



FEDERAL-MOGUL GOETZE (INDIA) LIMITED

56th

Annual Report - 2010

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BOARD OF DIRECTORS

Chairman & Director

Mr. K.N. Subramaniam



Managing Director & President

Mr. Jean Humbert Louis de VILLARDI de Montlaur

Whole Time Finance Director & CFO

Mr. Dan Brugger



Directors

Mr. Rainer Jueckstock

Mr. Mukul Gupta

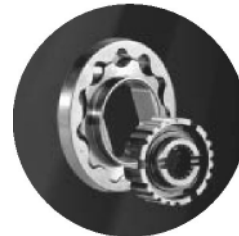


Company Secretary

Mr. Khalid Khan

Auditors

M/s. S.R. Batliboi & Co.



**REGISTRAR AND SHARE
TRANSFER AGENTS**

Alankit Assignments Limited
Corporate Office, 'Alankit House'
2E/21, Jhandewalan Extn.
New Delhi 110 055
Ph. No. 011-23541234,
42541952
Fax No. 011-42541967
Email: rta@alankit.com

REGISTERED OFFICE

7870-7877, F-1 Roshanara Plaza
Building,
Roshanara Road,
Delhi -110007
Tel No: 011-23827435
Fax No.: 011-30489308

WORKS

1. Bahadurgarh, Patiala (Punjab)
2. Yelahanka, Bengaluru (Karnataka)
3. SPL 1240-44, RIICO Industrial Area,
Phase-I Extn., Bhiwadi (Rajasthan)
4. Plot No. 46, Sector-11,
IIE-Pantnagar,
Udham Singh Nagar,
(Uttarakhand)

BANKERS

Deutsche Bank AG
HDFC Bank Ltd.
ING Vysya Bank Limited
State Bank of India
State Bank of Patiala
Axis Bank Limited
Yes Bank Limited

TEN YEARS' FINANCIAL REVIEW

	2010	2009	2008	2007	2006	2005-06	2004-05	2003-04	2002-03	2001-02
					(9 months)				(9 months)	(15 months)
Total Income	102,405.62	84,041.87	79,762.07	72,028.57	46,809.82	53,291.21	51,990.47	46,963.59	26,407.26	24,684.39
Depreciation	4,822.46	4,949.23	4,634.14	4,292.16	2,819.65	3,417.02	2,674.05	2,401.28	1,464.18	1,815.67
Profit before Tax	4,569.31	5,067.48	(517.00)	(1,782.69)	(561.05)	(4,244.81)	3,251.73	2,405.95	1,319.90	1,317.42
Taxation (adjmt for excess provision for prev yr. written back if any)	1,130.39	457.87	172.23	79.74	70.30	810.74	1,048.44	852.55	301.17	178.88
Profit after Tax	3,438.92	4,609.61	(689.23)	(1,862.43)	(631.35)	(5,055.55)	2,203.29	1,553.40	1,018.73	1,138.54
Dividend	-	-	-	-	-	-	1,011.50	782.74	532.87	252.88
Dividend Tax	-	-	-	-	-	-	132.19	100.29	68.27	-
Retained Profit/(Loss)	3,438.92	4,609.61	(689.23)	(1,862.43)	(631.35)	(5,055.55)	1,059.60	670.37	417.59	885.66

Assets Liabilities & Net Worth

	2010	2009	2008	2007	2006	2005-06	2004-05	2003-04	2002-03	2001-02
Fixed Assets	39,043.60	38,348.16	40,062.06	38,038.79	35,436.36	32,873.58	33,833.21	31,389.59	30,809.13	18,792.29
Investments	2,092.34	2,092.34	2,092.34	2,093.90	2,135.18	2,243.40	2,925.26	3,547.75	3,594.43	3,613.65
Indebtedness	8,648.74	10,113.80	16,213.62	29,236.92	36,444.05	38,960.71	30,167.68	28,113.39	27,579.74	17,754.11
Share Capital	5,563.21	5,563.21	5,563.21	3,262.09	2,528.75	2,528.75	2,528.75	2,528.75	3,528.75	2,528.75
Reserves	32,209.74	28,770.82	24,150.79	14,362.21	6,497.10	7,128.45	13,328.14	12,393.68	11,867.08	11,528.19
Net Worth	37,772.95	34,334.03	29,714.00	17,624.30	9,025.85	9,657.20	15,856.89	14,922.43	15,395.83	14,056.94

Significant Ratios

	2010	2009	2008	2007	2006	2005-06	2004-05	2003-04	2002-03	2001-02
A. Measurement of Investment										
Percentage of Return on Investment (annualised)	10.06	11.21	(1.11)	(3.86)	(1.59)	(1.19)	13.28	12.92	12.99	10.77
Percentage of Return on Equity (annualised)	12.67	15.82	(2.18)	(13.38)	(8.01)	(29.69)	21.13	15.87	11.95	7.10
Dividend Cover (Ratio)	-	-	-	-	-	-	2.18	1.98	1.91	4.50
B. Measurement of Performance										
Percentage of Profit before Tax to Sales	4.72	6.32	(0.68)	(2.61)	(1.25)	(7.39)	6.49	5.33	5.23	5.56
Percentage of Profit after Tax to Sales	0.04	0.06	(0.01)	(2.72)	(1.40)	(9.87)	4.40	3.44	4.03	4.81
C. Measurement of Financial Status										
Percentage of Term Loans to Tangible Net Worth	0.03	0.07	0.13	0.56	2.19	260.63	160.85	122.41	102.16	56.92
Current Ratio	1.12	0.99	0.73	0.83	0.88	1.18	0.85	0.82	1.01	1.40
D. General										
Dividend per Equity Share (Rs.)	-	-	-	-	-	-	4.00	3.00	2.00	1.00
Earnings per Equity Share (Rs.) (annualised)	6.18	8.29	(2.05)	(7.22)	(3.33)	(19.99)	8.71	6.04	5.21	3.60
Book Value per Equity Share (Rs.)	67.90	61.72	88.36	68.34	35.69	38.19	62.71	59.01	56.93	55.59

DIRECTORS' REPORT

Your Directors are pleased to present the 56th Annual Report and Audited Statement of Accounts for the financial year ended 31st December, 2010.

FINANCIAL RESULTS

[Rs. in million]

	For the year ended 31.12.2010	For the year ended 31.12.2009
Total Income:		
Gross Sales	9,304.67	7,750.69
Deduct : Excise Duty	721.81	517.57
	8,582.86	7,233.12
Business and other Income	935.88	653.49
Profit before Tax, Depreciation, Finance Charges & Prior Period Items	1,102.17	1,261.10
Deduct :		
Depreciation and Amortization	482.25	494.92
Finance Charges	139.32	217.05
Profit /(Loss) before Tax and Prior Period Items	480.60	549.13
Provision for Tax		
- Current	-	(0.37)
- Fringe Benefit	-	1.64
- Deferred Tax	113.04	44.51
Net Profit/(Loss) after Tax	367.57	503.34
Prior Period Items	23.68	42.38
Balance brought forward	96.24	(364.72)
Surplus/(Loss) carried to balance sheet	440.13	96.24

Operations

The Net income of the Company during the year ended 31st December 2010 was Rs. 9,518.74 million as against Rs. 7,886.61 million for the year ended 31st December 2009.

During the year under review, the Company made a Net Profit after Tax of Rs. 343.89 million as against the Net Profit after Tax of Rs. 460.96 million in the last year.

Continuous focus on providing the high quality world class products, flexibility and Agility were identified as the mantras to win in a volatile environment. Every effort was made to achieve possible savings/cost reduction.

In view of requirement of funds for the operations of the Company, no dividend is recommended for the year ended 31st December 2010.

Auditors' Comments

The Auditors have made certain comments in their Audit Report, concerning the Accounts of the Company. The Management puts forth its explanations as below:

1. The statutory auditors have reported in the auditor's report for the year ended December 31, 2010 that remuneration being paid to the Managing Director for the current year and the previous year was in excess of the limits prescribed under the Companies Act 1956, by Rs. 333.28 lacs. Further, the Auditors have

reported that the managerial remuneration paid to the erstwhile managing director amounting to Rs. 119.85 Lacs for the period April 1, 2006 to December 31, 2006 and Rs. 38.47 Lacs for the period January 1, 2007 to September 24, 2007 was in excess of the limits prescribed under the Companies Act. The Company has applied/represented to the Central Government for the approvals and is hopeful to receive the same.

2. In the opinion of the Auditor, the interest free loan of Rs. 1,714.17 lacs (year-end balance of loans granted to such party was Rs. nil) granted to its former subsidiary, Satara Rubbers & Chemicals Limited was prejudicial to the interest of the Company. The management is of the view that such loan was not prejudicial to the interests of the Company. The Company had sold its entire investment in the said subsidiary, effective 31st March, 2010.

3. With regard to the Auditors comment on the slight delay in depositing tax and other dues, the management is taking necessary remedial action.

MANAGEMENT DISCUSSION AND ANALYSIS:

(a) Industry structures and developments

On the canvas of the Indian economy, automotive industry occupies a prominent place. Due to its deep forward and backward linkages with several key segments of the economy, automotive industry

has a strong multiplier effect and is capable of being the driver of economic growth. With India being growing automotive market, the automotive sector is one of the prime drivers of the Indian economy. India has emerged as one of the favorite investment destinations for automotive manufacturers in recent times. Global auto companies are investing to tap the growing demand in India. The Indian automobile industry is geared to invest in fresh capacity signifying a rising demand for auto components as well.

Automotive Industry, one of the key drivers of the national economy, has been able to restructure itself, absorb newer technology, align itself to the global developments and realize its potential. This has significantly increased automotive industry's contribution to overall industrial growth in the country.

The auto component industry in India has grown by leap and bounds indicating a opportunistic but challenging run for the industry. The industry is transforming from being highly domestic-centric, to a force ready to face global competition.

The Indian auto component industry is extensive and highly fragmented, which has been finding the way through a period of rapid changes with great confidence. Driven by global competition, business rules are changing and liberalization has had comprehensive ramifications for the industry.

DIRECTORS' REPORT (Contd.)

(b) Opportunities and Threats

The Company drives sustainable profitable growth through leading technology and superior quality products and services.

Federal-Mogul continues to support the Company with its technical expertise. With widely recognized brands, advanced technology, strong distribution network and a committed team of employees, the Company has continued to maintain its lead in the dynamic market and is well positioned to take advantage of the growth prospects and withstand the market challenges.

A progressive leadership has given direction to the establishment. Our ability to efficiently utilize existing capacity to satisfy the increasing demand by offering wide range of products at competitive prices has embarked a strong presence in the market.

While excellence, corporate governance, professionalization, financial sustainability and functional competencies have been the focus of your Company, the Company employed best practices to proactively map the impact of its activities on its performance and profitability from economic, environment and social perspectives.

The Company faces stiff competition in the market place as there are limited customers in the OE market. The Company also faces stiff competition with the players in the un-organized sector. Further instability in the prices of metals and other inputs is perceived as a threat.

(c) Segment wise or product wise performance

We operate mainly in two segments i.e. OEM's and the aftermarket. The company has a balanced approach to the OEM's and Aftermarket, which helps us in capitalizing on our strengths in both segments and to respond to market fluctuations and customer strategies.

(d) Outlook

The Indian economy is strongly on track and is expected to grow even higher. The business environment is expected to be growth-oriented, but volatile as well. The Company is likely to maintain a steady growth oriented performance while maintaining the bottom-line margins on the back of various cost optimization measures.

An estimation of the past growth suggests that Indian automotive industry will improve further. The growth expected in the automobile industry will give a fillip to the Company's performance and profitability. All indicators suggest a positive growth prospects for the Company.

To remain competitive in the challenging and demanding environment, the benchmark has to be high in anticipation of the stated and unstated need of the customers and markets.

Your Company would focus its energy on its new capabilities like new technology based products, management systems etc, which will result in retaining/ enhancing customer access, reduced costs and improved margins.

The combination of effective manufacturing costs along with quality systems would give an edge to the Company in terms of pricing and quality. Expansion and diversification will help break into new markets. Technical edge, specialization, innovation and networking will determine the success of the Company in this globally competitive environment.

(e) Risks and concern

The Company operates in an environment which is affected by various risks some of which are controllable while some are outside the control of the Company. However, the Company has been taking appropriate measures to mitigate these risks on a continuous basis. Some of the risks that are potentially significant in nature and need careful monitoring are listed hereunder:

1. Raw material prices:

Our profitability and cost effectiveness may be affected due to change in the prices of raw materials and other inputs.

2. Foreign Currency Risks:

Exchange rate fluctuations may have an adverse impact on the Company.

3. Technical Intensive Industry:

The automobile industry is a technical intensive industry and thus faced with a constant demand for new designs, knowledge of nascent technology to meet market requirements.

4. Cyclical nature of the Industry:

The Company's growth is linked to those of the automobile Industry, which is cyclical in nature. The demand for automobiles has a significant impact on the demand and prices of the products manufactured by the Company. A fall in the demand and / or prices would adversely impact the financial performance of the Company.

5. Increasing competition :

Increasing competition across both OEM's and after market segment, may put some pressure on market share.

(f) Adequacy of Internal Control Systems

The Company has an Audit Committee headed by a non-executive independent director, inter-alia, to oversee the Company's financial reporting process, disclosure of financial information, performance of statutory and internal auditors, functions, internal control systems, related party transactions, investigation relating to suspected fraud or failure of internal audit control, to name a few, as well as other areas requiring mandatory review per Clause 49 of the Listing Agreement with the stock exchanges. The powers of the Audit Committee,

inter-alia, include seeking information from any employee, directing the Company's internal Audit function, obtaining outside legal or other professional advice and investigating any activity of the Company within the Committee's terms of reference.

The company has a well defined internal control system, which aims at protection of Company's resources, efficiency of operations, compliances with the legal obligations and Company's policies and procedures.

Subsidiary Companies

Federal- Mogul TPR [India] Limited

For the Financial year ended December 31, 2010 the Company has achieved a total income of Rs.939.02 million as against Rs. 785.32 million for the year ended 31st December, 2009 showing an increase of 19.57% as compared to the previous year. The profit before tax showed an increase of 36.33% over the previous year due to the operational improvements.

In view of the profitability, the Board has recommended a Dividend of 6% on the Cumulative Preference Shares and 67% Dividend on Equity Shares of the Company.

Satara Rubbers and Chemicals Limited (Till 31st March, 2010)

The Company has sold its entire investment in the shares of Satara Rubbers & Chemical Limited (Wholly owned subsidiary) to Akme Projects Limited on 31st March 2010.

Statement pursuant to Section 212 of the Companies Act, 1956 as also the annual accounts of the subsidiaries form a part of the Company's Annual Report.

Consolidated Financial Statements

In compliance with Clause 32 and Clause 50 of the Listing Agreements with the Stock Exchanges, and as per the Accounting Standard on Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements along with the Auditors' Report have been annexed with this report.

Issue and utilization of Right issue proceeds

The Company had raised an amount of Rs. 1,288,626,752 by allotment of 23011192 shares on rights basis to the existing shareholders vide Letter of Offer dated 5th November 2008 (LOO) out of which Rs. 1,148.77 Lacs could not be utilized as on December 31, 2009 as per the objects of the issue.

In the Annual General Meeting held on 25th June, 2010, the shareholders of the Company had approved, under Section 61 of the Companies Act, 1956, utilization of the proceeds of the aforesaid rights issue for the purpose of:

- Rs. 1138.42 lacs for the purchase of machineries other than those specified in the LOO, under the same category i.e. "Payment to Suppliers for the purchase of machineries (including interest)", based on the current business estimates.
- Rs. 10.35 lacs under the category "Issue Expenses", inter-se to the object category of "General Corporate Purposes".

Accordingly, as on December 31, 2010, the utilisation of the proceeds of the rights issue is as under :
Federal Mogul Goetze (India) Limited for the year ended December 31, 2010

Particulars	Amount as approved in AGM (Rs. in lacs)	Amount utilised till June 30, 2010 (Rs. in lacs)	Amount utilised during Quarter Dec. 31, 2010 (Rs. in lacs)	Amount utilised till December 31, 2010 (Rs. in lacs)	Amount unutilised till December 31, 2010 (Rs. in lacs)
Repayment of existing debt on their respective due dates	3,040.67	3,040.67	-	3,040.67	-
Payment to suppliers for purchase of machineries (including interest)	9,296.61	8,158.19	595.32	8,753.51	543.10
General corporate purposes	441.65	431.30	10.35	441.65	-
Issue expenses	107.34	107.34	-	107.34	-
Total	12,886.27	11,737.50	605.67	12,343.17	543.10

Directors' Responsibility Statement

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- In the preparation of annual accounts the applicable accounting standards have been followed and that there have been no material departures;
- The Directors have selected such accounting policies and applied them consistently, except to the extent of deviations required for the better presentation of the accounts and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December 2010 and of the profit of the Company for the year ended on that date;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts of the Company on a going concern basis.

Directors

During the year, Mr. Rustin Murdock resigned as Whole Time Director, effective 30th June, 2010. In the Board meeting held on 12th November, 2010 Mr. Brugger was appointed as Whole Time Finance Director.

Your Board places on record its appreciation for the valuable contribution made by Mr. Rustin Murdock as Whole Time Director & CFO.

Presently your Board consists of Five (5) Directors consisting of Mr. K.N. Subramaniam, Chairman and Non-executive Independent Director, Mr. Jean de Montlaur as Managing Director & President, Mr. Dan Brugger, as Whole Time Finance Director & CFO, Mr. Mukul Gupta, Non-executive Independent Director and Mr. Rainer Jueckstock, Non-Executive Director.

In accordance with Article 109 of the Articles of Association of the Company, Mr. Mukul Gupta is retiring by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Public Deposits

As at 31st December, 2010, your company had unclaimed Fixed Deposits of Rs. 0.36 million. No fresh/renewed deposits were accepted during the financial year. There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of your Company's Schemes.

Auditors

M/s. S.R. Batliboi & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment for the year 2011. They have furnished a certificate to the effect that the re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

Human Resources

The employee relations have remained cordial throughout the year and industrial harmony was maintained. Measures for the safety, training and development of the employees, continued to receive top priority. The total number of salaried and hourly paid employees, as at December 31, 2010, stood at 4501.

Safety, Health and Environment Protection

The Company sustained its initiatives to maintain a pollution free environment by reduction/ elimination of waste, optimum utilization of power and preventive maintenance of equipments and machineries to keep them in good condition. Safety and health of the people working in and around the manufacturing facilities is the top priority of the Company and we are committed to improving this performance year after year.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's views about the Industry, expectations/predictions, objectives etc may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied in these statements. The Company's operations may, inter-alia, be affected by the supply and demand situations, input prices and availability, changes in Government regulations, tax laws and other factors such as industry relations and economic developments etc. Investors should bear the above in mind.

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

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms a part of this report.

Particulars of Employees

The particulars of employees, as required under Section 217(2A) of the Companies Act, 1956 are given as an Annexure to this report.

Acknowledgement

Your Directors acknowledge with sincere gratitude the co-operation and assistance extended by the Bank(s), Customers, Dealers, Vendors, promoters, shareholders, Government Authorities and all the other business associates during the year under review. The Directors also wish to place on record their deep sense of gratitude for the committed services of the Executives, staff and workers of the Company

For and on behalf of the Board

Dan Brugger

Whole Time Finance
Director & CFO

Date: March 1, 2011

Jean de Montlaur

Managing Director
& President

ANNEXURE TO THE DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- Reorientation of Die casting Machines with Cluster arrangement for multi Machine activity at Piston Foundry.
- Introduction of new 500 CFM Energy efficient Air screw compressor.
- Changing over to the New concept of cell bath system for Ring Chrome plating from the existing Rotary bath system.
- Use of time switches on dedusting units.
- Fibrothal lining on furnace.
- Use of energy efficient motors on Besly m/c.
- Installation of timers for auto power off.
- Installation of various frequency drives.

b) Additional investment and proposals, if any, being implemented for reduction of consumption.

- Energy management system for Piston foundry
- Retrofitting Variable Frequency Drives for AC induction motors.
- Installation of 3.7 Kw motors on cutter m/c.s.
- Replacement of conventional lighting fixture with energy efficient fixtures.
- Replacement of compressed air media with treated water for piston dies casting.

c) Impact of measure (a) & (b) above for reduction of energy consumption & consequent on cost of production of goods:

- Reduction in energy consumption.
- Improvement in power factor.

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. Specific areas in which the Company carried out the R&D

- Product development for engines with alternate fuels such as CNG and LPG.
- Product development for emissions regulations
- Product development for friction reduction. Reduction in lube oil consumption and improving specific fuel consumption.
- Introduction of coatings and material.

2. Benefits derived as a result of above R & D

- Introduction of new product to the market.
- Better performance in terms of emission, fuel consumption and oil consumption.
- Development of New Business.

3. Future plan of action

- To develop parts for the engines meeting improved performance in terms of Fuel consumption, Friction and Oil Consumption
- To work upon better skirt coating materials.
- To develop parts for the engines meeting emission legislations.
- To install Flexi line for Both Gasoline and diesel Piston manufacturing
- To install Mutistation oil hole drilling equipment
- To continue development of new products in a cost efficient manner.
- To upgrade the technology.

4. Expenditure on Research & Development (R & D)

Capital: Nil
 Recurring: Rs. 24.86 million
 Total Rs. 24.86 million
 Total R & D Expenditure as a percentage of total turnover: 0.27%

Technology absorption, adaptation and innovation

1. Efforts in brief made towards technology absorption, adaptation & innovation:

- Implementation of AV11D coating process

- Development of FM high strength alloy
- Installation & Commissioning of automatic saltcore cleaning equipment
- Installation & Commissioning of automatic circlip, pin and laser marking machine
- Installation of New Plating process for piston rings
- Installation of New coating equipment for pistons
- Introduction of New Tin Plater for Pistons

2. Benefits derived as a result of above efforts;

New Business
 Upgradation in Technology.

3. Import of Technology

Technology for	Year of Import	Status
Piston with salt core design	2005-2006	Implemented
Moly coating	2005-2006	Implemented
Fully Automated Robotic Machining Line	2006	Implemented
Screen Printing	2006	Implemented
Robo Oil Hole Drilling	2006	Implemented
Assymetrical Barrel Rings	2006	Implemented
Automated Phosphate Coating Line	2007	Implemented
Oil Jet Equipment	2007	Implemented
Thin Napier Ring - 1.2mm axial	2007	Implemented
Surface treatment of Piston & Pin with (AV13D coating AV11 D coating)	2007	Implemented
Thin Napier Ring with serrations on OD AV11D coating	2010	Implemented
Saltcore cleaning equipment	2010	Implemented
Automatic circlip, pin and laser marking	2010	Implemented
Crater Bond Checking Instrument	2010	Implemented

Foreign Exchange Earning Outgo

- Exports: The Company made exports worth Rs.621.88 million for the year under review as compared to Rs.530.48 million for the corresponding previous year.
- Foreign exchange earned : Rs 621.88 million
 Foreign exchange utilized Rs. 135.01 million

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st December 2010.

Sr. No.	Name of Employee	Age (Years)	Qualifications	Experience (Years)	Date of Employment	Designation/ Nature of Duties	Gross Remuneration Held (Rupees)	Last Employment Held
A. Employed throughout the year and in receipt of remuneration not less than Rs 2,400,000 per annum								
1	SGP Naidu	54	BE'79, PGDBM'83, DMM'84, DBT'84	30	27.04.1981	Director-App.Engg.*	3,576,336	Tata Consulting Engrs.
2	Sunit Kapur	36	B.E (Mech Engg)	17	07.03.1995	Plant Manager(Patiala Plant)	4,644,156	Escorts Ltd.
3	Maresh Joshi	47	BE Mechanical, MBA	24	06.12.1999	General Manager	2,709,461	Sterling Tools Limited
4	Andreas Wilhelm Kolf	48	First Law Exam and Second law Exam	15	12.06.2006	Executive Director – Operations*	21,950,380	Federal Mogul GmbH, Germany
5	Rajesh Sinha	41	B.E, MBA	20	02.02.2007	Director Quality*	3,859,432	Hi Tech Gears Ltd.
6	Jean de Montlaur	59	Bachelor Degree in Engineering, Master Degree in Applied Mathematics, Master in Business Administration	32	01.01.2008	Managing Director & President - Overall management of Company	45,022,314	Sintertech (France)
7	Dieter Polaski	50	Apprenticeship in Tool and Die machinist. Master of industries; Bachelor degree in technical mechanics; Post graduate degree in business management	36	01.07.2008	Plant Manager Piston Divison Bangalore	9,466,531	Federal Mogul Nuernberg GmbH, Germany
8	Vinod Hans	44	B.E (Mech Engg), PGDBM	24	01.07.2008	Director -Sales India*	4,636,830	GKN Driveline(India) Ltd.
9	Gunita Hazuria	55	BBA, MBA,PHD	30	01.04.2009	Director-HR*	6,040,742	BPTP Ltd.
10	Madhur Aneja	42	BE	18	01.04.2009	Global After Market Vice President	10,808,148	GE Lightening (I) Ltd.
11	Vikrant Sinha	49	ICWA, MBA (Manchester)	27	01.10.2009	Financial Controller	5,328,688	Ferodo India Pvt. Ltd
12	Alok Manaktala	38	M.Sc'98, B.E'95, CPIM'03, CIRM'06, CTL'08, CPM'08	15	12.08.2009	Director-SCM*	4,503,757	CEVA Logistics India Pvt. Ltd, Gurgaon
13	Khalid Khan	42	Bcom, LLB, CS, ACIS (UK)	19	02.11.2009	General Manager Corporate & Legal Affairs & Company Secretary	2,655,880	Goodyear India Limited
14	Mirtunjay Nath Sahu	49	BSC, PGDPM & IR	22	16.12.2009	General Manager - HR	2,498,409	Apollo Tyres Limited
15	Sanjeev Kumar Singh	40	Graduation-Physics Honors; Post Graduation - Masters in Business Admn (Marketing)	15	15.03.2004	General Manager- Marketing	2,453,967	iCRM Inc., New Delhi
B. Employed for a part of the year and in receipt of remuneration not less than Rs 2,00,000 per month.								
1	Rustin Ray Murdock	51	Bachelor Degree in Accounting and master Degree in Business Administration	19	01.07.2006	Whole Time Director & CFO	11,715,033	Olympia Arena Inc
2	Dan Brugger	42	Bachelor of Science in Accounting, Virginia Tech University, Blacksburg, Virginia USA	21	06.06.2010	Whole Time Finance Director & CFO	7,882,516	Federal Mogul - Lakecity Minnesota, USA
3	Marco Fieldoff	43	Apprenticeship, Engineer	15	01.05.2010	Plant Manager Ring Divison Bangalore	6,547,966	Federal Mogul - Burschied, Germany

* Not a Board Member.

Notes :

- Remuneration includes salary, leave pay, commission/performance bonus, actual expenditure on rent free accommodation and benefits and amenities, contribution to provident fund, gratuity fund and contribution to superannuation fund.
- Designation of the employees indicates the nature of duties.
- All the above Appointments are contractual.

CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY

Federal-Mogul Goetze (India) Limited defines Corporate Governance as a process directing the affairs of the Company with integrity, transparency and fairness, so as to optimize its performance and maximize the long term shareholder value in legal and ethical manner, ensuring justice, courtesy and dignity in all transactions of the Company. Your Company is committed to good Corporate Governance in all its activities and processes.

The Company maintains the optimum combination of Executive and independent Directors having rich experience in related sectors for providing premeditated direction to the Company. The Board of Directors always endeavor to create an environment of fairness, equity and transparency in transactions with the underlying objective of securing long term shareholder value, while, at the same time, respecting the right of all stakeholders.

2. BOARD OF DIRECTORS

a) Composition: The Board of Directors of the Company has an optimum combination of executive and non-executive directors having rich knowledge and experience in the industry and related sectors for providing strategic guidance and direction to the Company. Presently, the Company has 5 Directors on its Board, out of which 3 are Non Executive Directors. Moreover 2 of the Non Executive Directors are Independent Directors. The Chairman of the Board is a Non - Executive Independent Director. The non-executive independent Directors bring a wide range of expertise and experience to the Board.

During the year, there was no pecuniary relationship or business transaction by the Company with any non-executive Director, other than the sitting fee for attending the Board/ Committee meetings.

b) Details of Board Meetings held during the year 1st January 2010 to 31st December, 2010

Date of Meeting	Board Strength	No. of Directors Present in person	No. of Directors Present through conference call
27th February, 2010	5	4	NIL
19th March 2010	5	4	NIL
30th April 2010	5	4	NIL
12th August 2010	4	3	NIL
12th November, 2010	5	4	1

Information placed before the Board :

Apart from the items that are required to be placed before the Board for its approval under the statutes, the following are also tabled for Board's Periodic Review/ Information, to the extent applicable:

- Annual capital & revenue budgets and updates;
- Quarterly results of the Company;
- Minutes of meetings of Audit Committee and other committees of the Board;
- 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.
- Materially important show cause, demand, prosecution and penalty notices;
- Fatal or serious accidents or dangerous occurrences;
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment 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 implication on the Company.
- Details of any joint ventures or collaboration agreement.
- Transaction that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions;
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholder services such as non-payment of dividend, delay in share transfer, etc.

c) Information as required as per the Listing Agreement in respect of Directors being re-appointed is as under:

Mr. Mukul Gupta, Director, is liable to retire by rotation in the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment. Item regarding his re-appointment has been included in the notice of the ensuing Annual General Meeting.

Mr. Mukul Gupta is a Law Graduate and also has a Bachelors Degree in Economics (Hons) from Meerut University and has been practicing for many years as a Tax Consultant in the field of Sales Tax, Work Contract Tax, VAT and Service Tax. He has been providing Consultancy Services in different areas of tax to large multinationals as well as Reputed Indian Companies. He was the Secretary General for 2009 & 2010 and presently Member of National Executive Council of the All India Federation of Tax Practitioners, Member of the Supreme Court Bar Association, New Delhi since 1985 and was also the Vice President of the Ghaziabad Tax Bar Association in 2001. He is also involved in giving advice to the Government of Uttar Pradesh with respect to improving the System of Sales Tax and implementation of VAT, which is helpful to Industries and Business in general. He was the President of Rotary Club in 1995-96 and received Presidential Citation for Integrity, Love and Peace. He is Member Governing Council of Center of Agrarian Research & Training.

Further, Mr. Dan Brugger was appointed as Additional Director on the Board of the company on 12th November, 2010. His tenure is coming to an end in the forthcoming Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with requisite deposit has been received from a member of a company signifying his intention to propose the candidature of Mr. Dan Brugger, as Director of the Company.

