

CHAIRMAN'S SPEECH**Ladies and Gentlemen:**

On behalf of the Board of Directors of the Company, I have pleasure in welcoming you at the 57th Annual General Meeting of your Company.

As you all are aware, the Annual General Meeting of the Company was scheduled to be held on April 23, 2020. Due to Covid 19, the Meeting had to be postponed to a later date. As per the Circulars issued by The Ministry of Corporate Affairs and Securities Exchange Board of India, it is being convened today through Video Conferencing & Other Audio-Visual Means. I appreciate the support extended by each of the Shareholders who have joined the Meeting through this new platform.

The Annual Report for the year 2019 along with the Directors' Report and the Audited Annual Accounts approved by the Board on February 12, 2020 are already with you. With your permission we take the same as read.

I would also like to inform the Shareholders that e-Voting is open throughout the meeting and Shareholders are requested to vote as per their convenience during the meeting and for additional 15 minutes after the conclusion of the Meeting.

I hope all of you are doing fine and keeping safe in these testing times. COVID-19 pandemic has had far-reaching consequences beyond the spread of the disease itself. Even as societies and businesses race to reopen, the global pandemic still poses significant challenges.

I will now take you through Key Developments and Company's performance for the year 2019:

Dear Shareholders,

Schaeffler India as a merged entity started its journey in 2018, and 2019 marked its first full year of operations. The new journey was challenging, yet exciting and eventful one. During the exhilarating journey, we redefined our strategies, rebuilt our synergies and reorganized ourselves as One Schaeffler.

Even though our revenues and profits registered de-growth compared to the previous year, the last quarter helped us to end the year on a high note. In the face of the challenging macroeconomic environment and a weak demand scenario, the year also had us demonstrate our flexibility and quickness to overcome these challenges.

However, I'm pleased to inform you that we could top the year off with several positive news and winning crucial projects with prestigious customers and segments like Mahindra & Mahindra, Maruti Suzuki, Kia, Indian Railways, JSW, Metro projects, Wind Energy among others.

During the year, your Company achieved Revenue from Operations of 43,606 Million Rupees, representing a de-growth of 4.4% over previous year. The Profit Before Tax (before exceptional items) was placed at Rs. 5,346 Million down by 20.8% as compared to the previous year. Your Company recorded profit after tax of Rs. 3,676 Million which represented a decline of 12.4% over the previous year.

Low demand impacted our revenues, working capital management and capacity utilisation rates. We overcame these challenges by managing our costs and optimising our operations for greater efficiency. Despite revenues witnessed a de-growth of 4.4% y-o-y, your Company could register Earnings Before Interest and Tax margin of 11.2% during the year.

Our business is well distributed between automotive and industrial markets and it helps to balance the growth of the Company. Even though the auto segment revenues witnessed sluggishness during the year, the industrial business, especially railways and wind energy, registered solid growth and helped your Company to offset the demand pressures.

In the given market conditions, we consider your Company has performed satisfactorily.

Dear Shareholders, your directors have recommended dividend at the rate of Rupees 35 per Equity Share. The dividend pay-out has improved to Rs. 35 per equity share as compared to Rs. 30 per equity share last year.

We had arranged a Plant Visit for the Shareholders on January 23, 2020:

With an intention to provide shareholders the overview of our business, production processes, Research & Development capabilities and Environment, Social & Governance initiatives, your Company had organised a visit for the Shareholders to our Talegaon plant in Pune. The India Executive Leadership Team and I played hosts to over 150 shareholders. We were glad to receive such a positive response and appreciation from all. We are truly overwhelmed by the enthusiasm and warmth extended by our dear shareholders.

I am happy to share with you some recent Organisational developments:

It gives me immense pleasure to announce that Mr. Arvind Balaji and Mr. Amit Kalyani have recently joined our Board as Independent Directors.

Mr. Balaji joined us on November 6, 2019 and he holds a bachelor's degree in Mechanical Engineering from BITS Pilani, a Master's degree in Manufacturing System Engineering from Stanford University and an MBA in Finance from Wharton School, University of Pennsylvania. He brings his vast experience in the investment banking, financing and M&A transactions to the Board.

