company, while continuing to support its ongoing projects, has associated itself with few new projects and intends to expand its CSR initiatives in a systematic manner to create meaningful contributions in the development of weaker sections of the society. The company envisages valuable CSR spend in more structured manner for which it has initiated a long-term project in the field of community development and Skill Training. As an organisation, it took us time, to identify right projects which are more sustainable in nature and can create more impact. As these projects were in the initial stage, and because of delay in conceptualisation of project design and receiving necessary approvals from local legislation delayed the whole process. In few of the cases, we also faced some challenge with our implementation partner, which further added to delay. However, we are still pursuing those projects and will implement them.

Going forward, we shall take due care for timely identification of the projects, which are scalable, creates impact and aligned with our overall HOPE philosophy will be the key to avoid such scenario.

### Details of the CSR Initiatives and Projects :

#### Introduction :

The learning process never ends when you want to give back to the society even in a small way. That is the lesson we as part of our "HOPE" initiative have learnt over the last year. And what a rewarding experience it has been! Disbursing grants for the construction of hostel for tribal and underprivileged girls to sponsoring and providing decent livelihood opportunities for such differently-enabled or sponsoring basic preventive healthcare services to uplifting the health status of malnourished children and anemic adolescents on case study basis, the vista of intervention is truly endless. The company owes much to our partner organisations for their great involvement in serving this social cause.

The year 2018 marked the fourth year of operation as part of our "HOPE" CSR initiative. It also heralded a new phase as part of our initiatives and projects – a phase of consolidation and conceptualisation for further growth and sustainability.

In order to streamline its developmental initiatives, Schaeffler India has identified the following focus areas:

- Health Care
- Occupational Skill for Employability
- Preservation of National Heritage Art & Culture
- Empowerment of Society

As stated in its CSR Policy, the Company focuses on these areas through direct engagement and partnering with organisations having relevant expertise and experience. Schaeffler India aims to scale up further for better reach, more effective engagement and greater impact.

CSR Programme that are sustainable and making true impact on the deserving sections of the society and programmes that support livelihood and infuse a sense of pride of living especially amongst the underprivileged sections of the society, have been the focus of CSR initiatives.

### Operational Highlights of the CSR Initiatives and Impact Assessment thereof:

#### A. Health Care: Mobi-Health Units

- Over 250,000 health consultations provided to patients through Schaeffler managed three Mobile Healthcare Units covering 52 villages in Vadodara, Gujarat [Over 217,179 beneficiaries since inception i.e. February 2014 - December 2018 (Savli) and June 2016 – December 2018 (Maneja)] and 29 villages in Talegaon, Pune (Over 41,811 beneficiaries since inception i.e. June 2017 – December 2018)
- Over 714 adolescent girls were screened for anemia of which 629 adolescent girls were diagnosed and received treatment for it. A total of 199 adolescent girls were treated completely. [Over 1,911 adolescent girls screened of which more than 1,386 women received follow-up treatment since inception i.e. February 2016 - December 2018 (Savli) and June 2017 – December 2018 (Maneja)]. A total of 482 adolescent girls were treated completely since inception).
- Over 777 children were screened for malnutrition and of these more than 460 children were found malnourished and followed up for treatment. A total of 128 children were treated completely. [Over 1,854 children screened and more than 1,212 children were received follow-up treatment since inception i.e. February 2016 - December 2018 (Savli) and June 2017 – December 2018 (Maneja)]. A total of 392 children were treated completely since inception).
- Over 2,579 beneficiaries covered under special health camps undertaken in last one year covering issues related to Gynecology, Pediatrician, Ophthalmology, Oral and Dermatology.

#### B. Occupational Skill for Employability:

##### I. Nitara Project:

We stay committed to our flagship Nitara project in Vadodara. This project is conceptualised in 2016 to get marginalised and disadvantaged women back to mainstream society and self-reliant. Through this project, we aim to enhance livelihood opportunities for the underprivileged and disadvantaged women through Beauty & Wellness skill training. Since inception, over 125 women have completed six months of training at Nitara out of which 14% of candidates were differently-abled. Over 90 women successfully gain employment as beauty therapist since inception. Instead of addition to job-seekers, a catalytic intervention to create job-creators by introducing Entrepreneurship model. Availed Shops and Establishment License to operate the Salon on revenue Model that shall integrate the candidates trained at the Academy and in turn cross subsidise the training of differently-abled at the Academy.

## II. STEP – Schaeffler Technical Enhancement Program in collaboration with Don Bosco Technical Training Institute:

Under the STEP umbrella, Schaeffler India established 3 technical labs viz. CNC Programming, CNC Simulation, Hydraulic and Pneumatic lab at Don Bosco Technical Institute at Chakan, Pune in 2018. Till date, 76 students (52 boys & 24 girls) from the adjoining areas of Chakan have been trained on CNC course in three batches. Students are recommended and screened by recognised social workers from Don Bosco to ascertain the family background of the student. Students have been awarded NSDC certificates after successful completion of their CNC training course. Total 18 organisations in Chakan industrial belt, has recruited 37 boys and 13 girls (which is a remarkable 66% placement) in the year 2018. This is a very successful example of social transformation, whereby our effort has directly contributed to bring the underprivileged boys and girls into mainstream.

- Important mile stones and results of the programs are as under:
  - Total 3 batches of CNC Machinist trade complete d in 2018.
  - 76 students have been trained in one year. (52 Boys & 24 Girls)
  - Total 50 students have placed in the various industries (37 Boys & 13 Girls)
  - Total 18 nos. of Organisation in which Students have been placed during year 2018.
  - Percentage of Placement – 66%

Our successful venture in 2018, encouraged us to work in another project with Don Bosco. We are setting up a state of the art Autotronics lab in their Chinchwad facility. This facility is going to upskill the youth for getting better job opportunity. The facility is nearing completion and will be ready to be inaugurated in first quarter in 2019.

## C. Preservation of National Heritage Art & Culture

### I. Quest on Wheels:

This innovative project in Vadodara aims to make our students aware of our glorious tradition and exciting future. This also aims to reinforce their classroom learning by giving them a touch and feel experience. Over 220 trips conducted so far since inception covering approx. 8700 beneficiaries including Government School students, Children from Shelter homes, Differently-abled children and Senior citizens. 40 Government Schools, 7 Special Schools for mentally challenged, speech & hearing impaired and blind children, 12 senior citizen groups and 9 shelter homes for street children covered so far. The locations covered so far includes Lukshmi Vilas Palace, ISRO Space Exhibition, Narmada Dam, Amul Dairy, Sayaji Garden etc.

## D. Empowerment of Society

### I. Construction and management support to Lok Vidhyalaya School:

- Under the initiative 334 underprivileged and tribal students admitted to the School during the Academic year June 2018.
- Conducted 225 hours of remedial classes for newly admitted students in standard 9th by appointing subject wise expert teachers.
- Applied to Education Department, Government of Gujarat for initiating Primary standard from classes 1<sup>st</sup> to 5<sup>th</sup> for the Academic year from June 2019.
- Programs to integrate sustainability across curriculum, campus and community.

### II. Infrastructural and Educational support to Mook Dhvani School for speech and hearing children:

- With the noble aim of imparting quality education and bringing constructive changes in the lives of children who are differently-abled and from under-privileged sections of the society, Schaeffler India continue to support the School (Nursery to 12<sup>th</sup>) with currently 210 students to facilitate and prepare themselves to live an independent and successful life ahead.
- The objective of the project is to increase the strength of the students in the School, to improve board results, to develop effective learning and teaching strategies, early intervention program, to encourage parents support group, to facilitate speech therapy program and infrastructure upgradation.

### III. Construction of Girls Hostel within the campus of Lok Vidhyalaya School in Savli:

- Construction of a Girls Hostel is one of the new projects undertaken by Schaeffler India within the campus of Lok Vidyalaya School at Lamdapura village in Savli.
- The new hostel building shall be completed with a total area of 5600 sq. ft. and capacity to accommodate 50 tribal and underprivileged girls coming from the rural and tribal pockets of Gujarat. The new building shall be ready for the Academic year 2019.

### IV. Sanitation facility at Hosur:

- Schaeffler India Hosur facility picked up the theme of Swaach Bharat mission and supported government high school in the vicinity. The school is a co-education school and has close to 1000 student. We helped them entirely designing and constructing several toilet blocks (for girls and boys together). Overall 2600 sq. ft. area was developed for this cause. Because of low ground water level, we constructed deep borewell to ensure water availability. We have also done significant improvement in landscaping the area.

Manner in which the amount was spent during the financial year is detailed below:

(Amount in ₹ '000)

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects/Programs 1. Local Area/Other 2. Specify the state and district where project was implemented	Amount Outlay (Budget) Project or Program wise	Amount Spent on the Projects or program Sub-heads: 1. Direct Expenditure on Projects or Programs 2. Overheads	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
1	Providing preventive & curative health services through Mobi-Health Unit	Health Care	52 Villages surrounding Savli Plant, Maneja Plant & Sindhrot, Dist. Vadodara, Gujarat	8,000	7,591 361 7,952	31,450	Deepak Foundation
2	Lok Vidhyalaya: Construction of secondary School & providing holistic quality educational support	Education	Lamdapura Village surrounding Savli Plant, Vadodara, Gujarat	10,700	5,282 521 5,533	92,373	Direct Implementation
3	Nitara project: Promoting livelihood for differently-abled	Skill Training & Development	Vadodara, Gujarat	6,500	9,540 453 9,993	21,672	LabourNet
4	Construction of Girls Hostel	Education	Lamdapura Village surrounding Savli Plant, Vadodara, Gujarat	10,000	3,732 177 3,909	3,909	Direct Implementation
5	Quest on wheels: Heritage & Educational Trips	Art, Heritage & Culture	Municipal Corporation Schools & NGOs working for differently-abled in Vadodara, Gujarat	4,000	2,214 105 2,319	6,562	Creations
6	Chief Minister Flood Relief Fund	Environment	Kerala Flood Relief Fund, Kerala	3,179	2,521 120 2,641	5,266	Govt. of Kerala (Previous year: Govt. of Gujarat)
7	Support to Mook Dhvani School	Special Education	Karelibaug Vadodara, Gujarat	10,000	4,890 232 5,122	19,238	Direct Implementation
8	Academy for Hospitality & Hotel Management	Skill Development	Vadodara, Gujarat	12,000	-	-	-
	<b>Total</b>			<b>64,379</b>	<b>37,469</b>	<b>180,470</b>	<b>-</b>

During the year 2018, the Company has successfully completed amalgamation of erstwhile INA Bearings India Private Limited ('INA') and erstwhile LuK India Private Limited ('LuK') with itself. The details of CSR expenditure carried out by INA and LuK at Pune and Hosur location, respectively, are as under:

**Pune:**

Sr. No.	CSR Activity	Area of CSR activity	Project Location	Amount Spent	Implementing Agency / Direct Implementation
1	Infrastructure Support in setting up Autotronic Lab for Skill Training	Skill Training & Development	Pune	16,693	Don Bosco Technical Training Institute
2	Providing preventive & curative health services through Mobi-Health Unit	Health Care	35 Villages surrounding Talegaon Plant, Pune	2,203	Deepak Foundation

**Hosur:**

Sr. No.	CSR Activity	Area of CSR activity	Project Location	Amount Spent	Implementing Agency / Direct Implementation
3	Sanitation facility & Landscape	Community Development	Infrastructure support to Schools near Hosur Plant	3,762	Direct Implementation

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and CSR Policy of the Company.

For Schaeffler India Limited

Rakesh Jinsi  
Chairman of CSR Committee  
(DIN: 00182187)

Dharmesh Arora  
Managing Director  
(DIN: 05350121)

# Report on Related Party Transactions: Form AOC - 2

(Annexure - C to the Directors' Report)

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

[A] Details of contracts or arrangements or transactions not at arm's length basis: Nil

[B] Details of material contracts or arrangements or transactions at arm's length basis:

Name(s) of related party & nature of relationship	Schaeffler Technologies AG & Co. KG, Germany Fellow Subsidiary		
Nature of contracts / arrangements / transactions	Sale, Purchase or Supply of Goods, Material & Services including Sale and Purchase of tangible fixed assets		
	<b>Summary of Transactions carried out with Schaeffler Technologies AG &amp; Co. KG, Germany</b>		<b>2018 mioINR</b>
			<b>Actual</b> <b>Cumulative</b>
	1	SAP, other IT systems and connectivity cost	436.3
	2	Expat Cost	13.9
	3	Deputation, Travelling, Training, Testing, Support Fee & Other Cost	84.6
Nature of contracts / arrangements / transactions	4	Fees for use of technology / trademark	861.3
	5	Payment on behalf of related parties	18.3
	6	Purchase of Finished Goods	7,195.5
	7	Purchase of Raw materials and Components / Spares	2,846.0
	8	Sale of Finished Goods	1,381.0
	9	Service Income received	0.1
	10	Purchase of Tangible Fixed Assets	78.2
Duration of contracts / arrangements / transactions	Ongoing		
Salient terms of the contracts / arrangements / transactions including the value, if any	As per transfer pricing guidelines		
Date(s) of approval by the Board	Approval of the Board is not required as transactions with Schaeffler Technologies AG & Co. KG, Germany are in the ordinary course of business and at arm's length basis. However, requisite approval of the Audit Committee has been obtained from time to time		
Amount paid as advance, if any	--		

For and on behalf of the Board

**Avinash Gandhi**  
Chairman  
DIN: 00161107

Mumbai: February 13, 2019

# Particulars of Employees

(Annexure D to the Directors' Report)

Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- 1 The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018 and Percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year 2018.

Sr. No.	Name of Director / Key Managerial Personnel	Designation / Category	Ratio of Remuneration of Directors to Median Remuneration	% of increase in Remuneration in Financial Year 2018
I	<b>Executive Director</b>			
1	Mr. Dharmesh Arora	Managing Director	47.3	209.0
II	<b>Non- Executive Directors</b>			
2	Mr. Avinash Gandhi	Chairman & Independent	1.8	23.8
3	Mr. Klaus Rosenfeld	Non-Independent	-	-
4	Mr. Dietmar Heinrich	Non-Independent (Upto April 17, 2018)	-	-
5	Mr. Jurgen Ziegler	Non-Independent (effective April 18, 2018)	-	-
6	Mr. Marcus Eisenhuth	Non-Independent (Upto February 13, 2019)	-	-
7	Mr. R. Sampath Kumar	Non-Independent	1.2	22.9
8	Mr. Rakesh Jinsi	Independent	1.2	22.9
9	Mrs. Renu Challu	Independent	1.2	22.9
10	Dr. Sanak Mishra	Independent	1.2	22.9
III	<b>Key Managerial Personnel</b>			
11	Mr. Satish Patel	Chief Financial Officer	NA	10.5
12	Mr. Chirag K Shukla	Company Secretary	NA	. <sup>1</sup>

1. Appointed as Company Secretary effective February 7, 2018.

- 2 The percentage increase in the median remuneration of employees in the financial year:  
The remuneration of median employee(s) of the Company was increased by 12% during 2018.
- 3 The number of permanent employees on the rolls of company as on December 31, 2018: 2904.
- 4 Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Internally, performance ratings of all employees are always spread across a normal distribution curve. The rating obtained by an employee is used as an input to determine her/his variable and merit pay increases. Variable and merit pay increases are calculated using a combination of individual performance and Company performance.

Average percentile increase already made in the salaries of employees other than Managerial Personnel : 12.5 compared to average percentile increase in Managerial Remuneration: 54.0

The remuneration of Managing Director for the year 2018 includes the remuneration drawn by him as Managing Director of erstwhile INA Bearings India Private Limited ('INA') in view of its merger with the Company from January 01, 2018 (appointed date). The high percentage of increase is because of the reason that the clubbed remuneration of the year 2018 (drawn from the Company as well as from INA) is compared with the remuneration drawn only from the Company, for the period March 6, 2017 to December 31, 2017.

Therefore, the Increase being reflected in (a) remuneration of the Managing Director and (b) average percentile increase in Managerial Remuneration are to be considered exceptional accordingly.

- 5 Affirmation that the remuneration is as per the remuneration policy of the company:  
We affirm that remuneration paid to the Employees & Directors is as per the remuneration policy of the Company.

## Information Pursuant to rule 5(2) &amp; (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

## a. Details of Top ten employees in terms of gross remuneration paid during the year 2018

Sr. No.	Name	Designation	Remuneration during the year 2018 [₹]	Nature of Employment [Contractual / Regular]	Qualifications	Experience [in Completed years]	Date of Commencement of employment with SIL	Age in yrs.	Last Employment	% of Equity Shares held in the Company
1	Dharmesh Arora	Managing Director	36,311,669	Contractual	Diploma in Mechanical Engineering, MBA	28	06-Mar-17	52	General Motors LLC	Nil
2	Harsha Kadam	President-Industry	13,824,465	Regular	B.E. (Mech)	30	12-Mar-18	53	HSIL Limited	0.0% <sup>1</sup>
3	Santanu Ghoshal	Vice President	11,558,124	Regular	B.E. (Mining Engg.), PGDPM & IR	25	01-Sep-10	52	General Motors	Nil
4	Satish Patel	Chief Financial Officer	11,096,772	Regular	M.Com, ACMA	28	07-Jan-92	55	Elecon Engineering Co. Limited	Nil
5	Sameer Mathur	Chief Operations Officer	9,712,584	Regular	B.E.(Mech)	27	21-May-92	51	-	Nil
6	Biswa Mandal	Vice President	8,590,200	Regular	B.E, Ex-MBA	24	28-Dec-17	51	Mahindra & Mahindra	Nil
7	Alok Dave	Vice President	8,165,208	Regular	B.E. (Mech), E- MBA	33	07-Nov-11	53	Lear Automotive	Nil
8	Hardevi Vazirani	Vice President	8,047,944	Regular	B.Com, DIP. CS, DBM	29	11-Sep-92	51	Sigma Sysbase Info P.Ltd.	Nil
9	Amitabh Anand	Vice President	7,815,912	Regular	B.E. (Mech), PGDBM	23	01-Jan-13	46	GKN Sinter Metal Pvt. Ltd.	Nil
10	Sathyannarayanan Gopalakrishnan	Vice President	7,753,536	Regular	B.E. (MET), MBA	32	15-Nov-13	56	Sundaram Clayton Ltd.	Nil

1 Mr. Harsha Kadam holds 25 Equity Shares of the Company.

## b. Details of every employee, who was employed throughout the financial year, was in receipt of gross remuneration for that year which, in the aggregate, was not less than One Crores Two lakhs rupees during the year 2018

Sr. No.	Name	Designation	Remuneration during the year 2018 [₹]	Nature of Employment [Contractual / Regular]	Qualifications	Experience [in Completed years]	Date of Commencement of employment with SIL	Age in yrs.	Last Employment	% of Equity Shares held in the Company
1	Dharmesh Arora	Managing Director	36,311,669	Contractual	Diploma in Mechanical Engineering, MBA	28	06-Mar-17	52	General Motors LLC	Nil
2	Santanu Ghoshal	Vice President	11,558,124	Regular	BE (Mining Engg.), PGDPM & IR	25	01-Sep-10	52	General Motors	Nil
3	Satish Patel	Chief Financial Officer	11,096,772	Regular	M.COM, ACMA	28	07-Jan-92	55	Elecon Engineering Co. Limited	Nil



c. Details of every employee, who was employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight lakhs fifty thousand rupees per month during the year 2018

Sr. No.	Name	Designation	Remuneration during the year 2018 [₹]	Nature of Employment [Contactual / Regular]	Qualifications	Experience [Completed years]	Date of Commencement of employment with SIL	Age in yrs.	Last Employment	% of Equity Shares held in the Company
1	Harsha Kadam	President - Industry	13,824,465	Regular	BE(Mech)	30	12-Mar-18	53	HSIL Limited	0.0% <sup>1</sup>

1 Mr. Harsha Kadam holds 25 Equity Shares of the Company.

d. Details of every employee, who was employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company during the year 2018

Sr. No.	Name	Designation	Remuneration during the year 2018 [INR]	Nature of Employment [Contactual / Regular]	Qualifications	Experience [in Completed years]	Date of Commencement of employment with SIL	Age in yrs.	Last Employment	% of Equity Shares held in the Company
Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Notes:

1. None of the employees disclosed in above statements is a relative of any director of the Company

There were no Employees drawing / have drawn remuneration more than five lakh rupees per month during the year 2018 and posted or working in a Country outside India.

For and On behalf of the Board

Avinash Gandhi  
Chairman  
DIN: 00161107

Mumbai: February 13, 2019

# Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

(Annexure E to the Directors' Report)

With increasing focus on sustainable development goals, Schaeffler India has constantly focused on the key aspect of Social & Environment Impacts. Talking about environment impacts, conservation of energy has been a major focus in Schaeffler for the past year and the same rigor was seen in 2018, with initiatives and right investments in advance technologies.

Small steps have been initiated to maintain & improve carbon foot prints with an aspiration to be carbon neutral in future.

## A. Conservation of Energy

### 1. Steps taken or impact on conservation of energy

- Reduced power consumption at Face & OD with usage of clean coolant pump of 15HP instead of 25HP.
- Switching to LED lights instead of CFL.
- Installed Energy Efficient Air Compressors with IE 4 efficiency -1500 CFM.
- Installed Energy Efficient pumps of IE 3/IE 2 class in supply systems.
- Interlock to Conveyors motors when idle.
- Installation of new Air conditioning units with latest technology of air conditioning with 407/410A gas;
 

● DGBB62	–	52 TR
● SMB	–	52TR
● Hall 5	–	11TR
● Design Office	–	64TR
● Marketing	–	32TR
- Black Oxidation OEE improved with program modification to use double basket dipping.
- Noxmat burners (8nos) instead of LBE LPG fired 10 Nos burners in heat treatment.

### 2. The Steps taken by the Company for utilisation of alternate sources of energy:

- Schaeffler Pune Plant is first expansion installed Solar panels on the roof with capacity of 750KW, which suffice around 10% of the total electricity consumptions of the plant. Additionally, this facility also has following salient features:
  - Water Cooled HVAC Systems having higher efficiency and lower running cost.
  - North Light Glazing with Clear Laminated glass to increase Natural Lights during day time.
- Discussion in progress on purchase of additional power from Wind & Solar Power producers at a reduced rate

### 3. The Capital investment on energy conservation equipment

- Installation of Cooling tower of 52 TR in place of proposed 200 TR chilling plant for new ETP.
- Installation of C&S sandwich Bus Bar in place of conventional ones with MCCB protection in place of HRC fuses.
- Installation of ELR relays for enhanced earth fault safety protection of Bus Bar.
- Numeric relays installed in place of Electro mechanical relays at 11KV voltage level.
- New Package ACs with air cooled condensing units of 52 TR installed in DGBB 62 Line 1,2,3 Area with R 407 gas.
- New Package ACs with air cooled condensing units of 52 TR installed in new SMB Area with R 407 gas.
- New Package AC with air cooled condensing unit of 11 TR installed in Hall 5 assembly extension area with R 407gas.
- Addition of 6.4 TR VRF based air cooled condensing unit in I-cube office area with R 410A gas.

#### 4. Environment Health & Safety

- Installation of fire doors and automated fire dampers in exhaust ducts across the plant.
- Earth Leakage Circuit Breakers (ELCB) are provided to prevent electric shocks and electrical fires (in administrative, production, Stores offices, Labs, water coolers and pantry)
- Installation of ELR relays for enhanced earth fault safety protection of Bus Bar.
- Numeric relays installed in place of Electro Mechanical relays at 11KV voltage level.
- Chemical based Modular type fire extinguisher are installed in all administrative blocks and critical areas.

### B. Technology Absorption

#### 1. The efforts made towards technology absorption

- Face Grinding Technology – Local Machine Development
- OD Grinding Technology - Local Machine Development
- Taper Roller Manufacturing <50mm Localisation
- Spherical E1 roller localisation <50mm
- New Technology with Capacity Expansion in LSB
- Local Development of External type Ratchet Hydraulic chain tensioner assembly Module .
- Capacity Expansion in DGBB62
- Capacity Expansion in DGBB140
- Relocation of facilities with Capacity Expansion in WB Gen 2/3
- New Technology relocation with Capacity Expansion in SRB E1
- Process Optimisation by Incorporation of Dot Marking Technology in Inner Pressing Module
- Investment Realisation in Mechanical Tappets
- New Technology and Capacity Expansion in Plastic injection molding
- Capacity Expansion in Clutch release molding
- Capacity Expansion in Pressure plate machining
- Machine refurbishment
- Local machine development in Special Machine Building India

- US washing machines for DGBB, TRB & CRB
- Greasing and shielding for bearings less than 62mm
- NORO testing machine for Cam Roller
- Test rig
- Loading and unloading systems

#### 2. Benefits derived like product improvement, cost reduction, product development or import substitution

The Product reliability with customer oriented Productivity and Schaeffler global Quality level is ensured with empowered technology of Schaeffler group with introduction of new Technology, better working condition, improved metrology and Global standards of Quality of our products with meeting all compliance level of health and safety as per OHSAS standards for local and Global customers.

#### 3. Details of Imported Technology (Imported during the last three years reckoned from the beginning of the year)

Technology	Year of import
Assembly lines for DGBB <90	2018
Assembly lines for DGBB > 90	2017, 2018
Track grinding machines for DGBB/SRB/CRB	2017, 2018
Roller grinding line for TRB	2018
Vertical honing machines for CRB	2018
Investment Realisation in Mechanical Tappets	2018
New Technology and Capacity Expansion in Plastic injection molding	2018
Capacity Expansion in Clutch release molding	2018
Capacity Expansion in Pressure plate machining	2018

All technologies are fully absorbed.

## The details of Expenditure incurred on Research and Development

(₹ in million)

Particulars	2018	2017
Capital	42.6	43.3
Recurring	556.3	433.7
<b>Total</b>	<b>598.9</b>	<b>477.0</b>

## C. Foreign Exchange Earnings and outgo

(₹ in million)

Particulars	2018	2017
<b>Earning:</b>		
Earning in foreign exchange		
Service Income	2.5	9.5
FOB value of exports	4,635.7	4,258.8
Other	3.7	16.7
<b>Total foreign exchange earned</b>	<b>4,641.8</b>	<b>4,285.0</b>
<b>Outgo:</b>		
<b>CI</b> F value of Imports:		
Raw materials, Components, Products purchased for Sale, Stores & Spares, Capital goods and intangible assets	15,270.2	10,792.7
<b>Expenditure in foreign currency:</b>		
Interest on foreign currency loans, Fees for use of technology, interest on foreign suppliers credit, Professional fees and other expenses	996.9	1,244.3
Dividend paid to Shareholders (net of tax)	144.9	102.4
<b>Total foreign exchange used</b>	<b>16,412.0</b>	<b>12,139.4</b>

For and on behalf of the Board

Avinash Gandhi  
Chairman  
DIN: 00161107

Mumbai: February 13, 2019

# Extract of Annual Return - Form MGT 9

## (Annexure - F to the Directors' Report)

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

### 1 Registration and Other Details

i	Corporate Identity Number [CIN]	L29130MH1962PLC012340
ii	Registration Date	April 27, 1962
iii	Name of the Company	Schaeffler India Limited [Formerly Known as FAG Bearings India Limited]
iv	Category / Sub- Category of the Company	Public Company - Limited by Shares
v	Address of the Registered Office and Contact Details	8 <sup>th</sup> Floor, Nariman Bhavan, 227, Backbay Reclamation, Nariman Point, Mumbai- 400 021, Maharashtra, India Tel: 022-66814444 to 66814499, Fax: 022-22027022 Website: www.schaeffler.co.in
vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent	Link Intime India Private Limited B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota Vadodara- 390 020, Gujarat, India Tel: 0265-2356794, Fax: 0265-2356791 E Mail: vadodara@linkintime.co.in Website: www.linkintime.co.in

### 2 Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company are as under:-

Sr. No.	Name and Description of Main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
1	Ball and Roller Bearings and related components, Engine Components, Clutch cover assemblies, clutch driven plates and related components	2814	99.1%

### 3 Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN / GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	INA Holding Schaeffler GmbH & Co. KG Industriestraße 1-3, 91074 Herzogenaurach, Germany	-	Holding <sup>1</sup>	74.13%	2(46) read with 2(87)

<sup>1</sup> As on December 31, 2018, there was no direct holding Company of Schaeffler India Limited. However, INA Holding Schaeffler GmbH & Co. KG is ultimate holding Company of all promoter shareholder entities of the Company.