Mr. Brugger is a graduate of Virginia Tech University, Blacksburg Virginia USA. Mr. Brugger has 21 years of financial management experience with Federal-Mogul Corporation and its subsidiaries. Mr. Brugger's experience includes 4 years as the North America Division Controller for F-M's Powertrain Energy Group, 2 years as East Asia Division Controller for F-M's Powertrain Energy Group and 1 year as Controller & Treasurer of Federal-Mogul TP Liners, Inc in the USA. Mr. Brugger is a former director of Federal-Mogul Dongsuh (Qingdao) Piston Co., Ltd located in Qingdao China.

d) Attendance at Board Meetings and last AGM and details of memberships of Directors in other Boards and Board Committees:

Name of the Director	Category	For the year from 1st January 2010 to 31st December, 2010 Attendance at		As on 31st December, 2010		
		Board Meeting (Total Meetings held - 5)	Last AGM 25th June 2010	Number of Directorships of other Indian Public Limited Companies (Note 1)	Committee Memberships (Note 2)	
					Member	Chairman
Mr. Jean de Montlaur	MD&P	5	Yes	2	1	Nil
Mr. Rustin Murdock (Resigned w.e.f June 30, 2010)	WTD& CFO	3	Yes	-	-	-
Mr. Rainer Jueckstock	NED	1*	No	Nil	2	1
Mr. Mukul Gupta	NEID	5	Yes	Nil	2	1
Mr. K.N. Subramaniam	CNEID	5	Yes	Nil	2	Nil
Mr. Dan Brugger (w.e.f. 12.11.2010)	WTFD & CFO	1	Yes (Not as WTFD & CFO)	2	1	Nil

* Attended through conference call.

CNEID : Chairman and Non-Executive Independent Director NEID : Non Executive Independent Director
 MD&P : Managing Director & President WTD&CFO : Whole Time Director & CFO
 NED : Non Executive Director WTFD&CFO: Whole Time Finance Director & CFO
 Note1 : The above excludes Foreign Companies, Private Limited Companies and Alternate Directorships.
 Note2 : Includes only Audit and Shareholders'/Investors' Grievance committee in all Public Limited Companies.

Code of Conduct

We at Federal-Mogul Goetze (India) Limited have laid down a code of conduct for all Board members and senior management of the Company. The code of conduct is available on the website of the Company i.e. www.federalmogulgoetze.com. The code has been circulated to all the members of the Board and senior management and they have affirmed compliance with the code of conduct. A declaration signed by the Managing Director and President to this effect is attached to the Annual Report.

3. AUDIT COMMITTEE

a) Composition and Terms of Reference

The Audit Committee comprises of two Non-Executive Independent Directors and one Non-Executive Director viz. Mr. Mukul Gupta, Chairman (Non-Executive Independent Director), Mr. K.N. Subramaniam, Member (Non-Executive Independent Director) and Mr. Rainer Jueckstock, Member (Non-Executive Director).

Representatives of the Management, Finance Department, Company Secretary, Statutory Auditors and Internal Auditors are invitees to the meetings of the Audit Committee.

The current terms of reference of the Audit Committee fully conform to the requirements of Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. These broadly include review of internal audit programme, review of financial reporting systems, internal control systems, ensuring compliance with statutory and regulatory provisions, discussions on quarterly, half yearly and annual financial results, interaction with senior management, statutory and internal auditors, recommendation for re-appointment of statutory auditors etc.

b) Meetings and Attendance

Details of Audit Committee Meetings held during the year 1st January 2010 to 31st December, 2010

Date of Meeting	Strength of Committee	No. of Members present in person	No. of Members Present through conference call
27th February, 2010	3	2	NIL
19th March, 2010	3	2	NIL
30th April, 2010	3	2	1
25th June, 2010	3	2	NIL
12th August, 2010	3	2	1
12th November, 2010	3	2	1

Audit Committee Members Attendance during the Accounting year 2010

Name	Total Meetings held	No. of meetings attended in person	No. of meetings attended through Conference Call
Mr. Mukul Gupta (Chairman)	6	6	Nil
Mr. K.N. Subramaniam	6	6	Nil
Mr. Rainer Jueckstock	6	-	3

The Audit Committee meeting was also held on 1st March, 2011 to, inter-alia, consider the reappointment of M/s. S R Batliboi & Co. as Statutory Auditors of the Company for the Year 2011, review of the audited financial results and Annual Accounts for the year ended 31st December 2010 with the statutory auditors and recommend the same to the Board for approval.

4. REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprises of Mr. K.N. Subramaniam as the Chairman, Mr. Mukul Gupta and Mr. Rainer Jueckstock as Members.

The Remuneration Committee has been constituted to determine and review the remuneration packages of the Managing Director and/or Whole Time Director. The remuneration policy is in consonance with the existing industry practice.

A) Meetings and Attendance

Details of Remuneration Committee Meetings held during the year 1st January 2010 to 31st December, 2010

Date of Meeting	Strength of Committee	No. of Members Present in person	No. of Members Present through conference call
12th November, 2010	3	2	1

During the year under review, the Remuneration Committee met to approve the remuneration payable to Mr. Dan Brugger as Whole Time Finance Director & CFO of the Company.

B) Remuneration Committee Members Attendance during the year 2010

Name	Total Meetings held	No. of meetings attended in person	No. of meetings attended through Conference Call
Mr. K.N. Subramaniam (Chairman)	1	1	Nil
Mr. Mukul Gupta	1	1	Nil
Mr. Rainer Jueckstock	1	0	1

Details of Remuneration to Directors for the year ended 31st December, 2010

Name of Executive Directors	Remuneration for the year ended 2010 (Rs. In lacs)	Service contract
Mr. Jean de Montlaur*	- Salaries 376.13 - Contribution to Provident & Other funds 14.91 - Other Perquisites 59.18 <hr/> 450.22	27.03.2009 to 02.03.2013
Mr. Rustin Murdock (Resigned w.e.f 30th June, 2010)	- Salaries 94.61 - Contribution to Provident & Other funds 3.09 - Other Perquisites 19.45 <hr/> 117.15	27.03.2009 to 31.03.2012
Mr. Dan Brugger (Appointed w.e.f 12.11.2010)**	- Salaries 19.21 - Contribution to Provident & Other funds 0.85 - Other Perquisites 9.27 <hr/> 29.33	12.11.2010 to 11.11.2015

*The Company had applied to the Central Government for obtaining approval for the remuneration payable to Mr. Jean de Montlaur for his tenure from 27th March, 2009 till 2nd March, 2013.

** The Company had applied to the Central Government for obtaining approval for the remuneration payable to Mr. Dan Brugger for his tenure from 12th November, 2010 to 11th November, 2015.

Notes: 1. During the period under review, the Non-Executive Independent Directors received sitting fees of Rs. 20,000/- each for the meetings of the Board, Audit Committee, Shareholders' / Investors' Grievance Committee, Remuneration Committee, and Rs. 15,000/- each for Share Transfer Committee meetings attended by them. There are no other pecuniary relationships or transactions with the Company.

2. The Company does not have any stock option scheme.

Remuneration Policy of the Company : Remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis. The Remuneration policy is in consonance with the existing Industry trends. The remuneration structure of Executive Directors comprises of salary, allowances, and perquisites.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

- The Shareholders' / Investors' Grievance Committee has been constituted to look into the redressal of shareholders' and investors' complaints like transfer/ transmission/demat of share; loss of share certificates; non-receipt of Annual Report; Dividend Warrants etc.
- The composition of the Committee is as under:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Rainer Jueckstock	Chairman	Non-Executive Director
Mr. Mukul Gupta	Member	Non - Executive Independent Director
Mr. K.N. Subramaniam	Member	Non - Executive Independent Director
Mr. Jean de Montlaur	Member	Managing Director & President
Mr. Dan Brugger (Appointed w.e.f 12th November, 2010)	Member	Whole Time Finance Director & CFO

- Mr. Rustin Murdock, member of the Committee, resigned w.e.f 30th June, 2010.
- Mr. Khalid Khan, Company Secretary of the Company has been nominated as the compliance officer for this purpose.

A) Meetings and Attendance

Details of Shareholders'/ Investors' Grievance Meetings held during the year 1st January 2010 to 31st December, 2010

Date of Meeting	Strength of Committee	No. of Members Present in person	No. of Members Present through conference call
27th Feb., 2010	5	4	NIL
30th April 2010	5	4	NIL
12th August, 2010	4	3	NIL
12th November, 2010	4	3	1

B) Shareholders'/Investors' Grievance Committee Members Attendance during the year 2010

Name	Total Meetings held	No. of Meetings attended in person	No. of Meetings attended through Conference Call
Mr. Rainer Jueckstock (Chairman)	4	Nil	1
Mr. Rustin Murdock (Resigned w.e.f 30th June, 2010)	4	2	Nil
Mr. Mukul Gupta	4	4	Nil
Mr. K.N. Subramaniam	4	4	Nil
Mr. Jean de Montlaur	4	4	Nil
Mr. Dan Brugger (appointed w.e.f 12th November, 2010)	-	-	-

- The letters received from shareholders for routine matters such as requests for revalidation of dividend warrants; non-receipt of Annual Report, Dividend warrants were redressed/resolved/replied promptly in usual and proper manner to the entire satisfaction of the shareholders.
- There were no requests pending for Share Transfer or Transmission as on 31st December, 2010. Further, there were no request pending for demat as on 31st December, 2010.
- The Company has transferred the matured deposits, interest thereon remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund set up by the Central Government pursuant to the provisions of Section 205A, read with Section 205C of the Companies Act, 1956. During the year ended December 31, 2010 the Company has credited a sum of Rs. 9,76,980/- to the Investor Education and Protection Fund pursuant to the said provisions.

6. ANNUAL GENERAL MEETINGS

Year	Location	Date & Time	Whether any special resolution passed
53rd AGM (2007)	FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi - 110001	13th June 2008 10.00 A.M.	1. To consider and approve appointment and terms of appointment of Mr. Rustin Murdock as the Managing Director & CFO of the Company. 2. To consider and approve the payment of remuneration to Mr. Arun Anand, Ex- Vice Chairman, Managing Director & CEO of the Company.
54th AGM (2008)	Sri Sathya Sai International Centre, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003	26th June 2009 10.00 A.M.	1. To consider and approve the change in designation of Mr. Rustin Murdock to Whole Time Director & CFO of the Company and his terms of appointment. 2. To consider and approve the elevation of Mr. Jean de Montlaur as the Managing Director and President and his terms of appointment.
55th AGM (2009)	Sri Sathya Sai International Centre, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003	25th June, 2010 10.00 A.M.	1. To consider and approve the waiver of refund of the excess remuneration paid to Mr. Arun Anand, erstwhile Vice Chairman, Managing Director & CEO, for the period from 1st April 2006 to 31st December, 2006.

Postal Ballot: No resolutions have been passed by the Company's shareholders through postal ballot during the year ended 31st December 2010. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

7. DISCLOSURES

- Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large
 - Details of number of Shares & Convertible Instruments held by Non-Executive Directors
 - Details of non compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the past three years.
 - Whistle Blower Policy
 - Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements
- None of the transactions with any of the related parties were in conflict with the interest of the Company
 - As on date, no Non-Executive Director holds any share in the Company.
 - None
 - The Company has established a Whistle Blower Policy for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This policy provides for adequate safeguards against victimization of employees who avail of the mechanism.
 - As on date, the Company is in full compliance with the mandatory requirements of Clause 49. Further, following Non-mandatory requirements are also adopted by the Company :
 1. At present, the Chairman of the Board is a Non-executive Independent Director.
 2. The Board has established a Remuneration Committee in accordance with the provisions of Clause 49.
 3. The Company has established a Whistle Blower policy and appropriately communicated the same within the organization.

8. MEANS OF COMMUNICATION

Quarterly Results

Quarterly/Half-Yearly/ Yearly Financial Results of the Company were considered and approved by the Directors and the same were communicated to Stock Exchanges on the same day. During the year under review, these results were generally published in one English Daily i.e. Financial Express (all edition) and one Hindi Daily i.e Jansatta, Delhi. The results are available on the Company's website at www.federalmogulgoetze.com

Whether presentations were made to Institutional Investors or to the analysts ? No.

9. GENERAL SHAREHOLDERS INFORMATION

a. 56th Annual General Meeting

- Date and Time
- Venue

9th May 2011 at 3.00 P.M.
Sri Sathya Sai International Centre
Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003
January 1 to December 31

b. Financial Year

c. Financial Calendar (Tentative)

- Results for the quarter ending March 31, 2011
- Results for the quarter/half year ending June 30, 2011
- Results for the quarter/period ending September 30, 2011
- Results for the quarter/year ending December 31, 2011
- Annual General Meeting for the year ending December 31, 2011

Last week of April 2011
Last week of July 2011
Last week of October 2011
Last week of February, 2012
Last week of June 2012
22nd April 2011 to 9th May 2011 (both days inclusive)

d. Book Closure date

e. Listing on Stock Exchanges

- Bombay Stock Exchange Limited
Phiroze Jeejee Bhoy Towers, Dalal Street, Mumbai-400001
- The National Stock Exchange of India Ltd.,
Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai.
(See Note)

f. Stock Code

ISIN No.-NSDL
- CDSL

Mumbai Stock Exchange-505744
National Stock Exchange-FMGOETZE
INE 529A01010
INE 529A01010

Note: Listing Fees for the year 2010-2011 has been paid to both, Bombay Stock Exchange Limited and National Stock Exchange. Annual custodian charges of Depository have also been paid to NSDL and CDSL.

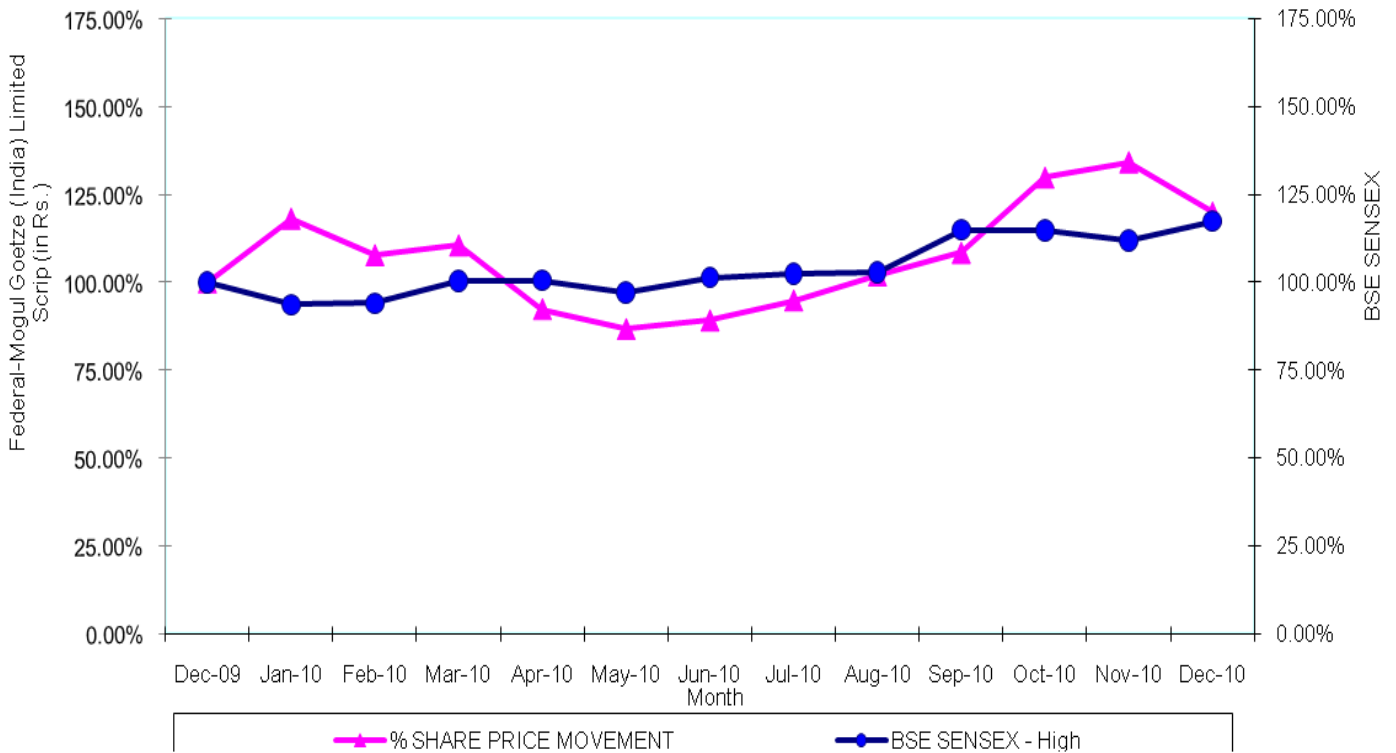
g. Stock Market Data*

Month	The Stock Exchange, Mumbai				National Stock Exchange			
	Federal-Mogul Goetze (India) Limited's Share Price (Rs.)		Sensex		Federal-Mogul Goetze (India) Limited's Share Price (Rs.)		S&P CNX Nifty	
	High	Low	High	Low	High	Low	High	Low
Dec 2009	154.00	128.00	17530.94	16577.78	154.00	130.00	5221.85	4943.95
Jan 2010	182.00	143.00	17790.33	15982.08	182.00	140.80	5310.85	4766.00
Feb 2010	165.95	134.50	16669.25	15651.99	166.00	132.75	4992.00	4675.40
Mar 2010	170.25	136.10	17793.01	16438.45	170.05	136.00	5329.55	4935.35
April 2010	142.20	125.55	18047.86	17276.80	142.50	127.50	5399.65	5160.90
May 2010	133.45	97.00	17536.86	15960.15	133.00	99.05	5278.70	4786.45
June 2010	137.25	100.95	17919.62	16318.39	142.00	100.30	5366.75	4961.05
July 2010	146.00	127.65	18237.56	17395.58	146.10	128.00	5477.50	5225.60
Aug. 2010	157.00	138.10	18475.27	17819.99	156.75	138.35	5549.80	5348.90
Sept. 2010	166.95	147.00	20267.98	18027.12	165.35	147.20	6073.50	5403.05
Oct. 2010	200.00	161.00	20854.55	19768.96	201.40	161.50	6284.10	5937.10
Nov 2010	206.80	160.00	21108.64	18954.82	205.80	162.05	6338.50	5690.35
Dec. 2010	184.70	163.05	20552.03	19074.57	185.00	163.20	6147.30	5721.15

* Source : www.bseindia.com; www.nseindia.com

h. Comparison of Federal-Mogul Goetze (India) Limited Scrip movement with BSE Sensex (Month High)

Comparison of Federal-Mogul Goetze (India) Limited Scrip Movement with BSE Sensex



i. Share Transfer System

- Alankit Assignments Limited, RTA Division, 2E/21, Jhandewalan Extension, New Delhi 110055 is acting as the Registrar and Transfer Agent for the Equity Shares of the Company, w.e.f 1st May 2005 to provide services in both Physical and Electronic Mode.
- The authority relating to share transfer has been delegated to the Share Transfer Committee. With effect from 12th November, 2010 the Share Transfer Committee comprises of Mr. Dan Brugger, Chairman, Mr. Mukul Gupta, Mr. K.N. Subramaniam and Mr. Jean de Montlaur as Members.
- Valid share transfers in physical form and complete in all respects are normally approved and registered generally within a period of a fortnight by the Share Transfer Committee. Valid demat requests are cleared twice in a week. The committee met 20 times during the year 2010 for approving transfers, transmission etc.
- Pursuant to clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis, have been issued by the Company Secretary in practice for due compliance of share transfer formalities by the Company.

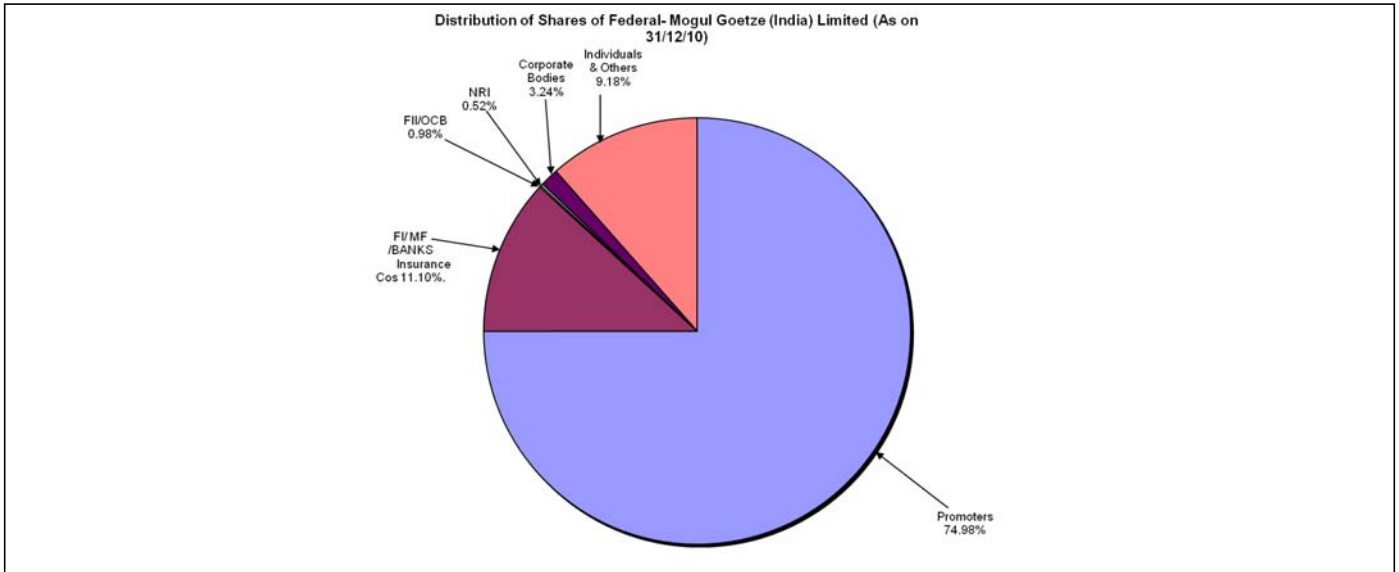
j. Distribution Schedule as on 31/12/2010

A] On the basis of shares held

No. of shares	No. of Shareholders	Percentage to total Shareholders	No. of shares held	Percentage to total shares held
UPTO 5000	22057	94.726	20023430	3.599
5001 - 10000	629	2.701	4852810	0.872
10001 - 20000	293	1.258	4398340	0.791
20001 - 30000	92	0.395	2348600	0.422
30001 - 40000	44	0.189	1544150	0.278
40001 - 50000	44	0.189	2103060	0.378
50001 -100000	60	0.258	4465120	0.803
ABOVE 100000	66	0.284	516585790	92.857
TOTAL	23285	100.00	55632130	100.00

B] On the basis of Category

Category	No. of Shareholders	Percentage to total Shareholders	No. of shares held	Percentage to total shares held
INDIVIDUALS	22601	97.07	6080448	10.93
CORPORATE BODIES	487	2.09	768769	1.38
FINANCIAL INSTITUTIONS / MUTUAL FUNDS/ BANKS/ INSURANCE COMPANIES	26	0.11	6640312	11.94
NON-RESIDENT INDIANS	152	0.65	320630	0.58
FOREIGN INSTITUTIONAL INVESTORS/ OVERSEAS CORPORATE BODIES	10	0.04	98731	0.18
PROMOTERS (NON-RESIDENT COMPANY)	2	0.01	41715454	74.98
OTHERS	7	0.03	7786	0.01
TOTAL	23285	100.00	55632130	100.00



k. Dematerialization of shares and Liquidity

As on 31st December 2010, 98.86% of the Equity Capital of the Company has been dematerialized. The shares of the company are traded on Bombay Stock Exchange Limited Mumbai and the National Stock Exchange of India Limited and have good liquidity.

l. Outstanding GDR's / ADR's / Warrants Or any convertible instruments, conversion date and likely impact on equity.

None

m. Plant Locations :

- | | | | |
|---------------------------------------|--|---------------------------|--|
| 1. Bahadurgarh
Patiala
(PUNJAB) | 2. Yelahanka
Bengaluru
(KARNATAKA) | 3. Bhiwadi
(RAJASTHAN) | 4. Pantnagar,
Udham Singh Nagar,
(UTTARAKHAND) |
|---------------------------------------|--|---------------------------|--|

n. Corporate office:

10th Floor, Tower B, Paras Twin Towers, Sector-54, Golf Course Road, Gurgaon, Haryana 122002, India.
Tel No: 0124-478 4530

Registered office:

7870-7877, F-1 Roshanara Plaza Building, Roshanara Road, Delhi -110007
Tel No: 011-23827435 / Fax No.: 011-30489308
email: investor.grievance@federalmogul.com
Website: www.federalmogulgoetze.com

o. Registrar and Share Transfer Agent

Alankit Assignments Limited
'Alankit House' 2E/21, Jhandewalan Extension, New Delhi-110055
Tel No: 011-23541234, 42541234/ Fax No.: 011-23552001/42541201

p. Compliance Officer :

Mr. Khalid Khan, Company Secretary

For and on behalf of the Board

Jean de Montlaur
Managing Director & President

Dan Brugger
Whole Time Finance Director & CFO

Date : March 1, 2011.

DECLARATION OF MD & PRESIDENT

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copy of same is posted on the website of the Company viz. www.federalmogulgoetze.com. Further certified that the Members of the Board and Senior Management Personnel have affirmed their compliance with the Code for the year ended 31st December, 2010.

Date : March 1, 2011

Jean de Montlaur
Managing Director & President

CERTIFICATE ON CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
Federal-Mogul Goetze (India) Limited

We have examined the compliance of conditions of Corporate Governance of Federal-Mogul Goetze (India) Limited for the year ended 31st December, 2010 as stipulated in Clause 49 of the Listing Agreement of Company with the Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. The examination was limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of the information provided and according to the explanations given, it is certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that in respect of Investors grievances received during the year ended 31st December 2010, no investor grievances were pending against the Company for a period exceeding one month as per the records maintained by the Company which were presented to the shareholders/Investor Grievance Committee. All the investor grievances against the Company were resolved amicably.

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

For DEEPIKA GERA,
COMPANY SECRETARIES

Place : New Delhi
Date : February 22, 2011

DEEPIKA GERA
C.P. No. : 7487

AUDITORS' REPORT

To
The Members of Federal-Mogul Goetze (India) Limited

1. We have audited the attached Balance Sheet of Federal-Mogul Goetze (India) Limited ('the Company') as at December 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw your attention to the note no 8 (b) of schedule 24 of financial statements stating that remuneration of Rs. 137.61 lacs for current year and Rs.195.67 lacs for earlier year being paid to the managing director is in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. The Company has applied to the Central government for the approval of such excess remuneration. The management has obtained confirmation from the director that he will refund this amounts, to the extent of this being not approved by the Central government.
5. As stated in note 8(c) of Schedule 24, remuneration of Rs. 119.85 lacs for the period April 1, 2006 to December 31, 2006 and Rs. 38.47 lacs for the period January 1, 2007 to September 24, 2007 was paid to the erstwhile managing director of the Company which was in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. The Company had applied to the Central Government for the approval of such excess remuneration which was rejected by the Central Government. The Company has filed applications under Section 309(5B) of the Companies Act, 1956 to waive

the recovery of the aforesaid amount from the erstwhile managing director. In absence of any recovery from the said director, non-recording of a receivable from the said director and rejection of approval from central government, we are unable to comment on outcome of the application pending in this regard and its consequent impact on the profit for the year and reserve and surplus as at year end.

6. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on December 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. *Subject to our comments in paragraph 5 above relating to amounts recoverable from erst while managing directors towards excess remuneration, the impact, if any, whereof is not ascertainable, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;*
 - a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

Annexure referred to in paragraph 3 of our report of even date. Re: Federal-Mogul Goetze (India) Limited ('the Company')

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, except for certain items of plant and machinery and certain items of furniture at one of its facilities, where the records are maintained for group of similar assets and not for each individual asset.
 - (b) The Company has a programme for physical verification on a rotational basis, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. (a) The Company has granted loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,714.17 lacs and the year-end balance of loans granted to such party was Rs. nil.
 - (b) In our opinion and according to the information and explanations given to us, loan of Rs 1,714.17 lacs was prima facie prejudicial to the interest of the Company as it had been granted interest free although other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
 - (c) The loan granted was re-payable on demand. As informed, during the year the company has demanded repayment of the same and there has

For S.R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner

Place : Gurgaon
 Date : March 1, 2011

Membership
 No.: 91813

been no default on the part of the party to whom the money has been lent. *The loan was given interest free.*

- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, clauses 4(iii) (e), (f) and (g) are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- v. (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or

arrangements referred to in section 301 of the Act, that need to be entered into the register maintained under section 301 have been so entered.

- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakh entered during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate and complete.

- ix. a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it though, there has been a *slight delay in a few cases.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- b) According to the information and explanations given to us, no material undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the records of the Company, the dues outstanding of sales-tax, income-tax, custom duty, wealth-tax, service tax, excise duty and cess which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs. Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty on classification of product	6.97	1998-1999	Deputy Commissioner of Central Excise, Patiala, Punjab
Central Excise Act	Excise Duty on classification of product	0.96	1997-1998	Deputy Commissioner of Central Excise, Patiala, Punjab
Central Excise Act	Excise Duty on classification of product	1.85	1997-1998	Deputy Commissioner of Central Excise, Patiala, Punjab
Central Excise Act	Excise Duty on dispute on inputs & capital goods	0.80	1998-1999	Deputy Commissioner of Central Excise, Patiala, Punjab
Central Excise Act	Excise Duty on sale of scrap	3.33	2001-2002	Additional Commissioner of Central Excise, Chandigarh.
Central Excise Act	Excise Duty on Turnover Discount	214.50	2001-2002 to 2005 - 2006	Central Excise and Service Tax Appellant Tribunal, New Delhi.
Central Excise Act	Excise Duty on Turnover Discount	107.17	2000-2001 to 2004-2005	Central Excise and Service Tax Appellant Tribunal, Bangalore
Central Excise Act	Excise Duty on Trade Discount	33.74	2000-2001 to 2003-2004	Joint Commissioner of Central Excise, Bangalore
Central Excise Act	Service Tax on royalty and technical know how	39.95	1999-2000 to 2004-2005	Additional Commissioner of Central Excise, Chandigarh
Central Excise Act	Excise Duty demand on wrong availment of excise duty	1.18	1995-96	Deputy Commissioner of Central Excise, Patiala, Punjab
Central Excise Act	Excise Duty demand on wrong availment of excise duty	1.36	2003-2004	Central Excise and Service Tax Appellant Tribunal, New Delhi
Central Excise Act	Excise Duty on classification of product	9.34	1988-1994	Punjab & Haryana High Court
Central Excise Act	Interest on reversal of Special Additional Duty	14.02	2000-2001	Central Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise Act	Excise Duty on rejected goods	0.93	2004-2005 & 2005-2006	Assistant Commissioner of Central Excise (Bangalore).

