

## CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' 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. The core principles of Corporate Governance are:

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

FAG 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. This Corporate Governance Report sets out a description of FAG India's Corporate Governance Practices.

### 2 BOARD OF DIRECTORS

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

#### (A) Composition of Board

- (i) The management of your Company is entrusted to the Managing Director, who is assisted by a Management Core Team and Senior Executives having rich experience and expertise in their respective fields.
- (ii) None of the Directors on the Board is a Member of more than 10 Committees or a Chairman of more than 5 Committees [as stipulated in Clause 49 of the Listing Agreement or Regulation 26(1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015] across all the Indian Public Companies, in which he / she is a Director. The necessary disclosure regarding the committee position & other Directorship has been made by the Directors.
- (iii) 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 (Public and Private) and committee chairmanship / membership held by them in Indian Public Companies are given herein 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)	DIN	Category	No. of	No. of Membership	Attendance in	The last
			Directorships	in Committees (Chairmanship)		
As on December 31, 2015						
Mr. Avinash Gandhi	00161107	NE & NID	13	6(2)	4	Yes
Mr. Rajendra Anandpara	02461259	E & NID	1	1	4	Yes
Mr. Klaus Rosenfeld	07087975	NE & NID	1	0	3	Yes
Mr. Frank Huber	00689169	NE & NID	1	0	3	Yes
Mr. Dietmar Heinrich	00928243	NE & NID	1	0	4	Yes
Mr. R. Sampath Kumar	00495192	NE & NID	3	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	4	1	4	Yes
Mr. Rober Schullan (Up to February 7, 2015)	06717166	NE & NID	-	-	-	NA
Mr. Dharmesh Arora (Up to February 11, 2015)	05350121	NE & NID	-	-	1	NA

\*E & NID: Executive and Non-independent Director \*NE & NID: Non-executive and Non-independent Director

\*NE & ID: Non-executive and Independent Director

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**(iv) Executive Director:**

Except Mr. Rajendra Anandpara, the remaining eight Directors are Non-executive Directors and out of them, three are 'Independent Directors'.

**(v) Independent Directors:**

- 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'.

**(vi) Non-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 Non-Independent Director'.

- Mr. Dietmar Heinrich, Mr. Frank Huber, Mr. Klaus Rosenfeld (Director w. e. f. February 11, 2015), Mr. Robert Schullan (Director up to February 7, 2015) and Mr. Dharmesh Arora (Director up to February 11, 2015), are professionals, working at senior positions with 'Schaeffler' and are classified as 'Non-executive and Non-independent Director'.

- Mr. R. Sampath Kumar is a lawyer, rendering legal services to 'Schaeffler' and is a 'Non-executive and Non-Independent Director'.

The 'Board of Directors' is constituted with an appropriate combination of Independent, Non-independent Directors, Woman Director, Executive and Non-executive Directors as per the prevailing regulatory requirements, as may be applicable. None of the Directors is related inter-se.

**Directors' Shareholding in the Company**

None of the Directors hold shares of the Company as on December 31, 2015.

**► Profile of Directors seeking Appointment / Re-appointment in 53<sup>rd</sup> Annual General Meeting**

<b>Name</b>	<b>Mr. Avinash Gandhi</b>
<b>Father's Name</b>	Late Mr. Sitaram Gandhi
<b>Date of Birth</b>	October 1, 1938
<b>Director Identification Number</b>	00161107
<b>Qualification</b>	Degree in Mechanical Engineering
<b>Occupation / Specialisation</b>	Directorship / Advisory Auto Sector
<b>Association</b>	Since 2002 with FAG Bearings India Limited
<b>Category</b>	Non-executive and Non-independent Director
<b>Shareholding in the Company</b>	Nil
<b>Directorships*</b>	1 FAG Bearings India Limited 2 Lumax Industries Limited 3 Uniproducs (India) Limited 4 Havells India Limited 5 Indo Alusys Industries Limited 6 Minda Corporation Limited 7 Minda Sai Limited 8 Avinar Consulting Private Limited 9 Minda Vast Access Systems Private Limited 10 Minda Furukawa Electric Private Limited 11 Hyundai Motor India Limited 12 Hyundai Motor India Engineering Private Limited 13 QRG Enterprises Limited

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Committee Memberships <sup>\$</sup>	
	1 FAG Bearings India Limited Audit Committee - Member Nomination & Remuneration Committee - Member
	2 Havells India Limited Audit Committee - Member Nomination & Remuneration Committee - Member
	3 Hyundai Motor India Limited Audit Committee - Member Nomination & Remuneration Committee - Member
	4 Lumax Industries Limited Audit Committee - Chairman Nomination & Remuneration Committee - Member
	5 Minda Corporation Limited Audit Committee - Member
	6 Minda Sai Limited Audit Committee - Chairman

\* Directorships means Directorships in Indian Companies.

