LETTER OF OFFER
November 05, 2008
For Equity Shareholders of our Company only

FEDERAL-MOGUL GOETZE (INDIA) LIMITED

Our Company was originally incorporated at Delhi as Goetze (India) Private Limited on November 26, 1954, under the Indian Companies Act, 1913. On April 17, 1961, our Company became a deemed public company within the meaning of Section 43A of the Companies Act . *Vide* a resolution of our shareholders at an extra-ordinary general meeting held on April 29, 1963, it was resolved that our Company would henceforth be a public limited company. Subsequently, pursuant to a resolution of the members passed at an extraordinary general meeting held on June 16, 2006, the name of our Company was changed to Federal-Mogul Goetze (India) Limited. (For further details, please refer to the chapter titled "Our History and Main Objects" beginning on page 119 of the Letter of Offer)

Registered and Corporate Office: A - 26/3, Mohan Co-operative Industrial Estate, New Delhi – 110 044.

For details of changes in our registered office, please refer to the chapter titled "Our History and Main Objects" beginning on page 119 of the Letter of Offer.

Tel: +91-11-41497650, **Fax**: +91-11-41497601, **E-mail**: rights.issue@federalmogul.com. **Website**: www.federalmogulgoetze.com
Contact Person: Mr. Rajan Luthra, Financial Controller & Company Secretary

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

LETTER OF OFFER

ISSUE OF 2,31,60,866 FULLY PAID-UP EQUITY SHARES WITH A FACE VALUE OF Rs. 10 EACH AT AN ISSUE PRICE OF Rs. 56 PER EQUITY SHARE (INCLUDING A PREMIUM OF Rs. 46 PER EQUITY SHARE), PAYABLE IN CASH, AGGREGATING Rs. 12970.08 LAKH TO THE EXISTING EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 71 FULLY PAID-UP EQUITY SHARES FOR EVERY 100 EQUITY SHARES HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. NOVEMBER 10, 2008 . THE FACE VALUE OF EQUITY SHARES IS Rs. 10 EACH AND THE ISSUE PRICE IS 5.6 TIMES OF THE FACE VALUE OF THE EQUITY SHARES. FOR MORE DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" BEGINNING ON PAGE 345 OF THE LETTER OF OFFER.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of the document. **Investors are advised to please refer to the section titled "Risk Factors" beginning on page viii of the Letter of Offer, before investing in the Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on the Bombay Stock Exchange Limited (BSE) (also the Designated Stock Exchange) and the National Stock Exchange of India Limited (NSE). Our Company has received in principle approvals from BSE and NSE for listing the Equity Shares arising from the Issue *vide* letters dated August 21, 2008 and August 25, 2008 respectively.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE / SHARE TRANSFER AGENT TO THE ISSUE
CENTRUM CAPITAL LIMITED Centrum House, CST Road, Vidya Nagari Marg, Kalina, Santacruz (East), Mumbai – 400 098 Maharashtra, India Tel: +91–22–67249000 Fax: +91–22–67249707 Contact Person: Hema Lalwani/ Alpesh Shah Email: fmgrights@centrum.co.in Website: www.centrum.co.in SEBI Registration No.: INM000010445	**ALANKIT ASSIGNMENTS LIMITED** Alankit House, 2E / 21, Jhandewalan Extension, New Delhi-110055 Tel: + 91 11 23541234, 42541234 Fax: + 91 11 42541967 Contact Person: Mahesh Jairath E-mail: mj@alankitonline.com Website: www.alankit.com SEBI Registration No. INR000002532

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
Monday, November 24, 2008	Saturday, November 29, 2008	Monday, December 08, 2008

TABLE OF CONTENTS

NO OFFER IN OTHER JURISDICTIONS

The Rights Entitlements and Equity Shares of our Company have not been and may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction outside India. Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer must be treated as sent, for information only, and should not be copied or redistributed. No person receiving a copy of the Letter of Offer in any territory other than in India may treat the same as constituting an invitation or offer to him/her, nor should he/she in any event use the CAF.

Our Company will not accept any CAF where the address as indicated by the applicant is not an Indian address. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the issue of Equity Shares or the Rights Entitlements, distribute or send the same in any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Letter of Offer.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in the Letter of Offer is derived from our Company's consolidated and unconsolidated restated financial information as of December 31, 2007 (12 month), December 31, 2006 (9 month), March 31, for the years/period ended 2006, 2005, 2004, 2003 (9 month) and the six months ended June 30, 2008 prepared in accordance with the Companies Act, 1956 and applicable SEBI DIP Guidelines, as stated in the Auditors Report of our Statutory Auditors M/s. S. R. Batliboi & Co., dated October 15, 2008, included in the Letter of Offer

Unless stated otherwise, throughout the Letter of Offer, all figures have been expressed in lakh, though certain numbers are also expressed in Rs. millions and in Rs. crores. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "lakh or lakhs" means "100 thousand" and the word "million" or "mn" means "10 lakh" and the word "crore" means "10 million" or "100 lakh" and the word "billion" means "1,000 million" or "100 crores".

Our fiscal year in the past commenced on April 1 and ended on March 31 of the next year. Unless stated otherwise, reference herein to a fiscal year (eg. fiscal 2006), is to the fiscal year ended March 31 of a particular year. However, to be in line with the fiscal period of the Federal-Mogul Group, we decided from the year 2006, to change our fiscal year; and going forward our fiscal year would commence on January 1 and end on December 31.

Currency of Presentation

All references to "Rupees", "INR" or "Rs." are to Indian Rupees, the official currency of the Republic of India, all references to "US$" or "USD" or "$" are to United States Dollars, the official currency of the United States of America, all references to "JPY" or "Yen" or "¥" are to Japanese Yen, the official currency of the Japan, all references to "EURO" or "EUR" or "Euro" or "€" are to the official currency of the European Ecomonic and Currency Union. The Letter of Offer contains certain conversions of US$, € and ¥ into INR that have been presented solely to comply with requirements of clause 6.9.7.1 of the SEBI Guidelines.

In the Letter of Offer, unless the context otherwise requires, all references to "India" are to the Republic of India, all references to the "US" or the "U.S." or the "USA", or the "United States" are to the United States of America.

In the Letter of Offer, any discrepancies in any table between the total and the sum of the amounts listed may be due to rounding off.

Market and industry data used in the Letter of Offer, has been obtained from governmental sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable and that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in the Letter of Offer is reliable, it has not been independently verified.

The rates used for conversion of all the foreign currency are the bank selling rates October 10, 2008, which are as follows.

1. EURO 1= Rs. 67.32
2. USD 1= Rs. 49.44
3. JPY 100= Rs. 50.28

FORWARD-LOOKING STATEMENTS

We have included statements in the Letter of Offer which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

(a) General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
(b) Increasing competition in or other factors affecting the industry segments in which our Company operates;
(c) Changes in laws and regulations relating to the industries in which we operate;
(d) Our ability to meet our capital expenditure requirements and/or increase in capital expenditure;
(e) Fluctuations in operating costs and impact on the financial results;
(f) Our ability to attract and retain qualified personnel;
(g) Changes in technology in future;
(h) Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
(i) The performance of the financial markets in India and globally; and
(j) Any adverse outcome in the legal proceedings in which we or our Subsidiaries are or may be involved.

For a further discussion on factors that could cause our actual results to differ, please refer to the section titled “Risk Factors” and chapters titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation” beginning on pages viii, 78 and 279 respectively of the Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchange requirements, our Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges for the Equity Shares being offered through the Issue.

SECTION I: DEFINITIONS AND ABBREVIATIONS

In the Letter of Offer, the terms "the Issuer", "we", "us", "our", "the Company", "our Company" or "FMGIL", unless the context otherwise implies, refer to Federal-Mogul Goetze (India) Limited.

COMPANY RELATED TERMS AND ABBREVIATIONS

Terms	Description
"AN"	Anil Nanda, our erstwhile Promoter
"FMAPIPL"	Federal-Mogul Automotive Products India (Private) Limited
"FMC"	Federal-Mogul Corporation, a company incorporated in the USA
"FIPL"	Ferodo India Private Limited
"FMBIL"	Federal-Mogul Bearings India Limited
"FMG" or "FM Germany"	Federal-Mogul Vermogensverwaltungs GmbH
"FMH" or "FMHL" or "FM Holdings"	Federal-Mogul Holdings Limited
"FMTIPL"	Federal-Mogul Trading India Private Limited
"FMTPR India" or "Goetze TP India" or "GTP"	Federal-Mogul TPR (India) Limited (formerly Goetze T P (India) Limited), a subsidiary company of our Company
"Federal-Mogul Group"	The expression "Federal-Mogul Group" refers to Federal-Mogul Corporation and all of its subsidiaries and associate companies
"Goetze-Werke"	Goetzewerke Friedrich A.G. of Germany which is now known as Federal-Mogul Vermogensverwaltungs GmbH
"JIPL"	Joint Investments Private Limited, our erstwhile Promoter
"NFPL" / "Nanz"	Nanz Food Products Limited
"Promoters"	FMG, FMH and FMC, and the term "Promoter" shall be construed accordingly
"Promoter Group Entities"	Unless the context otherwise requires, refers to those companies mentioned in the chapter titled "Our Promoters and Promoter Group" beginning on page 146 of the Letter of Offer
"SRCL"	Satara Rubbers & Chemicals Limited, a Subsidiary of our Company
Subsidiaries	Refers to our Subsidiaries i.e. FMTPR India and SRCL, jointly, and the word "Subsidiary" shall be construed accordingly
"TPR"	Teikoku Piston Ring Company Limited

BUSINESS / INDUSTRY RELATED TERMS AND ABBREVIATIONS

Abbreviation	Full Form
ACMA	Automotive Component Manufacturers Association of India
ADA	German name "Auben Dreh Automat" refers to Auto Outside Turning Machine
Athree station	Three Station Moulding Machine for casting piston ring blank
BOPP tape	Adhesive Tape used for sealing cartons (Bonded Openable Plastic Product Tape)
CNC	Computer Numeric Control
Contracer	It is a measuring instrument which traces any Outside Ring Running face Profile
KVA	Kilo Volt Amperes
KW	Kilo Watt
OEM	Original Equipment Manufacturer
OD	Outer Diameter/ Dimension
SIAM	Society of Indian Automobile Manufacturers
SPM	Special Purpose Machine
Tang checking instruments	Tangential Tension Instruments used to control the tension of the rings in closed condition to ensure proper sealing in the cylinder liner
Valve train components	Valve Seat, Valve Guide and the Valve constitute the Valve Train

ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited, the Designated Stock Exchange
C&FA	Clearing and Forwarding Agents
CAF	Composite Application Form
CAGR	Compounded Annual Growth Rate
CDN	Canadian Dollars
CDSL	Central Depository Services (India) Limited
Centrum	Centrum Capital Limited
CEO	Chief Executive Officer
CESTAT	Central Excise and Service Tax Appellate Tribunal
CFO	Chief Financial Officer
CIN	Company Identification Number
CIT	Commissioner of Income Tax
CrPC	Code of Criminal Procedure, 1973
CST Act	Central Sales Tax Act, 1956
Demat	Refers to Dematerialization of Equity Shares
DGFT	Director General of Foreign Trade
DIN	Director’s Identification Number
DLOF	Draft Letter of Offer
DP	Depository Participant
EBITDA	Earning Before Interest, Tax, Depreciation, and Amortisation
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPCG	Export Promotion Capital Goods
ESOP / ESOS	Employee Stock Option Plan /Employee Stock Option Scheme
EPCG scheme	Export Promotion Capital Goods Scheme
EPS	Earnings per share
Euro / EURO / EUR / €	The lawful currency of the European Economic and Currency Union
FDI	Foreign Direct Investment
FCNR	Foreign Currency Non Resident
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder and amendments thereto
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
GIR	General Index Register
GDP	Gross Domestic Product
GoI	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IEC	Importer Exporter Code
IFSC	Indian Financial System Code
IREDA	Indian Renewable Energy Development Agency Limited
ISO	Indian Standard Organisatinon
JPY / ¥	Japanese Yen
KIADB	Karnataka Industrial Area Development Board
KMP	Key Managerial Personnel
LIC	Life Insurance Corporation of India
LOF	Letter of Offer
MD	Managing Director
MICR	Magnetic Ink Character Recognition

Abbreviation	Full Form
Mn / mn	Million or 10 lakh
MoU / MOU	Memorandum of Understanding
NASDAQ	National Association of Securities Dealers Automated Quotation System
N/A	Not Applicable
NATRIP	National Automotive Testing and R&D Infrastructure Project
NAV	Net Asset Value being paid up Equity Share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares
NCT	National Capital Territory
NEFT	National Electronic Funds Transfer
NOC	No Objection Certificate
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
Plc	Private Limited Company
RTGS	Real Time Gross Settlement
RBI	The Reserve Bank of India
RONW	Return on Net Worth
Rs. or INR	Indian Rupees
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEC	United States Securities and Exchange Commission
SIA	Secretariat for Industrial Assistance
US / USA	United States of America
UK	United Kingdom
USD or $ or US$	United States Dollar
U.S. GAAP	Generally accepted accounting principles of the United States

GENERAL TERMS / ISSUE RELATED TERMS

Term	Definition
Act/ Companies Act, 1956	The Companies Act, 1956 and amendments thereto
Applicant	Any shareholder/investor/other person who makes an application in the Issue in accordance with the Letter of Offer
Application Money	The aggregate of monies payable on application by the Applicant, being the aggregate money payable at Rs. 56/- per share towards the entitlement of one Equity Shares
Articles	Articles of Association of our Company , as amended from time to time
Auditors	Refers to our statutory auditors, M/s. S.R. Batliboi & Co., unless otherwise specified
Auditors Report	Unless otherwise specified, refer to the examination reports of our statutory auditors, M/s. S. R. Batliboi & Co. dated October 15, 2008 providing the restated unconsolidated and consolidated financial information of our Company for periods / years ending, December 31, 2007, December 31, 2006, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 and six months ended June 30, 2008 revised over their earlier report dated August 01, 2008 in order to give effect to the requirements of SEBI (*vide* letter ref. CFD/DIL/ISSUES/NB/SC/139921/2008 dated October 1, 2008
Bankers to the Issue	HDFC Bank Limited
Board or Board of Directors	Board of Directors of our Company or one or more Committee(s), duly constituted & empowered thereof