Mr. Kalyani became a part of our Board on February 11, 2020. He is BE in Mechanical Engineering from Bucknell University, Pennsylvania, USA. He is also a Harvard Business School OPM graduate and a YPO member. He is extremely passionate about manufacturing and technology and regularly participates in the World Economic Forum, Davos.

On the other hand, Mr. Sanak Mishra and Mr. Rakesh Jinsi completed their term of appointment on November 5, 2019 and February 10, 2020 respectively. Mr. R. Sampath Kumar recently tendered his resignation and ceases to be a Director of your Company w.e.f. May 30, 2020. Your Directors express their gratitude for the contribution made by the Directors during their respective tenure.

Dear Shareholders, let me inform you about the Quarter I Performance

The Board of Directors of your Company at its meeting held on May 13, 2020 has announced the results of first quarter of 2020. The Revenue from Operations for the quarter was placed at Rs. 9,285 million, lower by 10.4% compared to Quarter IV of 2019 and the profit before tax before exceptional items, was recorded at Rs. 1,101 million.

Due to Covid 19, the plant operations have been shut down since March 23, 2020. Therefore, this quarter of 2020 continued to witness weakness in all the business segments. Despite lockdown, we were able to sustain the performance during the quarter in line with that of 2019. The plant operations at some locations have resumed since April'2020 with the limited capacity in compliance with the notifications received from the Government from time to time.

Now let me provide you a brief Outlook for the Current Year

The overall outlook continues to be challenging especially the automotive sector. Your Company has already taken cognizance of these challenges and has taken strategic decisions to continue delivering growth. The same will be achieved by prioritising technological excellence, enhancing operational efficiencies and flexing costs further and at the same time focusing on customer-centricity by improving the quality and delivery of our products.

Your Company intends to capture the opportunity presented by the implementation of BSVI norms and will thereby increase its content per vehicle. We will also be launching new products across various categories such as clutches, damping systems and engine parts with higher customer value proposition which will enable your Company to grow.

Further, if we look at the manufacturing and infrastructure sector, it is a key driver of the economy. This sector is responsible for propelling India's development, be it urban development, road connectivity, renewable energy,

freight corridors and many others. The government has already announced a big push for building transport infrastructure including road, ports, railway and airports. Massive public spending allocation acts as a catalyst for growth of this sector and your company is better placed in supplying vital components to these and other allied sectors – across steel, cement, mining and others.

The Companies across the globe will be witnessing challenging times due to Covid 19 in the years ahead. In view of these events which affects the GDP of Indian economy and consequently affects the business of the Company, your Company also expects uncertainty to continue in 2020.

Post COVID 19, shared mobility is likely to take a short term hit and we expect the demand for entry-level cars to rise as people would opt for personal mobility. Your Company expects the mass market bikes and scooters to be back in vogue as travelling habits are bound to change in the near future.

As you all are aware, the plants were closed during the lockdown and have been operating with the limited capacity as extended by the local authorities from time to time. This has resulted in reduced level of operations and limited specific product lines during these challenging times. In consideration of no activity in April, little activity in May and gradual ramp up in June 2020, Q2 is expected to be the most challenging quarter of the FY 2020.

Your Company intends to take all the measures to minimize the losses and will adhere to the practices of strict cost measures and judiciously make investments. We will continue to persevere and excel through decision-making that delivers on long-term value creation. Your Company believes that robust governance practices are key levers to our efforts to drive customer-centricity and are a reflection of our affinity to the Group's ethos.

Conclusion

Before I conclude, I would like to take this opportunity to express our sincere gratitude to the Schaeffler Group for its continued guidance and support. The technological expertise of the Schaeffler Group is recognised globally. Our Company receives valuable guidance and direction from the Schaeffler Group. The presence of Mr. Klaus Rosenfeld – CEO, Schaeffler Group and Mr. Juergen Ziegler – CEO Region Europe on our Board, and at this meeting, is testimony of their support and focus towards our Company. On behalf of all of us, let me again express our sincere gratitude to the Schaeffler management for the continued support.

I wish to express gratitude to our valued customers for their immense faith in our brands. I would like to thank our management team and employees for their untiring efforts. My gratitude also goes to our valued suppliers, distribution partners and all other business associates.

Last but not the least, on behalf of the Board, I would like to extend my sincere gratitude to you, dear Shareholders for your continued trust, encouragement and support.

Jai Hind

June 30, 2020

Avinash Gandhi
Chairman