<sup>\$</sup> Memberships means Memberships in Committees of Board of Indian Public Companies.

### ► Profile of Directors seeking Appointment / Re-appointment in 53<sup>rd</sup> Annual General Meeting

Name	Mr. Dietmar Heinrich
Father's Name	Mr. Alfred Heinrich
Date of Birth	September 9, 1963
Director Identification Number	00928243
Qualification	Professional qualification in Mechanical Engineering
Occupation / Specialisation	CEO of Europe Region of Schaeffler Group / Leadership
Association	Since 2014 with FAG Bearings India Limited
Category	Non-executive and Non-independent Director
Shareholding in the Company	Nil
Directorships*	FAG Bearings India Limited
Committee Memberships <sup>\$</sup>	FAG Bearings India Limited Nomination & Remuneration Committee - Member

\* Directorships means Directorships in Indian Companies.

<sup>\$</sup> Memberships means Memberships in Committees of Board of Indian Public Companies.

### (B) Board Meeting(s) During 2015

In all, four Board Meetings were held during 2015 on the following dates:

Board Meeting (s)	I	II	III	IV
Dates	February 11	April 24	July 16	November 5
Start Timing	11:00 am	10:30 am	10:30 am	04:30 pm
Venue	Mumbai	Mumbai	Herzogenaurach Germany	Pune

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

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**(C) Board Meeting Procedure**

Annual Calendar of Board Meetings of 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.
5. The information on recruitment and remuneration of senior officers just below the Board level, 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 2015 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;

[http://www.schaeffler.co.in/content.schaeffler.co.in/e/company/fag\\_in\\_india/investorsrelations/codeofconduct/codeofconduct\\_1.jsp](http://www.schaeffler.co.in/content.schaeffler.co.in/e/company/fag_in_india/investorsrelations/codeofconduct/codeofconduct_1.jsp)

**(E) Familiarisation Programmes to Independent Directors**

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

Guided by the principles laid down for Corporate Governance under the Listing Agreement, SEBI Regulations and the Companies Act, 2013, Independent Directors are appraised through familiarisation programmes to provide insights into the Company, including; nature of Industry in which the Company operates, business model of the Company, relevant information on business processes and roles, responsibilities, duties and rights of Independent Directors.

The details of such familiarisation programmes have been disclosed on the website of the Company on following web-link;

[http://www.schaeffler.com/remotemedien/media/\\_shared\\_media/03\\_worldwide/02\\_websites\\_worldwide/india\\_2/company/fag\\_india/ir/independent\\_directors/Familiarisation\\_Programme\\_FAG\\_India.pdf](http://www.schaeffler.com/remotemedien/media/_shared_media/03_worldwide/02_websites_worldwide/india_2/company/fag_india/ir/independent_directors/Familiarisation_Programme_FAG_India.pdf)

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### 3 AUDIT COMMITTEE

#### (A) Composition of Audit Committee

The Company has an Audit Committee at the Board level, 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 existing Audit Committee was last re-constituted in a Board Meeting held on February 11, 2015 with following members:

Sr. No.	Name of Director(s)	Acting in the Committee as	Category
1	Mrs. Renu Challu	Chairperson	Non-executive & Independent
2	Mr. Avinash Gandhi	Member	Non-executive & Non-independent
3	Mr. Rakesh Jinsi	Member	Non-executive & Independent
4	Dr. Sanak Mishra	Member	Non-executive & Independent

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 2015 are as follows:

Audit Committee Meeting(s)	I	II	III	IV
Dates	February 11	April 24	July 16	November 5
Start Timing	09:00 am	09:00 am	09:00 am	03:00 pm
Venue	Mumbai	Mumbai	Herzogenaurach, Germany	Pune
Attended by	All the Members			

The meetings of Audit Committee were also attended by the Managing Director, the Chief Financial Officer, the Company Secretary, the Statutory and the Internal Auditors of the Company. The Cost Auditor attended meeting held on April 24, 2015.

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 52<sup>nd</sup> Annual General Meeting held on Friday, April 24, 2015.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- 1 Management discussion and analysis of financial condition and results of operations;
- 2 Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
- 3 Management letters / letters of internal control weaknesses issued by the statutory auditors;
- 4 Internal audit reports relating to internal control weaknesses;

5 The appointment, removal and terms of remuneration of the Chief Internal Auditor; and

6 Statement of deviations.

#### (C) Terms of Reference

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules made thereunder, Listing Agreements or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable, 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 Committee acts as a link amongst the Management, Auditors and the Board of Directors. 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

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- 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 auditor's report thereon before submission to the Board for approval, with particular reference to:
    - a) Matters required to be included in the 'Directors' Responsibility Statement'.
    - 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 statement.
    - f) Disclosure of any related party transactions.
    - g) Qualifications / 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 auditor's 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 (NRC)

Pursuant to provisions of Section 178 of the Companies Act, 2013 read with Listing Agreement, 'Nomination and Remuneration Committee' of the Board (hereinafter referred as 'NRC') was constituted with effect from November 6, 2014.