Term	Definition
Collection Centre	As defined in SEBI (DIP) Guidelines, 2000 and amended thereafter, and mentioned in the CAF
Consolidated Certificate	Issue of one certificate for the Equity Shares allotted to one folio, in case of Shares held in physical form
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time
Designated Stock Exchange	BSE
Draft Letter of Offer	Draft Letter of Offer dated August 7,2008 as filed with SEBI and the Stock Exchanges
Equity Share(s) or Shares	Equity Shares of the Company of the face value of Rs. 10/- each
Equity Shareholder(s)/Shareholder(s)	Unless otherwise stated, means the holder of Equity Shares of our Company as on Record Date
Financial Year/ Fiscal/ FY	Period of twelve month ending March 31 of that particular year up to the period for the year ended March 31, 2006. Thereafter, the financial year of our Company is for a period of twelve month ending December 31 of each year. The FY 2006 was from a period of nine (9) month from April 1, 2006 to December 31, 2006
Indian GAAP	Generally Accepted Accounting Principles in India
Issue or Rights Issue	Issue of 2,31,60,866 fully paid-up Equity Shares with a face value of Rs. 10 each at price of Rs. 56 per Equity Share (premium of Rs. 46 per Equity Share) aggregating Rs.1,29,70,08,496 lakhs to the existing Equity Shareholders on rights basis in the ratio of 71 fully paid-up Equity Shares for every 100 Equity Shares held as on the Record Date, i.e. November 10,2008. For more details, please refer to the chapter titled "Terms of the Issue" beginning on page 345 of the Letter of Offer
Issue Opening Date	Monday,November 24, 2008
Issue Closing Date	Monday, December 08,2008 or such extended date as may be decided by the Board of Directors of our Company. In any case, it will not be more than 30 days from the Issue Opening Date
Issue Price	Rs 56 per Equity Share
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Lead Manager or Lead Manager to the Issue	Centrum Capital Limited
Memorandum	Memorandum of Association of our Company
Net Issue Proceeds	The proceeds of the Issue, after meeting Issue expenses
"Record Date"	November 10, 2008.
"Registrar" or "Registrar to the Issue" / Transfer Agent	Alankit Assignments Limited.
Renouncees	The persons who have acquired Rights Entitlements from the existing Equity Shareholders of our Company
Rights Entitlement / Entitlement	The number of Equity Shares that a Shareholder is entitled to in proportion to his / her existing shareholding in our Company as on Record Date
RoC / Registrar of Companies	The Registrar of Companies, NCT of Delhi and Haryana, having its office at 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110 019, India
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI DIP Guidelines / SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 19, 2000, read with amendments, issued thereafter from time to time till the date of filing of the Letter of Offer with SEBI
SEBI (SAST) Regulations / SAST / SEBI Takeover Code / Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997; and subsequent amendments thereto
Stock Exchanges	Refers to BSE and NSE jointly and the word "Stock Exchange" shall be construed accordingly

SECTION II: RISK FACTORS

An investment in Equity Shares involves a degree of risk. Prior to investing, you should carefully consider the risks described below, in addition to the other information contained in the Letter of Offer, before making any investment decisions relating to our Equity Shares. Investors should carefully consider all the information contained in the chapter titled "Consolidated Financial and Operating Data" and "Unconsolidated Financial and Operating Data" beginning on page 238 and 183 of the Letter of Offer respectively, for the information related to the financial performance of our Company. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of our Equity Shares to fall significantly and you may lose all or part of your investment.

These risks are not the only ones that we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Materiality:

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

1. *Some events may not be material individually but may be found material collectively.*
2. *Some events may have material impact qualitatively instead of quantitatively.*
3. *Some events may not be material at present but may be having material impacts in future.*

Internal Risk Factors

1. ***Our Company is involved in certain legal and regulatory proceedings that, if determined against our Company, could have a material adverse impact on our Company. Our Promoters, Promoter Group Entitites, our Directors and our Subsidiaries are also involved in certain legal and regulatory proceedings.***

   Our Company is party to various legal proceedings. These proceedings are pending at different levels of adjudication before various courts and tribunals, and if determined against our Company, could have an adverse impact on the business, financial condition and results of operations. No assurances can be given, as to when, and whether these matters will be resolved in our favour or against us, nor can any assurances be given that no further liability will arise out of the present or future claims. We have not made provisions for a majority of the liability that may arise in respect of the litigations against our company. The details with regards to our litigation, as on date, are as follows:

(a) **Against our Company**

Matters pending	Total number of pending cases / show cause notices / summons	Remarks and amount involved (to the extent quantifiable)#
Excise Matters	41(1)	5,31,62,663.55
Income tax Matters	8	17,31,54,304
Service tax Matters	7	77,03,238
Sales tax Matters	5(2)	38,39,000
Other Statutory Proceedings	3(3)	52,82,500
Consumer Proceedings	2	21,000
Labour Proceedings	30(4)	1,10,91,306
Civil Proceedings	10(5)	68,62,666.71

(1) out of which one is not quantifiable
(2) out of which four are not quantifiable
(3) out of which one is not quantifiable
(4) out of which six are not quantifiable

(5) out of which four are not quantifiable

By our Company

Matters pending	Total number of pending cases / show cause notices / summons	Remarks and amount involved (to the extent quantifiable)#
Criminal Matters	9(1)	93,21,116
Civil Proceedings	7(2)	3,25,55,736.64

(1) out of which four are not quantifiable
(1) out of which three are not quantifiable

(b) **Against our subsidiary**

Matters pending	Total number of pending cases / show cause notices / summons	Remarks and amount involved (to the extent quantifiable)#
Excise Matters	9(1)	1,93,70,937
Service tax Matters	2	87,28,992

(1) out of which one is not quantifiable

(c) **By our Subsidiary**

Matters pending	Total number of pending cases / show cause notices / summons	Remarks and amount involved (to the extent quantifiable)#
Criminal Matters	1	84,077

(d) **Against our Group Companies**

Matters pending	Total number of pending cases / show cause notices / summons	Remarks and amount involved (to the extent quantifiable)#
Criminal Proceedings	1	Not Quantifiable
Labour Proceedings	3	Not Quantifiable

(e) **By our Group Companies**

Matters pending	Total number of pending cases / show cause notices / summons	Remarks and amount involved (to the extent quantifiable)#
Civil Proceedings	2(1)	7,06,00,000

(1) out of which one is not quantifiable

Our Promoters are involved in certain legal and regulatory proceedings which cannot be quantified. For further details on these proceedings, please refer to the section titled "Civil Proceedings involving Federal-Mogul Corporation" in chapter titled "Outstanding Litigations and Defaults" on page 294 of the Letter of Offer.

2. Contingent liabilities and commitments of our Company, as on June 30, 2008

Our Company has not provided for contingent liability as on June 30, 2008. The details of our contingent liabilities and commitments as per our restated unconsolidated financial information are as under:

Claims/notices contested by our Company

(Amount in Rs lakh)

Particulars	June 30, 2008
Excise duty	656.65
Sale Tax	118.27
ESI Cases	40.53
Employee related cases	72.67

Electricity Demand	52.24
Income tax demand	396.31
Consumer cases	60.91
Bank Guarantees	518.06

The Company has executed surety bonds in favour of sales tax authorities on behalf of Gossini Fashion Limited (earlier AN-GIP Leather (India) Limited) for Rs 1.5 lakh.

For further details, please refer to the note on "Contingent liabilities" beginning on the page 202 of the Letter of Offer. For details on our contingent liabilities on a consolidated basis, please refer to the Note on "Contingent liabilities" beginning on the page 254 of the Letter of Offer.

3. ***Our Company, has incurred losses during the financial year ending December 2007 (12 month), financial period ending December 31, 2006 (9 month) and financial year ending March 31, 2006 and has not declared any dividends for the respective periods.***

Our Company has, reported a loss after tax of Rs 1,630.48 lakh on an unconsolidated basis and Rs. 1,197.66 lakh on a consolidated basis for the financial year ending December 31, 2007 (12 month); Rs 896.07 lakh on an unconsolidated basis and Rs. 548.34 lakh on a consolidated basis for the financial period ending December 31, 2006 (9 month) as against a loss after tax of Rs. 3,019.43 lakh on an unconsolidated basis and Rs. 2,628.70 lakh on a consolidated basis in the previous financial year ended March 31, 2006. The losses on the consolidated basis include losses of SRCL due to interest payments and depreciation of assets. However the consolidated impact of the losses was reduced by the profits of our subsidary FMTPR.

Losses on an unconsolidated baiss, for the financial year ended March 31, 2006, were on account of our Company changing some of its accounting policies and practices (as detailed in the "Annexure III- Adjustments for Restated Financial Statements" under section titled "Auditors Report and Financial Information" on page 180 of the Letter of Offer), while for the financial period ended December 31, 2006 (9 month) losses were due to steep increase in the cost of raw materials *viz.* aluminum, nickel etc. and increase in the interest costs, which could not be passed on to the customers. The losses in the financial year ended 2007 were due to delay in completion of our Patiala plant project, appreciation of the Indian Rupee against the major foreign currencies like the US$, revision of accounting standards with respect to employee benefits and a slowdown in the automotive sector.

Summary of our results, as per our restated consolidated financial information, is as under:

(Rs. in Lakh)

Particulars	**Financial period ended June 30, 2008**	**Financial year ended December 31, 2007**	**Financial year ended December 31, 2006**	**Financial year ended March 31, 2006**	**Financial year ended March 31, 2005**	**Financial year ended March 31, 2004**	**Financial year ended March 31, 2003**
	Six Months	**Twelve months**	**Nine months**	**Twelve months**	**Twelve months**	**Twelve months**	**Nine months**
Total Income	37,867.79	64,556.92	46,199.29	47,735.16	46,443.53	42,256.50	24,197.32
Total Expenditure	36,014.51	65,329.96	46,441.79	48,693.79	43,409.06	40,045.23	22,460.26
Profit/(loss) before tax	1,853.28	(773.04)	(242.50)	(958.63)	3,034.47	2,211.27	1,737.06
Net Profit/(Loss) for the year/period	1,452.63	(1,197.66)	(548.34)	(2,628.70)	1,936.60	1,239.73	1,308.32

Summary of our results, as per our restated unconsolidated financial information, is as under:

(Rs. in Lakh)

Particulars	Financial period ended June 30, 2008	Financial year ended December 31, 2007	Financial year ended December 31, 2006	Financial year ended March 31, 2006	Financial year ended March 31, 2005	Financial year ended March 31, 2004	Financial year ended March 31, 2003
	Six Months	Twelve months	Nine months	Twelve months	Twelve months	Twelve months	Nine months
Total Income	36,942.63	63,046.22	40,399.64	46,539.90	44,975.86	40,849.85	23,128.19
Total Expenditure	35,828.41	64,570.96	41,234. 71	48,103.67	42,274.81	38,892.90	21,823.59
Profit/(loss) before tax	1,114.22	(1,524.74)	(835.07)	(1,563.77)	2,701.05	1,956.95	1,304.60
Net Profit/(Loss) for the year/period	977.68	(1,630.48)	(896.07)	(3,019.43)	1,795.92	1,175.71	982.48

For further details, please refer to chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operation" beginning on page 279 of the Letter of Offer.

4. ***Our Company had negative cash flows for the financial year/period ended March 31, 2003 (9 month), March 31, 2005, December 31, 2006 (9 month) and December 31, 2007 (12 month).***

The cash flow of our Company was negative during the financial period ended March 31, 2003 (9 month), mainly due to repayment of borrowings, during the financial year ended March 31, 2005, mainly on account of acquisition of fixed assets and repayment of borrowings, during 9 months ended December 31, 2006 on account of purchase of fixed assets and during the year ended December 31, 2007 on account of purchase of fixed assets and repayment of borrowings.

Summary of our cash flows, as per our restated consolidated financial information, is as under:

(Rs. In lakh)

	For the period ended	For the year ended	For the period ended	For the year ended	For the year ended	For the year ended	For the period ended
	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Profit after exceptional item but before tax	1,853.28	(773.04)	(242.50)	(958.63)	3,034.47	2,211.27	1,737.06
Net cash from investing activities	(3,945.88)	(7,908.23)	(5,610.05)	(4,131.85)	(6,679.25)	(3,136.83)	(1,204.25)
Net cash used in financing activities	(3,905.19)	(1,901.14)	(6,414.65)	(996.97)	(451.82)	(3,255.36)	(1,112.86)
Net increase in cash and cash equivalents	29.78	(139.85)	75.83	135.27	(310.48)	180.83	(372.01)

Summary of our cash flows, as per our restated unconsolidated financial information, is as under:

(Rs. In lakh)

	For the period ended	For the year ended	For the period ended	For the year ended	For the year ended	For the year ended	For the period ended
	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Profit after exceptional item but before tax	1,114.22	(1,524.74)	(835.07)	(1,563.72)	2,701	1,956.95	1,304.60
Net cash from investing activities	(3,966.20)	(7,719.77)	(5,176.04)	(4,021.67)	(4,443.70)	(2,732.29)	3,958.58
Net cash used in financing activities	(4,243.82)	(542.29)	(4,720.74)	(1,115.69)	(1,464.56)	(4,242.30)	(10,930.76)
Net increase in cash and cash equivalents	61.25	(170.99)	(120.01)	59.90	(143.95)	56.62	(357.72)

5. ***Our Promoter FMC may undertake or set up in India, business in the same or allied fields as our Company. The undertaking of such business(es) by FMC may be in direct competition, to the business of our Company.***

Our Promoter FMC may either directly or indirectly, through one or more of its affiliates, associates or subsidiaries in India or overseas, engage in business in India, in the same or allied fields as that of our Company, as a green field investment, investment in an Indian company, formation of a joint venture or by entering into an intellectual property license or other technical collaboration with an Indian company. We do not enjoy contractual protection by way of a non-compete or other agreement or arrangement with FMC. For further information, please refer to the paragraph titled "Promoter Group Companies in India" beginning on page 154 of the Letter of Offer.