Name of the statute	Nature of dues	Amount (Rs. Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty on valuation of scrap and waste sent for job work	15.14	2000-2001 & 2001-2002	Supreme Court.
Central Excise Act	Excise Duty on valuation rates employed for certain products	5.28	2001-2002 to 2002-2003	Central Excise & Service Tax Appellate Tribunal, Bangalore.
Central Excise Act	Wrong availment of Service tax	2.92	2005-2006 to 2007-2008	Central Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise Act	Excise Duty on removal of non saleable stock	8.57	2005-2006	Commissioner of Central Excise, Bangalore.
Central Excise Act	Cenvat credit availed twice	5.04	2006 - 2007	Central Excise & Service Tax Appellate Tribunal, Bangalore.
Central Excise Act	Wrong availment of Service tax	86.44	2006 - 2007	Commissioner (Appeal), Central Excise, Bangalore.
Central Excise Act	Service Tax on input services	139.55	2004 - 2005	Central Excise & Service Tax Appellate Tribunal, Bangalore.
Central Excise Act	Excise Duty demand on wrong availment of excise duty	115.25	2006 - 2008	Commissioner (Appeal), Central Excise, Bangalore.
Central Excise Act	Cenvat credit on classification of product	1,431.93	2005 - 2008	Central Excise & Service Tax Appellate Tribunal, Bangalore.
Central Excise Act	Wrong availment of Service tax	19.18	2006 - 2007	Central Excise & Service Tax Appellate Tribunal, New Delhi
Punjab VAT Act	Differential in rate of VAT	15.55	2006 - 2007	Punjab Tribunal, Chandigarh
Karnataka Sales Tax Act	Local Sales Tax	233.96	1996-1997 to 2001-2002	Karnataka High Court
Central Excise Act	Payment of Service Tax under GTA	33.50	April 2005 - December 2008	Commissioner of Central Excise, Bangalore.
Central Excise Act	Service Tax on input services	2.28	2007 - 2008	Central Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise Act	Service Tax on input services	9.55	2007 - 2008	Central Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise Act	Incorrect availment of Cenvat Credit	75.22	Oct. 2009 - December 2009	Commissioner (Appeal), Central Excise, Patiala.

- x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks. The Company has no outstanding dues in respect of a financial institution or debenture holder.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- xvi. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.
- xx. We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner

Place : Gurgaon
Date : March 1, 2011

Membership
No.: 91813

Balance sheet and profit and loss account
Balance Sheet as at December 31, 2010

	Schedules	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	5,563.21	5,563.21
Reserves and surplus	2	32,209.74	28,770.82
		37,772.95	34,334.03
Loan Funds			
Secured loans	3	4,822.46	6,648.97
Unsecured loans	4	3,826.28	3,464.83
		8,648.74	10,113.80
Deferred Tax Liabilities (net)	5	1,575.52	445.13
Total		47,997.21	44,892.96
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	6	69,372.80	67,124.39
Less : Accumulated Depreciation & Amortisation		33,905.46	30,497.36
Net block		35,467.34	36,627.03
Capital work-in-progress including capital advances		3,576.26	1,721.13
		39,043.60	38,348.16
Investments	7	2,092.34	2,092.34
Current Assets, Loans and Advances			
Inventories	8	10,564.05	9,135.37
Sundry debtors	9	11,943.12	10,068.73
Cash and bank balances	10	282.67	207.72
Other current assets	11	603.25	461.90
Loans and advances	12	5,657.46	4,979.99
	(A)	29,050.55	24,853.71
Less: Current Liabilities and Provisions			
Current liabilities	13	17,834.60	17,166.25
Provisions	14	4,594.59	3,714.81
	(B)	22,429.19	20,881.06
Net Current Assets	(A-B)	6,621.36	3,972.65
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	239.91	479.81
Total		47,997.21	44,892.96
Notes to Accounts	24		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.
As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No: 301003E
Chartered Accountants
per Pankaj Chadha
Partner
Membership No. 91813

Place: Gurgaon
Date: March 1, 2011

ANNUAL REPORT 2010

For and on behalf of the Board of Directors of
Federal-Mogul Goetze (India) Limited

Jean de Montlaur
Managing Director & President

Dan Brugger
Whole Time Finance Director & CFO

Khalid Khan
Company Secretary

Balance sheet and profit and loss account

Profit and Loss Account for the year ended December 31, 2010

	Schedules	For the year ended December 31, 2010 Rs (in lacs)	For the year ended December 31, 2009 Rs (in lacs)
INCOME			
Turnover (Gross)		93,046.77	77,506.95
Less : Excise duty		7,218.17	5,175.75
Turnover (Net)		85,828.60	72,331.20
Trading sales		3,823.33	2,694.25
Job work income		1,091.00	971.58
Other income	16	4,444.52	2,869.09
Total		95,187.45	78,866.12
EXPENDITURE			
Raw materials and components consumed	17	32,526.22	23,406.87
Purchase of trading goods		2,782.41	2,000.58
Personnel expenses	18	17,800.96	15,570.14
Operating and other expenses	19	31,294.55	24,541.78
Decrease/ (increase) in inventories	20	(619.27)	714.45
Depreciation/ amortisation	6	4,822.46	4,949.23
Increase/(Decrease) of excise duty on finished goods		140.97	(218.58)
Amortisation of miscellaneous expenses	15	239.90	239.90
Financial expenses	21	1,393.16	2,170.45
Total		90,381.36	73,374.82
Profit before tax and prior period items		4,806.09	5,491.30
Provision for Tax			
Current tax (MAT payable)		805.83	880.00
Less: MAT credit entitlement		(805.83)	(880.00)
Less: Reversal of provision for earlier years (Previous year Rs. 3.68 lacs)		-	(3.68)
Fringe benefit tax		-	16.42
Deferred tax charge		1,130.39	445.13
Total Tax Expense		1,130.39	457.87
Profit after tax but before prior period items		3,675.70	5,033.43
Prior period items (Net of tax Rs. Nil (Previous year Rs. Nil))	22	236.78	423.82
Net profit		3,438.92	4,609.61
Balance brought forward from previous year		962.40	(3,647.21)
Surplus carried to Balance Sheet		4,401.32	962.40
Earnings per share	23		
Basic and diluted [Nominal value of shares Rs 10 (Previous year Rs 10)]		6.18	8.29
Notes to Accounts	24		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No: 301003E
Chartered Accountants
per Pankaj Chadha
Partner
 Membership No. 91813

For and on behalf of the Board of Directors of
 Federal-Mogul Goetze (India) Limited

Jean de Montlaur
 Managing Director & President

Dan Brugger
 Whole Time Finance Director & CFO

Khalid Khan
 Company Secretary

Place: Gurgaon
 Date: March 1, 2011

Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 1 : Share Capital

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Schedule 1 : Share Capital		
Authorised		
80,000,000 (Previous year 80,000,000) equity shares of Rs 10 each	8,000.00	8,000.00
Issued		
55,632,130 (Previous year 55,632,130) equity shares of Rs 10 each	5,563.21	5,563.21
Subscribed & Paid up		
55,632,130* (Previous year 55,632,130) equity shares of Rs 10 each, fully paid	5,563.21	5,563.21
Total	5,563.21	5,563.21

* Of the above Equity Shares:

- a) 1,252,680 (Previous year 1,252,680) equity shares have been allotted as Bonus Shares by capitalisation of General Reserve.
- b) 8,429,183 (Previous year 8,429,183) equity shares have been allotted as Bonus Shares by capitalisation of Securities Premium Account.
- c) 84,207 (Previous year 84,207) equity shares have been issued for consideration other than cash.
- d) 33,408,581 (Previous year 33,408,581) equity shares are held by Federal Mogul Holding Limited, Mauritius, the parent company. Further 8,306,873 (Previous year 8,306,873) equity shares are held by Federal Mogul Vermögensverwaltungs GmbH, a fellow subsidiary company. The ultimate holding company is Federal-Mogul Corporation, USA.

Schedule 2 : Reserves and Surplus

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Capital Reserve	56.55	56.55
Capital Subsidy	1.12	1.12
Securities Premium Account		
Balance as per last Balance Sheet	26,750.75	26,740.33
Add: Adjustment against share issue expenses	-	10.42
Capital Redemption Reserve	1,000.00	1,000.00
Profit and Loss Account	4,401.32	962.40
Total	32,209.74	28,770.82

Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 3 : Secured Loans

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Term loans from banks	1,200.00	2,500.00
Interest accrued and due on term loans	12.82	16.75
Vehicle loans from banks	1.13	29.90
Working capital loans from banks	3,607.29	4,080.00
Interest accrued and due on working capital loans	1.22	22.32
Total	4,822.46	6,648.97

- 1 Term loans repayable within one year Rs 400 lacs (Previous Year Rs 1,300 lacs)
- 2 Term loans from banks are secured by
 - Rs. Nil (Previous year Rs 1,000 lacs) are secured by first pari passu charge on entire fixed assets of the Company, along with other secured term lenders and second pari passu charge on current assets of the Company along with other term lenders.
 - Rs. 1,200 lacs (Previous year Rs 1,500 lacs) are secured by first pari passu charge on entire fixed assets of the Company including land and building and whole of moveable assets including plant & machinery, spares, tools and accessories, furniture & fixtures and other moveable assets of the Company.
- 3 Vehicle loans of Rs 1.13 lacs (Previous year Rs 29.90 lacs) from banks are secured by way of hypothecation of the underlying vehicles.
- 4 Working capital loans from banks are secured against hypothecation of current assets of the Company, both present and future.

**Balance sheet and profit and loss account
Schedule to the Accounts
Schedule 4 : Unsecured Loans**

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Unclaimed Fixed Deposits	3.64	5.10
Short term loans and advances		
from others	61.00	61.00
Inter-corporate deposits*	3,750.00	3,325.00
(Due within one year Rs. 3,750 lacs, Previous year Rs. 3,325 lacs)		
Interest accrued and due on inter-corporate deposits	11.64	73.73
Total	3,826.28	3,464.83

*Includes Rs. 2,300 lacs (Previous year Rs. 2,300 lacs) due to Federal-Mogul TPR (India) Limited, the subsidiary company and balance of Rs. 1,450 lacs (Previous year Rs 1,025 lacs) is due to other fellow subsidiaries.

Schedule 5 : Deferred Tax Liabilities (net)

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Deferred Tax Liabilities		
Differences in depreciation in block of fixed assets as per tax books and financial books	3,698.29	4,750.08
Gross deferred tax liabilities	3,698.29	4,750.08
Deferred Tax Assets		
Unabsorbed Depreciation	237.78	2,629.98
Effect of expenditure debited to profit and loss account in the current/ earlier year but allowed for tax purposes in following years	1,853.88	1,465.90
Provision for doubtful debts	31.11	209.07
Gross deferred tax assets	2,122.77	4,304.95
Net Deferred Tax Liabilities	1,575.52	445.13

Schedule 6 : Fixed Assets

	Rs (in lacs)								
	Freehold Land	Leasehold Land	Buildings	Furniture & Fittings and Office Equipments	Plant and Machinery	Vehicles	Intangibles*	Total	Previous Year
Gross Block At 01.01.2010	1,485.16	362.87	8,235.28	1,408.70	54,503.88	416.39	712.11	67,124.39	64,608.88
Additions	-	-	82.44	48.04	3,969.52	68.00	-	4,168.00	3,277.14
Deductions	-	-	71.99	64.99	1,742.30	40.31	-	1,919.59	761.63
At 31.12.2010	1,485.16	362.87	8,245.73	1,391.75	56,731.10	444.08	712.11	69,372.80	67,124.39
Depreciation/Amortisation At 01.01.2010	-	11.66	2,462.12	664.55	26,597.17	231.06	530.80	30,497.36	25,902.83
For the year	-	7.24	307.20	69.71	4,283.77	85.51	69.03	4,822.46	5,067.65
Deletions / adjustments	-	-	40.86	26.26	1,315.15	32.09	-	1,414.36	473.12
At 31.12.2010	-	18.90	2,728.46	708.00	29,565.79	284.48	599.83	33,905.46	30,497.36
Depreciation for previous year	-	3.62	269.16	64.29	4,578.05	83.50	69.03	5,067.65	-
Net Block At 31.12.2010	1,485.16	343.97	5,517.27	683.75	27,165.31	159.60	112.28	35,467.34	36,627.03
Net Block At 31.12.2009	1,485.16	351.21	5,773.16	744.15	27,906.71	185.33	181.31	36,627.03	38,706.05
Capital work-in-progress including capital advances Rs. 1,387.85 lacs (Previous year Rs. 201.56 lacs)								3,576.26	1,721.13

Note:

- Freehold Land includes (at cost) Rs.900.65 lacs (Previous year Rs. 900.65 lacs) pending registration in the name of the Company.
- Leasehold Land includes (at cost) Rs.155.60 lacs (Previous year Rs. 155.60 lacs) pending registration in the name of the Company.
- Buildings include (at cost)
 - Rs 76.04 lacs (Previous year Rs 76.04 lacs) Residential flats pending registration in the name of the Company.
 - Rs 1,261.39 lacs (Previous year Rs 1,261.39 lacs), constructed on land pending registration in the name of the Company.
- * Includes Patents and Trade marks valued at Re.1.

**Balance sheet and profit and loss account
Schedule to the Accounts
Schedule 7 : Investments***

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Trade Long Term (At Cost) (Unquoted)		
Subsidiary Companies		
Unquoted fully paid up		
(i) 51,00,000 (Previous year - 51,00,000) equity shares of Rs 10 each in Federal-Mogul TPR (India) Ltd	510.00	510.00
(ii) 5,10,000 (Previous year - 510,000) 6% redeemable cumulative preference shares of Rs.100 each in Federal-Mogul TPR (India) Ltd.	510.00	510.00
Non-Trade Long Term (At Cost) (Unquoted)		
(I) Government Securities		
National Savings Certificates**	1.42	1.42
(II) GI Power Corporation Limited		
a 3,889,600 (Previous year-3,889,600) equity shares of Rs 5 each, fully paid	194.48	194.48
b 17,528,800 (Previous year - 17,528,800) 8% cumulative convertible redeemable Preference Shares of Rs.5 each fully paid***	876.44	876.44
(III) GTZ Securities Limited		
923,000 (Previous year-923,000) equity shares of Rs 5 each fully paid	46.15	46.15
Less : Provision for diminution in the value of investment	(46.15)	(46.15)
(IV) Nanz Food Products Limited		
100,000 (Previous year-100,000) 6% redeemable cumulative preference shares of Rs.10 each fully paid	10.00	10.00
Less : Provision for diminution in the value of investment	(10.00)	(10.00)
Current Investments (at lower of cost and market value) (Unquoted)		
(I) NIL (Previous year - 50,000) equity shares of Rs.10 each in Satara Rubbers & Chemicals Ltd (a subsidiary) ****		
Less : Provision for diminution in the value of investment	-	201.00
	-	(201.00)
Total	2,092.34	2,092.34

* Investments in the companies under the same management are:

- Federal-Mogul TPR (India) Ltd
- Satara Rubbers & Chemicals Ltd

** The investment is pledged with Sale Tax Authorities

*** Cumulative Convertible Redeemable Preference Shares of Rs. 5 each fully paid of GI Power Corporation Limited are redeemable on or before July 25, 2014 at the option of the Company.

**** (i) Purchased during the year 17,005,903 equity shares of Rs. 10 each for Rs. 170,059,030 settled by conversion of advance of Rs. 170,059,030.
(ii) Sold during the year 17,055,903 equity share of Rs. 10 each for a consideration of Rs. 113,000,000 @ Rs. 6.63 per share.
(iii) See also note 12 in schedule 24.

Balance sheet and profit and loss account
Schedule to the Accounts
Schedule 8 : Inventories (at lower of cost and net realisable value)

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Raw materials and components (Including materials in transit Rs 968.43 lacs (Previous year Rs 231.37 lacs))	2,097.07	1,253.48
Stores and spares	1,800.95	1,835.13
Work-in- progress	3,385.97	2,955.83
Reusable scrap	30.00	20.39
Finished goods - Manufactured	2,952.17	2,754.09
- Trading	297.89	316.45
Total	10,564.05	9,135.37

Schedule 9: Sundry Debtors

Debts outstanding for a period exceeding six months		
Unsecured, considered good*	119.97	51.70
Unsecured, considered doubtful	91.54	115.11
Other debts		
Secured, considered good	220.65	210.91
Unsecured, considered good	11,602.50	9,806.12
	12,034.66	10,183.84
Less : Provision for doubtful debts	91.54	115.11
Total	11,943.12	10,068.73

* Dues from companies under the same management:

Federal-Mogul Bearings India Limited Rs. Nil (Previous year Rs. 14.63 lacs) (Maximum amount outstanding during the year Rs. 14.63 lacs (Previous year Rs. 668.61 lacs))

Schedule 10: Cash and Bank Balances

Cash on hand	0.35	0.63
Balances with scheduled banks:		
On current accounts	217.18	136.17
On deposit accounts (pledged with Government authorities)	50.14	49.81
On unpaid dividend accounts	15.00	21.11
Total	282.67	207.72

Schedule 11: Other Current Assets

Fixed Assets held for sale (at lower of net book value and estimated net realisable value)	1.82	12.01
Interest accrued on deposits	6.96	32.85
DEPB Benefits Receivable	584.71	350.95
Insurance Claim Receivable	9.76	66.09
Total	603.25	461.90

Balance sheet and profit and loss account
Schedule to the Accounts
Schedule 12 : Loans and Advances

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Unsecured considered good, except where stated otherwise		
Advances recoverable in cash or in kind or for value to be received	1,538.32	1,301.86
Advance to Satara Rubbers & Chemicals Limited* (Considered doubtful Rs. Nil (Previous year Rs. 514.71 lacs))	-	1,714.71
Security deposits	709.33	471.57
Balance with excise authorities	1,047.34	502.12
Advance payment of tax (net of provision Rs. 1,790.79 lacs, (Previous year Rs. 981.27 lacs)) (Considered doubtful Rs. 76.94 lacs (Previous year Rs. Nil))	728.95	599.82
MAT credit entitlement	1,685.84	880.00
Advance Payment of Fringe Benefit Tax (net of provision Rs. 406.88 lacs, (Previous year Rs. 406.88 lacs))	24.62	24.62
	5,734.40	5,494.70
Less: Provision for doubtful advances	76.94	514.71
Total	5,657.46	4,979.99

* Loan given to a Company in which directors are interested and which is a company under the same management.
- Maximum amount outstanding during the year Rs. 1,714.71 lacs (Previous year Rs. 1,749.09 lacs).

Schedule 13 : Current Liabilities

Sundry creditors		
a) total outstanding dues of Micro and Small Enterprises (refer note no. 14 to schedule 24)	147.97	84.90
b) total outstanding dues of creditors other than Micro and Small Enterprises	14,738.61	13,201.20
Due to Subsidiary company	1,627.21	2,456.95
Advance received against sale of investment	-	200.00
Other liabilities	965.23	866.29
Security deposits	270.18	260.87
Amounts due to Investors Education & Protection fund (as and when due) - unpaid dividends	15.00	21.11
Interest accrued but not due on loans	70.40	74.93
Total	17,834.60	17,166.25

Schedule 14 : Provisions

Provision for compensated absences	687.55	734.38
Provision for gratuity	2,549.81	2,064.53
Provision for regulatory matters*	424.91	93.14
Provision for non fulfillment of export obligations**	932.32	822.76
Total	4,594.59	3,714.81

* Provision for regulatory matters (Refer note no. 18 in schedule no. 24)		
Opening balance	93.14	-
Provision made during the year	845.00	93.14
Utilised during the year	513.23	-
Closing Balance	424.91	93.14

** Provision for non fulfillment of export obligations (Refer note no. 17 in schedule no. 24)		
Opening balance	822.76	-
Provision made during the year	109.56	822.76
Utilised during the year	-	-
Closing Balance	932.32	822.76

Schedule 15 : Miscellaneous Expenditure*

Balance as per last Balance Sheet	479.81	719.71	
Less : Written off	239.90	239.90	479.81
Total	239.91		479.81

* Amount represents the impact of transitional provision on adoption of notified Accounting Standard 15 (revised).

Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 16 : Other Income

	For the year ended December 31, 2010 Rs (in lacs)	For the year ended December 31, 2009 Rs (in lacs)
Interest:		
Bank deposits (TDS Rs. Nil, (Previous year Rs. 1.45 lacs))	0.97	13.29
Others on electricity deposits (TDS Rs 3.01 lacs , (Previous year Rs 3.77 lacs))	19.69	24.64
Dividend on investment in subsidiary-Non-trade Long Term (unquoted)	270.30	30.60
Sale of scrap	1,652.49	1,168.81
Commission received from subsidiary	407.08	339.33
Duty drawback/ Exim Scrip realisation	344.38	304.33
Cash Discount	4.62	-
Excess provision written back	54.61	231.49
Miscellaneous income	424.18	312.94
Foreign exchange rate difference (net)	64.51	-
Provision for doubtful debts written back	13.77	-
Provision for advances written back	500.59	-
Management Support Charges	687.33	443.66
Total	4,444.52	2,869.09

Schedule 17 : Raw materials and Components Consumed

Inventories as at December 31, 2009	1,253.48	1,286.19
Add: Purchases	33,369.81	23,374.16
	34,623.29	24,660.35
Inventories as at December 31, 2010	2,097.07	1,253.48
Total	32,526.22	23,406.87

Schedule 18 : Personnel expenses

Salaries, wages and bonus (Refer note no. 16 in schedule no. 24)	15,001.96	13,185.53
Contribution to provident fund and other funds	1,160.85	881.64
Contribution to superannuation fund	67.38	165.89
Contribution to gratuity	243.91	227.89
Workmen and staff welfare expenses	1,326.86	1,109.19
Total	17,800.96	15,570.14

Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 19 : Operating and Other Expenses

	For the year ended December 31, 2010 Rs (in lacs)	For the year ended December 31, 2009 Rs (in lacs)
Consumption of stores and spares (Refer note no. 16 in Schedule no. 24)	9,685.76	8,126.50
Sub-contracting expenses	1,845.66	1,298.46
Power and fuel	5,762.12	4,779.52
Freight and forwarding charges	2,264.92	1,530.83
Rent	524.73	416.42
Rates and taxes	532.56	323.11
Insurance	67.47	43.11
Repairs and maintenance		
- Plant and machinery	279.81	294.80
- Buildings	312.74	107.62
- Others	499.57	210.79
Advertising and sales promotion	4,136.61	4,096.03
Royalty	1,011.50	921.33
Product rectification charges	56.75	90.48
Legal and professional expenses	502.09	298.03
Travelling and conveyance	438.26	297.30
Communication costs	153.59	247.59
Management Support Charges	394.07	-
Printing and stationery	100.75	69.87
Directors' sitting fees	11.67	15.46
Payment to Auditor		
As auditor:		
- Audit fee	37.00	37.00
- Tax audit fee	23.00	23.00
- For Limited reviews	9.00	9.00
- Out-of-pocket expenses	6.70	4.26
In other manner:		
- For Certification and others matters	2.00	2.70
Charity & Donation	0.29	-
Provision for regulatory matters (Refer note no. 16 in schedule no. 24)	845.00	93.14
Provision for doubtful debts	-	53.14
Provision for doubtful advances	76.94	514.71
Loss on sale of Non-trade Current Investments	570.59	-
Foreign exchange rate difference (net)	-	12.97
Loss on sale/ discard of fixed assets (net)	421.91	224.89
Advances written off	39.35	1.65
Miscellaneous expenses	682.14	398.07
Total	31,294.55	24,541.78

Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 20 : Decrease/ (increase) in Inventories

	For the year ended December 31, 2010 Rs (in lacs)	For the year ended December 31, 2009 Rs (in lacs)
Inventories as at December 31, 2009		
- Work-in-progress	2,955.83	3,265.93
- Finished goods - Manufactured	2,754.09	3,387.57
- Trading	316.45	16.00
- Reusable Scrap	20.39	91.71
	6,046.76	6,761.21
Inventories as at December 31, 2010		
- Work-in-progress	3,385.97	2,955.83
- Finished goods - Manufactured	2,952.17	2,754.09
- Trading	297.89	316.45
- Reusable Scrap	30.00	20.39
	6,666.03	6,046.76
	(619.27)	714.45

Schedule 21 : Financial Expenses

Interest		
- on term loans	221.46	236.68
- to banks	409.68	1,167.27
- others	615.79	627.37
Bank charges	146.23	139.13
Total	1,393.16	2,170.45

Schedule 22 : Prior Period Items

- Prior period income		
Excess provision for sales promotion	117.43	
Less: Tax on prior year revenues	-	
	117.43	-
- Prior period expenses		
Interest - others	-	232.82
Power and fuel	14.29	-
Depreciation/ amortisation	-	118.42
Salaries, wages and bonus	-	72.58
Contribution to gratuity - Actuarial gains wrongly recognised	339.92	-
Net prior period expense	236.78	423.82

Schedule 23 : Earnings/(Loss) Per Share (EPS)

Net profit as per profit and loss account	3,438.92	4,609.61
Weighted average number of equity shares in calculating basic and diluting Earning per share	55,632,130	55,632,130
Earning per share	6.18	8.29

Schedules 1 - 24 (Contd.)

Schedule 24 : Notes to Accounts

1. Background

Federal-Mogul Goetze (India) Limited ('FMGIL' or 'the Company'), is inter-alia engaged in the manufacture, supply and distribution of 'automotive components' used in two/three/four wheeler automobiles.

The principal facilities of the Company are located at Patiala (Punjab), Bengaluru (Karnataka) and Bhiwadi (Rajasthan), with its registered office in Delhi. The Company is listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Federal Mogul Holdings Limited, Mauritius, is the immediate parent company and ultimate parent company is Federal Mogul Corporation, USA.

2. Statement of Significant Accounting Policies

a) Basis of Preparation

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention and on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use i.e. freight, duties, taxes and other incidental expenses excluding cenvat in so far as this is available for set off against excise duty. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

d) Depreciation

Depreciation is provided using straight line method and the same is determined based on management's assessment of assets lives and is calculated at the rates so determined, which are either equal to or higher than rates provided for such assets under Schedule XIV of the Companies Act, 1956.

Asset Class	Rate prescribed in Schedule XIV of Companies Act, 1956	Rates used by the company
(i) Land-Leasehold	-	over the life of lease of asset
(ii) Buildings-Factory	3.34%	3.34%
- Other	1.63%	1.63%
(iii) Furniture, fittings & office equipment	4.75% to 6.33%	4.75% to 6.33%
(iv) Plant & Machinery - Single Shift	4.75%	4.75%
- Double Shift	7.42%	7.42%
- Triple Shift	10.34%	10.34%
- Continuous process plant	5.28%	5.28%
(v) Vehicles - Employee	9.50%	33.33%
- Material Handling Vehicles	9.50%	11.31%
- Others	9.50%	9.50%
(vi) Computers	16.21%	16.21%
(vii) Dies and Moulds	11.31%	11.31% to 33.33%

i) Plant and Machinery also includes self constructed machinery.

ii) Depreciation on the amount of adjustment to fixed assets on account of capitalisation of insurance spares is provided over the remaining useful life of related assets.

iii) All assets costing upto Rs 5,000 are fully depreciated in the year of purchase.

e) Impairment

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Intangible Assets

Intangible assets are stated at cost less amortization less impairment, if any. Cost comprises the purchase price and other directly attributable costs. Intangibles assets are amortised over their expected useful economic lives, on straight line basis, as follows:

Design and drawings- over a period of 5 years.

g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

h) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

i) Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares and bought out tools	-	Lower of cost and net realizable value. Cost represents purchase price and other direct costs and is determined on a moving weighted average cost basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
Constructed Tools	-	Lower of cost and net realizable value. Cost represents material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis.
Work-in-progress	-	Lower of cost and net realizable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis.
Finished Goods:		
- Manufactured	-	Lower of cost and net realizable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Excise duty on stock lying with Company is added to the cost of the finished goods inventory. Cost is determined on a weighted average basis.
- Traded	-	Lower of cost and net realizable value. Cost represents purchase price and other direct costs and is determined on a moving weighted average cost basis.
Reusable scrap	-	At lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision for obsolescence is determined based on management's assessment and is charged to profit and loss account.

j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Sale of Goods:

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of excise duty, sales tax and trade discount.

ii) Job Work:

Income from job work is accrued when right of revenue is established, which relates to effort completed.

iii) Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv) Dividends:

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if the same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

v) Commission:

Commission income is accrued when due, as per the agreed terms.

vi) Export Benefits/Incentives:

Export entitlements under the Duty Entitlement Pass Book (DEPB) Scheme are recognized in the profit and loss account when the right to receive credit as per the terms of the scheme is established in respect of exports made.

vii) Management support charges:

Income from management support charges is recognized as per the terms of the agreement based upon the services completed.

k) Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(iv) As a policy, the company does not undertake any foreign exchange contract.

l) Retirement and other employee benefits

(i) Provident fund contributions are charged to profit and loss account, when contributions paid/payable are due to "Goetze India Limited Provident Fund Trust", administered by the trustees and to the Regional Provident Fund Commissioners. There are no other obligations other than the contribution payable to the respective trusts.

(ii) Gratuity liability under the Payment of Gratuity Act is accrued on the basis of an actuarial valuation made at the end of each financial year. The actuarial valuation is done as per projected unit credit method.

(iii) Short term compensated absences are provided for based on estimates, Long term compensation liability for leave encashment is determined in accordance with company policy and is measured on the basis of valuation by an independent actuary at the end of the financial year. The actuarial valuation is done as per projected unit credit method.

(iv) Actuarial gains/losses are immediately taken to profit and loss account. However, recognition for actuarial gain is done only to the extent that the net cumulative unrecognized actuarial gains exceed the unrecognized part of transitional liability.

(v) Superannuation Benefit

The Company has superannuation obligation administered with Life Insurance Corporation of India (LIC). Contributions to the defined contribution scheme are charged to profit and loss account when contributions paid/ payable are due to such fund. There are no other obligations other than the contribution payable to the respective trusts.

m) Income Taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period

n) Earnings per Share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

p) Cash and Cash Equivalents

Cash and cash equivalents for cash flow statement comprises cash at bank and in hand and short-term investments with an original maturity of three months or less.

q) Miscellaneous Expenditure

Miscellaneous expenditure is written off over a period of 5 years.

3. Segment Information

Based on the guiding principles given in AS-17 'Segmental Reporting' notified under Companies (Accounting Standard) Rules, 2006, the Company's primary business segment is manufacturing of auto components. The Company operates in one geographical segment that is "India" and no further disclosures as per AS-17 need to be made.

