

NOTICE

Notice is hereby given that the 57th Annual General Meeting of the Company will be held at Sri Sathya Sai International Centre, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003, on Monday, 11th June, 2012 at 3.00 P.M to transact the following business

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December 2011, Profit & Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon
2. To appoint a Director in place of Mr. K. N. Subramaniam who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mukul Gupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. S. R. Batliboi & Co., Chartered Accountants, the retiring Auditors of the Company and fix their remuneration

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification the following resolution.

(AS ORDINARY RESOLUTION)

"RESOLVED THAT in supersession of the earlier resolution dated July 16, 2002 passed by the Members of the Company in their Extra-Ordinary General Meeting under Section 293 (1) (d) and all other applicable provisions, if any, of the Companies Act, 1956 and such other sanctions and approvals, as may be required, consent of the Company be and is hereby granted to the Board of Directors of the Company or its Committee as may be authorised by the Board of Directors, to borrow for the purpose of the business of the Company from time to time on such terms and conditions and with or without security, as the Board of Directors or its Committee may in its absolute discretion think fit, notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up share capital and free reserves of the Company, i.e. reserves not set apart for any specific purpose, however provided that the total borrowings of the Company at any time including the monies already borrowed, shall not exceed an amount of Rs. 600.00 Crores (Rupees Six Hundred Crores only)

RESOLVED FURTHER THAT pursuant to Section 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, and such other sanctions and approvals, as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company or its Committee as may be authorised by the Board of Directors, for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the movable and / or immovable properties of the Company, wherever situate, present and future, whether presently belonging to the Company or not, in favour of any person including, but not limited to, financial/ investment institution(s), bank(s), corporate body(ies) to the extent of Loan(s) sanctioned/to be sanctioned by them, together with interest thereon at the respective agreed rate(s), compound interest, additional interest, cost(s), charge(s), expense(s) and other monies payable/to be payable by the Company under the Loan Agreement(s) entered into/to be entered into by the Company up to a sum not exceeding Rs. 600.00 Crores (Rupees Six Hundred Crores only).

RESOLVED FURTHER THAT the Board of Directors or such Committee or person(s) as authorised by the Board of Directors be and is hereby authorised to finalise the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such of the immovable and/or movable properties of the Company on such terms and conditions as may be decided by the Board of Directors in consultation with the lenders and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving full effect to this resolution".

6. To consider and if thought fit, to pass with or without modification the following resolution.

(AS ORDINARY RESOLUTION)

Resolved that Mr. Bernhard Motel be and is hereby appointed as Director of the Company, liable to retire by rotation.

7. To consider and if thought fit, to pass with or without modification the following resolution:

(AS ORDINARY RESOLUTION)

Resolved that Mr. Sunit Kapur be and is hereby appointed as Director of the Company, liable to retire by rotation.

8. To consider and if thought fit, to pass with or without modification the following resolution:
(AS SPECIAL RESOLUTION)

Resolved that pursuant to the provisions of Sections 198, 262, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, as amended upto date and any amendments or re-enactments thereto the approval of the Members be and is hereby accorded, subject to the approval of the Central Government, if any, subject to the maximum permissible limits of 5% and 10% of the net profits of the Company, as the case may be as laid down in sub-section (3) of Section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profits as laid down in sub-section (1) of Section 198 of the Companies Act, 1956, Section 310, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, as amended upto date, any amendments or re-enactments thereto and any other acts, rules or other statutes, to appoint Mr. Sunit Kapur, as the Managing Director of the Company, for a period of five years w.e.f 8th May, 2012 to 7th May, 2017 on the following terms and conditions:

- Base Salary : Salary in the scale of Rs. 33,00,000/- - Rs. 50,00,000/- per annum subject to annual review by the Board/Remuneration Committee.
- Perquisites : HRA: 50% of the base salary p.a.
- Special Allowance: In the scale of Rs. 30,00,000 p.a. to Rs. 50,00,000 p.a. subject to annual review by the Board/Remuneration Committee.
 - LTA: As per the rules of the Company from time to time;
 - Medical Reimbursement: As per the rules of the Company from time to time;
 - Bonus: Mr. Kapur will be entitled to annual MIP bonus subject to a maximum of Rs. 50,00,000/- p.a.
 - Further he will be entitled to uplift bonus subject to a maximum of Rs. 25,00,000/- p.a.
 - Car Allowance: As per Company's policy from time to time.
 - Petrol & Maintenance reimbursement: On the basis of actual expense.
 - Driver Reimbursement: As per Company's policy from time to time.
 - Provident Fund Contribution: 12% of Base Salary
 - Superannuation Fund: 15% of Base Salary.
 - Gratuity : 4.8% of Base salary.

Resolved further that notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of appointment of Mr. Sunit Kapur, Managing Director of the Company has no profits or its profits are inadequate, Mr. Kapur, shall be paid the minimum remuneration not exceeding Rs. 19,00,000 per month, subject to the approval of the Central Government, if required, and/ or upon compliance of the applicable requirements of Schedule XIII to the Companies Act, 1956, as existing or as amended from time to time.

Resolved further that the Remuneration Committee or the Board of Directors be and is hereby authorized, from time to time, to alter/vary the terms and conditions of appointment of Mr. Sunit Kapur as Managing Director of the Company, including the payment of remuneration to him within the maximum permissible limits under Schedule XIII to the Companies Act or within the scale as may be approved by the Central Government.

Notes

- i) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAY BE SENT IN THE FORM ENCLOSED AND IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE MEETING.**
- ii) The Directors Report, Auditors' Report, Audited Balance Sheet as at 31st December 2011 and the Profit and Loss Account for the year ended on that date are enclosed.
- iii) The Register of Members and Share Transfer Books of the Company shall remain closed from 28th May, 2012 to 11th June, 2012 (both days inclusive) for the purpose of AGM.
- iv) Members holding shares in physical mode are requested to notify change in their address, transfer/transmission requests/ queries, if any to the Registrar & Transfer Agent (RTA) of the Company, "Alankit Assignments Limited", quoting Folio number and those holding shares in Demat mode must inform the change of address to their respective Depository Participants.
- v) Members holding shares in physical mode and who have multiple accounts in identical names or joint accounts in same order are requested to send all their relevant share certificate(s) to the RTA for consolidation of all such shareholdings into one account to facilitate better service.
- vi) Members / Proxies are requested to bring their copy of the Annual Report and Admission Slip sent herewith duly filled in for attending the meeting to avoid inconvenience and delay at the time of registration. Copies of Annual Report and admission slip will NOT be available for distribution at the venue of the meeting.
- vii) In terms of notification issued by SEBI, the Equity Shares of the Company are under compulsory demat trading for all Investors from 24th July 2000. Shareholders are advised to hold their shares in Demat mode and to send their Share Certificates along with Dematerialisation request to the RTA through their Depository Participants.
- viii) Under Section 109A of the Companies Act, 1956 the shareholder(s) can nominate a person to whom his shares in the Company shall vest in the event of his/their death. Where the shares are held in joint names, such nomination has to be made jointly. The nominee shall, on the death of the shareholder or all joint holders, as the case may be, become entitled to all rights in the shares to the exclusion of all other persons unless the nomination is varied or cancelled by the shareholder(s) in the prescribed manner. Shareholder(s) desirous of nominating a person may write to the Company for obtaining the prescribed Nomination form.

- ix) All the Shareholders can communicate with the RTA for requests/ queries relating to transfer, transmission, demat, remat, endorsement as fully paid up, split, consolidation, change of address, issue of duplicate share certificates at the address "Alankit Assignments Limited, 2E/ 21, Jhandewalan Extension, New Delhi 110055". For all other queries, please contact the Company either at the Registered Office of the Company, 7870-7877, F- I, Roshanara Plaza Building, Roshanara Road, Delhi-110007 or by email to investor.grievance@federalmogul.com

By Order of the Board,
For Federal-Mogul Goetze (India) Limited,
Sd/-
Khalid Khan
Company Secretary

Date : 8th May, 2012
Place : Gurgaon

EXPLANATORY STATEMENT
Pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5

The Members of the Company in their meeting held on July 16, 2002 had accorded their approval to the Board of Directors of the Company to borrow money on behalf of the Company under Section 293 (1) (d) of the Companies Act, 1956 up to Rs. 300.00 Crores (apart from temporary loans obtained from the company's bankers in the ordinary course of business). Considering the increasing business operations of the Company and in order to meet the capital expenditure and other funds requirement, the Company needs to borrow further sums of money. Accordingly, it is proposed to authorize the Board of Directors or its Committee as may be authorised by the Board of Directors to borrow money on behalf of the Company under Section 293 (1) (d) of the Companies Act, 1956 up to Rs. 600.00 Crores (apart from temporary loans obtained from the company's bankers in the ordinary course of business).

Section 293(1) (d) of the Companies Act, 1956 provides, inter alia, that the Board of Directors shall not without the consent of the Members in General Meeting borrow money, that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves i.e., reserves not set apart for any specific purpose.

Further, Section 293 (1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors shall not without the consent of the Members in a General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. The banks and financial institutions etc. extend financial assistance subject to creation of security on the movable and/ or immovable properties of the Company. This creation of securities by way of charge and/or mortgage would require your approval under the provisions of Sections 293(1)(a) of the Companies Act, 1956. Accordingly, the Board recommends the above resolution for your approval.

None of the Directors may be deemed to be concerned or interested in the above resolutions.

Your Directors recommend the above resolution for your approval.

ITEM NO. 6

Mr. Bernhard Motel was appointed as an Additional Director on the Board of the Company on 8th May, 2012. As such, in terms of the provisions of Section 260 he holds office only upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with requisite deposit has been received from a member of the Company signifying his intention to propose the candidature of Mr. Bernhard Motel, who being eligible offers himself for re-appointment.

None of the Directors of the Company except Mr. Bernhard Motel may be deemed to be concerned or interested in the above resolution.

Your Directors recommend the above resolution for your approval.

ITEM NO. 7 & 8

In the meeting of the Board of Directors held on 8th May, 2012, Mr. Sunit Kapur was appointed as an Additional Director. Accordingly, Mr. Sunit Kapur holds the office as Director upto the date of 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 the Company signifying the intention to propose the candidature of Mr. Sunit Kapur as Director. In the same Board Meeting, Mr. Sunit Kapur was also appointed as Managing Director of the Company for a period of 5 Years, effective 8th May, 2012 subject to the approval of the shareholders in the general meeting and Central Government, if required.

Mr. Sunit Kapur, aged about 38 years, is a Mechanical Engineer from the Punjab University and has also done General Management Programme at CEDEP (INSEAD).

Mr. Kapur has been associated with the Company since 1994. He has around 18 years of rich experience in Manufacturing, Engineering, Projects, TPM, Operation, Supply Chain Management and General Management. He began his career as Production Manager at the Patiala Plant of the Company and has been instrumental in introduction of various new processes and changes over his tenure of 18 years with the Company. His professional skills and abilities accumulated through intensive On the Job and Off the Job trainings from eminent Global Management and Technical Experts. Prior to his appointment as Managing Director, Mr. Sunit Kapur was holding the position of Executive Director Operations.

The remuneration payable to Mr. Sunit Kapur as specified in the resolution vide Item No. 8 was fixed keeping in view the remuneration policy of the parent Company applicable for similar level of executives, Indian Industries trend, qualification, experience etc.

The above may also be treated as an Abstract under Section 302 of the Companies Act, 1956.

None of the Directors except Mr. Sunit Kapur to the extent of his appointment & remuneration may be deemed to be concerned or interested in the above resolutions.

Your Directors recommend the above resolutions for your approval.

By Order of the Board,
For Federal-Mogul Goetze (India) Limited,
Sd/-
Khalid Khan
Company Secretary

Date : May 8, 2012
Place : Gurgaon

Statement containing information as required under Notification No.GSR 36(E) dated 16th January 2002 issued by the Central Government amending Schedule XIII of the Companies Act, 1956 and to be given in the notice of the General Meeting:

I. General Information

- | | | |
|----|---|--|
| 1) | Nature of Industry | Manufacturer of Piston Rings, Pistons, Piston pins, Sintered Products etc. for all types of Automotive & Industrial engines. |
| 2) | Date or expected date of Commencement of commercial Production | Not applicable as the Company is in Commercial production. |
| 3) | In case of new companies, Expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus | Not applicable |
| 4) | Financial performance based on Given indicators | As given under "Ten Years' Financial Review" of the Annual Report |
| 5) | Export performance and net Foreign exchange earned | As Given in Directors' Report of the Annual Report |
| 6) | Foreign investments or collaborators, If any | Federal Mogul Corporation, USA holds 74.98% of the paid up Equity Capital of the Company through Federal Mogul GmbH, Germany & Federal Mogul Holding Limited, Mauritius. |

II) Information about the appointee

- | | | |
|----|--|--|
| 1) | Background details | <p>Mr. Sunit Kapur
Mr. Sunit Kapur 38 years is a Mechanical Engineer from the Punjab University and has also done General Management Programme at CEDEP (INSEAD). Mr. Kapur has been associated with Federal-Mogul since 1994. He has around 18 years of rich experience in Manufacturing Engineering, Projects, TPM, Operation, Supply Chain Management and General Management. Sunit began his career as Production Manager at the Patiala Plant and has been instrumental in introduction of various new processes and changes over his tenure of 18 years with the Company. His professional skills and abilities accumulated through intensive on the job and off the job training from eminent Global Management and Technical Experts. Prior to his appointment as Managing Director, Mr. Sunit Kapur was holding the position of Executive Director Operations.</p> |
| 2) | Job profile and his suitability | Mr. Sunit Kapur is overall responsible for all the operations of the Company. He is responsible for all the management policies and decision making of the company subject to the direction and control of the Board of Directors. He also performs such other significant functions and exercises such powers as entrusted by the Board of Directors |
| 3) | Remuneration proposed | As per details given at item No. 8 of the notice |
| 4) | Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person | The proposed remuneration is in tune with the current remuneration packages of similar managerial personnel of Companies belonging to the similar industry, size and with effective capital comparative to the Company. Further, it is commensurate with the qualification & experience of the appointee and in accordance with the highly competitive business scenario requiring recognition & reward of performance & achievement for retention of the best talent and motivation towards meeting the objectives of the Company. |
| 5) | Pecuniary relationship directly or Indirectly with the Company, or relationship with the managerial personnel, if any. | Only to the extent of his entitlement to the remuneration as a managerial personnel. |

III Other information :

- | | | |
|----|---|--|
| 1) | Reasons of loss or inadequate profits | Not applicable as the Company is having profits and for the year ended 31st December, 2011, as reported in the annual report enclosed. |
| 2) | Steps taken or proposed to be taken for improvement | The Management is taking necessary and adequate steps to improve the profitability of the Company. Continuous review of activities in different areas of operations has been an integral part of the Company's philosophy to maximize gains and reduce costs, in order to meet the market realities. |
| 3) | Expected increase in productivity and profits in measurable terms | The performance of the Auto component Sector is linked to the automobile sector. The growth of the automobile sector is dependent on the performance of the economy. Considering the measures taken by your Company and further plans and strategies, the Company is expected to perform better. |

IV Disclosures

The requisite information has been given under the section on Corporate Governance attached to the Annual Report.

**By Order of the Board,
For Federal-Mogul Goetze (India) Limited,
Sd/-
Khalid Khan
Company Secretary**

Date : 8th May, 2012
Place : Gurgaon

ADMISSION SLIP

FOLIO NO./CLIENT ID NO.	D.P.ID. NO.	NO. OF SHARES HELD	FATHER'S/HUSBAND'S NAME

I hereby record my presence at the 57th Annual General Meeting of Federal-Mogul Goetze (India) Limited being held at SRI SATHYA SAI INTERNATIONAL CENTRE, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003 on Monday the 11th June, 2012 at 3:00 PM.

Name of Proxy, if applicable (IN BLOCK LETTERS)

Signature of Member / Proxy

ALL PARTICULARS MUST BE CORRECTLY FILLED UP IN THE BOXES PROVIDED ABOVE BEFORE SIGNING AND SURRENDERING THIS ADMISSION SLIP AT THE REGISTRATION COUNTER FOR VERIFICATION.

PROXY

FOLIO NO./CLIENT ID NO.	D.P.ID. NO.	NO. OF SHARES HELD

I/we _____ being member(s) of Federal-Mogul Goetze (India) Limited

hereby appoint Mr./Ms. _____ Address _____

or failing him/her, Mr./Ms. _____ Address _____

as my/our proxy to attend and vote on my/our behalf at the 57th Annual General Meeting of the Company to be held at SRI SATHYA SAI INTERNATIONAL CENTRE, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003 on Monday the 11th June, 2012 at 3:00 PM. or at any adjournment thereof.

Date _____

Signature

Affix Revenue Stamp

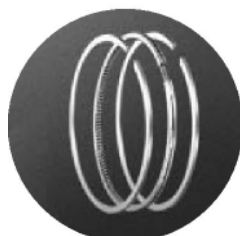
- The Proxy need Not be a member.
- The Form signed across revenue stamp should reach the Company's Registered Office at least 48 hours before the scheduled time of the meeting.
- ALL PARTICULARS MUST BE CORRECTLY FILLED UP IN THE SPACES PROVIDED ABOVE TO ENABLE VERIFICATION, PROXIES WITH INCOMPLETE AND/OR INCORRECT PARTICULARS ARE LIABLE TO BE REJECTED.**
- Proxy cannot speak at the meeting or vote on the show of hands.

FEDERAL-MOGUL GOETZE (INDIA) LIMITED

57th

Annual Report - 2011

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BOARD OF DIRECTORS

Chairman & Director

Mr. K.N. Subramaniam



Managing Director

Mr. Sunit Kapur



Whole Time Finance Director & CFO

Mr. Dan Brugger



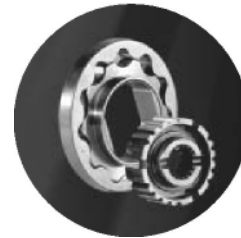
Directors

Mr. Bernhard Motel

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

	2011	2010	2009	2008	2007	2006	2005-06	2004-05	2003-04	2002-03
					(9 months)				(9 months)	
Total Income	126,312.25	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
Depreciation	5,365.89	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
Profit before Tax	4,864.01	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
Taxation (adjmt for excess provision for prev yr. written back if any)	1,117.84	1,130.39	457.87	172.23	79.74	70.30	810.74	1,048.44	852.55	301.17
Profit after Tax	3,746.17	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
Dividend	-	-	-	-	-	-	-	1,011.50	782.74	532.87
Dividend Tax	-	-	-	-	-	-	-	132.19	100.29	68.27
Retained Profit/(Loss)	3,746.17	3,438.92	4,609.61	(689.23)	(1,862.43)	(631.35)	(5,055.55)	1,059.60	670.37	417.59

Assets Liabilities & Net Worth

	2011	2010	2009	2008	2007	2006	2005-06	2004-05	2003-04	2002-03
Fixed Assets	46,346.75	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
Investments	2,092.34	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
Indebtedness	15,384.40	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
Share Capital	5,563.21	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
Reserves	35,955.90	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
Net Worth	41,519.11	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

Significant Ratios

Revised

	2011	2010	2009	2008	2007	2006	2005-06	2004-05	2003-04	2002-03
A. Measurement of Investment										
Percentage of Return on Investment (annualised)	9.41	10.06	11.21	(1.11)	(3.86)	(1.59)	(1.19)	13.28	12.92	12.99
Percentage of Return on Equity (annualised)	12.27	12.67	15.82	(2.18)	(13.38)	(8.01)	(29.69)	21.13	15.87	11.95
Dividend Cover (Ratio)	-	-	-	-	-	-	-	2.18	1.98	1.91
B. Measurement of Performance										
Percentage of Profit before Tax to Sales	4.05	4.72	6.32	(0.68)	(2.61)	(1.25)	(7.39)	6.49	5.33	5.23
Percentage of Profit after Tax to Sales	3.12	3.55	5.75	(0.91)	(2.72)	(1.40)	(9.87)	4.40	3.44	4.03
C. Measurement of Financial Status										
Percentage of Term Loans to Tangible Net Worth	1.93	3.18	7.28	13.00	55.52	219.29	260.63	160.85	122.41	102.16
Current Ratio	1.04	1.12	0.99	0.73	0.83	0.88	1.18	0.85	0.82	1.01
D. General										
Dividend per Equity Share (Rs.)	-	-	-	-	-	-	-	4.00	3.00	2.00
Earnings per Equity Share (Rs.) (annualised)	6.73	6.18	8.29	(2.05)	(7.22)	(3.33)	(19.99)	8.71	6.04	5.21
Book Value per Equity Share (Rs.)	74.63	67.90	61.72	88.36	68.34	35.69	38.19	62.71	59.01	56.93

DIRECTORS' REPORT

Your Directors are pleased to present the 57th Annual Report and Audited Statement of Accounts for the financial year ended 31st December, 2011.

FINANCIAL RESULTS

	For the year ended 31.12.2011	[Rs. in million] For the year ended 31.12.2010
Total Income:		
Gross Sales	11,544.43	9,304.67
Deduct : Excise Duty	939.85	721.81
	10,604.58	8,582.86
Business and other Income	1,086.79	935.88
Profit before Tax, Depreciation, Finance Charges & Prior Period Items	1,253.29	1,102.17
Deduct :		
Depreciation and Amortization	536.59	482.25
Finance Charges	248.56	139.32
Profit /(Loss) before Tax and Prior Period Items	468.14	480.60
Provision for Tax		
- Current	123.40	-
- Fringe Benefit	-	-
- Deferred Tax (Credit)	(11.61)	113.04
Net Profit/(Loss) after Tax	356.35	367.57
Prior Period Items	(18.27)	23.68
Balance brought forward	440.13	96.24
Surplus/(Loss) carried to balance sheet	814.75	440.13

Operations

The Net income of the Company during the year ended 31st December 2011 was Rs. 11,691.37 million as against Rs. 9,518.74 million for the year ended 31st December 2010.

During the year under review, the Company made a Net Profit after Tax of Rs. 374.61 million as against the Net Profit after Tax of Rs. 343.89 million in the last year.

The year under review witnessed a global slowdown, impacting the Indian economy including the automobile sector. Your Company continued its focus on all round cost reduction in different areas of operations to achieve savings and gains, which significantly contributed to the above performance. Your Company's high quality products enjoy well acceptance in the market place. In line with its philosophy, your Company is committed to provide the highest quality of products to its customers.

In view of requirement of funds for the operations of the Company, no dividend is recommended for the year ended 31st December 2011.

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. With regard to Auditor's comments in their report on the recoverability of the Company's

investments in GI Power Corporation Limited, the management is assessing various options for liquidating these investments as these are not related to the core business of the Company. These investments have been carried at Cost in the balance sheet and based on current assessment, the Company is confident that it would be able to recover the entire carrying value of these investments.

2. With regard to the Auditor's comments in their report on the few delays in depositing tax and other dues, the management is taking necessary remedial actions.

3. With regard to the Auditor's comments in their report on the utilization of short term borrowings for long term purposes, the management is taking necessary remedial actions.

4. With regard to the Auditor's comments in their report on physical verification of certain inventories and records thereof, the management is taking necessary remedial actions.

MANAGEMENT DISCUSSION AND ANALYSIS:

(a) Industry structures and developments

Automotive Industry, globally, as well in India, is one of the key sectors of the economy. Due to its deep forward and backward linkages with several key segments of the economy, automotive industry has a strong multiplier effect and acts as one of the drivers of economic growth.

The auto industry is highly comprehensive consisting of organized as well as unorganized sector and is highly fragmented with a significant number of small and medium-sized companies because of which the business rules are changing to meet the tough competition prevailing in the industry. Innovation, technological upgradation and cost pruning hold the key of success to meet the expectations of the exigent competitive circumstances.

The Indian auto component industry has been navigating through a period of challenge. During the year 2011, the growth in the automobiles segment was moderate. Consequently, the growth in production of auto components was also restrained. Global recession has hit the Indian auto industry; impact of recession is evident now on industry as sales & growth of automobile companies has declined. While the industry is going through cyclical hiccups currently, there are expectations that this factor would weaken in the future on account of strong structural tailwinds. As these short term pressures recede, the auto and auto components industry is expected to revert to a healthy growth trajectory supported by several structural positives associated with the Indian economy, including growing replacement demand, rising disposable incomes and demographic advantage. The recent economic crisis provided the impetus for a structural change in the auto industry, setting the stage for growth over the next decade.

DIRECTORS' REPORT (Contd.)

(b) Opportunities and Threats

The Company strives to create sustainable profitable growth by leveraging existing and developing new competitive advantages.

The Company's strategy is to develop and deliver leading technology and innovation which results in market share expansion. 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.

The Company enjoys an unstinted confidence from its valued customers for providing superior quality products. With excellence, corporate governance, professionalization, financial sustainability and functional competencies the Company is focused to employ the best practices to proactively map the impact of its activities on its performance and profitability from economic, environment and social perspectives.

The superior technology and product quality of the Company at competitive prices has embarked a strong presence in the market.

The Company competes with many independent manufacturers and distributors of component parts. In general, competition for sales is based on price, product quality, technology, delivery, customer service and the breadth of products offered by a given supplier. The Company is meeting these competitive challenges by developing leading technologies, efficiently integrating its manufacturing and distribution operations, expanding its product coverage, restructuring its operations.