6. ***The memoranda of association of our Promoter Group companies in India permit them to undertake or set up in India, business in the same or allied fields as our Company. If these companies undertake such business(es)/ activities they may be in direct competition with our Company.***

Federal-Mogul Automotive Products India (Private) Limited, Ferodo India Private Limited and Federal-Mogul Bearings India Limited, our Promoter Group companies in India are permitted by their respective memoranda of association, to engage in business(es)/activities in India, in the same or allied fields as that of our Company. As a result of which they could be in direct competition with our Company. We do not enjoy contractual protection by way of a non – compete agreement or any other arrangement with the Promoter Group companies in India. Any such activities being undertaken by the companies could affect our results of operation. For further information, please refer to the paragraph titled "Promoter Group Companies in India" beginning on page 154 of the Letter of Offer.

7. ***Accquisition of our competitor, Perfect Circle India Limited, by our Promoter could result in direct competition our Company and our Promoter.***

Federal-Mogul Holdings Limited, our Promoter, has entered into a share purchase agreement dated May 25, 2008, with Asia Investments Private Limited to acquire 1,70,01,650 equity shares, 51% of the paid up equity share capital of Perfect Circle India Limited ("PCIL"), a public limited company incorporated under the provisions of the Indian Companies Act, 1956 having its registered office at Nashik, Maharashtra. PCIL had applied to the Foreign Investment Promotion Board ("FIPB") *vide* application dated June 3, 2008 seeking permission for the manufacture of internal combustion piston engines and other parts and accessories for heavy motor vehicles, which was approved in the meeting of FIPB held on July 29, 2008. The conflict of interest vests in the manufacture of piston rings, which is the core business of our Company.

8. ***Two of our Promoters and one of our subsidiaries have incurred losses.***

Of our three Promoters, two have reported losses one for the year ended December 31, 2005 and December 31, 2006 and the other for the years ended December 31, 2005 and December 31, 2007. Further, one of our Subsidiaries has incurred losses for the financial years ended 2005 and 2006 and year ended 2007 and period ended December 31, 2006. Following are the details of losses incurred:

Company	Year Ended	Amount of Losses
Promoters		
Federal-Mogul Corporation	December 31, 2006	USD 549.6 mn
	December 31, 2005	USD 334.2 mn
FM Holdings Limited	December 31, 2007	USD 1,44,517
	December 31, 2005	USD 15,777
Subsidiaries		
Satara Rubbers and Chemicals Limited	December 31, 2007	INR 42.70 lakh
	December 31, 2006 (9 month period)	INR 82.42 lakh
	March 31, 2006	INR 88.72 lakh
	March 31, 2005	INR 37.97 lakh

For further details please refer to the chapters titled "Our Promoters and Promoter Group" beginning on page 146 and "Our Subsidiaries" beginning on page 127 of the Letter of Offer.

9. ***The objects for which the funds are raised through the Issue have not been appraised by any bank / financial institution and are based on internal estimates. Our estimates could be inaccurate and/or insufficient which could adversely impact the results of our operations.***

The objects of the Issue for which the funds are being raised have not been appraised by any bank or financial institution. In the absence of any such independent appraisal, the requirement of funds raised through the Issue as stated in the chapter titled "Objects of the Issue" beginning on page 44 of the Letter of Offer, is based on our estimates and the deployment of these funds is at the discretion of our management and Board of Directors.

10. ***We propose to utilize Rs. 8832.53 lakh, i.e. 68.10% of the Issue proceeds towards payment of machineries procured from companies directly/indirectly controlled by FMC, one of our Promoters.***

We propose to utilize an aggregate amount of Rs. 9296.61 lakh including estimated interest liability towards payment for import of machineries, required for our manufacturing purposes, as detailed in the chapter titled "Objects of the Issue" beginning on page 44 of the Letter of Offer. Of the above, Rs. 8832.53 lakh, that is 68.10% of the Issue proceeds, is proposed to be paid towards the machinery purchased from FMC, Federal-Mogul Burscheid GmbH and Federal-Mogul Nürnberg GmbH. Both these entities are directly or indirectly controlled by FMC.

11. ***We face substantial foreign currency risks on account of outstanding payments towards import of machineries forming part of our Objects of the Issue.***

Payment of imported machineries has to be made by us in relevant foreign currency. As per the foreign currency selling rates received from banks as on October 10, 2008, we have estimated the total outgo at Rs. 9296.61 lakh (including estimated interest liability). We intend making these payments by purchasing foreign currency from the spot market on the date of payment. We have not availed hedging or any other arrangements to curtail the risks arising from exchange currency fluctuations, and thus run a risk of cost user run if any of the currencies in which payment is to be made appreciates rapidly against the INR. For further details, please refer to the chapter titled "Objects of the Issue" beginning on page 44 of the Letter of Offer.

12. ***We have not made any alternative arrangements for payments to suppliers and debt repayment proposed to be made through Issue Proceeds.***

Of the objects of the Issue, a sum of Rs. 3,040.67 lakh is proposed to be paid towards repayment of existing debt on their respective due dates and a sum of Rs. 9296.61 lakh is proposed to be utilized towards payment to suppliers for purchase of machineries (including interest). We do not have sufficient internal accruals to meet these payment commitments, and have not made any alternate arrangements for meeting the same. In case the Rights Issue does not go through, or the same is delayed, we would have to make alternative payment arrangements, and we cannot assure you that we would be able to make such arrangements, or make them on terms and conditions acceptable to us. Further, any delay in payment to suppliers would further increase our interest liability, which would have a material adverse effect on our results of operations and financial condition.

13. ***We face foreign currency risk due to export income and volatile global financial markets.***

    The exchange rate between the Indian Rupee and other currencies constantly fluctuates. The volatility in global financial/currency markets may have an adverse impact on our business since our business involves both the import as well as export of goods. Any adverse fluctuations in the exchange rate of the rupee vis-à-vis the US$ or other foreign currencies in which our imports or exports are denominated, or our inability to effectively manage the currency fluctuations, would impact the profitability of our Company.

14. ***We were in non-compliance with the provisions of Clause 49 of the Listing Agreement which could attract desclipinary action from the stock exchanges.***

    Due to the sudden demise of one of our Directors and the resignation of another Director, for a brief period in the quarter ending December 31, 2006 and up to January 22, 2007, our Company was not in compliance with respect to the provisions of Clause 49 of the Listing Agreement relating to the requisite number of independent Directors on the Board. However, as on date, our Company is in compliance with these requirements of Clause 49.

15. ***Our inability to upgrade to the latest technology may adversely affect our growth, market position and profitability.***

    The industry in which we operate is technology intensive. Players in the automobile industry are faced with a constant demand for new designs, materials and new products at competitive prices. Knowledge of nascent technologies and the ability to implement them to meet market requirements provides a competitive advantage. Our inability to upgrade / access the latest technology may adversely affect our growth, market position and profitability. We cannot be certain that we will successfully anticipate or respond to future technological developments in a timely manner and on a continued basis, and such in ability may have a material adverse effect on our operations, results of operations and financial conditions.

16. ***We face stiff competition from the unorganized sector in the aftermarket which impacts our operations and profitability.***

    Pricing is one of the factors that play an important role in our customers' selection of our products. Stiff competition from a variety of competitors in the un-organized sector can and does adversely impact our operations and profitability.

17. ***Termination of our collaboration and know how agreements could lead to loss of knowledge and technology, required for manufacturing our products.***

    We have entered into various collaboration and know-how agreements in relation to the processes and technology which are used for design and production of different products. Most of these agreements can be terminated by the foreign collaborators simply by issuing a prior written notice which is usually of six month. In addition, some of these agreements are non-exclusive. A sudden termination of these agreements may impact the efficiency of our production and output in relation to various products produced by us. Further, to the extent that these agreements are non-exclusive, the collaboration may enter into similar agreements with other persons/entities which may compete with our business and may have a material adverse effect on our business, results of operations and financial condition.

18. ***Restrictions on our Companys activites imposed due to the terms of the technical assistance and trademark agreements entered into by our Company required for manufacturing our products.***

    We have entered into a technical assistance and trademark agreements with Federal-Mogul Sintered Products Limited and T&N Limited ("FMSPL"). Further FMSPL has granted our Company a non-transferable exclusive license to manufacture *inter alia* valve seats, guides, engine timing and transmission parts and such other products as may be agreed to between the parties in writing from time to time ("Products") within India as well as the sole license to sell the Products within India. Further, FMSPL being the proprietor of the trademark "Brico", has granted our Company a sole license to use the trademark "Brico" in India in relation to the Products. As per the terms of the afreement, our Company has undertaken not to manufacture or sell or be interested in any type of products in respect of which it has received a non transferable exclusive license to manufacture. Further our Company has undertaken an obligation not to manufacture or sell outside India the products in respect of which it has received a non transferable exclusive license to manufacture. FMSPL under the agreement also has the right to terminate the agreement if there is a substantial change in the structure of the ownership of our Company which might prejudice the interest of FMSPL or if the percentage of the issued share capital of our Company held by T&N Investments Limited or any other entity within the Federal -Mogul Group becomes less than 25.1%. All such terms contained in the agreement impose restrictions on the functioning of our Company and may result in loss of opportunity and profit.

19. ***Loss which may be incurred due to sudden termination of the technical assistance agreement entered into with Federal-Mogul Nurenberg GmbH.***

Our Company has entered into a technical assistance agreement with Federal-Mogul Nurenberg GmbH ("**FM Nurnberg**"). As per the terms of the agreement, FM Nurnberg may terminate the agreement with immediate effect in the event that there is a substantial change in the ownership structure of our Company. Any such premature termination could hamper our operations and adversely effect out results of operation.

20. ***A portion of the land forming part of our Yelahanka Plant at Bengaluru and our Patiala Plant has not been mutated in our name in the land revenue records***

Approximately 30 acres and 38 acres of land forming part of our Yelahanka Plant and Patiala Plant respectively, though used by us for our operations, has not been mutated in our name in the land revenue records. The book value of the aforesaid land is Rs. 900.65 lakh as on December 31, 2007. We have title to the said lands and we are in the process of getting the properties mutated in our favour. We further confirm that non-mutation was due to a procedural delay. For further details, please refer to paragraph titled "Real Estate and Property" beginning on page 90 of the Letter of Offer. In case of any dispute pertaining to the title to these lands, some of our Company's rights may be hampered due to the absence of such mutation.

21. ***Our various depots / warehouses/ marketing offices taken on lease / license. These lease & leave and license agreements are not adequately stamped***

As on date, we utilize 29 premises as our depots/warehouses/marketing offices, on a lease and leave and license basis. The same are detailed in the paragraph titled "Real Estate and Property" beginning on page 90 of the Letter of Offer. Our ability to use these premises depends on continuation of the respective leases / licenses and their timely renewals. In the event of premature/unforeseen termination of any of the leases, we will need to make alternate arrangements, which may adversely affect our operations in the interim.

All of our lease and leave and license agreements, that is 100% of the aggregate lease and leave and license agreements are inadequately stamped; and are not registered as on date; as tabulated below:

Sr. No.	Location of the premises	Name of the lessor/licensor
1.	Harsh Giri Estate, Opposite Alpha Hotel, Near Patel Roadways, NH-8 Aslali Village, Ahmedabad.	M/s. Gujarat Trading Co.
2.	B-81 MIDC, Waluj, Aurangabad, Maharashtra	Mr. Bhausaheb Vithal Adsue
3.	20, Door No. 36, New Timber Yard Layout, RMS Post Office, Bengaluru.	B.K.Somasekhar
4.	B - 7, Gala No 2, Pritesh Complex, Anjurdapora Road, Valaga Village, Bhiwandi, Thane	R.S. Gosrani and F.H. Gosrani
5.	B - 7, Gala No. 3, Pritesh Complex, Anjurdapora Road, Valaga Village, Bhiwandi, Thane	R.N. Gosrani and N.S. Gosrani
6.	SCF 243, 2nd Floor, Motor Market, Manimajra, Chandigarh.	Chander Lekha Vaid
7.	Holding No. 307/4 Alapakkam Main Road Madoravoyal, Chennai, 110095	S Yoga Pragasam
8.	Ground Floor 42/2420 "Thaliyath House", St. Benedict Rd., Ernakulam, Cochin.	T. D. George