## 4 Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares <sup>1</sup>	Demat	Physical	Total	% of Total Shares <sup>2</sup>	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	8,529,183	-	8,529,183	51.33	8,529,183	14,643,464	23,172,647	74.13	22.80
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>8,529,183</b>	-	<b>8,529,183</b>	<b>51.33</b>	<b>8,529,183</b>	<b>14,643,464</b>	<b>23,172,647</b>	<b>74.13</b>	<b>22.80</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>8,529,183</b>	-	<b>8,529,183</b>	<b>51.33</b>	<b>8,529,183</b>	<b>14,643,464</b>	<b>23,172,647</b>	<b>74.13</b>	<b>22.80</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	4,280,664	-	4,280,664	25.76	4,403,105	-	4,403,105	14.09	(11.68)
b) Banks / FI	579	1,035	1,614	0.01	1,419	360	1,779	0.01	(0.00)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	174,444	50	174,494	1.05	173,944	50	173,994	0.56	(0.49)
g) Foreign Institutional Investors (FIIs)	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
<b>i) Others (specify)</b>									
Foreign Portfolio Investor	917,174	-	917,174	5.52	889,734	-	889,734	2.85	(2.67)
Unit Trust of India	-	800	800	0.00	-	-	-	-	(0.00)
Foreign Financial Institutions	-	3,360	3,360	0.02	-	100	100	0.00	(0.02)
<b>Sub-total (B)(1)</b>	<b>5,372,861</b>	<b>5,245</b>	<b>5,378,106</b>	<b>32.36</b>	<b>5,468,202</b>	<b>510</b>	<b>5,468,712</b>	<b>17.49</b>	<b>(0.15)</b>
<b>(2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	1,213,603	4,676	1,218,279	7.33	1,105,526	3,720	1,109,246	3.55	(3.78)
ii) Overseas	-	-	-	-	-	-	-	-	-

1 Percentage calculated on the paid-up share capital (16,617,270 Equity Shares) as at the beginning of the year.

2 Percentage calculated on the paid-up share capital (31,260,734 Equity Shares) as at the end of the year.

Continued...

(Annexure - F to the Directors' Report)

... Continued

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares <sup>1</sup>	Demat	Physical	Total	% of Total Shares <sup>2</sup>	
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	918,608	167,061	1,085,669	6.53	968,559	114,308	1,082,867	3.46	(3.07)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	210,136	-	210,136	1.26	268,799	-	268,799	0.86	(0.40)
b) Others (specify)									
Trusts	410	-	410	0.00	420	-	420	0.00	(0.00)
Hindu Undivided Family	65,794	-	65,794	0.40	77,469	-	77,469	0.25	(0.15)
Non Resident Individuals (Repatriable)	18,125	-	18,125	0.11	21,047	-	21,047	0.07	(0.04)
Non Resident Individuals (Non - Repatriable)	11,879	-	11,879	0.07	17,136	-	17,136	0.05	(0.02)
Clearing Member	99,689	-	99,689	0.60	4,328	-	4,328	0.01	(0.59)
Unclaimed Shares	-	-	-	-	-	3,380	3,380	0.01	0.01
IEPF Authority	-	-	-	-	34,573	-	34,573	0.11	0.11
NBFCs registered with RBI	-	-	-	-	104	-	104	0.00	0.00
Trust (Employees)	-	-	-	-	6	-	6	0.00	0.00
Sub-total (B)(2)	2,538,244	171,737	2,709,981	16.31	2,497,967	121,408	2,619,375	8.38	(0.15)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	7,911,105	176,982	8,088,087	48.67	7,966,169	121,918	8,088,087	25.87	(22.80)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	16,440,288	176,982	16,617,270	100.00	16,495,352	14,765,382	31,260,734	100.00	-

1 Percentage calculated on the paid-up share capital (16,617,270 Equity Shares) as at the beginning of the year.

2 Percentage calculated on the paid-up share capital (31,260,734 Equity Shares) as at the end of the year.

## ii) Share-holding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of Total Shares of the company <sup>1</sup>	% of Shares pledged / of the Total Shares	No. of Shares	% of Total Shares of the company <sup>2</sup>	% of Shares pledged / of the Total Shares	
1	FAG Kugelfischer GmbH	8,529,183	51.33	-	8,529,183	27.28	-	(24.04)
2	Schaeffler Verwaltungsholding Sechs GmbH	-	-	-	4,692,451	15.01	-	15.01
3	Industriewerk Schaeffler INA-Ingenieurdienst GmbH	-	-	-	3,522,439	11.27	-	11.27
4	Schaeffler Beteiligungsgesellschaft mbH	-	-	-	1	0.00	-	0.00
5	Schaeffler Bühl Verwaltungs GmbH	-	-	-	6,428,572	20.56	-	20.56
6	Schaeffler Bühl Beteiligungs GmbH	-	-	-	1	0.00	-	0.00

1 Percentage calculated on the paid-up share capital (16,617,270 Equity Shares) as at the beginning of the year.

2 Percentage calculated on the paid-up share capital (31,260,734 Equity Shares) as at the end of the year.

## iii) Change in Promoters' Shareholding

Name of the Shareholder	Date	Reason	Shareholding at the beginning of the year		Increase / (Decrease) in No. of Shares	Cumulative Shareholding During the year	
			No. of Shares	% of Total Shares of the company <sup>1</sup>		No. of Shares	% of Total Shares of the company <sup>2</sup>
FAG Kugelfischer GmbH	At the beginning of the Year Jan. 01, 2018		8,529,183	51.33			
	At the end of the Year Dec. 31, 2018					8,529,183	27.28
Schaeffler Verwaltungsholding Sechs GmbH	At the beginning of the Year Jan. 01, 2018		-	-			
	2-Nov-2018	Allotment			4,692,451	4,692,451	15.01
	At the end of the Year Dec. 31, 2018					4,692,451	15.01
Industriewerk Schaeffler INA-Ingenieurdienst GmbH	At the beginning of the Year Jan. 01, 2018		-	-			
	2-Nov-2018	Allotment			3,522,439	3,522,439	11.27
	At the end of the Year Dec. 31, 2018					3,522,439	11.27
Schaeffler Beteiligungsgesellschaft mbH	At the beginning of the Year Jan. 01, 2018		-	-			
	2-Nov-2018	Allotment			1	1	0.00
	At the end of the Year Dec. 31, 2018					1	0.00
Schaeffler Bühl Verwaltungs GmbH	At the beginning of the Year Jan. 01, 2018		-	-			
	2-Nov-2018	Allotment			6,428,572	6,428,572	20.56
	At the end of the Year Dec. 31, 2018					6,428,572	20.56
Schaeffler Bühl Beteiligungs GmbH	At the beginning of the Year Jan. 01, 2018		-	-			
	2-Nov-2018	Allotment			1	1	0.00
	At the end of the Year Dec. 31, 2018					1	0.00

1 Percentage calculated on the paid-up share capital (16,617,270 Equity Shares) as at the beginning of the year.

2 Percentage calculated on the paid-up share capital (31,260,734 Equity Shares) as at the end of the year.

## iv) Shareholding Pattern of Top Ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder <sup>1</sup>	Date	Reason	Shareholding at the beginning of the year		Increase / (Decrease) in No. of Shares	Cumulative Shareholding During the year	
				No. of Shares	% of Total Shares of the company <sup>2</sup>		No. of Shares	% of Total Shares of the company <sup>3</sup>
1	SBI Magnum Global Fund	At the beginning of the Year Jan. 01, 2018		456,005	2.74			
		5-Jan-2018	Transfer			85,300	541,305	3.26
		25-May-2018	Transfer			21,970	563,275	3.39
		1-Jun-2018	Transfer			81,935	645,210	3.88
		27-Jul-2018	Transfer			7,900	653,110	3.93
		31-Aug-2018	Transfer			11,070	664,180	4.00
		29-Sep-2018	Transfer			58,000	722,180	4.35
		5-Oct-2018	Transfer			52,036	774,216	4.66
		21-Dec-2018	Transfer			3,950	778,166	2.49
			At the end of the year Dec. 31, 2018					778,166
2	Franklin Templeton Mutual Fund A/c Franklin India Prima Fund	At the beginning of the Year Jan. 01, 2018		698,328	4.20			
		2-Mar-2018	Transfer			11,000	709,328	4.27
		29-Sep-2018	Transfer			20,000	729,328	4.39
		16-Nov-2018	Transfer			(808)	728,520	2.33
		30-Nov-2018	Transfer			(723)	727,797	2.33
		14-Dec-2018	Transfer			(38,000)	689,797	2.21
	At the end of the year Dec. 31, 2018					689,797	2.21	
3	HDFC Trustee Company Ltd. - A/c HDFC MID Cap Opportunities Fund	At the beginning of the Year Jan. 01, 2018		495,182	2.98			
		27-Apr-2018	Transfer			(18,314)	476,868	2.87
		3-Aug-2018	Transfer			10,000	486,868	2.93
		19-Oct-2018	Transfer			(5,500)	481,368	2.90
	At the end of the year Dec. 31, 2018					481,368	1.54	

1 Shareholding details of top 10 Shareholders as on December 31, 2018, have been clubbed based on unique Permanent Account Number.

2 Percentage calculated on the paid-up share capital (16,617,270 Equity Shares) as at the beginning of the year.

3 Percentage calculated on the paid-up share capital (31,260,734 Equity Shares) from November 2, 2018 onwards on account of allotment of 14,643,464 Equity Shares.

Continued...



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Sr. No.	Name of the Shareholder <sup>1</sup>	Date	Reason	Shareholding at the beginning of the year		Increase / (Decrease) in No. of Shares	Cumulative Shareholding During the year	
				No. of Shares	% of total Shares of the Company <sup>2</sup>		No. of Shares	% of total Shares of the Company <sup>3</sup>
4	Kotak Emerging Equity Scheme	At the beginning of the Year Jan. 01, 2018		440,310	2.65			
		5-Jan-2018	Transfer			4,327	444,637	2.68
		12-Jan-2018	Transfer			174	444,811	2.68
		19-Jan-2018	Transfer			6,023	450,834	2.71
		26-Jan-2018	Transfer			8,701	459,535	2.77
		2-Feb-2018	Transfer			5,186	464,721	2.80
		9-Feb-2018	Transfer			4,517	469,238	2.82
		23-Feb-2018	Transfer			2,000	471,238	2.84
		16-Mar-2018	Transfer			2,468	473,706	2.85
		13-Apr-2018	Transfer			2,000	475,706	2.86
		20-Apr-2018	Transfer			675	476,381	2.87
		11-May-2018	Transfer			7,000	483,381	2.91
		18-May-2018	Transfer			7,500	490,881	2.95
		1-Jun-2018	Transfer			1,625	492,506	2.96
		8-Jun-2018	Transfer			1,478	493,984	2.97
		15-Jun-2018	Transfer			3,003	496,987	2.99
		22-Jun-2018	Transfer			3,000	499,987	3.01
		3-Aug-2018	Transfer			(9,977)	490,010	2.95
		10-Aug-2018	Transfer			(26,000)	464,010	2.79
		14-Sep-2018	Transfer			(2)	464,008	2.79
		29-Sep-2018	Transfer			4,285	468,293	2.82
		5-Oct-2018	Transfer			695	468,988	2.82
		12-Oct-2018	Transfer			4,377	473,365	2.85
		19-Oct-2018	Transfer			1,695	475,060	2.86
		26-Oct-2018	Transfer			16,500	491,560	2.96
		2-Nov-2018	Transfer			118	491,678	1.57
		16-Nov-2018	Transfer			(1,052)	490,626	1.57
		23-Nov-2018	Transfer			(3)	490,623	1.57
		30-Nov-2018	Transfer			(2,549)	488,074	1.56
		7-Dec-2018	Transfer			2,000	490,074	1.57
21-Dec-2018	Transfer			(25,395)	464,679	1.49		
28-Dec-2018	Transfer			(4,500)	460,179	1.47		
		At the end of the year Dec. 31, 2018					460,179	1.47
5	UTI Equity Fund	At the beginning of the Year Jan. 01, 2018		375,303	2.26			-
		9-Feb-2018	Transfer			(796)	374,507	2.25
		16-Mar-2018	Transfer			1,000	375,507	2.26
		18-May-2018	Transfer			1,300	376,807	2.27
		1-Jun-2018	Transfer			1,500	378,307	2.28
		8-Jun-2018	Transfer			1,088	379,395	2.28
		22-Jun-2018	Transfer			1,960	381,355	2.29
		30-Jun-2018	Transfer			7,500	388,855	2.34
		6-Jul-2018	Transfer			3,064	391,919	2.36
		20-Jul-2018	Transfer			7,000	398,919	2.40
		27-Jul-2018	Transfer			2,500	401,419	2.42
		3-Aug-2018	Transfer			9,000	410,419	2.47
		29-Sep-2018	Transfer			2,050	412,469	2.48
		5-Oct-2018	Transfer			524	412,993	2.49
		12-Oct-2018	Transfer			4,532	417,525	2.51
		26-Oct-2018	Transfer			1,000	418,525	2.52
		16-Nov-2018	Transfer			(640)	417,885	1.34
		7-Dec-2018	Transfer			1,500	419,385	1.34
		28-Dec-2018	Transfer			1,300	420,685	1.35
				At the end of the year Dec. 31, 2018				

1 Shareholding details of top 10 Shareholders as on December 31, 2018, have been clubbed based on unique Permanent Account Number.

2 Percentage calculated on the paid-up share capital (16,617,270 Equity Shares) as at the beginning of the year.

3 Percentage calculated on the paid-up share capital (31,260,734 Equity Shares) from November 2, 2018 onwards on account of allotment of 14,643,464 Equity Shares.

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Sr. No.	Name of the Shareholder <sup>1</sup>	Date	Reason	Shareholding at the beginning of the year		Increase / (Decrease) in No. of Shares	Cumulative Shareholding During the year	
				No. of Shares	% of total Shares of the Company <sup>2</sup>		No. of Shares	% of total Shares of the Company <sup>3</sup>
6	HDFC Standard Life Insurance Company Limited	At the beginning of the Year Jan. 01, 2018		376,125	2.26			
		5-Jan-2018	Transfer			(1,151)	374,974	2.26
		12-Jan-2018	Transfer			(162)	374,812	2.26
		26-Jan-2018	Transfer			(4)	374,808	2.26
		2-Feb-2018	Transfer			917	375,725	2.26
		9-Feb-2018	Transfer			95	375,820	2.26
		23-Feb-2018	Transfer			1,532	377,352	2.27
		2-Mar-2018	Transfer			91	377,443	2.27
		9-Mar-2018	Transfer			531	377,974	2.27
		16-Mar-2018	Transfer			732	378,706	2.28
		23-Mar-2018	Transfer			11,566	390,272	2.35
		31-Mar-2018	Transfer			1,212	391,484	2.36
		6-Apr-2018	Transfer			2,922	394,406	2.37
		13-Apr-2018	Transfer			(9,107)	385,299	2.32
		20-Apr-2018	Transfer			(6,000)	379,299	2.28
		27-Apr-2018	Transfer			10,000	389,299	2.34
		11-May-2018	Transfer			(1,294)	388,005	2.33
		18-May-2018	Transfer			(399)	387,606	2.33
		1-Jun-2018	Transfer			(1,842)	385,764	2.32
		15-Jun-2018	Transfer			(491)	385,273	2.32
		22-Jun-2018	Transfer			(2,137)	383,136	2.31
		30-Jun-2018	Transfer			(442)	382,694	2.30
		13-Jul-2018	Transfer			(387)	382,307	2.30
		20-Jul-2018	Transfer			179	382,486	2.30
		27-Jul-2018	Transfer			270	382,756	2.30
		10-Aug-2018	Transfer			6,109	388,865	2.34
		17-Aug-2018	Transfer			2,776	391,641	2.36
		24-Aug-2018	Transfer			612	392,253	2.36
		31-Aug-2018	Transfer			410	392,663	2.36
		7-Sep-2018	Transfer			3,171	395,834	2.38
		29-Sep-2018	Transfer			(93)	395,741	2.38
5-Oct-2018	Transfer			1,012	396,753	2.39		
12-Oct-2018	Transfer			1,550	398,303	2.40		
26-Oct-2018	Transfer			(177)	398,126	2.40		
2-Nov-2018	Transfer			12,268	410,394	1.31		
16-Nov-2018	Transfer			(596)	409,798	1.31		
23-Nov-2018	Transfer			(107)	409,691	1.31		
30-Nov-2018	Transfer			(73)	409,618	1.31		
7-Dec-2018	Transfer			640	410,258	1.31		
21-Dec-2018	Transfer			(10,000)	400,258	1.28		
		At the end of the year Dec. 31, 2018					400,258	1.28
7	Sundaram Mutual Fund A/c Sundaram MID CAP Fund	At the beginning of the Year Jan. 01, 2018		404,736	2.44			
		5-Jan-2018	Transfer			(12,000)	392,736	2.36
		12-Jan-2018	Transfer			(17,842)	374,894	2.26
		9-Feb-2018	Transfer			(15)	374,879	2.26
		16-Feb-2018	Transfer			(4,541)	370,338	2.23
		18-May-2018	Transfer			938	371,276	2.23
		22-Jun-2018	Transfer			1,565	372,841	2.24
		10-Aug-2018	Transfer			(8,503)	364,338	2.19
		24-Aug-2018	Transfer			(3,373)	360,965	2.17
		7-Sep-2018	Transfer			(18)	360,947	2.17
				At the end of the year Dec. 31, 2018				

1 Shareholding details of top 10 Shareholders as on December 31, 2018, have been clubbed based on unique Permanent Account Number.

2 Percentage calculated on the paid-up share capital (16,617,270 Equity Shares) as at the beginning of the year.

3 Percentage calculated on the paid-up share capital (31,260,734 Equity Shares) from November 2, 2018 onwards on account of allotment of 14,643,464 Equity Shares.

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Sr. No.	Name of the Shareholder <sup>1</sup>	Date	Reason	Shareholding at the beginning of the year		Increase / (Decrease) in No. of Shares	Cumulative Shareholding During the year	
				No. of Shares	% of total Shares of the Company <sup>2</sup>		No. of Shares	% of total Shares of the Company <sup>3</sup>
8	IDFC Multi CAP Fund	At the beginning of the Year Jan. 01, 2018		369,584	2.22			
		12-Jan-2018	Transfer			(9,500)	360,084	2.17
		19-Jan-2018	Transfer			9,500	369,584	2.22
		26-Jan-2018	Transfer			5,535	375,119	2.26
		2-Feb-2018	Transfer			30	375,149	2.26
		22-Jun-2018	Transfer			(2,400)	372,749	2.24
		6-Jul-2018	Transfer			(4,632)	368,117	2.22
		13-Jul-2018	Transfer			(4,291)	363,826	2.19
		20-Jul-2018	Transfer			(8,634)	355,192	2.14
		27-Jul-2018	Transfer			(10)	355,182	2.14
		10-Aug-2018	Transfer			(19,062)	336,120	2.02
		17-Aug-2018	Transfer			(4,990)	331,130	1.99
		12-Oct-2018	Transfer			3,500	334,630	2.01
		14-Dec-2018	Transfer			500	335,130	1.07
		28-Dec-2018	Transfer			12,264	347,394	1.11
		31-Dec-2018	Transfer			1,500	348,894	1.12
	At the end of the year Dec. 31, 2018					348,894	1.12	
9	Shree Capital Services Limited	At the beginning of the Year Jan. 01, 2018		285,572	1.72			
		16-Nov-2018	Transfer			150	285,722	0.91
		At the end of the year Dec. 31, 2018					285,722	0.91
10	Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life MNC Fund	At the beginning of the Year Jan. 01, 2018		295,519	1.78			
		31-Mar-2018	Transfer			1,000	296,519	1.78
		25-May-2018	Transfer			10,000	306,519	1.84
		15-Jun-2018	Transfer			6,300	312,819	1.88
		13-Jul-2018	Transfer			(10,800)	302,019	1.82
		20-Jul-2018	Transfer			(7,702)	294,317	1.77
		27-Jul-2018	Transfer			(4,454)	289,863	1.74
		3-Aug-2018	Transfer			(10,600)	279,263	1.68
		10-Aug-2018	Transfer			(16,444)	262,819	1.58
		29-Sep-2018	Transfer			(7,200)	255,619	1.54
			At the end of the year Dec. 31, 2018					255,619

1 Shareholding details of top 10 Shareholders as on December 31, 2018, have been clubbed based on unique Permanent Account Number.

2 Percentage calculated on the paid-up share capital (16,617,270 Equity Shares) as at the beginning of the year.

3 Percentage calculated on the paid-up share capital (31,260,734 Equity Shares) from November 2, 2018 onwards on account of allotment of 14,643,464 Equity Shares.

#### v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholding of Directors and Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Increase / (Decrease) in No. of Shares	Cumulative Shareholding during the year	
				No. of Shares	% of Total Shares of the Company <sup>1</sup>		No. of Shares	% of Total Shares of the Company
<b>Director</b>								
1	Mrs. Renu Challu	At the beginning of the Year Jan. 01, 2018		124	0.00075			
		5-Jun-2018	Transfer			121	245	0.00147
		1-Aug-2018	Transfer			60	305	0.00184
		3-Aug-2018	Transfer			3	308	0.00185
		1-Sep-2018	Transfer			100	408	0.00246
			At the end of the year Dec. 31, 2018 <sup>2</sup>					408
<b>Key Managerial Personnel</b>								
				NIL	NA		NIL	NA

1 Percentage calculated on the paid-up share capital (16,617,270 Equity Shares) as at the beginning of the year.

2 Percentage calculated on the paid-up share capital (31,260,734 Equity Shares) from November 2, 2018 onwards on account of allotment of 14,643,464 Equity Shares.

## 5 Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Amount in ₹ million

Indebtedness Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	706.2	-	706.2
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	706.2	-	706.2
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	-	(128.7)	-	(128.7)
Net Change	-	(128.7)	-	(128.7)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	577.5	-	577.5
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	577.5	-	577.5

Note: Loans denominated in US \$ have been converted to INR at uniform exchange rate as on December 31, 2018.

## 6 Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Amount in ₹

Sr. No.	Particulars of Remuneration paid to the Managing Director	Mr. Dharmesh Arora
1	Gross salary	34,510,622
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	34,471,022
	(b) Value of perquisites u/s 17(2) of Income-Tax Act, 1961	39,600
	(c) Profits in lieu of salary under section 17(3) of Income- Tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	-
5	Others, please specify	-
	<b>Total (A)</b>	<b>34,510,622</b>
	<b>Ceiling as per the Companies Act, 2013</b>	<b>₹339.45 Million</b>

### B. Remuneration to other Directors

Amount in ₹

Sr. No.	Particulars of Remuneration	Name of Directors					Total
		Mr. Avinash Gandhi	Mrs. Renu Challu	Dr. Sanak Mishra	Mr. Rakesh Jinsi	Mr. R Sampath Kumar	
1	Independent Directors						
	Fee for attending Board/ Committee Meetings	450,000	480,000	510,000	510,000	-	1,950,000
	Commission	1,300,000	860,000	860,000	860,000	-	3,880,000
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>1,750,000</b>	<b>1,340,000</b>	<b>1,370,000</b>	<b>1,370,000</b>	<b>-</b>	<b>5,830,000</b>

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Sr. No.	Particulars of Remuneration	Name of Directors					Amount in ₹
		Mr. Avinash Gandhi	Mrs. Renu Challu	Dr. Sanak Mishra	Mr. Rakesh Jinsi	Mr. R Sampath Kumar	Total
		2	Other Non-Executive Directors				
	Fee for attending Board/ Committee Meetings	-	-	-	-	200,000	200,000
	Commission	-	-	-	-	860,000	860,000
	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	<b>1,060,000</b>	<b>1,060,000</b>
	<b>Total (B) = (1)+(2)</b>	<b>1,750,000</b>	<b>1,340,000</b>	<b>1,370,000</b>	<b>1,370,000</b>	<b>1,060,000</b>	<b>6,890,000</b>
	<b>Total Managerial Remuneration</b>						<b>39,250,622</b>
	<b>Overall Ceiling as per the Companies Act, 2013</b>						<b>₹ 746.80 Million</b>

Note: Managerial Remuneration includes Remuneration paid to Managing Director and 'Profit Related Commission' paid to other Directors during 2018.

### C. Remuneration to Key Managerial Personnel (KMP) other than Managing Director / Whole-time Director / Manager

Sr. No.	Particulars of Remuneration	Mr. Satish Patel	Mr. Chirag Shukla	Amount in ₹
		CFO	CS <sup>1</sup>	Total
		1	Gross salary	10,064,883
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	9,515,073	1,772,616	11,287,689
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	549,810	-	549,810
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>10,064,883</b>	<b>1,772,616</b>	<b>11,837,499</b>

1 Mr. Chirag Shukla has been appointed as Company Secretary (KMP) effective February 7, 2018.

## 7 Penalties / Punishment/ Compounding of Offences

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			Nil		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			Nil		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			Nil		
Compounding					

For and On behalf of the Board

Mr. Avinash Gandhi  
Chairman  
DIN: 00161107

Mumbai: February 13, 2019

# 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

- 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.
- 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, 2018 the Company had nine Directors, out of which eight Directors are Non-executive Directors and out of these eight, four are Independent Directors including one Woman Director.
- 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 necessary disclosure regarding the committee position and other Directorship has been made by the Directors.
- 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 <sup>1</sup>	Number of Directorships	Number of Membership (Chairmanship) in Committees	Attendance in Board Meetings held in 2018	Attendance at last AGM held on April 17, 2018
As on December 31, 2018						Yes or No or NA <sup>2</sup>
Mr. Avinash Gandhi <sup>3</sup>	00161107	NE & ID	11	6(3)	4	Yes
Mr. Dharmesh Arora	05350121	E & NID	2	1	4	Yes
Mr. Klaus Rosenfeld	07087975	NE & NID	1	0	2	Yes
Mr. Dietmar Heinrich <sup>4</sup>	00928243	NE & NID	0	0	0	NA
Mr. Jurgen Ziegler <sup>5</sup>	07092477	NE & NID	2	0	2	NA
Mr. Marcus Eisenhuth	07904850	NE & NID	1	0	3	Yes
Mr. R. Sampath Kumar	00495192	NE & NID	1	0	4	Yes
Dr. Sanak Mishra	00027288	NE & ID	1	2	4	Yes
Mrs. Renu Challu	00157204	NE & ID	8	6(2)	4	Yes
Mr. Rakesh Jinsi	00182187	NE & ID	5	2	4	Yes

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 7, 2018.