The Company operates in an extremely competitive industry. Customers continue to require periodic cost reductions which drive the Company to continually assess, redefine, and improve its operations, products, and manufacturing capabilities to maintain and improve profitability. Management continues to develop and execute initiatives to meet the challenges of the industry and to achieve its strategy for sustainable global profitable growth.

(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 automobile sector, which was hit by declining sales growth in 2011, is expected to grow moderately in 2012 due to healthy growth prospects and strong fundamentals of the economy. Indian auto

component industry is expected to follow a stable outlook in line with the growth in the automobile sector. The corporates are optimistic about the growth of the automobile industry on the back of sound fundamentals of Indian economy and hopes for improved industrial growth in the times to come. The players in the industry are expected to resort to cost-cutting measures, to maintain profit margins. The auto sector is expected to remain stable even as competition-led pricing pressure, amid muted sales would lead to a drop in operating profitability. In the current scenario, newly defined rules to excel in the industry are specialization, development and delivery that hold the key to success in the auto component industry.

To remain competitive in the challenging and demanding environment, the yardstick has to be high in anticipation of the requirement of the customers and markets. Your Company would focus its energy on its capabilities like high technology based products, management systems etc, which will result in retaining/ enhancing customer access, reduced costs and improved margins. Technical edge, specialization, innovation and networking will determine the success of the Company in this competitive environment. The combination of effective manufacturing costs along with quality systems would give an edge to the Company in terms of pricing and quality.

(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

Annual accounts of the Federal-Mogul TPR (India) Limited, subsidiary company and the related detailed information can be obtained on request by the shareholders of the Company.

These are also available for inspection at the Corporate Office of the Company and at the registered office of the subsidiary between 11 A.M. to 1 P.M. on all working days.

Abridged Financial Statements

In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 read with clause 32 of Listing Agreement as modified by SEBI circular no. CIR/CFD/DIL/7/2011 dated October 5, 2011 in line with the green initiative of Ministry of Corporate Affairs vide their circular dated April 29, 2011, the Board of directors has decided to circulate the abridged annual report containing salient features of the balance sheet and profit and loss account to the shareholders for the financial year 2011. Full version of the annual report will be available on Company's website www.federalmogulgoetze.com and will also be made available to investors upon request.

In support of the green initiative of the Ministry of Corporate Affairs, the Company has also decided to send all future communications including the annual report through email to those shareholders, who have registered their e-mail id with their depository participant/ Company's registrar and share transfer agent. In case a shareholder wishes to receive a printed copy of such communications, he/she may please send a request to the Company, which will send a printed copy of the communication to the shareholder.

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 2011 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

Presently your Board consists of Five (5) Directors consisting of Mr. K.N. Subramaniam, Chairman and Non-executive Independent Director, Mr. Sunit Kapur as Managing Director, Mr. Dan Brugger, as Whole Time Finance Director & CFO, Mr. Mukul Gupta, Non-executive Independent Director and Mr. Bernhard Motel, Non-Executive Director.

Mr. Jean de Montlaur has resigned from the position of Managing Director & President of the Company w.e.f 23rd April, 2012. Further Mr. Rainer Jueckstock has also resigned as Director of the Company w.e.f 8th May, 2012. The Board records its sincere appreciation for the valuable contribution made by Mr Jean de Montlaur and Mr. Rainer Jueckstock during their respective tenures with the Company. In the Board meeting held on 8th May 2012, the Board appointed Mr. Sunit Kapur as Managing Director of the Company and Mr. Bernhard Motel as Director of the Company.

In accordance with Article 109 of the Articles of Association of the Company, Mr. Mukul Gupta and Mr. K.N. Subramaniam are retiring by rotation in the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Public Deposits

As at 31st December, 2011, your company had unclaimed Fixed Deposits of Rs. 0.19 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 2012. 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, 2011, stood at 4535.

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 improve this performance year after year.

Corporate Social Responsibility

As part of the Corporate Social Responsibility, your Company sponsored a program in SOS Children's Village of India for the education of 171 girls at Bangalore and Rajpura. The main objective of the program is to ensure the regular education and sustainable academic performance. Accordingly, during the year 2011, your Company contributed an amount of Rs. 20,52,000/- to SOS Children's Village.

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

Your Directors place on record their deep appreciation for the contribution made by the employees of the Company at all levels. Our industrial relations continue to be cordial.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report and Accounts are being sent to all the Members of the Company, excluding the Statement of Particulars of Employees.

Any Member interested in obtaining a copy of the said Statement may write to the Company Secretary of the Company.

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

Sunit Kapur
Managing Director

Place: Gurgaon

Date: May 8, 2012

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:

- Installation of variable frequency drive for chrome scrubbers.
- Modification cum recondition of Molding machine and sand cooler at Ring Foundry
- Change in process and improvement in raw material quality
- Reduction in lighting load in the shop floor.
- Implementation of energy efficient Silicon Crucible
- Introduction of medium frequency Induction furnace.
- Improved Power factor through installation of additional capacitors.
- Conventional type heating system replaced with Fibrothal heating system.
- Optimum use of Continuous running of sealed quench furnace
- Minimization of metal holding time, timely sintering of crucibles and monitoring the skin temperature of melting and holding furnaces

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

- Replacement of existing reciprocating compressors with screw compressors fitted with soft starters.
- Installation of auto power factor controller.
- Replacement of existing conventional light fixtures with energy efficient fixtures
- Provision of lids for all holding furnaces in piston foundry
- Retrofitting of compressed air conservation units.
- Installation of Energy management system.
- Installation of Solar Energy System for lighting.
- Use of energy efficient motors and lighting system

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

The above measures have resulted in 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

- Product development for engines with alternate fuels such as CNG & LPG
- Product development to meet the Emission regulations
- Product development for friction reduction, reduction in lube oil consumption and improving specific fuel consumption

- Introduction of different materials and coatings.
- Introduction of ID & OD machining technology for rings
- Trials with isolated gap edge chamfer
- Implementing horizontal Die casting technology for Light Vehicle Diesel pistons
- Implementation of High Strength alloy for light vehicle diesel and gasoline pistons
- Gallery cooled pistons production to meet BS IV & BS V emission norms
- Implementation of new coatings for friction & wear protection for pistons
- New ring configurations to meet lower fuel and lube oil consumptions

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

- Introduction of new products to the market.
- Better performance in terms of emission outputs, fuel consumption and lube oil consumption.
- Development of New Business.
- Customer Satisfaction

3. Future plan of action

- To develop parts for the engines meeting improved performance in terms of fuel consumption, friction and lube oil consumption.
- To work upon better skirt coating materials
- To develop parts for the engines meeting the emission regulations.
- To install flexi line for both Gasoline and diesel piston manufacturing
- To install multi station oil hole drilling equipment for pistons
- To continue development of new products in a cost efficient manner.
- To upgrade the technology
- Installation of facilities for thin rings with Napier rings with serrations on OD
- To increase capacity for Chrome Ceramic Rings
- To implement bushing technology for High end diesel applications
- To introduce premium surface technologies for pistons and rings

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

Capital: Nil
Recurring: Rs. 29.54 million
Total Rs. 29.54 million

Total R & D Expenditure as a percentage of total turnover: 0.25%

Technology absorption, adaptation and innovation

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

- The Company has successfully absorbed the

technology for the manufacture of piston assembly conforming to Euro II, III & VI standards for Gasoline/Diesel/CNG applications.

- Development of low Cost Anodising Process
- Installation of efficient Plating process for Piston Rings
- Installation of robotic Casting Machines i.e MLDB and Fata
- Implementation of High Strength Alloys for diesel and gasoline pistons

2. Benefits derived as a result of above efforts;

- New Business
- Upgradation in Technology
- Customer Satisfaction
- Higher Product reliability

3. Import of Technology

Technology for	Year of Import	Status
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
Fata die design / Manufacture	2009	Implemented
Hard anodizing of ring grooves	2009	Implemented
Development of high strength piston material	2010	Implemented
Thin Napier Ring with serrations on OD	2010	Implemented
AV11D coating for pistons	2010	Implemented
Saltcore cleaning equipment	2010	Implemented
Automatic circlip, pin and laser marking	2010	Implemented
Crater Bond Checking Instrument	2010	Implemented
Salt Core Manufacturing	2011	Implemented
Introduction of ID & OD machining technology for rings	2011	Implemented
Development of Tapered contact land oil rings	2011	Trial Successful
Ring Peripheral Coating	2011	In Production
Horizontal Casting of Pistons	2011	In Production
Gallery cooled pistons manufacturing	2011	In Production
New Surface coating materials AV13D	2011	In Production
Robotic casting technology	2011	In Production

Foreign Exchange Earnings & Outgo

- Exports: The Company made exports worth Rs.838.94 million for the year under review as compared to Rs. 621.88 million for the corresponding previous year.
- Foreign exchange earned : Rs 838.94 million
Foreign exchange utilized Rs. 128.83 million

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 2011 to 31st December, 2011

Date of Meeting	Board Strength	No. of Directors Present in person	No. of Directors Present through conference call
1st March, 2011	5	3	NIL
29th April, 2011	5	5	NIL
3rd August, 2011	5	4	NIL
11th November, 2011	5	5	NIL

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. K.N. Subramaniam and Mr. Mukul Gupta, Directors are liable to retire by rotation, in the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. Items regarding their respective re-appointments have been included in the notice of the ensuing Annual General Meeting.

Mr. K. N. Subramaniam holds a Bachelors degree in Technology (B Tech..) from University of Madras, and Masters in Business Administration from Indian Institute of Management, Ahmedabad. He has been associated with Automotive industry in India for well over two decades apart from other industries like Oil and Gas, EPC contracts in Water and Waste Water Treatment. He has extensive knowledge and rich experience of Indian Automotive Industry and is well known in the Industry. He had been with Anand Automotive for over 30 years and moved through many of the Group Companies starting from Purolator India Ltd. During the period 1998-2008 had been President and Director for 3 years and for 7 years as Managing Director and CEO of Gabriel India Ltd.

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.

In the Board Meeting held on 8th May, 2012, Mr. Bernhard Motel was appointed as an Additional Director. Mr. Motel aged about 44 years, holds Master Degree in Engineering from Berlin, Germany. He has more than 16 years experience in the industry. He has held several senior management positions in Federal-Mogul. Presently, he is Vice President Pistons Global, Federal-Mogul.

In the same Board Meeting, Mr. Sunit Kapur was appointed as an Additional Director, effective 8th May, 2012. The Board also appointed him as Managing Director of the Company for a period of 5 years, effective 8th May, 2012. Mr. Sunit Kapur, aged about 38 years, is a Mechanical Engineer from the Punjab University and has also done General Management Programme at CEDEP (INSEAD).

Mr. Kapur has been associated with the Company since 1994. He has around 18 years of rich experience in Manufacturing, Engineering, Projects, TPM, Operation, Supply Chain Management and General Management. He began his career as Production Manager at the Patiala Plant of the Company and has been instrumental in introduction of various new processes and changes over his tenure of 18 years with the Company. His professional skills and abilities accumulated through intensive On the Job and Off the Job trainings from eminent Global Management and Technical Experts. Prior to his appointment as Managing Director, Mr. Sunit Kapur was holding the position of Executive Director Operations. Mr. Sunit Kapur, is the Chairman & Director of the subsidiary Company, Federal-Mogul TPR (India) Limited.

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 2011 to 31st December, 2011 Attendance at		As on 31st December, 2011		
		Board Meeting (Total Meetings held - 4)	Last AGM 9th May 2011	Number of Directorships of other Indian Public Limited Companies (Note 1)	Committee Memberships (Note 2)	
					Member	Chairman
Mr. Jean de Montlaur (resigned w.e.f 23rd April, 2012)	MD&P	3	Yes	4	3	2
Mr. Dan Brugger	WTFD & CFO	4	Yes	2	2	2
Mr. Rainer Jueckstock (resigned w.e.f 8th May, 2012)	NED	2	No	Nil	2	1
Mr. Mukul Gupta	NEID	4	Yes	Nil	2	1
Mr. K.N. Subramaniam	CNEID	4	Yes	Nil	2	Nil

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

Note 1 : The above excludes Foreign Companies, Private Limited Companies and Alternate Directorships.

Note 2 : 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 to this effect is attached to the Annual Report.

3. AUDIT COMMITTEE

a) Composition and Terms of Reference

Presently, 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. Bernhard Motel, Member.

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 programmed, 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 2011 to 31st December, 2011

Date of Meeting	Strength of Committee	No. of Members present in person	No. of Members Present through conference call
1st March, 2011	3	2	NIL
29th April, 2011	3	3	NIL
3rd August 2011	3	2	NIL
11th November, 2011	3	3	NIL

Audit Committee Members Attendance during the Accounting year 2011

Name	Total Meetings held	No. of meetings attended in person	No. of meetings attended through Conference Call
Mr. Mukul Gupta (Chairman)	4	4	Nil
Mr. K.N. Subramaniam	4	4	Nil
Mr. Rainer Jueckstock (resigned w.e.f 8th May, 2012)	4	2	Nil

The Audit Committee meeting was also held on 29th February, 2012 to, inter-alia, consider the reappointment of M/s. S R Batliboi & Co. as Statutory Auditors of the Company for the Year 2012, review of the audited financial results and Annual Accounts for the year ended 31st December 2011 with the statutory auditors and recommend the same to the Board for approval.

4. REMUNERATION COMMITTEE

At present, the Remuneration Committee of the Company comprises of Mr. K.N. Subramaniam as the Chairman, Mr. Mukul Gupta and Mr. Bernhard Motel 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.

No Remuneration Committee meeting was held during the year 2011. After the close of the financial year ended 31st December, 2011, a meeting of the Remuneration Committee was held on 8th May, 2012 to approve the remuneration payable to Mr. Sunit Kapur as Managing Director of the Company.

Details of Remuneration to Directors for the year ended 31st December, 2011

Name of Executive Directors	Remuneration for the year ended 2011 (Rs. In lacs)	Service contract
Mr. Jean de Montlaur*	- Salaries 345.15 - Contribution to Provident & Other funds 13.97 - Other Perquisites 67.20 <hr/> 426.32	27.03.2009 to 02.03.2013
Mr. Dan Brugger **	- Salaries 126.52 - Contribution to Provident & Other funds 6.46 - Other Perquisites 35.68 <hr/> 168.66	12.11.2010 to 11.11.2015

* The Company has received the approval of remuneration paid to Mr. Jean de Montlaur for the period from 27th March 2009 to 26th March 2012. Mr. Jean de Montlaur has resigned from the directorship of the Company w.e.f 23rd April, 2012.

** 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.
- Currently, the composition of the Committee is as under:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Bernhard Motel	Chairman	Non-Executive Director
Mr. Mukul Gupta	Member	Non-Executive Independent Director
Mr. K.N. Subramaniam	Member	Non-Executive Independent Director
Mr. Sunit Kapur	Member	Managing Director
Mr. Dan Brugger	Member	Whole Time Finance Director & CFO

- 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 2011 to 31st December, 2011

Date of Meeting	Strength of Committee	No. of Members Present in person	No. of Members Present through conference call
1st March, 2011	5	2	NIL
29th April, 2011	5	4	NIL
3rd August 2011	5	3	NIL
11th November, 2011	5	4	NIL

B) Shareholders'/Investors' Grievance Committee Members Attendance during the year 2011

Name	Total Meetings held	No. of Meetings attended in person	No. of Meetings attended through Conference Call
Mr. Rainer Jueckstock (Chairman) (resigned w.e.f 8th May, 2012)	4	2	Nil
Mr. Mukul Gupta	4	4	Nil
Mr. K.N. Subramaniam	4	4	Nil
Mr. Jean de Montlaur (resigned w.e.f 23rd April, 2012)	4	3	Nil
Mr. Dan Brugger	4	4	Nil

- Details of number of investor complaints for the year ended December 31, 2011 are : Beginning 0 , Received 1 , Disposed off 1 , Pending 0.
- 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, 2011. Further, there were no request pending for demat as on 31st December, 2011.
- 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, 2011 the Company has credited a sum of Rs. 8,45,038/- 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
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.
56th AGM (2010)	Sri Sathya Sai International Centre, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003	9th May 2011 3.00 P.M.	No

Postal Ballot: No resolutions have been passed by the Company's shareholders through postal ballot during the year ended 31st December 2011. 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. 57th Annual General Meeting

- Date and Time
- Venue

11th June, 2012 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, 2012
- Results for the quarter/half year ending June 30, 2012
- Results for the quarter/period ending September 30, 2012
- Results for the quarter/year ending December 31, 2012
- Annual General Meeting for the year ending December 31, 2012

Last week of April 2012
Last week of July 2012
Last week of October 2012
Last week of February, 2013
Last week of June 2013
28th May, 2012 to 11th June, 2012 (both days inclusive)

- 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)

Mumbai Stock Exchange-505744

National Stock Exchange-FMGOETZE

INE 529A01010

INE 529A01010

d. Book Closure date

e. Listing on Stock Exchanges

f. Stock Code

ISIN No.-NSDL

- CDSL

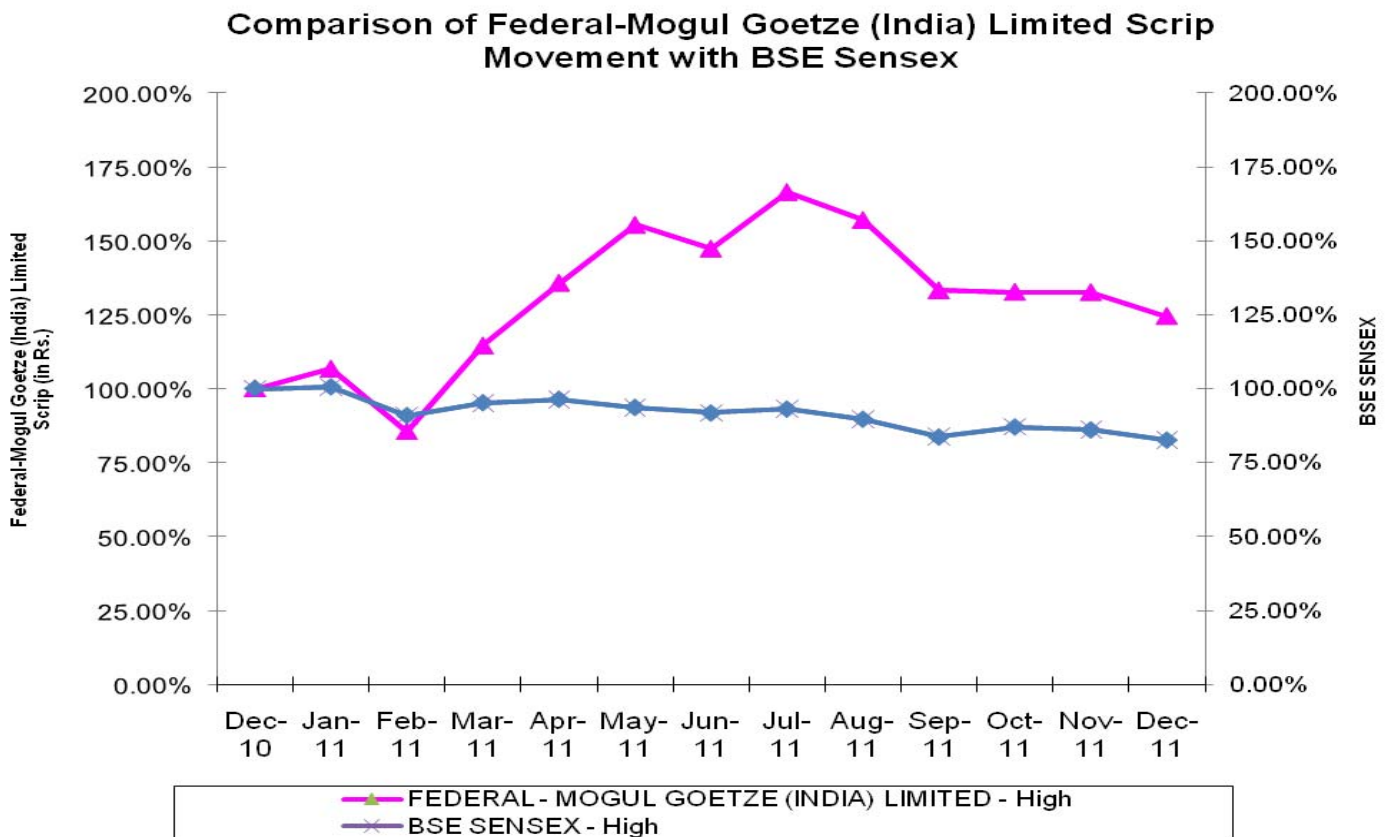
Note: Listing Fees for the year 2011-2012 has been paid to both, Bombay Stock Exchange Limited and National Stock Exchange. Annual custodian charges of Depository have also been paid to NSDL and CDSL.

g. Stock Market Data*

Month	The Stock Exchange, Mumbai				National Stock Exchange, Mumbai			
	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 2010	184.70	163.05	20552.03	19074.57	189.00	163.20	6147.30	5721.15
Jan 2011	197.00	152.90	20664.80	18038.48	199.00	151.00	6181.05	5416.65
Feb 2011	158.00	139.00	18690.97	17295.62	170.05	139.15	5599.25	5177.70
Mar 2011	211.50	139.10	19575.16	17792.17	210.95	139.25	5872.00	5348.20
April 2011	250.65	203.00	19811.14	18976.19	251.00	204.90	5944.45	5693.25
May 2011	286.90	244.00	19253.87	17786.13	289.85	243.00	5775.25	5328.70
June 2011	272.00	245.50	18873.39	17314.38	271.95	243.50	5657.90	5195.90
July 2011	307.40	264.00	19131.70	18131.86	307.35	264.00	5740.40	5453.95
Aug. 2011	289.90	213.05	18440.07	15765.53	292.80	207.90	5551.90	4720.00
Sept. 2011	246.00	218.00	17211.80	15801.01	246.45	219.00	5169.25	4758.85
Oct. 2011	245.00	223.00	17908.13	15745.43	247.00	223.00	5399.70	4728.30
Nov 2011	244.80	210.00	17702.26	15478.69	246.95	220.00	5326.45	4639.10
Dec. 2011	230.00	193.80	17003.71	15135.86	231.60	193.30	5099.25	4531.15

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

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



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. Presently, the Share Transfer Committee comprises of Mr. Dan Brugger, Chairman, Mr. Mukul Gupta, Mr. K.N. Subramaniam and Mr. Sunit Kapur 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 2011 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.

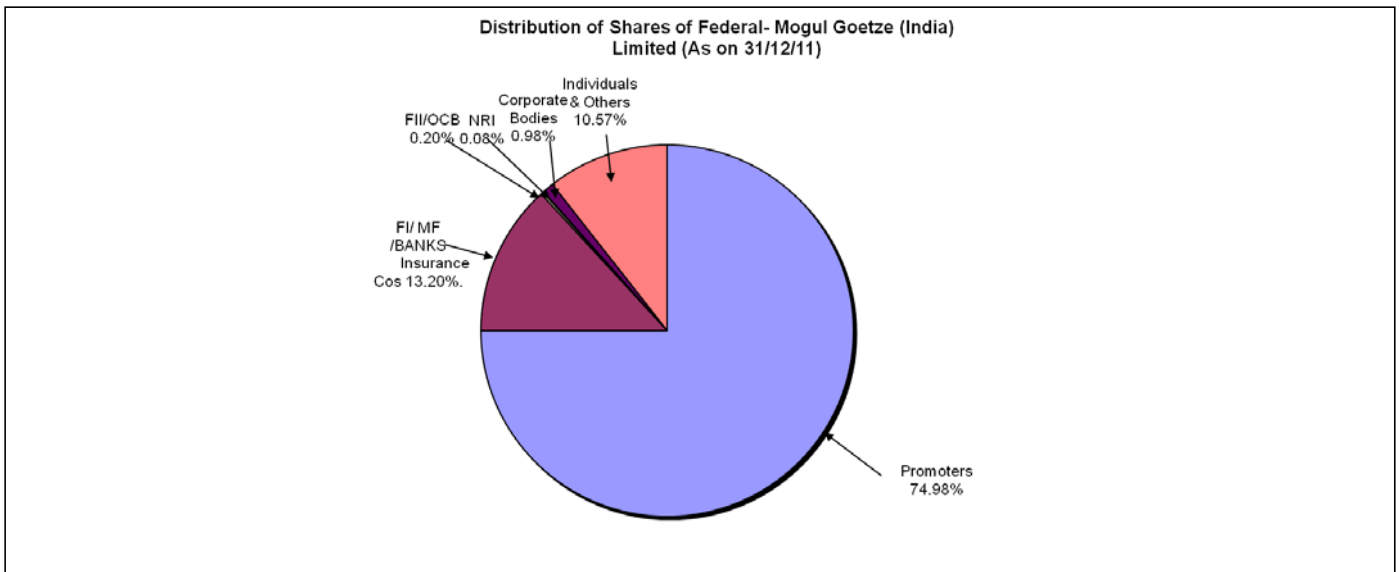
j. Distribution Schedule as on 31/12/2011

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	19945	99.55	2691901	4.83
5001 - 10000	39	0.19	288764	0.52
10001 - 20000	20	0.10	294033	0.53
20001 - 30000	5	0.02	124568	0.22
30001 - 40000	2	0.01	70701	0.13
40001 - 50000	1	0.01	44044	0.08
50001 -100000	8	0.04	554777	1.00
ABOVE 100000	16	0.08	51563342	92.69
TOTAL	20036	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	19522	97.44	5871500	10.55
CORPORATE BODIES	341	1.70	546954	0.98
FINANCIAL INSTITUTIONS / MUTUAL FUNDS/ BANKS/ INSURANCE COMPANIES	27	0.13	7340692	13.20
NON-RESIDENT INDIANS	128	0.64	41870	0.08
FOREIGN INSTITUTIONAL INVESTORS/ OVERSEAS CORPORATE BODIES	10	0.05	109521	0.20
PROMOTERS (NON-RESIDENT COMPANY)	2	0.01	41715454	74.98
OTHERS	6	0.03	6139	0.01
TOTAL	20036	100.00	55632130	100.00



k. Dematerialization of shares and Liquidity

As on 31st December 2011, 98.92% 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. SPL 1240-44, RIICO Industrial Area
Phase I Extn., Bhiwadi
(RAJASTHAN) | 4. Plot No. 46, Sector-11,
IIE-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

Sunit Kapur

Managing Director

Dan Brugger

Whole Time Finance Director & CFO

Date : May 8, 2012.