9.	Holding No.- 338/A, Ward Number 26, Ice Factory Road, PO College Square Cuttack.	Nikhil R Rathor
10.	No. C - 21, Chauhan Market, Haridwar Rd., Dehradun.	Jagjit Kaur
11.	F1 and F2 (FF) Roshnara Plaza, Roshnara Rd., Delhi.	M/s. MPD Builders Private Limited
12.	Warehouse 25-A, Harichand Mela Ram Complex, East Gokulpuri, Wazirabad Rd., Delhi.	M/s. Tajinder Arora and Co.
13.	No. 791, New Arya Nagar, Meerut Rd., Ghaziabad.	Lata Garg
14.	Begumpur Khatola, Behrampur Industrial Area, NH-8, Opposite AAA India Limited, Gurgaon.	M/s Sharma Enterprises
15.	No. 147, 148 Ward No. 16A, Guwahati Municipal Corporation, Ulubari, G S Road, Janpath Lane, Guwahati – 781 007	M/s. Ramesh Kumar Arvind Kumar (HUF)
16.	29/2 Lasudiamor, A.B. Road, Indore, Madhya Pradesh	Singhal Leasing and Construction private limited
17.	Godown 15, Transport Nagar, Jaipur.	Khairatilal Katiyal
18.	Plot No. 132/1840, Khata No. 1, Ward No. 13 of Jamshedpur	Sulochana Devi Agarwal and Gajanand Agarwal
19.	Flat No. 16 and 17, 5th Floor, 8 Camac Street Shantiniketan Building, 8 Camac Street, Kolkata.	Bimla Devi Jalan and Nandini Devi Jalan
20.	55, Canal East Road, Beliaghata, Kolkata.	Heilgers Private Limited
21.	Plot No. 12, Sherpur Chowk, Ludhiana.	Arun Kumar and Kailash Rani
22.	303, 3rd Floor, TV Estate, SK Ahire Marg, Worli, Mumbai.	Shilpa D. Shah
23.	304, 3rd Floor, TV Estate, SK Ahire Marg, Worli, Mumbai.	Deepak P. Shah (HUF)
24.	Sukhwani Logistics, Survey No. 5, Near Morya Hospital, Tathwade.	Gurmukh J. Sukhwani
25.	H. No. 5, Sahkari Marg No. 3, Chobey Colony, Raipur.	Vikas Agrawal
26.	No. 367, Bhakti Nagar Station Plot, Street No.4, Rajkot.	Bhikhalal Chhaganlal Patel
27.	No. 146, HB Road, P.O. Lalpur, Lalpur Chowk, Ranchi.	Om Prakash Bidsar
28.	Krishna Kunj, H No. 3-6-286, Ground Floor, Mutyalaguda Garden, Hyderguda, Hyderabad.	Vivek Singh and Pratima Rane
29.	Ground Floor, 54, South Chhajju Bagh, near Radio Station, Opposite Hindi Bhawan Patna.	Shashank Shekhar, Mrigank Shekhar, Mayank Shekhar & Swetank Shekhar

As a result, these document are not admissible in legal proceedings and the parties to the agreement may not be able to adequately protect their interests, except by paying a penalty for inadequate stamping (in case of inadequately stamped agreements) and additional registration fees, re- executing and registering new documents (in case of non-registration).

22. ***Our Registered and Corporate office is located at Mohan Co-operative Industrial Estate, which is a property leased to us by our Subsidiary, SRCL. We have been served with a show cause notice in respect to the same.***

Under the original lease deed between SRCL and Mohan Co-operative Industrial Estate, please refer to paragraph titled "Real Estate and Property" beginning on page 90 of the Letter of Offer, the Lt. Governor of Delhi has the right to resume the plot if the same is needed for the development of the area or for public and general utility. Since our corporate office is located at this property, there is a risk that we may need to shift our Registerd and Corporate office at short notice.

The Delhi Development Authority Enforcement Branch (Lands) has issued a show cause to our Company and our Directors, on July 11, 2008, bearing number MU/A-26/3/MCIE/0+I/08/EB/220. The Deputy Director (Enforcement) Lands, has alleged therein that we have been using the premises situated at A -26/3, Mohan Co-operative Industrial Estate, New Delhi – 110044 as office premises which is in contravention of the land use prescribed under the Master Plan for Delhi and the Zonal Development Plan of the zone F-19. If found in violation of sections 14 and 29 of the Delhi Development Act, 1957, we would be liable to pay a penalty by way of a fine which would extend to Rs. 5,000 with further fine of Rs. 250 during which the offence continues. We are in the process of filing a reply for the same.

23. ***We rely on contract labour for the performance of our unskilled manufacturing operations, unavailibility of such labourers could adversely affect our production and hamper our profitability. Also we may need to absorb such contract labourers and provide them with additional benefits.***

We rely on contractors who engage on-site labourers for performance of many of our unskilled manufacturing operations. These contract labourers may approach appropriate courts/tribunals for regularisation of their services and if the courts/tribunals so direct, our Company may need to absorb such contract labourers and provide them with additional benefits. Further, the availability of contract labour is based on the ability of our contractors to furnish the adequate number of labourers, as per our requirement, and we cannot assure that we would continue to obtain appropriate contract labour as per our requirements.

24. ***Alleged defects in our products could lead to negative publicity, financial loss and erosion of our customer-base.***

Some of the products produced by us are critical to the operations of our customers' businesses. An alleged defect in our products could result in a claim against us for substantial damages. Such a claim could be brought even if *prima facie* we are not responsible for such alleged defect. Furthermore, any such claims could serve to erode our brand image and reputation and may affect our client base. Rejection of products by our customers can be classified as claims made by customers during the warranty period for or by a total rejection of the products by the customers. We have tabulated the instances of claims and rejections, that have taken place since 2005. The same are reproduced below:

(Rs. in lakh)

Year	Warranty claim	Sales return	Sales return as a % of Net sales
April 1, 2005 to March 31, 2006	105.86	215.88	0.49%
April 1, 2006 to December 31, 2006	65.84	277.62	0.72%
January 01, 2007 to December 31, 2007	72.10	529.69	0.89%
January 01, 2008 to June 30, 2008	35.54	178.07	0.50%

25. ***We would continue to be controlled by our Promoters after the Issue, by virtue of their aggregate shareholding. Currently, our Promoters hold 57.37% of the total Equity Share capital of our Company. Further post Issue our Promoters would continue to hold atleast 57.37% of the Equity Share capital, as a result of which, the remaining shareholders would not be able to affect the outcome of most of the items requiring shareholder voting.***

As on date our Promoter hold 57.37% of the total Equity Share capital of our Company. Post Issue our Promoters will continue to collectively own atleast 57.37% of the Equity Share capital of our Company. Further FMHL, one of our Promoters, has declared its intention to subscribe to the unsubscribed portion in this Issue, if any, in accordance with the undertaking contained in the note no. 21 under "Notes to Capital Structure" on page 42 of the Letter of Offer, Our Promoters will therefore have the ability to exercise a controlling influence over our business and may cause to take actions that may conflict with the interests of some of our shareholders.

26. ***Our Company has entered into several loan agreements that contain customary restrictive covenants, placing certain limitations on our Company.***

Our Company has taken a number of loans from various banks, for which its immovable and movable properties have been offered as security. In respect of these loans, we have executed agreements with our lenders and by virtue of these agreements we are bound by certain restrictive covenants. These restrictive covenants *inter alia* require us to take the prior consent of the lenders for amending our capital structure, creating a charge on our assets, undertaking mergers or amalgamations, expansion or diversification of our business and the like. We have obtained / applied for the consent of our lenders in relation to the Issue. For details of loan agreements and the consents / applications in relation to the same, please refer to the paragraph titled "Financial Indebtedness" beginning on page 110 of the Letter of Offer.

27. ***Our export obligations might not be met under the EPCG scheme.***

We have assumed significant export obligations under our various EPCG licenses issued under the EPCG scheme. The total export obligation under EPCG scheme on September 30, 2008 is estimated at Rs. 17,891 lakh which will have to be fulfilled within a period of 8 years from the date of issue of the respective license. The obligations have to be fulfilled in years ranging from 2009 to 2014. Our export obligation is Rs. 870 lakh for the year 2010, Rs. 2,171 lakh for the year 2011, Rs.7,635 lakh for the year 2012, Rs. 2,171 lakh for the year 2013 and Rs. 5,044 lakh for the year 2014. For details of the total outstanding export obligations of our Company under these EPCG licenses, please refer to the "EPCG Licenses" in chapter titled "Government Approvals and Licenses", on page 320 of the Letter of Offer. The consequence of not meeting the above commitment would be a retrospective levy of import duty on items previously imported at concessional duty. Additionally, the authorities also have the right to levy penalties and/or interest for any defaults on a case-by-case basis. We have not in the past been imposed with any penalties on account of failure to meet our export obligations since the value of exports undertaken by us has exceeded our export commitments. However, in the event any default under the EPCG licenses occur, our results of operations may be adversely affected.

28. ***Fluctuations in our revenue and profit levels may cause fluctuations in the value of our Equity Shares.***

Although we have enjoyed growth of revenues, fluctuations in revenue levels over short periods of time or over sustained periods of time due to any set of variable factors, including the maintenance of our competitive advantage in terms of cost and skill, retention of customers, price reduction due to market forces, industry fluctuations, and adverse regulatory changes cannot be ruled out. Any one of these or other circumstances could have a material adverse effect on our ability to sustain our revenue levels in the short-term as well as the long-term. A revenue plateau or decline due to any set of reasons would adversely affect our operating performance and may negatively affect investor perception. Furthermore, there may be instances in the future where our performance is below the expectations of market analysts and our investors. This could lead to fluctuations or a decline in the market value of our Equity Shares.

29. ***The success of our Company depends upon its ability to attract and retain talented and experienced senior professionals***

Our business model is reliant on the efforts and initiatives of our senior level management and our key technical personnel, few of whom have been with us for a significant number of years. For details of our senior management, please refer to the section titled "Board of Directors" in chapter titled "Our Management" on page 131 of the Letter of Offer. Our future performance and the market's perception may be influenced by their performance and continued efforts. In this regard, we cannot assure you that we will be able to retain our senior management or technical personnel or continue to attract new senior-level employees or key technical personnel in the future.

30. ***Our employee attrition rate may increase to a level where we are not able to sustain our deliverables at a given point of time***

There is an increase in the employee attrition levels in India . We cannot assure you that our employee attrition rate will not increase to an unsustainable level. Further we cannot ensure that we will be able to recruit experienced professionals to fill in the vacancies. For the period from January 1, 2008 to September 30, 2008, our Company had an attrition rate of 2.42%. This was largely due to prevalent market conditions

31. ***Any labour unrest at our plants could adversely affect our operations and profitability.***

There have been occasions of labour unrest at our plants. While such labour unrests did not have any material adverse impact on our production, we are not in a position to guarantee that such unrests in the future will not occur at any of our plants and in turn have a material adverse impact on our productivity and output. Furthermore, we cannot ensure that work would not be hampered due to personnel problems. The most recent instances of labour unrest in our plants have been tabulated as under:

Plant	**Year**	**Materiality of the impact**	
		On our production	**On our Company as a whole**
A. Patiala plant			
Lockout by the management from March 26, 1992 to April 14, 1992, due to violence on the premises	1992	Not Material	Not Material
B. Yelahanka plant			
One day strike by contractual employees for increase in wages and benefits on May 12, 2007	2007	Not Material	Not Material

One day strike by permanent employees to protest delay in long term settlement on September 12, 2001	2001	Not Material	Not Material
C. Bhiwadi plant			
Labour unrest from May 18 to July 23, 2006 due to suspension of employees for misbehavior in the canteen. The issues were resolved by a settlement agreement between our Company and the union	2006	Not Material	Not Material

32. ***Pressure on margins and competitiveness due to increase in employee compensation packages***

Increase in compensation payable to employees in India may reduce some of the inherent cost competitiveness enjoyed by us. Employee compensation in India is increasing rapidly, which could result in increased costs in retaining and attracting engineers, managers and other mid-level professionals. Any increase in compensation payable by us, may reduce our competitiveness compared to that of our competitors in other emerging economies such as China and Thailand.

33. ***Any mishaps or accidents at our facilities could lead to property damage, production loss and accident claims.***

Any mishap or accident in any manufacturing facility could result eventually in damages, which may result in our Company suffering a loss. Our Company could suffer a dip in production, receive adverse publicity and could be forced to invest valuable resources in defending such damages, both in terms of time and money. Although there have been few accidents, we cannot guarantee the total absence of work related or other accidents at our plants. Furthermore, while issues arising from such accidents, such as compensation and liability, have been amicably settled without any adverse impact on production or damage to our facilities, we cannot guarantee that such settlement will take place at all times in the future or that accidents may not result in litigation and regulatory action against us.

The instances of accidents involving labour and workmen since January 2005 in our plants have been tabulated as under:

Plant	Date of accident	Materiality of the impact	
		On our production	On our Company as a whole
A. Patiala plant			
Attack by a monkey on a worker working on the roof of the shop floor	February 05, 2008	Not Material	Not Material
B. Yelahanka plant			
Death of a casual workman in the ring foundry	August 7, 2006	Not Material	Not Material

34. ***Failure to estimate optimal manufacturing capacities could adversely affect our growth/profitability***

Estimation of optimal manufacturing capacities for various products is critical to our operations. Should we for any reason, not invest in capacity expansion in the future, the same could result in stagnation in our sales and could impact our ability to add new customers / maintain our market share. Conversely, in the event we over- estimate the future demand, we may have excessive capacity, resulting in under utilization of assets and/or sales of surplus products at lower margins/loss, which would have a material adverse effect on our margins, profitability and results of operations.

35. ***Future issuances or sales of the Equity Shares could significantly affect the trading price of the Equity Shares.***

The future issuance of Equity Shares by our Company or the disposal of a significant number of Equity Shares of our Company by its Promoters or significant shareholders or the perception that such issuance or sales may occur may significantly affect the trading price of the Equity Shares.

36. ***You may not receive the Equity Shares you purchase in the Issue until fifteen days after you pay for them, which will subject you to market risk.***

For shareholders holding shares in demat mode, the Equity Shares purchased in this Rights Issue may not be credited to their demat accounts with depository participants and for shareholders holding in physical form, completion of dispatch of physical share certificates may not be completed until fifteen days from the Issue Closing Date. You can start trading your Equity Shares only after receipt of listing and trading approvals in respect of these shares which will require additional time after the credit of Equity Shares into your demat account. Since our Company's Equity Shares are already listed on the stock exchanges, you will be subject to market risk from the date you pay for the Equity Shares to the date they are listed.

