

Notice of AGM

To
The Members
Schaeffler India Limited

(Formerly known as FAG Bearings India Limited)

Notice is hereby given that the 56th 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 |
| Total Cost to the Company | | 13,000,000 | 21,000,000 |

- 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 |
| Total Cost to the Company | | 43,653,750 | 58,025,000 |

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 | | | |
| Total | 12,915.3 | 15,018.8 | | | |

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:

- i. In the Index, the Sr. No. ‘20’ and the words ‘The Seal’ and page number ‘8’ be omitted.
- ii. Sub clause (b) of Clause 2.1 be omitted.
- iii. In clause 3.2.2 the words “shall be under the seal and” be omitted
- iv. 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, 8th 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 56TH 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
- 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 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:

| For Members holding shares in Demat Form and Physical Form | |
|---|--|
| PAN | 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. |
| DOB* | Enter the Date of Birth as recorded in your demat account or in the Company records in dd/mm/yyyy format. |
| Dividend Bank Details* | 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 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.
 - 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 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, under help section or write an email to 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 56th 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 |
| Total Cost to the Company | | 13,000,000 | 21,000,000 |

- 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 |
| Total Cost to the Company | | 43,653,750 | 58,025,000 |

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 54th 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 | | | |
| Total | 12,915.3 | 15,018.8 | | | |

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)

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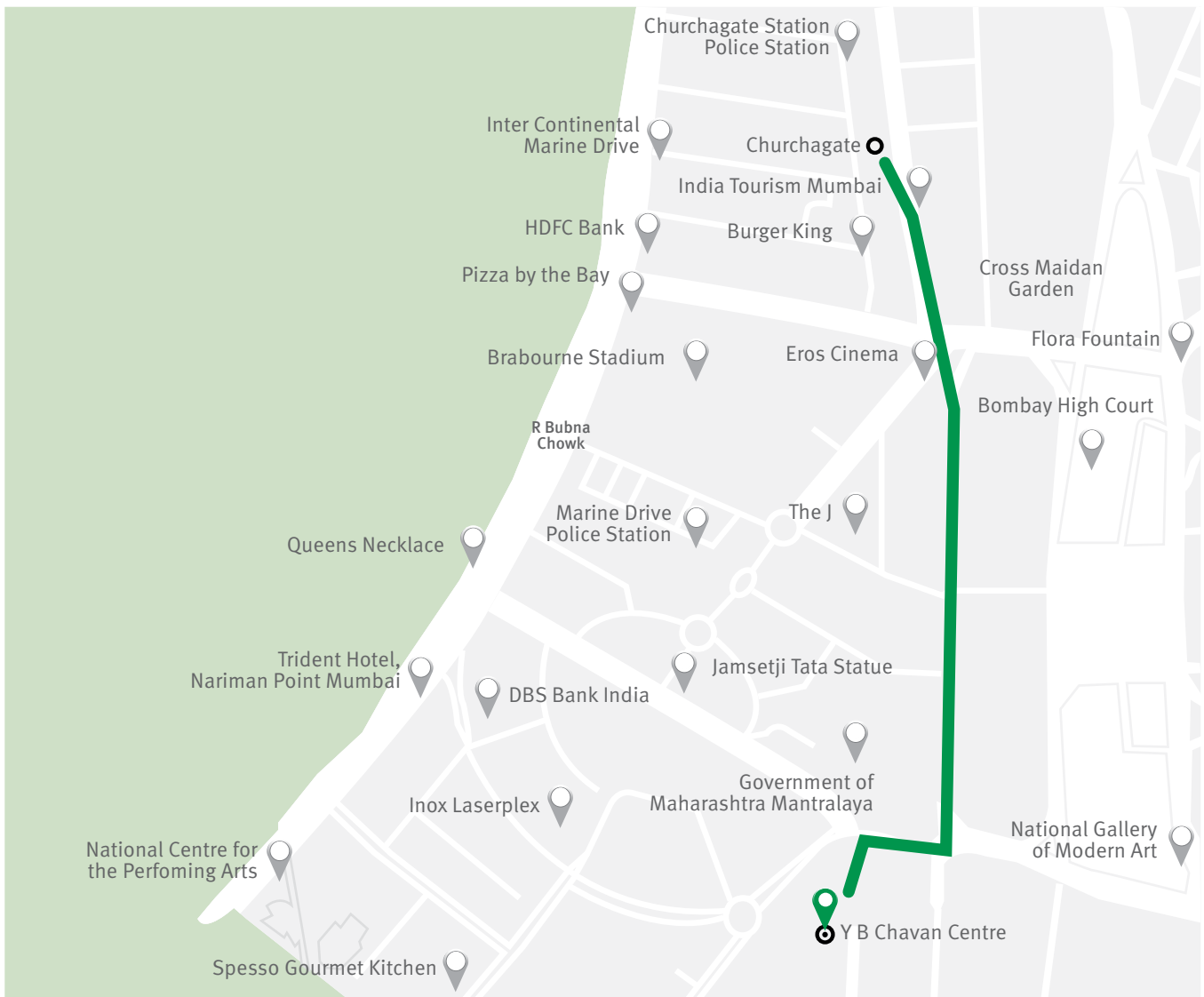
Annexure - A

Information on Directors seeking appointment / re-appointment / revision in Remuneration at 56th 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 ¹ | 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