Place : Gurgaon

DECLARATION OF MD

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, 2011.

Date : May 8, 2012

Place : Gurgaon

Sunit Kapur
Managing Director

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, 2011 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 2011, 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 : May 8, 2012

DEEPIKA GERA
C.P. No. : 7487

INDEPENDENT AUDITOR'S REPORT To

The Members of Federal-Mogul Goetze (India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Federal-Mogul Goetze (India) Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2011, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

Refer Note no. 19 of Schedule 24 on the Company's investments in G. I. Power Corporation Limited ('GIPCL') of the value of Rs 1,070.92 lacs representing investment in equity shares of Rs.194.48 lacs and in preference shares of Rs. 876.44 lacs. During the year, Company's holding in GIPCL was reduced to 6.60% from earlier holding of 26.00%. The Company has been unable to produce audited financial information and, as represented to us, is also in discussion for sale of these investments at par, that are yet to be concluded. In view of these uncertainties and due to non-availability of audited financial information as at December 31, 2011, we are not in a position to

assess as to whether provision, if any, needs to be made towards carrying value of these investments and consequential impact thereof.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the impact whereof is unascertainable*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2011;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) *Except for the matter described in the Basis for Qualified Opinion paragraph above*, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) *Except for the matter described in the Basis for Qualified Opinion paragraph above*, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on December 31, 2011, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2011, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Annexure referred to in paragraph 1 of our report of even date under Section 'Report on Other Legal and Regulatory Requirements'

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 disposal of a substantial part of fixed assets during the year.
- ii. (a) The inventory has been physically verified by the management during the year, *except for stores and spares inventory of Rs 585.53 lacs which has not been verified during or at the end of the year*. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties (including with transporters, job workers and at ports) have been confirmed by them as at year end.
- (b) The procedures of physical verification of inventory followed by the management, *except for stores and spares inventory of Rs 585.53 lacs*, 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, *except for stores and spares inventory of Rs. 585.53 lacs* and no material discrepancies were noticed on physical verification.
- iii. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.

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

per Pankaj Chadha
Partner

Place : Gurgaon
Date : February 29, 2012

Membership
No.: 91813

- (b) According to information and explanations given to us, 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. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- iv. The Company's significant purchases of fixed assets are from its group companies and their associates. We are explained that these items are of unique and specialized nature, and hence, in such cases, it is not possible to make the comparison of prices with the market rates or with purchases from other parties. Read with the above, 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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- v. (a) 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 in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4(v) (b) of the Order is not applicable to the Company.
- ix. a) 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 have generally been regularly deposited with the appropriate authorities, *except for income tax and service tax, which have not been regularly deposited with the appropriate authorities in a few cases, though the delays in deposit have not been serious.*
- 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 income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess 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, 1944	Trade Discount	33.74	2000-2004	Joint Commissioner of Central Excise, Bangalore
Central Excise Act, 1944	Excise Duty on Turnover Discount	107.18	2000-2006	Central Excise & Service Tax Appellate Tribunal, Bangalore
Central Excise Act, 1944	Excise Duty on Turnover Discount	214.50	2001-2006	Central Excise & Service Tax Appellate Tribunal, Chandigarh
Central Excise Act, 1944	Sale returns	5.28	2001-2003	Central Excise & Service Tax Appellate Tribunal, Bangalore
Central Excise Act, 1944	Cenvat credit availed twice	5.04	2006-2007	Central Excise & Service Tax Appellate Tribunal, Bangalore
Central Excise Act, 1944	Excise duty on Engineering charges	0.34	2006-2007	Assistant Commissioner of Central Excise, Bangalore
Central Excise Act, 1944	Cenvat Credit availed twice	0.93	August 2005 to December 2005	Deputy Commissioner of Central Excise, Bangalore
Central Excise Act, 1944	Demand on removal non saleable stock removed from RG - I	8.57	July 2005 to December 2005	Central Excise & Service Tax Appellate Tribunal, Bangalore
Central Excise Act, 1944	Excise duty on Capital goods	3.19	2010-2011	Assistant Commissioner (Central Excise), Bhiwadi, Rajasthan
Central Excise Act, 1944	Classification of Light metal cylinder Casting	6.97	1998-1999	Joint Commissioner of Central Excise, Patiala, Punjab
Central Excise Act, 1944	Demand on sale of various types of scrap	3.33	2001-2002	Joint Commissioner of Central Excise, Patiala, Punjab
Central Excise Act, 1944	Demand in respect of Modvat Credits on Input & Capital goods	6.17	1995-1996, 1997-1998, 1998-1999, 2003-2004	Joint Commissioner of Central Excise, Patiala, Punjab
Central Excise Act, 1944	Modvat credit on grinding wheels, stones, honing sticks	9.34	1987-1990	Punjab & Haryana High Court
Central Excise Act, 1944	Interest on reversal of SAD	14.02	2000-2001	Central Excise & Service Tax Appellate Tribunal, Chandigarh
Central Excise Act, 1944	Conversion of Aluminum Scrap into Ingots from Colts Department	15.14	2000-2002	Supreme Court
Finance Act, 1994 (service tax)	Input tax credit on various expenses	1.25	2008-2009	Commissioner (Appeals), Jaipur, Rajasthan
Finance Act, 1994 (service tax)	Input tax credit on various expenses	50.32	2009-2010 to 2011-2012	Assistant Commissioner/ Joint Commissioner (Central Excise), Jaipur, Rajasthan
Finance Act, 1994 (service tax)	Input tax credit on various expenses	678.79	2005-2010	Central Excise & Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994 (service tax)	Input tax credit on various expenses	370.43	April 2010 to September 2011	Commissioner of Central Excise, Bangalore
Finance Act, 1994 (service tax)	Service Tax on 'Common Inputs Distribution'	1,017.92	March 2005 to June 2008	Central Excise & Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994 (service tax)	Disallowance of service tax credit on various services	96.11	2005-2011	Joint Commissioner of Central Excise, Patiala, Punjab
Finance Act, 1994 (service tax)	Disallowance of service tax credit on various services	21.57	2006 -2007, 2007-2008	Central Excise & Service Tax Appellate Tribunal, Chandigarh
Finance Act, 1994 (service tax)	Input credit on various services	5.09	2008-2009	Superintendent Audit, Patiala, Punjab
Finance Act, 1994 (service tax)	Service Tax on Royalty & Technical Know how	23.16	1999-2003	Joint Commissioner of Central Excise, Patiala, Punjab
Finance Act, 1994 (service tax)	Payment of Service Tax under GTA on inwards /Outwards freight	67.02	2005-2008	Joint Commissioner of Central Excise, Patiala, Punjab
Finance Act, 1994 (service tax)	Service Tax on Royalty & Technical Know how	16.79	2004-2005	Joint Commissioner of Central Excise, Patiala, Punjab
Karnataka VAT Act, 2003	Difference in VAT rates	153.02	1998-1999 to 2001-2002 and 2007-2008	Joint Commissioner (Appeals), Bangalore
Karnataka VAT Act, 2003	Difference in rates, Input tax credit & other matters	225.00	2005-2006	Superintendent Audit, Bangalore

Name of the statute	Nature of dues	Amount (Rs. Lacs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Disallowance of expenditure in relation to exempt income	3.05	2000-2001	High Court
Income tax Act, 1961	Disallowance of expenditure in relation to exempt income	10.59	2001-2002 & 2004-2005	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Interest free loan to subsidiary	105.48	2006-2007 & 2007-2008	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of development expenditure treated as capital in nature	22.32	2000-2001	High Court
Income tax Act, 1961	Disallowance of development expenditure treated as capital in nature	68.45	2001-2002	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of development expenditure treated as capital in nature	11.61	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of prior period expenses	5.10	2000-2001	High Court
Income tax Act, 1961	Disallowance of prior period expenses	92.64	2001-2002 & 2007-2008	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of prior period expenses	57.57	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Depreciation not allowed on assets of inactive Vegetable Oil Division	10.17	2001-2002	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Depreciation not allowed on assets of inactive Vegetable Oil Division	22.23	2002-2003 & 2003-2004	Income Tax Appellate Tribunal
Income tax Act, 1961	Loss in relation to diminution in value of shares disallowed	84.80	2000-2001	High Court
Income tax Act, 1961	Loss in relation to diminution in value of shares disallowed	12.39	2001-2002	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of Commission and Brokerage expenses for facilitating loan funds	6.52	2001-2002	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of Commission and Brokerage expenses for facilitating loan funds	37.76	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of loan processing fee paid to bank	33.99	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of foreign exchange fluctuation loss	5.04	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Brought forward losses of the amalgamating company denied	5,674.45	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of filing fee for increasing authorized share capital of the Company	2.21	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of amalgamation expenses	0.89	2000-2001	High Court
Income tax Act, 1961	Disallowance of amalgamation expenses	0.69	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Provision for expenses disallowed	85.17	1997-1998	High Court
Income tax Act, 1961	Provision for expenses disallowed	57.64	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of proportionate royalty expense	52.57	2003-2004 & 2005-2006	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of proportionate royalty expense	103.47	2004-2005 & 2007-2008	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Distribution of gift coupons to shareholders at Annual General Meeting	16.54	1995-1996 & 1996-1997	High Court
Income tax Act, 1961	Disallowance of exemption on dividend	66.55	1998-1999	High Court
Income tax Act, 1961	Addition of Revaluation Reserves to book profits	16.71	1998-1999	High Court
Income tax Act, 1961	Provision for diminution in the value of asset added to book profits	38.75	2005-2006	Income Tax Appellate Tribunal
Income tax Act, 1961	Apportionment of common administrative costs	1.52	1997-1998	High Court
Income tax Act, 1961	Disallowance of lease rent expenses	345.80	1997-1998	High Court
Income tax Act, 1961	Applicability of interest u/s 234D	0.51	2000-2001	High Court
Income tax Act, 1961	Disallowance of expenditure in relation to exempt income	21.21	1999-2000	High Court
Income tax Act, 1961	Depreciation not allowed on assets of inactive Vegetable Oil Division	13.63	1999-2000	High Court
Income tax Act, 1961	Addition of Revaluation Reserves to book profits	17.65	1999-2000	High Court
Income tax Act, 1961	Loss in relation to diminution in value of shares disallowed	19.23	2004-2005	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of Club Expenses	2.80	2007-2008	Commissioner 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 holders.
- 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 loan taken by a subsidiary from a bank; the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company. There are no other guarantees given by the Company 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 of the Company, we report that funds amounting to Rs. 5,049.06 lacs raised on short term basis in the form of intercorporate deposits and working capital / cash credit facility from affiliates and banks respectively have been used for long-term investment representing acquisition of fixed assets.
- 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 : February 29, 2012

Membership
No.: 91813

Balance sheet and profit and loss account

Balance Sheet as at December 31, 2011

	Schedules	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	5,563.21	5,563.21
Reserves and surplus	2	35,955.90	32,209.74
		41,519.11	37,772.95
Loan Funds			
Secured loans	3	9,391.28	4,822.46
Unsecured loans	4	5,993.12	3,826.28
		15,384.40	8,648.74
Deferred Tax Liabilities (net)	5	1,459.35	1,575.52
Total		58,362.86	47,997.21
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	6	81,340.71	69,372.80
Less : Accumulated Depreciation & Amortisation		38,877.53	33,905.46
Net block		42,463.18	35,467.34
Capital work-in-progress including capital advances		3,883.57	3,576.26
		46,346.75	39,043.60
Investments	7	2,092.34	2,092.34
Current Assets, Loans and Advances			
Inventories	8	13,920.16	10,564.05
Sundry debtors	9	15,069.79	11,943.12
Cash and bank balances	10	262.93	282.67
Other current assets	11	821.33	603.25
Loans and advances	12	7,184.11	5,954.13
		37,258.32	29,347.22
Less: Current Liabilities and Provisions			
Current liabilities	13	22,770.99	18,131.27
Provisions	14	4,563.56	4,594.59
		27,334.55	22,725.86
Net Current Assets	(A-B)	9,923.77	6,621.36
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	239.91
Total		58,362.86	47,997.21
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: February 29, 2012

ANNUAL REPORT 2011

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

Balance sheet and profit and loss account
Profit and Loss Account for the year ended December 31, 2011

Schedules	For the year ended December 31, 2011 Rs (in lacs)	For the year ended December 31, 2010 Rs (in lacs)
INCOME		
Turnover (Gross)	115,444.35	93,046.77
Less : Excise duty	9,398.49	7,218.17
Turnover (Net)	106,045.86	85,828.60
Trading sales	4,724.00	3,823.33
Job work income	1,136.23	1,091.00
Other income	5,007.67	4,444.52
16		
Total	116,913.76	95,187.45
EXPENDITURE		
Raw materials and components consumed	42,819.00	32,526.22
Purchase of trading goods	3,656.35	2,782.41
Personnel expenses	21,331.51	17,800.96
Operating and other expenses	38,775.22	31,435.52
Decrease/ (increase) in inventories	(2,441.14)	(619.27)
Depreciation/ amortisation	5,365.89	4,822.46
Amortisation of miscellaneous expenses	239.91	239.90
Financial expenses	2,485.66	1,393.16
21		
Total	112,232.40	90,381.36
Profit before tax and prior period items	4,681.36	4,806.09
Provision for Tax		
Current tax / MAT payable (Includes tax for earlier years Rs 297.59 lacs (Previous year Rs Nil)) (Refer note no. 17 in schedule no. 24)	1,626.89	805.83
Less: MAT credit entitlement	(392.87)	(805.83)
Deferred tax charge/ (credit)	1,234.02	-
	(116.18)	1,130.39
Total Tax Expense	1,117.84	1,130.39
Profit after tax but before prior period (income) / expense	3,563.52	3,675.70
Prior period (income) / expense (net of tax Rs 103.79 lacs (Previous year Rs Nil))	(182.65)	236.78
22		
Net profit	3,746.17	3,438.92
Balance brought forward from previous year	4,401.32	962.40
Surplus carried to Balance Sheet	8,147.49	4,401.32
Earnings per share	23	
Basic and diluted [Nominal value of shares Rs 10 (Previous year Rs 10)]	6.73	6.18
24		
Notes to Accounts		

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: February 29, 2012

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

Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 1 : Share Capital

	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 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, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Capital Reserve	56.55	56.55
Capital Subsidy	1.12	1.12
Securities Premium Account	26,750.75	26,750.75
Capital Redemption Reserve	1,000.00	1,000.00
Profit and Loss Account	8,147.49	4,401.32
Total	35,955.90	32,209.74

Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 3 : Secured Loans

	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Term loans from banks	800.00	1,200.00
Interest accrued and due on term loans	10.67	12.82
Vehicle loans from banks	-	1.13
Working capital loans from banks	8,580.61	3,607.29
Interest accrued and due on working capital loans	-	1.22
Total	9,391.28	4,822.46

- 1 Term loans repayable within one year Rs 400 lacs (Previous year Rs 400 lacs).
- 2 Term loans from banks of Rs 800 lacs (Previous year Rs 1200 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 Nil (Previous year Rs 1.13 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, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Fixed Deposits	3.19	3.64
Short term loans and advances		
from others	61.00	61.00
Inter-corporate deposits*	5,835.00	3,750.00
(Due within one year Rs 5,835 lacs, Previous year Rs 3,750 lacs)		
Interest accrued and due on inter corporate deposits	93.93	11.64
Total	5,993.12	3,826.28

*Includes Rs 3,500 lacs (Previous year Rs 2,300 lacs) due to Federal-Mogul TPR (India) Limited, the subsidiary company and balance of Rs 2,335 lacs (Previous year Rs 1,450 lacs) is due to other fellow subsidiaries.

Schedule 5 : Deferred Tax Liabilities (net)

	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Deferred Tax Liabilities and other differences		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	3,438.68	3,698.29
Gross deferred tax liabilities	3,438.68	3,698.29
Deferred Tax Assets		
Unabsorbed Depreciation	-	237.78
Effect of expenditure debited to profit and loss account in the current/ earlier year but allowed for tax purposes in following years	1,960.54	1,853.88
Provision for doubtful debts	18.79	31.11
Gross deferred tax assets	1,979.33	2,122.77
Net Deferred Tax Liabilities	1,459.35	1,575.52

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 01.01.2011	1,485.16	362.87	8,245.73	1,391.75	56,731.10	444.08	712.11	69,372.80	67,124.39
Additions	-	-	471.84	18.99	12,307.03	36.89	-	12,834.75	4,168.00
Deductions	-	-	-	2.72	827.08	37.04	-	866.84	1,919.59
At 31.12.2011	1,485.16	362.87	8,717.57	1,408.02	68,211.05	443.93	712.11	81,340.71	69,372.80
Depreciation/Amortisation At 01.01.2011	-	18.90	2,728.46	708.00	29,565.79	284.48	599.83	33,905.46	30,497.36
For the year	-	7.24	278.34	71.89	4,867.72	57.51	83.19	5,365.89	4,822.46
Deletions / adjustments	-	-	-	1.24	376.31	16.27	-	393.82	1,414.36
At 31.12.2011	-	26.14	3,006.80	778.65	34,057.20	325.72	683.02	38,877.53	33,905.46
Depreciation for previous year	-	7.24	307.20	69.71	4,283.77	85.51	69.03	4,822.46	-
Net Block At 31.12.2011	1,485.16	336.73	5,710.77	629.37	34,153.85	118.21	29.09	42,463.18	35,467.34
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
Capital work-in-progress including capital advances Rs 222.56 lacs (Previous year Rs 1,387.85 lacs)								3,883.57	3,576.26

Note:

- Freehold Land and Building include the following, ownership of which has been transferred to the Company pursuant to a High Court Order dated May 13, 2003 in a scheme of amalgamation of Escorts Pistons Limited and Coupled Investment Private Limited with Goetze (India) Limited:
 - Freehold Land (at cost) of Rs. 900.65 lacs (Previous year Rs. 900.65 lacs) included in Freehold Land.
 - Building (at cost) of Rs. 1261.39 lacs (Previous year Rs. 1261.39 lacs) constructed on the land mentioned in a) above, included in Buildings.
 - Residential flats (at cost) of Rs. 76.04 lacs (Previous year Rs. 76.04 lacs) included in buildings.
- Leasehold Land includes (at cost) Rs.155.60 lacs (Previous year Rs. 155.60 lacs) pending registration in the name of the Company.
- *Includes Design and Drawings & Patents and Trade mark (valued at Re.1).

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

	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 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) 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)
(III) 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)
(IV) GI Power Corporation Limited (refer note no. 19 in schedule no. 24)		
a 3,889,600 (Previous year - 3,889,600) equity shares of Rs 5 each, fully paid	-	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
Current Investments (At lower of cost and market value) (Unquoted)		
GI Power Corporation Limited (refer note no. 19 in schedule no. 24)		
a 3,889,600 (Previous year - 3,889,600) equity shares of Rs 5 each, fully paid	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	-
Total	2,092.34	2,092.34
Aggregate amount of unquoted investments	2,092.34	2,092.34

* Investments in the companies under the same management are:

- Federal-Mogul TPR (India) Ltd

** The investment is pledged with Sales 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.

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, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Raw materials and components (Including materials in transit Rs 695.23 lacs (Previous year Rs 968.43 lacs))	2,843.30	2,097.07
Stores and spares (Including materials in transit Rs 12.45 lacs (Previous year Rs Nil))	1,384.16	1,305.76
Loose tools	585.53	495.19
Work-in- progress	4,358.62	3,385.97
Reusable scrap	23.01	30.00
Finished goods - Manufactured	4,235.23	2,952.17
- Trading	490.31	297.89
Total	13,920.16	10,564.05

Schedule 9: Sundry Debtors

Debts outstanding for a period exceeding six months		
Unsecured, considered good	70.67	119.97
Unsecured, considered doubtful	57.90	91.54
Other debts		
Secured, considered good	232.85	220.65
Unsecured, considered good	14,766.27	11,602.50
	15,127.69	12,034.66
Less : Provision for doubtful debts	57.90	91.54
Total	15,069.79	11,943.12

Schedule 10: Cash and Bank Balances

Cash on hand	0.02	0.35
Balances with scheduled banks:		
On current accounts	203.34	217.18
On deposit accounts (pledged with Government authorities)	50.97	50.14
On unpaid dividend accounts	8.60	15.00
Total	262.93	282.67

Schedule 11: Other Current Assets

Fixed assets held for sale (at lower of net book value and estimated net realisable value)	105.79	1.82
Interest accrued on deposits	8.47	6.96
DEPB benefits receivable	695.94	584.71
Insurance claim receivable	11.13	9.76
Total	821.33	603.25

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

	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Unsecured considered good, except where stated otherwise		
Advances recoverable in cash or in kind or for value to be received	1,432.60	1,834.99
Security deposits	717.25	709.33
Balance with excise authorities (Considered doubtful Rs 58.90 lacs (Previous year Rs Nil))	2,593.66	1,047.34
Advance payment of tax (net of provision Rs 2,995.99 lacs (Previous year Rs 1,790.79 lacs)) (Considered doubtful Rs Nil (Previous year Rs 76.94 lacs))	668.68	728.95
MAT credit entitlement	1,830.82	1,685.84
Advance Payment of Fringe Benefit Tax (net of provision Rs 413.15 lacs, (Previous year Rs 406.88 lacs))	-	24.62
	7,243.01	6,031.07
Less: Provision for doubtful advances	58.90	76.94
Total	7,184.11	5,954.13

Schedule 13 : Current Liabilities

Acceptances	1,686.58	810.14
Sundry creditors		
a) total outstanding dues of Micro and Small Enterprises (refer note no. 13 in schedule no. 24)	173.27	147.97
b) total outstanding dues of creditors other than Micro and Small Enterprises	18,714.06	14,225.14
Due to Subsidiary company	334.46	1,627.21
Other liabilities	1,518.62	965.23
Security deposits	296.70	270.18
Amounts due to Investors Education & Protection fund (as and when due) - unpaid dividends	8.60	15.00
Interest accrued but not due on loans	38.70	70.40
Total	22,770.99	18,131.27

Schedule 14 : Provisions

Provision for compensated absences	672.12	687.55
Provision for gratuity (Refer note 11 in schedule 24)	2,733.29	2,549.81
Provision for regulatory matters*	943.26	424.91
Provision for non fulfillment of export obligations**	214.89	932.32
Total	4,563.56	4,594.59

* Provision for regulatory matters (Refer note no. 17 in schedule no. 24)

Opening balance	424.91	93.14
Provision made during the year	788.10	845.00
Utilised during the year	269.75	513.23
Closing Balance	943.26	424.91

** Provision for non fulfillment of export obligations (Refer note no. 16 in schedule no. 24)

Opening balance	932.32	822.76
Provision made during the year	73.58	109.56
Written back during the year	130.66	-
Utilised during the year	660.35	-
Closing Balance	214.89	932.32

Schedule 15 : Miscellaneous Expenditure*

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

* 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, 2011 Rs (in lacs)	For the year ended December 31, 2010 Rs (in lacs)
Interest on:		
Bank deposits (TDS Rs 0.18 Lacs, (Previous year Rs Nil))	1.78	0.97
Others on electricity deposits (TDS Rs 2.58 lacs, (Previous year Rs 3.01 lacs))	21.54	19.69
Dividend on investment in subsidiary-Non-trade Long Term (unquoted)	759.90	270.30
Sale of scrap	2,188.53	1,652.49
Commission received from subsidiary	464.28	407.08
Duty drawback/ Exim Scrip realisation	352.27	344.38
Cash Discount (net)	-	4.62
Excess provision written back	168.58	54.61
Miscellaneous income	285.77	424.18
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	765.02	687.33
Total	5,007.67	4,444.52

Schedule 17 : Raw materials and Components Consumed

Inventories as at December 31, 2010	2,097.07	1,253.48
Add: Purchases	43,565.23	33,369.81
	45,662.30	34,623.29
Less: Inventories as at December 31, 2011	2,843.30	2,097.07
Total	42,819.00	32,526.22

Schedule 18 : Personnel expenses

Salaries, wages and bonus (Refer note no. 15 in schedule no. 24)	18,250.93	15,001.96
Contribution to provident fund and other funds	1,133.00	1,160.85
Contribution to superannuation fund	106.25	67.38
Contribution to gratuity (Refer note no. 11 in schedule no. 24)	235.01	243.91
Workmen and staff welfare expenses	1,606.32	1,326.86
Total	21,331.51	17,800.96

Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 19 : Operating and Other Expenses

	For the year ended December 31, 2011 Rs (in lacs)	For the year ended December 31, 2010 Rs (in lacs)
Consumption of stores and spares (Refer note no. 15 in schedule no. 24)	13,259.48	9,685.76
Sub-contracting expenses	2,146.37	1,845.66
Power and fuel	6,709.13	5,762.12
Freight and forwarding charges	2,339.07	2,264.92
Rent	396.85	524.73
Rates and taxes	759.07	532.56
Insurance	143.45	67.47
Repairs and maintenance		
- Plant and machinery	278.93	279.81
- Buildings	255.40	312.74
- Others	1,379.60	499.57
Advertising and sales promotion	5,045.41	4,136.61
Cash discounts (net)	126.71	-
Royalty	1,289.83	1,011.50
Product rectification charges	64.82	56.75
Legal and professional expenses	509.47	502.09
Travelling and conveyance	556.98	438.26
Communication costs	153.39	153.59
Management Support Charges (refer note no. 18 of schedule 24)	498.52	394.07
Printing and stationery	102.51	100.75
Directors' sitting fees	10.80	11.67
Payment to Auditor		
As auditor:		
- Audit fee	29.50	37.00
- Tax audit fee	23.00	23.00
- For Limited reviews	8.50	9.00
- Out-of-pocket expenses	6.59	6.70
In other manner:		
- For Certification and others matters	2.00	2.00
Charity & Donation	20.55	0.29
Provision for regulatory matters (Refer note no. 17 in schedule no. 24)	133.15	845.00
Increase/ (decrease) of excise duty on finished goods	170.40	140.97
Provision for doubtful advances	58.90	76.94
Loss on sale of Non-trade Current Investments	-	570.59
Foreign exchange difference (net)	1,170.18	-
Loss on sale/ discard of fixed assets (net)	216.01	421.91
Advances written off	198.17	39.35
Miscellaneous expenses	712.48	682.14
Total	38,775.22	31,435.52

Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 20 : Decrease/ (increase) in Inventories

	For the year ended December 31, 2011 Rs (in lacs)	For the year ended December 31, 2010 Rs (in lacs)
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
Inventories as at December 31, 2011		
- Work-in-progress	4,358.62	3,385.97
- Finished goods - Manufactured	4,235.23	2,952.17
- Trading	490.31	297.89
- Reusable Scrap	23.01	30.00
	9,107.17	6,666.03
	(2,441.14)	(619.27)

Schedule 21 : Financial Expenses

Interest		
- on term loans	-	221.46
- to banks	1,145.91	409.68
- others (Includes Rs 357.36 lacs on account of interest payable on certain regulatory matters) (Refer note no. 17 in schedule no. 24)	1,260.51	615.79
Bank charges	79.24	146.23
Total	2,485.66	1,393.16

Schedule 22: Prior period (income) / expense

- Prior period income		
Excess provision for Sales promotion expenses	-	117.43
Excess provision for EPCG Liability	130.67	-
Excess provision for TDS recoverable	76.95	-
Raw Material Consumption	112.28	-
Less: Tax on prior year income	(103.79)	-
	216.11	-
- Prior period expenses		
Power and fuel	-	14.29
Depreciation/ amortisation	18.12	-
Salaries, wages and bonus	15.34	-
Contribution to gratuity - Actuarial gains wrongly recognised	-	339.92
Net prior period (income) / expense	(182.65)	236.78

Schedule 23: Earnings per share (EPS)

Net profit as per profit and loss account	3,746.17	3,438.92
Weighted average number of equity shares in calculating basic and diluted earning per share	55,632,130	55,632,130
Earning per share	6.73	6.18

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), Bangaluru (Karnataka) and Bhiwadi (Rajasthan), with its registered office in delhi. The Company is listed at National Stock Exchange of India Limited and Mumbai Stock Exchange.

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 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' 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%

i) Plant and Machinery also includes self constructed machinery.

ii) 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.

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. Intangible assets are amortized over their expected useful economic lives, on straight line basis, as follows:
Design and drawings- over a period of 5 years on a straight line basis.

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 and 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 same. 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) Job Work:

Income from job work is accrued when right of revenue is established, which relate 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 shareholder's right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised 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) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l) 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 derivative contract.

m) 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. The Company accrues for the deficit in the Provident Fund Trust as per the books of account of the Trust.
- (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 unrecognised actuarial gains exceeds the unrecognised 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.

n) Income Taxes

Tax expense comprises of current and deferred 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 liability 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 tax on income levied by same governing taxation law. 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 and 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.

o) 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.

p) 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.

q) 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.

r) Miscellaneous Expenditure

Miscellaneous expenditure representing impact of transitional provision on adoption of notified Accounting Standard 15 (revised) and 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. Considering the nature of Company's business and operations, there are no separate reportable business segment, as there is only one business segment and hence, there are no additional disclosures required to be provided other than those already provided in the financial statements.

The analysis of geographical segment is based on the geographical location of the customers. The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced.

Geographical Segment :

Net Sales revenue (including trading sales) by Geographical Market

	Year ended December 31, 2011 (Rs in Lacs)	Year ended December 31, 2010 (Rs in Lacs)
India	102,380.46	83,433.12
Other countries	8,389.40	6,218.81
	110,769.86	89,651.93

Segment Debtors by Geographical Market :

The following table shows the carrying amount of segment debtors (net of provision for doubtful debts) by geographical area of the customers:

Carrying amount of segment debtors

	As at December 31, 2011 (Rs in Lacs)	As at December 31, 2010 (Rs in Lacs)
India	14,754.71	11,798.52
Other countries	315.08	144.60
	15,069.79	11,943.12

The Company has common assets for producing goods for India and Outside countries. Hence, separate figures for assets/ additions to fixed assets cannot be furnished.

4. Related party transactions

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

Name of Parties where Control Exists

i) Holding Company

- Federal Mogul Holdings Limited (Mauritius)

ii) Subsidiary

- Federal-Mogul TPR (India) Limited

iii) Ultimate Holding Company

- Federal Mogul Corporation, USA.

Name of related Parties where transactions have taken place

i) Key managerial personnel

- Mr. Jean De Montleu, Managing Director & President
- Mr. Dan Brugger, Whole Time Director & CFO

ii) Fellow subsidiaries

- | | |
|--|---|
| - Federal Mogul Burscheid GMBH, Germany | - Federal Mogul Friction Products Ltd (Thailand) |
| - Federal Mogul Maysville (USA) | - Federal Mogul Corporation Power Train Systems (USA) |
| - Federal Mogul Operation S.R.L (Italy) | - Federal Mogul Power Train Systems Schofield (USA) |
| - Federal Mogul Bimet S.A. (Poland) | - Federal Mogul S.A.R.L. (Switzerland) |
| - Federal Mogul Nurnberg, GMBH (Germany) | - Federal Mogul France, S.A. (France) |
| - Federal Mogul Wiesbaden GMBH, (Germany) | - Federal Mogul Corporation, Lake City (USA) |
| - Federal Mogul Power Train System (South Africa) | - Federal Mogul Corporation, Garennes (France) |
| - Federal Mogul Holding Deutschland (Germany) | - Federal Mogul Dongsuh Piston Co. Ltd. (China) |
| - Federal Mogul Valves (PTY) Ltd (South Africa) | - Federal Mogul Corp, Mgmooqus (USA) |
| - Federal Mogul Limited (U.K.) | - KFM Bearing Company (South Korea) |
| - Federal Mogul KK (Japan) | - Federal Mogul Bradford Ltd. |
| - SSCFRAN FM Financial Services SAS Veurey Voroize (France) | - T&N Limited Manchester (England) |
| - Federal Mogul Financial Services FRANCTNL (France) | - Federal Mogul Powertrain Spara, MII |
| - Federal Mogul Gorzyce, S.A. (Poland) | - Federal Mogul KK Yokohama |
| - Federal Mogul Friedberg, GMBH (Germany) | - Federal Mogul Sintertech SVC Fonctionnels |
| - Federal Mogul Sintered Products Ltd. (U.K.) | - Federal Mogul Powertrain Inc, Southbend |
| - Federal Mogul Sealing Systems, GMBH (Germany) | - Federal Mogul Kontich |
| - Federal Mogul Brasil do Limited (Brazil) | - Federal Mogul Schofield |
| | - Federal Mogul Bearings India Ltd (India) |
| - Federal-Mogul Automotive Products India Ltd (India) (Formerly Federal Mogul Automotive Product (India) Pvt Ltd.) | |
| - Federal-Mogul VSP India Ltd. (India) (Formerly known as Ferodo India Pvt. Ltd.) | |
| - Federal-Mogul PTSB India Pvt. Ltd. (India) (Formerly known as Federal-Mogul Trading India Pvt. Ltd.) | |

iii) Associates

- GI Power Corporation Limited (upto October 05, 2010)
- GTZ Securities Limited

Those transactions along with related balances as at December 31, 2011 and December 31, 2010 and for the years then ended are presented in the following table:

Rs. in lacs

Ultimate Holding Company	
Particulars	Federal Mogul Corporation (USA)
	31.12.11
Sales	(5,487.77)
Purchase of raw material, intermediaries and finished goods	382.72
Reimbursement of expenses paid	474.57
Reimbursement of expenses (received)	(170.59)
Management Support charges paid	-
Management Support charges received	-
Balance outstanding as at the end of the year Receivables	-
Balance outstanding as at the end of the year (Payable)	(298.97)

Rs. in lacs

Particulars	Fellow Subsidiaries					
	Federal Mogul do Brasil Ltd.	Federal Mogul Burscheid GmbH, Germany	Federal Mogul Gorzyce S.A. (Poland)	Federal Mogul Dongsuh Piston Co. Ltd.	Federal Mogul Limited (U.K)	
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
Sales	-	-	(10.10)	(68.26)	-	-
Purchase of raw material, intermediaries and finished goods	-	-	6,620.15	5,171.04	108.69	-
Purchase/(Sale) of Fixed Assets	(121.83)	369.50	3,198.47	1,365.03	-	-
Reimbursement of expenses paid	-	-	-	53.76	-	17.79
Management Support charges paid	-	-	-	28.07	-	-
Reimbursement of expenses (received)	-	-	-	-	(122.74)	(139.22)
Royalty Expense	-	-	359.21	412.56	-	-
Balance outstanding as at the end of the year Receivables	-	-	-	-	(214.65)	7.33
Balance outstanding as at the end of the year (Payable)	-	(253.33)	(2,166.13)	(957.50)	-	-
					(16.50)	19.90
					-	-
					-	5.85

Rs. in lacs

Particulars	Fellow Subsidiaries	
	Federal Mogul Nurnberg, GmbH (Germany)	Federal Mogul Holding Deutschland (Germany)
	31.12.11	31.12.10
Sales	(7.22)	(5.77)
Purchase of raw material, intermediaries and finished goods	2,693.49	61.78
Purchase/(Sale) of Fixed Assets	2,894.08	393.80
Reimbursement of expenses paid	-	-
Reimbursement of expenses (received)	-	-
Management Support charges paid	-	-
Royalty Expense	560.55	400.32
Balance outstanding as at the end of the year Receivables	-	-
Balance outstanding as at the end of the year (Payable)	(1,208.05)	(275.80)
		(498.52)
		(10.99)

Rs. in lacs

Particulars	Fellow Subsidiaries										Total
	Federal Mogul Financial Services FRANCHISE (France)		Federal Mogul Sintered Products Limited, (U.K)		FEDERAL MOGUL FRICTION PRODUCTS LTD.		Other Fellow Subsidiaries		Total		
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	
Sales	-	-	-	-	(593.47)	-	(18.51)	-	(613.29)	-	(92.54)
Purchase of raw material, intermediaries and finished goods	-	-	121.11	4.70	-	-	219.47	-	10,451.76	-	5,417.61
Purchase/(Sale) of Fixed Assets	-	-	-	-	-	-	4.75	-	5,970.72	-	2,133.08
Reimbursement of expenses paid	351.34	322.56	-	0.20	-	-	57.95	-	490.78	-	594.19
Reimbursement of expenses (received)	-	-	-	-	(16.68)	-	83.11	(0.33)	(56.31)	-	(139.55)
Management Support Charges	-	-	-	-	-	-	-	-	498.52	-	-
Royalty Expense	-	-	228.12	198.61	-	-	-	-	1,147.88	-	1,011.49
Balance outstanding as at the end of the year Receivables	-	-	-	-	(535.21)	-	-	-	(766.36)	-	27.23
Balance outstanding as at the end of the year (Payable)	(49.49)	(17.70)	(129.99)	(105.93)	-	-	(120.76)	(135.99)	(4,172.94)	-	(1,751.39)

Rs. in lacs

Particulars	Fellow Subsidiaries										Total
	Federal Mogul Bearings India Limited (India)		Federal Mogul Automotive Products (India) Private Limited, (India)		Federal Mogul VSP India Private Limited, (India)		Federal Mogul PTSB India Private Limited, (India)		Total		
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	
Purchase of raw material, intermediaries and finished goods	695.86	438.91	2,922.11	1,508.45	-	-	-	-	3,617.97	-	1,947.36
Reimbursement of expenses paid	(841.10)	-	324.42	24.94	-	-	-	-	324.42	-	24.94
Reimbursement of expenses (received)	-	4.53	-	(54.07)	(43.39)	(86.63)	(85.04)	-	(981.80)	-	(123.90)
Inter-corporate deposit (ICD) Taken	-	600.00	1,235.00	850.00	3,875.00	-	-	-	5,110.00	-	1,450.00
Inter-corporate deposit (ICD) repaid	(600.00)	-	-	-	(3,405.00)	(1,025.00)	-	-	(4,005.00)	-	(1,025.00)
Interest on the above ICD	-	-	146.97	42.14	102.98	163.26	-	-	249.95	-	205.40
Balance outstanding as at the end of the year Receivables	-	-	-	-	-	2.35	-	-	11.10	7.58	9.93
Balance outstanding as at the end of the year (Payable)	(45.25)	(499.71)	(2158.19)*	(1,061.79)	(453.43)**	-	-	-	(2,656.87)	-	(1,561.50)

* Includes Rs 1,885 lacs (Previous year Rs 850 lacs) payable against ICD taken and 16.19 lacs (Previous year 6.82 lacs) payable against interest on the same.

** Includes Rs 450 lacs (Previous year Rs Nil lacs) payable against ICD taken and 4.78 lacs (Previous year Nil lacs) payable against interest on the same.

Rs. in lacs

Particulars	Subsidiaries						Total
	Federal-Mogul TPR (India) Limited, (India)		Satara Rubbers & Chemicals Limited, (India)		Total		
	31.12.11	31.12.10	31.12.11	31.12.10			
Sales	(1,169.43)	(973.04)	-	-	(1,169.43)	(973.04)	
Purchase of raw material, intermediaries and finished goods	5,907.42	4,505.21	-	-	5,907.42	4,505.21	
Dividend received /receivable	(759.90)	(270.30)	-	-	(759.90)	(270.30)	
Management fee received	(765.02)	(640.53)	-	-	(765.02)	(640.53)	
Job work income	(1,136.23)	(1,091.00)	-	-	(1,136.23)	(1,091.00)	
Rent income	(78.00)	(78.00)	-	-	(78.00)	(78.00)	
Sole selling commission received	(464.28)	(407.08)	-	-	(464.28)	(407.08)	
Inter-corporate deposit (ICD) Taken	1,400.00	-	-	-	1,400.00	-	
Inter-corporate deposit (ICD) re paid	(200.00)	-	-	-	(200.00)	-	
Loan converted into Equity	-	-	-	1,700.59	-	1,700.59	
Interest on the above ICD	212.16	211.54	-	-	212.16	211.54	
Investment as at year end	1,020.00	1,020.00	-	-	1,020.00	1,020.00	
Balance outstanding as at the end of the year Receivables	-	-	-	-	-	-	
Balance outstanding as at the end of the year (Payable)	(3,896.09)*	(3,955.65)	-	-	(3,896.09)*	(3,955.65)	

* Includes Rs. 334.46 lacs for Sundry creditors (net of dividend receivables), Rs. 3,500 lacs for Inter-Corporate Deposit & Rs. 61.63 lacs for interest payable.

Rs. in lacs

Particulars	Key Managerial Personnel and their relatives						
	Mr. Jean de Montlaur		Mr. Rustin Murdock		Mr. Dan Brugger		Total
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	
Remuneration	426.32	450.22	-	117.15	168.66	29.33	596.70
Balance outstanding as at the end of 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 and have escalations ranging from 10 to 20% per annum.

Leases	Year ended December 31, 2011 (Rs in lacs)	Year ended December 31, 2010 (Rs in lacs)
a) Lease payments/expenses for the year	396.85	524.73
<i>Minimum Lease Payments:</i>		
b) Not later than one year	169.09	161.20
c) Later than one year but not later than five years	697.98	-
d) Later than five years	154.57	-

b) Assets given under Operating Leases

The Company has leased out certain premises 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, 2011 (Rs in lacs)	Year ended December 31, 2010 (Rs in lacs)
a) Uncollectible minimum lease payments receivable at the Balance sheet date	Nil	Nil
<i>Future Minimum Lease Payments Receivable:</i>		
b) Not later than one year	78.00	78.00
c) Later than one year but not later than five years	156.00	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, 2011 (Rs in lacs)	Year ended December 31, 2010 (Rs in lacs)
Capital commitment	4,359.65	3,428.39

7. Contingent liabilities not provided for:

Particulars	Year ended December 31, 2011 (Rs in lacs)	Year ended December 31, 2010 (Rs in lacs)
(a) Bank Guarantees	949.88	457.47
(b) <i>Claims/notices contested by the company</i>		
i) Excise duty	155.27	17.87
ii) Sales Tax	405.91	405.91
iii) Employee Related Cases	136.18	102.44
iv) Electricity Demand	52.24	52.24
v) Income Tax Demands	648.13	420.96
vi) Consumer Cases (settled during the current year)	-	30.91

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

- Matter pending with Deputy Commissioner of Central Excise, Bangalore, in respect of excess avilment of Cenvat credit. 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)
- Matters pending with Central Excise & Service Tax Appellate Tribunal, Chandigarh in respect of Service Tax on Transport Services for the period 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.2.92 lacs).
- Matters pending with Central Excise & Service Tax Appellate Tribunal 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. 14.02 lacs. (Previous year Rs. 14.02 lacs).
- Miscellaneous Service tax cases in respect disallowance of Cenvat Credit claimed on various input Services are pending with Cestat Bangalore/ Joint Commissioner Jaipur/ Joint Commissioner Patiala for the period 2005-06 to 2010-11. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. 137.40 lacs (Previous year Rs. Nil).

d) In relation of b (ii) above, 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. 315.21 lacs. (Previous year Rs. 315.21 lacs).
- ii) In respect of Assessment Year 2005-06, on account of differences in sales tax rates, (the matter is pending with superintendent audit Bangalore. The Company has taken legal opinion in this regard and is confident of success). Amount involved is Rs. 90.70 lacs. (Previous year Rs. 90.70 lacs).

e) In relation of b (iii) above, Employee related cases comprise of:

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.136.18 lacs. (Previous year Rs. 102.44 lacs)

f) In relation to b (iv) above, Electricity demand comprise of:

In respect of a demand raised by Punjab 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).

g) In relation to b (v) above, Income Tax cases disputed by the Company comprise of:

- i) In respect of Assessment Year 1998-99, 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 86.69 Lacs (Previous year Rs 86.69 Lacs).
- ii) 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 21.21 Lacs (Previous year Rs 21.21 Lacs).
- iii) In respect of Assessment Year 2001-02, certain additions were made on normal as well as on book profit. The matter is pending with High Court. 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. 8.14 lacs (Previous year Rs. 8.14 lacs).
- iv) 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. 23.13 lacs. (Previous year Rs. 23.13 lacs).
- v) In respect of Assessment year 2003-04, disallowance was made for carry forward losses as well as certain disallowances. The matter is pending with Income Tax Appellate Tribunal. 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.158.01 lacs. (Previous year Rs. 158.01 lacs).
- vi) In respect of Assessment Year 2004-05, certain additions were made on normal income. The matter is pending with Income Tax Appellate Tribunal (the matter has been heard and the order is awaited). The amount of contingency for the year is Rs. 13.05 lacs. (Previous year Rs. 13.05 lacs)
- vii) 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. 38.42 lacs (Previous year Rs. 38.42 lacs).
- viii) In respect of Assessment Year 2006-07, certain additions were made on normal as well as on book profit. The matter is pending with Income Tax Appellate Tribunal. 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. 39.52 lacs (Previous year Rs. 39.52 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 favorable decision. The amount involved is Rs 32.79 Lacs (Previous Year Rs 32.79 Lacs).
- x) In respect of Assessment Year 2008-09, 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 favorable decision. The amount involved is Rs 227.17 Lacs. (Previous Year Rs Nil).

8. Managerial Remuneration

a) Payment made to Directors:

(Rs in lacs)

Particulars	Year ended December 31, 2011 (Rs in lacs)	Year ended December 31, 2010 (Rs in lacs)
(a) Salaries	471.66	489.95
(b) Contribution to Provident Fund	20.43	18.85
(c) Other Perquisites	102.88	87.90
(d) Directors Sitting Fees	10.80	11.67

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

- b) Personal expenses under schedule 18 include Rs. 197.99 lacs (including Rs. 29.33 lacs pertaining to previous year) towards whole time Finance Direct or and CFO's remuneration for which the company has filed an application in January, 2011 with Central Government for appointment and payment of remuneration for the period November 12, 2010 to November 11, 2015, which was pending for the approval of the Central Government.
- c) During an earlier year, the company has filed an application for approval of excess managerial remuneration to its erstwhile managing director of Rs. 84.14 lacs for the period January 1, 2007 to September 24, 2007 with the Central Government under section 309(3) of the Companies Act, 1956 which was in excess of permissible remuneration under schedule XIII of the Companies Act, 1956. The Company received an approval from Central Government for partial amount of Rs. 45.67 lacs on September 14, 2010, while the approval for balance amount of Rs. 38.47 lacs paid to the erstwhile managing director is awaited.

Pending such approvals, the management believes that no material adjustments are deemed necessary in financial statements in this regard.

- 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. 9,398.49 lacs (Previous year Rs. 7,218.17 lacs) has been reduced from sales in profit & loss account and excise duty on (decrease)/increase in stock amounting to Rs. 170.40 lacs (Previous year Rs. 140.97) lacs has been considered as 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 at December 31, 2011:

Particulars	Currency	As At December 31, 2011 Amount Rs. (in lacs)	As At December 31, 2011 Amount (Foreign currency in lacs)	Year ended Dec. 31, 2011 (Rates, 1 Unit of Foreign Currency equivalent INR)	As at December 31, 2010 Amount Rs. (in lacs)	As at December 31, 2010 Amount (Foreign currency in lacs)	As at December 31, 2010 (Rates, 1 Unit of) Foreign currency equivalent INR)
Creditors	USD	936.18	17.26	54.24	1,394.90	30.81	45.27
Creditors	EURO	5,246.27	74.68	70.25	2,710.17	55.47	48.86
Creditors	GBP	116.30	1.39	83.67	110.99	1.58	70.25
Creditors	JPY	59.08	84.35	0.70	96.88	173.07	0.56
Creditors	CHF	5.20	0.09	57.73	-	-	-
Creditors	CAD	4.26	0.08	53.25	-	-	-
Creditors	THB	0.25	0.15	1.67	-	-	-
Creditors	SEK	49.25	6.21	7.93	-	-	-
Advance from customers	USD	1,952.64	36.00	54.24	-	-	-
Advance to creditors	EUR	833.87	11.87	70.25	390.52	6.44	60.64
Advance to creditors	USD	699.33	13.41	52.15	92.51	2.07	44.69
Advance to creditors	GBP	48.99	0.61	80.31	58.12	0.83	70.02
Advance to creditors	JPY	99.80	148.49	0.67	119.57	213.59	0.56
Advance to creditors	SEK	53.41	7.14	7.48	5.41	0.79	6.85
Advance to creditors	CHF	9.41	0.17	55.34	0.97	0.02	48.66
Advance to creditors	CAD	4.09	0.08	51.08	0.46	0.01	45.61
Debtors	USD	2,211.68	42.41	52.15	301.36	6.73	44.78
Debtors	EURO	532.70	7.90	67.43	65.73	1.11	59.22
Debtors	GBP	2.41	0.03	80.31	27.11	0.40	67.78

11. Gratuity and other post-employment benefit plans:

- a) The Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. However, the Company, on a conservative basis has made a provision for the deficit in the fund. The deficit accounted for the in the books as on December 31, 2011 is Rs. 50.57 lacs.
- b) 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	
	2011	2010
Current service cost	288.66	270.98
Interest cost on benefit obligation	467.90	398.23
Expected return on plan assets	(319.39)	(284.34)
Net actuarial(gain) / loss recognised in the year	37.74	(40.86)
Previous years actuarial gains recognized during the year	(239.90)	(100.10)
Net benefit expense	<u>235.01</u>	<u>243.91</u>
Actual Return on Plan Assets	180.08	489.37

Balance sheet - Details of Provision for gratuity

	Gratuity	
	2011	2010
Defined benefit obligation	6,545.91	6,192.34
Fair value of plan assets	3,812.62	3,882.44
Cumulative Unrecognized actuarial gains	-	239.91
	<u>2,733.29</u>	<u>2,549.81</u>
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	<u>(2,733.29)</u>	<u>(2,549.81)</u>

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

	Gratuity	
	2011	2010
Opening defined benefit obligation	6,192.34	5,535.76
Interest cost	467.89	398.23
Current service cost	288.66	270.98
Benefits paid	(304.90)	(195.54)
Transfer from group company	3.48	18.75
Actuarial (gains) / losses on obligation	(101.56)	164.16
Closing defined benefit obligation	<u>6,545.91</u>	<u>6,192.34</u>

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

	(Rs. in lacs)	
	Gratuity	
	2011	2010
Opening fair value of plan assets	3,882.44	3,471.24
Expected return	319.38	284.34
Contributions by employer	55.00	117.38
Benefits paid	(304.90)	(195.54)
Actuarial gains / (losses)	(139.31)	205.03
Closing fair value of plan assets	3,812.62	3,882.44

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

	Gratuity	
	2011	2010
	%	%
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	
	2011	2010
	(%)	(%)
Discount rate	8.50	8.00
Expected rate of return on assets	8.50	8.50
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 Company's 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				
	2011	2010	2009	2008	2007
Defined benefit obligation	6,545.91	6,192.34	5,535.76	5,404.64	4,419.12
Cumulative unrecognized actuarial gains	-	239.91	-	-	-
Plan assets	3,812.62	3,882.44	3,471.23	3,352.83	3,115.37
Surplus / (deficit)	(2,733.29)	(2,549.81)	(2,064.53)	(2,051.81)	(1,303.75)
Experience adjustments on plan liabilities	511.34	205.76	280.10	-	-
Experience adjustments on plan assets	180.08	489.37	(210.74)	-	-

12. 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	56,997,000 (58,560,000)	52,349,365 (50,992,559)
Pistons (Nos)	"	19,055,000 (18,480,000)	18,251,502 (15,404,142)
Pins (Nos)	"	16,545,003 (18,120,000)	17,587,359 (15,904,571)
Valve Train Components (Nos.)	"	60,457,500 (46,944,000)	48,162,932 (39,478,863)
Structural Components (Nos.)	"	5,870,000 (6,870,000)	2,059,978 (2,741,699)

* Installed Capacity as certified by the management.