4 Ceased to be a Director effective April 17, 2018.

5 Appointed as an Additional Director effective April 18, 2018.

#### Details of Directorship in Listed Companies as on December 31, 2018

Name of Director(s)	Name of Listed Company	Category of Directorship held <sup>1</sup>
Mr. Avinash Gandhi	Schaeffler India Limited	NE & ID
	Lumax Industries Limited	NE & ID
	Minda Corporation Limited	NE & ID
	Lumax Auto Technologies Limited	NE & ID
Mr. Dharmesh Arora	Schaeffler India Limited	E & NID
Mr. Klaus Rosenfeld	Schaeffler India Limited	NE & NID
Mr. Jurgen Ziegler	Schaeffler India Limited	NE & NID
Mr. Marcus Eisenhuth	Schaeffler India Limited	NE & NID
Mr. R. Sampath Kumar	Schaeffler India Limited	NE & NID
Dr. Sanak Mishra	Schaeffler India Limited	NE & ID
	Schaeffler India Limited	NE & ID
	NCC Limited	NE & ID
Mrs. Renu Challu	Ceinsys Tech Limited	NE & ID
	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. Dharmesh Arora, having professional qualification in Mechanical Engineering and Business Administration and vast experience in the Automotive Industry, is the Managing Director.
- 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, has been appointed as a Director – Finance with effect from February 13, 2019.

#### (vi) Independent Directors:

- Mr. Avinash Gandhi, a professional, having vast experience in the Automobile Industry, is the Chairman of the 'Board' and classified as 'Non-Executive and Independent Director'.
- Dr. Sanak Mishra, "Fellow Member of the Indian National Academy of Engineering" is a 'Non-Executive and Independent Director'.
- Mrs. Renu Challu, having vast experience in Banking and Finance, is a 'Non-Executive and Independent Director'.
- Mr. Rakesh Jinsi having vast experience in Automotive Industry, is a 'Non-Executive and Independent Director'.

## (vii) Non- Independent Directors:

- Mr. Klaus Rosenfeld, Mr. Jurgen Ziegler and Mr. Marcus Eisenhuth are professionals, working at senior positions with “Schaeffler Group” and are classified as ‘Non-Executive and Non-Independent Director’.
- Mr. R. Sampath Kumar is a lawyer, and 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, who holds 408 Equity Shares of the Company, none of the Directors holds any Equity Share of the Company as on December 31, 2018.

**(B) Board Meeting(s) During 2018**

Four Board Meetings were held during 2018 on the following dates:

Board Meeting(s)	I	II	III	IV
Dates	February 7	April 17	July 26	October 22
Start Timing	11:30 AM	10:30 AM	10:45 AM	9:30 AM
Venue	New Delhi	Mumbai	Pune	Mumbai

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 2018 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](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 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 programs, trainings and workshops were conducted for all Directors during the year:

Sr. No.	Particulars	No. of Hours (approx.)	Faculty / Trainer / Speaker	Participants
1	Workshop on Post Merger Integration (PMI)	7	PMI project leadership team	All the Directors and Senior Management
2	Session on Business Success	2	An eminent Business Leader	All the Directors and Senior Management
3	Two days' residential program including Trainings and Workshops on business strategy development of the Company through an offsite titled 'Strategy and Beyond'	12	Functional Leaders	All the Directors and Senior Management
4	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.
5	Plant Visit - Talegaon Plant	3	Plant head and various operational team leaders	All the Directors and Senior Management

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](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) 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 programs. The Company also has programs 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. Rakesh Jinsi	Member	Non-Executive & Independent
4	Dr. Sanak Mishra	Member	Non-Executive & Independent
5	Mr. Jurgen Ziegler <sup>1</sup>	Member	Non-Executive & Non-Independent
6	Mr. Satish Patel <sup>1</sup>	Member	Executive & Non-Independent

<sup>1</sup> The Audit Committee has been reconstituted on February 13, 2019 and thereby Mr. Jurgen Ziegler and Mr. Satish Patel have been appointed as members of the Committee effective February 13, 2019.

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 2018 are as follows:

Audit Committee Meeting(s)	I	II	III	IV
Dates	February 6	April 17	July 26	October 22
Start Timing	6:30 PM	8:45 AM	9:30 AM	8:30 AM
Venue	New Delhi	Mumbai	Pune	Mumbai
Attended by	All the members			

The Audit Committee invites such executives as it considers appropriate to be present at the meeting particularly the Managing Director, the Chief Financial Officer, 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 55<sup>th</sup> Annual General Meeting held on April 17, 2018.

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 ('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	Dr. Sanak Mishra	Chairman	Non-Executive & Independent
2	Mr. Avinash Gandhi	Member	Non-Executive & Independent
3	Mr. Jurgen Ziegler <sup>1</sup>	Member	Non-Executive & Non-Independent
4	Mr. Rakesh Jinsi	Member	Non-Executive & Independent

1 Mr. Dietmar Heinrich ceased to be a member of NRC effective April 17, 2018. The NRC was reconstituted on April 17, 2018 and thereby Mr. Jurgen Ziegler has been appointed as a member of NRC effective April 18, 2018.

## (B) Meetings of NRC

During the year 2018, three meetings of NRC were held, details of which are as follows:

NRC Meeting(s)	I	II	III
Dates	February 6	April 16	October 21
Start Timing	5:30 PM	6:30 PM	7:00 PM
Venue	New Delhi	Mumbai	Mumbai
Attended by	Dr. Sanak Mishra Mr. Avinash Gandhi Mr. Rakesh Jinsi	Dr. Sanak Mishra Mr. Avinash Gandhi Mr. Rakesh Jinsi	Dr. Sanak Mishra Mr. Avinash Gandhi Mr. Rakesh Jinsi Mr. Jurgen Ziegler
	-	-	

## (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. (effective April 1, 2019).

## (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 and with effect from February 13, 2019 include 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 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 to BSE 200 Index (25%);
- (b) Free Cash Flow (FCF) (25%) and
- (c) Service Condition (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 its 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 makes use of its resources
- SVA is closely linked to RoCE and reflects the interest and needs of all investors

FCF and SVA together reflect holistic view of short and long term sustainable performance of the company and returns to shareholders.

The details of remuneration paid / payable for 2018 to the Managing Director are as follows:

(₹ in million)				
Name	Salary & Performance Bonus	Allowance & Perquisites	Company's contribution to funds	Total
Mr. Dharmesh Arora	24.6	9.9	1.8	36.3

#### Notes:

- a) 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.
- b) The Company has entered into Employment Agreement with Mr. Dharmesh Arora with effect from March 6, 2017.
- c) 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.
- d) As per employment agreement, either party can terminate agreement by giving six months' notice in writing. There is no provision of severance fees.
- e) The Company did not have any Stock Option Scheme as at December 31, 2018.

### (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 53<sup>rd</sup> 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 shall be 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.

The details of sitting fees for attending Board / Committee Meetings and profit related commission paid to them during the year 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	Sitting Fees	Commission
Mr. Avinash Gandhi	4	4	-	3	-	450,000	1,300,000
Mrs. Renu Challu	4	4	2	-	2	480,000	860,000
Dr. Sanak Mishra	4	4	2	3	-	510,000	860,000
Mr. Rakesh Jinsi	4	4	-	3	2	510,000	860,000
Mr. R. Sampath Kumar	4	-	-	-	-	200,000	860,000
					<b>Total</b>	<b>2,150,000</b>	<b>4,740,000</b>

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 2018 are as follows:

- Professional consultation fees paid to Mr. R. Sampath Kumar: ₹ 882,650/-.

## 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 consists of following members:

Sr. No.	Name of Director	Role in the Committee	Category
1	Mrs. Renu Challu	Chairperson	Non-Executive & Independent
2	Mr. Dharmesh Arora	Member	Executive & Non-Independent
3	Dr. Sanak Mishra	Member	Non-Executive & 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 2018, two of meetings of SRC were held on April 16, 2018 and on October 21, 2018. Both the meetings were attended by all the members. The Chairperson of the SRC, Mrs. Renu Challu, attended the 55<sup>th</sup> Annual General Meeting held on April 17, 2018.

The Company Secretary Mr. Chirag K. Shukla is the Compliance Officer of the Company.

During 2018, total of nine (9) complaints were received, out which eight (8) complaints were resolved satisfactorily. There was one complaint pending as on December 31, 2018.

## (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. Rakesh Jinsi	Chairman	Non-Executive & Independent
2	Mr. Dharmesh Arora	Member	Executive & Non-Independent
3	Mrs. Renu Challu	Member	Non-Executive & Independent

## (B) Meetings of CSR Committee & Attendance of Members

During the year 2018, two meetings of CSR Committee were held, details of which are as follows:

CSR Committee Meeting(s)	I	II
Dates	February 6	July 25
Start Timing	4:00 PM	6:00 PM
Venue	New Delhi	Pune
Attended by	All the members	

## 8. Risk Management Committee

Pursuant to the provisions of Regulation 21 of the Listing Regulations, the 'Risk Management Committee' ('RMC') has been constituted on February 13, 2019 with the following members:

### (A) Composition of RMC

Sr. No.	Name	Role in the Committee	Category
<b>Directors</b>			
1	Mr. Dharmesh Arora	Chairman	Executive & Non-Independent
2	Dr. Sanak Mishra	Member	Non-Executive & Independent
3	Mr. Satish Patel	Member	Executive & Non-Independent
<b>Members of Senior Management</b>			
4	Mr. Sameer Mathur	Member	Chief Operating Officer
5	Mr. Santanu Ghoshal	Member	Vice President - Human Resources

### (B) 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 the last three years are as follows:

Particulars	Meetings		
	55 <sup>th</sup> AGM	54 <sup>th</sup> AGM	53 <sup>rd</sup> AGM
Date	April 17, 2018	April 21, 2017	April 27, 2016
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.	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, 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
<b>Resolutions Passed</b>			
<b>Ordinary Business:</b>			
Adoption of Accounts as at	December 31, 2017	December 31, 2016	December 31, 2015
Declaration of Dividend	₹ 17 per equity share of ₹ 10 each	₹ 12 per equity share of ₹ 10 each	₹ 10 per equity share of ₹ 10 each
Re-appointment of Rotational Directors	-	Mr. Klaus Rosenfeld Mr. R. Sampath Kumar	Mr. Avinash Gandhi Mr. Dietmar Heinrich
Ratification of Appointment of Auditors & to fix their remuneration	Ratification of Appointment	Ratification of Appointment	Ratification of Appointment
	B S R & Co. LLP, Chartered Accountants, Mumbai		
<b>Special Business:</b>			
Appointment of Directors	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	Not to fill up the vacancy caused by retirement of Mr. Dietmar Heinrich by rotation.	Material Related Party Transactions	Material Related Party Transactions
	Remuneration to the Cost Auditors	Remuneration to the Cost Auditors	Remuneration to Non-executive Directors Remuneration to the Cost Auditors

### Postal Ballot

During the year 2018, as per the Hon'ble National Company Law Tribunal, Mumbai Bench order, the Company convened meetings of its Equity Shareholders and unsecured creditors on March 20, 2018 to consider and approve, the Scheme of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with Schaeffler India Limited and their respective Shareholders and Creditors ('Scheme') and as per regulatory requirements also provided facility of Postal Ballot and E-voting to the Equity Shareholders of the Company.

The details of Resolution passed with requisite majority are as follows:

Date of Notice: February 12, 2018

Date of Declaration of Results: March 22, 2018:

Sr. No.	Resolution	No. of valid votes Received	No. and % of Votes in Favour	No. and % of Votes Against
1	Approval of Scheme of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with Schaeffler India Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.	13,267,730	13,265,783 (99.99%)	1,947 (0.01%)

Considering the Scheme involved transaction with related parties, the resolution was also put for approval of only Non-Promoter shareholders and voting results for the same are as under:

Sr. No.	Resolution	No. of valid votes Received	No. and % of Votes in Favour	No. and % of Votes Against
1	Approval of Scheme of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with Schaeffler India Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.	4,738,547	47,36,600 (99.96%)	1,947 (0.04%)

Mr. Suresh Kumar Kabra, Partner of M/s. Samdani Kabra & Associates, Company Secretaries was appointed as the scrutiniser for carrying out the postal ballot process 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.

### Proposed Postal Ballot

The Board of Directors of the Company at their meeting held on February 13, 2019 has approved passing of special resolution through Postal Ballot for continuation of directorship of Mr. Avinash Gandhi (aged 80 years) as a Non-Executive Independent Director of the Company effective April 1, 2019.

## 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 (Business Standard or 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](http://www.schaeffler.co.in).

### Presentations made to Institutional Investors or to Analysts:

The Company regularly conducts investor/analyst 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) 56<sup>th</sup> Annual General Meeting is scheduled to be held:

On : Tuesday, the 30<sup>th</sup> day of April, 2019  
 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 2019 would be carried out within time limit, as per prevailing regulatory requirements.

**iii) Date of Book Closure:**

April 24, 2019 to April 30, 2019 (Both days inclusive)

**iv) Dividend:**

The Dividend for the year 2018 if declared at the 56<sup>th</sup> Annual General Meeting scheduled to be held on April 30, 2019, shall be paid within the time limit prescribed in the Companies Act, 2013.

**v) Listing of Equity Shares on Stock Exchanges:**

Out of total 31,260,734 equity shares of the Company, 16,617,270 equity shares 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 listing of 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 is in process.

The requisite listing fees have been paid to the Stock Exchanges up to March 31, 2019.

**vi) Custodial Fee to Depositories:**

The Company has paid custodial fees for the year 2018 – 2019 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:**

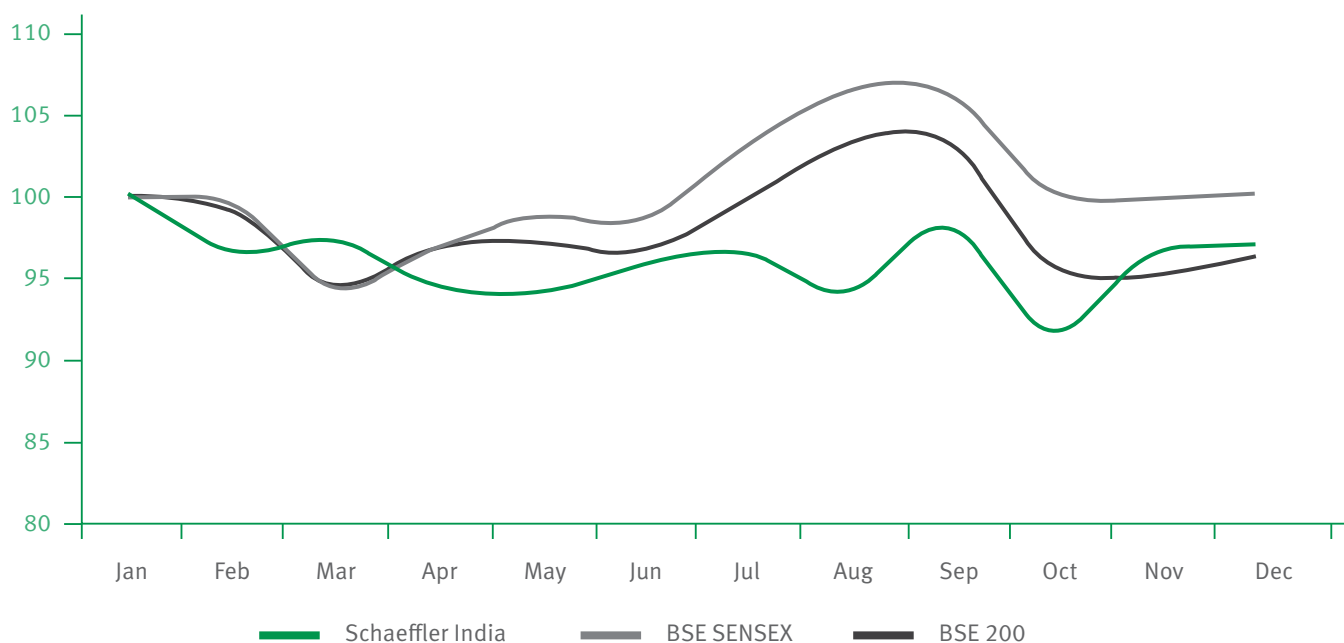
A summary containing monthly high / low share prices at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) is as follows:

For the year 2018	Equity Share Price			
	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January	5,917.05	5,409.50	5,937.80	5,416.30
February	5,699.95	5,150.00	5,549.95	5,135.00
March	5,747.00	5,150.00	5,772.10	5,121.00
April	5,570.00	5,260.00	5,591.85	5,250.00
May	5,544.95	5,200.00	5,440.00	5,240.20
June	5,650.00	5,222.05	5,620.25	5,205.30
July	5,699.95	5,200.00	5,625.00	5,128.30
August	5,550.00	5,220.00	5,555.00	5,203.70
September	5,799.95	5,177.35	5,750.00	5,175.00
October	5,399.95	4,599.00	5,398.00	4,605.55
November	5,691.35	5,050.00	5,700.00	5,021.00
December	5,724.20	5,260.00	5,720.00	5,250.00

### ix) Stock Performance

The performance of the Company's shares relative to the BSE SENSEX and BSE 200 for the year 2018 is given below:

Schaeffler India versus BSE SENSEX and BSE 200  
(January- December 2018)



### x) Registrar and Share Transfer Agent [RTA]

The details are as under:

Name : Link Intime India Private Limited  
 Address : B-102 & 103, Shangrila Complex, 1<sup>st</sup> Floor, Opp. HDFC Bank  
 Near Radhakrishna Char Rasta, Akota, Vadodara (Gujarat) - 390 020 INDIA  
 Phone No. : +91-265-2356573, 2356794  
 E-mail : vadodara@linkintime.co.in  
 Website : www.linkintime.co.in

Link Intime India Private Limited is the Registrar & Share Transfer Agent for Company's Equity shares held in physical and dematerialised form.

### xi) Share Transfer System

Trading of Company's equity shares is possible in physical as well as dematerialised form. Shares sent for transfer in physical form are 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.

However, 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) shall not be processed from April 1, 2019 unless the securities are held in the dematerialised form with the depositories. With the proposed change coming into effect from April 1, 2019, Equity Shares of the Company shall be eligible for transfer only in Dematerialised form. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

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 with respect to 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 unclaimed or unpaid amount of dividend declared for the financial year ended on December 31, 2011 is due for transfer to Investor Education and Protection Fund ('IEPF') by May 27, 2019.

The details of unclaimed dividend and due date for transfer to IEPF are as under:

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 31.12.2018
31.12.2011	20.04.2012	27.05.2019	863,960.0
31.12.2012	25.04.2013	26.05.2020	500,175.0
31.12.2013	24.04.2014	26.05.2021	564,348.0
31.12.2014	24.04.2015	31.05.2022	651,600.0
31.12.2015	27.04.2016	30.05.2023	896,940.0
31.12.2016	21.04.2017	28.05.2024	1,037,268.5
31.12.2017	17.04.2018	24.05.2025	1,524,084.4
<b>Total amount lying unpaid as on December 31, 2018</b>			<b>6,038,375.9</b>

The members are requested to claim their unclaimed dividend, if any, before the due date for transfer to IEPF.

**xiii) Distribution of Shareholding:**

Distribution of Shareholding	As on December 31, 2018			As on December 31, 2017		
	No. of Shareholders <sup>1</sup>	No. of Shares held	% to Total Shares	No. of Shareholders <sup>1</sup>	No. of Shares held	% to Total Shares
1 - 50	11,922	142,765	0.46	9,431	120,482	0.73
51 - 100	1,388	113,753	0.36	1,312	108,738	0.65
101 - 250	1,007	171,302	0.55	1,008	170,645	1.03
251 - 500	495	183,423	0.59	490	181,689	1.09
501 - 1000	293	219,052	0.70	301	225,638	1.36
1001 - 5000	206	438,150	1.40	213	462,233	2.78
5001 & above	124	29,992,289	95.94	116	15,347,845	92.36
<b>Total</b>	<b>15,435</b>	<b>31,260,734</b>	<b>100.00</b>	<b>12,871</b>	<b>16,617,270</b>	<b>100.00</b>

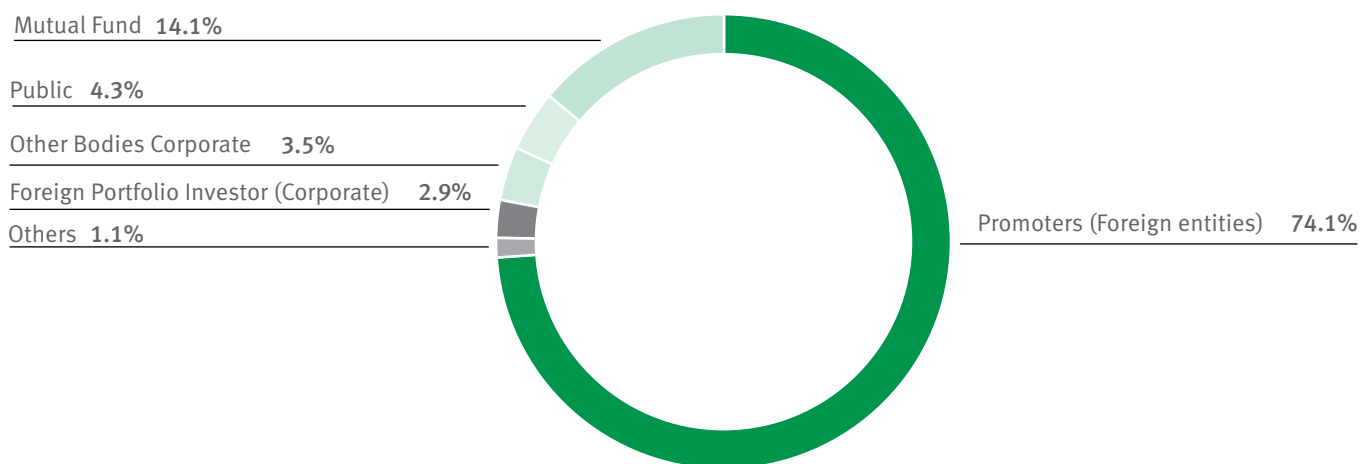
1 Number of shareholders are not clubbed based on unique Permanent Account Numbers.

**xiv) Category wise summary of Shareholding [As on December 31, 2018]:**

Sr. No.	CATEGORY	No. of shareholders <sup>1</sup>	No. of shares	%
1	Promoters (Foreign entities)	6	23,172,647	74.13
2	Mutual Fund	21	4,403,105	14.09
3	Foreign Portfolio Investor (Corporate)	63	889,734	2.85
4	Public	13,505	1,351,666	4.32
5	Other Bodies Corporate	271	1,109,246	3.55
6	Others	1,110	334,336	1.06
<b>Total</b>		<b>14,976</b>	<b>31,260,734</b>	<b>100.00</b>

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

## Categorywise Shareholding



### xv) Dematerialisation of Shares and liquidity:

52.77% 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, 2018.

	NSDL	CDSL	Physical <sup>1</sup>	Total
Shares (nos.)	16,096,346	399,006	14,765,382	31,260,734
Shares (%)	51.49	1.28	47.23	100.00

<sup>1</sup> 14,643,464 shares included in physical category, are 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 and these shares will be credited in demat form, after demat account(s) of these shareholders are opened.

### 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 of any commodity and accordingly, no hedging activities for the same is carried out. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.

### xviii) Plant Locations:

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

### xix) Address for correspondence by Shareholders:

Shareholders / Beneficial owners are requested to correspond with the Company's RTA as shown in Point (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, 8<sup>th</sup> Floor,  
227 Backbay Reclamation,  
Nariman Point, Mumbai - 400 021 (MH) INDIA  
Phone: +91 22 6681 4444 to 6681 4499  
Fax: +91 22 2202 7022

**Vadodara Office:**

P.O. Maneja, Vadodara - 390 013 (GJ) INDIA  
Phone: +91 265 6602000 - 2004  
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 participant.

[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](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 Board has approved Whistle Blower Policy / Vigil Mechanism pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the same is available 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.pdf](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.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 such related 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 is available 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](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)

**12. Disclosures**

- i) The Board has received disclosures from the Senior Management that there are no material, financial or 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 Accounting Standards are disclosed under notes to accounts.
- ii) All transactions with related parties, 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 is available on the Company's website on following web link:

- ix) The Company has formulated the Dividend Distribution Policy as required under Regulation 43A of the Listing Regulations and the same is annexed to this report as Annexure - A 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) Details of total fees for all services paid by the Company to the statutory auditors and all entities in the network firm / network entity of which the statutory auditor have been included in notes to the financial statements which forms part of the Annual Report.

### 13. Demat suspense Account / Unclaimed suspense account

Share certificates containing 3,380 equity shares of the Company held by 40 shareholders were unclaimed. These shares have been transferred to the Unclaimed Suspense Account of the Company during the year. The Company has not received any claim for these shares after such transfer. Voting rights of these shares will remain frozen till the rightful owner of such shares claims the shares.

Mumbai: February 13, 2019

### Adoption of Discretionary Requirements [Reg. 27(1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedule II – Part E]

#### 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 2018 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) Internal Audit

The Internal Audit reports to the Audit Committee. The Internal Audit Charter is available on the website of the company at [www.schaeffler.co.in](http://www.schaeffler.co.in).

For and on behalf of the Board

Avinash Gandhi  
Chairman  
DIN: 00161107

To,

The Members of Schaeffler India Limited

Re.: Declaration by CEO

I, Dharmesh Arora, 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, 2018.

Mumbai: February 13, 2019

Dharmesh Arora  
Managing Director  
DIN: 05350121



# 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.

# Certificate

**SAMDANI KABRA**  
and Associates

## **To the Members of Schaeffler India Limited**

(Erstwhile FAG Bearings India Limited)

We have examined the compliance of the conditions of Corporate Governance by Schaeffler India Limited for the year ended December 31, 2018 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.

**Suresh Kumar Kabra**  
Partner  
ACS/CP NO. 9711/9927

**Samdani Kabra & Asso.**  
Company Secretaries

Vadodara: February 13, 2019

## Financial Section

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# Independent Auditors' Report

To the Members of Schaeffler India Limited  
(formerly known as FAG Bearings India Limited)

## Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of Schaeffler India Limited (formerly known as FAG Bearings India Limited) ('the Company'), which comprise the Balance Sheet as at 31 December 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 December 2018, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 'A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31 December 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2018, from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B' to this report;
- (g) In our opinion, the managerial remuneration for the year ended December 31, 2018 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – refer note 35 to the Ind AS financial statements.
  - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - refer note 38 to the Ind AS financial statements.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration Number: 101248W/W-100022

**Nirav Patel**  
Partner  
Membership No.: 113327

Mumbai: February 13, 2019

# Annexure 'A' to the Independent Auditors' Report

December 31, 2018

With reference to the Annexure – 'A' referred to in our report of even date, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, a part of the property, plant and equipment were physically verified by the management in the current year and no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company, except in case of immovable properties of two transferor entities, which have been merged with the Company during the year pursuant to the Scheme of Amalgamation and their title transfer proceedings are under progress.
- (ii) The inventory, except goods-in-transit and stocks lying with certain third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, or other parties covered in the register maintained under Section 189 of the Companies Act 2013. Accordingly, Paragraph 3(iii) of the Order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees or securities in respect of which provision of section 185 of the Companies act, 2013 are applicable. Further, in our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act, 2013 in respect of loans and advances given, investments made and guarantees, securities given, have been complied by the company.
- (v) The Company has not accepted any deposits to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 apply. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of applicable products for the year ended 31 December 2018 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Customs duty, Goods and Services tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Wealth tax, Excise duty, Customs duty, Value added tax, Goods and Services tax and other material statutory dues were in arrears as at 31 December 2018 for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us, there are no dues of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Wealth tax, Excise duty, Customs duty, Value added tax and Goods and Services tax which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned below:

Name of statute	Nature of dues	Amount (INR in million)	Period	Forum where dispute is pending
State and Central Sales Tax Act	Duty, Interest and Penalty	0.1	2006-07	Dy. Commissioner Sales Tax
		0.3	2008-09	Joint Commissioner (Appeals), Maharashtra VAT, Pune
		0.6	2009-10	
		9.9	2009-10	Commissioner (Appeals)
		6.4	2010-11	Joint Commissioner (Appeals), Maharashtra VAT, Pune
		1.2	2011-12	
		1.0	2012-13	
		0.4	2012-13	Dy. Commissioner of Sales Tax
		1.2	2013-14	
		0.3	2013-14 2014-15	
		12.0	2015-16	Assistant Commissioner (Commercial Taxes)
Maharashtra Value Added Tax Act, 2002	Duty, Interest and Penalty	0.5	2006-07	Joint Commissioner (Appeals), Maharashtra VAT, Pune
		1.6	2008-09	
		0.3	2009-10	
		0.8	2010-11	
		0.2	2013-14	
The Finance Act, 1994	Duty and Interest	11.8	Oct 2011 to March 2015	Commissioner of Central Excise
The Central Excise Act, 1944	Duty, Interest and Penalty	11.6	2009-10 2010-11	Commissioner Excise and Service Tax Appellate Tribunal, Mumbai (CESTAT)
		249.1	September 2010 to March 2012	
		0.7	April 2011 and March 2015	Commissioner of Central Excise
		94.12	Oct 2011 to September 2016	Commissioner Excise and Service Tax Appellate Tribunal, Mumbai (CESTAT)



Name of statute	Nature of dues	Amount (INR in million)	Period	Forum where dispute is pending
		6.7	April 2012 and May 2012	Commissioner of Central Excise
		5.2	2013-14 2014-15	Commissioner (A), Customs, Excise and Service Tax
Income Tax Act, 1961	Tax and interest	0.37	2002-03	Commissioner of Income Tax (Appeals)
		11.62	2004-05, 2005 - 06 and 2007-08	Income Tax - Appellate Tribunal
		1.24	2007-08	
		14.40	2012-13	Commissioner of Income Tax (Appeals)
		17.64	2013-14	
		42.12	2013-14	
		2.32	2014-15	
		5.05	2015-16	

Above amounts are net of amounts paid under protest for sales-tax aggregating to INR 27.6 million, Excise Duty aggregating to INR 29.9 million and for Income-tax aggregating to INR 580.5 million.