4. Related party transactions

During the year under review, the Company has entered into transactions with related parties.

i) Key managerial personnel and their relatives

- Mr. Jean De Montlaur, Managing Director & President
- Mr. Rustin Murdock, Whole Time Director (upto June 30, 2010)
- Mr. Dan Brugger, Whole Time Finance Director (from November 12, 2010)

ii) Holding Company

- Federal Mogul Holdings Limited (Mauritius)

iii) Fellow subsidiaries

- Federal Mogul Burscheid GMBH, Germany.
- Federal Mogul Maysville (USA).
- Federal Mogul Operation S.R.L (Italy)
- Federal Mogul Bimet S.A. (Poland).
- Federal Mogul Nurnberg, GMBH (Germany).
- Federal Mogul Wiesbaden GMBH, (Germany)
- Federal Mogul Power Train System (South Africa).
- Federal Mogul Holding Deutschland (Germany).
- Federal Mogul Valves (PTY) Ltd (South Africa).
- Federal Mogul Limited (U.K)
- Federal Mogul KK (Japan)
- SSCFRAN FM Financial Services SAS Veurey Voroize (France).
- Federal Mogul Financial Services FRANCTNL (France).
- Federal Mogul Gorzyce, S.A (Poland).
- Federal Mogul Friedberg, GMBH (Germany).
- Federal Mogul Sintered Products Ltd. (U.K.).
- Federal Mogul Sealing Systems, GMBH (Germany).
- Federal Mogul Brasil do Limited (Brazil)
- Federal Mogul Friction Products Ltd (India).
- Federal Mogul Corporation Power Train Systems (USA).
- Federal Mogul Plant Van Wert (USA.)
- Federal Mogul Power Train Systems Schofield (USA).
- Federal Mogul S.A.R.L. (Switzerland)
- Federal Mogul France, S.A. (France)
- Federal Mogul Corporation, Lake City (USA)
- Federal Mogul Corporation, Garennes (France)
- Federal Mogul Dongsuh Piston Co. Ltd. (China)
- Federal Mogul Corp, Mgmooogus (USA)
- KFM Bearing Company (South Korea)
- Federal Mogul Bradford Ltd.
- Federal Mogul Bearing India Ltd (India)
- Federal Mogul Automotive Product (India) Pvt Ltd. (India).
- Ferodo India Private Ltd. (India)
- Federal Mogul Trading India Pvt. Ltd. (India)

iv) Associates

- GI Power Corporation Limited
- GTZ Securities Limited

v) Subsidiaries

- Federal-Mogul TPR (India) Limited
- Satara Rubbers and Chemicals Limited (upto March 31, 2010)

vi) Ultimate Holding Company

- Federal Mogul Corporation, USA.

Rs. in lacs

Ultimate Holding Company		
Particulars	Federal Mogul Corporation (USA)	
	31.12.10	31.12.09
Sales	(4,861.58)	(4,043.70)
Purchase of raw material, intermediaries and finished goods	739.55	413.93
Reimbursement of expenses paid	315.96	64.69
Reimbursement of expenses (received)	(322.34)	-
Management Support charges paid	394.07	-
Management Support charges received	(46.80)	-
Balance outstanding as at the end of the year Receivables	1,395.99	764.57
Balance outstanding as at the end of the year (Payable)	(647.66)	(330.89)

Rs. in lacs

Particulars	Fellow Subsidiaries									
	Federal Mogul do Brasil Ltd.		Federal Mogul Burscheid GMBH, Germany		Federal Mogul Gorzyee S.A. (Poland)		Federal Mogul Dongsuh Piston Co. Ltd.		Federal Mogul Limited (U.K)	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Sales	-	-	-	-	(68.26)	[0.38]	-	-	-	-
Purchase of raw material, intermediaries and finished goods	-	-	5,171.04	3,224.89	108.69	182.80	-	-	-	-
Purchase/(Sale) of Fixed Assets	369.50	-	1,365.03	629.11	-	-	-	-	-	-
Reimbursement of expenses paid	-	-	53.76	9.18	28.07	4.32	-	-	17.79	61.67
Reimbursement of expenses (received)	-	-	-	-	-	(0.69)	(139.22)	(51.83)	-	-
Royalty Expense	-	-	412.56	426.34	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables	-	-	-	-	7.33	6.63	19.90	-	-	-
Balance outstanding as at the end of the year (Payable)	(253.33)	-	(957.50)	(901.38)	-	-	-	-	5.85	(4.17)

Rs. in lacs

Particulars	Fellow Subsidiaries					
	Federal Mogul Nurnberg, GMBH (Germany)		Federal Mogul Wiesbaden GMBH, (Germany)		Federal Mogul Holding Deutschland (Germany)	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Sales	(5.77)	(11.52)	-	-	-	-
Purchase of raw material, intermediaries and finished goods	61.78	26.36	-	-	-	-
Purchase/(Sale) of Fixed Assets	393.80	408.47	-	-	-	-
Reimbursement of expenses paid	-	19.94	-	-	150.25	168.16
Royalty Expense	400.32	340.00	-	-	-	-
Balance outstanding as at the end of the year Receivables	-	-	-	1.62	-	-
Balance outstanding as at the end of the year (Payable)	(275.80)	(292.74)	-	-	(10.99)	(25.79)

Rs. in lacs

Particulars	Fellow Subsidiaries						Total	
	Federal Mogul Financial Services FRANTNL (France)		Federal Mogul Sintered Products Limited, (U.K)		Other Fellow Subsidiaries			
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09		
Sales	-	-	-	-	(18.51)	(4.64)	(92.54)	(16.54)
Purchase of raw material, intermediaries and finished goods	-	-	4.70	2.04	71.40	56.80	5,417.61	3,492.89
Purchase/(Sale) of Fixed Assets	-	-	-	-	4.75	70.00	2,133.08	1,107.57
Reimbursement of expenses paid	322.56	316.77	0.20	1.98	21.56	100.23	594.19	682.25
Reimbursement of expenses (received)	-	-	-	-	(0.33)	(113.42)	(139.55)	(165.94)
Royalty Expense	-	-	198.61	137.30	-	-	1,011.48	903.64
Balance outstanding as at the end of the year Receivables	-	-	-	0.65	-	98.30	27.23	107.20
Balance outstanding as at the end of the year (Payable)	(17.70)	(21.99)	(105.93)	(137.30)	(135.99)	(10.52)	(1,751.05)	(1,393.89)

Rs. in lacs

Particulars	Fellow Subsidiaries						Total	
	Federal Mogul Bearings India Limited (India)		Federal Mogul Automotive Products (India) Private Limited, (India)		Feroedo India Private Limited, (India)			
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09		
Sales	-	(15.29)	-	(2.48)	-	-	-	(17.77)
Purchase of raw material, intermediaries and finished goods	438.91	533.28	1,508.45	1,060.48	-	-	1,947.36	1,593.76
Reimbursement of expenses paid	-	-	24.94	22.33	-	-	24.94	22.33
Reimbursement of expenses (Recd.)	4.53	(49.42)	-	-	(43.39)	-	(85.04)	(115.42)
Inter-corporate deposit (ICD) Taken	600.00	-	850.00	1,000.00	-	1,155.00	1,450.00	2,155.00
Inter-corporate deposit (ICD) repaid	-	-	-	(1,000.00)	(1,025.00)	(130.00)	-	(1,130.00)
Interest on the above ICD	-	-	42.14	61.98	163.26	99.68	205.40	161.66
Balance outstanding as at the end of the year Receivables	-	(14.63)	-	-	2.35***	-	7.58	66.00
Balance outstanding as at the end of the year (Payable)	(709.92)*	-	(1061.79)**	(241.02)	-	(1,094.45)	-	(1,335.47)

* Includes Rs 600 lacs (Previous year Rs NIL) payable against ICD taken and Rs 4.82 lacs (Previous year NIL) payable against the interest on the same.

** Includes Rs 850 lacs (Previous year NIL) payable against ICD taken and Rs 6.82 (Previous year Rs 9.05 lacs) payable against the interest on the same.

*** Includes Rs NIL (Previous year Rs 1025 lacs) payable against ICD taken and Rs NIL (Previous year Rs 99.68 lacs) payable against the interest on the same.

Rs. in lacs

Particulars	Subsidiaries						Total
	Federal-Mogul TPR (India) Limited, (India)		Satara Rubbers & Chemicals Limited, (India)		Total		
	31.12.10	31.12.09	31.12.10	31.12.09			
Sales	(973.04)	(1,010.64)	-	-	(973.04)	(1,010.64)	
Purchase of raw material, intermediaries and finished goods	4,505.21	3,708.27	-	-	4,505.21	3,708.27	
Dividend received	(270.30)	(30.60)	-	-	(270.30)	(30.60)	
Management fee received	(640.53)	(436.66)	-	(7.00)	(640.53)	(443.66)	
Job work income	(1,091.00)	(971.58)	-	-	(1,091.00)	(971.58)	
Rent expense	-	3.00	-	55.10	-	58.10	
Rent income	(78.00)	(78.00)	-	-	(78.00)	(78.00)	
Sole selling commission received	(407.08)	(339.33)	-	-	(407.08)	(339.33)	
Inter-corporate deposit (ICD) Taken	-	2,300.00	-	-	-	2,300.00	
Loan converted into Equity	-	-	1,700.59	-	1,700.59	-	
Interest on the above ICD	211.54	50.10	-	-	211.54	50.10	
Balance outstanding as at the end of the year Receivables	-	-	-	1714.71***	-	1,714.71	
Balance outstanding as at the end of the year (Payable)	(3955.65)****	(4,802.04)	-	-	(3,955.65)	(4,802.04)	

*** Including provision for doubtful advances Rs Nil. (Previous year Rs.514.71 lacs).

**** Includes Rs. 1,627.21 lacs for Sundry creditors, Rs. 2,300 lacs for Inter-Corporate Deposit and Rs. 28.44 lacs for interest payable.

Rs. in lacs

Particulars	Key Managerial Personnel and their relatives						Total
	Mr. Jean de Montlaur		Mr. Rustin Murdock		Mr. Dan Brugger		
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	
Remuneration	450.22	528.64	117.15	209.39	29.33	-	738.03
Balance outstanding as at the end of the year (Payable)	-	-	-	-	-	-	-

Schedules 1 - 24 (Contd.)

Schedule 24 : Notes to Accounts

5. Leases

a) Assets taken under Operating Leases

The company has taken office and residential facilities under cancellable and non-cancellable operating leases, which are renewable on a periodic basis.

Leases	Year ended December 31, 2010 (Rs in lacs)	Year ended December 31, 2009 (Rs in lacs)
a) Lease payments/expenses for the year	524.73	416.42
<i>Minimum Lease Payments:</i>		
b) Not later than one year	161.20	215.99
c) Later than one year but not later than five years	-	184.86
d) Later than five years	-	-

b) Assets given under Operating Leases

The Company has leased out certain plant & machinery, furniture & fixtures and office equipment on operating lease. The lease terms is for 5 years and are renewable thereafter. There are no restrictions imposed by lease arrangements.

Leases	Year ended December 31, 2010 (Rs in lacs)	Year ended December 31, 2009 (Rs in lacs)
a) Uncollectible minimum lease payments receivable at the Balance sheet date	Nil	Nil
<i>Minimum Lease Payments:</i>		
b) Not later than one year	78.00	78.00
c) Later than one year but not later than five years	312.00	312.00
d) Later than five years	-	-

6. Capital Commitment

Estimated amount of contract remaining to be executed on capital account and not provided for

Particulars	Year ended December 31, 2010 (Rs in lacs)	Year ended December 31, 2009 (Rs in lacs)
Capital commitment	3,428.39	823.84

7. Contingent liabilities not provided for:

Particulars	Year ended December 31, 2010 (Rs in lacs)	Year ended December 31, 2009 (Rs in lacs)
(a) Bank Guarantees	457.47	355.82
(b) <i>Claims/notices contested by the company</i>		
i) Excise duty	34.96	47.80
ii) Sales Tax	59.23	59.23
iii) ESI Cases	-	14.51
iv) Employee Related Cases	102.44	63.33
v) Electricity Demand	52.24	52.24
vi) Income Tax Demands	464.83	651.98
vii) Consumer Cases	30.91	60.91

c) In relation to b (i) above Excise Duty cases contested by the Company comprise of:

- Matter pending with Central Excise & Service Tax Appellate Tribunal (CESTAT) in respect of valuation rates employed for certain products sold by the Company for the period 2004-2005 & 2005-2006. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs 0.93 lacs (Previous year Rs. 0.93 lacs)
- Miscellaneous Excise Cases in respect of MODVAT credits are pending with Deputy Commissioner Central Excise Patiala (DCCE PTA)/ Additional Commissioner/Punjab and Haryana High Court/Assistant Commissioner Central Excise for the period 1987-1988 to 2006-2007. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. 16.46 lacs (Previous year Rs. 16.82 lacs).
- Matters pending with Additional Commissioner, Chandigarh in respect of Service Tax on Transport Services for the period 2005-06, 2006-07 & 2007-08. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. 2.92 lacs (Previous year Rs. 15.40 lacs).
- Matters pending with Commissioner Appeals/ Joint Commissioner in respect of interest on reversal of Special Additional Duty (SAD) for 2000-01. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. 9.37 lacs. (Previous year Rs. 9.37 lacs).

- v) Matter pending with Central Excise & Service Tax Appellate Tribunal (CESTAT) in respect of valuation rates employed for certain products sold by the Company for the period 2001-2002 to 2004-2005. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs.5.28 lacs. (Previous year Rs. 5.28 lacs).
- d) In relation of b (ii) Sales Tax cases contested by the Company comprise of:**
- i) In respect of Assessment Year 1996-97 to 2001-02, on account of differences in sales tax rates, (the matter is pending with Karnataka High court. The Company has taken legal opinion in this regard and is confident of success). Amount involved is Rs. 59.23 lacs. (Previous year Rs. 59.23 lacs)
- e) In relation b (iii) above Employee State Insurance claims comprise of:**
- i) In respect of demand from Employee State Insurance, relating to non deposit of Employee State Insurance on certain employee related expenses pending with the Assessing Officer. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. Nil (Previous year Rs. 14.51 lacs)
- f) In relation of b (iv) above Employee related cases comprise of:**
- i) Claims against the Company not acknowledged as debt, in respect of demands raised by the workers. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs.102.44 lacs. (Previous year Rs. 63.33 lacs)
- g) In relation to b (v) above Electricity demand relates to:**
- In respect of a demand raised by Punjab State Electricity Board (PSEB) for various years in relation to availment of additional load. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. 52.24 lacs (Previous year Rs. 52.24 lacs).
- h) In relation to b (vi) above Income Tax cases disputed by the Company:**
- i) In respect of Assessment Year 2001-02, certain additions were made on normal as well as on book profit. The matter is pending with ITAT. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount for contingent liability for the year is Rs. 28.90 lacs (Previous year Rs. 28.90 lacs).
- ii) In respect of Assessment Year 2002-03, certain additions were made on normal income as well as on book profits. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount for contingent liability for the year is Rs. 116.23 lacs. (Previous year Rs. 214.28 lacs)
- iii) In respect of Assessment Year 2003-04, disallowance was made for carry forward losses as well as certain disallowances. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs.145.81 lacs. (Previous year Rs. 220.66 lacs)
- iv) In respect of Assessment Year 2004-05, certain additions were made on normal income. The matter is pending with ITAT. During the year, Company has got the order in its favour, hence the amount involved is Rs. 16.02 lacs. (Previous year Rs. 24.07 lacs)
- v) In respect of Assessment Year 2005-06, certain additions were made on normal as well as on book profit. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount for contingent liability for the year is Rs. 12.30 lacs (Previous year Rs. 47.19 lacs)
- vi) In respect of Assessment Year 2006-07, certain additions were made on normal as well as on book profit. The matter is pending with Commissioner Income Tax (Appeals). During the year, management has done an analysis and is of the opinion that chances of liability getting materialised are high. Hence the Company has created provision for the same. The amount for contingent liability for the year is Rs. 78.21 lacs (Previous year Rs. 39.52 lacs)
- vii) In respect of Assessment Year 1997-98, demand was raised due to disallowance of previous year expense made in regular assessment and also certain penalty proceedings on the above issue. The amount involved is Rs. 23.24 lacs. (Previous year Rs. 33.24 lacs)
- viii) In respect of Assessment Year 2000-01, certain additions were made on normal as well as on book profits. The matter is pending with High court. The company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 11.01 Lacs (Previous year Rs 11.01 Lacs).
- ix) In respect of Assessment Year 2007-08, certain additions were made on normal profits. The matter is pending with Commissioner Income Tax (Appeals). The company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 33.11 Lacs (Previous Year Rs 33.11 Lacs).
- i) In relation to b (vii) above Consumer cases filed against the company:**
- i) Matter pending with Delhi High Court relating to cases filed by a customer of the Company relating to defective goods for the period 1995-1996. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision Amount involved is Rs. 30.91 lacs (Previous year Rs. 60.91 lacs).

8. (a) (i) Payment made to Directors:

Leases	(Rs in lacs)	
	Year ended December 31, 2010 (Rs in lacs)	Year ended December 31, 2009 (Rs in lacs)
(a) Salaries	489.95	637.36
(b) Contribution to Provident Fund*	18.85	21.09
(c) Other Perquisites	87.90	79.58
(d) Directors Sitting Fees	11.67	15.46

* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

- (b)** Personnel expenses under Schedule 18 include Rs. 333.28 lacs (including Rs. 195.67 lacs in respect of earlier financial year) towards director remuneration which is in excess of permissible remuneration determined under Schedule XIII of the Companies Act, 1956. Management has filed an application with the Central government on June 23, 2009 for approval of payment of salary to the managing director for Rs. 54.96 lacs per month for 5 years. Pending approval from the government, management has taken a confirmation from the managing director that he shall refund the amounts in the event of such approvals being refused.
- (c)** Remuneration of Rs. 119.85 Lacs for the period April 1, 2006 to December 31, 2006, paid to the erstwhile managing director of the Company was in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. The Company had applied to the Central Government for the approval of such excess remuneration which was rejected by the Central Government vide letter dated May 26, 2009. The Company has filed an application on April 29, 2010 under Section 309(5B) of the Companies Act, 1956 to waive the recovery of the aforesaid amount from the erstwhile managing director. Further, during the year company has received an approval from Central Government for partial amount of Rs 45.67 lacs (total amount of Rs 84.14 lacs) on September 14, 2010 for the period January 01, 2007 to September 24, 2007. Company has again applied to Central Government on November 18, 2010 for waiver of recovery of balance amount of Rs 38.47 Lacs paid to the erstwhile managing director.
- 9.** In accordance with Explanation below Para 10 of Accounting standard 9 notified by Companies (Accounting Standards) Rules, 2006, excise duty on sales amounting to Rs. 7,218.17 lacs (Previous year Rs. 5,175.75 lacs) has been reduced from sales in profit & loss account and excise duty on (decrease) / increase in stock amounting to Rs. 140.97 lacs (Previous year Rs. (218.58) lacs) has been considered as (income) / expense in the financial statements.

10. During the year, the Company has not taken any foreign currency derivative instruments to hedge its foreign currency risk. The amount of foreign currency exposure that is not hedged by a derivative instrument or otherwise as on December 31, 2010:

Particulars	Currency	Year ended December 31, 2010 Amount Rs.(in lacs)	Year ended December 31, 2010 Amount (Foreign currency in lacs)	Year ended December 31, 2009 Amount Rs.(in lacs)	Year ended December 31, 2009 Amount (Foreign currency in lacs)
Creditors	USD	1,394.90	30.81	632.33	13.46
Creditors	EURO	2,710.17	55.47	1,073.71	15.81
Creditors	GBP	110.99	1.58	14.44	0.19
Creditors	JPY	96.88	173.07	1.00	1.95
Creditors	CHF	-	-	3.95	0.09
Advance to creditor	EUR	390.52	6.44	322.92	4.76
Advance to creditor	USD	92.51	2.07	216.38	4.61
Advance to creditor	GBP	58.12	0.83	100.84	1.33
Advance to creditor	JPY	119.57	213.59	47.91	93.60
Advance to creditor	SEK	5.41	0.79	4.29	0.64
Advance to creditor	CHF	0.94	0.02	-	-
Advance to creditor	CAD	0.10	0.01	-	-
Debtors	USD	301.36	6.73	973.41	20.72
Debtors	EURO	65.73	1.11	76.13	1.12
Debtors	GBP	27.11	0.40	78.71	1.04

11. Gratuity and other post-employment benefit plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following table summarizes the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

	(Rs. in lacs)	
	Gratuity	
	2010	2009
Current service cost	270.98	276.81
Interest cost on benefit obligation	398.23	339.28
Expected return on plan assets	(284.34)	(201.72)
Net actuarial (gain) / loss recognised in the year	(40.86)	(186.48)
Previous years actuarial gains recognized during the year	(100.10)	-
Net benefit expense	<u>243.91</u>	<u>227.89</u>
Actual Return on Plan Assets	489.37	135.67

Balance sheet

Details of Provision for gratuity

	(Rs. in lacs)	
	Gratuity	
	2010	2009
Defined benefit obligation	6,192.34	5,535.76
Fair value of plan assets	3,882.44	3,471.23
Cumulative Unrecognized actuarial gains	239.91	-
	<u>2,549.81</u>	<u>2,064.53</u>
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	<u>(2,549.81)</u>	<u>(2,064.53)</u>

Changes in the present value of the defined benefit obligation are as follows:

	(Rs. in lacs)	
	Gratuity	
	2010	2009
Opening defined benefit obligation	5,535.76	5,404.64
Interest cost	398.23	339.28
Current service cost	270.98	276.81
Benefits paid	(195.54)	(232.44)
Transfer from group company	18.75	-
Actuarial (gains) / losses on obligation	164.16	(252.53)
Closing defined benefit obligation	<u>6,192.34</u>	<u>5,535.76</u>

Changes in the fair value of plan assets are as follows:

	(Rs. in lacs)	
	Gratuity	
	2010	2009
Opening fair value of plan assets	3,471.23	3,352.82
Expected return	284.34	201.72
Contributions by employer	117.38	215.18
Benefits paid	(195.54)	(232.44)
Actuarial gains / (losses)	205.03	(66.05)
Closing fair value of plan assets	3,882.44	3,471.23

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	2010	2009
	%	%
Investments with Insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	Gratuity	
	2010	2009
	(%)	(%)
Discount rate	8.00	7.50
Expected rate of return on assets	8.50	8.00
Employee turnover	5.00	5.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note:

The companies expected contribution to the fund in next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting Standard 15 (Revised) on Employee Benefit is not disclosed.

Amounts for the current and previous periods are as follows:

	Gratuity			
	2010	2009	2008	2007
Defined benefit obligation	6,192.34	5,535.76	5,404.64	4,419.12
Cumulative unrecognized actuarial gains	239.91	-	-	-
Plan assets	3,882.44	3,471.23	3,352.83	3,115.37
Surplus / (deficit)	(2,549.81)	(2,064.53)	(2,051.81)	(1,303.75)

12. The Company has sold its entire investment amounting to Rs. 1,902 lacs in the shares of its wholly owned subsidiary company, Satara Rubbers and Chemicals Limited on March 31, 2010 for a consideration of Rs. 1,130 lacs (Rs. 200 lacs was received in the previous year ended December 31, 2009 as advance payment and the balance amount was received on March 31, 2010). The Company has accordingly considered an additional loss of Rs. 570.59 lacs on sale of this investment which has been recorded in 'Operating and other expenses'.

13. Information pursuant to paragraphs 3, 4, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

(i) (a) **Licensed and Installed Capacity and Actual Production :**

Particulars	Licensed Capacity	*Installed Capacity	Actual Production
Piston Rings (Nos)	Delicensed	58,560,000	50,992,559
		(54,960,000)	(46,134,526)
Pistons (Nos)	"	18,480,000	15,404,142
		(14,355,000)	(12,375,808)
Pins (Nos)	"	18,120,000	15,904,571
		(14,655,200)	(12,644,591)
Valve Train Components (Nos.)	"	46,944,000	39,478,863
		(46,944,000)	(28,221,086)
Structural Components (Nos.)	"	6,870,000	2,741,699
		(5,820,000)	(2,262,039)

* Installed Capacity as certified by the management.

Note: Figures in brackets pertain to previous year

(b) Particulars of Opening Stock, Closing stock and turnover

Particulars	OPENING STOCK		CLOSING STOCK		TURNOVER	
	Quantity	Value Rs.(in lacs)	Quantity	Value Rs.(in lacs)	Quantity	Value Rs.(in lacs)
Piston Rings (Nos)	2,735,013 (2,873,550)	918.33 (992.99)	3,147,498 (2,735,013)	1,097.40 (918.33)	50,580,074 (46,273,063)	37,450.07 (28,093.72)
Pistons (Nos)	579,961 (794,440)	1,319.04 (1,715.20)	712,805 (579,961)	1,382.40 (1,319.04)	15,271,298 (12,590,287)	44,235.18 (39,971.73)
Pins (Nos)	1,020,504 (901,913)	288.75 (437.50)	1,034,717 (1,020,504)	303.44 (288.75)	15,890,358 (12,526,000)	5,953.85 (5,568.13)
Valve Train Components (Nos)	1,274,082 (954,128)	109.27 (99.22)	1,129,859 (1,274,082)	93.56 (109.27)	39,623,086 (27,901,132)	4,426.54 (2,988.29)
Structural Components (Nos)	81,292 (116,103)	28.99 (27.43)	121,168 (81,292)	36.77 (28.99)	2,701,823 (2,296,850)	981.13 (871.53)
Miscellaneous	-	89.71 (115.23)	-	38.60 (89.71)	-	-
Total	5,690,852 (5,640,134)	2,754.09 (3,387.57)	6,146,047 (5,690,852)	2,952.17 (2,754.09)	124,066,639 (101,587,332)	93,046.77 (77,506.95)

Notes: Figures in Brackets pertain to previous year.

(ii) Trading Operations:

Particulars	OPENING BALANCE		CLOSING BALANCE		PURCHASE		SALES	
	Quantity	Value Rs.(in lacs)	Quantity	Value Rs.(in lacs)	Quantity	Value Rs.(in lacs)	Quantity	Value Rs.(in lacs)
Bearing\Liner (Nos)	89,318 (53,435)	175.48 (16.00)	85,971 (89,318)	207.89 (175.48)	476,487 (456,665)	1,072.77 (880.72)	479,834 (420,782)	1,436.27 (1,282.50)
Spark Plug (Nos)	314,542	101.58	98,644 (314,542)	36.54 (101.58)	4,534,558 (3,074,214)	1,416.62 (861.23)	4,750,456 (2,759,672)	1,922.78 (1,083.30)
Others*	-	39.39	-	53.46 (39.39)	-	293.02 (258.63)	-	464.28 (328.45)
Total	403,860 (53,435)	316.45 (16.00)	184,615 (403,860)	297.89 (316.45)	5,011,045 (3,530,879)	2,782.41 (2,000.58)	5,230,290 (3,180,454)	3,823.33 (2,694.25)

Note: Figures in brackets pertains to previous year

*It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

(iii) Details of Raw Materials Consumed :

Particulars	Unit	Year Ended December 31, 2010		Year Ended December 31, 2009	
		Quantity	Rs.(in lacs)	Quantity	Rs.(in lacs)
a) Pig Iron	M.Ton	3,425.73	853.28	3,019	715.03
b) Alloys	M.Ton	809.33	711.26	695	522.49
c) Chromic Acid	M.Ton	43.60	86.81	39	78.51
d) Aluminum	M.Ton	6,851.42	6,853.47	5,058	5,041.35
e) Steel Strips	M.Ton	18.94	216.14	17	189.86
f) Pin .Steel	M.Ton	3,286.33	2,497.45	2,533	1,930.11
g) Silicon	M.Ton	985.53	1,161.95	857	1,134.00
h) Magnesium	M.Ton	107.86	161.43	93	150.44
i) Nickel	M.Ton	265.60	2,354.38	217	1,636.30
j) Iron Powder	M.Ton	673.57	412.25	524	358.99
k) Steel Powder	M.Ton	99.12	506.17	71	452.95
l) Copper Powder	M.Ton	98.47	397.48	72	255.16
m) Distalloys	M.Ton	111.26	158.40	83	120.68
n) Bought out rings	Nos.	5,874,364	7041.43	3,844,967	4,729.31
o) Others*			9,114.32		6,091.69
Total			32,526.22		23,406.87

*It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

(Rs. in Lacs)

(iv) C.I.F. Value of Imported items :

	Year Ended December 31, 2010	Year Ended December 31, 2009
(a) Raw Materials	10,533.78	8,184.99
(b) Spare Parts & Components	3,124.94	1,223.62
(c) Capital Goods	2,478.56	1,612.86

(Rs. in Lacs)

(v) Expenditure in Foreign Currency (on payment basis):

	Year Ended December 31, 2010	Year Ended December 31, 2009
(a) Travelling Expenses	43.72	15.09
(b) Commission on Sales	6.88	1.65
(c) Communication expenses	64.78	101.87
(d) Royalty	888.42	1,509.53
(e) Professional Expenses	346.31	177.64
(f) Others	-	9.70

	Year Ended December 31, 2010		Year Ended December 31, 2009	
(vi) Imported and Indigenous Raw Materials and Components Consumed:				
	Rs. (in lacs)	%	Rs. (in lacs)	%
(a) Indigenous	19,514.69	59.99	14,713.56	62.86
(b) Imported	13,011.53	40.01	8,693.31	37.14
Total	32,526.22	100.00	23,406.87	100.00
(vii) Imported & Indigenous Stores, Spares and Tools Consumed				
(a) Indigenous	8900.76	91.90	7,515.78	92.48
(b) Imported	785.00	8.10	610.72	7.52
Total	9685.76	100.00	8,126.50	100.00
(viii) Earnings in Foreign Currency (on accrual basis) Export on FOB basis		6,218.81		5,304.84

Particulars	2010	2009
The principal amount remaining unpaid as at the end of year	147.97	84.90
Interest due on above principal and remaining unpaid as at the end of the year	0.44	0.48
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	8.91	5.52
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	9.35	6.00
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	20.48	11.13

15. In the earlier years, the Company had issued 23,011,192 shares @ Rs. 10 each at a premium of Rs. 46 per share on right issue basis for cash, out of which, the proceeds of the rights issue aggregating to Rs. 11,737.50 Lacs have been utilized as per objects of the issued mentioned in the Letter of Offer (LOO). During the year, the company has taken the approval of its members at the Annual General Meeting held at 25 June 2010 for following amendment in Rights Issue utilization:
- a) Rs. 1138.42 Lacs for the purchase of machineries other than those specified in the LOO under the category "Payment to Suppliers for the purchase of machineries (including interest)"; and
- b) Rs. 10.35 Lacs inter-se to the object category of "General Corporate Purposes" from the "Issue Expenses" category.
- Pursuant to the approval of the shareholders, the details of utilization of rights issue proceeds are as follows:

Particulars	Amount as per letter of offer dated November 5, 2008 (Rs. in lacs)	Amount as approved by the shareholders in the Annual General Meeting held on 25th June 2010	Amount utilized till December 31, 2010 (Rs. in lacs)	Amount utilized till December 31, 2009 (Rs. in lacs)
Repayment of existing debt on their respective due dates	3,040.67	3,040.67	3,040.67	3,040.67
Payment to suppliers for purchase of machineries (including interest)	9,296.61	9,296.61	8,753.51	8,158.19
General corporate purposes	431.30	441.65	441.65	431.30
Issue expenses	117.69	107.34	107.34	107.34
Total	12,886.27	12,886.27	12,343.17	11,737.50

The unutilized amount aggregating to Rs. 543.10 Lacs (Previous Year Rs. 1148.77 Lacs) have been temporarily used for improving the working capital requirement of the company.