##### (A) Composition of NRC

The NRC, last reconstituted at the Board Meeting held on February 11, 2015, is in line with prevailing provisions of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, consisting of following members:

Sr. No.	Name of Director(s)	Acting in the Committee as	Category
1	Dr. Sanak Mishra	Chairman	Non-executive & Independent
2	Mr. Rakesh Jinsi	Member	Non-executive & Independent
3	Mr. Dietmar Heinrich	Member	Non-executive & Non-independent
4	Mr. Avinash Gandhi	Member	Non-executive & Non-independent



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### (B) Meetings of NRC and Attendance of Members

During the year 2015, two meetings of NRC were held, details of which are as follows;

NRC Meeting	Dates	Start Timing	Venue	Attended by
I	April 24	06:00 pm	Mumbai	All the members
II	November 5	01:30 pm	Pune	All the members

### (C) Terms of Reference of NRC

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

- i) 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 other employees;

- ii) Formulation of criteria for evaluation of Independent Directors and the Board;
- iii) Devising a policy on Board diversity;
- iv) 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;
- v) 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.

## 5 STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, 'Stakeholders Relationship Committee' (hereinafter referred as SRC) of the Board has been constituted to especially look into the mechanism of redressal of grievances of shareholders.

### (A) Composition of SRC

This Committee last reconstituted at the Board Meeting held on February 11, 2015, consisting of following members;

Sr. No.	Name of Director(s)	Acting in the Committee as	Category
1	Mrs. Renu Challu	Chairperson	Non-executive & Independent
2	Dr. Sanak Mishra	Member	Non-executive & Independent
3	Mr. Rajendra Anandpara	Member	Managing Director

The Company Secretary Mr. Raj Sarraf acts as the Secretary to this Committee, and also appointed as Compliance Officer of the Company.

### (B) Meetings of SRC and Attendance of Members

During the year 2015 a meeting of SRC was held, details of which is as follows;

SRC Meeting	Date	Start Timing	Venue	Attended by
I	July 15	01:00 pm	Herzogenaurach, Germany	All the members

### (C) Terms of Reference of SRC

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

- a. To specifically look into the mechanism of redressal of grievances of shareholders,
- b. The Committee shall consider and resolve the grievances of the shareholders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends and
- c. To review effectiveness of Investors' relations system of the Company.

During 2015, one (1) complaint was received which was attended to and resolved satisfactorily during the year leaving no complaint pending as on December 31, 2015.

## 6 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR Committee)

Pursuant to provisions of Section 135 of the Companies Act, 2013, 'Corporate Social Responsibility Committee' (hereinafter may referred as 'CSR Committee') of the Board was constituted effective July 31, 2014.

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**(A) Composition of CSR Committee**

This Committee last reconstituted at the Board Meeting held on February 11, 2015 consisting of following members:

Sr. No.	Name of Director(s)	Acting in the Committee as	Category
1	Mr. Rakesh Jinsi	Chairman	Non-executive & Independent
2	Mrs. Renu Challu	Member	Non-executive & Independent
3	Mr. Rajendra Anandpara	Member	Managing Director

**(B) Meetings of CSR Committee and Attendance of Members**

During the year 2015 two meetings of CSR were held details of which are as follows:

CSR Committee Meeting	Date	Start Timing	Venue	Attended by
I	April 24	08:00 am	Mumbai	All the members
II	November 5	11:30 am	Pune	All the members

**(C) Terms of Reference of CSR Committee**

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

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the company from time to time.

**7 MANAGERIAL REMUNERATION****(A) Remuneration to the Executive Director (Managing Director)**

As per the Employment Agreement dated August 1, 2014, approval of the Shareholders by way of Ordinary Resolution passed on April 24, 2014 and approval of the Board by way of Board Resolution passed on February 11, 2015, the details of remuneration paid / payable during the year to the Managing Director are as follows;

	(₹ in million)
Salary & Performance Bonus	7.50
Allowance & Perquisites	3.60
Company's contribution to funds	1.42
<b>Total</b>	<b>12.52</b>

Notes:

- Company's contributions to fund include Superannuation Fund and Provident Fund and exclude the accruals for gratuity as it is funded on the basis of an actuarial valuation for the Company as a whole.
- The Company did not have any Stock Option Scheme as at December 31, 2015.

The remuneration limit of Mr. Rajendra Anandpara for the period up to and including 2019 will be in accordance with the 'Employment Agreement' and the annual increment for the year 2016 will be decided by the Board of the Company.