- (viii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowing from financial institutions or banks or Government or dues to debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) According to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).
- (x) In our opinion and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers and employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them, as referred to in Section 192 of the Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

Mumbai: February 13, 2019

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration Number: 101248W/W-100022

**Nirav Patel**  
Partner  
Membership No.: 113327

# Annexure 'B' to the Independent Auditors' Report

## December 31, 2018

### Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls with reference to financial statements of Schaeffler India Limited (formerly known as FAG Bearings India Limited) ('the Company') as at 31 December 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of internal financial controls with reference to financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to financial statements.

#### Meaning of Internal Financial Controls Over Financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Mumbai: February 13, 2019

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 December 2018 based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B S R & Co. LLP  
Chartered Accountants  
Firm Registration Number: 101248W/W-100022

Nirav Patel  
Partner  
Membership No.: 113327

# Balance Sheet

as at December 31, 2018

		(₹ in million)	
	Notes	2018	2017
<b>A) ASSETS</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	3.1	7,303.8	7,437.2
b) Capital work-in-progress	3.2	1,617.2	534.5
c) Other intangible assets	3.3	3.2	5.0
d) Financial assets			
(i) Loans	4	-	10.0
(ii) Other financial assets	4	591.9	80.7
e) Deferred tax assets (net)	5	324.9	166.7
f) Income-tax assets (net)	6	893.9	764.8
g) Other non-current assets	7	301.5	296.9
<b>Total non-current assets</b>		<b>11,036.5</b>	<b>9,295.8</b>
<b>2 Current assets</b>			
a) Inventories	8	9,100.7	6,006.4
b) Financial assets			
(i) Trade receivables	9	7,513.3	6,401.8
(ii) Cash and cash equivalents	10	1,425.0	1,403.4
(iii) Bank balances other than (ii) above	11	7,051.0	7,534.3
(iv) Loans	12	35.3	30.0
(v) Other financial assets	13	346.3	378.3
c) Other current assets	14	1,165.7	753.8
<b>Total current assets</b>		<b>26,637.3</b>	<b>22,508.0</b>
<b>TOTAL ASSETS</b>		<b>37,673.7</b>	<b>31,803.8</b>
<b>B) EQUITY &amp; LIABILITIES</b>			
<b>1 Equity</b>			
a) Equity share capital	15	312.6	166.2
b) Other equity	16	26,748.7	23,085.4
<b>Total Equity</b>		<b>27,061.3</b>	<b>23,251.6</b>
<b>2 Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	17	48.7	569.2
(ii) Other financial liabilities	18	9.9	10.1
b) Long-term provisions	19	383.6	446.0
<b>Total non-current liabilities</b>		<b>442.2</b>	<b>1,025.3</b>
<b>Current liabilities</b>			
a) Financial liabilities			
(i) Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		33.4	46.2
Total outstanding dues of creditors other than micro enterprises and small enterprises		7,844.6	5,889.1
(ii) Borrowings	17	528.7	124.6
(iii) Other financial liabilities	21	1,315.1	1,058.7
b) Other current liabilities	22	150.4	266.8
c) Short-term provisions	23	298.0	141.5
<b>Total current liabilities</b>		<b>10,170.2</b>	<b>7,526.9</b>
<b>Total Liabilities</b>		<b>10,612.4</b>	<b>8,552.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,673.7</b>	<b>31,803.8</b>
Significant accounting policies	2		
Notes to the financial statements	3 - 46		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

For and on behalf of the Board of Directors

Avinash Gandhi

Chairman

DIN: 00161107

Satish Patel

Director-Finance & CFO

DIN: 00690869

Dharmesh Arora

Managing Director

DIN: 05350121

Chirag Shukla

Company Secretary

Mumbai: February 13, 2019

Mumbai: February 13, 2019

# Statement of Profit and Loss

for the year ended December 31, 2018

(₹ in million)

	Notes	2018	2017
<b>Income</b>			
Revenue from operations	24	45,615.1	40,996.5
Other income	25	908.0	595.5
<b>Total Income (I)</b>		<b>46,523.1</b>	<b>41,592.0</b>
<b>Expenses</b>			
Cost of materials consumed	26	18,175.9	16,426.8
Purchases of stock-in-trade	27	12,858.8	7,227.0
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(2,299.2)	163.4
Excise duty		-	1,665.1
Employee benefits expense	29	3,178.6	2,986.5
Finance costs	30	70.4	101.6
<b>Depreciation and amortisation expense</b>	31	<b>1,485.0</b>	<b>1,381.6</b>
<b>Other expenses</b>	32	<b>6,304.6</b>	<b>5,706.4</b>
<b>Total Expenses (II)</b>		<b>39,774.1</b>	<b>35,658.4</b>
Profit before exceptional items and tax (I - II)		6,749.0	5,933.6
<b>Exceptional items (refer Note 46)</b>		<b>432.0</b>	<b>45.3</b>
<b>Profit before tax</b>		<b>6,317.0</b>	<b>5,888.3</b>
Tax expense	33		
Current tax		2,365.0	2,019.6
Deferred tax (credit)		(132.5)	(16.7)
Tax adjustment of earlier years		(113.5)	0.5
<b>Profit for the year</b>	<b>(A)</b>	<b>4,198.0</b>	<b>3,884.9</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified subsequently to profit or loss:			
Gain / (loss) on remeasurement of post employment benefits obligation		14.3	(9.1)
Tax relating to items that will not be reclassified to profit or loss		(5.0)	3.1
(ii) Items that will be reclassified subsequently to profit or loss:			
Effective portion of gain / (loss) on hedging instruments in cash flow hedge		(87.9)	111.7
Tax relating to items that will be reclassified to profit or loss		30.7	(38.7)
<b>Total Other Comprehensive Income for the year (net of tax)</b>	<b>(B)</b>	<b>(47.9)</b>	<b>67.0</b>
<b>Total comprehensive income for the year</b>	<b>(A + B)</b>	<b>4,150.1</b>	<b>3,951.9</b>
Earnings per equity share [Nominal value of share ₹10 each]	34		
Basic (in ₹)		134.3	124.3
Diluted (in ₹)		134.3	124.3
Significant accounting policies	2		
Notes to the financial statements	3 - 46		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Nirav Patel**

Partner

Membership No: 113327

**For and on behalf of the Board of Directors**

**Avinash Gandhi**

Chairman

DIN: 00161107

**Satish Patel**

Director-Finance & CFO

DIN: 00690869

**Dharmesh Arora**

Managing Director

DIN: 05350121

**Chirag Shukla**

Company Secretary

Mumbai: February 13, 2019

Mumbai: February 13, 2019

# Cash Flow Statement

for the year ended December 31, 2018

(₹ in million)

	2018	2017
<b>Cash flows from operating activities</b>		
Net profit before tax	6,317.0	5,888.3
Adjustments:		
Depreciation and amortisation	1,485.0	1,381.6
Finance costs	70.4	101.6
Unrealised exchange loss / (gain) (net)	(51.2)	169.8
Interest income	(652.3)	(499.9)
Loss/ (profit) on fixed assets sold (net)	0.9	(8.6)
Provision for doubtful debts/advances	-	25.4
Bad debts written off	26.9	11.6
Provision for Gratuity/leave encashment	(33.3)	27.2
Provision no longer required written back	(73.6)	(30.9)
Provision for tax and other statutory matters (being litigated)	(4.8)	-
Provision for warranty	13.0	23.6
Provision for / write off of inventory	44.0	(175.8)
	825.1	1,025.6
<b>Operating cash flow before changes in working capital</b>	7,142.0	6,913.9
(Increase) / decrease in trade and other receivables	(1,498.1)	(777.1)
(Increase) / decrease in inventories	(3,138.3)	(623.2)
Increase / (decrease) in trade and other payables	2,163.5	536.3
	(2,472.9)	(864.0)
<b>Cash generated from operations</b>	4,669.1	6,049.9
Income tax paid (net of refunds)	(2,287.2)	(2,040.3)
<b>A Net cash from operating activities</b>	2,382.0	4,009.6
<b>Cash flows from investing activities</b>		
Purchase and construction of fixed assets (tangible and intangible fixed assets, capital work-in-progress)	(2,438.5)	(1,379.6)
Proceeds from sale of property, plant and equipment	-	35.7
(Investment in) / maturity of fixed deposits (Maturity of more than three months)	(16.8)	(2,096.2)
Proceeds from repayment of loans	4.7	-
Interest received	617.0	389.8
<b>B Net cash used in investing activities</b>	(1,833.7)	(3,050.3)
<b>Cash flows from financing activities</b>		
Finance costs paid	(70.4)	(101.6)
Repayment of borrowings	(116.4)	(540.1)

Continued...

... Continued

(₹ in million)

	2018	2017
Dividends paid on equity shares	(281.9)	(198.8)
Tax paid on dividends	(58.1)	(41.8)
<b>C Net cash used in financing activities</b>	<b>(526.8)</b>	<b>(882.3)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A + B + C)</b>	<b>21.6</b>	<b>77.0</b>
Cash and cash equivalents at the beginning of period (see note 2 below)	1,403.4	972.6
Cash and cash equivalents acquired pursuant to the scheme of merger	-	353.8
Cash and cash equivalents at the end of period (see note 2 below)	1,425.0	1,403.4
	<b>21.6</b>	<b>77.0</b>

**Notes:**

- 1) The above cash flow statement has been prepared under the Indirect Method as set out in Ind AS 7 - Cash Flow Statement notified pursuant to Section 133 of the Companies Act, 2013 ('the Act').
- 2) The Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with the company is a non-cash transaction (refer Note 46)
- 3) Cash and cash equivalents comprise of:

	2018	2017
Cheques on hand	4.1	85.0
With scheduled banks on :		
Current accounts	741.2	1,243.4
Deposit accounts (maturity upto three months)	679.7	75.0
	<b>1,425.0</b>	<b>1,403.4</b>

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached  
**For B S R & Co. LLP**  
 Chartered Accountants  
 Firm's Registration No: 101248W/W-100022

**Nirav Patel**  
 Partner  
 Membership No: 113327

Mumbai: February 13, 2019

**For and on behalf of the Board of Directors**

**Avinash Gandhi**  
 Chairman  
 DIN: 00161107

**Satish Patel**  
 Director-Finance & CFO  
 DIN: 00690869

Mumbai: February 13, 2019

**Dharmesh Arora**  
 Managing Director  
 DIN: 05350121

**Chirag Shukla**  
 Company Secretary



# Statement of changes in equity

for the year ended December 31, 2018

## (A) Equity Share Capital

	(₹ in million)
	Amount
As at January 1, 2017	166.2
Changes in equity share capital	-
<b>As at December 31, 2017</b>	<b>166.2</b>
Shares issued pursuant to the scheme of amalgamation (refer Note 46)	146.4
<b>As at December 31, 2018</b>	<b>312.6</b>

## (B) Other equity

	Reserves and surplus				Other Comprehensive Income (OCI)			Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Effective portion of cash flow hedge	Remeasurement of defined benefits	Share suspense account	
As at January 1, 2017	5.2	200.2	4,218.4	10,216.0	(40.9)	(13.5)	-	14,585.4
Add: Pursuant to the Scheme of Amalgamation (refer Note 46)	612.6	399.8	-	3,660.7	(24.0)	(6.3)	146.4	4,789.2
Profit for the year	-	-	-	3,884.9	-	-	-	3,884.9
Other Comprehensive Income for the year	-	-	-	-	73.0	(6.0)	-	67.0
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,884.9</b>	<b>73.0</b>	<b>(6.0)</b>	<b>-</b>	<b>3,951.9</b>
Dividends	-	-	-	(199.4)	-	-	-	(199.4)
Tax on dividends	-	-	-	(41.7)	-	-	-	(41.7)
<b>As at December 31, 2017</b>	<b>617.8</b>	<b>600.0</b>	<b>4,218.4</b>	<b>17,520.5</b>	<b>8.1</b>	<b>(25.8)</b>	<b>146.4</b>	<b>23,085.4</b>
Profit for the year	-	-	-	4,198.0	-	-	-	4,198.0
Other Comprehensive Income for the year	-	-	-	-	(57.2)	9.3	-	(47.9)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,198.0</b>	<b>(57.2)</b>	<b>9.3</b>	<b>-</b>	<b>4,150.1</b>
Issue of equity shares	-	-	-	-	-	-	(146.4)	(146.4)
Dividends	-	-	-	(282.4)	-	-	-	(282.4)
Tax on dividends	-	-	-	(58.1)	-	-	-	(58.1)
<b>As at December 31, 2018</b>	<b>617.8</b>	<b>600.0</b>	<b>4,218.4</b>	<b>21,378.0</b>	<b>(49.1)</b>	<b>(16.5)</b>	<b>-</b>	<b>26,748.7</b>

Significant accounting policies 2

Notes to the financial statements 3 - 46

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

For and on behalf of the Board of Directors

Avinash Gandhi

Chairman

DIN: 00161107

Satish Patel

Director-Finance & CFO

DIN: 00690869

Dharmesh Arora

Managing Director

DIN: 05350121

Chirag Shukla

Company Secretary

Mumbai: February 13, 2019

Mumbai: February 13, 2019

# Notes to the Financial Statements

for the year ended December 31, 2018

## 1. Corporate information

Schaeffler India Limited (formerly known as FAG Bearings India Limited) ("the Company") is a public limited company domiciled and incorporated in India and having its registered office at Nariman Bhavan, 8th Floor, 227, Backbay Reclamation, Nariman Point, Mumbai – 400 021. The name of the Company was changed with effect from July 7, 2017. The Company's shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) in India. During the year, INA Bearings India Private Limited and LuK India Private Limited merged into the Company pursuant to a Scheme of Amalgamation.

The Company is engaged in the development, manufacturing and distribution of high-precision roller and ball bearings, engine systems and transmission components, chassis applications and related machine building manufacturing activities. The Company's manufacturing units are located in the State of Gujarat at Vadodara and Savli, in the State of Maharashtra at Talegoan and in the State of Tamilnadu at Hosur.

## 2. Significant accounting policies

### 2.1 Basis of preparation

- (i) The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified pursuant to Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The accounting policies adopted in the preparation of these financial statements are consistent for all the periods presented.

The financial statements are presented in Indian Rupees, which is the Company's functional currency and all values are rounded off to the nearest million with one decimal place, except when otherwise indicated.

- (ii) The financial statements have been prepared on a historical cost convention basis, except for the following:

- certain financial assets and liabilities (including derivatives) that are measured at fair value;
- defined benefit plans - net defined benefit (asset) / liabilities – Fair value of plan assets less present value of defined benefit obligation

### 2.2 Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Act. Based on the nature of the products and time taken between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its normal operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and non-current liabilities.

### 2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the Company's management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. Actual results could differ from those estimates.

Estimates and judgments are reviewed on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstance. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**a) Impairment of Property, Plant and Equipment (PPE)**

The evaluation of applicability of indicators of impairment of assets requires assessment of external factors (significant decline in asset's value, significant changes in the technological, market, economic or legal environment, market interest rates etc.) and internal factors (obsolescence or physical damage of an asset, poor economic performance of the asset etc.) which could result in significant change in recoverable amount of the PPE.

**b) Determination of the estimated useful lives**

Useful lives of all PPE are based on the estimation done by the Company's management which is in line with the useful lives as prescribed in Part 'C' of Schedule II of the Act. In cases, where the useful lives are different from those prescribed in Schedule II and in case of intangible assets, these are estimated by the Company's management based on technical advice, taking into account the nature of the asset, estimated usage of the asset, operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

**c) Current and deferred taxes**

Significant management judgment is required to determine the amount of current and deferred taxes that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**d) Employee benefits**

Management's estimate of the Company's obligation is determined based on actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the Company's management considers the interest rates of Government bonds. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Refer Note 41 for details of the key assumptions used in determining the accounting of these plans.

**2.4 Property, Plant and Equipment**

Property, Plant and Equipment (PPE) are stated at cost of acquisition or construction (including directly attributable expenses thereto), net of impairment loss if any, less depreciation / amortisation. Cost includes financing costs of borrowed funds attributable to acquisition or construction of qualifying fixed assets, up to the date the assets are put to use.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Cost of assets not ready for intended use, as on the reporting date, is shown under capital work-in-progress. Advances given towards acquisition of property, plant and equipment outstanding as at reporting date are disclosed as "other non-current assets".

**Depreciation / amortization**

- (i) Leasehold land is depreciated over the period of lease except where the lease is convertible to freehold land under lease agreements at future dates.
- (ii) Depreciation on cost of PPE is provided on straight-line method (SLM) over the useful lives as specified in Part 'C' of Schedule II of the Act. Useful lives are reviewed by the Company's management at each reporting date and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the revised remaining useful life.
- (iii) Depreciation on additions / deletions to PPE during the year is provided on pro-rata basis with reference to the date of additions/deletions except low value of items costing INR 5,000 or less which are fully depreciated in the year when the assets are put to use.
- (iv) Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.
- (v) Intangible assets are recorded at its acquisition price and amortized on the straight-line method over a period of three years.

## 2.5 Impairment

The carrying amounts of PPE are reviewed at each reporting date to determine if there is any indication of impairment based on internal/external factors. Assessment of indication of impairment of an asset is made at the year end. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of estimated discounted cash flows of projections based on current prices. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

## 2.6 Inventories

Inventories comprise of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials are valued at the lower of cost and net realisable value. Cost is ascertained on a moving weighted average basis, except for goods in transit which is ascertained on a specific identification basis.

Work-in-progress, finished goods and traded goods are carried at the lower of cost and net realizable value. Cost is determined on a weighted average basis. In case of work-in-progress and manufactured finished goods, cost includes material, labour and production overheads. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

Net realisable value of work-in-progress is determined with reference to the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale of related finished goods. Raw materials held for production of finished goods are not written down below cost, except if it is estimated that the cost of the finished product will exceed its net realisable value.

## 2.7 Foreign Currency Transactions

### Initial recognition

Foreign currency transactions are translated in the functional currency, by applying to the foreign currency amount, the exchange rate between functional currency and foreign currency prevailing at the date of transaction.

### Conversion

Foreign currency monetary items as at reporting date are translated using the closing exchange rate on that date.

## Exchange differences

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognised in the Statement of Profit and Loss in the year in which they arise, except exchange differences arising from the translation of qualifying cash flow hedge to the extent that the hedges are effective, which are recognized in Other Comprehensive Income (OCI).

## Cash flow hedges

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable and forecast transactions. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in cash flow hedge reserve under OCI, net of taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in cash flow hedge reserve are reclassified to Surplus (Profit and loss balance) in the same period during which the forecasted transaction occurs.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in cash flow hedge reserve is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in cash flow hedge reserve is immediately transferred to the Statement of Profit and Loss for the period.

## 2.8 Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets during the lease term, are classified as operating leases. Operating lease payments are recognized as expense in the Statement of Profit and Loss on a straight-line basis over the lease term, unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## 2.9 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and taxes:

- (i) Revenue from sale of goods is recognised on transfer of significant risk and rewards of ownership of products to the customers.
- (ii) Commission income on indenting business is recognised based on intimation received for sales made.
- (iii) Interest income is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (iv) Claims are accounted to the extent lodged with the appropriate authorities. Export incentives are accounted on accrual basis based on shipment of eligible exports.
- (v) Rental income is accounted for on accrual basis.

## 2.10 Employee benefits

### a) Short term employee benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognised in the period in which the employee renders the related service.

### b) Post-employment benefits

#### *Defined benefit plans*

All employees are covered under Employees' Group Gratuity Scheme, which is a defined benefit plan. The Company contributes to a fund maintained with Life Insurance Company (LIC) on the basis of the year end liability determined based on actuarial valuation using the Projected Unit Cost Method. Remeasurements of the net defined benefit liability, which comprise actuarial gains/losses, return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognized in Other Comprehensive Income. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

#### *Defined contribution plans*

All other employees are covered under contributory provident fund benefit of specific percentage contribution of basic salary. Certain employees are also covered by a Company managed superannuation fund. Both are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the year, when the contributions to the respective funds are due. There are no obligations other than the contributions payable to the respective funds.

### *Long-term employee benefits*

Provision for long-term employee benefits comprise of compensated absences. These are measured on the basis of year end actuarial valuation in line with the Company's rules for compensated absences. Remeasurement gains or losses are recognized in statement of profit and loss in the period in which they arise.

## 2.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### *Initial recognition and measurement*

Financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets not recorded at fair value through profit and loss) are added to the fair value of financial assets. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

#### *Subsequent measurement*

For the purposes of subsequent measurement, financial assets are classified into below categories:

- Financial assets at amortized cost;
- Financial assets including derivatives at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

#### (i) Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held within a business where the objective is to hold these assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables, loans and other financial assets.

**(ii) Financial assets including derivatives at fair value through profit or loss (FVTPL)**

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognized in the Statement of Profit and Loss.

**(iii) Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets are measured at fair value through Other Comprehensive Income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. Derivative instruments included in FVTOCI category are measured initially as well as at each reporting date at fair value. Movement in fair value is recognized in OCI.

***Derecognition***

A financial asset is derecognized when the right to receive cash flows from the asset has expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and the Company has transferred substantially all risks and rewards of the asset or has transferred control of the asset to a third party. On derecognition of a financial asset in its entirety, the differences between the carrying amounts at the date of derecognition and the consideration received is recognized in the Statement of Profit and Loss.

***Impairment of financial assets***

The Company applies the expected credit loss (ECL) model for measurement and recognition of impairment losses on trade receivables or any other financial assets that result from transactions that are within the scope of “Ind AS 11 - Construction Contracts” and “Ind AS 18 - Revenue”. The Company follows the simplified approach for recognition of impairment loss allowance on receivables (net of advances). The application of the simplified approach does not require the Company to track changes in credit risk. As a practical expedient, the Company uses a provision matrix to determine

impairment loss allowance on trade receivables. Impairment loss allowance (or reversal) during the period is recognized in the Statement of Profit and Loss. This amount is reflected under the head ‘Other expenses (or other income)’ in the Statement of Profit and Loss.

**Financial liabilities**

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as measured at amortised cost or financial liabilities at fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading or is a derivative or it is designated as such on initial recognition. The Company’s financial liabilities include trade payables and other payables.

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

***Subsequent measurement***

Financial liabilities, including derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Other financial liabilities such as deposits are measured at amortized cost using Effective Interest Rate (EIR) method.

***Derecognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 2.12 Income and deferred taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Indian Income Tax Act, 1961. Deferred tax is provided using the liability method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax relating to items recognized outside Statement of Profit and Loss is recognized outside Statement of Profit and Loss. Deferred tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income or directly in Equity.

At each reporting date, the Company reassesses unrecognized deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become probable that sufficient future taxable income will be available against which such deferred tax assets can be realised.

## 2.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made of the amount of obligation. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

A disclosure by way of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are not recognised or disclosed in the financial statements.

## 2.14 Warranties

Warranty expenses are accounted for based on the Company's past experience of actual claims received in the preceding three financial years.

## 2.15 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the net profit or loss for the year attributable to the equity shareholders, by the weighted average number of equity and equivalent diluted equity shares outstanding during the year except where the results would be antidilutive.

## 2.16 Cash and cash equivalents

Cash and cash equivalents include cheques in hand, cash at bank and deposits with banks having original maturity of not more than three months.

## 2.17 Fair value measurement

The Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company has an established control framework with respect to the measurement of fair values. The Company's management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Company's management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value includes discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result from general approximation of value and the same may differ from the actual realised value. Further information about the assumptions made in measuring fair value is included in the Note 2.11 on financial instruments.

## 2.18 Business combinations

As part of its transition to Ind AS, the Company elected to apply “Ind AS 103 - Business Combinations”, to only those business combinations that occurred on or after the date of transition to Ind AS i.e. January 1, 2016. Business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved as they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entities. The difference, if any, between the consideration and the amount of share capital of the acquired entities is treated as capital reserve. Transaction costs are expensed as they are incurred in respective periods.

## 2.19 Recent accounting pronouncements

### Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs (‘MCA’) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force for annual periods beginning on or after April 1, 2018. The Company does not believe this amendment will have a significant impact on its financial statements.

### Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs (‘MCA’) has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach) the effective date for adoption of Ind AS 115 is annual periods beginning on or after April 1, 2018. The Company does not believe this amendment will have a significant impact on its financial statements.



(₹ in million)

### 3.1 Property Plant and Equipment

	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total
<b>Cost</b>								
As at January 1, 2017	19.4	121.8	487.2	3,770.5	78.4	18.5	5.4	4,501.2
Adjustment pursuant to Scheme of Amalgamation (Deemed cost) (refer Note 46)	21.3	65.9	678.0	3,037.9	39.7	39.3	3.1	3,885.2
Additions	-	-	19.9	1,009.8	14.7	38.2	3.6	1,086.2
Disposals	-	-	3.2	47.3	3.0	0.1	0.7	54.3
<b>As at December 31, 2017</b>	<b>40.7</b>	<b>187.7</b>	<b>1,181.9</b>	<b>7,770.9</b>	<b>129.8</b>	<b>95.9</b>	<b>11.4</b>	<b>9,418.3</b>
Additions	-	-	14.3	1,264.5	65.4	4.7	1.7	1,350.7
Disposals	-	-	0.4	2.3	0.4	-	0.8	3.9
<b>As at December 31, 2018</b>	<b>40.7</b>	<b>187.7</b>	<b>1,195.8</b>	<b>9,033.1</b>	<b>194.8</b>	<b>100.6</b>	<b>12.3</b>	<b>10,765.0</b>
<b>Accumulated Depreciation</b>								
As at January 1, 2017	-	-	20.7	587.9	20.6	9.4	1.4	640.0
Depreciation for the year	-	-	47.8	1,269.4	31.9	25.7	1.8	1,376.6
Deletions/Adjustments	-	-	0.3	33.1	1.5	0.1	0.5	35.5
<b>As at December 31, 2017</b>	<b>-</b>	<b>-</b>	<b>68.2</b>	<b>1,824.2</b>	<b>51.0</b>	<b>35.0</b>	<b>2.7</b>	<b>1,981.1</b>
Depreciation for the year	-	-	48.0	1,372.5	45.0	13.2	3.4	1,482.1
Deletions/Adjustments	-	-	-	1.2	0.2	-	0.5	1.9
<b>As at December 31, 2018</b>	<b>-</b>	<b>-</b>	<b>116.2</b>	<b>3,195.5</b>	<b>95.8</b>	<b>48.2</b>	<b>5.6</b>	<b>3,461.3</b>
<b>Net Block</b>								
As at December 31, 2017	40.7	187.7	1,113.7	5,946.7	78.8	60.9	8.7	7,437.2
<b>As at December 31, 2018</b>	<b>40.7</b>	<b>187.7</b>	<b>1,079.6</b>	<b>5,837.6</b>	<b>99.0</b>	<b>52.4</b>	<b>6.7</b>	<b>7,303.8</b>

Note:  
Buildings include ₹250, being cost of five ordinary shares of ₹50 each of Nariman Bhavan Premises Co-operative Society Limited and ₹500 being cost of ten ordinary shares of ₹50 each of Parekh Market Premises Co-Operative Society Limited, which entitle the Company to real estate.