16. The company has capitalized various expenses incurred in the course of construction of self generated assets, the details of expenses capitalized from operating expenses for the purpose of construction of self generated assets are as follow:

Particulars	Year ended Dec. 31, 2010 Rs. (in lacs)	Year ended Dec. 31, 2009 Rs. (in lacs)
Salaries, wages and bonus	120.66	147.21
Consumption of stores and spares	180.98	98.14
Total	301.64	245.35

17. Non fulfillment of export obligation under (Export promotion Capital Goods) EPCG Licenses

The Company has identified some licenses obtained under Export Promotion Capital Goods scheme, which have expired and against which the Company has partially fulfilled the export obligation (levied in lieu of permission to import fixed assets at a concessional rate of import duty). In view of partial shortfall in fulfilling export obligation, the management has decided, on prudent basis, to make a provision aggregating to Rs. 932.32 lacs (Previous Year Rs. 822.76 lacs) in these financial statements which in view of the management is adequate to cover any liability on this account at all its facilities' and is included as 'Provision for non fulfillment of export obligation' in Provisions under schedule 14.

18. During the year ended December 31, 2010, the Company commenced an evaluation process for various regulatory matters at its factories. Based on more accurate information discovered, a provision, towards costs to be incurred to remediate these matters, of Rs. 424.91 lacs is included under Schedule no. 14 for provisions which are net of amounts utilized of Rs. 513.23 lacs towards remediation. The Company is actively seeking to resolve these actual and potential statutory, regulatory, and contractual obligations. In accordance with requirements of Accounting Standard 29 on 'Provisions, Contingent liability and Contingent assets' issued by the Institute of Chartered Accountants of India, although difficult to quantify based on the complexity of the issues, the Company has accrued amounts corresponding to its best estimate of the costs associated with such regulatory and contractual obligations on the basis of available information and best professional judgment of experts appointed for this exercise. Based on consultations obtained from these experts, in management's view, no further costs are expected to be incurred to remediate for which a provision would be required at this stage and considers the provisions made to be adequate.

19. The Company carries out its transfer pricing study annually for the tax period of April-March and updates its documentation, choice of methods and benchmarks to ascertain adequacy and compliance with the "arms length" principles prescribed under Income Tax Act. For the year April 1, 2010 to March 31, 2011, the process of updation is ongoing and management expects to complete this before March 31, 2011. Accordingly, the provision for current tax includes adequate amount to cover any additional liability till the completion of study.

20. Previous year figures have been regrouped and rearranged wherever necessary to make these comparable.

As per our report of even date
For S.R.BATLIBOI & CO.
Firm Registration No: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
 Membership No. 91813
 Place: Gurgaon
 Date: March 1, 2011

For and on behalf of the Board of Directors of
 Federal-Mogul Goetze (India) Limited

Jean de Montlaur
 Managing Director & President

Dan Brugger
 Whole Time Finance Director & CFO

Khalid Khan
 Company Secretary

Balance sheet and profit and loss account

Cash flow statement for the year ended December 31, 2010

	For the year ended December 31, 2010 Rs (in lacs)	For the year ended December 31, 2009 Rs (in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and after prior period	4,569.31	5,067.48
Adjustments for:		
Depreciation and amortisation	4,822.46	5,067.65
Loss on sale / discard of fixed assets (net)	421.91	224.89
Loss on sale of Non-trade Current Investments	570.59	-
Provision for doubtful debts written back	(13.77)	53.14
Provision for advances written back	(500.59)	-
Advances written off	39.35	1.65
Provision for loans and advances	76.94	514.71
Interest income	(0.97)	(13.29)
Dividend income	(270.30)	(30.60)
Interest expense	1,246.93	2,264.14
Excess provision written back	(54.61)	(231.49)
Unrealised forex (gain)/loss (net)	53.71	(108.38)
Miscellaneous expenditure written off	239.90	239.90
Operating profit before working capital changes	11,200.86	13,049.80
Movements in working capital:		
Decrease / (Increase) in sundry debtors	(1,860.62)	(790.30)
Decrease / (Increase) in other current assets	(167.24)	(3.82)
Decrease / (Increase) in inventories	(1,428.68)	897.76
Decrease / (Increase) in loans and advances**	(1,059.12)	493.50
Increase / (Decrease) in current liabilities & provisions	1,553.56	(1,241.30)
Cash generated from operations	8,238.76	12,405.64
Direct taxes paid (net of refunds)	(934.97)	(1,023.92)
Net cash from operating activities	7,303.79	11,381.72
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets/ Intangibles Assets	(6,023.13)	(3,642.26)
Proceeds from sale of fixed assets	83.32	63.62
Sale of non-trade investments	1,130.00	-
Interest received	26.86	35.31
Dividends received	270.30	30.60
Net cash used in investing activities	(4,512.65)	(3,512.73)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of borrowings (Long term)	(1,300.00)	(2,915.35)
Receipt of borrowings (Long term)	-	1,500.00
Movement in borrowings (Short term)	(77.94)	(4,749.65)
Interest paid	(1,338.58)	(1,643.94)
Share issue expenses	-	10.42
Net cash used in financing activities	(2,716.52)	(7,798.52)
Net increase in cash and cash equivalents (A + B + C)	74.62	70.47
Cash and cash equivalents at the beginning of the year	157.91	87.44
Cash and cash equivalents at the end of the year	232.53	157.91
Components of cash and cash equivalents as at	December 31, 2010	December 31, 2009
	Rs (in lacs)	Rs (in lacs)
Cash and cheques on hand	0.35	0.63
With banks - on current account	217.18	136.17
- on deposit accounts (pledged with Government authorities)	50.14	49.81
- on unpaid dividend account*	15.00	21.11
Cash and bank balances as per Schedule 10	282.67	207.72
Less : Fixed deposits not considered as cash equivalents	(50.14)	(49.81)
	232.53	157.91

* Balance in unpaid dividend account can be used by the Company only for payment of dividend.

** Same is net off advances for Rs. 1700.59 lacs converted into non-trade investments.

As per our report of even date
For S.R.BATLIBOI & CO.
Firm Registration No: 301003E
Chartered Accountants

per Pankaj Chadha
Partner

Membership No. 91813
Place: Gurgaon
Date: March 1, 2011

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For and on behalf of the Board of Directors of
Federal-Mogul Goetze (India) Limited

Jean de Montlaur
Managing Director & President

Khalid Khan
Company Secretary

Dan Brugger
Whole Time Finance Director & CFO

SCHEDULES 1 - 24 (Contd.)

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

C	-	2	4	5	2
---	---	---	---	---	---

State Code

5	5
---	---

Balance Sheet Date

3	1	1	2	2	0	1	0
---	---	---	---	---	---	---	---

Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

		N	I	L		
--	--	---	---	---	--	--

Rights Issue

		N	I	L		
--	--	---	---	---	--	--

Bonus Issue

		N	I	L		
--	--	---	---	---	--	--

Private Placement

		N	I	L		
--	--	---	---	---	--	--

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

4	7	9	9	7	2	1
---	---	---	---	---	---	---

Total Assets

4	7	9	9	7	2	1
---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

	5	5	6	3	2	1
--	---	---	---	---	---	---

Reserves & Surplus

3	2	2	0	9	7	4
---	---	---	---	---	---	---

Secured Loans

	4	8	2	2	4	6
--	---	---	---	---	---	---

Unsecured Loans

	3	8	2	6	2	8
--	---	---	---	---	---	---

Deferred Tax Liability

	1	5	7	5	5	2
--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

3	9	0	4	3	6	0
---	---	---	---	---	---	---

Investments

	2	0	9	2	3	4
--	---	---	---	---	---	---

Net Current Assets

	6	6	2	1	3	6
--	---	---	---	---	---	---

Misc. Expenditure

		2	3	9	9	1
--	--	---	---	---	---	---

Accumulated Losses

			-			
--	--	--	---	--	--	--

IV. Performance of Company (Amount in Rs. Thousands)

Turnover including Other Income

9	5	1	8	7	4	5
---	---	---	---	---	---	---

Total Expenditure

9	0	6	1	8	1	4
---	---	---	---	---	---	---

Profit before Tax

4	5	6	9	3	1
---	---	---	---	---	---

Profit after tax

3	4	3	8	9	2
---	---	---	---	---	---

Earning Per Share in Rs.

6	.	1	8
---	---	---	---

Dividend Rate %

0	0
---	---

V. Generic Names of Three Principal Products of Company

Item Code No.

8	4	0	9	9	1	.	0	5			
---	---	---	---	---	---	---	---	---	--	--	--

Product Description

P	I	S	T	O	N		R	I	N	G	S
---	---	---	---	---	---	--	---	---	---	---	---

Item Code No.

8	4	0	9	9	1	.	0	4			
---	---	---	---	---	---	---	---	---	--	--	--

Product Description

P	I	S	T	O	N	S					
---	---	---	---	---	---	---	--	--	--	--	--

Item Code No.

8	4	0	9	9	1	.	0	9			
---	---	---	---	---	---	---	---	---	--	--	--

Product Description

E	N	G	I	N	E		P	A	R	T	S	-	P	E	T	R	O	L
---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	---	---	---

For and on behalf of the Board of Directors of
Federal-Mogul Goetze (India) Limited

Jean de Montlaur
Managing Director & President

Dan Brugger
Whole Time Finance Director & CFO

Khalid Khan
Company Secretary

Statement regarding subsidiaries pursuant to Section 212 of the Companies Act, 1956

1.	Name of the Subsidiary Companies	Federal-Mogul TPR (India) Limited
2.	Financial Year of the Subsidiary Companies ended on	31st December 2010
3.	Holding Company's Interest	Holders of 51,00,000 Equity Shares out of the Subscribed and Paid up Capital of the 1,00,00,000 Equity shares of Rs.10/- each (51%)
4.	Net Aggregate amount of Profit Less Losses of the subsidiary Companies so far as it concerns the Members of Federal-Mogul Goetze (India) Ltd	
	a] Not dealt with in the Accounts of Federal-Mogul Goetze (India) Ltd.	
	i) for the subsidiary's financial year above referred	Rs. 927.10 Lacs
	ii) for previous financial years of subsidiary since it became subsidiary of Federal-Mogul Goetze (India) Ltd.	Rs. 1307.87 Lacs
	b] Dealt with the Accounts of Federal-Mogul Goetze (India) Ltd.	
	i) for the subsidiary's financial year above referred	Nil
	ii) for previous financial years of subsidiary since it became subsidiary of Federal-Mogul Goetze (India) Ltd.	Nil

Jean de Montlaur
Managing Director & President

Dan Brugger
Whole Time Finance Director & CFO

Khalid Khan
Company Secretary

Place: Gurgaon
Date: March 1, 2011



FEDERAL-MOGUL TPR (INDIA) LIMITED

DIRECTOR' S REPORT

The Directors have immense pleasure in presenting the fourteenth Annual Report and Audited Statement of Accounts for the financial year ended 31st December, 2010.

Financial Results

[Rs. in Million]

	For the year ended 31.12.2010	For the year ended 31.12.2009
Total Income:		
Gross Sales	1006.05	847.03
Deduct: Excise Duty	94.89	70.29
	911.16	776.74
Other Income	27.86	8.58
	939.02	785.32
Profit before Depreciation and Finance Charges	316.72	257.62
Deduct:		
Depreciation	37.48	36.72
Interest & Finance Charges	5.79	20.32
Net Profit before Tax	273.45	200.58
Provision for Tax		
- Current	98.41	78.00
- Deferred tax credit	(4.39)	(8.31)
Profit after Tax	179.43	130.89
Prior period items	2.36	
Profit brought forward	256.44	200.46
Net profit available for appropriation	438.23	331.35
Appropriations :		
Transfer to general reserve	18.20	13.10
Dividend-		
Preference @ 6%	6.00	6.00
Tax and cess on dividend - Preference	1.00	1.00
Equity Shares	67.00	47.00
Tax and cess on dividend - Equity	11.13	7.81
Surplus carried to Balance Sheet	334.90	256.44

Financial Performance

During the year under review, your Company has recorded an impressive performance. The Total income of the Company as at 31st December 2010 was Rs. 939.02 million as against Rs. 785.32 million for the year ended 31st December 2009.

During the year under review, the Company made a Net Profit after Tax of Rs. 181.79 million as against the Net Profit after Tax of Rs. 130.89 million in the last year.

High level of competence in design and processes, high productivity and low costs are the forte of the Company. The superior technology and product quality of the Company give it a competitive edge in the market place.

Operations

Surge in automobile industry has led to robust growth of the auto component sector in the country. Today, India is emerging as one of the key auto components centers in the world and is expected to play a significant role in the global automotive supply chain in the near future.

In tandem with the industry trends, the

operations and performance of the Company has shown great progress in the current year in terms of growth, competitiveness, absorption of new technologies and flexibility.

Auditors' Comments

The Auditors' observation as contained in Clause vii of Annexure to their Report regarding enlargement of the scope and coverage of internal audit to commensurate with the size and nature of its business is self explanatory and although management believes the internal control function is sound, the management has initiated additional necessary steps in that direction for further improvements.

Dividend

In view of profits your Directors are pleased to recommend dividend @ 6% on the Cumulative Redeemable Preference Shares and dividend @ 67% on Equity shares for the year ended 31st December, 2010.

The total outflow on account of dividend, if approved, will be Rs. 85.13 million [including dividend tax of Rs. 12.13 million].

Personnel

There are no employees who come under the category of employees, as required under Section 217(2A) of the Companies Act, 1956.

Directors

In accordance with Articles of Association of the Company, Mr. Hiroshi Takano, Director, is liable to retire by rotation and, being eligible, offers himself for re-appointment.

Mr. Dan Brugger and Mr. Sunit Kapur were appointed as Additional Directors on the Board of the Company w.e.f 1st July, 2010 and 23rd February, 2011 respectively. They are holding office as Directors upto the date of forthcoming Annual General Meeting and are proposed to be appointed.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors wish to place on record that:

- In preparing the Annual Accounts, all applicable accounting standards have been followed and that there have been no material departures;

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FEDERAL-MOGUL TPR (INDIA) LIMITED

DIRECTORS' REPORT (Contd.)

- The accounting policies are adopted and consistently followed and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of financial year and of the Profit & Loss Account of the Company for the Financial Year;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis.

Audit Committee

The Audit Committee comprises of Mr. Dan Brugger as Chairman, Mr. Hiroshi Takano, Mr. Jean de Montlaur and Mr. Sunit Kapur as Members.

Auditors

M/s. S. R. Batliboi & Co., Chartered Accountants, retire as Auditors at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. They have certified that the re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

Public Deposits

The Company has not accepted any Fixed Deposits from the public.

Safety, Health and Environment Protection

The Company is committed to protect the environment and safety of its employees and those associated with it.

We strive to sustain a pollution free environment by elimination of waste, optimum utilization of power and preventive maintenance of equipments and machines to keep them in good condition. The Company adheres to the provisions of environmental laws and ensures due compliance of all emission norms, recycling of effluents and timely removal of wastes and residues.

Industrial Relations

The industrial relations in the Company remained cordial and harmonious throughout the year.

Conservation of Energy & Technology Absorption

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with

Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms a part of this report.

Acknowledgement

The Board of Directors would like to express its sincere thanks for the support and cooperation of its promoters Teikoku Piston Ring Company Ltd., Federal-Mogul UK Investments Limited and Federal-Mogul Goetze (India) Ltd. We also wish to place on record our deep sense of appreciation for the committed services by the executives, staff and workers of the Company and for the encouragement and confidence extended by its dealers, vendors, customers, business associates without which it would not have been possible to achieve all round progress and growth of the Company.

For and on behalf of the Board

Jean de Montlaur

Chairman & Director

Date : February 23, 2011

Annexure to the Directors' Report

Particulars required under the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- Refurbished solar water heating system to utilize for pre-heating of Surface treatment plant water.
- Modification (rearrangement of heating coils) of Top rings Heat Treatment furnace.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.

Monitoring & improving specific energy (power consumption / ring) through Energy Management systems.

c) Impact of measure (a) & (b) above for reduction of energy consumption & consequent on cost of production of goods:

The above measures have led to reduction in power consumption and savings in energy.

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. Specific areas in which the Company carried out the R&D

Manufacturing of mid rings in steel material

2. Benefits derived as a result of the above R & D

- Design Improvement
- High wear durability
- Low cost

3. Future plan of action

To work towards product development, cost reduction & technological upgradation.

4. Expenditure on R&D

During the year 2010, no expenditure was incurred on R&D.

Technology absorption, adaptation and innovation

1. Efforts in brief made towards technology absorption, adaptation & innovation:

- Import of process and Design for manufacture of Steel mid rings.

2. Benefits derived as a result of above efforts;

- High wear durability
- Low cost
- Design Improvement

3. Import of Technology

Technology for	Year of Import	Status
Tuffriding process for Side rails	2008	Implemented.
Side rail OD grinding	2009	Implemented.
Fee gap treatment for side rails	2009	Implemented.
Butt end grinding	2009	Implemented.
Manufacture of mid rings in steel material	2010	Implemented.

ENVIRONMENT & SAFETY

During the year 2010, the following measures were taken to reduce the pollution levels.

- The effluent treatments plants have been upgraded
- Regular monitoring and layered audits have been conducted.
- Bag filters have been installed to meet the air emission standards.
- Ion exchange plant has been installed to treat the ground water

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange earnings- Nil

Foreign exchange outgo -Rs. 1,99,16,832



FEDERAL-MOGUL TPR (INDIA) LIMITED

AUDITORS' REPORT

To The Members of Federal-Mogul TPR (India) Limited

1. We have audited the attached Balance Sheet of Federal-Mogul TPR (India) Limited ('the Company') as at December 31, 2010 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on December 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.

Firm registration number: 301003E

Chartered Accountants

per Pankaj Chadha

Place : Gurgaon Partner
Date : February 23, 2011 Membership No.: 91813

Annexure referred to in paragraph 3 of our report of even date.

Re: Federal-Mogul TPR (India) Limited ('the Company')

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

- (b) All fixed assets were physically verified by the management during the year ended December 31, 2010 in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable, and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. As informed, the Company has not granted / taken any loans, secured or unsecured / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, clauses 4(iii) (b), (c), (d), (e), (f) and (g) are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
 - v. According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v)(a) and (b) of the Companies (Auditors' Report) order, 2003 (as amended) are not applicable to the Company.
 - vi. The Company has not accepted any deposits from the public.
 - vii. The Company has an internal audit system, the scope and coverage of which, in our opinion requires to be enlarged to be commensurate with the size and nature of its business.
 - viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate and complete.
 - ix. a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. Investor education and protection fund is not applicable to the company. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues applicable to the Company were outstanding, at the year end, for a period of more than six months from the date they became payable. Investor education and protection fund is not applicable to the company.
 - c) According to the records of the Company, the dues outstanding of sales-tax, income-tax, custom

duty, wealth-tax, excise duty and cess which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty on trade discount	242,426	2000 to 2004	Joint Commissioner of Central Excise
Central Excise Act	Excise Duty on Turnover Discount	691,479	2003 to 2007	Central Excise and Service Tax Appellant Tribunal
Central Excise Act	Service tax on import services	1,542,269	2004 to 2006	Additional Commissioner of Service Tax
Central Excise Act	Cenvat credit availed on Job work	36,106,654	2005 to 2007	Central Excise and Service Tax Appellant Tribunal
Central Excise Act	Availment credit of cenvat credit (service tax)	383,705	April 2006 to May 2006	Deputy Commissioner of Central Excise
Central Excise Act	Service tax on management fees and sole selling commission.	6,163,980	2004 to 2007	Commissioner of Central Excise
Central Excise Act	Service tax on supplementary bills for price reduction	8,952,249	2008 to 2009	Additional Commissioner of central excise
Central Excise Act	Cenvat credit of service tax on job work charges	45,401,450	2008 to 2009	Central Excise and Service Tax Appellant Tribunal
Central Excise Act	Cenvat credit of service tax	2,471,010	2005	Additional Commissioner of central excise
Central Excise Act	Cenvat credit on job work	30,683,233	2009 - 2010	Commissioner of central excise
KVAT Act, 2003	VAT payable during assessment	538,627	2005 - 2006	Deputy Commissioner of commercial tax.
Income Tax Act	Additions to normal income.	14,592,560	2006 - 2007	Commissioner of Income tax (Appeals)
Income Tax Act	Additions to normal income.	3,090,018	2007 - 2008	Commissioner of Income tax (Appeals)
Income Tax Act	Additions to normal income.	3,520,461	2008 - 2009	Commissioner of Income tax (Appeals)

- x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks. The Company has no outstanding dues in respect of a financial institution or debenture holder.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money through public issue during the year.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & CO.

Firm registration number: 301003E

Chartered Accountants

per Pankaj Chadha

Partner

Membership No.: 91813

Place : Gurgaon
Date : February 23, 2011

ANNUAL REPORT 2010



FEDERAL-MOGUL TPR (INDIA) LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2010

	Schedules	As at December 31, 2010 Amount in Rs.	As at December 31, 2009 Amount in Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	200,000,000	200,000,000
Reserves and surplus	2	366,206,169	269,545,943
		566,206,169	469,545,943
Loan Funds			
Secured loans	3	-	153,009,949
		-	153,009,949
Deferred Tax Liabilities (net)	4	12,417,627	16,806,162
TOTAL		578,623,796	639,362,054
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	429,413,310	406,246,495
Less : Accumulated Depreciation/ Amortisation		269,782,136	232,356,959
Net block		159,631,174	173,889,536
Capital work-in-progress including capital advances		988,969	1,266,469
		160,620,143	175,156,005
Current Assets, Loans and Advances			
Inventories	6	61,576,393	76,720,795
Sundry debtors	7	231,511,631	306,883,849
Cash and bank balances	8	53,568,620	7,462,140
Other current assets	9	2,844,259	4,508,718
Loans and advances	10	239,521,727	238,883,460
		(A)	634,458,962
Less: Current Liabilities and Provisions			
Current liabilities	11	74,217,033	76,988,218
Provisions	12	96,801,944	93,264,695
		(B)	170,252,913
Net Current Assets (A-B)		418,003,653	464,206,049
TOTAL		578,623,796	639,362,054
Notes to Accounts	22		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date
For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
 Federal-Mogul TPR (India) Limited

per Pankaj Chadha
Partner
 Membership No. 91813

Jean de Montlaur
 Chairman & Director

Dan Brugger
 Director

Shifali Chawla
 Company Secretary

Place: Gurgaon
 Date: February 23, 2011



FEDERAL-MOGUL TPR (INDIA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

	Schedules	For the year ended December 31, 2010 Amount in Rs.	For the year ended December 31, 2009 Amount in Rs.
INCOME			
Turnover (Gross)		1,006,051,875	847,031,103
Less : Excise duty		94,892,426	70,289,892
Turnover (Net)		911,159,449	776,741,211
Other income	13	27,864,070	8,583,186
TOTAL		939,023,519	785,324,397
EXPENDITURE			
Raw materials and components consumed	14	238,814,942	193,207,488
Personnel expenses	15	25,855,632	24,208,027
Other manufacturing expenses	16	195,155,723	160,953,886
Operating and other expenses	17	160,930,457	145,828,790
Decrease/ (increase) in inventories	18	1,998,930	3,720,500
Depreciation and amortisation	5	37,483,934	36,717,643
Increase/ (decrease) of excise duty on finished goods		(458,873)	(219,935)
Financial expenses	19	5,790,827	20,324,953
TOTAL		665,571,572	584,741,352
Profit before tax		273,451,947	200,583,045
Provision for Tax			
Current tax (including Rs 1,642,300 relating to earlier years, Previous year Rs. Nil)		98,413,456	78,000,000
Deferred tax credit (includes Rs. Nil relating to earlier years, Previous year Rs. 889,020)		(4,388,535)	(8,305,162)
Total Tax expense		94,024,921	69,694,838
Profit after tax before prior period items		179,427,026	130,888,207
Prior period items [net of tax Rs. 2,008,122 (Previous year Rs. Nil)]	20	2,357,588	-
Net profit		181,784,614	130,888,207
Balance brought forward from previous year		256,445,943	200,460,374
Profit available for appropriation		438,230,557	331,348,581
Appropriations:			
Transfer to General Reserve		18,200,000	13,100,000
Proposed dividend-Preference Shares		6,000,000	6,000,000
Proposed dividend-Equity Shares		67,000,000	47,000,000
Tax on dividend-Preference Shares		996,525	996,525
Tax on dividend-Equity Shares		11,127,863	7,806,113
Surplus carried to balance sheet		334,906,169	256,445,943
Earnings per share	21		
Basic and diluted [Nominal value of shares Rs. 10 (Previous year Rs. 10)]		17.24	12.39
Notes to Accounts	22		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Federal-Mogul TPR (India) Limited

per Pankaj Chadha
Partner
Membership No. 91813

Jean de Montlaur
Chairman & Director

Dan Brugger
Director

Shifali Chawla
Company Secretary

Place: Gurgaon
Date: February 23, 2011

ANNUAL REPORT 2010



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

	As at December 31, 2010 Amount in Rs.	As at December 31, 2009 Amount in Rs.
Schedule 1 : Share Capital		
Authorised		
10,000,000 (Previous year 10,000,000) equity shares of Rs 10 each	100,000,000	100,000,000
1,000,000 (Previous year 1,000,000) 6% redeemable cumulative preference shares of Rs. 100 each	100,000,000	100,000,000
	200,000,000	200,000,000
Issued, Subscribed and Paid up*		
10,000,000 (Previous year 10,000,000) equity shares of Rs 10 each	100,000,000	100,000,000
1,000,000 (Previous year 1,000,000) 6% redeemable cumulative preference shares of Rs. 100 each	100,000,000	100,000,000
	200,000,000	200,000,000

* Of the above::

1. 5,100,000 equity shares (Previous year 5,100,000) of Rs. 10 each are held by Federal-Mogul Goetze (India) Limited, the Holding Company, the ultimate holding company being Federal-Mogul Corporation.
2. The redeemable cumulative preference shares are redeemable at par after 5 years from the date of allotment (20th January 2000) or later, at the option of the Company. The Company has not exercised the option to redeem preference shares.

Schedule 2 : Reserves and Surplus

General reserve			
Balance as per last account	13,100,000		
Transferred from profit and loss account	18,200,000	31,300,000	13,100,000
Profit and loss account		334,906,169	256,445,943
		366,206,169	269,545,943

Schedule 3 : Secured loans

Loans and advances from banks			
Term loans	-		19,079,705
Cash Credit facilities	-		8,930,244
Demand Loans	-		125,000,000
	-		153,009,949

- The term loans were secured by exclusive charge on the entire fixed assets of the Company. (Amount payable within one year is Rs. Nil, Previous year Rs. 19,079,705).
- Working capital loans were secured by way of first pari-passu charge on entire current assets of the company.