37. ***Our failure to adequately protect our intellectual property rights may adversely affect our growth and revenues.***

Most of the trademarks and logos used by us for our business have been licensed to us for use by the Federal-Mogul Group. Some of these trademarks and logos have not been registered under the relevant intellectual property laws in India. In the event a third party proposes to use a similar trademark or logo in India, we will not have the ability to restrict such use. Furthermore, while we believe and it is our effort that our products and services do not infringe upon the intellectual property rights of other parties, we cannot assure you that such claims, leading to a material adverse impact upon us in the form of extended litigation, financial outflows and negative publicity, will not be asserted against us.

38. ***We are substantially dependent on our Promoter and Promoter Group for our business development and corporate name***

Our Company has not been originally promoted by our current Promoters, and our Promoters took over our Company from the erstwhile management, through a plan of re-organization, as mentioned in the chapter titled "Our History and Main Objects" beginning on page 119 of the Letter of Offer. Our Company is substantially dependent on our Promoters, not only for technical, marketing and management assistance and general business development, but also for our current corporate name and logo. Further, while we currently have permission to use our Promoter's name as a part of our corporate name and logo. The same can be withdrawn by them at any time, and such withdrawal would adversely affect our recognition and goodwill in the market. We would be required to effect the necessary changes to our corporate name and/or logo, which will involve additional expenses to build awareness for our new name and/or logo.

39. ***Our Promoters have in the past managed companies manufacturing products in the same/similar lines of business as our Company and hence conflict of interest situations may arise.***

Our Promoters have in the past managed companies manufacturing products competing with our products, and we cannot assure that they would not promote/manage further companies/entities which would compete with us in the marketplace. We cannot assure that our Promoters would act in the best interests of our Company at all times, and may take decisions/actions which may conflict with the interests of the minority shareholders of our Company. Any such companies/entities promoted by our Promoter could adversely impact our profitability and results of operation. Any such companies/entities promoted by our Promoter could adversely impact our profitability and results of operation. For example, the proposed acquisition by our Promoter, Federal-Mogul Holdings Limited, of majority shareholding in Perfect Circle India Limited, could result in direct competition between our Company and our Promoter, and the conflict of interest vests in the manufacture of Piston rings, which is the core business of our Company.

40. ***Any shortfall/non availability or an increase in the prices of raw materials, power and fuel requirements used for manufacturing our products could affect our results of operations and financial conditions. Raw material prices have seen significant appreciation in the recent past.***

Our manufacturing operations are dependant on the timely availability of raw materials and other key resources such as power and fuel. Any disruptions in the availability of these key resources may adversely affect our manufacturing operations and results of operations. Some raw materials like aluminium, iron and steel, have seen price appreciation of 19.42 %, 56.82% and 29.53% respectively, in the last one year. Further, any significant increase in the prices of raw materials used in our manufacturing process may result in an increase in our production cost which we may not be able to pass on to our customers, which could also have an adverse impact on our results of operations and financial conditions. Though we do not have any firm arrangements with the suppliers for the procurement of raw materials for our products, we believe that there are reliable suppliers of raw materials. Our company places order for raw material based on the production requirement on a monthly basis. Any substantial delay in supply or non conformance to quality requirements by our suppliers can impact our ability to meet our customer requirements and thus impact our profitability. Further, failure to correctly analyse our production requirement or non-availability of raw materials or any other item of production in desired quantity and quality at the right time may adversely affect operations.

41. ***Our future investments, including acquisitions and partnerships may not necessarily prove advantageous to either your interests or ours.***

In the future we intend to grow through strategic acquisitions and reconstructions, partnerships and exploration of mutual interests with other parties. These future acquisitions may not contribute to our profitability, and we may be required to incur or assume debt, or assume contingent liabilities, as part of any acquisition. We could have difficulty in assimilating the personnel, operations, technology and assets of the acquired company. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. As part of our business operations, we are evaluating and from time to time may continue to evaluate acquisition opportunities.

42. ***We have misplaced certain corporate records and approvals in connection with our business.***

Since our Company was incorporated in 1954 and given the fact that we have shifted our registered office on several occasions, some of our corporate records and business related approvals have been misplaced. Some of the statutory records that cannot be traced relate to a variety of matters including but not limited to the documents filed with the RoC for increase in share capital, return of allotments of Equity shares, change in registered office, and approvals from RBI for allotment / transfer of Equity Shares to non-residents etc.

Our Company has not misplaced any of the documents required to be maintained in perpetuity under the provisions of the Companies (Preservation and Disposal of Records) Rules, 1966, that is, our Company has not misplaced; the Register of members commencing from the date of registration of our Company; and the index of members. Further no action has been initiated against our Company due to the loss; and the financial performance of our Company is not impacted directly/indirectly by the absence of these records.

43. ***Material Technical / Collaboration Agreements entered into by us restrict our ability for exports to countries other than the agreed countries.***

We have entered into certain technical / collaboration agreements pursuant to which we are being supplied certain technical know-how in relation to our products and are also being licensed the rights to use trade marks in relation to such products. However, some of these agreements contain territorial restrictions with respect to the countries in which our Company may sell such products, whereby restricting our ability to export these products to countries other than the agreed countries. For further details on these agreements, please refer to the chapter titled "Material Agreements of the Company" beginning on page 167 of the Letter of Offer.

44. ***We require several licenses/ approvals/ permissions for carrying on our business. If our Company is unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected.***

We require certain approvals, licenses, registrations and permissions for operating our business. As on date of the Letter of Offer, we have applied for certain licenses / approvals / permissions which are being processed by the respective authorities. If our Company fails to obtain these approvals / registrations / licenses / permissions, or renewals thereof, in a timely manner, or at all, our Company's operations would be adversely affected, having a material adverse effect on our business, results of operations and financial condition.

Our Company has applied for renewal, but not received, the following licenses:

Sr. No.	Approval	Location	Authority before which approval is pending
1.	Water consent under section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974	Bengaluru factory	Karnataka Pollution Control Board
2.	Air Consent under section 21 of the Air (Prevention and Control of Pollution) Act, 1981	Bengaluru factory	Karnataka Pollution Control Board
3.	Authorisation for handling hazardous waste under Rule 3(5) and 5(5) of the Hazardous Wastes Handling Management Rules	Bengaluru factory	Karnataka Pollution Control Board

Sr. No.	Approval	Location	Authority before which approval is pending
4.	License to store of Ammonia issued under the Indian Explosives Act, 1884 and the Rules made thereunder	Bhiwadi plant	Deputy Chief Controller of Explosives, Department of Expolosives, Jaipur

Our Company has applied for the following licences:

Sr. No.	Approval	Location	Authority before which approval is pending
1.	Approval / permission to generate and use of electricity from 750 × 2 KVA 3 PH 415 volt DG sets under rule 47 of the Indian Electricity Rule, 1956	Bengaluru factory	Petroleum and Explosives Safety Organisation, Ministry of Industry, Government of India

45. Certain type of risks may not be covered under our existing insurance policies, since these may be uninsurable or not economically viable.

We have insurance in place for our material assets. Certain types of losses, however, such as loss of profit, breakdown of machinery etc., may be either uninsurable or not economically viable. Further, the amount of our insurance coverage may be less than the replacement cost of all the insured property and may not be sufficient to cover all our financial losses arising out of an uninsured risk. There are many events that could cause significant damages to our operations, or expose us to third-party liabilities, whether known to us or otherwise, for which we may not be adequately insured. Further, our insurance premium for future policies could also increase, which would increase our operating costs and adversely affect our margins. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial condition.

46. We have entered into related party transactions with entities in which the Promoters and Promoter Group Entities of our Company are interested parties. Such transactions could be open to multiple interpretations, including being construed as being in adverse to our Company.

We have entered into related party transactions with entities in which the Promoters and Promoter Group Entities of our Company are interested parties. Such related party transactions could be open to multiple interpretations, including being construed as adverse to our Company, on account of the nature of interest involved. For further details, please refer to the related party transactions in the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer.

47. We have taken unsecured loans that can be recalled by our lenders at any time.

To meet part of our funding requirements, we also borrow loans that are unsecured. As on June 30, 2008, aggregate unsecured loans were Rs. 4,069.55 lakh, please refer to the paragraph titled “Restated Summary Statement of Assets and Liabilites (Unconsolidated)” beginning on page 185 of the Letter of Offer.

48. We have a limited set of customers and do not have any long term supply agreements or arrangements with them.

There are a limited set of customers in our business, that is, the automobile manufacturers. Competition is intense, as we compete with suppliers both in the organized and unorganized segments. We do not have any binding supply obligations or long-term supply agreements or arrangements with any of our customers. As a result, we face intense competition and failure to retain our market share at profitable margins can result in erosion of margins and impact the results of our operations.

49. We operate in and are dependant on, our primary business of automotive component manufacture.

Our Company operates in one segment, manufacture of automotive components. Further, revenues are derived primarily from sale of pistons and piston rings. Any adverse impact on the automotive segment has an adverse impact on the pistons and piston rings market. The same could adversely impact our business and results of operations since we are not diversified into different segments. Our financial performance is dependent to a large extent, on the performance of the automobile Industry. There is a slowdown in automobile industry due to fuel prices, increased costs and higher interest rates and a slowdown in the automobile industry would adversely affect us.

50. In the Auditors Report for our Restated Unconsolidated Financial Information, there are certain audit qualifications.

1) Qualifications in the main Auditor's Report for the period ended June 30, 2008

i. **Excess managerial remuneration**

Auditor's report issued for the period ended June 30, 2008, was qualified on account of remuneration of Rs. 172.16 lakhs paid to the managing director and whole time director is in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. Management has confirmation from these directors that they shall refund these amounts, to the extent of these being not approved by the Central Government, for which Company will take necessary approval from Central Government.

Adjustment on account of the above has not been made in the restated summary statements, as the Company is hopeful of receiving the approval for the same in view of the past experience, wherein, the Company successfully obtained approval from the Central Government.

2) Qualifications in the main Auditor's Report for the year ended December 31, 2007

i. Excess managerial remuneration

Auditor's report issued for the year ended December 31, 2007, was qualified on account of remuneration of Rs. 66.15 lakhs paid to the managing director and ex-managing director is in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. Management has confirmation from these directors that they shall refund these amounts, to the extent of these being not approved by the Central Government. The Company is in process of obtaining necessary approval from Central Government.

Adjustment on account of the above has not been made in the restated summary statements, as the Company has applied for approval of the Central Government for the excess remuneration paid and is hopeful of receiving the same in view of the past experience, wherein, the Company successfully obtained approval from the Central Government.

3) Qualifications made in December 31, 2007 in Companies (Auditor's Report) Order, 2003 (as amended) (CARO)

i. 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.

ii. In our opinion and according to the information and explanations given to us, interest free loan of Rs 1,801.38 lakhs granted to one company is prima facie prejudicial to the interest of the Company, other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

iii. The loan granted is re-payable on demand. As informed, the company has not demanded repayment of any such loan during the year, thus, there has been no default on the part of the party to whom the money has been lent. The loan is given interest free.

For further details and for audit qualifications pertaining to prior periods, please refer to Audit Qualifications in the Section titled "Auditors Report and Financial Information" on page 180 of the Letter of Offer.

51. ***Our company has granted an interest free loan to our wholly owned subsidiary which is prejudicial to the interest of our Company.***

Our Company has granted an interest free loan to its wholly owned Subsidiary, Satara Rubber and Chemicals Limited, of Rs. 470.95 lakh, Rs. 798.00 lakh, Rs. 1801.38 lakh during the year/period ended March 31, 2006, December 31, 2006 and December 31, 2007 respectively. The aforesaid loan is prejudicial to the interest of our Company to the extent of interest on the loan which may be against the commercial interest of the shareholders of the company

52. ***There could be increased competition as a result of Free Trade Agreements with other countries, competition from unorganized markets through counterfeit products.***

The Indian Government is entering into Free Trade Agreements with neighbouring countries under which tariffs are expected to progressively come down and this may also include products manufactured by us. This may result in increased competition which could result in a decrease in our turnover and/or put pressure on our margins on our margins. Similarly, easy availability of counterfeit products in the domestic markets may impact our turnover and/or our margins.

53. ***Alternative technology like solar operated/battery operated vehicles may result in decreased demand for the products manufactured by our Company.***

Some companies are developing alternative technologies based on solar/battery power which are being used to power automobiles and other equipment. Large scale commercial adoption of such technology by end users could make our products (which cater to the current generation of internal combustion engines / automobiles and other equipment) obsolete which in turn could adversely affect our business and results of operations.

54. ***Remuneration to Rustin Murdock, our Managing Director and Jean Humbert Louis de VILLARDI de Montlaur, Whole Time Director & President, is in excess of the limits prescribed in Section 269 read with Schedule XIII of the Companies Act, 1956***

Rustin Murdock, our Managing Director, and Jean Humbert Louis de VILLARDI de Montlaur, our Whole Time Director and President, were appointed in their respective capacities for a period of five years with effect from September 24, 2007 and March 03, 2008 respectively *vide* resolution passed at the meeting Board of Directors held on September 24, 2007 and March 03, 2008 respectively. Since the remuneration payable to them is in excess of the limits contained in Schedule XIII of the Companies Act, 1956, the same is subject to approval of Central Government. We have applied to the Central Government vide application dated July 03, 2008 for remuneration payable to Rustin Murdock and application dated July 22, 2008 for remuneration payable to Jean Humbert Louis de VILLARDI de Montlaur.

55. ***We are not in compliance with the conditions for grant of lease of our property in Uttarakhand regarding setting up of factory, and have applied for extension of time***

State Industrial Development Corporation of Uttaranchal Limited *vide* letter bearing allotment reference no. 3525/AGM/SIDCUL/06 dated May 26, 2006 ("Date of Allotment"); had allotted a plot in the Integrated Industrial Estate, IIE Pantnagar, Udham Singh Nagar, to our Company. We were to utilize 30% of the plot, that is 5,322 square meters of 17,525.38 square meters, install machinery and commence construction of the industrial unit for the manufacturing of piston assembly and light metal products within 90 days from the Date of Allotment. Further we were to commence commercial production within two years from the Date of Allotment. However we were unable to commence construction within the stipulated period. *Vide* letter dated May 12, 2008, we have requested for an extension in time up to March 2009, for construction of the additional factory building. The reasons as stated for the delay are, (i) there were delays in raising funds for the completion of the construction and commencement of production at the site; and (ii) we were to meet the additional requirements of our clients by setting up this plant, delays on their part in executing their projects, resulted in reduced demand and did not financially justify the setting up of the plant.