### 3.2 Capital work-in-progress

	Buildings	Plant and Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total
As at January 1, 2017	0.5	237.1	-	3.7	-	241.3
Adjustment pursuant to scheme of amalgamation (refer Note 46)	10.0	153.6	-	3.5	-	167.1
Additions	64.4	1,101.1	12.2	39.4	3.6	1,220.7
Deductions / Adjustments	8.4	-	-	-	-	8.4
Assets capitalised during the year	19.9	1,012.3	12.2	38.2	3.6	1,086.2
<b>As at December 31, 2017</b>	<b>46.6</b>	<b>479.5</b>	<b>-</b>	<b>8.4</b>	<b>-</b>	<b>534.5</b>
Additions	783.1	1,574.6	67.4	7.4	1.7	2,434.2
Deductions / Adjustments	-	(6.2)	-	7.1	-	0.9
Assets capitalised during the year	14.3	1,264.5	65.4	4.7	1.7	1,350.6
<b>As at December 31, 2018</b>	<b>815.4</b>	<b>795.8</b>	<b>2.0</b>	<b>4.0</b>	<b>-</b>	<b>1,617.2</b>

(₹ in million)

### 3.3 Intangible assets

	Software	Total
<b>Cost</b>		
As at January 1, 2017	1.0	1.0
Adjustment pursuant to Scheme of Amalgamation (Deemed cost) (refer Note 46)	6.0	6.0
Additions	3.4	3.4
Disposals	-	-
<b>As at December 31, 2017</b>	<b>10.4</b>	<b>10.4</b>
Additions	1.1	1.1
Disposals	-	-
<b>As at December 31, 2018</b>	<b>11.5</b>	<b>11.5</b>
<b>Accumulated Amortisation</b>		
Amortisation for the year	5.0	5.0
Deletions/Adjustments	-	-
<b>As at December 31, 2017</b>	<b>5.4</b>	<b>5.4</b>
Amortisation for the year	2.9	2.9
Deletions/Adjustments	-	-
<b>As at December 31, 2018</b>	<b>8.3</b>	<b>8.3</b>
<b>Net Block</b>		
As at December 31, 2017	5.0	5.0
<b>As at December 31, 2018</b>	<b>3.2</b>	<b>3.2</b>

### 4 Non-current financial assets

	2018	2017
<b>(i) Loans</b>		
Secured, considered good	35.3	40.0
Less: Current portion disclosed under "Current Financial Assets - Loans" (refer Note 12)	(35.3)	(30.0)
<b>Total</b>	<b>-</b>	<b>10.0</b>
<b>(ii) Other financial assets</b>		
Security deposits	86.8	75.7
Bank deposits with remaining maturity of more than 12 months	505.1	5.0
<b>Total</b>	<b>591.9</b>	<b>80.7</b>

### 5 Deferred tax assets / (liabilities) (net)

	2018	2017
<b>Deferred tax liabilities</b>		
Excess of depreciation / amortisation on property, plant and equipment under tax law over depreciation / amortisation provided in accounts	89.0	177.2
Effective portion of gain / (loss) on hedging instruments in cash flow hedge	-	4.4
	(A) 89.0	181.6
<b>Deferred tax assets</b>		
Provision for employee benefits	160.7	170.0
Provision for expenses and others	179.0	115.6
Allowance for expected credit loss	47.9	62.7
Effective portion of gain / (loss) on hedging instruments in cash flow hedges	26.3	-
	(B) 413.9	348.3
<b>Net deferred tax assets</b>	<b>(B - A) 324.9</b>	<b>166.7</b>

(₹ in million)

### Movement in deferred tax assets / (liabilities) net

	Depreciation Amortization	Provision for employee benefits	Provision for expenses and others	Allowance for expected credit less	Effective portion of gain / (loss) on cash flow hedges	Total
As at January 1, 2017	(218.5)	157.1	153.7	59.0	34.3	185.6
(Charged) / credited to:						
Statement of Profit and Loss	41.3	9.8	(38.1)	3.7	-	16.7
Other Comprehensive Income	-	3.1	-	-	(38.7)	(35.6)
As at December 31, 2017	(177.2)	170.0	115.6	62.7	(4.4)	166.7
(Charged) / credited to:						
Statement of Profit and Loss	88.2	(4.3)	63.4	(14.8)	-	132.5
Other Comprehensive Income	-	(5.0)	-	-	30.7	25.7
As at December 31, 2018	(89.0)	160.7	179.0	47.9	26.3	324.9

## 6 Income-tax assets (net)

	2018	2017
Advance tax recoverable (net of provisions)	893.9	764.8
<b>Total</b>	<b>893.9</b>	<b>764.8</b>

## 7 Other non-current assets

	2018	2017
VAT and excise receivable (paid under protest)	38.3	34.8
Capital advance	263.2	262.1
<b>Total</b>	<b>301.5</b>	<b>296.9</b>

## 8 Inventories

(Valued at the lower of cost and net realisable value)

	2018	2017
Raw materials and components (including goods-in-transit ₹1,124.0 million; 2017: ₹ 964.0 million)	2,730.3	2,276.1
Work-in-progress	452.4	337.2
Finished goods	2,004.6	1,480.0
Stock-in-trade (including goods-in-transit ₹1,584.4 million; 2017: ₹ 621.4 million)	3,264.9	1,605.5
Stores and spares (including goods-in-transit ₹22.9 million; 2017: ₹ 1.8 million)	648.5	307.6
<b>Total</b>	<b>9,100.7</b>	<b>6,006.4</b>

As at December 31, 2018, provision for write-down of inventories to net realisable value ₹ 472.6 million (2017: ₹ 428.6 million).

(₹ in million)

## 9 Current financial assets - Trade receivables

	2018	2017
Other than related parties	6,336.0	5,652.6
From related parties (refer Note 37)	1,314.4	927.9
Less: Allowance for expected credit loss	(137.1)	(178.7)
	<b>7,513.3</b>	<b>6,401.8</b>
Of which;		
secured, considered good	6.9	7.0
unsecured, considered good	7,569.1	6,421.7
which have significant increase in credit risk	25.2	27.3
credit impaired	49.2	124.5
	<b>7,650.4</b>	<b>6,580.5</b>
Less: Allowance for expected credit loss	(137.1)	(178.7)
<b>Total</b>	<b>7,513.3</b>	<b>6,401.8</b>

The Company's exposure to credit risk and currency risk related to trade receivables are disclosed in Note 39.

## 10 Current financial assets - Cash and cash equivalents

	2018	2017
Balances with banks:		
on current accounts	741.2	1,243.4
on deposit accounts (with original maturity of 3 months or less)	679.7	75.0
Cheques on hand	4.1	85.0
<b>Total</b>	<b>1,425.0</b>	<b>1,403.4</b>

## 11 Current financial assets - Bank balances other than above

	2018	2017
Bank deposits with original maturity of more than 3 months and remaining maturity of less than 12 months	7,045.0	7,528.8
Restricted deposits (unclaimed dividend)	6.0	5.5
<b>Total</b>	<b>7,051.0</b>	<b>7,534.3</b>

## 12 Current financial assets - Loans

	2018	2017
Secured and considered good		
Current portion of loans to others (refer Note 4)	35.3	30.0
<b>Total</b>	<b>35.3</b>	<b>30.0</b>

(₹ in million)

### 13 Other financial assets

	2018	2017
Unsecured and considered good		
Interest accrued - fixed deposits	249.2	215.2
Interest accrued - others	5.4	4.1
Derivative forward exchange contracts	-	2.9
Insurance claim receivable	83.9	147.2
Security deposits	7.8	8.9
<b>Total</b>	<b>346.3</b>	<b>378.3</b>

### 14 Other current assets

	2018	2017
Unsecured and considered good		
Other receivables - related parties (refer Note 37)	15.5	20.3
Balance with Government authorities	880.3	468.3
Advances for supply of goods	133.1	115.1
Export incentives receivable	103.8	84.3
Advances to employees	17.8	16.9
Prepaid expenses	15.2	48.9
<b>Total</b>	<b>1,165.7</b>	<b>753.8</b>

### 15 Equity share capital

	2018	2017
<b>Authorised capital</b>		
20,000,000 equity shares of ₹10 each (2017: 20,000,000 equity shares)	200.0	200.0
Add: Pursuant to the Scheme of Amalgamation (refer Note 46)		
105,500,000 equity shares of ₹10 each	1,055.0	-
Total 125,500,000 equity shares of ₹10 each		
<b>Total</b>	<b>1,255.0</b>	<b>200.0</b>
<b>Issued, subscribed and paid-up</b>		
31,260,734 equity shares of ₹10 each (2017: 16,617,270 equity shares)	312.6	166.2
<b>Total</b>	<b>312.6</b>	<b>166.2</b>

#### Reconciliation of shares outstanding at the beginning and at the end of the year:

	2018		2017	
	No. of shares	Amount	No. of shares	Amount
<b>Equity shares</b>				
Shares outstanding at the beginning of the year	16,617,270	166.2	16,617,270	166.2
Shares issued pursuant to the scheme of amalgamation (refer Note 46)	14,643,464	146.4	-	-
Shares outstanding at the end of the year	31,260,734	312.6	16,617,270	166.2

(₹ in million)

**Rights, preferences and restrictions attached to equity shares:**

The Company has a single class of equity shares having par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to one vote per share held. The dividends proposed by the Board of directors is subject to the approval of shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive assets of the Company, after distribution of all preferential amounts, in the proportion to their shareholding.

**Shares held by ultimate holding company and / or their subsidiaries/ associates:**

Name of Shareholders	2018		2017	
	No. of Shares held	Amount	No. of Shares held	Amount
Equity shares of ₹ 10 each fully paid up held by				
Schaeffler Schweinfurt Beteiligungs GmbH (Formerly known as FAG Kugelfischer GmbH)	8,529,183	85.3	8,529,183	85.3
Schaeffler Bühl Verwaltungs GmbH	6,428,572	64.3	-	-
Schaeffler Verwaltungsholding Sechs GmbH	4,692,451	46.9	-	-
Industriewerk Schaeffler INA-Ingenieurdienst GmbH	3,522,439	35.2	-	-
Schaeffler Beteiligungsgesellschaft mbH*	1	0.0	-	-
Schaeffler Bühl Beteiligungs GmbH*	1	0.0	-	-
<b>Total</b>	<b>23,172,647</b>	<b>231.7</b>	<b>8,529,183</b>	<b>85.3</b>

(\*) Represents amount less than ₹ 1,00,000

Particulars of shareholders holding more than 5% shares of a class of shares:

Name of Shareholder	2018		2017	
	No. of Shares held	% of total shares	No. of Shares held	% of total shares
Schaeffler Schweinfurt Beteiligungs GmbH (Formerly known as FAG Kugelfischer GmbH)	8,529,183	27.28%	8,529,183	51.33%
Schaeffler Bühl Verwaltungs GmbH	6,428,572	20.56%	-	-
Schaeffler Verwaltungsholding Sechs GmbH	4,692,451	15.01%	-	-
Industriewerk Schaeffler INA-Ingenieurdienst GmbH	3,522,439	11.27%	-	-

**Aggregate number of equity shares allotted as fully paid up pursuant to contract without consideration received in cash, Bonus Shares issued and shares bought back during the period of 5 years immediately preceding the financial year:**

Particulars	2018	2017
Number of fully paid up equity shares allotted pursuant to the Scheme of Amalgamation (refer Note 46)	14,643,464	-

(₹ in million)

## 16 Other equity

	2018	2017
<b>Capital reserve</b>	<b>617.8</b>	5.2
Add: Pursuant to Scheme of Amalgamation (refer Note 46)	-	612.6
	(A) <b>617.8</b>	617.8
<b>Securities premium</b>	<b>600.0</b>	200.2
Add: Pursuant to Scheme of Amalgamation (refer Note 46)	-	399.8
	(B) <b>600.0</b>	600.0
<b>General reserve</b>		
At the commencement of the year	<b>4,218.4</b>	4,218.4
	(C) <b>4,218.4</b>	4,218.4
<b>Retained earnings</b>		
At the commencement of the year	<b>17,520.5</b>	10,216.0
Add: Pursuant to Scheme of Amalgamation. (refer Note 46)	-	3,660.7
Add: Net profit for the year	<b>4,198.0</b>	3,884.9
Less: Appropriations		
Dividends paid	<b>282.4</b>	199.4
Tax on dividend	<b>58.1</b>	41.7
	(D) <b>21,378.0</b>	17,520.5
<b>Share suspense account</b>		
At the commencement of the year	<b>146.4</b>	-
Add: Pursuant to Scheme of Amalgamation. (refer Note 46)	-	146.4
Less : Issue of equity shares	<b>(146.4)</b>	-
	(E) <b>-</b>	146.4
<b>Other Comprehensive Income</b>		
At the commencement of the year	<b>(17.7)</b>	(54.4)
Add: Pursuant to Scheme of Amalgamation. (refer Note 46)	-	(30.3)
Cash flow hedge reserve (FVTOCI)	<b>(57.2)</b>	73.0
Remeasurements of defined benefit liability / asset (net of tax) (FVTOCI)	<b>9.3</b>	(6.0)
	(F) <b>(65.6)</b>	(17.7)
<b>Total (A+B+C+D+E+F)</b>	<b>26,748.7</b>	23,085.4

### Nature and purpose of reserves:

- a) Addition to the Capital reserve on account of Scheme of Amalgamation during the current year. (refer Note 46)
- b) Securities premium is used to record premium received on issue of equity shares and it will be utilised in accordance with provisions of the Companies Act, 2013.
- c) General reserve is created out of profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividends and/or issue of fully paid-up shares.
- d) Retained earnings are the profits that the Company has earned till date, less any transfers to General reserve and payment of dividend. It is utilised in accordance with the provisions of the Companies Act, 2013.
- e) Cash flow hedge reserve comprise of the effective portion of cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. Cash flow hedge reserve is determined based on mark-to-market valuation of effective hedges as required by "Ind AS 109 - Financial Instruments".
- f) Remeasurements of defined benefit liability / asset comprises of actuarial gains and losses and return on plan asset (excluding interest income).
- g) The following dividends were declared and paid by the Company during the year:

(₹ in million)

	2018	2017
₹ 17 per equity share (2017: ₹ 12)	282.4	199.4
Dividend distribution tax (DDT) on dividend to equity shareholders	58.1	41.7
	340.5	241.1

After the reporting dates, the following dividends including special one time dividend (excluding dividend distribution tax) were proposed by the Board of Directors subject to the approval at the ensuing annual general meeting and hence, dividends have not been disclosed as liabilities. Dividends would attract dividend distribution tax when recommended or paid.

	2018	2017
₹ 30 per equity share including special one time dividend of ₹ 10 (2017: ₹ 17 per equity share)	937.8	282.4

## 17 Borrowings

	2018	2017
<b>Non-current</b>		
<b>Loans from related parties</b>		
<b>Unsecured loans</b>		
Industriewerk Schaeffler INA-Ingenieurdienst GmbH*	-	480.0
Schaeffler Bühl Verwaltungs GmbH**	48.7	89.2
<b>Total</b>	48.7	569.2

	2018	2017
<b>Current</b>		
<b>Loans from related parties</b>		
<b>Unsecured loans</b>		
Industriewerk Schaeffler INA-Ingenieurdienst GmbH*	480.0	80.0
Schaeffler Bühl Verwaltungs GmbH**	48.7	44.6
<b>Total</b>	528.7	124.6

Unsecured loans from related parties

\* Indian rupee unsecured loans from related parties carry interest at 7.50% - 7.57% p.a. The loan is repayable in half yearly equal installments from December 2017.

\*\* The Company has availed External Commercial Borrowing (ECB) from Schaeffler Bühl Verwaltungs GmbH (formerly known as Luk Vermögensverwaltungsgesellschaft mbH) of USD 3,500,000 on December 23, 2014 for purchase of capital equipments. The repayment of loan commenced from March 15, 2016 onwards in 10 half yearly installments of USD 350,000 each, at an interest rate of 2.556% p.a.

## 18 Other financial liabilities (non-current)

	2018	2017
Security deposits from customers / suppliers	9.9	10.1
<b>Total</b>	9.9	10.1

## 19 Long-term provisions

	2018	2017
Provision for employee benefits		
Gratuity (refer Note 41)	49.3	61.1
Compensated absences	328.1	373.9
Other provisions		
Provision for tax and other statutory matters (being litigated) *	6.2	11.0
<b>Total</b>	383.6	446.0

\* Provisions are made for ongoing litigation on tax and regulatory matters, the liabilities for which will be ascertained on conclusion of the respective assessments.



(₹ in million)

### Additional disclosures relating to certain provisions (as per Ind AS-37)

	2018	2017
Movement in provision for tax and other statutory matters (being litigated)		
At the commencement of the year	11.0	10.5
Pursuant to scheme of amalgamation (refer Note 46)	-	0.5
Provision utilised during the year	(4.8)	-
<b>At the end of the year</b>	<b>6.2</b>	<b>11.0</b>

### 20 Current financial liability - Trade payables

	2018	2017
Total outstanding dues of micro and small enterprises	33.4	46.2
Total outstanding dues of creditors other than micro and small enterprises		
Other than related parties	3,666.9	2,688.9
Related parties (refer Note 37)	4,177.7	3,200.2
<b>Total</b>	<b>7,878.0</b>	<b>5,935.3</b>

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

Particulars	2018	2017
a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
Principal	33.4	46.1
Interest	-	0.1
b) the amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	0.1
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	-	0.1

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 39.

(₹ in million)

## 21 Other financial liabilities

	2018	2017
Employee liabilities:		
- Personnel cost	263.4	236.4
- Contribution to provident fund	12.7	14.0
Creditors for capital goods	291.8	295.8
Accrued expense	581.1	492.2
Derivative forward exchange contracts	118.8	-
Unclaimed dividends*	6.0	5.5
Other payables	41.3	14.8
<b>Total</b>	<b>1,315.1</b>	<b>1,058.7</b>

\*The figures reflect the position as at the year end. The actual amount to be transferred to Investor Education and Protection Fund in this respect shall be determined on the due dates.

## 22 Other current liabilities

	2018	2017
Advances from customers	96.4	127.2
TDS payable	52.7	52.5
Other statutory dues	1.3	87.1
<b>Total</b>	<b>150.4</b>	<b>266.8</b>

## 23 Short-term provisions

	2018	2017
Provision for employee benefits		
Current portion of compensated absences	79.5	55.2
Other provisions		
Provision for tax (net of advance tax)	147.4	28.2
Provision for warranties *	71.1	58.1
<b>Total</b>	<b>298.0</b>	<b>141.5</b>

\* Warranty provision is estimated for expected warranty claims in respect of products sold during the year by the Company, which usually carry a warranty period of 12 months from the date of sale. The provision is determined based on the historical data. The timing and amount of cashflows will determined on receipt of claims.

### Additional disclosures relating to certain provisions (as per Ind AS 37):

	2018	2017
Warranties		
At the commencement of the year	58.1	7.0
Pursuant to scheme of amalgamation	-	48.9
Provision made during the year	47.1	23.6
Provision utilised during the year	(34.1)	(21.4)
<b>At the end of the year</b>	<b>71.1</b>	<b>58.1</b>

(₹ in million)

## 24 Revenue from operations

	2018	2017
<b>Sale of products</b>		
Finished goods	30,682.2	30,230.0
Traded goods	14,283.9	10,212.0
	44,966.1	40,442.0
<b>Sale of services</b>	59.7	78.5
<b>Other operating revenues</b>		
Export incentives	200.7	202.6
Scrap sales	388.6	273.4
<b>Total</b>	<b>45,615.1</b>	<b>40,996.5</b>

For periods upto June 30, 2017, revenue from operations are gross of excise duty. Effective July 1, 2017, revenue from operations are net of Goods and Services Tax. Accordingly, the numbers for previous period are not comparable.

## 25 Other income

	2018	2017
<b>Interest income</b>		
On fixed deposits	570.2	451.2
On loans	82.1	48.7
Provisions no longer required written-back	73.6	30.9
<b>Other non-operating income</b>	<b>182.1</b>	<b>49.1</b>
Gain on account of foreign exchange fluctuations (net)	-	7.0
Profit on sale / retirement of assets (net)	-	8.6
<b>Total</b>	<b>908.0</b>	<b>595.5</b>

## 26 Cost of materials consumed\*

	2018	2017
Inventory of materials at the beginning of the year	2,276.1	1,485.6
Purchases	18,630.1	17,217.3
Inventory of materials at the end of the year	2,730.3	2,276.1
<b>Total</b>	<b>18,175.9</b>	<b>16,426.8</b>

\* The consumption figures shown above have been ascertained on the basis of materials consumed and after considering excess / shortages ascertained on physical verification.

## 27 Purchase of Stock - in - trade

	2018	2017
Purchase of traded goods	12,858.8	7,227.0
<b>Total</b>	<b>12,858.8</b>	<b>7,227.0</b>

(₹ in million)

**28 Changes in inventories of finished goods, work-in progress and stock in trade\***

	2018	2017
<b>Increase in inventory of manufactured goods</b>		
Opening inventory	1,480.0	1,343.2
Less: Closing inventory	2,004.6	1,480.0
	(A) (524.6)	(136.8)
<b>Increase in inventory of traded goods</b>		
Opening inventory	1,605.5	1,929.7
Less: Closing inventory	3,264.9	1,605.5
	(B) (1,659.4)	324.2
<b>Increase in inventory of work-in-progress</b>		
Opening inventory	337.2	313.2
Less: Closing inventory	452.4	337.2
	(C) (115.2)	(24.0)
<b>Total (A + B + C)</b>	<b>(2,299.2)</b>	<b>163.4</b>

\*Closing stock is net off scrapped / reworked items and shortages / excesses.

**29 Employee benefits expense**

	2018	2017
Salaries, wages and incentives	2,734.5	2,510.1
Contributions to: (refer Note 41)		
- Provident fund	136.6	123.9
- Gratuity fund	44.4	41.6
- Superannuation fund	33.5	35.3
Compensated absences	13.8	51.9
Staff welfare expenses	215.8	223.7
<b>Total</b>	<b>3,178.6</b>	<b>2,986.5</b>

**30 Finance costs**

	2018	2017
Bank and other financial charges	58.1	90.3
Guarantee commission paid	12.3	11.3
<b>Total</b>	<b>70.4</b>	<b>101.6</b>

**31 Depreciation and amortisation expense**

	2018	2017
Depreciation on property, plant and equipment	1,482.1	1,376.6
Amortisation of intangible assets	2.9	5.0
<b>Total</b>	<b>1,485.0</b>	<b>1,381.6</b>

Continued...

...Continued

(₹ in million)

## 32 Other expenses

	2018	2017
Consumption of stores and spare parts	1,828.9	1,355.4
Power and fuel	657.3	620.1
Freight, clearing and forwarding	550.4	518.6
Rent	84.0	72.4
<b>Repairs and maintenance</b>		
Building	8.5	32.3
Machinery	8.5	92.3
Others	61.2	96.3
Insurance	24.8	23.2
Rates and taxes	23.1	54.4
Excise duty	-	(74.7)
Travelling expenses	231.0	256.4
Legal and professional fees	127.7	143.8
Payments to auditors (refer note below)	10.6	13.4
Fees for use of technology	864.4	731.4
Advertising and sales promotion	78.9	116.1
Bank charges	5.6	13.2
Telephone and other communication expenses	21.0	27.0
Printing and stationery	21.5	23.7
Provision for doubtful debts	-	25.4
Bad debts written off	26.9	11.6
Loss on sale / retirement of assets (net)	0.9	-
Loss on account of foreign exchange fluctuations (net)	5.7	142.3
Warranty costs	47.1	23.6
Outside services	1,578.9	1,349.9
Corporate Social Responsibility expenditure (refer note below)	56.3	71.8
Miscellaneous expenses	475.9	51.0
Less: Capitalised for own consumption	(62.5)	(39.2)
Less: Exceptional items (merger cost) (refer Note 46)	(432.0)	(45.3)
<b>Total</b>	<b>6,304.6</b>	<b>5,706.4</b>

	2018	2017
<b>Note : Payments to auditors</b>		
As auditors		
- Statutory audit	7.3	8.3
- Limited review	2.5	1.4
- Other services	0.1	3.1
Reimbursement of expenses	0.7	0.6
<b>Total</b>	<b>10.6</b>	<b>13.4</b>

(₹ in million)

	2018	2017
<b>Note : Corporate Social Responsibility expenditure</b>		
Amount required to be spent as per Section 135 of the Act	63.7	55.2
Amount incurred during the year on:		
(i) Construction/acquisition of assets	12.9	24.1
(ii) On purpose other than (i) above	43.4	47.7
	56.3	71.8
Amount yet to be paid on:		
(i) Construction/acquisition of assets	-	-
(ii) On purpose other than (i) above	5.8	1.1
<b>Total</b>	<b>5.8</b>	<b>1.1</b>

### 33 Tax expenses

	2018	2017
<b>(a) Current tax</b>		
Current tax on profit during the year	2,365.0	2,019.6
Tax adjustments of earlier years	(113.5)	0.5
Total current tax expense	2,251.5	2,020.1
<b>(b) Deferred tax</b>		
Deferred tax (credit) attributable to origination and reversal of temporary differences	(132.5)	(16.7)
<b>Total tax expense</b>	<b>2,119.0</b>	<b>2,003.4</b>
<b>Reconciliation of effective tax rate</b>		
Profit before tax	6,317.0	5,888.3
Current tax at the Indian tax rate of 34.608% / 34.944%	2,201.8	2,037.8
Tax adjustments of earlier years	(113.5)	0.5
Expenses allowable when paid and other timing differences	163.2	(18.2)
<b>Current tax expense (A)</b>	<b>2,251.5</b>	<b>2,020.1</b>
<b>Deferred tax</b>		
On WDV of property, plant and equipment	(88.2)	(41.3)
Provision for employee benefits	4.3	(9.8)
Provision for expenses	(63.4)	38.1
Provision for doubtful trade receivables	14.8	(3.7)
Deferred tax expense (B)	(132.5)	(16.7)
<b>Tax expense recognised in Statement of Profit and Loss (A + B)</b>	<b>2,119.0</b>	<b>2,003.4</b>
<b>Tax impact recognised in Other Comprehensive Income (OCI)</b>		
Remeasurement of defined benefits obligation	(5.0)	3.1
Effective portion of gain / (loss) on hedging instruments in cash flow hedge	30.7	(38.7)

(₹ in million)

### 34 Earnings Per Share (EPS)

	2018	2017
<b>a) Amount used as the numerator</b>		
Profit after tax attributable to equity shareholders (₹ in million)	4,198.0	3,884.9
<b>b) Weighted average number of equity shares used as the denominator (Nos.)*</b>	<b>31,260,734</b>	31,260,734
<b>c) Nominal value of share (in ₹)</b>	<b>10.0</b>	10.0
<b>d) Earnings per share (Basic and Diluted) (in ₹)</b>	<b>134.3</b>	124.3