Schedule 4 : Deferred tax liability

Deferred tax liabilities			
Differences in depreciation in block of fixed assets as per tax books and financial books	17,419,411		23,432,657
Gross deferred tax liabilities	17,419,411		23,432,657
Deferred tax assets			
Effect of expenditure debited to profit and loss account in the current/earlier year but allowed for tax purposes in following years	4,322,073		6,173,624
Provision for doubtful debts and advances	679,711		452,871
Gross deferred tax assets	5,001,784		6,626,495
Net deferred tax liability	12,417,627		16,806,162



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

Schedule 5 : Fixed Assets

					Amount in Rs.	
	Plant and machinery	Furniture & fixtures	Vehicles	Total	Previous Year	
Gross block						
At 01.01.2010	404,597,849	1,616,936	31,710	406,246,495	399,155,457	
Additions	23,277,614	41,400	-	23,319,014	7,091,038	
Deductions	104,889	47,310	-	152,199	-	
At 31.12.2010	427,770,574	1,611,026	31,710	429,413,310	406,246,495	
Depreciation						
At 01.01.2010	231,188,461	1,153,672	14,826	232,356,959	195,639,316	
For the year	37,434,734	46,188	3,012	37,483,934	36,717,643	
Deletions/ adjustments	29,084	29,673	-	58,757	-	
At 31.12.2010	268,594,111	1,170,187	17,838	269,782,136	232,356,959	
Depreciation for previous year	36,684,751	29,880	3,012	36,717,643	33,937,708	
Net block						
At 31.12.2010	159,176,463	440,839	13,872	159,631,174	173,889,536	
At 31.12.2009	173,409,388	463,264	16,884	173,889,536	203,516,141	
Capital work in progress including Capital Advances of Rs. Nil (Previous year Rs. 277,500)				988,969	1,266,469	

Schedule 6 : Inventories

	As at December 31, 2010 Amount in Rs.	As at December 31, 2009 Amount in Rs.
Raw materials and components (Including materials in transit Rs. 1,628,122 (Previous year Rs. 1,917,233))	28,384,554	41,042,052
Stores and spares	17,089,991	17,577,965
Work-in-progress	8,001,379	13,226,597
Finished goods	8,100,469	4,874,181
Total	61,576,393	76,720,795

Schedule 7 : Sundry Debtors

Debts outstanding for a period exceeding six months		
Unsecured, considered good *	207,484	28,814,538
Unsecured, considered doubtful	1,999,739	1,332,366
Other debts		
Unsecured, considered good **	231,304,147	278,069,311
	233,511,370	308,216,215
Less : Provision for doubtful debts	1,999,739	1,332,366
Total	231,511,631	306,883,849

*Balance due from the holding company, Federal-Mogul Goetze (India) Limited Rs. Nil (Previous year Rs. 28,203,848)

**Balance due from the holding company, Federal-Mogul Goetze (India) Limited Rs 162,720,859 (Previous year Rs. 217,491,050)

Schedule 8 : Cash and Bank Balances

Cash on hand	1,527	14,571
Balances with scheduled banks:		
On current accounts	53,162,093	7,042,569
On deposit accounts (pledged with Government authorities)	405,000	405,000
Total	53,568,620	7,462,140



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

Schedule 9 : Other Current Assets

	As at December 31, 2010 Amount in Rs.	As at December 31, 2009 Amount in Rs.
Interest accrued on Inter-corporate deposit***	2,844,259	4,508,718
Total	2,844,259	4,508,718

***Dues from companies under the same management:

Federal-Mogul Goetze (India) Limited, the holding company (Maximum amount outstanding during the year Rs. 23,547,277
(Previous year Rs. 4,508,718))

Schedule 10 : Loans and advances

Unsecured considered good, except where stated otherwise

Advances recoverable in cash or in kind or for value to be received	3,322,200	2,856,603
Inter-Corporate Deposit****	230,000,000	230,000,000
Balance with excise authorities	6,199,527	6,018,779
Advance payment of fringe benefit tax (net of provision)	-	8,078
Total	239,521,727	238,883,460

****Dues from companies under the same management:

Federal-Mogul Goetze (India) Limited, the holding company (Maximum amount outstanding during the year Rs. 230,000,000
(Previous year Rs. 230,000,000))

Schedule 11 : Current liabilities

Sundry creditors		
a) total outstanding dues of Micro and Small Enterprises (refer note no. 13 to schedule no. 22)	2,134,975	1,352,025
b) total outstanding dues of creditors other than Micro and Small Enterprises	62,128,159	70,530,396
Advance received from Customers	1,369,183	-
Other liabilities	8,576,716	4,702,640
Security deposit	8,000	8,000
Interest accrued but not due on loans	-	395,157
Total	74,217,033	76,988,218

Schedule 12 : Provisions

Provision for taxation (net of advance tax payments)	8,179,044	27,487,878
Provision for leave encashment	804,638	1,453,646
Provision for gratuity (refer note no. 7 to schedule no. 22)	2,693,874	2,520,533
Proposed dividend	73,000,000	53,000,000
Tax on dividend	12,124,388	8,802,638
Total	96,801,944	93,264,695

Schedule 13 : Other Income

Interest:		
-Bank deposits (Tax deducted at source Rs. Nil, Previous year Rs. Nil)	23,600	10,000
-Others (Tax deducted at source Rs. 2,115,395, Previous year Rs. 500,969)	21,163,723	5,033,507
Sale of scrap	1,892,618	684,186
Foreign exchange rate difference (net)	3,325,680	1,442,918
Excess provision written back	1,111,810	525,000
Miscellaneous income	346,639	887,575
Total	27,864,070	8,583,186



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

Schedule 14 : Raw materials and components consumed

	As at December 31, 2010 Amount in Rs.	As at December 31, 2009 Amount in Rs.
Inventories as at December 31, 2009	41,042,052	40,313,299
Add: Purchases	226,157,444	193,936,241
	267,199,496	234,249,540
Less: Inventories as at December 31, 2010	28,384,554	41,042,052
Total	238,814,942	193,207,488

Schedule 15 : Personnel expenses

Salaries, wages and bonus	22,751,610	20,880,956
Contribution to provident fund and other funds	1,764,326	1,409,597
Contribution to super annuation	209,278	58,479
Gratuity expenses (refer note no. 7 to schedule no. 22)	173,341	1,442,922
Workmen and staff welfare expenses	957,077	416,073
Total	25,855,632	24,208,027

Schedule 16 : Other manufacturing expenses

Consumption of stores and spares	72,862,348	51,590,530
Sub-contracting expenses	3,768,789	3,621,198
Chrome plating charges	109,099,917	97,158,079
Power and fuel	9,424,669	8,584,079
Total	195,155,723	160,953,886

Schedule 17 : Operating and other expenses

Freight and forwarding charges	3,240,267	2,981,283
Rent	7,970,999	7,938,965
Rates and taxes	2,915,923	4,141,001
Insurance	220,869	810,312
Repairs and maintenance		
- Plant and machinery	43,325	29,851
- Buildings	692,333	295,392
- Others	438,752	266,310
	1,174,410	591,553
Sales promotion	17,399,979	33,178,183
Sole selling commission	40,708,332	33,932,416
Management support charges (including expense reimbursed Rs. 58,865,419 (Previous year Rs. 38,596,039))	64,052,900	43,666,249
Royalty	15,080,005	13,142,839
Product rectification charges	32,865	93,925
Legal and professional expenses	1,936,880	450,893
Technical training charges	1,760,391	1,535,752
Travelling and conveyance	2,279,315	1,554,252
Printing and stationery	432,592	223,233
Auditor's remuneration		
- Audit fee	500,000	500,000
- Tax audit fee	275,000	275,000
- For certification and others matters	25,000	25,000
- Out-of-pocket expenses	81,550	70,195
	881,550	870,195
Provision for doubtful debts	227,450	580,487
Loss on sale / discard of fixed assets (net)	93,443	-
Miscellaneous expenses	522,287	137,252
Total	160,930,457	145,828,790



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

Schedule 18 : Decrease/(increase) in inventories

	For the year ended December 31, 2010 Amount in Rs.	For the year ended December 31, 2009 Amount in Rs.
Inventories as at December 31, 2009		
- Work-in-progress	13,226,597	14,227,920
- Finished goods	4,874,181	7,593,358
Total	18,100,778	21,821,278
Inventories as at December 31, 2010		
- Work-in-progress	8,001,379	13,226,597
- Finished goods	8,100,469	4,874,181
Total	16,101,848	18,100,778
	1,998,930	3,720,500

Schedule 19 : Financial expenses

Interest		
- to banks	4,961,194	19,958,014
Bank charges	829,633	366,939
Total	5,790,827	20,324,953

Schedule 20: Prior period items

- Prior period income			
Excess provision for sales promotion	5,907,979		
Less: Tax on prior year revenues	2,008,122		
		3,899,857	-
- Prior period expenses			
Rates and taxes		1,542,269	-
Net prior period income		2,357,588	-

Schedule 21 : Earnings/(Loss) per share (EPS)

Net profit as per profit and loss account	179,427,026	130,888,207
Less: Preference Dividend (including Dividend Tax Rs. 996,525, Previous year Rs. 996,525)	6,996,525	6,996,525
Profit available for equity share holder	172,430,501	123,891,682
Weighted average number of equity shares in calculating basic and diluting earning per share	10,000,000	10,000,000
Earning per share	17.24	12.39

**Schedules to the Accounts****Schedule 22 : Notes to Accounts****1. Background**

Federal-Mogul TPR (India) Limited (the 'Company') is a subsidiary of Federal-Mogul Goetze (India) Limited. The company in technical collaboration with Teikoku Piston Ring Co. Ltd, Japan and Federal Mogul UK Investments Limited, a group Company of Federal-Mogul Corporation manufactures steel rings used in passenger vehicles automobiles.

At the year end, 51% of the shares of the Company are held by Federal-Mogul Goetze (India) Limited and 49% of the shares are equally (24.5% each) held by Teikoku Piston Ring Co. Ltd and Federal Mogul UK Investments Limited, a group company of Federal-Mogul Corporation.

2. Statement of Significant Accounting Policies**a) Basis of Preparation**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

d) Depreciation

Depreciation is provided using the straight line method (SLM) as per the useful lives of the assets estimated by the management and is equal to or higher than rates prescribed under Schedule XIV of the Companies Act, 1956:

Asset Class	Schedule XIV Rates (SLM)	Rates used by the Company
(i) Plant & Machinery - Single Shift	4.75 %	4.75 %
- Double Shift	7.42 %	7.42 %
- Triple Shift	10.34 %	10.34 %
(ii) Computers	16.21 %	16.21 %
(iii) Furniture, fittings & office equipment	6.33 %	6.33 %
(iv) Vehicles	9.50 %	33.33 %

Individual items of fixed assets costing below Rs. 5,000 are fully depreciated in the year of addition.

e) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight line basis over the lease term.

g) Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares and bought out tools.	Lower of cost and net realizable value. Cost represents purchase price and other direct costs and is determined on a moving weighted average cost basis. However materials and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress.	Lower of cost and net realizable value. Cost for this purpose includes material, labour and appropriate allocation of overheads.
Finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of trade discounts and sales tax / VAT.

Interest

Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.



FEDERAL-MOGUL TPR (INDIA) LIMITED

- i) Foreign Currency Transactions**
- (i) Initial Recognition**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Conversion**
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- (iii) Exchange Differences**
Exchange differences arising on the settlement of monetary items or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.
- j) Retirement and other employee benefits**
- (i) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss account of the year when contributions are due to "Goetze India Limited Provident Fund Trust", administered by the trustees and to the Regional Provident Fund Commissioners. There are no other obligations other than the contribution payable to the respective trusts.
- (ii) Gratuity liability under the Payment of Gratuity Act is defined benefit obligations and is accrued on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- (iii) Short term compensated absences are provided for on based on estimates. Long term compensation liability for leave encashment is determined on the basis of Company policy and recorded on the basis of valuation by an independent actuary at the end of the financial year. The actuarial valuation is done as per projected unit credit method.
- (iv) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.
- (v) Superannuation Benefit
The Company's superannuation obligation is a defined contribution scheme and is administered with Life Insurance Corporation of India (LIC). Contributions to the defined contribution scheme are charged to profit and loss account when contributions paid/ payable are due to such fund. There are no other obligations other than the contribution payable to the respective trusts.
- k) Income Taxes**
Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.
The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.
- l) Earnings per Share**
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.
For the purpose of calculating diluted earnings per share, the net profit or losses for the period attributable to equity shareholders and weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
- m) Provisions**
A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- n) Cash and Cash Equivalents**
Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short - term investments with an original maturity of three months or less.
- 3. Segmental Information**
Based on the guiding principles given in Accounting Standard on 'Segmental Reporting' (AS-17), issued by the Institute of Chartered Accountants of India, the Company's primary business segment is manufacturing of auto components. The Company operates only in one geographical segment.
- 4. Related Party Disclosure**
Names of related parties:
- i) Ultimate Holding Company**
- Federal-Mogul Corporation
- ii) Holding Company**
- Federal-Mogul Goetze (India) Limited
- iii) Common control with Holding Company**
- Federal Mogul UK Investments Limited
- Teikoku Piston Ring Co. Ltd., Japan
- iii) Key managerial personnel and their relatives**
- Mr. Krish Mani , Manager (Till September 27, 2010)
(Manager under section 269 of the Companies Act, 1956)
- Mr. B.P. Srikanth, Manager (From September 28, 2010 till date)
(Manager under section 269 of the Companies Act, 1956)



FEDERAL-MOGUL TPR (INDIA) LIMITED

Particulars	Holding Company		Common Control with Holding Company		Key Managerial Personnel and their relatives			
	Federal Mogul Goetze (India) Ltd.		Federal Mogul UK Investments Limited		Teikoku Piston Rings Co. Ltd.		Mr. B.P. Srikant	Mr. Krish Mani
	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2009 (Rs.)	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2009 (Rs.)	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2009 (Rs.)	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2009 (Rs.)
Sales	(450,521,424)	(370,827,805)	-	-	-	-	-	-
Purchase of raw material, intermediaries and finished goods	97,303,655	101,064,319	-	-	508,909	109,240	-	-
Dividend Paid	27,030,000	3,060,000	12,985,000	1,470,000	12,985,000	1,470,000	-	-
Management support charges*	64,052,900	43,666,249	-	-	-	-	-	-
Job work Expense	109,099,917	97,158,079	-	-	-	-	-	-
Sole selling commission Paid	40,708,332	33,932,416	-	-	-	-	-	-
Remuneration	-	-	-	-	-	-	330,038	-
Rent expense	7,800,000	7,800,000	-	-	-	-	-	1,417,235
Royalty expense	-	-	-	-	15,080,005	14,678,591	-	-
Inter-corporate deposit (ICD) given	-	230,000,000	-	-	-	-	-	-
Interest on ICD	21,153,954	5,009,687	-	-	-	-	-	-
Balance outstanding as at the end of the year receivable	395,565,118**	480,203,616**	-	-	-	-	-	-
Balance outstanding as at the end of the year (payable)	-	-	-	-	(7,879,304)	(14,503,139)	-	-

* Including expenses reimbursed Rs. 58,865,419 (Previous year Rs. 38,596,039).

** Includes Rs. 162,720,859 (Previous year Rs. 245,694,898) for Sundry debtors, Rs. 230,000,000 (Previous year Rs. 230,000,000) for Inter-Corporate Deposit and Rs. 2,844,259 (Previous year Rs. 4,508,718) for interest receivable.



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

Schedule 22 : Notes to Accounts

5. Capital Commitment

Estimated amount of contract remaining to be executed on capital account (net of advances) and not provided for:

Particulars	As at December 31, 2010 (Rs.)	As at December 31, 2009 (Rs.)
Capital commitment	27,536,562	647,500

6. Contingent liabilities not provided for:

Particulars	As at December 31, 2010 (Rs.)	As at December 31, 2009 (Rs.)
Claims/notices contested by the Company		
a) Excise duty	131,096,186	91,973,777
b) Income tax demands	21,203,040	17,682,578

a) In relation to (a) above, following are the Excise duty cases contested by the Company:

- i) Matters pending with Central Excise and Service Tax Appellate Tribunal (CESTAT):
 - a. In respect of excise cases in relation to provisional assessment of excise duty with respect to turnover discount for the period 2003-2004 to 2006-2007. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 691,479 (Previous year Rs. 691,479).
 - b. In respect of irregular availment of cenvat credit in respect to certain products obtained on job work basis for the period 2005- 2007. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 36,106,654 (Previous year Rs. 36,106,654) including interest and penalties of Rs. 18,053,327 (Previous year Rs. 18,053,327).
 - c. In respect of notice received for the period 2008-09 on account of Cenvat credit of service tax on job work charges passed on by one of the supplier. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 45,401,450 (Previous year Rs. 45,401,450) including interest and penalties of Rs. 25,200,725 (Previous year Rs. 25,200,725).
- ii) Matter pending with Joint Commissioner of Central Excise, Bangalore:
 - a. In relation to deduction of Trade Discounts for the period 2000-2002 to 2003-2004. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 242,426 (Previous year Rs. 242,426).
- iii) Matters pending with Commissioner of Central Excise, Bangalore:
 - a. In respect of avilment of cenvat credit (service tax) in relation to management consultancy service and sole selling commission for the period 2004-2005 to 2006-2007. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 6,163,980 (Previous year Rs. 6,163,980).
 - b. Company has received demand notice for the period 2008-09, which is on account of demand for service tax on supplementary bills on job work charges for price reduction passed on by one of the supplier. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 8,952,249 (Previous year Rs. 2,984,083) including interest and penalties of Rs. 5,968,166 (Previous year Rs. Nil).
 - c. In respect of notice received for the period 2009-10 on account of Cenvat credit of service tax on job work charges. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 30,683,233(Previous year Rs. Nil).
 - d. Company has received demand notice for the period 2005 which is on account of non production of service tax document. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 2,471,010 (Previous year Rs. Nil).
- iv) The matter is pending before the Deputy Commissioner of Central Excise, Bangalore:
 - a. In respect of irregular avilment of cenvat credit (service tax) in relation to certain services for the period April 2006-May 2006. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 383,705 (Previous year Rs. 383,705).

b) In relation to (b) above Income Tax cases disputed by the Company:

- a. The company received a show cause notice in respect of Assessment year 2006-07, in which assessing officer had raised a demand on account of additions made to normal income during the years and in assessment year 2004-05 and 2005-06. Matter is pending with Commissioner of Income tax (Appeals), the Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 14,592,560 (Previous year Rs. 14,592,560).
- b. The company has received a show cause notice in respect of Assessment year 2007-08 and 2008-09, in which assessing officer has raised a demand of Rs. 3,090,018 and Rs. 3,520,462 respectively (Previous year Rs. 3,090,018 and Rs. Nil respectively) on account of disallowance of royalty expenses. Matter is pending with Commissioner of Income tax (Appeals) the Company has done an analysis and is of the opinion that it has fair chance of a favorable decision.

7. Gratuity and other post-employment benefit plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.



FEDERAL-MOGUL TPR (INDIA) LIMITED

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

	(Rs. in lacs)	
	Gratuity	
	2010	2009
Current service cost	310,944	230,609
Interest cost on benefit obligation	183,874	75,433
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognised in the year	(332,866)	1,136,880
Past service cost	11,389	-
Net benefit expense	173,341	1,442,922
Actual return on plan assets	-	-

Balance sheet

Details of Provision for gratuity

	Gratuity	
	2010	2009
Defined benefit obligation	2,693,874	2,520,533
Fair value of plan assets	-	-
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(2,693,874)	(2,520,533)

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity	
	2010	2009
Opening defined benefit obligation	2,520,533	1,077,611
Interest cost	183,874	75,433
Current service cost	310,944	230,609
Past service cost	11,389	-
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(332,866)	1,136,880
Closing defined benefit obligation	2,693,874	2,520,533

Changes in the fair value of plan assets are as follows:

	Gratuity	
	2010	2009
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	-	-

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	2010 (%)	2009 (%)
Investments with insurer	-	-

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	2010 (%)	2009 (%)
Discount rate	8.00	7.50
Expected rate of return on assets	Not Applicable	Not Applicable
Employee turnover	5.00	5.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



FEDERAL-MOGUL TPR (INDIA) LIMITED

Note:

- Information relating to experience adjustment in actuarial valuation of gratuity as required by Para 120 (n) (ii) of the Accounting Standards 15 (revised) on Employee Benefits is not available with the company.
- The company expected contribution to the fund in next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (a) of the Accounting Standard 15 (Revised) on Employee Benefit is not disclosed.

Amounts for the current and previous periods are as follows:

	Gratuity			
	2010	2009	2008	2007
Defined benefit obligation	2,693,874	2,520,533	1,077,611	1,058,638
Plan assets	-	-	-	-
Surplus / (deficit)	(2,693,874)	(2,520,533)	(1,077,611)	(1,058,638)

8. Payments made to Director / Manager:

Particulars	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2009 (Rs.)
(a) Salaries	1,294,990	1,351,870
(b) Contribution to Provident, Superannuation Funds*	116,643	65,365
Total	1,411,633	1,417,235

* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

9. Computation of Net profit in accordance with section 198 of the companies Act, 1956 for calculation of managerial remuneration:

Particulars	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2009 (Rs.)
Profit as per profit and loss account (after prior period items)	277,817,657	200,583,045
Add: Director's/Manager remuneration including perquisites	1,411,633	1,417,235
Add: Depreciation charged in accounts Profit as per profit and loss account:	37,483,933	36,717,643
Less: depreciation as per section 350 of the Companies Act, 1956	37,483,933	36,717,643
Profit Calculated u/s 198 of companies act, 1956	279,229,290	202,000,280
Maximum Remuneration payable to Director's / Manager	13,961,465	10,100,014

10. Particulars of Unhedged Foreign Currency Exposures as at balance sheet date:

A) Import creditors

Current year

Particulars	Amount in Foreign Currency	Closing Rate	Amount in INR
Japanese yen	617,250	0.5598	345,536
USD	231,601	45.28	10,486,900
Total	848,851		10,832,436

Previous year

Particulars	Amount in Foreign Currency	Closing Rate	Amount in INR
Japanese yen	11,569,931	0.5119	5,922,648
USD	1,19,214	46.98	5,600,674
Euro	6,618	67.90	449,362
Total	11,695,763		11,972,684

B) Advance to creditors

Current year

Particulars	Amount in Foreign Currency	Closing Rate	Amount in INR
Foreign Currency	-	-	-

Previous year

Particulars	Amount in Foreign Currency	Closing Rate	Amount in INR
Euro	5,823	67.90	395,382
Japanese yen	261,000	0.5119	133,606
Total	266,823		528,988



FEDERAL-MOGUL TPR (INDIA) LIMITED

11. Excise duty on sales amounting to Rs 94,892,426 (Previous year Rs 70,289,892) has been reduced from sales in profit & loss account and excise duty on (increase)/decrease in stock amounting to (Rs 458,873) (Previous year (Rs 219,935)) has been considered as (income)/expense in the financial statements.

12. Information pursuant to paragraphs 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.

(i) (a) Licensed and Installed Capacity and Actual Production :

Particulars	Licensed Capacity	*Installed Capacity	Actual Production
Piston Rings (Nos)	Delicensed	45,837,672	42,301,789
		(36,488,700)	(39,864,595)

* Annualized Installed Capacity as certified by the management.

Note: Figures in brackets pertains to previous year

Note: Actual production includes 3,714,723 (Previous year 4,678,195) rings purchased from outside suppliers and sold to customers.

(b) Particulars of Opening Stock, Closing stock and Turnover

Particulars	Opening Stock		Closing Stock		Turnover	
	Quantity	Value	Quantity	Value	Quantity	Value
Piston Rings	488,997	4,874,181	461,788	8,100,469	42,328,998	1,006,051,875
	(660,394)	(7,593,358)	(488,997)	(4,874,181)*	(40,035,992)	(847,031,103)

*Net of Provisions for Rs. 2,305,056.

Notes: 1. Sales value excludes scraps, samples and quantity discount.

2. Figures in brackets pertain to previous year.

(ii) Details of Raw Materials Consumed:

Particulars	Unit	For the Year ended December 31, 2010		For the Year ended December 31, 2009	
		Quantity	Rs.	Quantity	Rs.
a).Steel Wire	Kg	69,104	95,419,860	52,481	68,247,800
b). Bought Out Rings	Nos.	3,714,723	99,058,519	4,678,195	123,525,583
c).Others			44,336,563		1,434,105
Total			238,814,942		193,207,488

(iii) C.I.F. Value of Imported items:

Particulars	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2009 (Rs.)
(a) Raw Materials	113,179,001	67,930,087
(b) Spare Parts & Components	6,311,352	1,695,126
(c) Capital Goods	22,185,964	3,695,887
Total	141,676,317	73,321,100

(iv) Expenditure in Foreign Currency (on payment basis)

Particulars	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2009 (Rs.)
(a) Travelling Expenses	301,530	213,620
(b) Royalty	16,760,595	3,967,960
(c) Professional Charges	35,000	-
(d) Technical Fees	2,819,707	-
Total	19,916,832	4,181,580



FEDERAL-MOGUL TPR (INDIA) LIMITED

(v) Imported and Indigenous Raw Materials and Components Consumed:

Particulars	For the Year ended December 31, 2010 (Rs.)	(%)	For the Year ended December 31, 2009 (Rs.)	(%)
(a) Indigenous	141,640,218	59.31	110,534,546	57.21
(b) Imported	97,174,724	40.69	82,672,942	42.79
Total	238,814,942	100.00	193,207,488	100.00

(vi) Imported & Indigenous Stores, Spares and Tools Consumed

Particulars	For the Year ended December 31, 2010 (Rs.)	(%)	For the Year ended December 31, 2009 (Rs.)	(%)
(a) Indigenous	71,912,925	98.70	49,699,588	96.33
(b) Imported	949,423	1.30	1,890,942	3.67
Total	72,862,348	100.00	51,590,530	100.00

(vii) Remittance in foreign currency on account of dividend:

Year		No. of shares held	No. of non resident share holders	Amount
Preference Share	(net of tax)	490,000 (490,000)	2 (2)	2,940,000 (2,940,000)
Equity Shares	(net of tax)	4,900,000	2	23,030,000

Note: Figures in brackets pertains to previous year

13. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 :

Particulars	2010	2009
The principal amount remaining unpaid as at the end of year	2,134,975	1,352,025
Interest due on above principal and remaining unpaid as at the end of the year	8,344	15,314
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	69,104	36,094
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	77,449	51,408
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	164,181	86,732

14. The Company has taken manufacturing facilities under cancelable lease. Rental expenses towards operating lease charges are Rs 7,800,000 (Previous year Rs 7,800,000).

15. Previous Year figures have been regrouped and rearranged wherever necessary to confirm to this years classification

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Federal-Mogul TPR (India) Limited

per Pankaj Chadha
Partner
Membership No. 91813

Jean de Montlaur
Chairman & Director

Dan Brugger
Director

Shifali Chawla
Company Secretary

Place: Gurgaon
Date: February 23, 2011



FEDERAL-MOGUL TPR (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	For the year ended December 31, 2010 Amount in Rs.	For the year ended December 31, 2009 Amount in Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	277,817,657	200,583,045
Adjustments for:		
Depreciation and amortisation	37,483,934	36,717,643
Provision for doubtful debts and advances	227,450	580,487
Interest expense	4,961,194	19,958,014
Interest Income	(21,187,323)	(5,043,507)
Excess provision written back	(7,019,789)	(525,000)
Loss on sale / discard of fixed assets	93,443	-
Unrealised foreign exchange fluctuation	(3,325,680)	(1,511,650)
Advances written off	-	-
Operating profit before working capital changes	289,050,886	250,759,032
Movements in working capital :		
Decrease / (increase) in sundry debtors	75,144,768	115,088,061
Decrease / (increase) in other current assets	-	-
Decrease / (increase) in inventories	15,144,402	5,057,437
Decrease / (increase) loans and advances	(646,345)	(1,599,030)
Increase / (decrease) in current liabilities	7,969,441	10,777,348
Increase / (decrease) in provisions	(475,667)	1,740,216
Cash generated from operations	386,187,485	381,823,064
Direct taxes paid (net of refunds)	(119,722,335)	(53,740,201)
Net cash from operating activities	266,465,150	328,082,863
B. Cash flows from investing activities		
Purchase of fixed assets/ intangibles assets	(23,041,514)	(5,958,979)
Proceeds from sale of fixed assets	-	-
Interest received	22,851,782	534,789
Inter-corporate deposit	-	(230,000,000)
Net cash from investing activities	(189,732)	(235,424,190)
C. Cash flows from financing activities		
Payment of borrowings (Long term)	(19,079,705)	(38,461,156)
Receipt of borrowings (Long term)	-	-
Movement of borrowings (Short term)	(133,930,244)	(22,756,257)
Interest paid	(5,356,351)	(20,141,145)
Dividends paid	(53,000,000)	(6,000,000)
Tax on dividend paid	(8,802,638)	(1,019,700)
Net cash used in financing activities	(220,168,938)	(88,378,258)
Net increase in cash and cash equivalents (A + B + C)	46,106,480	4,280,415
Cash and cash equivalents at the beginning of the year	7,057,140	2,776,725
Cash and cash equivalents at the end of the year	53,163,620	7,057,140
Components of cash and cash equivalents as at	December 31, 2010	December 31, 2009
Cash on hand	1,527	14,571
Balances with scheduled banks - on current account	53,162,093	7,042,569
Total	53,163,620	7,057,140

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Federal-Mogul TPR (India) Limited

per Pankaj Chadha
Partner
Membership No. 91813

Jean de Montlaur
Chairman & Director

Dan Brugger
Director

Shifali Chawla
Company Secretary

Place: Gurgaon
Date: February 23, 2011

AUDITOR'S REPORT

Auditor's report to the Board of Directors of Federal-Mogul Goetze (India) Limited on the consolidated financial statements of Federal-Mogul Goetze (India) Limited

1. We have audited the attached consolidated balance sheet of Federal-Mogul Goetze (India) Limited ('the Company') its subsidiaries and associates (collectively 'the Federal Mogul Goetze Group'), as at 31st December 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Federal-Mogul Goetze's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw your attention to the note no 8 (b) of schedule 24 of financial statements stating that remuneration of Rs. 137.61 lacs for current year and Rs. 195.67 lacs for earlier year being paid to the managing director is in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. The Company has applied to the Central government for the approval of such excess remuneration. The management has obtained confirmation

from the director that he will refund this amounts, to the extent of this being not approved by the Central government.

4. *As stated in note 8(c) of Schedule 24, remuneration of Rs. 119.85 lacs for the period April 1, 2006 to December 31, 2006 and Rs. 38.47 lacs for the period January 1, 2007 to September 24, 2007 was paid to the erstwhile managing director of the Company which was in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. The Company had applied to the Central Government for the approval of such excess remuneration which was rejected by the Central Government. The Company has filed applications under Section 309(5B) of the Companies Act, 1956 to waive the recovery of the aforesaid amount from the erstwhile managing director. In absence of any recovery from the said director, non-recording of a receivable from the said director and rejection of approval from central government, we are unable to comment on outcome of the application pending in this regard and its consequent impact on the profit for the year and reserve and surplus as at year end.*
5.
 - a) We did not audit the financial statements of a subsidiary, which was sold on March 31, 2010, whose unaudited financial statements reflect total revenue of Rs. 7.49 lacs and cash flows amounting to Rs. 0.80 lacs for the period from January 1, 2010 to March 31, 2010.
 - b) We did not audit the financial statements of an associate, whose financial statements reflect total losses of Rs. 55.41 lacs (being the proportionate share of Federal-Mogul Goetze Group) for the year ended December 31, 2010. These financial statements and other financial information have been prepared by the management of the associate, and our opinion is based solely on these management certified accounts.
6. We report that the consolidated financial statements have been prepared by the Federal-Mogul Goetze's management in

accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

7. *Subject to our comments in paragraph 4 above relating to amounts recoverable from erst while managing directors towards excess remuneration, the impact, if any, whereof is not ascertainable, based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Federal-Mogul Goetze Group as at 31st December 2010;
 - (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

per Pankaj Chadha
Partner

Membership No.: 91813

Place : Gurgaon

Date : March 1, 2011

Consolidated Balance sheet and profit and loss account

Balance Sheet as at December 31, 2010

	Schedules	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	5,563.21	5,563.21
Reserves and surplus	2	33,630.40	30,155.51
		39,193.61	35,718.72
Minority Interest		3,425.80	2,569.33
Loan Funds			
Secured loans	3	4,822.46	8,179.07
Unsecured loans	4	1,526.28	1,166.52
		6,348.74	9,345.59
Deferred Tax Liabilities (net)	5	1,699.69	613.19
Total		50,667.84	48,246.83
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	6	73,667.06	71,186.84
Less : Accumulated Depreciation & Amortisation		36,603.30	32,820.94
Net block		37,063.76	38,365.90
Capital work-in-progress including capital advances		3,586.18	1,733.74
		40,649.94	40,099.64
Investments	7	1,036.95	1,092.36
Current Assets, Loans and Advances			
Inventories	8	11,047.16	9,847.68
Sundry debtors	9	12,631.02	10,680.62
Cash and bank balances	10	818.36	283.91
Other current assets	11	603.25	1,605.92
Loans and advances	12	5,670.89	3,648.83
		(A)	26,066.96
Less: Current Liabilities and Provisions			
Current liabilities	13	16,921.12	15,434.55
Provisions	14	5,108.52	4,057.39
Total Current Liabilities and Provisions	(B)	22,029.64	19,491.94
Net Current Assets	(A-B)	8,741.04	6,575.02
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	239.91	479.81
Total		50,667.84	48,246.83
Notes to Accounts	24		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date
For S.R.BATLIBOI & CO.
Firm Registration No: 301003E
Chartered Accountants

per **Pankaj Chadha**
Partner
 Membership No. 91813

Place: Gurgaon
 Date : March 1, 2011

ANNUAL REPORT 2010

For and on behalf of the Board of Directors of
 Federal-Mogul Goetze (India) Limited

Jean de Montlaur
 Managing Director & President

Dan Brugger
 Whole Time Finance Director & CFO

Khalid Khan
 Company Secretary

Consolidated Balance sheet and profit and loss account
Profit & Loss Account for the year ended December 31, 2009

	Schedules	For the year ended December 31, 2010 Rs (in lacs)	For the year ended December 31, 2009 Rs (in lacs)
INCOME			
Turnover (Gross)		97,026.09	81,304.92
Less : Excise duty		7,564.14	5,467.09
Turnover (Net)		89,461.95	75,837.83
Trading sales		3,823.33	2,694.25
Share of profit in Associate		-	3.81
Other income	16	2,622.60	2,000.26
Total		95,907.88	80,536.15
EXPENDITURE			
Raw materials and components consumed	17	29,436.11	21,078.17
Purchase of trading goods		2,782.41	2,000.58
Personnel expenses	18	18,059.51	15,812.22
Operating and other expenses	19	32,143.86	25,566.35
Decrease / (increase) in inventories	20	(521.52)	709.22
Depreciation/ amortisation	6	5,197.30	5,388.75
Increase / (Decrease) of excise duty on finished goods		136.38	(220.78)
Share of loss in associates companies		55.41	-
Amortisation of miscellaneous expenses	15	239.90	239.90
Financial expenses	21	1,239.53	2,323.60
Total		88,768.89	72,898.01
Profit before tax and prior period items		7,138.99	7,638.14
Provision for Tax			
Current tax (including MAT payable)		1,789.96	1,660.00
Less: MAT credit entitlement		(805.83)	(880.00)
Less: Reversal of provision for earlier years (Current year Rs. Nil, Previous year Rs. 3.68 lacs)		-	<u>(3.68)</u>
Deferred tax		1,086.50	362.08
Fringe benefit tax		-	16.42
Total Tax Expense		2,070.63	1,154.82
Profit after tax but before prior period item		5,068.36	6,483.32
Prior period items (net of tax Rs. 20.08 lacs (Previous year Rs. Nil))	22	213.20	423.82
Profit before minority interest		4,855.16	6,059.50
Minority Interest		(856.47)	(607.07)
Profit after minority interest		3,998.69	5,452.43
Balance brought forward from previous year		2,216.09	(2,802.51)
Profit available for appropriation		6,214.78	2,649.92
Appropriations:			
Transfer to General Reserve		182.00	131.00
Proposed dividend - Preference Shares		29.40	29.40
Proposed dividend - Equity Shares		328.30	230.30
Tax on Preference Share Dividend		15.04	4.88
Tax on Equity Share Dividend		151.09	38.25
Surplus/ (loss) carried to Balance Sheet		5,508.95	2,216.09
Earnings per share	23		
Basic and diluted [Nominal value of shares Rs 10 (Previous year Rs 10)]		7.13	9.74
Notes to Accounts	24		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss account.