Note: Figures in brackets pertains 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)	3,147,498 (2,735,013)	1,097.40 (918.33)	4,858,428 (3,147,498)	1,795.09 (1,097.40)	50,638,435 (50,580,074)	40,387.14 (37,450.07)
Pistons (Nos)	712,805 (579,961)	1,382.40 (1,319.04)	889,435 (712,805)	1,709.09 (1,382.40)	18,074,872 (15,271,298)	60,807.29 (44,235.18)
Pins (Nos)	1,034,717 (1,020,504)	303.44 (288.75)	834,821 (1,034,717)	347.02 (303.44)	17,787,255 (15,890,358)	7,582.85 (5,953.85)
Valve Train Components (Nos)	1,129,859 (1,274,082)	93.56 (109.27)	2,047,617 (1,129,859)	188.67 (93.56)	47,245,174 (39,623,086)	5,904.82 (4,426.54)
Structural Components (Nos)	121,168 (81,292)	36.77 (28.99)	68,052 (121,168)	24.11 (36.77)	2,113,094 (2,701,823)	762.23 (981.13)
Miscellaneous	-	38.60 (89.71)	-	171.25 (38.60)	-	-
Total	6,146,047 (5,690,852)	2,952.17 (2,754.09)	8,698,353 (6,146,047)	4,235.23 (2,952.17)	135,915,834 (124,066,639)	115,444.35 (93,046.77)

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)	85,971 (89,318)	207.89 (175.48)	124,992 (85,971)	304.55 (207.89)	496,239 (476,487)	1,144.46 (1,072.77)	457,219 (479,834)	1,446.24 (1,436.27)
Spark Plug (Nos)	98,644 (314,542)	36.54 (101.58)	134,230 (98,644)	51.27 (36.54)	5,915,273 (4,534,558)	1,909.43 (1,416.62)	5,879,687 (4,750,456)	2,476.79 (1,922.78)
Others*	-	53.46 (39.39)	-	134.49 (53.46)	-	602.46 (293.02)	-	800.96 (464.28)
Total	184,615 (403,860)	297.89 (316.45)	259,222 (184,615)	490.31 (297.89)	6,411,512 (5,011,045)	3,656.35 (2,782.41)	6,336,906 (5,230,290)	4,724.00 (3,823.33)

Note: Figures in brackets pertain 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, 2011		Year Ended December 31, 2010	
		Quantity	Rs.(in lacs)	Quantity	Rs.(in lacs)
a) Pig Iron	M.Ton	3,594.54	1,065.30	3,425.73	853.28
b) Alloys	M.Ton	898.51	875.93	809.33	711.26
c) Chromic Acid	M.Ton	42.40	94.65	43.60	86.81
d) Aluminum	M.Ton	8,734.49	9,323.21	6,851.42	6,853.47
e) Steel Strips	M.Ton	19.14	238.95	18.94	216.14
f) Pin .Steel	M.Ton	3,815.20	3,075.64	3,286.33	2,497.45
g) Silicon	M.Ton	1,202.65	2,126.35	985.53	1,161.95
h) Magnesium	M.Ton	125.08	187.56	107.86	161.43
i) Nickel	M.Ton	325.06	4,118.04	265.60	2,354.38
j) Iron Powder	M.Ton	642.60	485.50	673.57	412.25
k) Steel Powder	M.Ton	162.92	990.60	99.12	506.17
l) Copper Powder	M.Ton	73.42	388.56	98.47	397.48
m) Distalloys	M.Ton	101.48	157.14	111.26	158.40
n) Bought out rings	Nos.	733,682	527.08	5,874,364	7041.43
o) Others*		35,596	19,164.00		9,114.32
Total			42,819.00		32,526.22

*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.

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

Particulars	(Rs. in Lacs)	
	Year Ended December 31, 2011	Year Ended December 31, 2010
a) Raw Materials	11,978.85	10,533.78
b) Spare Parts & Components	6,872.75	3,124.94
c) Capital Goods	9,573.91	2,478.56

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

Particulars	(Rs. in Lacs)	
	Year Ended December 31, 2011	Year Ended December 31, 2010
a) Travelling Expenses	32.22	43.72
b) Commission on Sales	-	6.88
c) Communication expenses	69.56	64.78
d) Royalty	944.02	888.42
e) Professional Expenses	231.96	346.31
f) Others	10.51	-

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

Particulars	Year Ended December 31, 2011		Year Ended December 31, 2010	
	Rs. (in lacs)	%	Rs. (in lacs)	%
a) Indigenous	26,392.71	61.64%	19,514.69	59.99
b) Imported	16,426.29	38.36%	13,011.53	40.01
Total	42,819.00	100.00%	32,526.22	100.00

(vii) **Imported & Indigenous Stores, Spares and Tools Consumed**

Particulars	Year Ended December 31, 2011		Year Ended December 31, 2010	
	Rs. in lacs	%	Rs. in lacs	%
(a) Indigenous	12,225.48	92.20%	8900.76	91.90 %
(b) Imported	1,034.00	7.80%	785.00	8.10 %
Total	13,259.48	100.00%	9685.76	100.00

(viii) **Earnings in Foreign Currency (on accrual basis)**

Export on FOB basis	8,389.40	6,218.81
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13. Micro, Small and Medium Enterprises

The Micro, Small and Medium Enterprises have been identified by the Company from the available information, which has been relied upon by the auditors. According to such identification, the disclosures in respect to Micro and Small Enterprises as per MSMED Act, 2006 is as follows:

Particulars	2011	2010
The principal amount remaining unpaid as at the end of year	173.27	147.97
Interest due on above principal and remaining unpaid as at the end of the year	1.59	0.44
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.	12.83	8.91
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	14.42	9.35
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	34.90	20.48

14. Utilisation of proceeds of Right Issue

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 right issue aggregating to Rs. 11,737.50 lacs have been utilized as per objects of the issue mentioned in the Letter of Offer (LOO). The company had taken the approval of its members at the Annual General Meeting held at June 25, 2010 for following amendment in Rights Issue utilization:

- a) Rs. 1,138.42 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, 2011 (Rs. in lacs)	Amount utilized 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	3,040.67
Payment to suppliers for purchase of machineries (including interest)	9,296.61	9,296.61	9,296.61	8,753.51
General corporate purposes	431.30	441.65	441.65	441.65
Issue expenses	117.69	107.34	107.34	107.34
Total	12,886.27	12,886.27	12,886.27	12,343.17

15. Expenses capitalised

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, 2011 Rs. (in lacs)	Year ended Dec. 31, 2010 Rs. (in lacs)
Salaries, wages and bonus	177.53	120.66
Consumption of stores and spares	266.30	180.98
Total	443.83	301.64

16. 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. 214.89 lacs (Previous Year Rs. 932.32 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.

As at December 31, 2011, the Company has export benefits receivable of Rs. 695.94 lacs, of which Rs 315.26 lacs is outstanding in respect of export invoices over one year, due to delay in fulfillment of export obligations as explained above. The management believes that such recognition is in accordance with relevant accounting guidance and basis an expert opinion, there is reasonable certainty of its ultimate realization and no adjustments are deemed necessary in financial statements in this regard.

17. Provision for regulatory matters

During the year ended December 31, 2010, the Company had 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. 288.30 lacs is included under Schedule no. 14 for provisions which are net of amounts utilized of Rs. 269.75 lacs during the year towards remediation. Further, the Company has also recognized a provision of Rs 654.96 lacs (including interest of Rs. 357.37 lacs) against certain other regulatory matters. The Company is actively seeking to resolve these actual and potential statutory, taxation 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 the experts in respect of the said matters, 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

18. Management support charges

In December 2011, the Company has received management support charges from its group companies of Rs 498.52 lacs in respect of certain application engineering rendered by the Company. Further, the charges amounting to Rs. 354.40 lacs (on net basis) in respect of certain other set of services received from the parent company, which were accounted for by the Company for the period January 1, 2011 to September 30, 2011, have been reversed as these charges have been discontinued by the parent company. 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, 2011 to March 31, 2012, the process of updation is ongoing and management is confident of completing the same. The provision for current tax has been made accordingly considering the said amounts of Rs. 498.52 lacs as "allowable expenditure".

19. Investments in G.I. Power Corporation Limited

The Company is holding an investment of Rs. 1,070.92 lacs (Equity Shares: Rs. 194.48 lacs and Preference Shares: Rs. 876.44 lacs) in GI Power Corporation Limited (GIPCL). During the year, the Company's shareholding in GIPCL has reduced from 26.00% to 6.60% due to conversion of the preference shares held by other investors into equity shares. Accordingly GIPCL has discontinued to be an 'Associate' of the Company.

In addition to the above, the Company has now changed the classification the investment in GIPCL from long term investment to current investment, as the Company is assessing various options for liquidating these investments as these are not related to the core business of the Company. Based on current assessment, the Company is confident that it would be able to recover the entire carrying value of these investments and these investments have been carried at cost in the balance sheet in accordance with the requirements of AS-13 "Accounting for Investments".

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: February 29, 2012

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

Balance sheet and profit and loss account

Cash flow statement for the year ended December 31, 2011

	For the year ended December 31, 2011 Rs (in lacs)	For the year ended December 31, 2010 Rs (in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and after prior period	4,864.01	4,569.31
Adjustments for:		
Depreciation and amortisation	5,365.89	4,822.46
Loss on sale / discard of fixed assets (net)	216.01	421.91
Loss on sale of Non-trade Current Investments	-	570.59
Provision for doubtful debts written back	(33.64)	(13.77)
Provision for advances written back	-	(500.59)
Advances written off	198.17	39.35
Provision for loans and advances	58.90	76.94
Interest income	(23.32)	(0.97)
Dividend income	(759.90)	(270.30)
Interest expense	2,406.42	1,246.93
Excess provision written back	(134.94)	(54.61)
Unrealised forex (gain)/loss (net)	168.42	53.71
Miscellaneous expenditure written off	239.91	239.90
Operating profit before working capital changes	12,565.93	11,200.86
Movements in working capital:		
Decrease / (Increase) in sundry debtors	(2,705.43)	(1,860.62)
Decrease / (Increase) in other current assets	(216.57)	(167.24)
Decrease / (Increase) in inventories	(3,356.11)	(1,428.68)
Decrease / (Increase) in loans and advances**	(1,572.58)	(1,059.12)
Increase / (Decrease) in current liabilities & provisions	4,606.91	1,553.56
Cash generated from operations	9,322.15	8,238.76
Direct taxes paid (net of refunds)	(1,149.31)	(934.97)
Net cash from operating activities	8,172.84	7,303.79
B. CASH FLOWS FROM/(used in) INVESTING ACTIVITIES		
Purchase of fixed assets/ Intangibles Assets	(13,142.07)	(6,023.13)
Proceeds from sale of fixed assets	257.01	83.32
Sale of non-trade investments	-	1,130.00
Interest received	21.81	26.86
Dividends received	372.30	270.30
Net cash used in investing activities	(12,490.95)	(4,512.65)
C. CASH FLOWS FROM/(used in) FINANCING ACTIVITIES		
Payment of borrowings (Long term)	(400.00)	(1,300.00)
Movement in borrowings (Short term)	7,067.41	(77.94)
Interest paid	(2,369.87)	(1,338.58)
Net cash from/(used in) financing activities	4,297.54	(2,716.52)
Net increase in cash and cash equivalents (A + B + C)	(20.57)	74.62
Cash and cash equivalents at the beginning of the year	232.53	157.91
Cash and cash equivalents at the end of the year	211.96	232.53
Components of cash and cash equivalents as at	December 31, 2011	December 31, 2010
	Rs (in lacs)	Rs (in lacs)
Cash and cheques on hand	0.02	0.35
With banks - on current account	203.34	217.18
- on deposit accounts (pledged with Government authorities)	50.97	50.14
- on unpaid dividend account*	8.60	15.00
Cash and bank balances as per Schedule 10	262.93	282.67
Less: Fixed deposits not considered as cash equivalents	(50.97)	(50.14)
	211.96	232.53

* 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: February 29, 2012

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	1
---	---	---	---	---	---	---	---

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

5	8	3	6	2	8	6
---	---	---	---	---	---	---

Total Assets

5	8	3	6	2	8	6
---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

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

Reserves & Surplus

3	5	9	5	5	9	0
---	---	---	---	---	---	---

Secured Loans

	9	3	9	1	2	8
--	---	---	---	---	---	---

Unsecured Loans

	5	9	9	3	1	2
--	---	---	---	---	---	---

Deferred Tax Liability

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

Application of Funds

Net Fixed Assets

4	6	3	4	6	7	5
---	---	---	---	---	---	---

Investments

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

Net Current Assets

	9	9	2	3	7	7
--	---	---	---	---	---	---

Misc. Expenditure

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

Accumulated Losses

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

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

Turnover including Other Income

1	1	6	9	1	3	7	6
---	---	---	---	---	---	---	---

Total Expenditure

1	1	2	0	4	9	7	5
---	---	---	---	---	---	---	---

Profit before Tax

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

Profit after tax

	3	7	4	6	1	7
--	---	---	---	---	---	---

Earning Per Share in Rs.

6	.	7	3
---	---	---	---

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

Khalid Khan
Company Secretary

Dan Brugger
Whole Time Finance Director & CFO

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 2011
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. 956.58 Lacs
	ii) for previous financial years of subsidiary since it became subsidiary of Federal-Mogul Goetze (India) Ltd.	Rs. 1708.02 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

Sunit Kapur
Managing Director

Dan Brugger
Whole Time Finance Director & CFO

Khalid Khan
Company Secretary

Place: Gurgaon
Date: May 8, 2012



FEDERAL-MOGUL TPR (INDIA) LIMITED

DIRECTOR' S REPORT

The Directors are pleased to present the fifteenth Annual Report and Audited Statement of Accounts for the financial year ended 31st December, 2011.

Financial Results

[Rs. in Million]

	For the year ended 31.12.2011	For the year ended 31.12.2010
Total Income:		
Gross Sales	1157.79	1006.05
Deduct: Excise Duty	113.77	94.89
	1044.02	911.16
Other Income	30.80	27.86
	1074.82	939.02
Profit before Depreciation and Finance Charges	348.05	316.72
Deduct:		
Depreciation	32.28	37.48
Interest & Finance Charges	3.07	5.79
Net Profit before Tax	312.70	273.45
Provision for Tax		
- Current	117.40	98.41
- Deferred tax credit	(7.62)	(4.39)
Profit after Tax	202.92	179.43
Prior period items	15.36	2.36
Profit brought forward	334.91	256.44
Net profit available for appropriation	522.47	438.23
Appropriations :		
Transfer to general reserve	18.80	18.20
Dividend-		
Preference @ 6%	6.00	6.00
Tax and cess on dividend - Preference	0.97	1.00
Equity Shares	70.00	67.00
Tax and cess on dividend - Equity	11.36	11.13
Surplus carried to Balance Sheet	415.34	334.90

Financial Performance

During the year under review, your Company has recorded an impressive performance. The total income of the Company as at 31st December 2011 was Rs. 1074.82 million as against Rs. 939.02 million for the year ended 31st December 2010.

During the year under review, the Company made a Net Profit after Tax of Rs. 187.56 million as against the Net Profit after Tax of Rs. 181.79 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

2011 was a year that began with a bang only to fizzle out in the end with stagnating demands and sales. Global slowdown impacted the Indian economy, including the automobile and auto component sector.

Auto Component industry in India has always been dependent on automotive manufacturers. Weak demand from domestic industry and slow growth in exports has hampered growth in market

size. The auto industry's growth rate has slowed. Interest rates and fuel prices have made things difficult. However, it is believed that this is a short-term event and cyclical.

During such a challenging environment specialization, improvement in labour productivity, development and delivery holds the key to success in the industry. Access to the latest and superior technology will bring competitive advantage over the other market players.

The auto industry is expected to revive in the times to come and such revitalization would bring potential and intensification opportunity in the industry.

During such demanding environment, your Company continued to portray a significant development due to its strong fundamentals of competitiveness, technological absorption and flexibility.

Auditors' Comments

With regard to Auditors' observations as contained in Clause ii (a) and Clause ix (a) of Annexure to their Report regarding physical verification of stores and spares inventory and the slight delay in depositing tax and other dues respectively, the necessary remedial action is being taken by the management.

Dividend

In view of profits your Directors are pleased to recommend dividend @ 6% on the Cumulative Redeemable Preference Shares and dividend @ 70% on Equity shares for the year ended 31st December, 2011.

The total outflow on account of dividend, if approved, will be Rs.88.33 million [including dividend tax of Rs.12.33 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. Jean de Montlaur, Director, is liable to retire by rotation and, being eligible, offers himself for re-appointment.

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 TPR Co., 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 29, 2012

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:

- Modification of the dust extraction system.
- Replacement of Drive motor 30KW rating with 22.5 KW rating and energy saving to the tune of 2700 KWH per annum.
- Modification (rearrangement of heating coils) of Top rings Heat Treatment furnace.
- Installation of Control switches for controlled usage of lighting.

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

- Enhancement of charge quantities, planning of heating load for effective utilization of furnaces
- 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

- Introduction of all steel ring pack
- Development of 3 piece steel oil ring for diesel application

- Validation trials at BAL for CKS coated top and oil rings

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

New Business

3. Future plan of action

Development of 2.0 mm (thin axial) I-Section oil ring. To work towards product development, cost reduction & technological upgradation.

4. Expenditure on R&D

During the year 2011, no expenditure was incurred on R&D.

Technology absorption, adaptation and innovation

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

The Company has successfully absorbed the technology for the manufacture of piston assembly conforming to Euro II, III, IV & V standards for Gasoline/Diesel/CNG applications.

2. Benefits derived as a result of above efforts;

- Design Improvement
- New Business

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
Manufacture of steel mid rings for Gasoline (FMTPR) applications	2011	Trials under Process
Manufacture of steel rings with oval coiling	2012	Machine expected at the end 2012

ENVIRONMENT & SAFETY

During the year 2011, the following measures were taken to reduce the pollution levels.

- The effluent treatments plants have been upgraded
- New Ion exchange treatment plant has been installed for treatment of ground water.
- The Fire hydrant system for the LPG yard is in progress to attend the fire emergency if any.

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange earnings - Nil

Foreign exchange outgo - Rs. 7,972,151



FEDERAL-MOGUL TPR (INDIA) LIMITED

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Federal-Mogul TPR (India) Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2011, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2011;
- in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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;
 - The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - On the basis of written representations received from the directors as on December 31, 2011, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2011, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. BATLIBOI & CO.

Firm registration number: 301003E

Chartered Accountants

per Pankaj Chadha

Partner

Place : Gurgaon

Date : February 29, 2012

Membership No.: 91813

Annexure referred to in paragraph 1 of our report of even date under Section 'Report on Other Legal and Regulatory Requirements'

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

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - 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.
 - There was no substantial disposal of fixed assets during the year.
- The inventory has been physically verified by the management during the year, *except for stores and spares inventory of Rs 3,979,609 which has not been verified during or at the end of the year.* In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end. Inventories lying with outside parties (including transporters, job workers and at ports) have been confirmed by them as at year end.
 - The procedures of physical verification of inventory followed by the management, *except for stores and spares inventory of Rs 3,979,609* are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - The Company is maintaining proper records of inventory, *except for stores and spares inventory of Rs. 3,979,609* and no material discrepancies were noticed on physical verification.
- According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
 - According to information and explanations given to us, 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. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- 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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
 - 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 in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v) (b) of the Order are not applicable to the Company.
 - The Company has not accepted any deposits from the public.
 - In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 - 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.
 - Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
 - According to the information and explanations given to us, no 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.
 - According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess 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, 1944	Service tax on import services	1,542,269	2004 to 2006	Joint Commissioner of Service Tax
Central Excise Act, 1944	Cenvat credit availed on Job work	18,053,327	2005 to 2007	Central Excise and Service Tax Appellant Tribunal
Central Excise Act, 1944	Service tax on management fees and sole selling commission	2,435,525	2006 to 2007	Commissioner of Central Excise
Central Excise Act, 1944	Service tax on supplementary bills for price reduction	11,936,332	2007 to 2008	Central Excise and Service Tax Appellant Tribunal
Central Excise Act, 1944	Cenvat credit of service tax	2,471,010	2005	Central Excise and of central excise
Central Excise Act, 1944	Cenvat credit on job work	30,680,233	2008 to 2010	Central Excise and Service Tax Appellant Tribunal
Central Excise Act, 1944	Cenvat credit on job work	16,814,854	2010, 2011	Joint Commissioner of central excise
Central Excise Act, 1944	Service tax on sole selling commission	5,649,735	2010 to 2011	Joint Commissioner of central excise
Central Excise Act, 1944	Service tax on demand on sales commission and freight charges	13,813,503	2008 to 2010	Commissioner of central excise
Central Excise Act, 1944	Service tax on demand on management fees	7,376,990	2008 to 2009	Commissioner of central excise
KVAT Act, 2003	VAT demand for vat rate issue	45,426,388	2007 to 2008	Joint commissioner of commercial tax.
U.P. Sales Tax Act	Sales tax demand for tax rate issue	1,679,664	2007 to 2008	Joint commissioner of commercial tax.
Rajasthan Sales Tax Act	Sales tax demand for tax rate issue	1,528,145	2007 to 2010	Joint commissioner of commercial tax.