\* It includes 14,643,464 equity shares issued on account of scheme of amalgamation, included in Other equity as equity share suspense in year 2017. (refer Note 16)

### 35 Contingent liabilities not provided for in respect of:

	2018	2017
Claims against the company not acknowledged as debts:		
<b>a) Employees and ex-employees related matters:</b>		
(i) Matters pending in labor court / civil court / High Court for reinstatement of service / recovery of salary	99.6	132.4
(ii) Demand for discontinuing of contract system and for differential wages	12.7	12.7
	<b>112.3</b>	145.1
<b>b) (i) Sales-tax</b>		
For non receipt of C Forms and non acceptance of Company's claim of certain sales as exempt sales in respect of various assessment years.	40.7	43.4
<b>(ii) Excise duty:</b>		
In respect of matters decided against the Company, for which the Company is in appeal with higher authorities	139.9	54.5
	<b>180.6</b>	97.9
<b>c) Income tax:</b>		
i) In respect of matters decided against the Company, for which the Company is in appeal with higher authorities.	497.2	472.0
	<b>11.6</b>	11.6
ii) In respect of matters where the Company has received favourable orders/partial relief from the First Appellate authorities but the Income Tax Department is pursuing further with higher Appellate authorities (excluding the matters if not ultimately allowed, would be allowed in the following assessment years).		
	<b>508.8</b>	483.6
<b>d) Others:</b>		
Demand notice for stamp duty on Order of Hon'ble National Company Law Tribunal, Mumbai Bench, approving the Scheme of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with the Company, which the Company intends to appeal with higher authorities.	250.0	-
	<b>250.0</b>	-

### 36 Contracts on capital account:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance).	2,917.3	584.9
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**37 Related Party disclosures as required under Ind AS-24 are given below:**

- 1) Name and nature of relationship of the related party where control exists:  
The ultimate control lies with INA Holding Schaeffler GmbH & Co. KG, Germany.
- 2) Names of the Related Parties having transactions with the Company during the year

2018	2017
Ultimate holding Company	Holding Company
INA Holding Schaeffler GmbH & Co. KG, Germany.	INA Holding Schaeffler GmbH & Co. KG, Germany.
Fellow subsidiaries / Affiliates	Fellow subsidiaries / Affiliates
Schaeffler Australia Pty. Ltd., Australia	Schaeffler Australia Pty. Ltd., Australia
Schaeffler Brasil Ltda., Brazil	Schaeffler Brasil Ltda., Brazil
Schaeffler (China) Co. Ltd., China	Schaeffler (China) Co. Ltd., China
Schaeffler Trading (Shanghai) Co. Ltd., China	Schaeffler Trading (Shanghai) Co. Ltd., China
Schaeffler (Nanjing) Co. Ltd., China	Schaeffler (Nanjing) Co. Ltd., China
Schaeffler (Ningxia) Co. Ltd., China	Schaeffler (Ningxia) Co. Ltd., China
Schaeffler Holding (China) Co. Ltd., China	Schaeffler Holding (China) Co. Ltd., China
Schaeffler Friction Products (Suzhou) Co., Ltd., China	Schaeffler Friction Products (Suzhou) Co., Ltd., China
Schaeffler Middle East FZE, Dubai	Schaeffler Middle East FZE, Dubai
Schaeffler France SAS, France	Schaeffler France SAS, France
Schaeffler Chain Drive Systems SAS, France	Schaeffler Chain Drive Systems SAS, France
Schaeffler Technologies AG & Co. KG, Germany	Schaeffler Technologies AG & Co. KG, Germany
Schaeffler AG, Germany	Schaeffler AG, Germany
Schaeffler Elfershausen AG & Co. KG, Germany	Schaeffler Elfershausen AG & Co. KG, Germany
Schaeffler Automotive Aftermarket GmbH & Co. KG, Germany	Schaeffler Automotive Aftermarket GmbH & Co. KG, Germany
FAG Industrial Services GmbH, Germany	FAG Industrial Services GmbH, Germany
LuK Truckparts GmbH & Co. KG, Germany	LuK Truckparts GmbH & Co. KG, Germany
LuK GmbH & Co. KG, Germany	LuK GmbH & Co. KG, Germany
WPB Water Pump Bearing GmbH & Co. KG, Germany	Egon Von Ruville GmbH, Germany
Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	WPB Water Pump Bearing GmbH & Co. KG, Germany
LuK Unna GmbH & Co. KG, Germany	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany
Schaeffler Verwaltungsholding Sechs GmbH, Germany (formerly known as INA Beteiligungsverwaltungs GmbH)	Schaeffler Verwaltungsholding Sechs GmbH, Germany (formerly known as INA Beteiligungsverwaltungs GmbH)
Schaeffler Bühl Verwaltungs GmbH, Germany (formerly known as LuK Vermögensverwaltungsgesellschaft mbH)	Schaeffler Schweinfurt Beteiligungs GmbH, Germany (Formerly known as FAG Kugelfischer GmbH)
Schaeffler Beteiligungsgesellschaft mbH, Germany	LuK Vermögensverwaltungsgesellschaft mbH, Germany
Schaeffler Bühl Beteiligungs GmbH, Germany	Schaeffler Engineering GmbH, Germany
Schaeffler Friction Products GmbH, Germany	Schaeffler Beteiligungsgesellschaft mbH, Germany
Schaeffler Schweiz GmbH, Switzerland	LuK Unna GmbH & Co. KG, India
Schaeffler Hong Kong Company Ltd, Hong Kong	Schaeffler Friction Products GmbH, Germany
Schaeffler Savaria Kft., Hungary	Schaeffler Hong Kong Company Ltd, Hong Kong
Schaeffler Bearings Indonesia, PT, Indonesia	Schaeffler Savaria Kft., Hungary
Schaeffler Water Pump Bearing Italia S.r.l., Italy	Schaeffler Bearings Indonesia, PT, Indonesia
Schaeffler Japan Co. Ltd. Japan	Schaeffler Water Pump Bearing Italia S.r.l., Italy
Schaeffler Korea Corporation, Korea	Schaeffler Italia S.r.l., Italy
Schaeffler Ansan Corporation, Korea	Schaeffler Japan Co. Ltd. Japan
LuK Puebla, S. de R.L. de C.V., Mexico	Schaeffler Korea Corporation, Korea
Schaeffler Mexico, S. de R.L. de C.V., Mexico	Schaeffler Ansan Corporation, Korea

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(₹ in million)

2018	2017
Schaeffler Mexico Services, S. de R.L. de C.V., Mexico	LuK Puebla, S. de R.L. de C.V., Mexico
Schaeffler Automotive Aftermarket Mexico, S. de R.L. de C.V., Mexico	Schaeffler Mexico, S. de R.L. de C.V., Mexico
Schaeffler Nederland B.V., Netherlands	Schaeffler Nederland B.V., Netherlands
Schaeffler Philippines Inc., Philippines	Schaeffler Philippines Inc., Philippines
Schaeffler Portugal Unipessoal Lda., Portugal	Schaeffler Portugal Unipessoal Lda., Portugal
SC Schaeffler Romania S.R.L., Romania	SC Schaeffler Romania S.R.L., Romania
Schaeffler (Singapore) Pte. Ltd., Singapore	Schaeffler (Singapore) Pte. Ltd., Singapore
Schaeffler Kysuce, spol. s.r.o, Slovakia	Schaeffler Kysuce, spol. s.r.o, Slovakia
Schaeffler Skalica, spol. s r.o., Slovakia	Schaeffler Skalica, spol. s r.o., Slovakia
Schaeffler South Africa (Pty.) Ltd., South Africa	Schaeffler South Africa (Pty.) Ltd., South Africa
Schaeffler Schweiz GmbH, Switzerland	Schaeffler Schweiz GmbH, Switzerland
Schaeffler (Thailand) Co. Ltd., Thailand	Schaeffler (Thailand) Co. Ltd., Thailand
Schaeffler Manufacturing (Thailand) Co.,Ltd., Thailand	Schaeffler Manufacturing (Thailand) Co.,Ltd., Thailand
Schaeffler Group USA Inc, USA	Schaeffler Group USA Inc, USA
Schaeffler Transmission Systems, LLC, USA	Schaeffler Transmission Systems, LLC, USA
Schaeffler (UK) Ltd. UK	Schaeffler (UK) Ltd. UK
The Barden Corporation (U.K.) Ltd., UK	The Barden Corporation (U.K.) Ltd., UK
Schaeffler Vietnam Co. Ltd., Vietnam	Schaeffler Automotive Aftermarket (UK) Ltd. UK
	Schaeffler Vietnam Co. Ltd., Vietnam

#### Key Management Personnel

Mr. Dharmesh Arora, Managing Director	Mr. Dharmesh Arora, Managing Director (w.e.f. March 6, 2017) Mr. Rajendra Anandpara, Managing Director (up to March 3, 2017)
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#### 3) Transactions with related parties during the year:

Nature of transactions	Fellow subsidiaries/ Affiliates	Key Management Personnel	Total
Purchase of finished goods	9,256.4	-	9,256.4
	(6,111.5)	-	(6,111.5)
Purchase of raw materials and components / spares	5,213.8	-	5,213.8
	(4,547.4)	-	(4,547.4)
Purchase of tangible assets	286.0	-	286.0
	(486.4)	-	(486.4)
Fees for use of technology / trademark	864.2	-	864.2
	(731.8)	-	(731.8)
Deputation, travelling, training, testing, & other costs	179.4	-	179.4
	(123.8)	-	(123.8)
Dividend for the year -2017	145.0	-	145.0
2016	(102.4)	-	(102.4)

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(₹ in million)

Nature of transactions	Fellow subsidiaries/ Affiliates	Key Management Personnel	Total
SAP, other IT systems and connectivity cost	437.4	-	437.4
	(396.6)	-	(396.6)
Expatriate cost	26.3	-	26.3
	(24.8)	-	(24.8)
Reversal of other cost	-	-	-
	(6.6)	-	(6.6)
Commission (including guarantee commission)	18.2	-	18.2
	(15.1)	-	(15.1)
Interest on loan taken	43.8		43.8
	(49.3)		(49.3)
Repayment of loan	127.9		127.9
	(471.0)		(471.0)
Sale of finished goods	4,440.3	-	4,440.3
	(4,091.5)	-	(4,091.5)
Managerial remuneration*	-	36.3	36.3
	-	(25.0)	(25.0)
Payment to Directors	-	7.5	7.5
	-	(7.3)	(7.3)
Payments on behalf of related parties (Reimbursement)	32.4	-	32.4
	(33.5)	-	(33.5)
Service income	2.5	-	2.5
	(9.5)	-	(9.5)
Issuance of equity shares	146.4	-	146.4
	-	-	-

\* In the case of present key management personnel, remuneration does not include gratuity and leave encashment benefits which are determined for the Company as a whole.

## 4) Balances outstanding as at December 31, 2018:

Nature of Transaction	Fellow subsidiaries / Affiliates
<b>Trade receivables</b>	
Schaeffler Technologies AG & Co. KG, Germany	669.3
	(309.3)
Others	645.1
	(618.6)
<b>Trade payables</b>	
Schaeffler Technologies AG & Co. KG, Germany	3,269.2
	(2,377.6)
Others	908.5
	(822.6)
<b>Other receivables</b>	
Schaeffler (Ningxia) Co. Ltd., China	2.6
	(4.2)

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(₹ in million)

Nature of Transaction	Fellow subsidiaries / Affiliates
Schaeffler Group USA Inc., USA	3.1
	(0.1)
Schaeffler Technologies AG & Co. Germany	6.4
	(6.6)
Others	3.4
	(9.4)
<b>Loans payable</b>	
Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	480.0
	(560.0)
Schaeffler Bühl Verwaltungs GmbH, Germany	97.4
	(133.8)

5) The significant related party transactions are as under:

Nature of Transactions	Fellow subsidiary / Affiliates	Amount
Purchase of finished goods	Schaeffler Technologies AG & Co. Germany	7,195.5
		(4,835.0)
Purchase of raw material and components/ spares	Schaeffler Technologies AG & Co. Germany	2,846.0
		(2,754.8)
	Schaeffler (China) Co. Ltd.China	674.0
		(699.0)
	Schaeffler Brasil Ltda., Brazil	555.6
		(141.9)
Purchase of tangible assets	Schaeffler Technologies AG & Co. Germany	78.2
		(178.2)
	Schaeffler (China) Co. Ltd.China	80.0
		(121.3)
	Schaeffler (Ningxia) Co. Ltd., China	84.4
		-
Sale of finished goods	Schaeffler Technologies AG & Co. Germany	1,381.0
		(1,073.7)
	Schaeffler Trading( Shanghai) Co. Ltd; China	842.1
		(710.6)
Fees for use of technology / trademark	Schaeffler Technologies AG & Co. Germany	861.3
		(729.2)
SAP, other IT systems and connectivity cost	Schaeffler Technologies AG & Co. Germany	436.3
		(393.5)
Deputation travelling, training, testing & other costs	Schaeffler Technologies AG & Co. Germany	84.6
		(75.7)
	Schaeffler AG, Germany	15.3
		(11.0)
Reversal of other cost	Schaeffler (Nanjing) Co. Ltd., China	-
		(6.6)

Continued...

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(₹ in million)

Nature of Transactions	Fellow subsidiary / Affiliates	Amount
Expat cost	Schaeffler Technologies AG & Co. Germany	13.9
		(20.1)
	Schaeffler Japan Co. Ltd. Japan	8.00
		(0.8)
	Schaeffler Brasil Ltda., Brazil	4.40
		(3.3)
Commission (including guarantee commission)	Schaeffler AG, Germany	18.2
		(15.1)
Interest on loan taken	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	40.7
		(47.3)
Repayment of loan	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	80.0
		(267.1)
	Schaeffler Verwaltungsholding Sechs GmbH, Germany	-
		(107.0)
	Schaeffler Bühl Verwaltungs GmbH, Germany	47.9
		(96.9)
Payments on behalf of related parties (Reimbursement)	Schaeffler Technologies AG & Co. Germany	18.30
		(22.1)
	Schaeffler Manufacturing (Thailand) Co.,Ltd., Thailand	5.9
		-
Service income	Schaeffler Portugal Unipessoal Lda., Portugal	0.4
		-
	Schaeffler Ansan Corporation, Korea	1.7
		-
	Schaeffler Japan Co. Ltd. Japan	0.3
	-	
Dividend paid	Schaeffler Schweinfurt Beteiligungs GmbH, Germany	145.0
		(102.4)
Issuance of equity shares	Schaeffler Bühl Verwaltungs GmbH, Germany	64.3
		-
	Schaeffler Verwaltungsholding Sechs GmbH, Germany	46.9
		-
	Industriewerk Schaeffler INA-Ingenieurdienst GmbH, Germany	35.2
	-	
Payment to Directors	Mr Avinash P. Gandhi	1.7
		(1.7)
	Mrs. Renu Challu	1.3
		(1.3)
	Mr. R. Sampath Kumar	1.9
		(1.7)

Continued...

...Continued

(₹ in million)

Nature of Transactions	Fellow subsidiary / Affiliates	Amount
	Dr. Sanak Mishra	1.3
		(1.3)
	Mr. Rakesh Jinsi	1.3
		(1.3)

Numbers in brackets represents previous year numbers.

### 38 Derivative instruments:

The Company's exposure to foreign currency fluctuations relates to foreign currency assets, liabilities and forecasted cash flows. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives like forward contracts. The Company has entered into foreign currency forward contracts, majority having maturity of less than one year from reporting date, to hedge its risks associated with foreign currency fluctuations relating to such highly probable transactions. The currencies in which these transactions are mainly denominated are US Dollars and Euro.

Gain / (loss) on the fair valuation of forward contracts, which qualify as effective cash flow hedge amounting to Loss ₹ 75.5 million (2017: Gain ₹ 12.4 million) on the Balance Sheet has been recognised in Cash Flow Hedge Reserve.

#### Outstanding derivative instruments

Category	Currency hedged	2018		2017	
		Notional amount in foreign currency	Equivalent amount	Notional amount in foreign currency	Equivalent amount
Forward exchange contracts (to hedge highly probable export receivables)	USD	-	-	20,057,000	1,281.1
Forward exchange contracts (to hedge highly probable import payables)	USD	16,020,000	1,115.6	28,377,000	1,812.6
	EUR	31,410,000	2,505.2	26,357,000	2,019.1

The Company holds the following instruments to hedge exposures to changes in foreign currency:

Maturity	2018		2017	
	1-6 months	6-12 months	1-6 months	6-12 months
Foreign currency risk				
Forward exchange contracts				
Net exposure (₹ in million)	2,175.4	1,445.4	3,030.1	2,082.7
Average INR: USD forward contract rate	71.8	73.2	66.1	67.4
Average INR: EUR forward contract rate	84.6	87.4	77.8	80.4

(₹ in million)

## Foreign currency exposures as at December 31, 2018:

Particulars	Currency	Amount in foreign currency	Equivalent amount
Trade Payables	USD	17,477,015.5	1,217.1
		(17,738,569.1)	(1,132.2)
	EUR	27,609,979.5	2,202.2
		(17,359,526.5)	(1,326.8)
	CHF	-	-
		(4,383.0)	(0.3)
	JPY	993,492.0	0.6
		(7,556,336.0)	(4.3)
	CNY	28,102,774.1	284.5
		(9,217,505.4)	(90.2)
GBP	2,675.3	0.2	
Advances from customers	USD	-	-
		(20,284.0)	(1.5)
Trade Receivables	USD	9,787,998.2	681.6
		(9,675,410.8)	(616.9)
	EUR	8,538,668.7	680.8
Advances to Suppliers	USD	(4,721,141.6)	(360.9)
		322,097.7	22.4
		(16,371.2)	(1.0)
	EUR	623,931.8	49.8
		(859,410.5)	(63.9)
	GBP	980.1	0.1
		(2,913.0)	(0.2)
	AUD	5,496.1	0.3
		(5,496.1)	(0.3)
	JPY	-	-
(5,050,000.0)		(2.9)	
CHF		1,136.3	0.1
Bank balance in EEFC accounts	USD	(1,764.6)	(0.1)
		1,103,855.9	76.8
	EUR	(912,489.4)	(58.2)
External commercial borrowings	USD	1,074,425.2	85.7
		(1,036,888.7)	(79.2)
External commercial borrowings	USD	1,400,000.0	97.5
		(2,100,000.0)	(134.1)

Numbers in brackets represents previous year numbers.

(₹ in million)

The Company's exposure to foreign currency risk at the end of reporting period are as follows:

	2018	2017
<b>Financial assets</b>		
<b>Trade receivables</b>		
USD	681.6	616.9
EUR	680.8	360.9
<b>Bank Balances in EEFC account</b>		
USD	76.8	58.2
EUR	85.7	79.2
<b>Total Exposure to foreign currency assets</b>	<b>1,524.8</b>	<b>1,115.3</b>

	2018	2017
<b>Financial liabilities</b>		
<b>Trade payables</b>		
USD	1,217.1	1,132.2
EUR	2,202.2	1,326.8
CHF	-	0.3
JPY	0.6	4.3
CNY	284.5	90.2
GBP	0.2	-
<b>External commercial borrowings</b>		
USD	97.5	134.1
<b>Total Exposure to foreign currency liabilities</b>	<b>3,802.1</b>	<b>2,687.9</b>

## 39 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- market risk [refer 39 (A) below]
- liquidity risk [refer 39 (B) below]
- credit risk [refer 39 (C) below]

In the course of its business, the Company is exposed primarily to aforesaid risks, which may impact the fair value of its financial instruments. The Company has a risk management system which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as credit risks. The risk management strategy is approved by Board of Directors which is implemented by the Company's management. The risk management framework aims to create a stable business planning environment by reducing the impact of market related risks, credit risks and currency fluctuations on the Company's earnings. The risks identified through the risk management system are analysed and evaluated by the Company's management and reported to the Board of Directors periodically along with report of planned mitigation measures.

### A) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(₹ in million)

**(i) Foreign currency risk**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollars and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (Indian Rupees).

The Company has import and export transactions in foreign currencies. Imports are higher than exports and hence the Company has foreign currency exposure to the extent of purchases being higher than exports. The risk of foreign currency fluctuation is mitigated through hedging. Please refer Note 38 for details of foreign currency exposure.

The Company's exposure to foreign currency risk at the end of reporting period are as follows:

**Foreign Currency Sensitivity**

The following table demonstrates sensitivity to a reasonable possible change in major foreign currencies like USD and EUR with all other variables held constant:

		Effect on Profit Before Tax	
		2018	2017
USD	+ 5%	(27.8)	(29.6)
	- 5%	27.8	29.6
EUR	+ 5%	(71.8)	(44.3)
	- 5%	71.8	44.3
CHF	+ 5%	-	(0.0)
	- 5%	-	0.0
JPY	+ 5%	(0.0)	(0.2)
	- 5%	0.0	0.2
CNY	+ 5%	(14.2)	(4.5)
	- 5%	14.2	4.5
GBP	+ 5%	(0.0)	0.0
	- 5%	0.0	0.0

**(ii) Interest rate risk**

The Company has granted loans to third party. The Company recovers interest as per the terms of the agreement which approximates the prevailing market rate of interest, from time to time. Accordingly, interest rate risk for loans given is not considered to be substantial.

The Company's borrowings comprise of fixed rate loan from the related parties. The terms of the agreement which approximates the prevailing market rate of interest.

Surplus funds are being invested in bank deposits at fixed interest rates and the tenure is managed to match with the Company's liquidity profile.

**B) Liquidity Risk**

The Company's principal sources of liquidity are cash and cash equivalents and cash flows generated from operations. The Company regularly monitors actual cash flows and forecasts to ensure that the Company maintains sufficient liquidity to meet the operation needs.

**C) Credit Risk**

Credit risk is the unexpected loss in financial instruments if the counter parties fails to discharge it's contractual obligations in entirety and timely. The Company is exposed to credit risks arising from it's operating and financing activities such as trade receivables, loans and advances and other financial instruments. The carrying amounts of financial assets represent the maximum credit exposure.

**Trade receivables**

Credit risk on trade receivables is limited due to the Company's diversified customer base which includes public sector enterprises and reputed private corporates. For trade receivables, the Company computes expected credit loss allowance based on provision matrix which is prepared considering customer's industry segment and historically observed overdue rate over expected life of trade receivables. The expected credit loss allowance is considered as a percentage of net receivable position.



(₹ in million)

	2018		2017	
	Less than 6 months	More than 6 months	Less than 6 months	More than 6 months
Gross carrying amount	7,458.4	192.0	6,387.1	193.4
Allowance for expected credit loss	(70.9)	(66.2)	(82.7)	(96.0)
Carrying amount of trade receivables (net)	7,387.5	125.8	6,304.4	97.4

#### Reconciliation of expected credit loss allowance is as follows:

As at January 1, 2017	153.3
Change in loss allowance	25.4
As at December 31, 2018	178.7
Change in loss allowance	(41.6)
As at December 31, 2018	137.1

#### Other financial assets

The Company does not have significant credit risk on non-current loans given considering available security against which such loans have been given.

## 40 Capital management

For the purpose of Company's capital management, capital includes equity share capital and all other reserves attributable to equity shareholders. The Company has a long-term strategy of pursuing profitable growth. Capital is managed proactively to secure the existence of the Company as a going concern in the long-term and create financial flexibility for profitable growth in order to add value to the Company. A further aim of the capital management is to ensure long-term availability of liquidity, maintain strong credit ratings and ensure optimal capital structure in order to support business through continuing growth and maximising shareholders value. The Company funds its operations through internal accruals and the Management along with the Board of Directors regularly monitor the returns on capital as well as dividend levels to shareholders.

## 41 Employee benefits: Post employment benefit plans

### Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries in respect of qualifying employees towards Provident Fund and Superannuation Fund, which are defined contribution plans. The Company has no obligations other than to make these specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregate to ₹ 136.6 million (2017: ₹ 123.9 million) and contribution to superannuation fund for the year aggregating to ₹ 33.5 million (2017: ₹ 35.3 million).

### Defined benefit plans

The Company has defined benefit plans that provide gratuity benefit. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit. The Scheme is funded by the plan assets.

(₹ in million)

The following table summarises the position of assets and obligations

	Gratuity	
	2018	2017
Present value of funded obligations	556.2	519.8
Fair value of plan assets	506.9	458.7
<b>Net (Asset)/Liability recognised in balance sheet</b>	<b>49.3</b>	<b>61.1</b>

### Classification into current / non-current

The (asset) / liability in respect of each of the plans comprises of the following non-current and current portions:

	Gratuity	
	2018	2017
Noncurrent liability	49.3	61.1
Current liability	-	-
<b>Total</b>	<b>49.3</b>	<b>61.1</b>

### Movement in present values of defined benefit obligations:

	Gratuity	
	2018	2017
Defined benefit obligation at beginning of the year	519.8	492.6
Service cost	42.4	40.4
Interest cost	34.7	31.9
<b>Actuarial (gains)/ losses recognised in Other Comprehensive Income due to:</b>		
Change in assumptions	(20.6)	(4.9)
Experience changes	15.5	15.6
Benefits paid / Employees contribution	(35.6)	(55.8)
<b>Defined benefit obligation at end of the year</b>	<b>556.2</b>	<b>519.8</b>

### Movement in fair value of plan assets:

	Gratuity	
	2018	2017
Fair value of plan assets at beginning of the year	458.7	448.9
Return on plan assets recognised in other comprehensive income	9.2	1.6
Interest on plan assets	32.7	30.7
Contributions by employer	41.9	33.3
Benefits paid / Employees contribution	(35.6)	(55.8)
<b>Fair value of plan assets at end of the year</b>	<b>506.9</b>	<b>458.7</b>

(₹ in million)

### Expense recognized in the Statement of Profit and Loss:

	Gratuity	
	2018	2017
Current service cost	42.4	40.4
Interest on net defined benefit liability / (asset)	2.0	1.2
Total included in Employee benefits expense	44.4	41.6

### Remeasurements recognised in Other Comprehensive Income

	Gratuity	
	2018	2017
Actuarial (gain)/ loss on defined benefit obligation	(5.1)	10.7
Return on plan assets excluding interest income	(9.2)	(1.6)
	(14.3)	9.1

### Principal actuarial assumptions at the balance sheet date (expressed as weighted average)

	Gratuity	
	2018	2017
Discount rate per annum	7.90%	7.10%
Expected return per annum on plan assets	7.90%	7.10%
Future salary increment	6.50%	6.50%
Retirement age	58 Years	58 Years
Mortality	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table
Attrition rate	6%- 13%	1%- 2%

As at December 31, 2018, weighted-average duration of the defined benefit obligation was 6.22 years (December 31, 2017: 7.58 years).