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No: 301003E
Chartered Accountants

per **Pankaj Chadha**
Partner
 Membership No. 91813

Place: Gurgaon
 Date : March 1, 2011

For and on behalf of the Board of Directors of
 Federal-Mogul Goetze (India) Limited

Jean de Montlaur
 Managing Director & President

Dan Brugger
 Whole Time Finance Director & CFO

Khalid Khan
 Company Secretary

Consolidated Balance sheet and profit and loss account
Schedule to the Accounts
Schedule 1 : Share Capital

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Authorised		
80,000,000 (Previous Year 80,000,000) equity shares of Rs 10 each	8,000.00	8,000.00
Issued		
55,632,130 (Previous Year 55,632,130) equity shares of Rs 10 each	5,563.21	5,563.21
Subscribed & Paid up		
55,632,130 * (Previous Year 55,632,130) equity shares of Rs 10 each, fully paid	5,563.21	5,563.21
Total	5,563.21	5,563.21

* Of the above Equity Shares:

- a) 1,252,680 (Previous year 1,252,680) equity shares have been allotted as Bonus Shares by capitalisation of General Reserve.
- b) 8,429,183 (Previous year 8,429,183) equity shares have been allotted as Bonus Shares by capitalisation of Securities Premium Account.
- c) 84,207 (Previous year 84,207) equity shares have been issued for consideration other than cash.
- d) 33,408,581 (Previous year 33,408,581) equity shares are held by Federal Mogul Holding Limited, Mauritius, the parent company. Further 8,306,873 (Previous year 8,306,873) equity shares are held by Federal Mogul Vermögensverwaltungs GMBH, a fellow subsidiary company. The ultimate holding company is Federal-Mogul Corporation, USA.

Schedule 2 : Reserves and Surplus

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Capital Reserve	56.55	56.55
Capital subsidy	1.12	1.12
Securities Premium Account		
Balance as per last Balance Sheet	26,750.75	26,740.33
Add: Adjustment against share issue expenses	-	10.42
	26,750.75	26,750.75
Capital Redemption Reserve	1,000.00	1,000.00
General reserve		
Balance as per last account	131.00	-
Transferred from profit and loss account	182.00	131.00
Profit and loss account	5,508.98	2,216.09
Total	33,630.40	30,155.51

Schedule 3 : Secured loans

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Term loans from banks	1,200.00	2,690.80
Interest accrued and due on term loans	12.82	16.75
Vehicle loans from banks	1.13	29.90
Working capital loans from banks	3,607.29	5,419.30
Interest accrued and due on working capital loans	1.22	22.32
Total	4,822.46	8,179.07

Schedule 3 : Secured loans

- 1 Term loans repayable within one year Rs 400.00 lacs (Previous Year Rs 1,490.80 lacs)
- 2 Term loans from banks are secured by
 - Rs. Nil (Previous year Rs 1,000 lacs) are secured by first pari passu charge on entire fixed assets of the Company, along with other secured term lenders and second pari passu charge on current assets of the Company along with other term lenders.
 - Rs. 1,200 lacs (Previous year Rs 1,500 lacs) are secured by first pari passu charge on entire fixed assets of the Company including land and building and whole of moveable assets including plant & machinery, spares, tools and accessories, furniture & fixtures and other moveable assets of the Company.
 - Rs. Nil (Previous year Rs 190.80 lacs) are exclusive charge on the entire fixed assets of the Company.
- 3 Vehicle loans of Rs 1.13 lacs (Previous year Rs 29.90 lacs) from banks are secured by way of hypothecation of the underlying vehicles.
- 4 Working capital loans from banks are secured against hypothecation of current assets of the Company, both present and future.

Schedule 4 : Unsecured Loans

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Unclaimed Fixed Deposits	3.64	5.10
Short term loans & advances from		
- GTZ Securities Ltd	-	1.69
- Others	61.00	61.00
Inter-corporate deposits*	1,450.00	1,025.00
Interest accrued and due on inter-corporate deposits	11.64	73.73
	1,526.28	1,166.52

*Includes Rs. 1,450 lacs (Previous year Rs. 1,025 lacs) due to fellow subsidiaries.

Schedule 5 : Deferred tax liabilities (net) :

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Deferred Tax Liabilities		
Differences in depreciation in block of fixed assets as per tax books and financial books	3,872.48	4,984.41
Gross deferred tax liabilities	3,872.48	4,984.41
Deferred Tax Assets		
Unabsorbed Depreciation	237.78	2,629.98
Effect of expenditure debited to profit and loss account in the current/ earlier year but allowed for tax purposes in following years	1,897.10	1,527.64
Provision for doubtful debts	37.91	213.60
Gross deferred tax assets	2,172.79	4,371.22
Net Deferred Tax Liabilities	1,699.69	613.19

Consolidated Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 6 : Fixed Assets

Rs. (in lacs)

	Freehold Land	Leasehold Land	Buildings	Furniture & Fittings and Office Equipments	Plant and Machinery	Vehicles	Intangibles*	Goodwill	Total	Previous Year
Gross Block										
At 01.01.2010	1,485.18	362.85	8,235.28	1,424.87	58,549.84	416.71	712.11	-	71,186.84	70,518.37
Additions	-	-	82.44	48.45	4,202.30	68.00	-	-	4,401.19	3,348.06
Deductions	-	-	71.99	65.46	1,743.21	40.31	-	-	1,920.97	2,679.59
At 31.12.2010	1,485.18	362.85	8,245.73	1,407.86	61,008.93	444.40	712.11	-	73,667.06	71,186.84
Depreciation/Amortisation										
At 01.01.2010	-	11.66	2,462.13	676.10	28,909.04	231.21	530.80	-	32,820.94	28,191.86
For the year	-	7.24	307.20	70.17	4,658.12	85.54	69.03	-	5,197.30	5,507.17
Deletions / adjustments	-	-	40.86	26.56	1,315.45	32.07	-	-	1,414.94	878.09
At 31.12.2010	-	18.90	2,728.47	719.71	32,251.71	284.68	599.83	-	36,603.30	32,820.94
Depreciation for previous year	-	3.62	284.81	73.49	4,970.87	83.53	69.03	21.82	5,507.17	
Net Block										
At 31.12.2010	1,485.18	343.95	5,517.26	688.15	28,757.22	159.72	112.28	-	37,063.76	38,365.90
At 31.12.2009	1,485.18	351.19	5,773.15	748.77	29,640.80	185.50	181.31	-	38,365.90	42,326.51
Capital work-in-progress including capital advances Rs 1,387.85 lacs (Previous Year Rs 204.28 lacs)									3,586.18	1,733.74

Note:

- Freehold Land includes (at cost) Rs.900.65 lacs (Previous year Rs. 900.65 lacs) pending registration in the name of the Company.
- Leasehold Land includes (at cost) Rs.155.60 lacs (Previous year Rs. 155.60 lacs) pending registration in the name of the Company.
- Buildings include (at cost)
 - Rs 76.04 lacs (Previous year Rs 76.04 lacs) Residential flats pending registration in the name of the Company.
 - Rs 1,261.39 lacs (Previous year Rs 1,261.39 lacs), constructed on land pending registration in the name of the Company.
- * Includes Patents and Trade marks valued at Re.1.

Consolidated Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 7 : Investments

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Non-trade Long Term (at cost) (unquoted)		
A Government Securities		
National savings certificates* (cost Rs 1.42 lacs)	1.42	1.42
B Investments in Associates		
(i) GI Power Corporation Ltd.		
a 3,889,600 (Previous year-3,889,600) equity shares of Rs 5 each, fully paid	194.48	194.48
Add: Share of profit/(loss) in associate	(35.39)	20.02
Carrying value of investment	159.09	214.50
b 17,528,800 (Previous year - 17,528,800) 8% cumulative convertible redeemable Preference Shares of Rs.5 each fully paid**	876.44	876.44
(ii) GTZ Securities		
9,23,000 (Previous year-9,23,000) equity shares of Rs 5 each, fully paid	46.15	46.15
Less: Share of losses in associate	(46.15)	(46.15)
Carrying value of investment	-	-
C Other investments		
(i) Nanz Food Products Limited		
1,00,000 (Previous year-1,00,000) 6% redeemable cumulative preference shares of Rs.10 each fully paid	10.00	10.00
Less : Provision for diminution in the value of investment	(10.00)	(10.00)
Carrying value of investment	-	-
Total	1,036.95	1,092.36

* The investment is pledged with Sale Tax Authorities

** Cumulative Convertible Redeemable Preference Shares of Rs. 5 each fully paid of GI Power Corporation Limited are redeemable on or before July 25, 2014 at the option of the Company.

Schedule 8 : Inventories (at lower of cost and net realisable value)

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Raw materials and components (Including materials in transit Rs 1,969.42 lacs (Previous year Rs 250.54 lacs)	2,380.92	1,663.90
Stores and spares	1,971.85	2,010.91
Work-in- progress	3,465.98	3,088.10
Reusable scrap	30.00	20.39
Finished goods - Manufactured	2,900.52	2,747.93
- Trading	297.89	316.45
Total	11,047.16	9,847.68

**Consolidated Balance sheet and profit and loss account
Schedule to the Accounts
Schedule 9 : Sundry Debtors**

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Debts outstanding for a period exceeding six months		
Unsecured, considered good*	122.04	339.85
Unsecured, considered doubtful	111.54	128.43
Other		
Secured, considered good	220.65	210.91
Unsecured, considered good	12,288.33	10,129.86
	12,742.56	10,809.05
Less : Provision for doubtful debts	111.54	128.43
Total	12,631.02	10,680.62

* Dues from companies under the same management:
Federal-Mogul Bearings India Limited Rs. Nil (Previous year Rs. 14.63 lacs) (Maximum amount outstanding during the year Rs. 14.63 lacs (Previous year Rs. 668.61 lacs))

Schedule 10 : Cash and Bank balances

Cash on hand	0.37	0.78
Balances with scheduled banks:		
- On current accounts	748.80	208.16
- On deposit accounts (pledged with Government authorities)	54.19	53.86
- On unpaid dividend accounts	15.00	21.11
Total	818.36	283.91

Schedule 11 : Other Current Assets

Fixed Assets held for sale (at lower of net book value and estimated net realisable value)	1.82	1,156.03
Interest accrued on deposits	6.96	32.85
DEPB benefits receivable	584.71	350.95
Insurance claim receivable	9.76	66.09
Total	603.25	1,605.92

Schedule 12 : Loans and Advances

Unsecured considered good, except where stated otherwise		
Advances recoverable in cash or in kind or for value to be received	1,571.54	1,331.69
Security deposits	709.33	477.63
Balance with excise authorities	1,109.34	562.31
Advance payment of tax (net of provision Rs. 4,850.68 lacs, (Previous year Rs. 3,037.01 lacs))	647.16	372.50
(Considered doubtful Rs. 76.94 lacs (Previous year Rs. Nil))	1,685.84	880.00
MAT credit entitlement	1,685.84	880.00
Advance payment of fringe benefit tax (net of provision Rs. 448.62 lacs, (Previous year Rs. 448.62 lacs))	24.62	24.70
	5,747.83	3,648.83
Less: Provision for doubtful advances	76.94	-
Total	5,670.89	3,648.83

Schedule 13 : Current Liabilities

Sundry creditors		
a) total outstanding dues of Micro and Small Enterprises (refer note no. 12 to schedule 24)	169.32	98.42
b) total outstanding dues of creditors other than Micro and Small Enterprises	15,359.89	13,906.50
Amounts due to Investors Education & Protection fund (as and when due) - unpaid dividends	15.00	21.11
Advance received against supplies	13.69	-
Advance received against sale of investment	-	200.00
Other liabilities	1,051.00	913.78
Security deposit	270.26	260.95
Interest accrued but not due on loans	41.96	33.79
Total	16,921.12	15,434.55

Consolidated Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 14 : Provisions

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Provision for compensated absences	695.60	748.92
Provision for gratuity	2,576.75	2,089.74
Provision for regulatory matters*	424.91	93.14
Provision for non fulfilment of export obligations**	932.32	822.76
Proposed dividend	357.70	259.70
Tax on proposed dividend	121.24	43.13
Total	5,108.52	4,057.39
* Provision for regulatory matters (Refer note no. 16 in schedule no. 24)		
Opening balance	93.14	-
Provision made during the year	845.00	93.14
Utilised during the year	513.23	-
Closing balance	424.91	93.14
** Provision for non fulfilment of export obligations (Refer note no. 15 in schedule no. 24)		
Opening balance	822.76	-
Provision made during the year	109.56	822.76
Utilised during the year	-	-
Closing balance	932.32	822.76

Schedule 15 : Miscellaneous Expenditure*

Balance as per last balance sheet	479.81	719.71
Less : Written off	239.90	239.90
Total	239.91	479.81

* Amount represents the impact of transitional provision on adoption of notified Accounting Standard 15 (revised).

Schedule 16 : Other Income

Interest:		
Bank deposits (TDS Rs Nil, Previous year Rs 1.45 lacs)	1.21	13.39
Others on electricity deposits (TDS Rs 3.01 lacs, Previous year Rs 3.77 lacs)	19.79	24.88
Sale of scrap	1,671.42	1,175.65
Duty drawback/ Exim scrip realisation	344.38	304.33
Cash discount	4.62	-
Lease Rent	0.30	-
Excess provision written back	65.73	236.74
Provision for doubtful debts written back	13.77	-
Miscellaneous income	356.81	243.81
Provision for advances written back	-	-
Management support charges	46.80	-
Foreign exchange fluctuation (net)	97.77	1.46
Total	2,622.60	2,000.26

Schedule 17 : Raw materials and Components Consumed

Inventories as at December 31, 2009	1,663.90	1,689.32
Add: Purchases	30,153.13	21,052.75
	31,817.03	22,742.07
Inventories as at December 31, 2010	2,380.92	1,663.90
Total	29,436.11	21,078.17

Consolidated Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 18 : Personnel Expenses

	As at December 31, 2010 Rs (in lacs)	As at December 31, 2009 Rs (in lacs)
Salaries, wages and bonus (refer note no.14 in schedule no. 24)	15,229.48	13,394.34
Contribution to provident fund and other funds	1,178.49	895.74
Contribution to superannuation fund	69.47	166.47
Contribution to gratuity	245.64	242.32
Workmen and staff welfare expenses	1,336.43	1,113.35
Total	18,059.51	15,812.22

Schedule 19 : Operating and Other Expenses

Consumption of stores and spares (refer Note no.14 in schedule no. 24)	10,414.38	8,642.41
Sub-contracting expenses	1,883.35	1,334.67
Power and fuel	5,856.37	4,865.36
Freight and forwarding charges	2,297.32	1,560.64
Rent	526.44	362.71
Rates and taxes	562.26	366.81
Insurance	69.68	51.32
Repairs and maintenance		
- Plant and machinery	280.24	295.10
- Buildings	319.66	110.57
- Others	503.96	213.45
	1,103.86	619.12
Advertising and sales promotion	4,310.61	4,427.81
Royalty	1,162.30	1,052.76
Product rectification charges	57.08	91.42
Legal and professional expenses	521.46	395.68
Travelling and conveyance	461.05	312.84
Communication costs	153.59	247.59
Management Support Charges	411.67	15.36
Printing and stationery	105.08	72.10
Directors sitting fees	11.67	15.46
Payment to Auditor		
As auditor:		
- Audit fee	42.00	42.24
- Tax audit fee	25.85	25.85
- Limited reviews	9.00	9.00
- Out-of-pocket expenses	7.52	4.96
In other manner:		
- Certification and others matters	2.25	2.97
	86.62	85.02
Charity & donation	0.29	-
Provision for regulatory matters (Refer note no. 16 in schedule no. 24)	845.00	-
Provision for doubtful debts	2.27	58.94
Loss on sale of Non-trade Current Investments	75.00	-
Loss on sale / discard of fixed assets (net)	422.84	587.20
Provision for doubtful advances	76.94	-
Advances written off	39.35	1.65
Miscellaneous expenses	687.38	399.48
Total	32,143.86	25,566.35

Consolidated Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 20 : Decrease in Inventories

	For the year ended December 31, 2010 Rs (in lacs)	For the year ended December 31, 2009 Rs (in lacs)
Inventories as at December 31, 2009		
- Work-in-progress	3,088.10	3,408.21
- Finished goods - Manufactured	2,747.93	3,366.17
- Trading	316.45	16.00
- Reusable Scrap	20.39	91.71
	6,172.87	6,882.09
Inventories as at December 31, 2010		
- Work-in-progress	3,465.98	3,088.10
- Finished goods - Manufactured	2,900.52	2,747.93
- Trading	297.89	316.45
- Reusable Scrap	30.00	20.39
	6,694.39	6,172.87
	(521.52)	709.22

Schedule 21 : Financial Expenses

Interest		
- to term loans	221.46	282.00
- to banks	409.68	1,321.53
- others	453.86	577.27
Bank charges	154.53	142.80
Total	1,239.53	2,323.60

Schedule 22 : Prior Period Item

- Prior period income			
Excess provision for sales promotion	176.51		
Less: Tax on prior year revenues	20.08	156.43	-
- Prior period expenses			
Depreciation/ amortisation			118.42
Interest - others			232.82
Power and fuel	14.29		-
Rates and taxes	15.42		-
Contribution to gratuity - Actuarial gains wrongly recognised	339.92		-
Salaries, wages and bonus			72.58
Net prior period expense		213.20	423.82

Schedule 23 : Earnings/(Loss) per share (EPS)

Net profit as per profit and loss account	3,998.69	5,452.43
Less proposed dividend on preference shares and taxes their on	(34.29)	(34.29)
Net profit for calculation of basic EPS	3,964.40	5,418.14
Weighted average number of equity shares in calculating basic and diluting earning per share	55,632,130	55,632,130
Earning per share	7.13	9.74

SCHEDULES 1 - 24 (Contd.)
Schedule 24: Notes to Consolidated financial statements
1. Background

Federal-Mogul Goetze (India) Limited ('FMGIL' or 'the Company'), is inter-alia engaged in the manufacture, supply and distribution of 'automotive components' used in two/three/four wheeler automobiles.

The Company has two subsidiaries namely Federal-Mogul TPR (India) Limited (FMTPR) and Satara Rubbers and Chemicals Limited (SRCL). FMTPR was promoted for manufacturing of steel rings used in two/ three/ four wheeler automobiles, in technical collaboration with Teikoku Piston Rings Co. Limited, Japan and T & N Investments Limited, a group company of Federal Mogul Corporation. SRCL is a 100% subsidiary of FMGIL. Both the subsidiaries are incorporated within India. During the year, the Company has sold its investments in SRCL as more fully explained in note 18 below.

2. Statement of Significant Accounting Policies
a) Basis of Preparation and Consolidation

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention and on an accrual basis. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) " Consolidated Financial Statements" and Accounting Standard 23 (AS 23) " Accounting for investments in Associates in Consolidated Financial Statements".

The Subsidiaries and Associates (which along with Federal-Mogul Goetze (India) Limited, the parent, constitute the Federal-Mogul Goetze Group) considered in the preparation of these consolidated financial statements are:

Name	Percentage of Ownership interest as at December 31, 2010	Percentage of Ownership interest as at December 31, 2009
Federal-Mogul TPR (India) Limited	51.00 %	51.00 %
Satara Rubbers and Chemicals Limited	—	100.00 %

The audited financial statements of subsidiaries, considered in the consolidated accounts, are drawn upto December 31, 2010 except SRCL which was sold on March 31, 2010.

Investments in Associates:

The Federal-Mogul Goetze Group's Associates are:

Name	Percentage of Ownership interest as at December 31, 2010	Percentage of Ownership interest as at December 31, 2009
GTZ Securities Limited	23.67%	23.67 %
GI Power Corporation Limited	26.00%	26.00%

The un-audited financial statements of GI Power Corporation Limited as at December 31, 2010 are considered in consolidated account.

The Company has investment in GTZ Securities Limited which is considered as an associate, whose financial statements were audited for the year ended March 31, 2010 and are available with the Company. However, no financial statements have been prepared by the management of this associate company for the nine months period ended December 31, 2010 resulting in the results of this associate being not consolidated in these financial statements. The Group management is of the view that this non-availability of the financial statements of this associate will not affect the consolidated financial statements as the investment in such associate is fully provided for and it had incurred losses till March 31, 2010 and as informed by the management of the associate, the financial position has not improved since then.

Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship comes into existence.

The difference between the cost to the Company of its investment in the subsidiary and its proportionate share in the equity of the subsidiary as at the date of acquisition of stake is recognized as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment at the end of each accounting year. For impairment, the carrying value of goodwill is compared with the present value of discounted cash flows of the respective subsidiaries and loss, if any, is adjusted to the carrying value of the goodwill.

Minority interest in net profits/losses of the subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same are accounted for the holding company.

Investments in associates are accounted for using the equity method. The difference between the cost of investment in associate and the proportionate share in equity of the associate as at the date of acquisition of stake is identified as goodwill or the capital reserve, as the case may be and included in the carrying value of the investment in the associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by the Company) are recouped.

The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e. year ended December 31, 2010.

These Consolidated Financial Statements are based on audited accounts in so far as they relate to amounts included in respect of subsidiaries (except for SRCL which are derived out of audited accounts and certified by the management) and on basis of un-audited accounts in so far as they relate to amounts included in respect of associates.

The accounting policies have been consistently applied by the group and are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation less impairment if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use i.e. freight duties, taxes and other incidental expenses excluding Cenvat in so far as this is available for set off against excise duty. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

d) Depreciation

i) Depreciation is provided using straight line method basis and the same is determined based on management's assessment of assets' useful lives and is calculated at the rates so determined, which are either equal to or higher than rates provided for such assets under Schedule XIV of the Companies Act, 1956.

Asset Class	Rate prescribed in Schedule XIV of Companies Act, 1956	Rates used by the company
(i) Land-Leasehold	-	over the life of lease of asset
(ii) Buildings - Factory	3.34%	3.34%
- Other	1.63%	1.63%
(iii) Furniture, fittings & office equipment	4.75% to 6.33%	4.75% to 6.33%
(iv) Plant & Machinery - Single Shift	4.75%	4.75%
- Double Shift	7.42%	7.42%
- Triple Shift	10.34%	10.34%
- Continuous process plant	5.28%	5.28%
(v) Vehicles - Employee	9.50%	33.33%
- Material Handling Vehicles	9.50%	11.31%
- Others	9.50%	9.50%
(vi) Computers	16.21%	16.21%
(vii) Dies and Moulds	11.31%	11.31% to 33.33%

ii) Plant and Machinery also includes self constructed machinery.

iii) Depreciation on the amount of adjustment to fixed assets on account of capitalization of insurance spares is provided over the remaining useful life of related assets.

iv) All assets costing upto Rs 5,000 are fully depreciated in the year of purchase.

e) Impairment

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Intangible assets

Intangible assets are stated at cost less amortisation less impairment, if any. Cost comprises the purchase price and other directly attributable costs. Intangible assets are amortised over their expected useful economic lives, on straight line basis, as follows:
Design and drawings- over a period of 5 years.

g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

h) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and market value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary, in the value of the investments.

i) Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares and bought out tools.	Lower of cost and net realizable value. Cost represents purchase price and other direct costs and is determined on a moving weighted average cost basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
Constructed Tools	Lower of cost and net realizable value. Cost represents material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis.
Work-in-progress	Lower of cost and net realizable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis
Finished Goods:	
- Manufactured	Lower of cost and net realizable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Excise duty on stock lying with Company is added to the cost of the finished goods inventory. Cost is determined on a weighted average basis
- Traded	Lower of cost and net realizable value. Cost represents purchase price and other direct costs and is determined on a moving weighted average cost basis.
Reusable scrap	At lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion. Provision for obsolescence is determined based on management's assessment and is charged to profit and loss account.

j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i) Sale of Goods:**
Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of excise duty, sales tax and trade discount.
- ii) Interest:**
Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iii) Export Benefits/Incentives:**
Export entitlements under the Duty Entitlement Pass Book (DEPB) Scheme are recognized in the profit and loss account when the right to receive credit as per the terms of the scheme is established in respect of exports made.
- iv) Management Support charges**
Income from management support charges is recognized as per the terms of the agreement based upon the services completed.
- k) Foreign Currency Transactions**
- (i) Initial Recognition**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Conversion**
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- (iii) Exchange Differences**
Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.
- (iv)** As a policy, the company does not undertake any foreign exchange contract.
- l) Retirement and Other Employee Benefits**
- (i) Provident fund contributions are charged to profit and loss account, when contributions paid/payable are due to "Goetze India Limited Provident Fund Trust", administered by the trustees and to the Regional Provident Fund Commissioners. There are no other obligations other than the contribution payable to the respective trusts.
- (ii) Gratuity liability under the Payment of Gratuity Act is accrued on the basis of an actuarial valuation made at the end of each financial year. The actuarial valuation is done as per projected unit credit method.
- (iii) Short term compensated absences are provided for based on estimates, Long term compensation liability for leave encashment is determined in accordance with company policy and measured on the basis of valuation by an independent actuary at the end of the financial year. The actuarial valuation is done as per projected unit credit method.
- (iv) Actuarial gains/losses are immediately taken to profit and loss account.
- (v) Superannuation Benefit
The Company has superannuation obligation administered with Life Insurance Corporation of India (LIC). Contributions to the defined contribution scheme are charged to profit and loss account when contributions paid/ payable are due to such fund. There are no other obligations other than the contribution payable to the respective trusts.
- m) Income Taxes**
Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liability, if any in the subsidiaries are not set off against each other as the respective companies in the Federal-Mogul Goetze Group do not have a legal right to do so. Current and deferred tax assets and liabilities are only offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.
The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.
MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.
- n) Earnings per Share**
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
- o) Provisions**
A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

p) Cash and Cash Equivalents

Cash and cash equivalents for cash flow statement comprises cash at bank and in hand and short-term investments with an original maturity of three months or less.

q) Miscellaneous Expenditure

Miscellaneous expenditure is written off over a period of 5 years.

3. Segment Information

Based on the guiding principles given in AS-17 'Segmental Reporting' notified under Companies (Accounting Standard) Rules, 2006, the Company's primary business segment is manufacturing of auto components. The Company operates in one geographical segment that is "India" and no further disclosures as per AS-17 need to be made.

4. Related Party Disclosure

During the year under review, the Company has entered into transactions with related parties.

i) Key managerial personnel and their relatives

- Mr. Jean De Montlaur, Managing Director & President.
- Mr. Rustin Murdock, Whole Time Director (till June 30, 2010)
- Mr. Dan Brugger Whole Time Finance Director & CFO (from November 12, 2010)
- Mr. B.P. Srikant, Manager (From September 28, 2010 till date) (Manager under section 269 of the Companies Act, 1956)
- Mr. Krish Mani, Manager (upto September 27, 2010) (Manager under section 269 of the Companies Act, 1956)

ii) Holding Company of Parent Company

- Federal Mogul Holdings Limited (Mauritius)

iii) Fellow subsidiaries

- Federal Mogul Burscheid GMBH, Germany.
- Federal Mogul Maysville (USA).
- Federal Mogul Operation S.R.L (Italy)
- Federal Mogul Bimet S.A. (Poland).
- Federal Mogul Nurnberg, GMBH (Germany).
- Federal Mogul Wiesbaden GMBH, (Germany)
- Federal Mogul Power Train System (South Africa).
- Federal Mogul Holding Deutschland (Germany).
- Federal Mogul Valves (PTY) Ltd (South Africa).
- Federal Mogul Limited (U.K.).
- Federal Mogul KK (Japan)
- SSCFRAN FM Financial Services SAS Veurey Voroize (France).
- Federal Mogul Gorzyce, S.A (Poland).
- Federal Mogul Friedberg, GMBH (Germany).
- Federal Mogul Sintered Products Ltd.(U.K.).
- Federal Mogul Sealing Systems, GMBH (Germany).
- Federal Mogul Friction Products Ltd (India).
- Federal Mogul Corporation Power train Systems (USA).
- Federal Mogul Plant Van Wert, USA.
- Federal Mogul Power train Systems Schofield (USA).
- Federal Mogul S.A.R.L.(Switzerland)
- Federal Mogul France, S.A.(France).
- Federal Mogul Corporation, Lake City (USA).
- Federal Mogul Corporation, Garennes (France).
- Federal Mogul Dongsuh Piston Co. Ltd (China).
- Federal Mogul Corporation, Mgmooogus (USA).
- KFM Bearing Company (South Korea).
- Federal Mogul Bradford Ltd.
- Federal Mogul Bearing India Ltd (India).
- Federal Mogul Automotive Product (India) Pvt Ltd. (India).
- Ferodo India Private Ltd. (India).
- Federal Mogul Trading India Pvt Ltd.(India)

iv) Associates

- GI Power Corporation Limited
- GTZ Securities Limited

v) Ultimate Holding Company

- Federal Mogul Corporation, USA.