56. Failure to comply with pollution control norms and emission regulation could adversely affect us.

The day-to-day activities of our Company are subject to, among other laws, environmental laws and regulations promulgated by the Ministry of Environment and Forests, Government of India and the respective state pollution control authorities. These include laws and regulations that limit the discharge of pollutants into air and water and establish standards for the treatment, storage and disposal of hazardous waste materials. These regulations could become more stringent in the future.

Some of these laws and regulations may be subject to varying and conflicting interpretations. Many of these laws and regulations provide for substantial fines and potential criminal liabilities for violations and require the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or reduce the likelihood or impact of hazardous substance releases. In some cases, compliance with environmental, health and safety laws and regulations might only be achievable by capital expenditure, such as the installation of additional pollution control equipment. We cannot accurately predict future developments such as increasingly strict environmental laws or regulations and enforcement policies resulting in higher compliance costs. This may have an adverse effect on our financial condition and results of operations.

57. We rely extensively on our IT systems and failures could adversely impact our business.

We rely extensively on our IT systems to provide us connectivity across our business functions through our software, hardware and network systems. Any failure in our IT systems arising out of loss of connectivity / data arising from such failure could bring our operations to a standstill or slow down our processes to a great extent. Any such failure, that results in excessive downtime, could have an adverse effect on our operations.

EXTERNAL RISK FACTORS

1. The Competition Act, 2002, by regulating our Company's business and activities, may materially and adversely affect our Company's results of operations and financial condition.

The Indian Government enacted the Competition Act, 2002, for the purpose of preventing practices that could have an adverse effect on competition. Except for certain provisions, the Competition Act has not yet come into force. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and will be subject to substantial penalties. It is unclear how the Competition Act will affect industries in India and our Company's business. Consequently, our Company cannot assure prospective investors that enforcement under the Competition Act will not have a material adverse effect on its results of operations and financial condition.

2. A third party could be prevented from acquiring control of our Company because of the takeover regulations under Indian law.

There are provisions in Indian law that may discourage a third party from attempting to take control of our Company, even if it would result in the purchase of our Equity Shares at a premium to the market price or would otherwise be beneficial to our Company's shareholders. Indian takeover regulations contain certain provisions that may delay, deter or prevent a future takeover or change in control so as to ensure that the interests of shareholders are protected. Any person acquiring either "control" or an interest (either on its own or together with parties acting in concert with it) in 15% or more of our Company's voting Equity Shares must make an open offer to acquire at least another 20% of our Company's outstanding voting Equity Shares. A takeover offer to acquire at least another 20% of our Company's outstanding voting Equity Shares also must be made if a person (either on its own or together with parties acting in concert with it) holding between 15% and 55% of our Company's voting Equity Shares has entered into an agreement to acquire or decided to acquire additional voting Equity Shares in any financial year that exceed 5% of our Company's voting Equity Shares. These and other applicable provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control.

3. Fluctuations in operating results and other factors may result in decreases in Equity Share price.

Stock markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Equity Shares. There may be significant volatility in the market price of our Equity Shares. If our Company is unable to meet market or investor expectations in relation to our financial performance, investors could sell our Equity Shares when it becomes apparent that the expectations of the market may not be realised, resulting in a decrease in the market price of our Equity Shares. In addition to our Company's operating results, the operating results changes in financial estimates or recommendations by analysts, governmental investigations and litigation, speculation in the press or investment community, the possible effects of a war, terrorist and other hostilities, changes in general conditions in the economy or the financial markets, or other developments affecting the financial services industry, could cause the market price of Equity Shares to fluctuate substantially.

4. ***The Industry we operate in does not have significant entry barriers which would pose difficulties in setting up an automotive component plant.***

Apart from high initial capital investments and requirement of customer relationships, there are no significant entry barriers, regulatory or otherwise, for setting up an automotive components plant. Due to absence of such entry barriers, many players from the organized as well as the un-organized sector may enter this industry. The entry of several new large organized players may result in excess capacity, competition and resultant price pressure on the products.

5. ***Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.***

External factors such as potential terrorist attacks, terror threats, pandemics, acts of war or geopolitical and social turmoil in many parts of the world could prevent or hinder our ability to do business, increase our costs and negatively affect our stock price. For example, increased instability may adversely impact the desire of employees and customers to travel, the reliability and cost of transportation, our ability to obtain adequate insurance at reasonable rates or require us to incur increased costs for security measures for our operations. These uncertainties make it difficult for us and our customers to accurately plan future business activities. More generally, these geopolitical social and economic conditions could result in increased volatility in India and worldwide financial markets and economy.

6. ***The Industry we operate in is cyclical in nature and is dependant on the automotive industry. A fall in the demand for automobiles would adversely impact the financial performance of our Company.***

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

7. ***Political instability or changes in the Government(s) in India could delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally and our business in particular.***

Since 1991, successive Indian Governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Indian Central and State Governments in the Indian economy as producers, consumers and regulators have remained significant. Possible political instability, changes in the rate of economic liberalization, laws and policies affecting the automobile industry, foreign investment, currency exchange, matters affecting investment in our securities, India's economic liberalization and deregulation policies could all adversely affect business and economic conditions in India generally, and our business in particular, specially if new restrictions on the private sector are introduced or if existing restrictions are increased.

8. ***Regional conflicts in the Indian sub-continent could adversely affect the Indian economy and cause our business to suffer.***

The Indian sub-continent has from time to time experienced instances of civil unrest and hostilities among neighboring countries. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies and on our business.

9. ***After the Issue, the price of our Equity Shares maybe highly volatile, or an active trading market for our Equity Shares may not develop or sustain.***

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after the Issue as a result of several factors, including:

a. volatility in the Indian and global securities markets;
b. our results of operations and financial condition ;
c. performance of our competitors, the automotive components industry and the perception in the market about investments in the automotive industry;
d. adverse media reports on our Company or the Indian automotive industry;
e. changes in the estimates of our performance or recommendations by financial analysts;
f. significant developments in India's economic liberalisation and deregulation policies; and
g. significant developments in India's fiscal and environmental regulations.

There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after the Issue.

10. ***Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, results of operations and financial condition.***

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C., on September 11, 2001, New Delhi on December 13, 2001, London July 7, 2005, Mumbai July 7, 2006 and other acts of violence or war, including those involving India, or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. More generally, an increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

11. ***Our plants can be affected by natural disasters and technical failures. Any such failures could adversely affect our business and the operations of our Company.***

The operations of our plants can be affected by natural disasters and technical failures including malfunctioning or breakdown of equipment, which could adversely affect the business, financial condition and the operations of our Company.

12. ***Increase in global oil prices may adversely affect Indian and global economy.***

The recent increase in global oil prices has significantly increased inflation levels in several countries including India. In case, such increase sustains, or in case of further increases, global (including local) consumption and spending including spending on automobiles and road travel may reduce substantially, which may adversely affect the domestic Indian economy and other economies, and may consequently have a material adverse effect on our business, results of operations and financial conditions.

Notes to Risk factors:

1. The net worth of our Company before the Issue (as of June 30, 2008) was Rs. 20,212.34 lakh on a consolidated basis and Rs. 17,856.50 lakh on an unconsolidated basis and for the year ended December 31, 2007 was Rs. 18,759.69 on a consolidated basis and Rs. 16,878.82 lakh on an unconsolidated basis.

2. The book value per Equity Share as of on December 31, 2007 was Rs. 72.74 on a consolidated basis and Rs. 65.45 per Equity Share on an unconsolidated basis and as of June 30, 2008 was Rs. 61.96 on a consolidated basis and Rs. 54.74 per Equity Share on an unconsolidated basis.

3. Pursuant to a resolution of the members passed at an Extraordinary General Meeting held on June 16, 2006, the name of our Company was changed from Goetze (India) Limited to Federal-Mogul Goetze (India) Limited following the acquisition of the majority of Equity Shares in our Company by our Promoters. For details of changes in the name of our Company and for details of changes in our Registered Office, please refer to the chapter titled "Our History and Main Objects" beginning on page 119 of the Letter of Offer.

4. Except as disclosed in the section titled "Build up of Equity Share Capital" in the chapter titled "Capital Structure" on page 29 of the Letter of Offer, we have not issued any shares for consideration other than cash.

5. The Issue is of 2,31,60,866 Equity Shares of Rs. 10 each for cash at a price of Rs. 56 per Equity Share (including a premium of Rs. 46 per Equity Share) aggregating Rs.12970.08 lakhs on rights basis to the existing Equity Shareholders of our Company in the ratio of 71 Equity Shares for every 100 Equity Shares held on the Record Date, in terms of the Letter of Offer.

6. Average cost of acquisition of Equity Shares of our Company by our Promoters is as under:
   FMHL – Rs. 191.39 per Equity Share
   FMG – Rs. 57.25 per Equity Share

7. Refer to our financial information relating to related party transactions on page 205 of the Letter of Offer.

8. There have been no transactions in Equity Shares of our Company by our Promoters and Promoter Group entities and Directors of our Company in the last six months preceding the date of the Letter of Offer.

9. For details of interests of our Directors and key managerial personnel , please refer to " Interest of our Directors" on page 137 of the Letter of Offer and "Interests of our key managerial personnel" on page 144 of the Letter of Offer. For details of the interests of our Promoters and Promoter Group, please refer to " Interest of Promoters" on page 160 of the Letter of Offer.

10. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the Lead Manager for any complaints, information or clarifications pertaining to the Issue. The Lead Manager is obliged to provide the same to Investors.

11. Before making an investment decision in respect of the Issue, Investors are advised to refer to the chapter titled "Basis for Issue Price" beginning on page 57 of the Letter of Offer.

12. Please refer to the paragraph "Basis of Allotment" beginning on page 356 of the Letter of Offer for details of the basis of allotment.

    We and the Lead Manager are obliged to keep the Letter of Offer updated and inform the public of any material change/development till the listing and trading of the Equity Shares offered under the Issue commences.

SECTION III: INTRODUCTION

SUMMARY OF OUR INDUSTRY

Indian Automotive Industry

The Indian Automotive Industry comprising of the automobile and the auto component sectors has recorded considerable growth following the de-licensing and opening up of the sector to FDI in 1993. The unbundling of this industry from restrictive environment has, on the one hand, helped in restructuring, absorbing new technologies, align itself to the global developments and realize its potential with significant increase in industry's contribution to overall industrial growth in the country.

The Indian Automobile Industry can be classified as under:

1. Commercial Vehicles - A commercial vehicle is a type of vehicle that is used for carrying goods or passengers.

2. Passenger Vehicles - A passenger vehicle is a type of vehicle designed primarily for the carriage of people such as a car.

3. Two Wheelers and Three Wheelers - A two / three wheeler refer to vehicles that run on two / three wheels such as scooters / mopeds / motorcycles and auto rickshaw.

According to the SIAM, total vehicle production touched 108.33 lakh units in 2007-08, up from 72.43 lakh units in 2003-04 and automobile exports from India have increased from 4.79 lakh units in 2003-04 to 12.37 lakh units in 2007-08 recording a CAGR of 26.71% over the period.

Source: *SIAM, http://www.siamindia.com*

Automotive Components
Indian auto component industry is quite comprehensive with around 500 firms in the organised sector producing practically all parts and more than 10,000 firms in small unorganised sector, in tierized format. The industry, over the years, developed the capability of manufacturing all components required to manufacture vehicles, which is evident from the high levels of indigenization achieved in the vehicle industry as well as the components developed for the completely Indian made vehicles like the Tata Indica, Tata Indigo, Mahindra Scorpio, Bajaj Pulsar, TVS Victor and TVS star. The component industry has now holistic capability to manufacture the entire range of auto-components e.g. Engine parts, Drive, Transmission Parts, Suspension & Braking Parts, Electricals, Body and Chassis Parts, Equipment etc.

Indian Auto Component Industry classification:

A brief overview of some of the segments of auto component industry is given below:

1. **Fuel injection systems and carburetors-** Fuel pumps and carburetors include components like fuel pumps, carburetors, filters, elements, delivery valve and nozzles.

2. **Powertrain components-** Powertrain components include crankshafts, camshafts, connecting rods, flywheel ring gears and timing chains. These products are largely OEM based.

3. **Piston and piston parts:** Piston and piston parts include pistons, piston rings and pins.

4. **Engine valves and parts-** Engine valves and parts include parts like - engine valves, valve guides, valve tappets and valve collect.

5. **Cooling system and parts-** Cooling systems and parts include parts like – radiator, water pumps assembly, radiator caps, fan assembly and water thermostat.

6. **Steering assembly and components-** –Steering assembly and components include steering systems like rack and pinion, and recirculating ball.

7. **Suspension system and components-** Suspension system and components include parts like shock-absorbers and leaf spring.

8. **Brakes and components-** Brakes and components include brakes assembly and brake linings**.**

9. **Lighting equipment-** Lighting equipment and parts include headlights, spot lights, flashlights and bulbs.

10. **Sheet metal parts-** Body parts form the bulk of the output that goes to the Original Equipment. Parts like mufflers and exhaust systems, which have limited life, derive their demand from replacement markets.

Indian piston and piston parts industry

The segment is dominated by the organized players in the market. This segment has seen a good domestic and export demand over the last 4 years.

Pistons and piston parts are important components of an engine. OEM's demand quality and prescribe qualifying criteria before selecting a supplier, who will meet their requirements. This coupled with the fact that the manufacturing of these components is very capital intensive and requires high technical know-how has left the business concentrated with few players. Most of the Indian companies are getting into joint ventures for technology transfer with global component suppliers, in order to meet the needs of OEM's.