**(B) Remuneration to the Non-executive Directors**

Directors (except for those who are in whole-time employment of the Company or other Schaeffler Associate Company) are paid sitting fees for attending Board / Committee Meetings and no commission / share of profit is paid to them. The details of sitting fees paid to them for attending Board / Committee Meetings during the year are as follows:

Name of the Directors	Number of Meetings attended					Amount (₹) Sitting Fees
	Board Meetings	Audit Committee Meetings	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	
	₹ 50,000/- per meeting	₹ 40,000/- per meeting		₹ 30,000/- per meeting		
Mr. Avinash Gandhi	4	4	–	2	–	420,000
Mr. R. Sampath Kumar	4	1	–	–	–	240,000

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Name of the Directors	Number of Meetings attended					Amount (₹)
	Board Meetings	Audit Committee Meetings	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	Sitting Fees
	₹ 50,000/- per meeting	₹ 40,000/- per meeting	₹ 30,000/- per meeting			
Mr. Rakesh Jinsi	4	3	–	2	2	440,000
Mrs. Renu Challu	4	4	1	–	2	450,000
Dr. Sanak Mishra	4	4	1	2	–	450,000
<b>Total</b>						<b>2,000,000</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 or to his / her relatives 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 2015 are as follows:

- ₹ 156,000/- was paid to relatives of Mr. Avinash Gandhi towards rent.
- Professional consultation fees paid to Mr. R. Sampath Kumar is ₹ 1,024,975/-.

## 8 GENERAL BODY MEETINGS

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

Particulars	Meetings		
	52 <sup>nd</sup> AGM	51 <sup>st</sup> AGM	50 <sup>th</sup> AGM
<b>Date</b>	April 24, 2015	April 24, 2014	April 25, 2013
<b>Start Timing</b>	3:00 PM	3:00 pm	3:00 pm
<b>Venue</b>	Padmabhushan Vasantdada Patil Sabhagruha, Sakhar Bhavan, 12 <sup>th</sup> Floor, Nariman Point, Mumbai - 400 021, Maharashtra, India	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, 226, Nariman Point, Mumbai - 400 021, Maharashtra, India	
<b>Resolutions Passed</b>			
<b>Ordinary Business:</b>			
(1) Adoption of Accounts as at	December 31, 2014	December 31, 2013	December 31, 2012
(2) Declaration of Dividend	₹ 7.5 per equity share of ₹ 10 each	₹ 6 per equity share of ₹ 10 each	₹ 5 per equity share of ₹ 10 each
(3) Re-appointment of Rotational Directors	Mr. R. Sampath Kumar	Mr. Avinash Gandhi	Mr. Bernhard Steinruecke
	Mr. Frank Huber	Mr. Moreshwar Garde	Mr. Bruno Kraus
(4) Appointment of Auditors & to fix their remuneration	B S R & Co. LLP, Chartered Accountants, Mumbai		
<b>Special Business:</b>			
(1) Appointment of Directors	Dr. Sanak Mishra Mrs. Renu Challu Mr. Rakesh Jinsi Mr. Klaus Rosenfeld	Mr. Dharmesh Arora Mr. Robert Schullan Mr. Dietmar Heinrich	Mr. Udo Bauer
(2) Approval on	Material Related Party Transactions (Special Resolution)	Re-appointment of Managing Director Mr. Rajendra Anandpara	–

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- ▶ Special Resolution was passed in the 52<sup>nd</sup> 'Annual General Meetings' held on April 24, 2015 obtaining approval on Material Related Party Transactions.
- ▶ No 'Extraordinary General Meeting' was held during the last three years.
- ▶ Postal Ballot was conducted during the year for obtaining approval on Scheme of Amalgamation.
- ▶ At the forthcoming 'Annual General Meeting' there is no item on the agenda requiring postal ballot.

#### Postal Ballot

Pursuant to Board Resolution passed in its meeting held on February 11, 2015 and in accordance with the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the Companies (Management and Administration) Rules, 2014 ('the Rules') (including any statutory modification or re-enactment thereof for the time being in force), and Clause 35B of the Listing Agreement executed by the Company with the BSE Limited and the National Stock Exchange of India Limited, and Securities and Exchange Board of India ('SEBI') Circulars bearing nos. CIR/CFD/DIL/5/2013 dated February 4, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013 ('SEBI Circulars'), a notice of Postal Ballot was circulated to the Public Shareholders on May 27, 2015, for obtaining their approval on the Scheme of Amalgamation of 'FAG Roller Bearings Private Limited' with 'FAG Bearings India Limited' and their respective shareholders and creditors.

#### Scrutinizer

The Board of Directors of the Company, in compliance with Rule 22 (5) of the Companies (Management and Administration) Rules, 2014, appointed Mr. Suresh Kumar Kabra, Practising Company Secretary, as Scrutinizer, for conducting the said Postal Ballot process in a fair and transparent manner. The Scrutinizers submitted their report on June 30, 2015, which along with results was sent to the Stock Exchanges (BSE Limited and National Stock Exchange of India Limited), was displayed at the registered office of the Company and made available on Company's website under the web link as under;

[http://www.schaeffler.co.in/content.schaeffler.co.in/en/company/fag\\_in\\_india/investorsrelations/investorrelations.jsp](http://www.schaeffler.co.in/content.schaeffler.co.in/en/company/fag_in_india/investorsrelations/investorrelations.jsp).