Note: The estimates of future salary increases, considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

### Sensitivity Analysis

The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points:

	2018		2017	
	Increase	Decrease	Increase	Decrease
Discount rate (100 bps movement on DBO)	-5.86%	6.63%	-7.06%	8.18%
Salary escalation rate (100 bps movement pn DBO)	6.66%	-5.98%	8.14%	-7.16%

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

(₹ in million)

The major categories of plan assets are as follows

	2018		Total
	Quoted	Unquoted	
Insurer managed funds	-	505.4	505.4
Others	-	1.5	1.5

## 42 Financial instruments

### A) Accounting classifications

The following tables shows the carrying amount / fair values of financial assets and financial liabilities:

Financial instruments category	Carrying value / Fair value	
	2018	2017
<b>Financial Assets</b>		
<b>a) Measured at fair value through Profit or Loss (FVTPL)</b>		
Derivative contracts not designated as cash flow hedges	-	-
<b>b) Measured at fair value through Other Comprehensive Income (OCI)</b>		
Derivative contracts designated as cash flow hedges	-	2.9
<b>c) Measurement at amortised cost:</b>		
Trade receivables	7,513.3	6,401.8
Cash and cash equivalents	1,425.0	1,403.4
Bank balances other than cash and cash equivalents	7,051.0	7,534.3
Loans	35.3	40.0
Other financial assets	938.2	456.1
<b>Total Financial Assets</b>	<b>16,962.8</b>	<b>15,838.5</b>
<b>Financial Liabilities</b>		
<b>a) Measured at fair value through Profit or Loss (FVTPL)</b>		
Derivative contracts not designated as cash flow hedges	43.3	-
<b>b) Measured at fair value through Other Comprehensive Income (OCI)</b>		
Derivative contracts designated as cash flow hedges	75.5	-
<b>c) Measurement at amortised cost:</b>		
Trade payables	7,878.0	5,935.3
Borrowings	577.4	693.8
Other financial liabilities	1,325.0	1,068.8
<b>Total Financial Liabilities</b>	<b>9,899.2</b>	<b>7,697.9</b>

The carrying amounts of all financial instruments (except derivative instruments which are measured at fair value through Other Comprehensive Income and long-term loans) are not materially different from their fair values, since these are of short term nature.

(₹ in million)

B) Fair value hierarchy

The following table provides quantitative disclosures of fair value measurement hierarchy of financial instruments as referred above:

**December 31, 2018**

	Level 1	Level 2	Level 3	Total as at December 31, 2018
<b>Financial Assets</b>				
Trade receivables	-	-	7,513.3	7,513.3
Loans	-	-	35.3	35.3
Other financial assets	-	-	938.2	938.2
<b>Total</b>	-	-	8,486.8	8,486.8

	Level 1	Level 2	Level 3	Total as at December 31, 2018
<b>Financial Liabilities</b>				
Derivative contracts not designated as cash flow hedges	-	43.3	-	43.3
Derivative contracts designated as cash flow hedges	-	75.5	-	75.5
Trade payables	-	-	7,878.0	7,878.0
Borrowings	-	-	577.4	577.4
Other financial liabilities	-	-	1,325.0	1,325.0
<b>Total</b>	-	118.8	9,780.4	9,899.2

**December 31, 2017**

	Level 1	Level 2	Level 3	Total as at December 31, 2017
<b>Financial Assets</b>				
Derivative contracts designated as cash flow hedges	-	2.9	-	2.9
Trade receivables	-	-	6,401.8	6,401.8
Loans	-	-	40.0	40.0
Other financial assets	-	-	456.1	456.1
<b>Total</b>	-	2.9	6,897.9	6,900.8

	Level 1	Level 2	Level 3	Total as at December 31, 2017
<b>Financial Liabilities</b>				
Trade payables	-	-	5,935.3	5,935.3
Borrowings	-	-	693.8	693.8
Other financial liabilities	-	-	1,068.8	1,068.8
<b>Total</b>	-	-	7,697.9	7,697.9

**Valuation techniques and significant unobservable inputs**

Specific valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments include:  
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date  
- the fair value of remaining financial instruments is determined using the quoted discounted cash flow analysis

(₹ in million)

## 43 Segment reporting

### (i) Information about business segments:

As per 'Ind AS 108 - Operating Segments', the Company has reported segment information under two segments i.e 1) Mobility components and related solutions and 2) Others.

Particulars	2018	2017
<b>(a) Segment Revenue (Net revenue / income)</b>		
Mobility components and related solutions	37,732.9	34,041.5
Others	7,882.2	6,955.0
<b>Revenue from operations</b>	<b>45,615.1</b>	<b>40,996.5</b>
<b>(b) Segment Results (Profit before finance cost and tax)</b>		
Mobility components and related solutions	5,137.6	4,709.0
Others	773.8	730.7
<b>Total profit before finance costs and tax</b>	<b>5,911.4</b>	<b>5,439.7</b>
Less : Finance cost	70.4	101.6
Less : Unallocable expenses	432.0	45.3
Add : Unallocable Income	908.0	595.5
<b>Profit before tax</b>	<b>6,317.0</b>	<b>5,888.3</b>
<b>(c) Segment assets</b>		
Mobility components and related solutions *	22,713.9	18,602.4
Others	2,824.3	2,109.0
Unallocated	12,135.5	11,092.4
<b>Total assets</b>	<b>37,673.7</b>	<b>31,803.8</b>
<b>(d) Segment liabilities</b>		
Mobility components and related solutions	6,499.4	4,896.6
Others	1,378.6	1,038.7
Unallocated	2,734.4	2,616.9
<b>Total liabilities</b>	<b>10,612.4</b>	<b>8,552.2</b>
<b>(e) Net capital employed</b>	<b>27,061.3</b>	<b>23,251.6</b>

\* Property, plant and equipment (PPE) of the Company is predominantly used for 'Mobility solutions and related components' and hence has been disclosed as a segment asset under that reportable segment.

### (ii) Secondary segment information

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. India) and outside India. In presenting the geographical information, segment revenue has been based on geographical location of customers and segment assets which have been based on the geographical location of the assets.

#### (a) Revenues

	2018	2017
India	40,968.1	36,716.7
Outside India	4,647.0	4,279.8
<b>Total</b>	<b>45,615.1</b>	<b>40,996.5</b>

#### (b) Non-current assets

	2018	2017
India	10,119.6	9,038.4
Outside India	-	-
<b>Total</b>	<b>10,119.6</b>	<b>9,038.4</b>

\*Non-current assets exclude financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts, if any.

(₹ in million)

#### 44 Research and development expenses under the respective heads aggregate to ₹598.9 (2017 : ₹477.0) including of capital nature ₹42.6 (2017 : ₹ 43.3).

	2018			2017		
	Vadodara	Talegoan, Pune	Hosur	Vadodara	Talegoan, Pune	Hosur
Revenue expenses on research and development included under various heads of expenditure	151.8	230.4	174.1	110.7	158.2	164.8
Capital expenses on research and development capitalised along with other Fixed assets	0.5	29.2	12.9	0.7	24.5	18.1
<b>Total</b>	<b>152.3</b>	<b>259.6</b>	<b>187.0</b>	<b>111.4</b>	<b>182.7</b>	<b>182.9</b>

- 45 The tax year for the Company being the year ending March 31, 2019, provision for taxation for the year ended December 31, 2018 is aggregate of provision made for three months ended March 31, 2018 and provision based on amounts for remaining nine months ended December 31, 2018, the ultimate tax liability of which will be determined on the basis of figures for the fiscal year April 1, 2018 to March 31, 2019.

The Company's international and domestic transactions with associated enterprises are at arm's length, as per the independent accountant's report for the year ended March 31, 2018. The Management believes that the Company's international and domestic transactions with associated enterprises post March 31, 2018 continue to be at arm's length and that transfer pricing legislations will not have any impact on the Ind AS financial statements, particularly on the amount of tax expenses for the year and the amount of provision for taxation at the year end.

#### 46 Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with the company

- (a) The Scheme of Amalgamation of INA Bearings India Private Limited ('INA') and LuK India Private Limited ('LuK') (jointly referred to as 'transferor companies') with Schaeffler India Limited ('the Scheme'), has been approved by the National Company Law Tribunal, Chennai and Mumbai Benches vide their orders dated June 13, 2018 and October 8, 2018 respectively. The Company has carried out the accounting prescribed in the Scheme and made the required disclosure for Amalgamations in the nature of merger, as required under Appendix C of Ind AS 103 Business Combinations, for Business Combinations of entities under "Common Control".
- (b) As per the Scheme, all assets and liabilities of INA and LuK as at appointed date (i.e. January 1, 2018) have been recorded at their carrying values determined in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable after eliminating inter-company balances is credited to Capital Reserve. Being a common control business combination as per Appendix - C of 'Ind AS 103 - Business Combinations', financial information for year ended December 31, 2017 have been restated.

In accordance with the Scheme:

The Company has taken over following assets, liabilities and other equity (before intercompany eliminations) at their respective book values against capital issuance of ₹ 146.4 million to the shareholders of respective transferor companies as at the appointed date and resultant surplus of ₹ 612.6 million has been credited to Capital reserve.

(₹ in million)

	January 1, 2018	January 1, 2017
<b>Non-current assets</b>		
Property, plant and equipment	3,638.1	3,885.2
Capital work-in-progress	207.9	167.1
Other intangible assets	4.9	6.0
Financial assets		
Other financial assets	45.5	28.4
Deferred tax assets (net)	140.8	162.1
Income tax assets (net)	378.1	292.7
Other non-current assets	259.1	38.7
<b>Current assets</b>		
Inventories	3,270.1	2,609.6
Financial assets		
(i) Trade receivables	3,249.4	2,480.1
(ii) Cash and cash equivalents	626.4	353.8
(iii) Bank balances other than (ii) above	4.8	5.1
(iv) Other financial assets	9.9	3.2
Other current assets	309.8	396.1
<b>Total assets</b>	<b>12,144.8</b>	<b>10,428.1</b>
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	1,219.2	1,652.4
Long-term provisions	160.4	165.7
<b>Current liabilities</b>		
Financial liabilities		
(i) Trade payables	3,113.9	2,475.3
(ii) Borrowings	624.6	545.6
(iii) Other financial liabilities	470.2	581.3
Other current liabilities	187.1	176.5
Short-term provisions	69.7	42.1
<b>Total liabilities</b>	<b>5,845.1</b>	<b>5,638.9</b>
<b>Other equity</b>	<b>5,540.7</b>	<b>4,030.2</b>

- (c) In terms of the Scheme, the Company has allotted 8,214,891 equity shares of ₹ 10 each to existing shareholders of INA and 6,428,573 equity shares of ₹ 10 each to existing shareholders of LuK based on share entitlement ratio as per the Scheme.
- (d) Exceptional items pertain to provision for stamp duties, professional/consulting fees and other costs incurred pursuant to the Scheme.

As per our report of even date attached  
**For B S R & Co. LLP**  
 Chartered Accountants  
 Firm's Registration No: 101248W/W-100022

**Nirav Patel**  
 Partner  
 Membership No: 113327

Mumbai: February 13, 2019

**For and on behalf of the Board of Directors**

**Avinash Gandhi**  
 Chairman  
 DIN: 00161107

**Satish Patel**  
 Director-Finance & CFO  
 DIN: 00690869

Mumbai: February 13, 2019

**Dharmesh Arora**  
 Managing Director  
 DIN: 05350121

**Chirag Shukla**  
 Company Secretary



# Notice of AGM

To  
The Members  
Schaeffler India Limited

(Formerly known as FAG Bearings India Limited)

Notice is hereby given that the 56<sup>th</sup> Annual General Meeting of **Schaeffler India Limited** ('Company') will be held on Tuesday, April 30, 2019 at 3:00 p.m. at Y B Chavan Centre, General Jagannath Bhosle Marg, beside Sachivalaya Gymkhana, Nariman Point, Mumbai – 400 021, Maharashtra, India, to transact the following businesses:

## Ordinary Business

1. To receive, consider and adopt the Financial Statements including Balance Sheet as at December 31, 2018 and the Statement of Profit and Loss for the year ended on that date along with Directors' and Auditors' Report thereon.
2. To declare Dividend for the year ended December 31, 2018.
3. To appoint a Director in place of Mr. Klaus Rosenfeld [DIN: 07087975], who retires by rotation and being eligible offers himself for re-appointment.
4. To authorise Board of Directors to fix remuneration of B.S.R. & Co. LLP, Chartered Accountants, Mumbai, (Firm Registration Number: 101248 W / W-100022) for the year 2019.

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013 including any modification(s) or amendment thereof, the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of B.S.R. & Co., LLP, Chartered Accountants, Mumbai (Firm Registration Number: 101248 W / W-100022), as Statutory Auditors of the Company for the year 2019.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things, necessary and expedient to give effect to the resolution."

## Special Business

5. Appointment of Mr. Jurgen Ziegler as Director

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Jurgen Ziegler [DIN: 07092477], who was appointed as an Additional Director by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom, the Company has received a notice in writing under Section 160 of the Act, from a member, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things, necessary and expedient to give effect to the resolution."

## 6. Appointment of Mr. Satish Patel as Director

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Satish Patel [DIN: 00690869] who was appointed as an Additional Director by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom, the Company has received a notice in writing under Section 160 of the Act, from a member, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things, necessary and expedient to give effect to the resolution.”

## 7. Appointment of Mr. Satish Patel as a Whole-Time Director, designated as Director-Finance

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V of the Companies Act, 2013 (‘the Act’) and other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the appointment of Mr. Satish Patel [DIN: 00690869] as Whole-time Director, designated as Director-Finance, by the Board of Directors be and is hereby confirmed for a period of five years with effect from February 13, 2019, on the terms and conditions as agreed between the Company and Mr. Patel.

**RESOLVED FURTHER THAT** in accordance with the provisions of Sections 196, 197 and other applicable provisions, if any, read with Schedule V of the Act and subject to other consents, if any, the approval of the Company be and is hereby accorded to the said appointment of Mr. Satish Patel at such remuneration and perquisites for the year 2019 and further increase by way of annual increment, as the Board may think fit, within the overall limit of remuneration for the period up to February 12, 2024 as per details given below:

Sr. No.	Particulars	Amount in ₹ p.a.	
		With effect from February 13, 2019 for the year 2019	Max. upto February 12, 2024
1	Fixed Base Salary	4,550,000	7,350,000
2	Short Term Bonus (STB)	1,238,000	2,000,000
3	Long Term Bonus (LTB)	1,238,000	2,000,000
4	House Rent Allowance (HRA)	1,820,000	2,950,000
5	Perquisites/Allowances	2,707,000	4,400,000
6	Company’s contributions to funds	1,447,000	2,300,000
<b>Total Cost to the Company</b>		<b>13,000,000</b>	<b>21,000,000</b>

- Travelling and out of pocket expenses in accordance with the Rules of the Company.
- Annual Leave in accordance with the Rules of the Company.
- Personal accident and life insurance coverage in accordance with the Rules of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things, necessary and expedient to give effect to the resolution.”

## 8. Approval to revision in remuneration of Mr. Dharmesh Arora, Managing Director

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** subject to the provisions of Sections 197, 198 and Schedule V of the Companies Act, 2013 (‘the Act’) and other applicable provisions, if any, of the Act and rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Members, be and is hereby accorded for revision in remuneration of Mr. Dharmesh Arora [DIN: 05350121], for the remaining period of his appointment as Managing Director of the Company as under:

**Revised Remuneration:**

		Amount in ₹ p.a.	
Sr. No.	Particulars	With effect from October 22, 2018	Revised Ceiling upto March 5, 2022
1	Fixed Base Salary	16,155,000	21,500,000
2	Short Term Bonus (STB)	7,188,975	9,567,500
3	Long Term Bonus (LTB)	7,188,975	9,567,500
4	House Rent Allowance (HRA)	3,956,700	5,260,000
5	Perquisites/Allowances	5,610,000	7,400,000
6	Company's contributions to funds	3,554,100	4,730,000
<b>Total Cost to the Company</b>		<b>43,653,750</b>	<b>58,025,000</b>

Mr. Arora shall be entitled to further benefits as under:

- Travelling and out of pocket expenses in accordance with rules of the Company.
- Use of the Company car selected by the Company with driver when performing his duties as Managing Director of the Company as well as for private purposes. The cost associated with such Company car, including fuel and maintenance expenses shall be borne by the Company. However, income tax as may be applicable for personal use of Company car, if any, shall be borne by Mr. Arora.
- Mr. Arora shall be entitled to his annual leave (25 days of annual leave per year) during the course of employment as per the Rules of the Company. Generally, such annual leave must be taken within the relevant calendar year. As per the rules of the Company, un-availed leave is encashable at the end of the year.
- Leave of up to one month in a year, should Mr. Arora be unable, due to sickness or accident or other incapacity, to discharge the duties being performed by him.
- Personal accident and life insurance coverage for Mr. Arora according to Company policy. In addition, Mr. Arora shall be included in Schaeffler Group Accident insurance plan.
- Global Health insurance cover for Mr. Arora, his wife and younger daughter (for the duration of her college studies).
- Reimbursement of college studies expenses for Mr. Arora's younger daughter upto a maximum amount of ₹ 1,100,000 p.a. against receipt and for maximum 4 years.
- One time adjustment payment of ₹2,524,852 for 2018, payable in March/April, 2019 together with STB for 2018.

**RESOLVED FURTHER THAT** all other terms and conditions of his Employment Agreement with the Company shall remain unchanged.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things, necessary and expedient to give effect to the resolution.”

#### 9. Approval of Material Related Party Transactions

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the applicable provisions of the Companies Act, 2013, if any, read with rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded to Material Related Party Transactions with ‘Schaeffler Technologies AG & Co. KG’, Germany for a period up to year 2022 with an increase of 20% in the value of transactions on a ‘year on year’ basis as under:

Break-up of Transactions with Schaeffler Technologies AG & Co. KG, Germany	Actual transactions of year 2018	Projections of year 2019	Amount ₹ in million		
			year 2020	year 2021	year 2022
SAP, other IT systems and connectivity cost	436.3	471.2			
Expat Cost	13.9	15.0			
Deputation, Travelling, Training, Testing, Support Fees & Other Cost	84.6	115.0			
Fees for use of technology / trademark	861.3	1,033.6	Increase of 20% over actual transactions of 2019	Increase of 20% over actual transactions of 2020	Increase of 20% over actual transactions of 2021
Payment on behalf of related parties	18.3	20.2			
Purchase of Finish Goods	7,195.5	8,274.9			
Purchase of Raw Materials and Components / Spares	2,846.0	3,272.9			
Sale of Finished Goods	1,381.0	1,519.1			
Service Income received	0.1	7.0			
Purchase of Tangible Fixed Assets	78.2	290.0			
<b>Total</b>	<b>12,915.3</b>	<b>15,018.8</b>			

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things, necessary and expedient to give effect to the resolution.”

#### 10. Alteration of Articles of Association

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“**RESOLVED THAT** subject to provisions of Section 14 of the Companies Act, 2013 read with rules made thereunder and other applicable provisions, if any, consent of the Members of the Company be and is hereby accorded for alteration of Articles of Association of the Company in the following manner:

- In the Index, the Sr. No. ‘20’ and the words ‘The Seal’ and page number ‘8’ be omitted.
- Sub clause (b) of Clause 2.1 be omitted.
- In clause 3.2.2 the words “shall be under the seal and” be omitted
- Clause 20, 20.1 and 20.2 be omitted.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things, necessary and expedient to give effect to the resolution.”

#### 11. To ratify Remuneration of the Cost Auditors

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 225,000/- (Rupees Two Hundred Twenty Five Thousand only) excluding all taxes and reimbursement of out of pocket expenses to M/s. Y. S. Thakar & Co., Cost Accountants, having Firm Registration No. 000318, appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending December 31, 2019, be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things, necessary and expedient to give effect to the resolution.”

By Order of the Board

Chirag K. Shukla  
Company Secretary

Mumbai: February 13, 2019

#### Schaeffler India Limited

(Formerly known as FAG Bearings India Limited)

Regd. Office: Nariman Bhavan, 8<sup>th</sup> Floor, 227, Backbay Reclamation, Nariman Point,

Mumbai - 400 021, Maharashtra, India. CIN: L29130MH1962PLC012340

Ph.: +91-22-6681 4444 Fax: +91-22-2202 7022

E-mail: investorsupport.in@schaeffler.com

website: www.schaeffler.co.in

## Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS 56<sup>TH</sup> ANNUAL GENERAL MEETING OF THE COMPANY, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY SO APPOINTED SHALL HAVE NO RIGHT TO SPEAK AT THE MEETING.
2. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY, PROVIDED THAT SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
3. The instrument of proxy, duly completed, should be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting. No Proxy Form shall be considered as valid if received after 3:00 p.m. (IST) on April 28, 2019.
4. Corporate members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of Companies Act, 2013 ('the Act') are requested to send to the Company a certified copy of the Board resolution authorising their representatives to attend and vote on their behalf at the Meeting.
5. The Register of Members and the Transfer Books of the Company shall remain closed from April 24, 2019 to April 30, 2019 (both days inclusive) to determine entitlement of dividend on equity shares.
6. The Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid within statutory time limit of 30 days, as under:
  - a. To all beneficial owners in respect of shares held in dematerialised form as per the data made available by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on April 23, 2019.
  - b. To all Members in respect of shares held in Physical Form as per the Register of Members of the Company on the close of business hours on April 23, 2019.
7. In terms of the provisions of Section 124 and other applicable provisions of the Companies Act, 2013, the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund ('IEPF') established by the Central Government. Accordingly, the unclaimed dividend in respect of Financial Year 2011 is due for transfer to IEPF in May, 2019. Members who have not yet encashed their dividend warrant(s) pertaining to the dividend for the Financial Year 2011 onwards, are requested to lodge their claims with the Company or with the Registrar and Share Transfer Agent ('RTA') of the Company at the earliest.
8. Attention of Members is invited to the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 amended from time to time ('IEPF Rules'), which inter alia requires the Company to transfer the equity shares, on which the dividend has remained unpaid or unclaimed for a continuous period of seven years, to IEPF. The said Shares, once transferred to IEPF can be claimed after following due procedure prescribed under the IEPF Rules.
9. The Statement of Dividend Amount remained unclaimed and unpaid for 7 consecutive years and Shares due for transfer to IEPF shall be placed on the website of the Company at <https://www.schaeffler.co.in>. The Members are therefore requested to approach the RTA of the Company to claim their unpaid dividend, if any.
10. **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) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. With the proposed change coming into effect from April 1, 2019, Equity Shares of the Company shall be eligible for transfer only in Dematerialized form. Therefore, the Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.**
11. In terms of Section 72 of the Companies Act, 2013, Nomination facility is available to individual shareholders holding shares in the physical form. The shareholders who are desirous of availing this facility, may kindly write to RTA of the Company, M/s. Link Intime India Private Limited, B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara 390020, Gujarat, India quoting their folio number.

12. As per Section 136 of the Companies Act, 2013 read with Rule 11 of Companies (Accounts) Rules, 2014, financial statements may be sent to the Members –
- by electronic mode to such Members whose shares are held in dematerialised form and whose email ids are registered with Depository for communication purposes;
  - where Shares are held in physical form, by electronic mode to such Members who have positively consented in writing for receiving by electronic mode; and
  - by dispatch of physical copies through any recognised mode of delivery as specified under section 20 of the Act, in all other cases. In case, you desire to receive the aforesaid documents in electronic mode in lieu of physical mode, kindly update your e-mail ID with (i) RTA of the Company, for the Shares held in physical form and (ii) Your respective Depository Participant, for the Shares held in Dematerialised form.
13. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), Members are provided with the facility to cast their votes electronically, through the e-voting services provided by Central Depository Services (India) Limited ('CDSL'), on all the resolutions set forth in this Notice.

The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date ('cut-off date') i.e. Tuesday, April 23, 2019, may cast their vote electronically. The e-voting period will commence from Saturday, April 27, 2019 at 9:00 a.m. (IST) and will end at 5:00 p.m. (IST) on Monday, April 29, 2019. The e-voting module will be disabled on April 29, 2019 at 5:00 p.m. (IST). The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date, being April 23, 2019.

Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. Tuesday, April 23, 2019, may obtain User ID and password by sending a request to the RTA i.e. M/s. Link Intime India Private Limited, e-mail id: vadodara@linkintime.co.in. However, Shareholders who are already registered with CDSL for e-voting, can use their existing User ID and password for casting their votes.

**The instructions for shareholders voting electronically are as under:**

- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- Now click on "Shareholders" to cast your votes.
- Now Enter your User ID:
  - For Members holding shares in Demat Form
    - For CDSL: 16 digits beneficiary ID.
    - For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
  - For Members holding shares in Physical Form:
    - Enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password can be used.
- If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
<b>PAN</b>	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company / Depository Participant are requested to use the Sequence Number which is printed on attendance slip indicated in the PAN field.
<b>DOB*</b>	Enter the Date of Birth as recorded in your demat account or in the Company records in dd/mm/yyyy format.
<b>Dividend Bank Details*</b>	Enter the Dividend Bank Details as recorded in your demat account or in the Company records.

\*Please enter the DOB or Dividend Bank Details in order to login. If both the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

- (vii) After entering these details appropriately, click on 'SUBMIT' tab.
- (viii) Members holding shares in physical form will then directly reach the company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the relevant E-voting Sequence Number (EVSN) for the SCHAEFFLER INDIA LIMITED for which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option 'YES/NO' for voting. Select the option YES or NO as desired. The option Yes implies that you assent to the Resolution and option No implies that you dissent to the Resolution.
- (xii) Click on the 'RESOLUTIONS FILE LINK' if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.
- (xiv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on 'Click here to print' option on the Voting page.
- (xvi) If Demat account holder has forgotten the login password, then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for all mobile users. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non-Individual Shareholders and Custodians i.e. Corporate / Institutional Members (FIs / FII's / Trust / Mutual Fund / Banks, etc.):
  - a) Non-individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - c) After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - d) The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts, they would be able to cast their vote.
  - e) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.
- (xix) In case of any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ('FAQs') and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- 14. Statement under Section 102 of the Companies Act, 2013 in respect of Item nos. 5, 6, 7, 8, 9, 10 and 11 under 'Special Business', is attached hereto. All documents referred to in the Notice are open for inspection at the Registered Office of the company between 11:00 a.m. (IST) to 1:00 p.m. (IST) on any working day up to the date of Annual General Meeting.

Statement under Section 102 of the Companies Act, 2013 relating to Special Business mentioned in the Notice convening the 56<sup>th</sup> Annual General Meeting:

## **ITEM No. 5. Appointment of Mr. Jurgen Ziegler as Director**

The Board of Directors at its meeting held on April 17, 2018, on the recommendation of the Nomination and Remuneration Committee, has appointed Mr. Jurgen Ziegler as an Additional Director effective April 18, 2018. Pursuant to provisions of Section 161 of the Companies Act, 2013, Mr. Jurgen Ziegler holds office upto the date of this Annual General Meeting.

Mr. Jurgen Ziegler has studied business administration at the AKAD University in Germany. Mr. Ziegler has around 38 years of experience working in different countries and has experience in the fields of logistics, project management, financial controlling, strategic planning, business restructuring, etc. Mr. Ziegler is currently Regional CEO-Europe, of Schaeffler AG.

His continued association with the Company as a Director would be a great advantage. Your Directors therefore recommend his election to the office of Director of the Company. The Company has received notice from the member proposing his candidature for the office of Director under Section 160 of the Companies Act, 2013.

The details of Mr. Jurgen Ziegler as required under the provisions of Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Secretarial Standard 2 on General Meetings are disclosed under Annexure A to this Statement.

Except Mr. Jurgen Ziegler, none of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in item no. 5 of the Notice.

The Board recommends the Resolution under item no. 5 of the Notice for approval of the Members as an Ordinary Resolution.

## **ITEM No. 6. Appointment of Mr. Satish Patel as Director**

The Board of Directors at its meeting held on February 13, 2019, on the recommendation of the Nomination and Remuneration Committee, has appointed Mr. Satish Patel as an Additional Director effective February 13, 2019. Pursuant to provisions of Section 161 of the Companies Act, 2013, Mr. Satish Patel holds office upto the date of this Annual General Meeting.

Mr. Patel is an Associate Member of the Institute of Cost Accountants of India and holds a Master's degree in Commerce. Mr. Patel is associated with the company since 1992 and has a vast experience of over 28 years in the field of controlling and finance management. Mr. Patel brings in rich experience in the areas of controlling, budgeting, accounting, taxation, corporate finance, reporting, treasury, risk management, internal controls and corporate affairs. He has played a crucial role in strategy development and execution. He is a key member of the Executive Leadership Team of the Company. He has held various incremental leadership positions during his long tenure with the Company and has been in the leadership role since over 12 years.