- 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.
- 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 holders.
- 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.
- 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.
- 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.
- 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.
- Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- 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.
- 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.
- The Company did not have any outstanding debentures during the year.
- The company has not raised any money through public issue during the year.
- 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 : February 29, 2012

Membership No.: 91813



FEDERAL-MOGUL TPR (INDIA) LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2011

	Schedules	As at December 31, 2011 Amount in Rs.	As at December 31, 2010 Amount in Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	200,000,000	200,000,000
Reserves and surplus	2	465,441,906	366,206,169
		665,441,906	566,206,169
Deferred Tax Liabilities (net)	3	4,793,522	12,417,627
TOTAL		670,235,428	578,623,796
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	4	474,797,717	429,413,310
Less : Accumulated Depreciation/ Amortisation		302,046,717	269,782,136
Net block		172,751,000	159,631,174
Capital work-in-progress including capital advances		409,197	988,969
		173,160,197	160,620,143
Current Assets, Loans and Advances			
Inventories	5	88,551,759	61,576,393
Sundry debtors	6	148,506,266	231,511,631
Cash and bank balances	7	92,409,735	53,568,620
Other current assets	8	6,163,152	2,844,259
Loans and advances	9	360,420,528	239,521,727
		(A) 696,051,440	589,022,630
Less: Current Liabilities and Provisions			
Current liabilities	10	103,803,150	74,217,033
Provisions	11	95,173,059	96,801,944
		(B) 198,976,209	171,018,977
Net Current Assets (A-B)		497,075,231	418,003,653
TOTAL		670,235,428	578,623,796
Notes to Accounts	21		

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 29, 2012



FEDERAL-MOGUL TPR (INDIA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

	Schedules	For the year ended December 31, 2011 Amount in Rs.	For the year ended December 31, 2010 Amount in Rs.
INCOME			
Turnover (Gross)		1,157,798,046	1,006,051,875
Less : Excise duty		113,777,927	94,892,426
Turnover (Net)		1,044,020,119	911,159,449
Other income	12	30,799,546	27,864,070
TOTAL		1,074,819,665	939,023,519
EXPENDITURE			
Raw materials and components consumed	13	290,921,448	238,814,942
Personnel expenses	14	33,218,296	25,855,632
Other manufacturing expenses	15	230,175,686	195,155,723
Operating and other expenses	16	187,176,833	160,471,584
Decrease/ (increase) in inventories	17	(14,729,037)	1,998,930
Depreciation/ amortization	4	32,284,018	37,483,934
Financial expenses	18	3,073,998	5,790,827
TOTAL		762,121,242	665,571,572
Profit before tax and prior period items		312,698,423	273,451,947
Provision for Tax			
Current tax (including Rs 7,600,000 relating to earlier years, Previous year Rs. 1,642,300)		117,400,885	98,413,456
Deferred tax credit		(7,624,105)	(4,388,535)
Total Tax expense		109,776,780	94,024,921
Profit after tax before prior period (income) / expense		202,921,643	179,427,026
Prior period (income)/expense [net of tax Rs. Nil (Previous year Rs.2,008,122)]	19	15,356,806	(2,357,588)
Net profit		187,564,837	181,784,614
Balance brought forward from previous year		334,906,169	256,445,943
Profit available for appropriation		522,471,006	438,230,557
Appropriations:			
Transfer to General Reserve		18,800,000	18,200,000
Proposed final dividend-Preference Shares		6,000,000	6,000,000
Proposed final dividend-Equity Shares		70,000,000	67,000,000
Tax on dividend-Preference Shares		973,350	996,525
Tax on dividend-Equity Shares		11,355,750	11,127,863
Surplus carried to balance sheet		415,341,906	334,906,169
Earnings per share			
Basic and diluted [Nominal value of shares Rs. 10 (Previous year Rs. 10)]	20	19.59	17.24
Notes to Accounts	21		

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 29, 2012



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

	As at December 31, 2011 Amount in Rs.	As at December 31, 2010 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::

- 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.
- 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	31,300,000	
Add: Transferred from profit and loss account	18,800,000	31,300,000
Profit and loss account	415,341,906	334,906,169
	465,441,906	366,206,169

Schedule 3 : Deferred tax liability (net)

Deferred tax liabilities		
Differences in depreciation in block of fixed assets as per tax books and financial books	13,173,140	17,419,411
Gross deferred tax liabilities	13,173,140	17,419,411
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	8,265,225	4,322,073
Provision for doubtful debts and advances	114,393	679,711
Gross deferred tax assets	8,379,618	5,001,784
Net deferred tax liability	4,793,522	12,417,627



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

Schedule 4 : Fixed Assets

	Amount in Rs.				
	Plant and machinery	Furniture & fixtures	Vehicles	Total	Previous Year
Gross block					
At 01.01.2011	427,770,574	1,611,026	31,710	429,413,310	406,246,495
Additions	45,784,407	-	-	45,784,407	23,319,014
Deductions/ Adjustments	400,000	-	-	400,000	152,199
At 31.12.2011	473,154,981	1,611,026	31,710	474,797,717	429,413,310
Depreciation					
At 01.01.2011	268,594,111	1,170,187	17,838	269,782,136	232,356,959
For the year	32,235,787	45,218	3,012	32,284,017	37,483,934
Deletions/ adjustments	19,437	-	-	19,437	58,757
At 31.12.2011	300,810,461	1,215,405	20,850	302,046,716	269,782,136
Previous year depreciation	37,434,734	46,188	3,012	37,483,934	36,717,643
Net block					
At 31.12.2011	172,344,520	395,621	10,860	172,751,000	159,631,174
At 31.12.2010	159,176,463	440,839	13,872	159,631,174	
Capital work in progress including capital advances of Rs. 259,200 (Previous year Rs. NIL)				409,197	988,969

Schedule 5: Inventories (at lower of cost and net realisable value)

	As at December 31, 2011 Amount in Rs.	As at December 31, 2010 Amount in Rs.
Raw materials and components (Including stock in transit Rs. Nil (Previous year Rs. 1,628,122))	44,260,122	28,384,554
Stores and spares	9,484,143	13,351,511
Loose tools	3,976,609	3,738,480
Work-in- progress	15,476,955	8,001,379
Finished goods	15,353,930	8,100,469
Total	88,551,759	61,576,393

Schedule 6 : Sundry Debtors

Debts outstanding for a period exceeding six months		
Unsecured, considered good	170,370	207,484
Unsecured, considered doubtful	352,578	1,999,739
Other debts		
Unsecured, considered good *	148,335,896	231,304,147
	148,858,844	233,511,370
Less : Provision for doubtful debts	352,578	1,999,739
Total	148,506,266	231,511,631

*Balance due from the holding company, Federal-Mogul Goetze (India) Limited Rs 33,445,851 (Previous year Rs. 162,720,859).

Schedule 7 : Cash and Bank Balances

Cash on hand	224	1,527
Balances with scheduled banks:		
On current accounts	12,004,511	53,162,093
On deposit accounts (pledged with Government authorities)	405,000	405,000
Fixed Deposits with Banks	80,000,000	-
Total	92,409,735	53,568,620



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

Schedule 8 : 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**	6,163,152	2,844,259
Total	6,163,152	2,844,259

**Dues from companies under the same management:

Federal-Mogul Goetze (India) Limited, the holding company (Maximum amount outstanding during the year Rs. 6,163,152
(Previous year Rs. 23,547,277))

Schedule 9 : Loans and advances

Unsecured considered good

Advances recoverable in cash or in kind or for value to be received	2,519,269	3,322,200
Inter-corporate deposit***	350,000,000	230,000,000
Balance with excise authorities	7,901,259	6,199,527
Total	360,420,528	239,521,727

***Dues from companies under the same management:

Federal-Mogul Goetze (India) Limited, the holding company (Maximum amount outstanding during the year Rs. 350,000,000
(Previous year Rs. 230,000,000))

Schedule 10 : Current liabilities

Sundry creditors		
a) total outstanding dues of Micro and Small Enterprises (refer note no. 13 to schedule no. 21)	2,156,349	2,134,975
b) total outstanding dues of creditors other than Micro and Small Enterprises	77,673,365	62,128,159
Advance from Customers	265,785	1,369,183
Book Overdraft	16,140,267	-
Other Liabilities	7,559,384	8,576,716
Security deposits	8,000	8,000
Total	103,803,150	74,217,033

Schedule 11 : Provisions

Provision for taxation (net of advance tax payments of Rs. 425,891,577 Previous year Rs. 301,992,280))	1,680,632	8,179,044
Provision for compensated absences	1,179,470	804,638
Provision for gratuity (refer note no. 7 to schedule no. 21)	3,983,857	2,693,874
Proposed dividend	76,000,000	73,000,000
Tax on dividend	12,329,100	12,124,388
Total	95,173,059	96,801,944

Schedule 12 : Other Income

Interest on		
-Bank deposits (Tax deducted at source Rs. 98,055, Previous year Rs. Nil)	1,795,485	23,600
-Others (Tax deducted at source Rs. 2,129,242 Previous year Rs. 2,115,395)	21,216,424	21,163,723
Sale of scrap	1,718,818	1,892,618
Foreign exchange rate difference (net)	-	3,325,680
Excess provision written back	4,419,848	1,111,810
Miscellaneous income	1,648,971	346,639
Total	30,799,546	27,864,070



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

Schedule 13 : Raw materials and components consumed

	As at December 31, 2011 Amount in Rs.	As at December 31, 2010 Amount in Rs.
Inventories as at December 31, 2010	28,384,554	41,042,052
Add: Purchases	306,797,016	226,157,444
	335,181,570	267,199,496
Less: Inventories as at December 31, 2011	44,260,122	28,384,554
Total	290,921,448	238,814,942

Schedule 14 : Personnel expenses

Salaries, wages and bonus	29,421,947	22,751,610
Contribution to provident fund and other funds	1,830,930	1,764,326
Contribution to super annuation	370,489	209,278
Gratuity expenses (refer note no. 7 to schedule no. 21)	1,289,982	173,341
Workmen and staff welfare expenses	304,948	957,077
Total	33,218,296	25,855,632

Schedule 15 : Other manufacturing expenses

Consumption of stores and spares	102,196,624	72,862,348
Sub-contracting expenses	4,160,569	3,768,789
Chrome plating charges	113,623,057	109,099,917
Power and fuel	10,195,436	9,424,669
Total	230,175,686	195,155,723

Schedule 16 : Operating and other expenses

Freight and forwarding charges	3,590,777	3,240,267
Rent (refer note no 14 of schedule 21)	7,964,999	7,970,999
Rates and taxes	6,668,132	2,915,923
Insurance	908,496	220,869
Repairs and maintenance		
- Plant and machinery	531,317	43,325
- Buildings	406,934	692,333
- Others	682,067	438,752
	1,620,318	1,174,410
Sales promotion	10,240,660	17,399,979
Sole selling commission	46,427,549	40,708,332
Management support charges (including expense reimbursed Rs. 71,314,846 (Previous year Rs. 58,865,419)	76,502,326	64,052,900
Royalty	19,337,069	15,080,005
Product rectification charges	11,585	32,865
Legal and professional expenses	2,213,512	1,936,880
Technical training charges	714,801	1,760,391
Travelling and conveyance	1,563,673	2,279,315
Printing and stationery	372,058	432,592
Payment to Auditor		
As Auditor		
- Audit fee	425,000	500,000
- Tax audit fee	125,000	275,000
- For certification and others matters	50,000	25,000
- Out-of-pocket expenses	56,279	81,550
	656,279	881,550
Exchange difference (net)	5,207,096	-
Increase/ (decrease) of excise duty on finished goods	1,533,092	(458,873)
Provision for doubtful debts	-	227,450
Loss on sale / discard of fixed assets (net)	380,563	93,443
Miscellaneous expenses	1,263,848	522,287
Total	187,176,833	160,471,584



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

Schedule 17 : Decrease/(increase) in inventories

	For the year ended December 31, 2011 Amount in Rs.	For the year ended December 31, 2010 Amount in Rs.
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
Inventories as at December 31, 2011		
- Work-in-progress	15,476,955	8,001,379
- Finished goods	15,353,930	8,100,469
Total	30,830,885	16,101,848
	(14,729,037)	1,998,930

Schedule 18 : Financial expenses

Interest		
- to banks	1,947,555	4,961,194
Bank charges	1,126,443	829,633
Total	3,073,998	5,790,827

Schedule 19: Prior period (income) / expense

- 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	15,356,806	1,542,269
Net prior period (income) / expense	15,356,806	(2,357,588)

Schedule 20: Earnings per share (EPS)

Net profit as per profit and loss account	202,921,643	179,427,026
Less: Preference Dividend (including Dividend Tax Rs. 973,350, Previous year Rs. 996,525)	6,973,350	6,996,525
Profit available for equity share holder	195,948,293	172,430,501
Weighted average number of equity shares in calculating basic and diluting earning per share	10,000,000	10,000,000
Earning per share	19.59	17.24



Schedules to the Accounts

Schedule 21 : 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.



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- 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 AS-17 'Segmental Reporting' notified under companies (Accounting Standard) Rules, 2006, the company's primary businesssegment is manufacturing of auto components. The company operates only in one geographical segment.
- 4. Related Party Disclosure**
Names of related parties where control exists irrespective of whether transaction have occurred or not
- i) Ultimate Holding Company**
- Federal-Mogul Corporation
- ii) Holding Company**
- Federal-Mogul Goetze (India) Limited
- Names of other related parties with whom transactions have taken place**
- i) Common control with Holding Company**
- Federal Mogul UK Investments Limited
- Teikoku Piston Ring Co. Ltd., Japan
- ii) Key managerial personnel and their relatives**
-Mr. B.P. Srikanth , Manager (From September 28, 2010 till date)
(Manager under section 269 of the Companies Act, 1956)



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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, 2011 (Rs.)	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2011 (Rs.)	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2011 (Rs.)	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2011 (Rs.)	For the Year ended December 31, 2010 (Rs.)	For the Year ended December 31, 2011 (Rs.)	For the Year ended December 31, 2010 (Rs.)
Sales	(590,742,441)	(450,521,424)	-	-	-	-	-	-	-	-
Purchase of raw material, intermediaries and finished goods	116,942,845	97,303,655	-	-	1,729,688	508,909	-	-	-	-
Dividend Paid/ proposed	75,990,000	27,030,000	36,505,000	12,985,000	36,505,000	12,985,000	-	-	-	-
Management support charges*	76,502,326	64,052,900	-	-	-	-	-	-	-	-
Job work Expense	113,623,057	109,099,917	-	-	-	-	-	-	-	-
Sole selling commission Paid	46,427,549	40,708,332	-	-	-	-	-	-	-	-
Remuneration	-	-	-	-	-	-	1,507,567	330,038	-	1,081,595
Rent expense	7,800,000	7,800,000	-	-	-	-	-	-	-	-
Royalty expense	-	-	-	-	17,939,045	15,080,005	-	-	-	-
Inter-corporate deposit (ICD) given	140,000,000	-	-	-	-	-	-	-	-	-
Inter-corporate deposit (ICD) repaid	(20,000,000)	-	-	-	-	-	-	-	-	-
Interest on ICD	21,216,424	21,153,954	-	-	-	-	-	-	-	-
Balance outstanding as at the end of the year (Receivable)**	389,609,003	395,565,118	-	-	-	-	-	-	-	-
Balance outstanding as at the end of the year (Payable)	-	-	(646,081)	(7,879,304)	-	-	-	-	-	-

* Including expenses reimbursed Rs. 71,413,698 (Previous year Rs. 58,865,419).

** Includes Rs. 33,445,851 (Previous year Rs. 1,62,720,859) for Sundry debtors, Rs. 350,000,000 (Previous year Rs. 230,000,000) for Inter-Corporate Deposit and Rs. 6,163,152 (Previous year Rs. 2,844,259) 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, 2011 (Rs.)	As at December 31, 2010 (Rs.)
Capital commitment	100,800	27,536,562

6. Contingent liabilities not provided for:

Particulars	As at December 31, 2011 (Rs.)	As at December 31, 2010 (Rs.)
Claims/notices contested by the Company		
a) Excise duty	127,527,262	84,619,552
b) Sales tax	45,426,388	-

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 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).
 - b. 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 Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 11,936,332 (Previous year Rs. 8,952,249) including interest and penalties of Rs. 8,952,249 (Previous year Rs. 5,968,166).
 - 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. 30,680,233 (Previous year Rs. 30,680,233).
- 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).
 - b. Company has received demand notice received 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. 2,471,010).
 - c. In respect of irregular availment of cenvat credit in respect to certain product obtained on job work basis for the period 2010. The company has done an analysis and if of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 8,566,414 (Previous year Rs. Nil).
 - d. Company has received demand Notice for the period 2010 which on account of Service Tax credit availed on sole selling commission. The company had done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 5,649,735 (Previous year Rs. Nil).
 - e. Company has received demand Notice for the period 2011 which on account of Service Tax credit availed on job work charges. The company had done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 8,248,440 (Previous year Rs. Nil).
- 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 Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 2,435,525 (Previous year Rs. 6,163,980).
 - b. In respect of availment of cenvat credit (service tax) in relation to sales commission and freight charges for the period January 2008 to April 2010. 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. 13,813,503 (Previous year Rs. Nil).
 - c. In respect of availment of cenvat credit (service tax) in relation to management consultancy and freight charges for the period September 2008 to November 2009. 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. 7,376,990 (Previous year Rs. Nil).

b) In relation to (b) above, following are the Sales tax cases contested by the Company:

- i) The matter is pending before the Joint Commissioner of Sales Tax, Bangalore:
 - a. Company has received demand notice received for the period 2007-08 which is on account of applicability of higher tax rate on goods cleared local goods. 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. 45,426,388 (Previous year Rs. Nil).

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	
	2011	2010
Current service cost	344,841	310,944
Interest cost on benefit obligation	209,834	183,874
Expected return on plan assets	-	-
Net actuarial(gain) / loss recognised in the year	735,307	(332,866)
Past service cost	-	11,389
Net benefit expense	12,89,982	173,341
Actual return on plan assets	-	-

Balance sheet

Details of Provision for gratuity

	Gratuity	
	2011	2010
Defined benefit obligation	3,983,857	2,693,874
Fair value of plan assets	-	-
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(3,983,857)	(2,693,874)

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

	Gratuity	
	2011	2010
Opening defined benefit obligation	2,693,874	2,520,533
Interest cost	209,834	183,874
Current service cost	344,841	310,944
Past service cost	-	11,389
Benefits paid	-	-
Actuarial (gains) / losses on obligation	735,307	(332,866)
Closing defined benefit obligation	3,983,857	2,693,874

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

	Gratuity	
	2011	2010
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	
	2011 (%)	2010 (%)
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:

	2011 (%)	2010 (%)
Discount rate	8.50	8.00
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:

- 1) 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.
- 2) 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 (o) of the Accounting Standard 15 (Revised) on Employee Benefit is not disclosed.

Amounts for the current and previous periods are as follows:

	Gratuity			
	2011	2010	2009	2008
Defined benefit obligation	3,983,857	2,693,874	2,520,533	1,077,611
Plan assets	-	-	-	-
Surplus / (deficit)	(3,983,857)	(2,693,874)	(2,520,533)	(1,077,611)

8. Payments made to Director / Manager:

Particulars	For the Year ended December 31, 2011 (Rs.)	For the Year ended December 31, 2010 (Rs.)
(a) Salaries	1,379,704	1,294,990
(b) Contribution to Provident, Superannuation Funds*	127,863	116,643
Total	1,507,567	1,411,633

* As the liabilities for gratuity and compensated absence are provided on an actuarial basis for the Company as a whole, the amount 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, 2011 (Rs.)	For the Year ended December 31, 2010 (Rs.)
Profit as per profit and loss account (after prior period items)	187,564,836	181,784,614
Add: Director's/Manager remuneration including perquisites	1,507,567	1,411,633
Add: Depreciation charged as per profit and loss account:	32,284,018	37,483,933
Less: depreciation as per section 350 of the Companies Act, 1956	32,284,018	37,483,933
Profit Calculated u/s 198 of Companies Act, 1956	189,072,403	183,196,247
Maximum Remuneration payable to Director's / Manager	9,453,620	9,159,812

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
USD	414,981	54.24	22,508,593
EURO	19,532	70.25	1,372,111
JPY	5,423,217	0.70	3,798,421
Total			27,679,126

Previous year

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



FEDERAL-MOGUL TPR (INDIA) LIMITED

11. In accordance with explanation below of Para 10 of Accounting Standard 9 notified by Companies (Accounting Standards) Rules, 2006, excise duty on sales amounting to Rs 113,777,927 (Previous year Rs 94,892,426) has been reduced from sales in profit & loss account and excise duty on (increase)/decrease in stock amounting to Rs 1,533,092 (Previous year (Rs 458,873)) 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	50,016,000	48,948,488
		(45,837,672)	(42,301,789)

* Annualized Installed Capacity as certified by the management.

Note: Figures in brackets pertains to previous year

Note: Actual production includes 4,290,425 (Previous year 3,714,723) 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	461,788	8,100,469	286,308	15,353,930	44,833,543	1,157,798,046
	(488,997)	(4,874,181)	(461,788)	(8,100,469)	(42,328,998)	(1,006,051,875)

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, 2011		For the Year ended December 31, 2010	
		Quantity	Rs.	Quantity	Rs.
a). Steel Wire	Kg	72526	107,965,041	69,104	95,419,860
b). Bought Out Rings	Nos.	4290425	114,531,074	3,714,723	99,058,519
c). Others			68,425,333		44,336,563
Total			290,921,448		238,814,942

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

Particulars	For the Year ended December 31, 2011 (Rs.)	For the Year ended December 31, 2010 (Rs.)
(a) Raw Materials	187,309,038	113,179,001
(b) Spare Parts & Components	39,971,649	6,311,352
(c) Capital Goods	9,842,816	22,185,964
Total	237,123,503	141,676,317

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

Particulars	For the Year ended December 31, 2011 (Rs.)	For the Year ended December 31, 2010 (Rs.)
(a) Travelling Expenses	-	301,530
(b) Royalty	6,828,300	16,760,595
(c) Professional Charges	-	35,000
(d) Technical Fees	1,143,851	2,819,707
Total	7,972,151	19,916,832



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

Particulars	For the Year ended December 31, 2011 (Rs.)	(%)	For the Year ended December 31, 2010 (Rs.)	(%)
(a) Indigenous	161,096,817	55.37	141,640,218	59.31
(b) Imported	129,824,631	44.63	97,174,724	40.69
Total	290,921,448	100.00	238,814,942	100.00

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

Particulars	For the Year ended December 31, 2011 (Rs.)	(%)	For the Year ended December 31, 2010 (Rs.)	(%)
(a) Indigenous	100,241,099	98.00	71,912,925	98.70
(b) Imported	1,955,525	2.00	949,423	1.30
Total	102,196,624	100.00	72,862,348	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 (4,900,000)	2 (2)	32,830,000 (23,030,000)

Note: Figures in brackets pertain to previous year

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

The Micro, Small and Medium Enterprises have been identified by the Company from the available information, which has been relied upon by the auditor's. According to such identification, the disclosures in respect to Micro and Small Enterprises as per MSMED Act, 2006 is as follows:

Particulars	2011	2010
The principal amount remaining unpaid as at the end of year	2,156,349	2,134,975
Interest due on above principal and remaining unpaid as at the end of the year	25,720	8,344
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.	125,932	69,104
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	151,652	77,449
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	315,833	164,181

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 29, 2012

ANNUAL REPORT 2011



FEDERAL-MOGUL TPR (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

	For the year ended December 31, 2011 Amount in Rs.	For the year ended December 31, 2010 Amount in Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation, and after prior period items	297,341,617	277,817,657
Adjustments for:		
Depreciation and amortisation	32,284,018	37,483,934
Provision for doubtful debts and advances	-	227,450
Interest expense	1,947,555	4,961,194
Interest Income	(23,011,909)	(21,187,323)
Excess provision written back	(4,419,848)	(7,019,789)
Loss on sale / discard of fixed assets (net)	380,563	93,443
Unrealised foreign exchange fluctuation (net)	2,782,761	(3,325,680)
Operating profit before working capital changes	307,304,757	289,050,886
Movements in working capital :		
Decrease / (increase) in sundry debtors	83,005,365	75,144,768
Decrease / (increase) in inventories	(26,975,366)	15,144,402
Decrease / (increase) loans and advances	(898,801)	(646,345)
Increase / (decrease) in current liabilities	31,223,204	7,969,441
Increase / (decrease) in provisions	1,664,815	(475,667)
Cash generated from operations	395,323,974	386,187,485
Direct taxes paid (net of refunds)	(123,899,297)	(119,722,335)
Net cash from operating activities	271,424,677	266,465,150
B. Cash flows/ (used in) investing activities		
Purchase of fixed assets/ intangibles assets	(45,204,635)	(23,041,514)
Interest received	19,693,016	22,851,782
Inter-corporate deposit	(120,000,000)	-
Net cash from/ (used in) investing activities	(145,511,619)	(189,732)
C. Cash flows from/(used in) financing activities		
Repayment of long-term borrowings	-	(19,079,705)
Movement of borrowings (Short term)	-	(133,930,244)
Interest paid	(1,947,555)	(5,356,351)
Dividends paid	(73,000,000)	(53,000,000)
Tax on dividend paid	(12,124,388)	(8,802,638)
Net cash used in financing activities	(87,071,943)	(220,168,938)
Net increase in cash and cash equivalents (A + B + C)	38,841,115	46,106,480
Cash and cash equivalents at the beginning of the year	53,163,620	7,057,140
Cash and cash equivalents at the end of the year	92,004,735	53,163,620
Components of cash and cash equivalents		
	December 31, 2011	December 31, 2010
Cash on hand	224	1,527
With banks - on current account	12,004,511	53,162,093
- on deposit account (pledged with Government authorities)	405,000	405,000
- fixed deposits with banks	80,000,000	-
Cash and bank balances as per schedule 7	92,409,735	53,568,620
Less : Fixed deposits not considered as cash equivalents	405,000	405,000
Cash & Cash equivalents in Cash Flow Statement:	92,004,735	53,163,620

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 29, 2011



FEDERAL-MOGUL TPR (INDIA) LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registraton Details

Registration No.