Piston and piston parts demand is not limited to automobile manufacturers only. Industrial goods manufacturers of stationary engine, electricity generators, pump sets, chainsaw, brush cutters and trimmers also demand piston and piston parts for their goods. Piston and piston parts also have a specialized demand for diesel engine in locomotives and in battle tanks used by armed forces.

For further details, please refer to the chapter titled "Our Industry" beginning on page 70 of the Letter of Offer.

SUMMARY OF OUR BUSINESS

Introduction

We are an auto component manufacturer primarily focusing on pistons and piston rings. Our product range includes a variety of pistons, piston rings, piston pins, valve train and structural components and other associated automobile engine components.

We are a part of the Federal - Mogul Group, a global supplier of vehicular parts, components, modules and systems to customers in the automotive, small engine, heavy-duty and industrial markets. Our Company is indirectly controlled by Federal-Mogul Corporation, USA through two of its entities – Federal-Mogul Vermogensverwaltungs GmbH, Germany and Federal-Mogul Holdings Limited, Mauritius. They are the majority equity shareholders of our Company.

Our pistons and piston rings range of products are sold under the brand name “Goetze”, while our sintered products are sold under the brand name “Brico Goetze”.

Over the years we have benefited from the expertise of the Federal – Mogul Group, in terms of new product development, technological advancements as well as their world class business and manufacturing practices.

We currently have three manufacturing plants located at Patiala, Bengaluru and Bhiwadi and one assembling facility at Uttarakhand.

Major products manufactured by us:

Pistons

A piston is an essential component of every internal combustion engine. It is a high precision component which converts combustion energy into mechanical energy. During this process, substantial pressure is exerted on the piston creating high rigidity and a requirement for resistance to high temperature.

Raw Materials

The primary raw material involved in piston manufacturing is aluminum. Typical alloying contents are silicon, magnesium, nickel, copper and manganese. These elements are mixed in a predetermined quantity with aluminum, for preparing the alloy. The chemicals for surface treatment *inter alia* include sodium stannate, graphite paint, granodine powder, sulphuric acid. The packaging material *inter alia* includes cardboard boxes, plastic boxes, BOPP tape.

Gudgeon Pin also known as Piston Pin

In internal combustion engines, the gudgeon pin is that which connects the piston to the connecting rod and provides a bearing for the connecting rod to the pivot as it moves thereby allowing the combustion force to be transferred to the crankshaft.

The gudgeon pin performs in strenuous operating conditions which expose it to extremely high alternating loads. A gudgeon pin is the part of the piston assembly that holds the small end of the connecting rod to the piston pin bore. gudgeon pins are manufactured out of alloy steel made of chromium and nickel. The raw material is procured in the form of Solid Bright Bars and Seamless Steel Tubes of various diameters depending upon the requirement of the size of the pin.

Raw Materials

Gudgeon pin are produced out of alloy steel material generally chromium and nickel. The main constituents are 17Cr3, 15CrNi6, SCM415H, SCr415H, 17MnNiCr5

Piston Rings

A piston ring is an open-ended ring that fits into a groove on the outer diameter of a piston in a reciprocating engine such as an internal combustion engine. The three main functions of piston rings in internal combustion engines include:

1. Sealing the combustion/expansion chamber,
2. Supporting heat transfer from the piston to the cylinder wall; and
3. Regulating engine oil consumption.

Piston rings include the following:

- Cast Iron Compression Rings;
- Cast Iron Oil Rings;
- Steel Rings;
- Chrome Rings; and
- Moly Rings

Raw Materials

The rings are made with specially alloyed cast iron and alloyed steel. For cast iron rings the main constituent is pig iron. The other contents are silicon, magnesium, vanadium, niobium, nickel, copper, manganese and tungsten etc. that are added in various percentages depending on the type of alloy required.

Sintered Products

Sintering is a method for making objects from powder, by heating the material (below its melting point - solid state sintering) until its particles adhere to each other. The valve train components manufactured at our Bhiwadi Plant comprise of valve seats and valve guides. When these components are passed through the sintering process, they are referred as sintered products. This process makes it economical to manufacture sintered products by minimizing the machining operations and reducing the wastage of material which is customary in a molten metal feeder system.

Sintered products need to be manufactured in specific compositions so as to create the following functionality:

- Resist increased wear and tear and
- Have hard and soft phases in same metallurgical structures

Sintered products use various raw materials at predetermined combinations to get the final sintered product with specific properties.

For further details, please refer to the chapter titled “Our Business” beginning on page 78 of the Letter of Offer.

THE ISSUE

Equity Shares proposed to be issued by our Company	2,31,60,866 Equity Shares
Rights Entitlement	71(seventy one) Equity Shares for every 100 (one hundred) existing Equity Shares
Record Date	November 10,2008
Issue Price per Equity Share	Rs 56
Equity Shares outstanding prior to the Issue	3,26,20,938 Equity Shares of Rs. 10 each
Equity Shares outstanding after the Rights Issue of Equity Shares	5,57,81,804 Equity Shares.
Terms of the Issue	For more information, please refer to the chapter titled "Terms of the Issue" beginning on page 345 of the Letter of Offer.

Terms of Payment

Due Date	Amount
On Right Issue application	Entire Issue Price i.e., an amount of Rs. 56 per Equity Share, including the share premium of Rs 46 per Equity Share, is to be paid at the time of application

SUMMARY OF FINANCIAL AND OPERATIONAL INFORMATION

The following table sets forth our selected financial information derived from our restated consolidated and unconsolidated financial information as of and for the six month period ended June 30, 2008 and for the year / period ended December 31, 2007, December 31, 2006 (9 month), March 31, 2006, 2005, 2004 and 2003 (9 month). These financial information have been prepared in accordance with the Companies Act, 1956 and SEBI DIP Guidelines and the annual financial information has been restated as described in the Auditors report dated October 15, 2008 included therewith, in the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer. The selected financial information presented below should be read in conjunction with our financial information, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operation" beginning on page 279 of the Letter of Offer.

Consolidated Financial Data of Profits and Losses

(Amount in Rs lakh)

Particulars	**Six months**	**Twelve months**	**Nine months**	**Twelve months**	**Twelve months**	**Twelve months**	**Nine months**
	Period ended	**year ended**	**period ended**	**year ended**	**year ended**	**year ended**	**period ended**
	June 30, 2008	**December 31, 2007**	**December 31, 2006**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
INCOME							
Turnover	41,579.73	71,604.60	52,446.71	53,932.08	52,254.35	47,103.11	26,636.47
Less : Excise duty	4,645.51	9,321.10	7,342.33	7,054.68	6,896.00	6,047.98	3,314.73
Total	**36,934.22**	**62,283.50**	**45,104.38**	**46,877.40**	**45,358.35**	**41,055.13**	**23,321.74**
Other Income	933.57	2,273.42	1,094.91	857.76	1,085.18	1,201.37	875.58
Total Income	**37,867.79**	**64,556.92**	**46,199.29**	**47,735.16**	**46,443.53**	**42,256.50**	**24,197.32**
EXPENDITURE							
Raw materials and components consumed	9,080.48	20,072.30	14,393.77	12,170.56	10,644.90	9,781.63	7,659.06
Personnel expenses	7,560.14	13,650.26	9,440.67	11,516.22	10,744.81	10,598.39	5,383.55
Operating and other expenses	15,141.93	22,238.16	16,000.01	21,012.62	16,485.05	14,162.83	7,495.19
Decrease/(increase) in inventories	349.63	307.72	1,026.19	(3,996.52)	(937.42)	(889.90)	(2,432.50)
Depreciation and amortization	2,398.70	4,691.19	3,106.38	3,722.33	2,949.92	2,540.86	1,552.64
Increase of excise duty on finished goods	(205.13)	46.05	(354.10)	509.70	122.28	137.41	139.20
Financial expenses	1,688.76	4,324.28	2,828.87	3,758.88	3,399.52	3,714.01	2,663.12
Total Expenditure	**36,014.51**	**65,329.96**	**46,441.79**	**48,693.79**	**43,409.06**	**40,045.23**	**22,460.26**
Profit before tax	**1,853.28**	**(773.04)**	**(242.50)**	**(958.63)**	**3,034.47**	**2,211.27**	**1,737.06**
Provision for tax	376.25	363.93	244.01	78.46	303.05	198.95	142.09
Deferred Tax charge/(credit)	(27.81)	(49.80)	(3.26)	1,417.11	794.82	772.59	286.65
Fringe benefit tax	52.21	110.49	65.09	174.50	-	-	-
Net Profit/(Loss) for the year/period	**1,452.63**	**(1,197.66)**	**(548.34)**	**(2,628.70)**	**1,936.60**	**1,239.73**	**1,308.32**
Minority Interest	(245.98)	(242.01)	(165.87)	(152.43)	(46.24)	(68.65)	(78.44)
	1,206.65		**(714.21)**	**(2,781.13)**	**1,890.36**	**1,171.08**	**1,229.88**

Particulars	Six months	Twelve months	Nine months	Twelve months	Twelve months	Twelve months	Nine months
	Period ended	year ended	period ended	year ended	year ended	year ended	period ended
	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
		(1,439.67)					
Brought Forward (Loss) from Previous Period	(3,366.97)	(1,857.10)	(1,074.47)	(284.68)	(112.91)	435.12	1,959.07
Opening Retained earning adjustment	-	-	-	-	-	-	(1,984.65)
Adjustment for Subsidiary Interest	-	-	-	-	22.21	-	(1.37)
Transferred from Debenture Redemption Reserve	-	-	-	-	208.33	208.34	833.33
Amount available for appropriation	**(2,160.32)**	**(3,296.77)**	**(1,788.68)**	**(3,065.81)**	**2,007.99**	**1,814.54**	**2,036.26**
Appropriations							
- Proposed dividend on preference shares	-	60.00	60.00	-	-	59.32	27.12
- Proposed dividend on equity shares	-		-	60.00	1,129.11	758.64	505.75
- Tax on dividends	-	10.20	8.42	8.42	163.56	109.49	68.27
Adjusted against general reserve	-		-	(2,059.76)	1,000.00	1,000.00	1,000.00
Debenture Redemption Reserve	-		-	-	-	-	-
Profit/(Loss) carried to Balance Sheet	**(2,160.32)**	**(3,366.97)**	**(1,857.10)**	**(1,074.47)**	**(284.68)**	**(112.91)**	**435.12**
Basic and Diluted Earnings per share (Rs.)	4.45	(4.64)	(2.17)	(10.40)	7.66	4.90	5.17
Cash Earnings per share (Rs.)	11.72	13.35	10.10	9.93	22.47	18.01	12.45
Return on net worth %	7.19	(6.38)	(5.52)	(24.92)	15.04	10.15	10.14
Net asset value per equity share (Rs)	61.96	72.74	39.28	41.71	50.94	48.30	51.02

Consolidated Financial Data of Assets and Liabilities

(Amount in Rs lakh)

Particulars	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
APPLICATION OF FUNDS							
Fixed Assets :							
Gross Block	65,812.53	63,154.87	58,849.85	54,652.09	51,181.77	44,038.08	42,518.91
Less : Depreciation	25,807.13	24,399.88	21,255.36	18,479.67	15,891.00	13,027.93	11,792.83
Net Block	**40,005.40**	**38,754.99**	**37,594.49**	**36,172.42**	**35,290.77**	**31,010.15**	**30,726.08**
Capital work in progress including capital advances	3,329.30	3,002.57	1,910.80	697.40	1,587.78	1,378.97	794.43
Total	**43,334.70**	**41,757.56**	**39,505.29**	**36,869.82**	**36,878.55**	**32,389.12**	**31,520.51**
Investments:	1,214.88	1,226.49	1,501.50	1,474.99	1,704.26	2,696.38	2,743.56
Deferred tax asset	-	-	-	-	1,056.23	1,851.05	2,623.65
Current Assets, Loans and Advances:							
Inventories	13,986.34	13,637.20	14,337.12	14,572.59	10,264.00	7,972.36	6,208.06
Sundry Debtors	9,064.13	9,355.87	7,551.17	7,375.29	9,545.20	7,255.51	5,894.86
Cash & Bank Balances	257.15	227.12	368.62	297.87	148.48	458.77	275.13
Other current assets	407.78	358.69	56.48	103.28	51.43	55.49	75.06
Loans and Advances	3,280.71	3,693.30	2,942.36	2,948.98	3,098.69	2,511.84	3,279.56
Total (A)	**26,996.11**	**27,272.18**	**25,255.75**	**25,298.01**	**23,107.80**	**18,253.97**	**15,732.67**
Current Liabilities and Provisions:							
Current Liabilities	20,242.97	17,773.28	14,303.51	7,456.34	6,934.44	6,035.07	7,542.85
Provisions	2,322.11	2,260.87	2,088.54	2,122.76	3,413.56	3,158.34	2,430.94
Total (B)	**22,565.11**	**20,034.15**	**16,392.05**	**9,579.10**	**10,348.00**	**9,193.41**	**9,973.79**
Net Current Assets (A-B)	**4,431.00**	**7,238.03**	**8,863.70**	**15,718.91**	**12,759.80**	**9,060.56**	**5,758.88**
Total	**48,980.58**	**50,222.08**	**49,870.49**	**54,063.72**	**52,398.84**	**45,997.11**	**42,646.60**
SOURCES OF FUNDS							
Deferred Tax Liabilities	280.01	307.81	357.61	360.87	-	-	-
Loan Funds					-	-	-
Secured Loans	24,416.99	23,083.24	28,514.42	36,711.42	33,572.80	24,683.65	17,906.36
Unsecured loans	4,071.24	8,071.34	11,066.65	6,442.83	5,945.47	9,099.03	11,838.09
Total	**28,488.23**	**31,154.58**	**39,581.07**	**43,154.25**	**39,518.27**	**33,782.68**	**29,744.45**
Net worth	**20,212.34**	**18,759.69**	**9,931.81**	**10,548.60**	**12,880.57**	**12,214.43**	**12,902.15**
Represented by							
Equity Share Capital	3,262.09	3,262.09	2,528.75	2,528.75	2,528.75	2,528.75	3,528.75
Reserves and Surplus	17,320.19	17,320.19	7,957.80	7,957.80	9,652.41	8,860.74	8,069.08
Profit and loss	(2,160.32)			(1,074.47)	(284.68)	(112.91)	435.12