His continued association with the Company as a Director would be a great advantage. Your Directors therefore recommend his election to the office of Director of the Company. The Company has received notice from the member proposing his candidature for the office of Director under Section 160 of the Companies Act, 2013.

The details of Mr. Satish Patel as required under Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Secretarial Standard 2 on General Meetings are disclosed under Annexure A to this Statement.

Except Mr. Satish Patel, none of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in item no. 6 of the Notice.

The Board recommends the Resolution under item no. 6 of the Notice for approval of the Members as an Ordinary Resolution.

## **ITEM No. 7. Appointment of Mr. Satish Patel as a Whole-Time Director, designated as Director-Finance**

The Board of Directors at its meeting held on February 13, 2019, on the recommendation of the Nomination and Remuneration Committee, has appointed Mr. Satish Patel as a Whole-Time Director, designated as Director-Finance, effective February 13, 2019. The Directors are of the view that his knowledge, experience, guidance would be useful for the growth of the Company in the future as well.



Mr. Patel is not holding any equity shares in the Company.

The material terms and conditions of his appointment including remuneration are as follows:

### A. Duties and Position

- a) Mr. Patel agrees to serve the Company in the capacity of Whole Time Director for the period February 13, 2019 to February 12, 2024 (subject to earlier termination) on the terms and conditions herein contained.
- b) Mr. Patel will be overall in-charge of Finance function of the Company. He shall report to the Managing Director.
- c) Mr. Patel shall faithfully adhere to, execute and fulfil all policies and guidelines established by the Board of Directors of the Company and by Corporate Headquarters of the Schaeffler Group.
- d) Irrespective of his authorization to represent the Company externally in accordance with the Articles of Association, special shareholders' resolutions or statutory laws, Mr. Patel is obliged to observe all Schaeffler Group guidelines and procedures applicable internally to him and to the Company and to ensure that they are observed within the Company, especially with regard to the rights, obligations and restrictions of the Approval Guideline P 170002.
- e) Mr. Patel further undertakes to ensure adherence to the compliance standards valid within the Schaeffler Group. This includes in particular observance of the 'Anti-Bribery and Anti-Corruption Guideline' (on the handling of acceptance of gratuities and gifts) and the 'Competition and Antitrust Guideline' (dealings with competitors and business partners).
- f) Mr. Patel confirms that he has knowledge of the content of the foresaid guidelines and guarantees that they are adopted within the Company and agrees to take the necessary measures to enforce a compliance environment within the Company.
- g) Mr. Patel shall devote the most substantial part of his time and attention to the affairs of the Company and shall not, without its express consent in writing, engage in any business, profession or occupation (whether or not competing with its business) or become a director, consultant, partner or owner in or of any other entity. Mr. Patel shall continue to be Chief Financial Officer of the Company and may carry title 'Director-Finance & Chief Financial Officer'.
- h) Mr. Patel shall faithfully serve the Company and use his best endeavours to promote the interests thereof. He shall not, while an employee thereof or thereafter, directly or indirectly, divulge any information concerning the affairs, or any information of whatever nature which he shall have acquired during his employment, to anyone or to use it for any purpose except performance of his duties in terms of his Employment.

### B. Remuneration and Benefits

Remuneration: ₹13.00 Million (total Cost to the Company)

		Amount In ₹ p.a.	
Sr. No.	Particulars	With effect from February 13, 2019 for the year 2019	Max. upto February 12, 2024
1	Fixed Base Salary	4,550,000	7,350,000
2	Short Term Bonus (STB)	1,238,000	2,000,000
3	Long Term Bonus (LTB)	1,238,000	2,000,000
4	House Rent Allowance (HRA)	1,820,000	2,950,000
5	Perquisites/Allowances	2,707,000	4,400,000
6	Company's contributions to funds	1,447,000	2,300,000
<b>Total Cost to the Company</b>		<b>13,000,000</b>	<b>21,000,000</b>

- Travelling and out of pocket expenses in accordance with the Rules of the Company.
- Annual Leave in accordance with the Rules of the Company.
- Personal accident and life insurance coverage in accordance with the Rules of the Company.

The Short Term Bonus and Long Term Bonus are variable components of the remuneration to Mr. Patel and the criteria for determination thereof effective 2019, are as under:

#### A. Short Term Bonus:

- (a) Free Cash Flow generation (50%); and
- (b) Schaeffler Value Added (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 (25%);
- (b) Free Cash Flow generation (25%); and
- (c) Service Condition (50%)

The appointment and remuneration payable to Mr. Patel is required to be approved by the shareholders in the General Meeting and accordingly this resolution is being placed before the Members for approval.

The details of Mr. Satish Patel as required under Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Secretarial Standard 2 on General Meetings are disclosed under Annexure A to this Statement.

Except Mr. Satish Patel, none of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in item no. 7 of the Notice.

The Board recommends the Resolution under item no. 7 of the Notice for approval of the Members as an Ordinary Resolution.

## ITEM No. 8. Approval to Revision in Remuneration of Mr. Dharmesh Arora, Managing Director

The Board of Directors, at its meeting held on October 22, 2018 has on the recommendation of Nomination and Remuneration Committee, approved revision in remuneration of Mr. Dharmesh Arora, Managing Director of the Company, considering enhanced responsibilities due to bigger size of the Company pursuant to merger as under:

#### Revised Remuneration of Mr. Dharmesh Arora:

Sr. No.	Particulars	Amount in ₹ p.a.	
		With effect from October 22, 2018	Revised Ceiling up to March 5, 2022
1	Fixed Base Salary	16,155,000	21,500,000
2	Short Term Bonus (STB)	7,188,975	9,567,500
3	Long Term Bonus (LTB)	7,188,975	9,567,500
4	House Rent Allowance (HRA)	3,956,700	5,260,000
5	Perquisites/Allowances	5,610,000	7,400,000
6	Company's contributions to funds	3,554,100	4,730,000
	<b>Total Cost to the Company</b>	<b>43,653,750</b>	<b>58,025,000</b>

**Mr. Arora shall be entitled to further benefits as under:**

- Travelling and out of pocket expenses in accordance with rules of the Company.
- Use of the Company car selected by the Company with driver when performing his duties as Managing Director of the Company as well as for private purposes. The cost associated with such Company car, including fuel and maintenance expenses shall be borne by the Company. However, income tax as may be applicable for personal use of Company car, if any shall be borne by Mr. Arora.
- Mr. Arora shall be entitled to his annual leave (25 days of annual leave per year) during the course of employment as per the Rules of the Company. Generally, such annual leave must be taken within the relevant calendar year. As per the rules of the Company, un-availed leave is encashable at the end of the year.
- Leave of up to one month in a year, should Mr. Arora be unable, due to sickness or accident or other incapacity, to discharge the duties being performed by him.
- Personal accident and life insurance coverage for Mr. Arora according to Company policy. In addition, Mr. Arora shall be included in Schaeffler Group Accident insurance plan.
- Global Health insurance cover for Mr. Arora, his wife and younger daughter (for the duration of her college studies).
- Reimbursement of college studies expenses for Mr. Arora's younger daughter upto a maximum amount of ₹ 1,100,000 p.a. against receipt and for maximum 4 years.
- One time adjustment payment in the amount of ₹ 2,524,852 for 2018, payable in March/April, 2019 together with STB for 2018.

All other terms and conditions of his Employment Agreement with the Company shall remain unchanged.

The Short Term Bonus and Long Term Bonus are variable components of the remuneration to Mr. Arora and the criteria for determination thereof effective 2019, are as under:

**A. Short Term Bonus:**

- (a) Free Cash Flow generation (50%); and
- (b) Schaeffler Value Added (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 (25%);
- (b) Free Cash Flow generation (25%); and
- (c) Service Condition (50%)

The details of Mr. Dharmesh Arora as required under the provisions of Secretarial Standard 2 on General Meetings are disclosed under Annexure A to this Statement.

Except Mr. Dharmesh Arora, none of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in item no.8 of the Notice.

The Board recommends the Resolution under item no. 8 of the Notice for approval of the Members as an Ordinary Resolution.

**ITEM No. 9. Approval of Material Related Party Transactions**

In order to sustain quality standards of the Schaeffler Group, quantitative benefits, ease of customer reach, global representation and in the best interest of the Company and its shareholders, material transactions of the Company pertaining to sale, purchase or supply of goods, materials & services have been undertaken since long with Schaeffler Group Company, i.e. Schaeffler Technologies AG & Co. KG, Germany ('Schaeffler Technologies').

The Shareholders of the Company at their 54<sup>th</sup> Annual General Meeting held on April 21, 2017, had approved material Related Party Transactions with Schaeffler Technologies for a period of three years. However, with the merger of erstwhile INA Bearings India Private Limited ('INA') and erstwhile LuK India Private Limited ('LuK') with the Company during the year, the respective business transactions of INA and LuK with Schaeffler Technologies have been added to that of the Company. Therefore, the total amount of transactions with Schaeffler Technologies has exceeded the limits previously approved by the Shareholders.

A summary of transactions carried out with Schaeffler Technologies AG & Co. KG, Germany during the financial year 2018 including transactions of INA as well as LuK, and the anticipated transactions from the year 2019 till the year 2022 are as under:

Break-up of Transactions with Schaeffler Technologies AG & Co. KG, Germany	Actual transactions of year 2018	Projections of year 2019	Amount ₹ in million		
			year 2020	year 2021	year 2022
SAP, other IT systems and connectivity cost	436.3	471.2			
Expat Cost	13.9	15.0			
Deputation, Travelling, Training, Testing, Support Fees & Other Cost	84.6	115.0			
Fees for use of technology / trademark	861.3	1,033.6	Increase of 20% over actual transactions of 2019	Increase of 20% over actual transactions of 2020	Increase of 20% over actual transactions of 2021
Payment on behalf of related parties	18.3	20.2			
Purchase of Finish Goods	7,195.5	8,274.9			
Purchase of Raw Materials and Components / Spares	2,846.0	3,272.9			
Sale of Finished Goods	1,381.0	1,519.1			
Service Income received	0.1	7.0			
Purchase of Tangible Fixed Assets	78.2	290.0			
<b>Total</b>	<b>12,915.3</b>	<b>15,018.8</b>			

These transactions as well as the proposed transactions would continue to be in ordinary course of business and at arm's length basis.

Pursuant to provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Material Related Party Transactions require approval of the members through an ordinary resolution where none of the related parties can vote to approve such transactions. Therefore, approval of the Members of the Company is sought through an Ordinary Resolution. The Audit Committee and Board of Directors have considered that these transactions are in ordinary course of business, on arm's length basis and in the interest of the Company and accordingly, recommend to the Members for their approval by way of an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 9 of the Notice except to the extent of their directorship or shareholding or employment in the Company or in Schaeffler Technologies or any other Schaeffler Group Company, as the case may be, if any.

The Board recommends the Resolution under item no. 9 of the Notice for approval of the Members as an Ordinary Resolution.

## ITEM No. 10. Alteration of Articles of Association

As per the provisions of the Companies (Amendment) Act, 2015, effective May 29, 2015, the regulatory requirement of having a Common Seal for the Company has been made optional. The present Articles of Association of the Company contains following clause with regard to affixing of Common Seal:

### 20. THE SEAL

20.1 The Board shall provide for the safe custody of the seal.

20.2 The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least a director and of the secretary or Key Managerial Personnel ("KMP") or such other person as the Board may appoint for the purpose and such persons shall sign every instrument to which the seal of the Company is so affixed in their presence.

According to the above provisions, every document requiring Common Seal shall require approval of the Board of Directors through a resolution and it also needs to be affixed in presence of at least one Director and the Secretary or KMP or such other person authorized in that behalf.

Therefore, in the interest of the business of the Company and to align with the regulatory amendment, it is proposed to amend the Articles of Association of the Company to omit the provisions relating to the Seal of the Company.

As per regulatory requirements, the Articles of the Company may be altered by passing a Special Resolution of Shareholders of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in item no. 10 of the Notice.

The Board recommends the Resolution under item no. 10 of the Notice for approval of the Members as a Special Resolution.

## **ITEM No. 11. To Ratify Remuneration of the Cost Auditors**

Upon the recommendation of the Audit Committee, the Board of Directors of the Company in its meeting held on February 13, 2019 has, based upon the eligibility and consent to act as such, re-appointed M/s Y. S. Thakar & Co., Cost Accountants, as the Cost Auditors of the Company for conducting the audit of the cost records of the Company for the Financial Year ending December 31, 2019.

The Audit Committee and the Board of Directors of the Company have approved a remuneration of ₹ 225,000 (Rupees Two Hundred Twenty Five Thousand only) excluding all taxes and reimbursement of out of pocket expenses for the year 2019, considering the fact that with the merger of erstwhile INA Bearings India Private Limited and erstwhile LuK India Private Limited with the Company, the cost audit shall include cost records of products manufactured from Pune as well as Hosur facilities of the Company.

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members of the Company are required to ratify the remuneration to be paid to the cost auditors of the Company.

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out at item no. 11 of the Notice for ratification of the remuneration to be paid to the Cost Auditors for conducting the audit of the cost records of the Company for the Financial Year ending December 31, 2019.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in item no. 11 of the Notice.

The Board recommends the Resolution under item no.11 of the Notice for approval of the Members as an Ordinary Resolution.

**By Order of the Board**

**Chirag K. Shukla**  
Company Secretary

Mumbai: February 13, 2019

### **Schaeffler India Limited**

(Formerly known as FAG Bearings India Limited)

Regd. Office: Nariman Bhavan, 8<sup>th</sup> Floor, 227,  
Backbay Reclamation, Nariman Point,  
Mumbai - 400 021, Maharashtra, India.

CIN: L29130MH1962PLC012340

Ph.: +91-22-6681 4444 Fax: +91-22-2202 7022,

E-mail: investorsupport.in@schaeffler.com

website: www.schaeffler.co.in

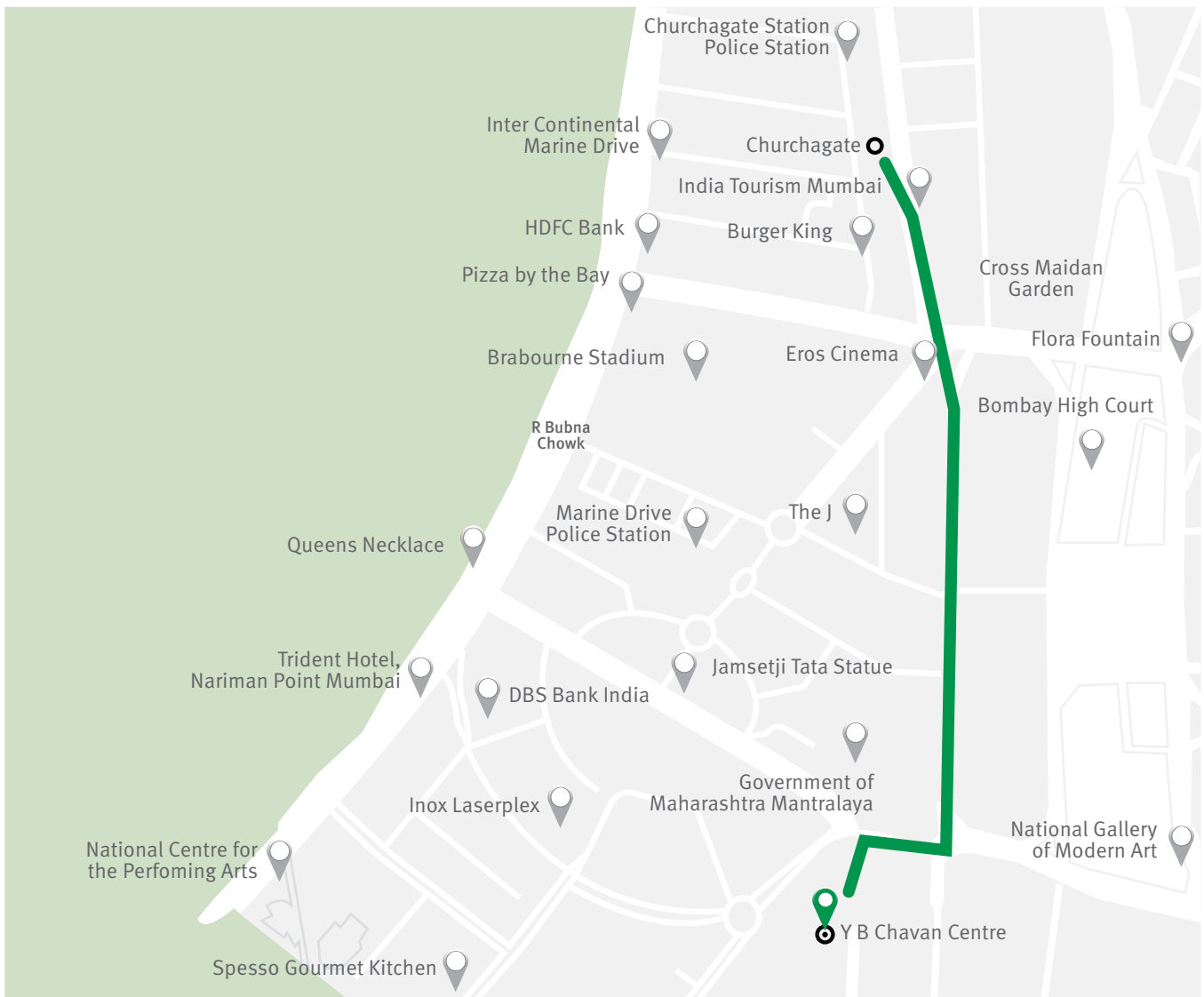
## Annexure - A

Information on Directors seeking appointment / re-appointment / revision in Remuneration at 56<sup>th</sup> Annual General Meeting pursuant to Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to provisions of Secretarial Standard 2 on General Meetings:

Name	Mr. Klaus Rosenfeld	Mr. Jurgen Ziegler	Mr. Satish Patel	Mr. Dharmesh Arora
Director Identification Number	07087975	07092477	00690869	03350121
Date of Birth / Age	May 6, 1966 / 52 Years	March 1, 1959 / 60 Years	May 31, 1964 / 54 Years	August 8, 1967 / 51 Years
Qualification	Master of Business Administration and Economics, University of Muenster.	Business Administration, AKAD University, Germany.	M.Com, Cost Accountant, the Institute of Cost Accountants of India.	Diploma in Mechanical Engineering from University of Mumbai; TRIUM Global Executive MBA degree from Stern School of Business, NYU, London School of Economics and HEC Paris.
Brief Profile and nature of expertise in specific functional area and experience	Mr. Rosenfeld started his professional career as a trainee banker at the Dresdner Bank and subsequently studied business administration and economics at the University of Muenster. He returned to Dresdner Bank in 1993 and in 2002 he was appointed Member of Board of Managing Directors of Dresdner Bank AG. He has over 20 years of Experience in Banking and Finance. He is currently CEO of Schaeffler AG.	Mr. Ziegler has around 38 years of experience working in different countries and has experience in the fields of sales, logistics, project management, financial controlling, strategic planning, business restructuring etc. Mr. Ziegler is currently Regional CEO- Europe of Schaeffler AG.	Mr. Patel is associated with the Company since 1992 and has a vast experience of over 28 years in the field of controlling and finance management. Mr. Patel brings in rich experience in the areas of controlling, budgeting, accounting, reporting, treasury, corporate finance, internal controls and corporate affairs. He has played a crucial role in strategy development and execution. He is a key member of the Executive Leadership Team of The Company. He has held various incremental leadership positions during his long tenure with the Company and has been in the leadership role since over 12 years.	Mr. Arora joined Schaeffler in 2012. Under his leadership, Schaeffler has consolidated its position in India, as a leading supplier of high quality components and systems for industrial and automotive applications through three product brands – FAG, INA and LuK. Mr. Arora has rich experience of over 27 years. He began his career as a product engineer with Maruti and after a successful stint, he joined General Motors where he worked in the areas of product engineering, supply chain and purchase. Mr. Arora held key senior management and global leadership positions at General Motors in India, Thailand, Mexico and USA in a career spanning over two decades, prior to joining Schaeffler.
Date of first appointment on the Board	February 11, 2015	April 18, 2018	February 13, 2019	March 6, 2017
Category	Non-Independent Non-Executive	Non-Independent Non-Executive	Executive - Non-Independent	Executive - Non-Independent
Relationship with other Directors and KMP	Not related to any other Director or KMP	Not related to any other Director or KMP	Not related to any other Director or KMP	Not related to any other Director or KMP
Current Remuneration (last drawn remuneration)	Not Applicable	Not Applicable	₹ 11.1 Million p.a. (as CFO)	₹ 36.3 Million p.a.
Details of remuneration sought to be paid	Not Applicable	Not Applicable	₹ 13.0 Million p.a.	₹ 43.6 Million p.a.
Terms and Conditions of appointment / Terms of revised remuneration	He shall continue to be subject to terms and conditions of his appointment as Non-Executive Director.	He shall continue to be subject to terms and conditions of his appointment as Non-Executive Director.	As detailed in the Explanatory Statement.	As detailed in the Explanatory Statement.
Shareholding in the Company	Nil	Nil	Nil	Nil
No. of Meetings of the Board attended during the year 2018	2 out of 4 Board Meetings attended	2 out of 2 Board Meetings attended	Not Applicable	4 out of 4 Board Meetings attended
Directorships – Listed Companies	Schaeffler India Limited	Schaeffler India Limited	Schaeffler India Limited	Schaeffler India Limited
Directorships – Non-listed Companies	Nil	Sona BLW Precision Forgings Limited	Nil	The Indo German Chamber of Commerce
Committee Membership/ Chairmanship <sup>1</sup>	Nil	Nomination and Remuneration Committee - Member Audit Committee - Member	Audit Committee – Member Risk Management Committee – Member	Stakeholders' Relationship Committee – Member Corporate Social Responsibility Committee – Member Risk Management Committee-Chairman

1 Committee Membership/ Chairmanship mentioned are of Schaeffler India Limited. None of the above mentioned Directors hold any Committee Membership/Chairmanship in any other Company.

# Route Map



**Y B Chavan Center,**  
General Jagannath Bhosle Road,  
Besides Sachivalaya Gymkhana,  
Nariman Point, Mumbai,  
Maharashtra 400021, India.

Landmark: Government of Maharashtra Mantralaya

**Form**

(Shareholder's option to receive documents in electronic form)

To  
Link Intime India Private Limited.  
Unit: Schaeffler India Limited  
B-102 -103, Shangrila Complex, First Floor,  
Opp. HDFC Bank, Near Radhakrishna Char Rasta,  
Akota, Vadodara-390 020, Gujarat, India  
E-mail: vadodara@linkintime.co.in  
Ph. No.: 0265-2356794, 2356796

Dear Sir(s),

**Subject: Update my / our e-mail address(es) in your records.**

Please note my / our following e-mail address(es) and send Notice / documents through electronic mode in future:

---

Name of the Shareholder / Beneficial Owner

---

Registered Folio No. / DP ID and Client ID

---

No. of Shares

---

E-mail address of the first named Shareholder / Beneficial Owner

---

Email address of the second / third named Shareholder / Beneficial Owner

---

Date:

Place:

.....  
Signature of the shareholder / Beneficial Owner







**Proxy Form**  
Form No. MGT - 11

**Schaeffler India Limited**  
[Formerly Known as FAG Bearings India Limited]

CIN: L29130MH1962PLC012340

Regd. Office : Nariman Bhavan, 8<sup>th</sup> Floor, 227 Backbay Reclamation, Nariman Point, Mumbai - 400 021, Maharashtra, India.  
Ph.: +91-22-6681 4444 Fax: +91-22-2202 7022 e-mail:investorsupport.in@schaeffler.com; website: www.schaeffler.co.in

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**56<sup>th</sup> Annual General Meeting - April 30, 2019**

Name of the Member(s) :
Registered Address:
E-mail ID:
Folio No. / Client ID:
DP ID:
I / We, being the member(s) of .....shares of the above named company, hereby appoint

Name:

Address:

1

E-mail ID:

Signature:

or failing him

Name:

Address:

2

E-mail ID:

Signature:

or failing him

Name:

Address:

3

E-mail ID:

Signature:

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 56<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, the 30<sup>th</sup> day of April, 2019 at 03.00 p.m. at Y B Chavan Center, General Jagannath Bhosle Road, Besides Sachivalaya Gymkhana, Nariman Point, Mumbai, Maharashtra 400 021, India, and at any adjournment thereof in respect of such resolutions as are indicated below:

## Ordinary Business

1. To receive, consider and adopt the Financial Statements including Balance Sheet as at December 31, 2018 and the Statement of Profit and Loss for the year ended on that date along with Directors' and Auditors' Report thereon.
2. To declare Dividend for the year ended December 31, 2018.
3. To appoint a Director in place of Mr. Klaus Rosenfeld [DIN: 07087975], who retires by rotation and being eligible offers himself for re-appointment.
4. To authorise Board of Directors to fix remuneration of B.S.R. & Co. LLP, Chartered Accountants, Mumbai, (Firm Registration Number: 101248 W / W-100022) for the year 2019.

## Special Business

5. Appointment of Mr. Jurgen Ziegler as Director
6. Appointment of Mr. Satish Patel as Director
7. Appointment of Mr. Satish Patel as a Whole-Time Director, designated as Director-Finance
8. Approval to revision in Remuneration of Mr. Dharmesh Arora, Managing Director
9. Approval of Material Related Party Transactions
10. Alteration of Articles of Association
11. To ratify remuneration of the Cost Auditors

Signed this (Date) day of (Month) 2019.

---

Signature of Shareholder

₹1 Revenue Stamp with Proxy's Signature
--

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

**FOR SHARES HELD IN PHYSICAL MODE**

To,  
**Link Intime India Private Limited**  
**Unit: Schaeffler India Limited**  
 B-102 & 103, Shangrila Complex, First Floor,  
 Opp. HDFC Bank, Near Radhakrishna Char Rasta,  
 Akota, Vadodara -390 020,Gujarat, India

**FOR SHARES HELD IN ELECTRONIC MODE**

To,  
 Name & Address of Depository Participant

Dear Sirs,  
**Sub.: Payment of Dividend through NECS [NECS Mandate Form]**

I / We hereby give my / our mandate to credit my / our Dividend on the share/s held by me / us under the Folio No. / Demat Account mentioned, directly to my / our Bank Account through the National Electronic Clearing System [NECS] / to prepare my / our dividend warrant with details of my / our Bank Account No. and Name of the Bank & Branch.

**The Details of the Bank Account are given below.**

Name of First / Sole shareholder [IN BLOCK LETTERS]

Folio Number as appearing on Share Certificate / DP ID & Client ID

Name of the Bank in Full

Branch Name

Address & Telephone No. of the Bank

9 Digit Code No. of the Bank & Branch as appearing on the MICR Cheque issued by the Bank

Type of Account with Code	Saving Bank – 10	Current – 11	Cash Cr. - 13
A/C No. as appears on Cheque Book	Bank Ledger No./ Bank Ledger Folio No. (If any, appearing on the Cheque Book)		PAN / GIR No.

Address of the share holder

I / We enclose a blank cancelled cheque / photo copy of front page of Bank Account passbook statement attested by the Bank to enable you to verify the details.

I / We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I / We would not hold the Company / the user institution responsible. I / We undertake to inform any subsequent changes in the above particulars before the relevant Book closure Date(s). I / We understand that, the above details shall be maintained by you till I / We hold the shares in physical / electronic mode under the captioned Folio No. / DP ID & Client ID.

Place : Signature of Sole / First Shareholder.

Date : Signature of Second / Third Joint Shareholder.











**Schaeffler India Limited**  
[formerly known as FAG Bearings India Ltd]

Maneja, Vadodara - 390 013  
Gujarat, India.  
Tel.: +91 265 6602000 - 2004  
Fax: +91 265 2638804  
[www.schaeffler.co.in](http://www.schaeffler.co.in)

**SCHAEFFLER**