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 State Code

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Balance Sheet Date

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Date Month Year

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

Public Issue	Rights Issue																					
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L				
					N	I	L															
						N	I	L														
Bonus Issue	Private Placement																					
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>										N	I	L
						N	I	L														
									N	I	L											

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

Total Liabilities	Total Assets														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>6</td><td>7</td><td>0</td><td>2</td><td>3</td><td>5</td></tr></table>		6	7	0	2	3	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>6</td><td>7</td><td>0</td><td>2</td><td>3</td><td>5</td></tr></table>		6	7	0	2	3	5
	6	7	0	2	3	5									
	6	7	0	2	3	5									

Sources of Funds

Paid-up Capital	Reserves & Surplus															
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>2</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>		2	0	0	0	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>4</td><td>6</td><td>5</td><td>4</td><td>4</td><td>2</td></tr></table>		4	6	5	4	4	2	
	2	0	0	0	0	0										
	4	6	5	4	4	2										
Secured Loans	Unsecured Loans															
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>		N	I	L				<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
	N	I	L													
					N	I	L									

Application of Funds

Net Fixed Assets	Deferred Tax Liability																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>7</td><td>3</td><td>1</td><td>6</td><td>0</td></tr></table>		1	7	3	1	6	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>7</td><td>9</td><td>4</td></tr></table>				4	7	9	4		
	1	7	3	1	6	0											
			4	7	9	4											
Net Current Assets	Investment																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>4</td><td>9</td><td>7</td><td>0</td><td>7</td><td>5</td></tr></table>		4	9	7	0	7	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	
	4	9	7	0	7	5											
					N	I	L										
Accumulated Losses	Misc. Expenditure																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L										
					N	I	L										

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

Turnover including other income	Total Expenditure															
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>0</td><td>7</td><td>4</td><td>8</td><td>2</td><td>0</td></tr></table>		1	0	7	4	8	2	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>7</td><td>7</td><td>7</td><td>4</td><td>7</td><td>8</td></tr></table>		7	7	7	4	7	8
	1	0	7	4	8	2	0									
	7	7	7	4	7	8										
Profit before Tax	Profit after Tax															
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>2</td><td>9</td><td>7</td><td>3</td><td>4</td><td>2</td></tr></table>		2	9	7	3	4	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>8</td><td>7</td><td>5</td><td>6</td><td>5</td></tr></table>		1	8	7	5	6	5	
	2	9	7	3	4	2										
	1	8	7	5	6	5										
Earning per Share in Rs.	Preference Dividend Rate % Equity Dividend Rate %															
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>9</td><td>.</td><td>5</td><td>9</td></tr></table>		1	9	.	5	9	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>0</td><td>6</td></tr></table> <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>7</td><td>0</td></tr></table>		0	6		7	0			
	1	9	.	5	9											
	0	6														
	7	0														

V. Generic Names of Three Principal Products of Company

Item Code No.

8	4	0	9	9	1	.	0	5
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Product Description

P	I	S	T	O	N		R	I	N	G	S		
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For and on behalf of the Board of Directors of
Federal-Mogul TPR (India) Limited

Jean de Montlaur
Chairman & Director

Dan Brugger
Director

Shifali Chawla
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Federal-Mogul Goetze (India) Limited

We have audited the accompanying consolidated financial statements of Federal-Mogul Goetze (India) Limited ("the Company") and its subsidiaries and associates (collectively the Federal-Mogul Goetze Group), which comprise the consolidated Balance Sheet as at December 31, 2011, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

Refer Note no. 18 of Schedule 24 on the Company's investments in G. I. Power Corporation Limited ('GIPCL') of the value of Rs 1,070.92 lacs representing investment in equity shares of Rs.194.48 lacs and in preference shares of Rs. 876.44 lacs. During the year, Company's holding in GIPCL was reduced to 6.60% from earlier holding of 26.00%. The Company has been unable to produce audited financial information and, as represented to us, is also in discussion for sale of these investments at par, that are yet to be concluded. In view of these uncertainties and due to non-availability of audited financial information as at December 31, 2011, we are not in a position to assess as to whether provision, if any, needs to be made towards carrying value of these investments and consequential impact thereof.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, the 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 Company as at December 31, 2011;
- (b) in the case of the consolidated Statement of Profit and Loss, 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 : February 29, 2012

Consolidated Balance sheet and profit and loss account
Balance Sheet as at December 31, 2011

	Schedules	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	5,563.21	5,563.21
Reserves and surplus	2	37,088.72	33,630.40
		42,651.93	39,193.61
Minority Interest		4,310.70	3,425.80
Loan Funds			
Secured loans	3	9,391.28	4,822.46
Unsecured loans	4	2,431.49	1,526.28
		11,822.77	6,348.74
Deferred Tax Liabilities (net)	5	1,507.28	1,699.69
Total		60,292.68	50,667.84
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	6	86,088.84	73,667.06
Less : Accumulated Depreciation & Amortisation		41,898.00	36,603.30
Net block		44,190.84	37,063.76
Capital work-in-progress including capital advances		3,887.65	3,586.17
		48,078.49	40,649.93
Investments	7	1,072.34	1,036.95
Current Assets, Loans and Advances			
Inventories	8	14,614.67	11,047.16
Sundry debtors	9	15,832.79	12,631.02
Cash and bank balances	10	1,187.03	818.36
Other current assets	11	821.33	603.25
Loans and advances	12	7,271.51	5,967.56
		(A)	31,067.35
Less: Current Liabilities and Provisions			
Current liabilities	13	23,474.59	17,217.79
Provisions	14	5,110.89	5,108.51
Total Current Liabilities and Provisions	(B)	28,585.48	22,326.30
Net Current Assets	(A-B)	11,141.85	8,741.05
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	239.91
Total		60,292.68	50,667.84
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 : February 29, 2012

ANNUAL REPORT 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
Profit & Loss Account for the year ended December 31, 2011

Schedules	For the year ended December 31, 2011 Rs (in lacs)	For the year ended December 31, 2010 Rs (in lacs)
INCOME		
Turnover (Gross)	119,143.59	97,026.09
Less : Excise duty	9,734.38	7,564.14
Turnover (Net)	109,409.21	89,461.95
Trading sales	4,724.00	3,823.33
Other income	3,036.30	2,622.60
Total	117,169.51	95,907.88
EXPENDITURE		
Raw materials and components consumed	38,651.37	29,436.11
Purchase of trading goods	3,656.35	2,782.41
Personnel expenses	21,663.69	18,059.51
Operating and other expenses	40,505.22	32,280.21
Decrease / (increase) in inventories	(2,530.07)	(521.52)
Depreciation/ amortisation	5,688.73	5,197.30
Share of loss in associates companies (refer note no 18 of schedule 24)	(35.39)	55.41
Amortisation of miscellaneous expenses	239.91	239.90
Financial expenses	2,304.24	1,239.53
Total	110,144.05	88,768.86
Profit before tax and prior period items	7,025.46	7,139.02
Provision for Tax		
Current tax (including MAT payable) (Includes tax for earlier years Rs. 297.59 lacs (Previous year Rs. Nil)) (Refer note no. 16 in schedule no. 24)	2,800.90	1,789.96
Less: MAT credit entitlement	(392.87)	(805.83)
Deferred tax	(192.42)	1,086.50
Total Tax Expense	2,215.61	2,070.63
Profit after tax but before prior period (income) / expense	4,809.85	5,068.39
"Prior period (income) / expense (net of tax Rs. 103.79 lacs (Previous year Rs.20.08 lacs))	(29.06)	213.20
Profit before minority interest	4,838.91	4,855.19
Minority Interest	(884.90)	(856.47)
Profit after minority interest	3,954.01	3,998.72
Balance brought forward from previous year	5,508.98	2,216.09
Profit available for appropriation	9,462.99	6,214.81
Appropriations:		
Transfer to General Reserve	188.00	182.00
Proposed final dividend-Preference Shares	29.40	29.40
Proposed final dividend-Equity Shares	343.00	328.30
Tax on dividend-Preference Shares	9.73	15.04
Tax on dividend-Equity Shares	113.56	151.09
Surplus carried to Balance Sheet	8,779.30	5,508.98
Earnings per share		
Basic and diluted [Nominal value of shares Rs 10 (Previous year Rs 10)]	7.05	7.13
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 : February 29, 2012

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, 2011 Rs (in lacs)	As at December 31, 2010 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, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Capital Reserve	56.55	56.55
Capital subsidy	1.12	1.12
Securities Premium Account	26,750.75	26,750.75
Capital Redemption Reserve	1,000.00	1,000.00
General reserve		
Balance as per last account	313.00	131.00
Add: Transferred from Profit and Loss Account	188.00	182.00
Profit and loss account	8,779.30	5,508.98
Total	37,088.72	33,630.40

Schedule 3 : Secured loans

	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Term loans from banks	800.00	1,200.00
Interest accrued and due on term loans	10.67	12.82
Vehicle loans from banks	-	1.13
Working capital loans from banks	8,580.61	3,607.29
Interest accrued and due on working capital loans	-	1.22
Total	9,391.28	4,822.46

Schedule 3 : Secured loans

1. Term loans repayable within one year Rs 400 lacs (Previous Year Rs 400 lacs)
2. Term loans from banks of Rs. 800 lacs (Previous year Rs 1,200 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 Nil (Previous year Rs 1.13 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, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Unclaimed Fixed Deposits	3.19	3.64
Short term loans & advances from - Others	61.00	61.00
Inter-corporate deposits*	2,335.00	1,450.00
Interest accrued and due on inter-corporate deposits	32.30	11.64
	2,431.49	1,526.28

*Includes Rs. 2,335 lacs (Previous year Rs 1,450 lacs) due to fellow subsidiaries.

Schedule 5 : Deferred tax liabilities (net) :

	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	3,570.40	3,872.48
Gross deferred tax liabilities	3,570.40	3,872.48
Deferred Tax Assets		
Unabsorbed Depreciation	-	237.78
Effect of expenditure debited to profit and loss account in the current/ earlier year but allowed for tax purposes in following years	2,043.19	1,897.10
Provision for doubtful debts	19.93	37.91
Gross Deferred Tax Assets	2,063.12	2,172.79
Net Deferred Tax Liabilities	1,507.28	1,699.69

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*	Total	Previous Year
Gross Block									
At 01.01.2011	1,485.18	362.85	8,245.73	1,407.86	61,008.93	444.40	712.11	73,667.06	71,186.85
Additions	-	-	471.84	18.99	12,764.87	36.89	-	13,292.59	4,401.19
Deductions	-	-	-	2.72	831.05	37.04	-	870.81	1,921.11
At 31.12.2011	1,485.18	362.85	8,717.57	1,424.13	72,942.75	444.25	712.11	86,088.84	73,666.93
Depreciation									
At 01.01.2011	-	18.90	2,728.47	719.71	32,251.71	284.68	599.83	36,603.30	32,820.93
For the year	-	7.24	278.34	72.34	5,190.08	57.54	83.19	5,688.73	5,197.30
Deletions / adjustments	-	-	-	1.24	376.52	16.27	-	394.03	1,414.95
At 31.12.2011	-	26.14	3,006.81	790.81	37,065.27	325.95	683.02	41,898.00	36,603.28
Depreciation for previous year	-	7.24	307.20	70.17	4,658.12	85.54	69.03	5,197.30	
Net Block									
At 31.12.2011	1,485.18	336.71	5,710.76	633.32	35,877.48	118.30	29.09	44,190.84	37,063.65
At 31.12.2010	1,485.18	343.95	5,517.26	688.15	28,757.21	159.72	112.28	37,063.75	38,365.93
Capital work-in-progress including capital advances Rs 225.15 lacs (Previous Year Rs 1,387.85 lacs)								3,887.65	3,586.17

Note:

- Freehold Land and building include the following ownership of which has been transferred to the Company pursuant to a High Court Order dated May 13, 2003 in a scheme of amalgamation of Escorts Pistons Limited and Coupled Investment Private Limited with Goetze (India) Limited:
 - Freehold Land (at cost) Rs. 900.65 lacs (Previous year Rs. 900.65 lacs) included in Freehold Land.
 - Building (at cost) Rs. 1261.39 lacs (Previous year Rs. 1261.39 lacs) constructed on the land mentioned in a) above, included in Buildings.
 - Residential flats (at cost) of Rs. 76.04 lacs (Previous year 76.04 lacs) included in Buildings.
- Leasehold Land includes (at cost) Rs. 155.60 lacs (Previous year Rs. 155.60 lacs) pending registration in the name of the Company.
- *Includes Design and Drawings and 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, 2011 Rs (in lacs)	As at December 31, 2010 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) 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	-	-
(ii) GI Power Corporation Limited (refer note 18 of schedule 24)		
a 3,889,600 (Previous year-3,889,600) equity shares of Rs 5 each, fully paid		194.48
Add: Share of profit/(loss) in associate		(35.39)
Carrying value of investment	-	159.09
b 17,528,800 (Previous year - 17,528,800) 8% cumulative convertible redeemable Preference Shares of Rs.5 each fully paid**		876.44
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)
	-	-
Current Investments (Unquoted)		
GI Power Corporation Limited (refer note 18 of schedule 24)		
a 3,889,600 (Previous year-3,889,600) equity shares of Rs 5 each, fully paid	159.09	
Add: Share of profit/(loss) in associate	35.39	
Carrying value of investment	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	
Total	1,072.34	1,036.95

* 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, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Raw materials and components (Including stock in transit Rs 695.23 lacs (Previous year Rs 1,969.42 lacs)	3,285.91	2,380.92
Stores and spares (Including materials in transit Rs 12.45 lacs (Previous year Rs Nil)	1,479.00	1,439.28
Loose tools	625.30	532.57
Work-in- progress	4,513.38	3,465.98
Reusable scrap	23.01	30.00
Finished goods - Manufactured	4,197.76	2,900.52
- Trading	490.31	297.89
Total	14,614.67	11,047.16

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

	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Debts outstanding for a period exceeding six months		
Unsecured, considered good	72.37	122.04
Unsecured, considered doubtful	61.43	111.54
Other		
Secured, considered good	232.85	220.65
Unsecured, considered good	15,527.57	12,288.33
	15,894.22	12,742.56
Less : Provision for doubtful debts	61.43	111.54
Total	15,832.79	12,631.02

Schedule 10 : Cash and Bank balances

Cash on hand	0.02	0.37
Balances with scheduled banks:		
- On current accounts	323.39	748.80
- On deposit accounts (pledged with Government authorities)	55.02	54.19
- On unpaid dividend accounts	8.60	15.00
Fixed Deposits with Banks	800.00	-
Total	1,187.03	818.36

Schedule 11 : Other Current Assets

Fixed Assets held for sale (at lower of net book value and estimated net realisable value)	105.78	1.82
Interest accrued on deposits	8.47	6.96
DEPB benefits receivable	695.94	584.71
Insurance claim receivable	11.14	9.76
Total	821.33	603.25

Schedule 12 : Loans and Advances

Unsecured considered good		
Advances recoverable in cash or in kind or for value to be received	1,457.79	1,868.22
Security deposits	717.25	709.33
Balance with excise authorities(Considered doubtful Rs. 58.90 lacs (Previous year Rs. Nil))	2,672.68	1,109.34
Advance payment of tax (net of provision Rs. 7,271.71 lacs, (Previous year Rs. 4,850.68 lacs))	651.87	647.16
(Considered doubtful Rs. Nil (Previous year Rs. 76.94 lacs))		
MAT credit entitlement	1,830.82	1,685.84
Advance payment of fringe benefit tax (net of provision Rs. 448.62 lacs, (Previous year Rs. 448.62 lacs))	-	24.62
	7,330.41	6,044.51
Less: Provision for doubtful advances	58.90	76.95
Total	7,271.51	5,967.56

Schedule 13 : Current Liabilities

Acceptances	1,686.58	810.15
Sundry creditors		
a) total outstanding dues of Micro and Small Enterprises (refer note no. 12 to schedule 24)	194.84	169.32
b) total outstanding dues of creditors other than Micro and Small Enterprises	19,490.79	14,860.10
Amounts due to Investors Education & Protection fund (as and when due) - unpaid dividends	8.60	15.00
Advance received from Customers	2.66	-
Other liabilities	1,594.22	1,051.00
Security deposit	296.78	270.26
Interest accrued but not due on loans	38.70	41.96
Book Overdraft	161.42	-
Total	23,474.59	17,217.79

Consolidated Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 14 : Provisions

	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Provision for compensated absences	683.92	695.60
Provision for gratuity (Refer note 11 to Schedule 24)	2,773.13	2,576.75
Provision for current tax (net of advance tax)	-	-
Provision for regulatory matters*	943.26	424.91
Provision for non fulfilment of export obligations**	214.89	932.31
Proposed dividend	372.40	357.70
Tax on proposed dividend	123.29	121.24
Total	5,110.89	5,108.51
* Provision for regulatory matters (Refer note no. 16 in schedule no. 24)		
Opening balance	424.91	93.14
Provision made during the year	788.10	845.00
Utilised during the year	269.75	513.23
Closing balance	943.26	424.91
** Provision for non fulfilment of export obligations (Refer note no. 15 in schedule no. 24)		
Opening balance	932.32	822.76
Provision made during the year	73.58	109.55
Written back during the year	130.66	-
Utilised during the year	660.35	-
Closing balance	214.89	932.31

Schedule 15 : Miscellaneous Expenditure*

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

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

Schedule 16 : Other Income

Interest on :		
Bank deposits (TDS Rs 0.18 lacs, Previous year Rs Nil)	19.74	1.21
Others(TDS Rs 2.58 lacs, Previous year Rs 3.01 lacs)	21.55	19.79
Sale of scrap	2,205.72	1,671.42
Duty drawback/ Exim scrip realisation	352.27	344.38
Cash discount	-	4.62
Lease Rent	-	0.30
Excess provision written back	212.78	65.73
Provision for doubtful debts written back	-	13.77
Foreign exchange fluctuation (net)	-	97.77
Management support charges	-	46.80
Miscellaneous income	224.24	356.81
Total	3,036.30	2,622.60

Schedule 17 : Raw materials and Components Consumed

Inventories as at December 31, 2010	2,380.92	1,663.90
Add: Purchases	39,556.35	30,153.13
	41,937.27	31,817.03
Inventories as at December 31, 2011	3,285.90	2,380.92
Total	38,651.37	29,436.11

Consolidated Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 18 : Personnel Expenses

	As at December 31, 2011 Rs (in lacs)	As at December 31, 2010 Rs (in lacs)
Salaries, wages and bonus (refer note no.14 in schedule no. 24)	18,545.15	15,229.48
Contribution to provident fund and other funds	1,151.31	1,178.49
Contribution to superannuation fund	109.96	69.47
Contribution to gratuity (Refer note 11 to Schedule 24)	247.91	245.64
Workmen and staff welfare expenses	1,609.36	1,336.43
Total	21,663.69	18,059.51

Schedule 19 : Operating and Other Expenses

Consumption of stores and spares (refer Note no.14 in schedule no. 24)	14,281.45	10,414.38
Sub-contracting expenses	2,187.97	1,883.35
Power and fuel	6,811.09	5,856.37
Freight and forwarding charges	2,374.98	2,297.32
Rent	398.50	526.44
Rates and taxes	825.75	562.26
Insurance	152.54	69.68
Repairs and maintenance		
- Plant and machinery	284.24	280.24
- Buildings	259.46	319.66
- Others	1,386.42	503.96
	1,930.12	1,103.86
Advertising and sales promotion	5,147.81	4,310.61
Cash discounts	126.71	-
Management Support Charges (refre note 17 of schedule 24)	498.52	411.67
Royalty	1,483.20	1,162.30
Product rectification charges	64.94	57.08
Legal and professional fees	531.60	521.46
Technical training charges	7.15	-
Travelling and conveyance	572.62	461.05
Communication costs	153.39	153.59
Printing and stationery	106.23	105.08
Directors sitting fees	10.80	11.67
Payment to Auditor		
As auditor:		
- Audit fee	33.75	42.00
- Tax audit fee	24.25	25.85
- Limited reviews	8.50	9.00
- Out-of-pocket expenses	7.15	7.52
In other manner:		
- Certification and others matters	2.50	2.25
	76.15	86.62
Charity & donation	20.55	0.29
Provision for regulatory matters (Refer note no. 16 in schedule no. 24)	133.15	845.00
Provision for doubtful debts	-	2.27
Loss on sale of Non-trade Current Investments	-	75.00
Exchange difference (net)	1,222.25	-
Loss on sale / discard of fixed assets (net)	219.82	422.84
Provision for doubtful advances	58.90	76.94
Advances written off	198.17	39.35
Increase/ (decrease) of excise duty on finished goods	185.73	136.38
Miscellaneous expenses	725.13	687.35
Total	40,505.22	32,280.21

Consolidated Balance sheet and profit and loss account

Schedule to the Accounts

Schedule 20 : Decrease/(increase) in Inventories

	For the year ended December 31, 2011 Rs (in lacs)	For the year ended December 31, 2010 Rs (in lacs)
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
Inventories as at December 31, 2011		
- Work-in-progress	4,513.38	3,465.98
- Finished goods - Manufactured	4,197.76	2,900.52
- Trading	490.31	297.89
- Reusable Scrap	23.01	30.00
	9,224.46	6,694.39
	(2,530.07)	(521.52)

Schedule 21 : Financial Expenses

Interest		
- to term loans	-	221.46
- to banks	1,165.38	409.68
- others (Includes Rs 357.36 lacs on account of interest payable on certain regulatory matters) (Refer note no. 16 in schedule no. 24)	1,048.35	453.86
Bank charges	90.51	154.53
Total	2,304.24	1,239.53

Schedule 22: Prior Period (income) / expense

- Prior period income			
Excess provision for Sales promotion expenses	-		176.51
Excess provision for EPCG Liability	130.66		
Excess provision for TDS recoverable	76.94		
Raw Material Consumption	112.28		
Less: Tax on prior year income	(103.79)	216.09	(20.08)
- Prior period expenses			
Depreciation/ amortisation	18.12		-
Power and fuel	-		14.29
Rates and taxes	153.57		15.42
Contribution to gratuity - Actuarial gains wrongly recognised	-		339.92
Salaries, wages and bonus	15.34		-
	(29.06)		213.20

Schedule 23 : Earnings per share (EPS)

Net profit as per profit and loss account	3,954.01	3,998.72
Less proposed dividend on preference shares and taxes thereon	(34.17)	(34.29)
Net profit for calculation of basic EPS	3,919.85	3,964.40
Weighted average number of equity shares in calculating basic and diluting earning per share	55,632,130	55,632,130
Earning per share	7.05	7.13

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 one subsidiary namely Federal-Mogul TPR (India) Limited (FMTPR). 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. The subsidiary is incorporated with in India.

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

The financial statements have been prepared to comply in all material respects with the notified accounting standards 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 Group 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 Subsidiary 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, 2011	Percentage of Ownership interest as at December 31, 2010
Federal-Mogul TPR (India) Limited	51.00 %	51.00 %

The audited financial statements of the subsidiary, considered in the consolidated accounts, are drawn upto December 31, 2011.

Investments in Associates:

The Federal-Mogul Goetze Group's Associates are:

Name	Percentage of Ownership interest as at December 31, 2011	Percentage of Ownership interest as at December 31, 2010
GTZ Securities Limited	23.67%	23.67 %
GI Power Corporation Limited (up to October 5, 2010)	6.60%	26.00%

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, 2011 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, 2011 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, 2011 and as informed by the management of the associate, the financial position has not improved since then (regarding GI Power, refer note 18 of Schedule 24).

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, 2011.

These Consolidated Financial Statements are based on audited accounts in so far as they relate to amounts included in respect of subsidiaries 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 on a straight line basis.

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 Group 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/ Duty Drawback 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) k) Borrowing Costs**
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.
- l) 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 Group does not undertake any foreign exchange derivative contract.**
- m) 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. The Company accrues for the deficit in the Provident Fund trust as per the books of accounts of the Trust.
- (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.
- n) 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 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.
- o) 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.
- p) 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.
- q) 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.
- r) Miscellaneous Expenditure**
Miscellaneous expenditure representing impact of transitional provisions on adoption of notified Accounting Standard 15 (revised) and 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 Group's primary business segment is manufacturing of auto components. Considering the nature of Group's business and operations, there are no separate reportable business segment, as there is only one business segment and hence, there are no additional disclosures required to be provided other than those already provided in the consolidated financial statements.
The analysis of geographical segment is based on the geographical location of the customers. The following table shows the distribution of the Group's consolidated sales by geographical market, regardless of where the goods were produced.

Geographical segment

The following table shows the distribution of the Group's consolidated sales by geographical market, regardless of where the goods were produced

Sales revenue (including trading sales) by Geographical Market	Year ended December 31, 2011 Rs (in lacs)	Year ended December 31, 2010 Rs (in lacs)
India	105,743.81	87,066.47
Other countries	8,389.40	6,218.81
	114,133.21	93,285.28

Segment Debtors by Geographical Market:

The following table shows the carrying amount of segment debtors (net of provision for doubtful debts) by geographical area of the customers:

Carrying amount of segment debtors	Year ended December 31, 2011 Rs (in lacs)	Year ended December 31, 2010 Rs (in lacs)
India	15,517.71	12,486.42
Other countries	315.08	144.60
	15,832.79	12,631.02

The Group has common assets for producing goods for India and Outside countries. Hence, separate figures for assets/ additions to fixed assets cannot be furnished.

4. Related Party Disclosure

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

Name of Parties where Control Exists

i) Holding Company

- Federal Mogul Holdings Limited (Mauritius)

ii) Ultimate Holding Company

- Federal Mogul Corporation, USA.