## 9 MEANS OF COMMUNICATION

#### Financial Results:

Pursuant to provisions of the Listing Agreements or SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as may be applicable, periodical financial results and other publications of the Company are being published in a widely circulated English newspaper (Business Standard) and a Vernacular Marathi newspaper (Tarun Bharat). Financial results, as soon as they are approved by the Board, are forwarded to the Stock Exchanges (BSE & NSE) and also displayed on Company's Website [www.schaeffler.co.in](http://www.schaeffler.co.in).

#### Filings with Stock Exchanges:

All the reports, statements, documents, filings and any other

information that are required to be submitted with the recognised stock exchange(s) as per the Listing Agreement or Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, as may be applicable, are disseminated / uploaded on website <https://listing.bseindia.com/login.aspx> under 'BSE Listing Centre' and on <https://connect2nse.com/LISTING/> under 'NSE Electronic Application Processing System (NEAPS).'

The Company generally does not make any presentation to analysts or to institutional investors. A letter from the Chairman, along with half-yearly results, is sent individually to all the shareholders at their residential address.

## 10 GENERAL SHAREHOLDER INFORMATION

#### (i) 53<sup>rd</sup> Annual General Meeting is scheduled to be held

**On:** Wednesday, the 27<sup>th</sup> day of April, 2016

**At:** 3:00 pm

**Venue:** Kamal Nayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Nariman Point, Mumbai - 400 021, Maharashtra, India.

#### (ii) Financial Year

The Hon'ble Bench of Company Law Board, New Delhi has considered 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'.

A twelve month period starting from January 1, 2016 to December 31, 2016.

Financial Reporting for:

- |  |                                |
|--|--------------------------------|
| (a) 1 <sup>st</sup> quarter ending March 31, 2016              | - by the end of April 2016,    |
| (b) 2 <sup>nd</sup> quarter and half year ending June 30, 2016 | - by the end of July 2016,     |
| (c) 3 <sup>rd</sup> quarter ending September 30, 2016          | - by the end of October 2016,  |
| (d) 4 <sup>th</sup> quarter and year ending December 31, 2016  | - by the end of February 2017. |

#### (iii) Date of Book Closure

April 19, 2016 to April 23, 2016 (Both days inclusive)

## CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' Report)

(iv) **Dividend**

The Dividend for the year 2015 may be declared under agenda item no. 2 of forthcoming 53<sup>rd</sup> Annual General Meeting scheduled on April 27, 2016, and shall be paid within the time limit prescribed in the Companies Act, 2013.

(v) **Audit in 2015**

Sr. No.	Audits	Auditors in 2015	Audit Firm
1	Statutory Audit	Statutory Auditors	B S R & Co. LLP Chartered Accountants, Mumbai
2	Cost Audit	Cost Auditors	Y. S. Thakar & Co. Cost Accountants, Vadodara
3	Tax Audit	Auditors for Financial Year Audit and Tax Audit	K. C. Mehta & Co. Chartered Accountants, Vadodara
4	Secretarial Audit / Reconciliation of Share Capital Audit	Secretarial Auditors	Samdani Kabra & Associates Company Secretaries, Vadodara

(vi) **Listing of Equity Shares on Stock Exchanges**

The Equity Shares of the Company are listed on;

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

The requisite listing fees have been paid to the Stock Exchanges up to March 31, 2016.

(vii) **Custodial Fee to Depositories**

The Company has paid custodial fees for the year 2015 - 2016 to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(viii) **Stock Code**

BSE Limited (BSE)	▶	505790
National Stock Exchange of India Limited (NSE)	▶	FAGBEARING
International Security Identification Number (ISIN)	▶	INE513A01014
Corporate Identification Number (CIN)	▶	L29130MH1962PLC012340

(ix) **Market Price Data**

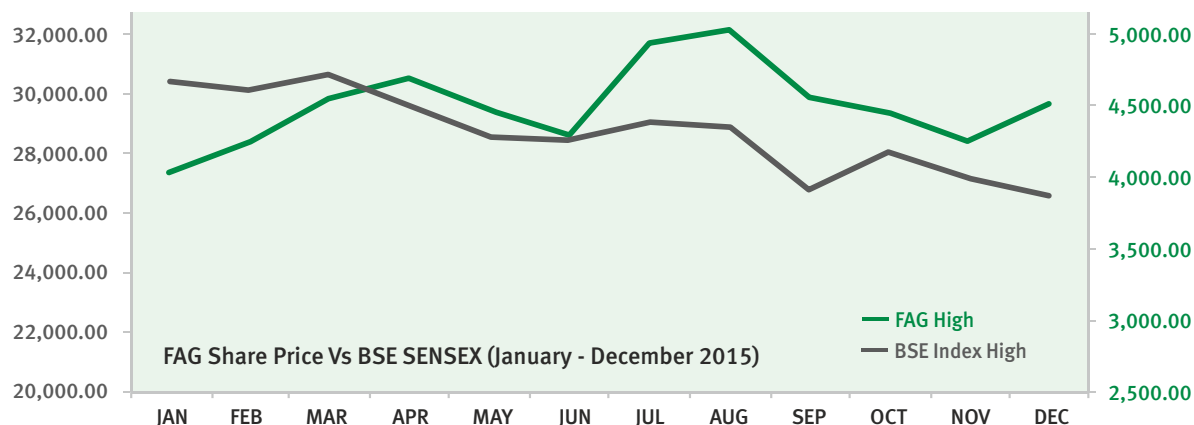
A summary containing monthly High / Low share prices at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) is as under:

For the Year 2015	Equity Shares			
	BSE Limited, (BSE)		National Stock Exchange of India Limited, (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January	3,950.00	3,404.90	3,920.15	3,390.00
February	4,150.05	3,600.00	4,160.00	3,615.05
March	4,431.05	3,830.00	4,450.00	3,831.00
April	4,580.00	3,949.00	4,599.00	3,933.05
May	4,361.35	3,890.00	4,399.00	3,880.00
June	4,198.95	3,880.00	4,185.00	3,857.20
July	4,800.00	4,100.00	4,920.00	4,091.00
August	4,890.00	4,060.20	4,890.00	4,100.00
September	4,450.00	4,010.00	4,469.95	4,000.00
October	4,343.80	3,944.10	4,362.80	3,970.05
November	4,164.00	3,725.00	4,149.00	3,750.00
December	4,375.00	3,930.00	4,415.00	3,895.00

(Annexure B to the Directors' Report)

(x) **Stock Performance**

The performance of the Company's shares relative to the BSE Sensitive Index for the year 2015 is given below:

(xi) **Registrar and Share Transfer Agent (RTA)**

The details are as under:

<b>Name:</b>	<b>Address :</b>	<b>Phone:</b>	<b>E-mail:</b>
Link Intime India Private Limited	B-102 & 103, Shangrila Complex, 1 <sup>st</sup> Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020, Gujarat, India.	+91-265-2356573, 2356794	vadodara@linkintime.co.in
		<b>Fax:</b>	<b>Website:</b>
		+91-265-2356791	www.linkintime.co.in

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

(xii) **Share Transfer System**

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. This practice was changed from October 1, 2012 as per the new guidelines issued by Securities Exchange Board of India. Consequently, now shares sent for transfer in physical form are registered on a weekly basis and returned within a period of fifteen days from the date of receipt of documents, provided all the documents are valid and complete in all respect. The authority to approve the share transfer / transmission lies with the Board of Directors.

Further, with an intention to expedite the process of share transfer / transmission, the Board has delegated authority in favour of 'Key Managerial Personnel' up to 5,000 shares per transfer deed including demat request and to issue duplicate shares certificates in lieu of originals up to 2,000 shares per request.

The Company confirms that there is no share transfer pending as on December 31, 2015, for more than fifteen days, from the date of lodgement thereof. All requests for demat / remat received by the Company / Registrar and Transfer Agent were confirmed / rejected within prescribed period from the date of receipt thereof.

(xiii) **Information of Dividend**

Pursuant to provisions of law, the Company is committed to make timely payment of dividend. The dividend amount that remains unpaid or unclaimed for the financial year ended on December 31, 2008 is due to be transferred, on May 31, 2016, to 'Investor Education and Protection Fund' (IEPF) a Fund constituted by the Central Government.

Entitled Members are requested to lodge their claims before the last date for claiming unpaid / unclaimed dividend as shown in the table below for the dividend in respective years. For the claims lodged after the last due dates, the Company does not take any responsibility for payment, as the balance amount on last due dates along with interest earned thereon shall be transferred to the IEPF.

► **Details of unclaimed and unpaid dividend**

Year ended on	Date of declaration of dividend	Amount due for transfer to IEPF on	Amount lying unpaid (₹) as on 31.12.2015
31.12.2008	24.04.2009	31.05.2016	418,204.00
31.12.2009	22.04.2010	29.05.2017	455,877.00
31.12.2010	21.04.2011	28.05.2018	520,005.00

Continued...

## CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' Report)

...Continued

### ► Details of unclaimed and unpaid dividend

Year ended on	Date of declaration of dividend	Amount due for transfer to IEPF on	Amount lying unpaid (₹) as on 31.12.2015
31.12.2011	20.04.2012	27.05.2019	988,620.00
31.12.2012	25.04.2013	26.05.2020	572,215.00
31.12.2013	24.04.2014	26.05.2021	649,170.00
31.12.2014	24.04.2015	24.05.2022	743,595.00
<b>Total amount lying unpaid as on December 31, 2015</b>			<b>4,347,686.00</b>

### (xiv) Distribution of Shareholding

Analysis of Shareholding	31.12.2015		31.12.2014	
	Number of Shareholders	Number of Shares held	Number of Shareholders	Number of Shares held
1 - 50	6,107	100,317	5,046	88,361
51 - 100	1,347	112,215	1,340	112,339
101 - 250	1,112	189,565	1,120	190,550
251 - 500	526	192,944	531	195,357
501 - 1,000	319	235,638	310	229,932
1,001 - 5,000	234	501,691	241	506,356
5,001 and above	126	15,284,900	113	15,294,375
<b>Total</b>	<b>9,771</b>	<b>16,617,270</b>	<b>8,701</b>	<b>16,617,270</b>

Note: The information given above in Distribution Schedules is on the basis of a Certificate received from the Registrar & Transfer Agent, Link Intime India Private Limited, on which the auditors have relied.

### ► Category-wise summary of Shareholding

(As on December 31, 2015)

Sr. No.	Category	No. of Shareholders	No. of Shares	%
1	Promoters (FAG Kugelfischer GmbH)	1	8,529,183	51.33
2	Mutual Fund	88	4,262,277	25.65
3	Foreign Institutional Investor	24	662,662	3.99
4	Public	8,739	1,390,831	8.37
5	Bodies Corporate	285	1,305,708	7.86
6	Qualified Foreign Investor	-	-	-
7	Others	634	466,609	2.8
	<b>Total</b>	<b>9,771</b>	<b>16,617,270</b>	<b>100.00</b>

### (xv) Top Ten Shareholders with their Shareholdings

(As on December 31, 2015)

Sr. No.	Name of Shareholder	Category*	Number of Shares held	% of total Paid-up Share Capital
1	FAG Kugelfischer GmbH	Promoter	8,529,183	51.33
2	IDFC Premier Equity Fund	MF	488,863	2.94
3	Sundaram Mutual Fund A/c Sundaram Select Midcap	MF	408,853	2.46
4	HDFC Standard Life Insurance Company Limited	OBC	395,119	2.38
5	HDFC Trustee Company Ltd. A/c HDFC Midcap Opportunities Fund	MF	348,314	2.10

Continued...

(Annexure B to the Directors' Report)

...Continued

Sr. No.	Name of Shareholder	Category*	Number of Shares held	% of total Paid-up Share Capital
6	Franklin Templeton Mutual Fund A/c Franklin India Prima Fund	MF	275,740	1.66
7	ICICI Prudential Life Insurance Company Limited	OBC	256,203	1.54
8	Shree Capital Services Limited	OBC	212,470	1.28
9	Kotak Mahindra (UK) Ltd. A/c India Midcap (Mauritius) Ltd.	FII	190,000	1.14
10	SBI Blue Chip Fund	MF	187,974	1.13
	<b>TOTAL</b>		<b>11,292,719</b>	<b>67.96</b>

\*MF - Mutual Fund, OBC - Other Body Corporate, FII - Foreign Institutional Investor

**(xvi) Dematerialisation of Shares and liquidity**

98.76% 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, 2015.

	NSDL	CDSL	Physical	Total
Shares (nos.)	16,089,148	321,779	206,343	16,617,270
Shares (%)	96.82	1.94	1.24	100.00

**(xvii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity: NIL****(xviii) Plant Location**

The manufacturing activities are being carried out from the plants located at Vadodara, State of Gujarat.

**(xix) Address for correspondence**

Shareholders / Beneficial owners are requested to correspond with the Company's RTA (Registrar & Share Transfer Agent) as shown in Para (xi) 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. In addition to the Registrar's details given in (xi), shareholders may correspond at the following addresses:

**Registered Office:**

Nariman Bhavan, 8<sup>th</sup> Floor, 227, Backbay Reclamation,  
Nariman Point, Mumbai - 400 021, Maharashtra, India.  
Phone: +91 22-6681 4444 to 6681 4499 Fax: +91-22-2202 7022

**Head Office:**

P.O. Maneja, Vadodara - 390 013, Gujarat, India.  
Phone: +91-265-660 2000-2004 Fax: +91-265-263 8804  
E-mail: raj.sarraf@schaeffler.com

**(xx) Information through Internet / Company's Website**

The information pertaining to financial performance, shareholding pattern, compliance with Corporate Governance and announcements are being uploaded and can be viewed by the general public on [www.listing.bseindia.com/login.apex](http://www.listing.bseindia.com/login.apex) and [www.connect2nse.com/LISTING/](http://www.connect2nse.com/LISTING/). Apart from this, the Company's website [www.schaeffler.co.in/](http://www.schaeffler.co.in/) contains comprehensive information about the Company, its products, services, solutions, press releases and investor's information, etc. The required information is being placed from time to time on the website.

