

Chairman's Speech

Good Morning Ladies and gentleman,

On Behalf of the Board of Directors, I thank you for your kind presence here today. I extend a very warm welcome to all our Shareholders and Members of the Board at this 55th Annual General Meeting of Federal-Mogul Goetze (India) Limited.

Your Company is a premier supplier of quality products to the original equipment manufacturers (OEMs) and the Aftermarket. The Company's leading technology and innovation, manufacturing expertise, as well as marketing and distribution deliver superior products and brands with quality excellence at a competitive cost.

Your Company is focused on its sustainable global profitable growth strategy, creating value and satisfaction for its customers, shareholders and employees.

Industry Scenario

Though the global economic crisis in 2008 had slowed India's economic growth, 2009 witnessed signs of stability returning in the domestic economy.

The auto component industry appears to have put the worst behind and is experiencing solid growth consistent with the overall economy recovery.

India is positioned to become one of the world's most attractive automotive markets for both manufacturers and consumers and we look forward to continuing to expand our presence and market position for the domestic market and export markets.

During 2009, the Indian economy developed at a rapid pace and the automobile industry is a key beneficiary of this growth. The main factors behind such growth are the increasing affluence of the average consumer, overall GDP growth, the arrival of ultra-low-cost cars, and the increasing maturity of Indian OEMs.

Company's Operations

The pace of growth diminished due to the economic downturn reported in 2008, however, we remain committed to developing competitive products and strategies allowing for current year and future growth. I would like to add that your Company has been able to endure the business downturn of 2008, thereby protecting its interests and stabilizing its operations. This has allowed us to position ourselves for growth in the domestic markets.

2009 was an interesting and challenging year. Our 2009 performance highlights the substantial progress we made as we strengthen the Company to operate more efficiently in the current market environment. We continue to implement cost reduction measures necessary to attain earnings performance consistent with our fundamental objective of achieving sustainable global profitable growth by providing customers with high quality products, leading technology and innovation, all at a competitive cost. Notwithstanding the competitive and demanding situations, the overall performance of the Company is promising.

During 2009 we achieved a Net income of Rs. 7886.61 million (compared to the previous year of Rs. 7156.78 million). The Company reported net profit of Rs. 460.96

million (as against previous year loss of Rs. 68.92 million) mainly on account of increase in sales volumes, reduction in Interest cost, decrease in raw material, labour and other operating costs.

We trust the actions of the Company are appropriate and address the business challenges as we see them today; but flexibility in this uncertain global economy is an imperative.

Outlook

As we look to the future, we know that we will be operating in a demanding and challenging environment. We believe that we are beginning to witness a transformational phase for the Company as we strengthen our competitive edge through innovation and productivity.

The industry is changing from a highly domestic-centric focus to a globally integrated market with international suppliers and customers continuing to expand their presence. The growth expected in the domestic automobile industry will provide opportunities and challenges to the auto component supply base. The entry of global OEMs, making India as their manufacturing base, has given a big boost to the industry. This trend has also enabled Indian companies to gain a competitive edge in the global market.

Your company will continue to build on its strengths through

- Strong systems and processes
- Employee Engagement - Your Company believes in working closely & investing in its employees. Continuously upgrading their skill sets by providing the right opportunities in and exposure to the latest technology and management fields.
- Strong Knowledge base and competitiveness
- Global brand
- Ability to adapt to changes quickly
- Customer Engagement – Your Company’s ability to work with partners helps in strengthening the relationship with its customers to ensure the opportunity to collaborate on future projects.

It is my belief that by embedding larger sustainability goals in its business strategies, your Company has consciously invested in the future. A promising future, by creating competitive and sustainable business of tomorrow, that will continue to enhance long term stakeholder value.

The overall trend is encouraging, but remaining competitive in this changing scenario will be the toughest challenge for your Company. I believe however, that the combination of low manufacturing costs along with quality systems has positioned our Company well in terms of pricing and quality. Knowledge, specialization, innovation and networking will determine the success of the Company in this environment.

Business Prospects

The Indian auto component industry is one of India's strongest sectors with tremendous growth prospects.

We believe our upbeat initiatives and balanced implementation of our strategy will allow us to continue to grow the Company. The overall strategy of your Company will be driven by its strengths and competencies.

We are expecting a much stronger year ahead. The Company will endeavor to take full advantage of resources and structures prevalent in the industry that will benefit the business and will also cater to the growing needs of our customers. We will leave no stone unturned in our endeavor to seize upon the opportunities and to ensure that we all continue to grow progressively together with the Company.

Acknowledgement

I would like to take this opportunity to acknowledge the immense contribution made by the management and employees of your Company through their dedication and commitment.

My sincere thanks to all our customers, shareholders and stakeholders for their continued trust in the management of the Company.

I would also acknowledge with thanks the support of our bankers, valuable customers, suppliers and other business associates for their confidence.

I want to convey the deepest appreciation to the Members of the Board for their valuable guidance and continuous support.

I would like to end by mentioning that determination, trust, action and solidarity will be our tools to accomplish our objective. We have all, but all that is needed is their further implementation in the face of challenges and the triumph, am sure, will be ours.

Thank you all for your presence.

K.N. Subramaniam
Chairman

Note: This does not purport to be a report on the proceedings of the Annual General Meeting