Name of related Parties where transactions have taken place

i) Key managerial personnel and their relatives

- Mr. Jean De Montleu, Managing Director & President
- Mr. Dan Brugger, Whole Time Director & CFO

ii) 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 (Thailand)
- Federal Mogul Corporation Power Train Systems (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.
- T&N Limited Manchester (England)
- Federal Mogul Powertrain Spara, MII
- Federal Mogul KK Yokohama
- Federal Mogul Sintertech SVC Functionnels
- Federal Mogul Powertrain Inc, Southbend
- Federal Mogul Kontich
- Federal Mogul Schofield
- Federal Mogul Bearings India Ltd (India)
- Federal-Mogul Automotive Products India Ltd (India) (Formerly Federal Mogul Automotive Product (India) Pvt Ltd.)
- Federal-Mogul VSP India Ltd. (India) (Formerly known as Ferodo India Pvt. Ltd.)
- Federal-Mogul PTSB India Pvt. Ltd. (India) (Formerly known as Federal-Mogul Trading India Pvt. Ltd.)

iv) Associates

- GI Power Corporation Limited (upto October 05, 2010)
- GTZ Securities Limited

Those transactions along with related balances as at December 31, 2011 and December 31, 2010 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 Gorzyce S.A (Poland)		Federal Mogul Dongsuh Piston Co. Ltd.		Federal Mogul Limited (U.K)	
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
Sales	-	-	-	-	(10.10)	(68.26)	-	-	-	-
Purchase of raw material, intermediaries and finished goods	-	-	6,620.15	5,171.04	797.54	108.69	-	-	-	-
Purchase/(Sale) of Fixed Assets	(121.83)	369.50	3,198.47	1,365.03	-	-	-	-	-	-
Reimbursement of expenses paid	-	-	-	53.76	-	28.07	-	-	-	17.79
Management Support charges paid	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses (received)	-	-	-	-	-	-	-	(122.74)	(139.22)	-
Royalty Expense	-	-	359.21	412.56	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables	-	-	-	-	(214.65)	7.33	-	(16.50)	19.90	-
Balance outstanding as at the end of the year (Payable)	-	(253.33)	(2,166.13)	(957.50)	-	-	-	-	-	5.85

Rs. in lacs

Particulars	Fellow Subsidiaries			
	Federal Mogul Nurnberg, GmbH (Germany)		Federal Mogul Holding Deutschland (Germany)	
	31.12.11	31.12.10	31.12.11	31.12.10
Sales	(7.22)	(5.77)	-	-
Purchase of raw material, intermediaries and finished goods	2,693.49	61.78	-	-
Purchase/(Sale) of Fixed Assets	2,894.08	393.80	-	-
Reimbursement of expenses paid	-	-	81.49	150.25
Reimbursement of expenses (received)	-	-	-	-
Management Support charges paid	-	-	498.52	-
Royalty Expense	560.55	400.32	-	-
Balance outstanding as at the end of the year Receivables	-	-	-	-
Balance outstanding as at the end of the year (Payable)	(1,208.05)	(275.80)	(498.52)	(10.99)

Particulars	Fellow Subsidiaries								Total
	Federal Mogul Financial Services FRANCHISE (France)		Federal Mogul Sintered Products Limited, (U.K)		FEDERAL MOGUL FRICTION PRODUCTS LTD.		Other Fellow Subsidiaries		
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	
Sales	-	-	-	-	(593.47)	-	(18.51)	(92.54)	
Purchase of raw material, intermediaries and finished goods	-	-	121.11	4.70	-	-	219.47	10,451.76	5,417.61
Purchase/(Sale) of Fixed Assets	-	-	-	-	-	-	4.75	5,970.72	2,133.08
Reimbursement of expenses paid	351.34	322.56	-	0.20	-	-	57.95	490.78	594.19
Reimbursement of expenses (received)	-	-	-	-	(16.68)	-	83.11	(56.31)	(139.55)
Management Support Charges	-	-	-	-	-	-	-	498.52	-
Royalty Expense	-	-	228.12	198.61	-	-	-	1,147.88	1,011.49
Balance outstanding as at the end of the year Receivables	-	-	-	-	(535.21)	-	-	(766.36)	27.23
Balance outstanding as at the end of the year (Payable)	(49.49)	(17.70)	(129.99)	(105.93)	-	-	(120.76)	(4,172.94)	(1,751.39)

Rs. in lacs

Particulars	Fellow Subsidiaries								Total
	Federal Mogul Bearings India Limited (India)		Federal Mogul Automotive Products (India) Limited, (India)		Federal-Mogul VSP India Limited, (India)		Federal Mogul PT5B India Private Limited, (India)		
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	
Purchase of raw material, intermediaries and finished goods	695.86	438.91	2,922.11	1,508.45	-	-	-	-	1,947.36
Reimbursement of expenses paid	-	-	324.42	24.94	-	-	-	-	24.94
Reimbursement of expenses (received)	(841.10)	4.53	-	-	(54.07)	(43.39)	(86.63)	(85.04)	(123.90)
Inter-corporate deposit (ICD) Taken	-	600.00	1,235.00	850.00	3,875.00	-	-	-	1,450.00
Inter-corporate deposit (ICD) repaid	(600.00)	-	-	-	(3,405.00)	(1,025.00)	-	-	(1,025.00)
Interest on the above ICD	-	-	146.97	42.14	102.98	163.26	-	-	205.40
Balance outstanding as at the end of the year Receivables	-	-	-	-	-	-	2.35	11.10	7.58
Balance outstanding as at the end of the year (Payable)	(45.25)	(499.71)	(2158.19)*	(1,061.79)	(453.43)**	-	-	(2,656.87)	(1,561.50)

*Includes Rs 1,885 lacs (Previous year Rs 850 lacs) payable against ICD taken and 16.19 lacs (Previous year 6.82 lacs) payable against interest on the same.

**Includes Rs 450 lacs (Previous year Nil lacs) payable against ICD taken and 4.78 lacs (Previous year Nil lacs) payable against interest on the same.

Rs. in lacs

Ultimate Holding Company		
Particulars	Federal Mogul Corporation (USA)	
	31.12.11	31.12.10
Sales	(5,487.77)	(4,861.58)
Purchase of raw material, intermediaries and finished goods	382.72	739.55
Reimbursement of expenses paid	474.57	315.96
Reimbursement of expenses (received)	(170.59)	(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
Balance outstanding as at the end of the year (Payable)	(298.97)	(647.66)

Rs. in lacs

Key Managerial Personnel and their relatives								
Particulars	Mr. Jean de Montlaur		Mr. Rustin Murdock		Mr. Dan Brugger		Total	
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
Remuneration	426.32	450.22	-	117.15	168.66	29.33	594.98	596.70
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	For the year ended December 31, 2011 (Rs in lacs)	December 31, 2010 (Rs in lacs)
a) Lease payments / expenses for the year <i>Minimum Lease Payments (for non cancelable leases):</i>	396.85	526.44
b) Not later than one year	169.09	161.20
c) Later than one year but not later than five years	697.98	-
d) Later than five years	154.57	-

6. Capital Commitment

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

Particulars	Year ended December 31, 2011 (Rs in lacs)	Year ended December 31, 2010 (Rs in lacs)
Capital commitment	4,360.66	3,703.76

7. Contingent Liabilities not provided for:

Particulars	Year ended December 31, 2011 (Rs in lacs)	Year ended December 31, 2010 (Rs in lacs)
a) Bank Guarantees	949.88	457.47
b) <i>Claims/notices contested by the Company</i>		
i) Excise duty	155.27	17.87
ii) Sales Tax	405.91	405.91
iii) Employee Related Cases	136.18	102.44
iv) Electricity Demand	52.24	52.24
v) Income Tax Demands	648.13	420.96
vi) Consumer Cases (settled during the current year.)	-	30.91
vii) Other Excise duty liabilities of subsidiary	1,275.27	1,310.96
viii) Other Sales tax liabilities of subsidiary	454.26	-

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

- i) Matter pending with Deputy Commissioner of Central Excise, Bangalore, in respect of excess avilment of Cenvat credit. 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) Matters pending with Central Excise & Service Tax Appellate Tribunal, Chandigarh in respect of Service Tax on Transport Services for the period 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.2.92 lacs).
- iii) Matters pending with Central Excise & Service Tax Appellate Tribunal 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. 14.02 lacs. (Previous year Rs. 14.02 lacs).
- iv) Miscellaneous Service tax cases in respect disallowance of Cenvat Credit claimed on various input Services are pending with CESTAT Bangalore/ Joint Commissioner Jaipur/ Joint Commissioner Patiala for the period 2005-06 to 2010-11. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. 137.40 lacs (Previous year Rs. Nil).

d) In relation of b (ii) above, 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. 315.21 lacs. (Previous year Rs. 315.21 lacs).
- ii) In respect of Assessment Year 2005-06, on account of differences in sales tax rates, (the matter is pending with superintendent audit Bangalore. The Company has taken legal opinion in this regard and is confident of success). Amount involved is Rs. 90.70 lacs. (Previous year Rs. 90.70 lacs).

e) In relation of b (iii) above, Employee related cases comprise of:

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.136.18 lacs. (Previous year Rs. 102.44 lacs)

f) In relation to b (iv) above, Electricity demand comprises of:

In respect of a demand raised by Punjab Electricity Board (PSEB) for various years in relation to avilment 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).

g) In relation to b (v) above, Income Tax cases disputed by the Company comprise of:

- i) In respect of Assessment Year 1998-99, 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 86.69 Lacs (Previous year Rs 86.69 Lacs).
- ii) 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 21.21 Lacs (Previous year Rs 21.21 Lacs).
- iii) In respect of Assessment Year 2001-02, certain additions were made on normal as well as on book profit. The matter is pending with High Court. 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. 8.14 lacs (Previous year Rs. 8.14 lacs).
- iv) 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. 23.13 lacs. (Previous year Rs. 23.13 lacs).

- v) In respect of Assessment Year 2003-04, disallowance was made for carry forward losses as well as certain disallowances. The matter is pending with Income Tax Appellate Tribunal. 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.158.01 lacs. (Previous year Rs. 158.01 lacs).
- vi) In respect of Assessment Year 2004-05, certain additions were made on normal income. The matter is pending with Income Tax Appellate Tribunal (the matter has been heard and the order is awaited). The amount of contingency for the year is Rs. 13.05 lacs. (Previous year Rs. 13.05 lacs)
- vii) 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. 38.42 lacs (Previous year Rs. 38.42 lacs).
- viii) In respect of Assessment Year 2006-07, certain additions were made on normal as well as on book profit. The matter is pending with Income Tax Appellate Tribunal. 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. 39.52 lacs (Previous year Rs. 39.52 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 favorable decision. The amount involved is Rs 32.79 Lacs (Previous Year Rs 32.79 Lacs).
- x) In respect of Assessment Year 2008-09, 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 favorable decision. The amount involved is Rs 227.17 Lacs. (Previous Year Rs Nil).

h) In relation to b (vii) above Excise duty cases contested by the subsidiary company ('FMTPR') comprise of:

- i) Matters pending with Central Excise and Service Tax Appellate Tribunal (CESTAT):
 - a. In respect of irregular availment of cenvat credit in respect to certain products obtained on job work basis for the period 2005- 2007. FMTPR Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 361.06 lacs (Previous year Rs. 361.06 lacs) including interest and penalties of Rs. 180.53 Lacs (Previous year Rs. 180.53 Lacs).
 - b. FMTPR 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. FMTPR has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 119.36 Lacs (Previous year Rs. 89.52 Lacs) including interest and penalties of Rs. 89.52 Lacs (Previous year Rs. 59.68 Lacs).
 - c. In respect of notice received for the period 2009-10 on account of Cenvat credit of service tax on job work charges. FMTPR has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 306.80 Lacs (Previous year Rs. 306.80 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. FMTPR 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).
 - b. FMTPR has received demand notice received for the period 2005 which is on account of non production of service tax document. FMTPR 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. 24.71 Lacs).
 - c. In respect of irregular availment of cenvat credit in respect to certain product obtained on job work basis for the period 2010. FMTPR has done an analysis and if of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 85.66 Lacs (Previous year Rs. Nil).
 - d. FMTPR has received demand Notice for the period 2010 which on account of Service Tax credit availed on sole selling commission. FMTPR has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 56.49 Lacs (Previous year Rs. Nil).

e. FMTPR has received demand Notice for the period 2011 which on account of Service Tax credit availed on job work charges. FMTPR has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 82.48 Lacs (Previous year Rs. Nil).

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. FMTPR has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 24.35 Lacs (Previous year Rs. 61.63 Lacs).

b. In respect of avilment of cenvat credit (service tax) in relation to sales commission and freight charges for the period January 2008 to April 2010. FMTPR has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 138.13 Lacs (Previous year Rs. Nil).

c. In respect of avilment of cenvat credit (service tax) in relation to management consultancy and freight charges for the period September 2008 to November 2009. FMTPR has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 73.77 Lacs (Previous year Rs. Nil).

i) In relation to b (ix) above Sales tax cases contested by the subsidiary company comprise of:

i) The matter is pending before the Joint Commissioner of Sales Tax, Bangalore:

a. FMTPR has received demand notice received for the period 2007-08 which is on account of applicability of higher tax rate on goods cleared local goods. FMTPR has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 454.26 Lacs (Previous year Rs. Nil).

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

(Rs in lacs)

Particulars	Year ended December 31, 2011 (Rs in lacs)	Year ended December 31, 2010 (Rs in lacs)
(a) Salaries	485.46	502.90
(b) Contribution to Provident & Superannuation Fund*	21.71	20.02
(c) Other Perquisites	102.88	87.90
(d) Directors Sitting Fees	10.80	11.67

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

b) Personal expenses under schedule 18 include Rs. 197.99 lacs (including Rs. 29.33 lacs pertaining to previous year) towards whole time Finance Director and CFO's remuneration for which the company has filed an application in January, 2011 with Central Government for appointment and payment of remuneration for the period November 12, 2010 to November 11, 2015, which was pending for the approval of the Central Government.

c) During an earlier year, the company has filed an application for approval of excess managerial remuneration to its erstwhile managing director of Rs. 84.14 lacs for the period January 1, 2007 to September 24, 2007 with the Central Government under section 309(3) of the Companies Act, 1956 which was in excess of permissible remuneration under schedule XIII of the Companies Act, 1956. The Company received an approval from Central Government for partial amount of Rs. 45.67 lacs on September 14, 2010, while the approval for balance amount of Rs. 38.47 lacs paid to the erstwhile managing director is awaited.

Pending such approvals, the management believes that no material adjustments are deemed necessary in financial statements in this regard.

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. 9,734.38 lacs (Previous year Rs. 7,564.14 lacs) has been reduced from sales in profit & loss account and excise duty on (decrease) / increase in stock amounting to Rs. 185.73 lacs (Previous year Rs. 136.38 lacs) has been considered as 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, 2011:

(Amount in lacs)

Particulars	Currency	As At December 31, 2011 Amount Rs. (in lacs)	As At December 31, 2011 Amount (Foreign currency in lacs)	Year ended Dec. 31, 2011 (Rates, 1 Unit of Foreign Currency) equivalent INR)	As at December 31, 2010 Amount Rs. (in lacs)	As at December 31, 2010 Amount (Foreign currency in lacs)	As at December 31, 2010 (Rates, 1 Unit of Foreign currency equivalent INR)
Creditors	USD	1,160.74	21.40	54.24	1,499.77	33.13	45.27
Creditors	EURO	5,259.62	74.87	70.25	2,710.17	55.47	48.86
Creditors	GBP	116.30	1.39	83.67	110.99	1.58	70.25
Creditors	JPY	97.06	138.58	0.70	100.34	179.24	0.56
Creditors	CHF	5.20	0.09	57.73	-	-	-
Creditors	CAD	4.26	0.08	53.25	-	-	-
Creditors	THB	0.25	0.15	1.67	-	-	-
Creditors	SEK	49.25	6.21	7.93	-	-	-
Advance from customers	USD	1,952.64	36.00	54.24	-	-	-
Advance to creditors	EUR	833.87	11.87	70.25	390.52	6.44	60.64
Advance to creditors	USD	699.33	13.41	52.15	92.51	2.07	44.69
Advance to creditors	GBP	48.99	0.61	80.31	58.12	0.83	70.02
Advance to creditors	JPY	99.80	148.49	0.67	119.57	213.59	0.56
Advance to creditors	SEK	53.41	7.14	7.48	0.97	0.02	48.66
Advance to creditors	CHF	9.41	0.17	55.34	0.46	0.01	45.61
Advance to creditors	CAD	4.09	0.08	51.08	5.41	0.79	6.85
Debtors	USD	2,211.68	42.41	52.15	301.36	6.73	44.78
Debtors	EURO	532.70	7.90	67.43	65.73	1.11	59.22
Debtors	GBP	2.41	0.03	80.31	27.11	0.40	67.78

11. Gratuity and Other Post-employment Benefit Plans:

The Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. However, the Company, on a conservative basis has made a provision for the deficit in the fund. The deficit accounted for the in the books as on December 31, 2011 is Rs. 50.57 lacs.

The Group 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 summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

Rs. in lacs

	Gratuity	
	2011	2010
Current service cost	292.11	274.09
Interest cost on benefit obligation	470.00	400.07
Expected return on plan assets	(319.39)	(284.34)
Net actuarial (gain) / loss recognised in the year	45.09	(44.19)
Past service cost	-	0.11
Previous years actuarial gains recognized during the year	(239.90)	(100.10)
Net benefit expense	247.91	245.64
Actual Return on Plan Assets	180.08	489.37

Balance sheet

Details of Provision for gratuity

	Gratuity	
	2011	2010
Defined benefit obligation	6,585.75	6,219.28
Fair value of plan assets	3,812.62	3,882.44
Cumulative Unrecognized actuarial gains	-	239.91
	2,773.13	2,576.75
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(2,773.13)	(2,576.75)

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

Rs. in lacs

	Gratuity	
	2011	2010
Opening defined benefit obligation	6,219.28	5,560.97
Interest cost	469.99	400.07
Current service cost	292.11	274.09
Past service cost	-	0.11
Transfer from group company	3.48	18.75
Benefits paid	(304.90)	(195.54)
Actuarial (gains) / losses on obligation	(94.21)	160.83
Closing defined benefit obligation	6,585.75	6,219.28

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

	Gratuity	
	2011	2010
Opening fair value of plan assets	3,882.44	3,471.24
Expected return	319.38	284.34
Contributions by employer	55.00	117.38
Benefits paid	(304.90)	(195.54)
Actuarial gains / (losses)	(139.31)	205.03
Closing fair value of plan assets	3,812.61	3,882.45

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

	Gratuity	
	2011 (%)	2010 (%)
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:

	2011 (%)	2010 (%)
Discount rate	8.50	8.00
Expected rate of return on assets	8.50	8.50
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			
	2011	2010	2009	2008
Defined benefit obligation	6,585.75	6,219.28	5,560.97	5,415.42
Plan assets	3,812.62	3,882.44	3,471.23	3,352.83
Cumulative unrecognized actuarial gains	-	239.91	-	-
Surplus / (deficit)	(2,773.13)	(2,576.75)	(2,089.74)	(2,062.59)
Experience adjustments on plan liabilities	511.34	205.76	280.10	-
Experience adjustments on plan assets	180.08	489.37	(210.74)	-

12. The Micro, Small and Medium Enterprises have been Identified by the Company from the available information, which has been relied upon by the auditors. According to such identification, the disclosure in respect to Micro and Small Enterprises as per MSMED Act, 2006 is as follows :

Rs. in lacs

Particulars	2011	2010
The principal amount remaining unpaid as at the end of year	194.84	169.32
Interest due on above principal and remaining unpaid as at the end of the year	1.85	0.52
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.	14.09	9.60
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	15.94	10.73
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	38.06	22.12

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 June 25, 2010 for following amendment in Rights Issue utilization:

- Rs. 1,138.42 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, 2011 (Rs. in lacs)	Amount utilized till Dec. 31, 2010 (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	9,296.61	8,753.51
General corporate purposes	431.30	441.65	441.65	441.65
Issue expenses	117.69	107.34	107.34	107.34
Total	12,886.27	12,886.27	12,886.27	12,343.17

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, 2011 (Rs. in lacs)	Year ended Dec. 31, 2010 Rs. (in lacs)
Salaries, wages and bonus	177.53	120.66
Consumption of stores and spares	266.30	180.98
Total	443.83	301.64

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. 214.89 lacs (Previous Year Rs. 932.32 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.

As at December 31, 2011, the Company has export benefits receivable of Rs. 695.94 lacs, of which Rs 315.26 lacs is outstanding in respect of export invoices over one year, due to delay in fulfillment of export obligations as explained above. The management believes that such recognition is in accordance with relevant accounting guidance and basis an expert opinion, there is reasonable certainty of its ultimate realization and no adjustments are deemed necessary in financial statements in this regard.

16. Provision for regulatory matters

During the year ended December 31, 2010, the Company had 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. 288.30 lacs is included under Schedule no. 14 for provisions which are net of amounts utilized of Rs. 269.75 lacs during the year towards remediation.

Further, the Company has also recognized a provision of Rs 654.96 lacs (including interest of Rs. 357.37 lacs) against certain other regulatory matters.

The Company is actively seeking to resolve these actual and potential statutory, regulatory, taxation 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. Management support charges

In December 2011, the Company has received management support charges from its group companies of Rs 498.52 lacs in respect of certain application engineering rendered by the Company. Further, the charges amounting to Rs. 354.40 lacs (on net basis) in respect of certain other set of services received from the parent company, which were accounted for by the Company for the period January 1, 2011 to September 30, 2011, have been reversed as these charges have been discontinued by the parent company. 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, 2011 to March 31, 2012, the process of updation is ongoing and management is confident of completing the same. The provision for current tax has been made accordingly considering the said amounts of Rs. 498.52 lacs as "allowable expenditure".

18. Investments in G.I. Power Corporation Limited

The Company is holding an investment of Rs. 1,070.92 lacs (Equity Shares: Rs. 194.48 lacs and Preference Shares: Rs. 876.44 lacs) in GI Power Corporation Limited (GIPCL). During the year, the Company's shareholding in GIPCL has reduced from 26.00% to 6.60% due to conversion of the preference shares held by other investors into equity shares. Accordingly GIPCL has discontinued to be an 'Associate' of the Company and accordingly, the cumulative share of Company in the associate's losses of Rs 35.39 lacs have also been reversed at the end of the year.

In addition to the above, the Company has now changed the classification the investment in GIPCL from long term investment to current investment, as the Company is assessing various options for liquidating these investments as these are not related to the core business of the Company. Based on current assessment, the Company is confident that it would be able to recover the entire carrying value of these investments and these investments have been carried at cost in the balance sheet in accordance with the requirements of AS-13 "Accounting for Investments".

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

Jean de Montlaur
 Managing Director & President

Dan Brugger
 Whole Time Finance Director & CFO

Place: Gurgaon
 Date: February 29, 2012

Khalid Khan
 Company Secretary

**Consolidated Balance sheet and profit and loss account
Cash flow statement for the year ended December 31, 2011**

	For the year ended December 31, 2011 Rs (in lacs)	For the year ended December 31, 2010 Rs (in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation and after prior period	7,054.52	6,925.79
Adjustments for:		
Depreciation and amortisation	5,688.73	5,197.30
Loss on sale / discard of fixed assets (net)	219.82	422.84
Provision for doubtful debts written back	(50.11)	(13.77)
Advances written off	198.17	39.35
Provision for doubtful debts	-	2.27
Excess Provision written back	(162.67)	(65.73)
Provision for loans and advances	58.90	76.94
Interest income	(41.29)	(1.21)
Interest expense	2,213.73	1,085.00
Share of loss in associate companies	(35.39)	55.41
Unrealised forex (gain)/loss (net)	196.25	20.45
Miscellaneous expenditure written off	239.91	239.90
Operating profit before working capital changes	15,580.57	13,984.54
Movements in working capital:		
Decrease / (Increase) in sundry debtors	(3,151.66)	(1,938.90)
Decrease / (Increase) in other current assets	(216.57)	(177.43)
Decrease / (Increase) in inventories	(3,567.51)	(1,199.48)
Decrease / (Increase) in loans and advances**	(2,212.16)	(1,057.93)
Increase / (Decrease) in current liabilities & provisions	6,257.07	2,398.40
Cash generated from/ (used in) operations	12,689.74	12,009.20
Direct taxes paid (net of refunds)	(2,574.53)	(2,064.55)
Net cash from operating activities	10,132.02	9,944.65
B. CASH FLOWS FROM/(used in) INVESTING ACTIVITIES		
Purchase of fixed assets/ Intangibles Assets	(13,594.13)	(6,253.63)
Proceeds from sale of fixed assets	256.96	1,237.40
Interest received	39.78	27.10
Net cash used in investing activities	(13,297.39)	(4,989.13)
C. CASH FLOWS FROM/(used in) FINANCING ACTIVITIES		
Payment of Long term borrowings	(400.00)	(1,490.80)
Movement in Short term borrowings	5,856.74	(1,418.93)
Interest paid	(2,199.70)	(1,163.95)
Dividends Paid	(357.70)	(259.70)
Tax on Dividend Paid	(166.13)	(88.02)
Net cash From/(used in) financing activities	2,733.21	(4,421.40)
Net increase in cash and cash equivalents (A + B + C)	(432.16)	534.12
Cash and cash equivalents at the beginning of the year	764.17	230.05
Cash and cash equivalents at the end of the year	332.01	764.17
Components of cash and cash equivalents as at	December 31, 2011	December 31, 2010
	Rs (in lacs)	Rs (in lacs)
Cash and cheques on hand	0.02	0.37
With banks - on current account	323.39	748.80
- on deposit accounts (pledged with Government authorities)	855.02	54.19
- on unpaid dividend account*	8.60	15.00
Cash and bank balances as per Schedule 10	1,187.03	818.36
Less: Deposits not considered as cash equivalents	(855.02)	(54.19)
Cash & Cash Equivalents in Cash Flow Statement:	332.01	764.17

* 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: February 29, 2012

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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