Those transactions along with related balances as at December 31, 2010 and December 31, 2009 and for the years then ended are presented in the following table:

Rs. in lacs

Particulars	Fellow Subsidiaries					
	Federal Mogul do Brasil Ltd	Federal Mogul Burscheid GMBH, Germany	Federal Mogul Gorzyee S.A (Poland)	Federal Mogul Dongshuh Piston Co. Ltd.	Federal Mogul Limited (U.K)	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Sales	-	-	(68.26)	(0.38)	-	-
Purchase of raw material, intermediaries and finished goods	-	5,171.04	108.69	182.80	-	-
Purchase/(Sale) of Fixed Assets	369.50	1,365.03	-	4.32	-	-
Reimbursement of expenses paid	-	53.76	28.07	-	-	17.79
Reimbursement of expenses (recd.)	-	-	-	(0.69)	(51.83)	-
Royalty Expense	-	412.56	-	-	-	-
Balance outstanding as at the end of the year Receivables	-	-	7.33	6.63	19.90	-
Balance outstanding as at the end of the year (Payable)	(253.33)	(957.50)	-	-	-	5.85
		(901.38)				(4.17)

Rs. in lacs

Particulars	Fellow Subsidiaries			
	Federal Mogul Nurnberg, GMBH (Germany)	Federal Mogul Wiesbaden GMBH, (Germany)	Federal Mogul Holding Deutschland (Germany)	
	31.12.10	31.12.09	31.12.10	31.12.09
Sales	(5.77)	(11.52)	-	-
Purchase of raw material, intermediaries and finished goods	61.78	26.36	-	-
Purchase/(Sale) of Fixed Assets	393.80	408.47	-	-
Reimbursement of expenses paid	-	19.94	150.25	168.16
Royalty Expense	400.32	340.00	-	-
Balance outstanding as at the end of the year Receivables	-	-	1.62	-
Balance outstanding as at the end of the year (Payable)	(275.80)	(292.74)	(10.99)	(25.79)

Particulars	Fellow Subsidiaries						Total
	Federal Mogul Financial Services FRANTNL (France)	Federal Mogul Sintered Products Limited, (U.K)	Other Fellow Subsidiaries	Total	Federal Mogul India Limited (India)	Total	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.09
Sales	-	-	(18.51)	(4.64)	(92.54)	(16.54)	(16.54)
Purchase of raw material, intermediaries and finished goods	-	2.04	71.40	56.80	5,417.61	3,492.89	3,492.89
Purchase/(Sale) of Fixed Assets	-	-	4.75	70.00	2,133.08	1,107.57	1,107.57
Reimbursement of expenses paid	322.56	316.77	0.20	1.98	594.19	682.25	682.25
Reimbursement of expenses (recd.)	-	-	(0.33)	(113.42)	(139.55)	(165.94)	(165.94)
Royalty Expense	-	-	198.61	137.30	1,011.48	903.64	903.64
Balance outstanding as at the end of the year Receivables	-	0.65	-	98.30	27.23	107.20	107.20
Balance outstanding as at the end of the year (Payable)	(17.70)	(21.99)	(105.93)	(10.52)	(1,751.05)	(1,393.89)	(1,393.89)

Rs. in lacs

Particulars	Fellow Subsidiaries						Total
	Federal Mogul India Limited (India)	Federal Mogul Automotive Products (India) Private Limited, (India)	Ferodo India Private Limited, (India)	Federal Mogul Trading India Private Limited, (India)	Total	Total	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.09
Sales	-	(15.29)	(2.48)	-	-	-	(17.77)
Purchase of raw material, intermediaries and finished goods	438.91	533.28	1,508.45	1,060.48	-	-	1,947.36
Reimbursement of expenses paid	-	(49.42)	24.94	22.33	-	-	22.33
Reimbursement of expenses (recd.)	4.53	(49.42)	(43.39)	(85.04)	(66.00)	(123.89)	(115.42)
Inter-corporate deposit (ICD) Taken	600.00	-	850.00	1,000.00	-	-	1,450.00
Inter-corporate deposit (ICD) repaid	-	-	(1,000.00)	(1,000.00)	(1,30.00)	-	(1,025.00)
Interest on the above ICD	-	-	42.14	61.98	163.26	99.68	205.40
Balance outstanding as at the end of the year Receivables	-	(14.63)	-	-	2.35***	66.00	9.93
Balance outstanding as at the end of the year (Payable)	(499.71)*	-	(1061.79)**	(241.02)	-	(1,094.45)	(1,561.50)

* Includes Rs 4.82 lacs (Previous year Rs Nil) payable against interest on ICD taken during the year

** Includes Rs 6.82 lacs (Previous year Rs 9.05 lacs) payable against interest on ICD taken during the year

*** Includes Rs Nil. (Previous year Rs 1025 lacs) payable against ICD taken and Rs Nil. (Previous year Rs 99.68 lacs) payable against the interest on the same.

Rs. in lacs

Ultimate Holding Company		
Particulars	Federal Mogul Corporation (USA)	
	31.12.10	31.12.09
Sales	(4,861.58)	(4,043.70)
Purchase of raw material, intermediaries and finished goods	739.55	413.93
Reimbursement of expenses paid	315.96	64.69
Reimbursement of expenses (received)	(322.34)	-
Management Support charges paid	394.07	-
Management Support charges received	(46.80)	-
Balance outstanding as at the end of the year Receivables	1,395.99	764.57
Balance outstanding as at the end of the year (Payable)	(647.66)	(330.89)

Rs. in lacs

Key Managerial Personnel and their relatives								
Particulars	Mr. Jean de Montlaur		Mr. Rustin Murdock		Mr. Dan Brugger		Total	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Remuneration	450.22	528.64	117.15	209.39	29.33	-	596.70	738.03
Balance outstanding as at the end of the year (Payable)	-	-	-	-	-	-	-	-

5. Leases

The company has taken office and residential facilities under cancellable and non-cancellable operating leases, which are renewable on a periodic basis.

Leases	For the year ended December 31, 2010 (Rs in lacs)	For the year ended December 31, 2009 (Rs in lacs)
a) Lease payments / expenses for the year <i>Minimum Lease Payments (for non cancelable leases):</i>	526.44	362.71
b) Not later than one year	161.20	214.79
c) Later than one year but not later than five years	-	184.86
d) Later than five years	-	-

6. Capital Commitment

Estimated amount of contract remaining to be executed on capital account and not provided for

Particulars	Year ended December 31, 2010 (Rs in lacs)	Year ended December 31, 2009 (Rs in lacs)
Capital commitment	3,703.76	830.31

7. Contingent Liabilities not provided for:

Particulars	Year ended December 31, 2010 (Rs in lacs)	Year ended December 31, 2009 (Rs in lacs)
a) Bank Guarantees	457.47	355.82
b) <i>Claims/notices contested by the Company</i>		
i) Excise duty	34.96	47.80
ii) Sales Tax	59.23	59.23
iii) ESI Cases	-	14.51
iv) Employee Related Cases	102.44	63.33
v) Electricity Demand	52.24	52.24
vi) Income Tax Demands	464.83	651.98
vii) Consumer Cases	30.91	60.91
viii) Other Excise duty liabilities of subsidiary	1,310.95	919.73
ix) Income tax liability of subsidiary	212.03	176.83

c) In relation to b (i) above Excise Duty cases contested by the Company comprise of:

- i) Matter pending with Central Excise & Service Tax Appellate Tribunal (CESTAT) in respect of valuation rates employed for certain products sold by the Company for the period 2004-2005 & 2005-2006. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs 0.93 lacs (Previous year Rs. 0.93 lacs)
- ii) Miscellaneous Excise Cases in respect of MODVAT credits are pending with Deputy Commissioner Central Excise Patiala (DCCE PTA)/ Additional Commissioner/Punjab and Haryana High Court/Assistant Commissioner Central Excise for the period 1987-1988 to 2006-2007. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. 16.46 lacs (Previous year Rs. 16.82 lacs).
- iii) Matters pending with Additional Commissioner, Chandigarh in respect of Service Tax on Transport Services for the period 2005-06, 2006-07 & 2007-08. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. 2.92 lacs (Previous year Rs. 15.40 lacs).
- iv) Matters pending with Commissioner Appeals/ Joint Commissioner in respect of interest on reversal of Special Additional Duty (SAD) for 2000-01. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. 9.37 lacs. (Previous year Rs. 9.37 lacs).
- v) Matter pending with Central Excise & Service Tax Appellate Tribunal (CESTAT) in respect of valuation rates employed for certain products sold by the Company for the period 2001-2002 to 2004-2005. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs.5.28 lacs. (Previous year Rs. 5.28 lacs).

d) In relation of b (ii) Sales Tax cases contested by the Company comprise of:

In respect of Assessment Year 1996-97 to 2001-02, on account of differences in sales tax rates, (the matter is pending with Karnataka High court. The Company has taken legal opinion in this regard and is confident of success). Amount involved is Rs. 59.23 lacs. (Previous year Rs. 59.23 lacs)

e) In relation b (iii) above Employee State Insurance claims comprise of:

- i) In respect of demand from Employee State Insurance, relating to non deposit of Employee State Insurance on certain employee related expenses pending with the Assessing Officer. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. Nil (Previous year Rs. 14.51 lacs)

f) In relation of b (iv) above Employee related cases comprise of:

- i) Claims against the Company not acknowledged as debt, in respect of demands raised by the workers. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs.102.44 lacs. (Previous year Rs. 63.33 lacs)

g) In relation to b (v) above Electricity demand relates to:

- i) In respect of a demand raised by Punjab State Electricity Board (PSEB) for various years in relation to availment of additional load. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. 52.24 lacs (Previous year Rs. 52.24 lacs).

h) In relation to b (vi) above Income Tax cases disputed by the Company:

- i) In respect of Assessment Year 2001-02, certain additions were made on normal as well as on book profit. The matter is pending with ITAT. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount for contingent liability for the year is Rs. 28.90 lacs (Previous year Rs. 28.90 lacs).
- ii) In respect of Assessment Year 2002-03, certain additions were made on normal income as well as on book profits. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount for contingent liability for the year is Rs. 116.23 lacs. (Previous year Rs. 214.28 lacs)
- iii) In respect of Assessment Year 2003-04, disallowance was made for carry forward losses as well as certain disallowances. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs.145.81 lacs. (Previous year Rs. 220.66 lacs)
- iv) In respect of Assessment Year 2004-05, certain additions were made on normal income. The matter is pending with ITAT. During the year, Company has got the order in its favour, hence the amount involved is Rs. 16.02 lacs. (Previous year Rs. 24.07 lacs)

- v) In respect of Assessment Year 2005-06, certain additions were made on normal as well as on book profit. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount for contingent liability for the year is Rs. 12.30 lacs (Previous year Rs. 47.19 lacs)
- vi) In respect of Assessment Year 2006-07, certain additions were made on normal as well as on book profit. The matter is pending with Commissioner Income Tax (Appeals). During the year, management has done an analysis and is of the opinion that chances of liability getting materialised are high. Hence the Company has created provision for the same. The amount for contingent liability for the year is Rs. 78.21 lacs (Previous year Rs. 39.52 lacs)
- vii) In respect of Assessment Year 1997-98, demand was raised due to disallowance of previous year expense made in regular assessment and also certain penalty proceedings on the above issue. The amount involved is Rs. 23.24 lacs. (Previous year Rs. 33.24 lacs)
- viii) In respect of Assessment Year 2000-01, certain additions were made on normal as well as on book profits. The matter is pending with High court. The company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 11.01 Lacs (Previous year Rs 11.01 Lacs).
- ix) In respect of Assessment Year 2007-08, certain additions were made on normal profits. The matter is pending with Commissioner Income Tax (Appeals). The company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 33.11 Lacs (Previous Year Rs 33.11 Lacs).

i) In relation to b (vii) above Consumer cases filed against the company:

- i) Matter pending with Delhi High Court relating to cases filed by a customer of the Company relating to defective goods for the period 1995-1996. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision Amount involved is Rs. 30.91 lacs (Previous year Rs. 60.91 lacs).

j) In relation to b(viii) above Excise duty cases contested by the subsidiary company comprise of:

- i) Matters pending with Central Excise and Service Tax Appellate Tribunal (CESTAT):
 - a. In respect of excise cases in relation to provisional assessment of excise duty with respect to turnover discount for the period 2003-2004 to 2006-2007. The subsidiary Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 6.91 Lacs (Previous year Rs. 6.91 Lacs).
 - b. In respect of irregular availment of cenvat credit in respect to certain products obtained on job work basis for the period 2005-2007. The subsidiary Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 361.07 Lacs (Previous year Rs. 361.07 Lacs) including interest and penalties of Rs. 180.53 Lacs (Previous year Rs. 180.53 Lacs).
 - c. In respect of notice received for the period 2008-09 on account of Cenvat credit of service tax on job work charges passed on by one of the supplier. The subsidiary Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 454.01 Lacs (Previous year Rs. 454.01 Lacs) including interest and penalties of Rs. 252.01 Lacs (Previous year Rs. 252.01 Lacs).
- ii) Matter pending with Joint Commissioner of Central Excise, Bangalore:
 - a. In relation to deduction of Trade Discounts for the period 2000-2002 to 2003-2004. The Subsidiary Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 2.42 Lacs (Previous year Rs. 2.42 Lacs).
- iii) Matters pending with Commissioner of Central Excise, Bangalore:
 - a. In respect of availment of cenvat credit (service tax) in relation to management consultancy service and sole selling commission for the period 2004-2005 to 2006-2007. The subsidiary Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 61.64 Lacs (Previous year Rs. 61.64 Lacs).
 - b. The Subsidiary Company has received demand notice received for the period 2008-09, which is on account of demand for service tax on supplementary bills on job work charges for price reduction passed on by one of the supplier. The Subsidiary Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 89.52 Lacs (Previous year Rs. 29.84 Lacs) including interest and penalties of Rs. 59.68 Lacs (Previous year Rs. NIL).
 - c. In respect of notice received for the period 2009-10 on account of Cenvat credit of service tax on job work charges. The Subsidiary Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 306.83 Lacs (Previous year Rs. Nil).

- d. The Subsidiary Company has received demand notice received for the period 2005 which is on account of non production of service tax document. The Subsidiary Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 24.71 Lacs (Previous year Rs. Nil).
- iv) The matter is pending before the Deputy Commissioner of Central Excise, Bangalore:
- a. In respect of irregular availment of cenvat credit (service tax) in relation to certain services for the period April 2006-May 2006. The Subsidiary Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 3.84 Lacs (Previous year Rs. 3.84 Lacs).

k) In relation to b (ix) above Tax cases disputed by the subsidiary company comprise of:

- i) The subsidiary company received a show cause notice in respect of Assessment year 2006-07, in which assessing officer had raised a demand on account of additions made to normal income during the years and in assessment year 2004-05 and 2005-06. Matter is pending with Commissioner of Income tax (Appeals). The Subsidiary Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 145.93 lacs (Previous year Rs. 145.93 lacs).
- ii) The subsidiary company has received a show cause notice in respect of Assessment year 2007-08 and 2008 - 2009, in which assessing officer has raised a demand of Rs. 30.90 Lacs and Rs. 35.20 Lacs respectively (Previous year Rs. 30.90 Lacs and Rs. Nil respectively) on account of disallowance of royalty expenses. Matter is pending with Commissioner of Income tax (Appeals). The Subsidiary Company has done an analysis and is of the opinion that it has fair chance of a favorable decision.

8. (a) (i) Payment made to Directors:

Particulars	Year ended December 31, 2010 Rs.(in lacs)	Year ended December 31, 2009 Rs. (in lacs)
(a) Salaries	502.90	650.88
(b) Contribution to Provident & Superannuation Fund*	20.02	21.74
(c) Other Perquisites	87.90	79.58
(d) Directors Sitting Fees	11.67	15.46

* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

- (b) Personnel expenses under Schedule 18 include Rs. 333.28 lacs (including Rs. 195.67 lacs in respect of earlier financial year) towards director remuneration which is in excess of permissible remuneration determined under Schedule XIII of the Companies Act, 1956. Management has filed an application with the Central government on June 23, 2009 for approval of payment of salary to the managing director for Rs. 54.96 lacs per month for 5 years. Pending approval from the government, management has taken a confirmation from the managing director that he shall refund the amounts in the event of such approvals being refused.
- (c) Remuneration of Rs. 119.85 Lacs for the period April 1, 2006 to December 31, 2006, paid to the erstwhile managing director of the Company was in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. The Company had applied to the Central Government for the approval of such excess remuneration which was rejected by the Central Government vide letter dated May 26, 2009. The Company has filed an application on April 29, 2010 under Section 309(5B) of the Companies Act, 1956 to waive the recovery of the aforesaid amount from the erstwhile managing director. Further, during the year company has received an approval from Central Government for partial amount of Rs 45.67 lacs (total amount of Rs 84.14 lacs) on September 14, 2010 for the period January 01, 2007 to September 24, 2007. Company has again applied to Central Government on November 18, 2010 for waiver of recovery of balance amount of Rs 38.47 Lacs paid to the erstwhile managing director.
9. In accordance with Explanation below Para 10 of Accounting standard 9 notified by Companies (Accounting Standards) Rules, 2006, excise duty on sales amounting to Rs. 7,564.14 lacs (Previous year Rs. 5,467.09 lacs) has been reduced from sales in profit & loss account and excise duty on (decrease) / increase in stock amounting to Rs. 136.38 lacs (Previous year Rs. (220.78) lacs) has been considered as (income) / expense in the financial statements.

10. During the year, the Company has not taken any foreign currency derivative instruments to hedge its foreign currency risk. The amount of foreign currency exposure that is not hedged by a derivative instrument or otherwise as on December 31, 2010:

(Amount in lacs)

Particulars	Currency	Year ended December 31, 2010 Amount (INR)	Year ended December 31, 2010 Amount (Foreign currency)	Year ended December 31, 2009 Amount (INR)	Year ended December 31, 2009 Amount (Foreign currency)
Creditors	USD	1,499.77	33.13	688.34	14.65
Creditors	EURO	2,710.17	55.47	1,078.20	15.88
Creditors	GBP	110.99	1.58	14.44	0.19
Creditors	JPY	100.34	179.24	60.23	117.65
Creditors	CHF	-	-	3.95	0.09
Advance paid	EUR	390.52	6.44	326.87	4.82
Advance paid	USD	92.51	2.07	216.38	4.61
Advance paid	GBP	58.12	0.83	100.84	1.33
Advance paid	JPY	119.57	213.59	49.25	96.21
Advance paid	CHF	0.94	0.02	-	-
Advance paid	CAD	0.10	0.01	-	-
Advance paid	SEK	5.41	0.79	4.29	0.64
Debtors	USD	301.36	6.73	973.41	20.72
Debtors	EURO	65.73	1.11	76.13	1.12
Debtors	GBP	27.11	0.40	78.71	1.04

11. Gratuity and Other Post-employment Benefit Plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

Rs. in lacs

	Gratuity	
	2010	2009
Current service cost	274.09	279.12
Interest cost on benefit obligation	400.07	340.03
Expected return on plan assets	(284.34)	(201.72)
Net actuarial (gain) / loss recognized in the year	(44.19)	(175.11)
Past service cost	0.11	-
Previous years actuarial gains recognized during the year	(100.10)	-
Net benefit expense	245.64	242.32
Actual Return on Plan Assets	489.37	135.67

Balance sheet

Details of Provision for gratuity

	Gratuity	
	2010	2009
Defined benefit obligation	6,219.28	5,560.97
Fair value of plan assets	3,882.44	3,471.23
Cumulative unrecognized actuarial gains	239.91	-
	2,576.75	2,089.74
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(2,576.75)	(2,089.74)

Changes in the present value of the defined benefit obligation are as follows:

Rs. in lacs

	Gratuity	
	2010	2009
Opening defined benefit obligation	5,560.97	5,415.42
Interest cost	400.07	340.03
Current service cost	274.09	279.12
Past service cost	0.11	-
Transfer from group company	18.75	-
Benefits paid	(195.54)	(232.44)
Actuarial (gains) / losses on obligation	160.83	(241.16)
Closing defined benefit obligation	6,219.28	5,560.97

Changes in the fair value of plan assets are as follows:

	Gratuity	
	2010	2009
Opening fair value of plan assets	3,471.24	3,352.82
Expected return	284.34	201.72
Contributions by employer	117.37	215.18
Benefits paid	(195.54)	(232.44)
Actuarial gains / (losses)	205.03	(66.05)
Closing fair value of plan assets	3,882.44	3,471.23

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	2010 (%)	2009 (%)
Investments with Insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	2010 (%)	2009 (%)
Discount rate	8.00	7.50
Expected rate of return on assets	8.50	8.00
Employee turnover	5.00	5.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note:

The companies expected contribution to the fund in next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting standard 15 (Revised) on Employee Benefit is not disclosed.

Amounts for the current and previous periods are as follows:

	Gratuity			
	2010	2009	2008	2007
Defined benefit obligation	6,219.28	5,560.97	5,415.42	4,397.59
Plan assets	3,882.44	3,471.23	3,352.83	3,083.25
Cumulative unrecognized actuarial gains	239.91	-	-	-
Surplus / (deficit)	(2,576.75)	(2,089.74)	(2,062.59)	(1,314.34)

Information relating to experience adjustment in actuarial valuation of gratuity as required by Para 120 (n) (ii) of the Accounting standards 15 (revised) on Employee Benefits is not available with the company.

12. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 by the Federal-Mogul Goetze Group: Rs. in lacs

Particulars	2010	2009
The principal amount remaining unpaid as at the end of year	169.32	98.42
Interest due on above principal and remaining unpaid as at the end of the year	0.53	0.63
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	9.60	5.88
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	10.73	6.51
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	22.13	11.99

13. In the earlier years, the Company had issued 23,011,192 shares @ Rs. 10 each at a premium of Rs. 46 per share on right issue basis for cash, out of which, the proceeds of the rights issue aggregating to Rs. 11,737.50 Lacs have been utilized as per objects of the issued mentioned in the Letter of Offer (LOO). During the year, the company has taken the approval of its members at the Annual General Meeting held at 25 June 2010 for following amendment in Rights Issue utilization :

- Rs. 1138.42 Lacs for the purchase of machineries other than those specified in the LOO under the category "Payment to Suppliers for the purchase of machineries (including interest)": and
- Rs. 10.35 Lacs inter-se to the object category of "General Corporate Purposes" from the "Issue Expenses" category.

Pursuant to the approval of the shareholders, the details of utilization of rights issue proceeds are as follows:

Particulars	Amount as per letter of offer dated November 5, 2008 (Rs. in lacs)	Amount as approved by the shareholders in the Annual General Meeting held on 25th June 2010	Amount utilized till Dec. 31, 2010 (Rs. in lacs)	Amount utilized till Dec. 31, 2009 (Rs. in lacs)
Repayment of existing debt on their respective due dates	3,040.67	3,040.67	3,040.67	3,040.67
Payment to suppliers for purchase of machineries (incl. interest)	9,296.61	9,296.61	8,753.51	8,158.19
General corporate purposes	431.30	441.65	441.65	431.30
Issue expenses	117.69	107.34	107.34	107.34
Total	12,886.27	12,886.27	12,343.17	11,737.50

The unutilized amount aggregating to Rs. 543.10 Lacs (Previous Year Rs. 1148.77 Lacs) have been temporarily used for improving the working capital requirement of the company.

14. The company has capitalized various expenses incurred in the course of construction of self generated assets, the details of expenses capitalized from operating expenses for the purpose of construction of self generated assets are as follow:

Particulars	Year ended Dec. 31, 2010 (Rs. in lacs)	Year ended Dec. 31, 2009 Rs. (in lacs)
Salaries, wages and bonus	120.66	147.21
Consumption of stores and spares	180.98	98.14
Total	301.64	245.35

15. Non fulfillment of export obligation under (Export promotion Capital Goods) EPCG Licenses

The Company has identified some licenses obtained under Export Promotion Capital Goods scheme, which have expired and against which the Company has partially fulfilled the export obligation (levied in lieu of permission to import fixed assets at a concessional rate of import duty). In view of partial shortfall in fulfilling export obligation, the management has decided, on prudent basis, to make a provision aggregating to Rs. 932.32 lacs (Previous Year Rs. 822.76 lacs) in these financial statements which in view of the management is adequate to cover any liability on this account at all its facilities' and is included as 'Provision for non fulfillment of export obligation' in Provisions under schedule 14.

- 16.** During the year ended December 31, 2010, the Company commenced an evaluation process for various regulatory matters at its factories. Based on more accurate information discovered, a provision, towards costs to be incurred to remediate these matters, of Rs. 424.91 lacs is included under Schedule no. 14 for provisions which are net of amounts utilized of Rs. 513.23 lacs towards remediation. The Company is actively seeking to resolve these actual and potential statutory, regulatory, and contractual obligations. In accordance with requirements of Accounting Standard 29 on 'Provisions, Contingent liability and Contingent assets' issued by the Institute of Chartered Accountants of India, although difficult to quantify based on the complexity of the issues, the Company has accrued amounts corresponding to its best estimate of the costs associated with such regulatory and contractual obligations on the basis of available information and best professional judgment of experts appointed for this exercise. Based on consultations obtained from these experts, in management's view, no further costs are expected to be incurred to remediate for which a provision would be required at this stage and considers the provisions made to be adequate.
- 17.** The Company carries out its transfer pricing study annually for the tax period of April-March and updates its documentation, choice of methods and benchmarks to ascertain adequacy and compliance with the "arms length" principles prescribed under Income Tax Act. For the year April 1, 2010 to March 31, 2011, the process of updation is ongoing and management expects to complete this before March 31, 2011. Accordingly, the provision for current tax includes adequate amount to cover any additional liability till the completion of study.
- 18.** The Company has sold its entire investment amounting to Rs. 1,902 lacs in the shares of its wholly owned subsidiary company, Satara Rubbers and Chemicals Limited on March 31, 2010 for a consideration of Rs. 1,130 lacs (Rs. 200 lacs was received in the previous year ended December 31, 2009 as advance payment and the balance amount was received on March 31, 2010). The Company has accordingly considered an additional loss of Rs. 75 lacs on sale of this investment which has been recorded in 'Operating and other expenses'.
- 19.** Previous year's figures have been regrouped and rearranged where necessary to conform to current year's classification.

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
 Federal-Mogul Goetze (India) Limited

per Pankaj Chadha
Partner

Membership No. 91813

Place: Gurgaon

Date: March 1, 2011

Jean de Montlaur

Managing Director & President

Dan Brugger

Whole Time Finance Director & CFO

Khalid Khan

Company Secretary

**Consolidated Balance sheet and profit and loss account
Cash flow statement for the year ended December 31, 2010**

	For the year ended December 31, 2010 Rs (in lacs)	For the year ended December 31, 2009 Rs (in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and after prior period	6,925.79	7,214.32
Adjustments for:		
Depreciation / amortisation	5,197.30	5,507.17
Loss on sale / discard of fixed assets (net)	422.84	587.20
Provision for doubtful debts	2.27	58.94
Advances written off	39.35	1.65
Interest income	(1.21)	(13.39)
Interest expense	1,085.00	2,413.62
Excess provision written back	(65.73)	(236.74)
Provision for doubtful debts written back	(13.77)	-
Provision for doubtful advances	76.94	-
Unrealised forex (gain)/loss (net)	20.45	(123.50)
Miscellaneous expenditure written off	239.90	239.90
Share of loss/ (profit) in Associates	55.41	(3.81)
Operating profit before working capital changes	13,984.54	15,645.36
Movements in working capital:		
Decrease / (Increase) in sundry debtors	(1,938.90)	(999.51)
Decrease / (Increase) in other current assets	(177.43)	(39.07)
Decrease / (Increase) in inventories	(1,199.48)	905.90
Decrease / (Increase) in loans and advances	(1,057.93)	409.64
Increase / (Decrease) in current liabilities & provisions	2,398.40	264.78
Cash generated from operations	12,009.20	16,187.10
Direct taxes paid (net of refunds)	(2,064.55)	(1,571.60)
Net cash from operating activities	9,944.65	14,615.50
B. Cash flows from investing activities		
Purchase of fixed assets/intangibles	(6,253.63)	(3,701.80)
Proceeds from sale of fixed assets	1,237.40	105.53
Interest received	27.10	35.41
Net cash used in investing activities	(4,989.13)	(3,560.86)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of borrowings (Long term)	(1,490.80)	(3,299.96)
Receipt of borrowings (Long term)	-	1,500.00
Movement in borrowings (Short term)	(1,418.93)	(7,277.22)
Share issue expenses	-	10.42
Interest paid	(1,163.95)	(1,840.34)
Dividends paid	(259.70)	(29.38)
Tax on dividend paid	(88.02)	(4.88)
Net cash used in financing activities	(4,421.40)	(10,941.36)
Net increase in cash and cash equivalents (A + B + C)	534.12	113.28
Cash and cash equivalents at the beginning of the year	230.05	116.77
Cash and cash equivalents at the end of the year	764.17	230.05
Components of cash and cash equivalents as at	December 31, 2010	December 31, 2009
	Rs in lacs	Rs in lacs
Cash and cheques on hand	0.37	0.78
With banks - in current account	748.80	208.16
- On deposit accounts (pledged with Government authorities)	54.19	53.86
- on unpaid dividend account*	15.00	21.11
Cash and bank balances as per Schedule 10	818.36	283.91
Less: Fixed deposits not considered as cash equivalents	54.19	53.86
	764.17	230.05

* Balance in unpaid dividend account can be used by the Company only for payment of dividend.

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No: 301003E
Chartered Accountants

per **Pankaj Chadha**
Partner
Membership No. 91813

Place: Gurgaon
Date : March 1, 2011

ANNUAL REPORT 2010

For and on behalf of the Board of Directors of
Federal-Mogul Goetze (India) Limited

Jean de Montlaur
Managing Director & President

Khalid Khan
Company Secretary

Dan Brugger
Whole Time Finance Director & CFO

FEDERAL-MOGUL GOETZE (INDIA) LIMITED

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