**(xxi) Other useful information to shareholders ECS / NECS Facility**

The Company uses 'Electronic Clearing Services' (ECS) facility for remitting dividend to its shareholders wherever available.

In terms of notification issued by the Reserve Bank of India, with effect from October 1, 2009, remittance of dividend through ECS is replaced by 'National Electronic Clearing Services' (NECS). Banks have been instructed to move to the NECS platform. The advantages of NECS over ECS include faster credit of remittance to the beneficiary's

account, coverage of more bank branches and ease of operations.

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralised processing of inward instructions and efficiency in handling bulk transactions.

To enable remittance of dividend through NECS, Members are requested to provide their new 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 communicated to the Depository.

(xxii) The Management Discussion and Analysis Report for the year ended on December 31, 2015, forms part of the Annual Report.



## CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' Report)

### 11 DISCLOSURES

- (i) The Board has received disclosures from the Senior Management relating to material, financial and commercial transactions, where they and / or their relatives have personal interest. There are no materially significant related party transactions of the Company, which have potential conflict with the interest of the Company at large; however, transactions with related parties as per requirements of Accounting Standard - 18 are disclosed under notes to accounts.
- (ii) All transactions with related party, as defined under the Companies Act, 2013, Clause 49 of the Listing Agreement or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable, during the year were in ordinary course of business & at arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. The Board has approved a policy on dealing with related party transactions, and the same has been uploaded on the Company's website on followings web link;  
[http://www.schaeffler.com/remotemedien/media/\\_shared\\_media/03\\_worldwide/02\\_websites\\_worldwide/india\\_2/company/fag\\_india/ir/codes\\_policies/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.schaeffler.com/remotemedien/media/_shared_media/03_worldwide/02_websites_worldwide/india_2/company/fag_india/ir/codes_policies/Policy_on_Related_Party_Transactions.pdf).
- (iii) The Company has established Vigil Mechanism to provide for the safeguards against victimisation of Directors and Employees who follow such mechanism. The Board has approved Whistle Blower Policy / establishment of Vigil Mechanism pursuant to Provisions of Companies Act, 2013, Clause 49 of the Listing Agreement or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable, and the same has been put up on the website of the Company on following web link;  
[http://www.schaeffler.com/remotemedien/media/\\_shared\\_media/03\\_worldwide/02\\_websites\\_worldwide/india\\_comp any/fag\\_india/ir/codes\\_policies/Vigil\\_Mechanism\\_OR\\_Whistle\\_Blower\\_Policy.pdf](http://www.schaeffler.com/remotemedien/media/_shared_media/03_worldwide/02_websites_worldwide/india_comp any/fag_india/ir/codes_policies/Vigil_Mechanism_OR_Whistle_Blower_Policy.pdf)  
As per the Policy no person has been denied access to the Chairperson of Audit Committee.
- (iv) There have been no instances of any penalties or strictures imposed on the Company on any matter relating to the capital

Mumbai: February 12, 2016

market, either by Stock Exchange, Securities and Exchange Board of India or any statutory authority during the last three years.

- (v) The Company has adopted and complied with mandatory requirements as per Clause 49 of the Listing Agreement or provisions of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. 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 adequate risk assessment and minimisation system in place. The risk management procedure is reviewed periodically.

Non-mandatory Requirements {Clause 49 Annexure - XIII to the Listing Agreement} OR Discretionary Requirements {Reg. 27(1) of 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) Shareholder's Rights

A letter from the Chairman, on half yearly financial performance of the Company including summary of the significant events is circulated to all shareholders.

#### (C) Audit Qualification / Modified Opinion(s)

There has been no Audit Qualification / Modified Opinion(s) in the Audit Report by the Auditor in the year 2015.

#### (D) Separate Posts of Chairman and CEO

The Chairman and Managing Directors are two separate individuals with vast experience and expertise.

#### (E) Reporting of Internal Auditor

Mr. Devang Shah, an internal auditor of the Company, submits report to the Audit Committee regularly.

For and on behalf of the Board

**Avinash Gandhi**

Chairman

DIN: 00161107

To,

The Members of FAG Bearings India Limited

**Re.: Declaration by CEO**

I, RAJENDRA ANANDPARA, Managing Director of FAG Bearings 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, 2015.

Mumbai: February 12, 2016

**Rajendra Anandpara**

Managing Director & CEO

DIN: 02461259

**To the Members of FAG Bearings India Limited**

We have examined the compliance of the conditions of Corporate Governance by FAG Bearings India Limited for the year ended December 31, 2015 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India or Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable.

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 Agreement or Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable.

We state that in respect of investor grievances received during the year ended December 31, 2015, no investor grievances are pending against the Company, as per the records maintained by the Company and presented to the Stakeholders' Relationship Committee.

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

Vadodara: February 12, 2016

**Suresh Kumar Kabra**  
Company Secretary  
Partner

**Samdani Kabra & Asso.**  
Company Secretaries  
ACS No. - 9711  
CP No. - 9927