Particulars	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
account		(3,366.97)	(1,857.10)				
Minority Interest	1,790.38	1,544.38	1,302.36	1,136.51	984.07	937.84	869.19
Net worth	**20,212.34**	**18,759.69**	**9,931.81**	**10,548.60**	**12,880.57**	**12,214.43**	**12,902.15**

Consolidated Financial Data of Cash Flows

(Amount in Rs lakh)

	For the period ended	For the year ended	For the nine months ended	For the year ended	For the year ended	For the year ended	For the period ended
	June 30, 2008	**December 31, 2007**	**December 31, 2006**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
A. Cash flow from operating activities							
Profit before tax	1,853.28	(773.04)	(242.50)	(958.63)	3,034.47	2,211.27	1,737.06
Adjustments for:	-	-	-	-			
Depreciation and amortization	2,398.70	4,691.19	3,106.38	3,722.33	2,949.92	2,540.86	1,552.64
Loss on sale / discard of fixed assets (net)	48.55	396.21	165.35	108.67	33.77	24.29	5.06
Provision for obsolescence of fixed assets	-	-	-	875.91	-	-	-
Loss on sale of trade investments	-	0.18	-	2.40	-	-	-
Provision for doubtful debts	12.22	65.33	5.36	19.72	-	-	-
Advances written off	-	14.53	69.10	19.27	-	-	-
Provision for diminution in the value of investments	-	-	-	10.00	-	-	-
Interest income	(58.52)	(30.38)	(61.05)	(99.09)	(95.49)	(138.88)	(417.42)
Share of losses in associate companies	(11.78)	-	-	85.41	168.63	-	-
Dividend income	-	-	-	-	118.37	(12.44)	(132.81)
Lease rent paid	-	-	-	-	-	43.88	48.82
Lease rentals net of lease adjustments	-	-	-	-	-	(53.59)	(80.64)
Interest expense	1,265.51	3,741.52	2,766.51	3,408.33	2,800.80	3,277.97	2,394.88
Reserve against Unrealized Profits on stock	-	-	-	-	(33.94)	89.89	(27.72)
			-	-			
Operating profit before working capital changes	**5,507.96**	**8,105.54**	**5,809.15**	**7,194.32**	**8,976.53**	**7,983.25**	**5,079.87**
Movements in working capital :			-	-			
Decrease / (Increase) in sundry debtors	279.52	(1,870.03)	(181.24)	2,133.38	133.18	1,591.47	(3,415.58)
Decrease / (Increase) in current assets	(49.09)	(302.53)	47.24	(21.62)	3.77	-	-
Decrease / (Increase) in inventories	(349.14)	699.92	235.47	(4,308.59)	(2,223.75)	(1,854.19)	708.62
Decrease / (Increase) loans and advances	(117.86)	(633.26)	136.71	358.96	(488.54)	21.09	(14.85)
Increase / (Decrease) in current liabilities	2,506.90	3,939.39	6,506.22	380.65	833.65	(1,078.72)	(497.57)
Cash generated from operations	**7,778.29**	**9,939.03**	**12,553.55**	**5,737.10**	**7,234.84**	**6,662.90**	**1,860.49**
Direct taxes paid (net of	102.56	(269.51)	(453.01)	(473.02)	(438.21)	(119.10)	53.52

	For the period ended	For the year ended	For the nine months ended	For the year ended	For the year ended	For the year ended	For the period ended
	June 30, 2008	**December 31, 2007**	**December 31, 2006**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
refunds)							
Interest on income tax refund		-	-	-	23.96	29.22	31.10
Net cash from operating activities	**7,880.85**	**9,669.52**	**12,100.54**	**5,264.08**	**6,820.59**	**6,573.02**	**1,945.11**
				-			
B. Cash flows from investing activities				-			
Purchase of fixed assets/ Intangibles Assets	(4,064.43)	(8,091.82)	(6,597.99)	(4,654.63)	(7,518.73)	(4,219.11)	(2,401.07)
Proceeds from sale of fixed assets	40.05	134.21	923.24	(43.57)	62.83	839.84	708.34
Purchase of investments	-	-	-	(157.56)	(1,000.00)	-	(30.66)
Interoperate Deposits Placed	-	-	-	-	-	75.75	-
Sale / maturity of investments	23.37	46.05	(26.51)	654.18	1,823.49	44.59	-
Interest received	55.13	3.33	60.61	69.73	71.53	109.66	386.33
Dividends received	-	-	30.60	-	(118.37)	12.44	132.81
Net cash from investing activities	**(3,945.88)**	**(7,908.23)**	**(5,610.05)**	**(4,131.85)**	**(6,679.25)**	**(3,136.83)**	**(1,204.25)**
C. Cash flows from financing activities			-				
Proceeds from Issue of pref. Shares	-	10,460.89	-	-	-	(1,000.00)	3.06
Movement in borrowings	(2,666.35)	(8,602.65)	(3,573.18)	3,635.98	3,315.74	1,693.92	1,578.83
Repayment of Finance Lease Liabilities	-	-	-	-	-	(43.88)	(48.82)
Interest paid	(1,238.84)	(3,689.18)	(2,773.05)	(3,414.78)	(2,800.80)	(3,277.97)	(2,394.88)
Lease rentals received	-	-	-	-	-	0.92	1.83
Dividends paid	-	(60.00)	(60.00)	(1,070.30)	(852.68)	(628.35)	(252.88)
Tax on dividend paid	-	(10.20)	(8.42)	(147.87)	(114.08)	-	-
Net cash used in financing activities	**(3,905.19)**	**(1,901.14)**	**(6,414.65)**	**(996.97)**	**(451.82)**	**(3,255.36)**	**(1,112.86)**
Net increase in cash and cash equivalents (A + B + C)	**29.78**	**(139.85)**	**75.83**	**135.27**	**(310.48)**	**180.83**	**(372.01)**
Cash and cash equivalents at the beginning of the year	**118.86**	**258.71**	**182.88**	**47.61**	**358.09**	**177.26**	**332.07**
Cash and cash equivalents Taken over on amalgamation				-	-	-	217.20
Cash and cash equivalents at the end of the year	**148.64**	**118.86**	**258.71**	**182.88**	**47.61**	**358.09**	**177.26**
Components of cash							

	For the period ended	For the year ended	For the nine months ended	For the year ended	For the year ended	For the year ended	For the period ended
	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
and cash equivalents as at*							
Cash and cherubs on hand	2.10	2.30	4.67	11.38	6.95	57.16	65.12
With banks - on current account	146.54	116.56	254.04	171.50	40.66	300.82	112.03
Post office savings account			-	-	-	0.11	0.11
	148.64	**118.86**	**258.71**	**182.88**	**47.61**	**358.09**	**177.26**

* Cash and cash equivalent does not includes deposits pledged with government authority and unpaid dividend account

Financial Data of Profit and Losses (Unconsolidated)

(Amount in lakh)

Particulars	Six month period ended June 30, 2008	Twelve months period ended December 31, 2007	Nine months period ended December 31, 2006	Twelve months period ended March 31, 2006	Twelve months period ended March 31, 2005	Twelve months period ended March 31, 2004	Nine months period ended March 31, 2003
INCOME							
Turnover	39,774.79	68,394.74	45,002.36	51,236.30	49,835.26	44,835.61	25,068.42
Less : Excise duty	4,399.96	8,793.25	6,261.26	6,689.17	6,554.22	5,737.37	3,076.50
Total	**35,374.83**	**59,601.49**	**38,741.10**	**44,547.13**	**43,281.04**	**39,098.24**	**21,991.92**
Job work income	447.87	813.95	526.18	839.53	397.18	381.48	139.15
Other Income	1,119.93	2,630.78	1,132.36	1,153.24	1,297.64	1,370.13	997.12
Total Income	**36,942.63**	**63,046.22**	**40,399.64**	**46,539.90**	**44,975.86**	**40,849.85**	**23,128.19**
EXPENDITURE							
Raw materials and components consumed	10,645.15	22,066.74	11,799.28	13,453.81	11,367.74	10,151.29	5,420.56
Personnel expenses	7,372.18	13,286.27	9,165.08	11,296.24	10,564.46	10,463.84	5,332.57
Operating and other expenses	13,947.81	20,737.54	14,237.68	19,505.70	15,234.23	13,077.86	7,107.59
Decrease/(increase) in inventories	287.18	65.56	886.63	(3,603.48)	(916.30)	(896.97)	(245.13)
Depreciation and amortization	2,206.89	4,292.16	2,819.65	3,417.02	2,674.05	2,401.01	1,464.45
Increase of excise duty on finished goods	(195.53)	65.38	(286.94)	466.83	98.34	112.45	152.22
Financial expenses	1,564.73	4,057.31	2,613. 33	3,567.55	3,252.29	3,583.42	2,591.33
Total Expenditure	**35,828.41**	**64,570.96**	**41,234.71**	**48,103.67**	**42,274.81**	**38,892.90**	**21,823.59**
Profit/(loss) before tax	**1,114.22**	**(1,524.74)**	**(835.07)**	**(1,563.77)**	**2,701.05**	**1,956.95**	**1,304.60**
Less: Provision for tax	86.54	-	-	(0.00)	254.66	162.94	118.34
Less: Deferred Tax charge/(credit)	-	-	-	1,305.66	650.47	618.30	203.78
Less: Fringe benefit tax	50.00	105.74	61.00	150.00	-	-	-

Particulars	Six month period ended June 30, 2008	Twelve months period ended December 31, 2007	Nine months period ended December 31, 2006	Twelve months period ended March 31, 2006	Twelve months period ended March 31, 2005	Twelve months period ended March 31, 2004	Nine months period ended March 31, 2003
Net Profit/(Loss) for the year/period	**977.68**	**(1,630.48)**	**(896.07)**	**(3,019.43)**	**1,795.92**	**1,175.71**	**982.48**
Brought Forward (Loss) from previous period	(3,703.46)	(2,072.98)	(1,176.91)	(217.24)	(77.80)	421.18	2,134.08
Opening Retained earning adjustments arising from restatements	-	-	-	-	-	-	(1,927.56)
Transferred from Debenture redemption reserve	-	-	-		208.34	208.34	833.33
Amount available for appropriation, as restated	**(2,725.78)**	**(3,703.46)**	**(2,072.98)**	**(3,236.67)**	**1,926.46**	**1,805.23**	**2,022.33**
Appropriations							
- Proposed dividend on preference shares	-	-	-	-	-	24.11	27.12
- Proposed dividend on equity shares	-	-	-	-	1,011.50	758.63	505.75
- Tax on dividends	-	-	-	-	132. 20	100.29	68.27
Adjusted against general reserve	-	-	-	(2,059.76)	1,000.00	1,000.00	1,000.00
Profit/(Loss) carried to Balance Sheet, as restated	**(2,725.78)**	**(3,703.46)**	**(2,072.98)**	**(1,176.91)**	**(217.24)**	**(77.80)**	**421.18**

Note:

1. Brought forward loss as at June 30, 2002 is not restated.

Financial Data of Assets and Liabilities (Unconsolidated)

(Amount in lakh)

	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
APPLICATION OF FUNDS							
Fixed Assets :							
Gross Block	60,321.00	57,876.89	53,391.43	49,465.98	46,081.73	41,113.57	39,878.80
Less : Depreciation	23,822.60	22,590.16	19,752.36	17,242.72	14,959.36	12,372.16	11,276.91
Net Block	**36,498.40**	**35,286.73**	**33,639.07**	**32,223.26**	**31,122.37**	**28,741.41**	**28,601.89**
Capital work in progress including capital advances	3,307.58	2,752.06	1,797.31	650.34	1,566.78	1,378.97	794.26
Total	**39,805.98**	**38,038.79**	**35,436.38**	**32,873.60**	**32,689.15**	**30,120.38**	**29,396.15**
Investments	2,092.34	2,093.90	2,135.18	2,243.40	2,925.26	3,547.75	3,594.93
Deferred tax asset	-	-	-	-	1,305.66	1,956.13	2,574.43
Current Assets, Loans and Advances:							
Inventories	13,463.36	12,902.80	13,230.85	13,484.75	9,700.17	7,559.46	5,872.78
Sundry Debtors	8,511.95	8,951.53	7,319.80	6,839.04	8,990.21	6,764.14	5,272.85
Cash & Bank Balances	219.89	158.38	335.07	220.14	146.12	289.88	230.46
Other current assets	407.22	358.13	56.17	103.28	112.63	92.12	75.06
Loans and Advances	5,205.56	5,458.93	3,614.72	3,203.00	2,997.05	2,564.02	3,269.34
Total (A)	**27,807.98**	**27,829.77**	**24,556.61**	**23,850.21**	**21,946.18**	**17,269.62**	**14,720.49**
Current Liabilities and Provisions:							
Current Liabilities	23,468.39	19,681.83	15,448.00	9,036.33	7,865.36	7,242.91	6,845.32
Provisions	2,243.49	2,164.89	2,011.53	2,025.68	3,337.48	3,113.94	3,074.30
Total (B)	**25,711.88**	**21,846.72**	**17,459.53**	**11,062.01**	**11,202.85**	**10,356.86**	**9,919.62**
Net Current Assets (A-B)	**2,096.10**	**5,983. 05**	**7,097. 08**	**12,788.20**	**10,743.35**	**6,912.77**	**4,800.87**
Total	**43,994.42**	**46,115.74**	**44,668.64**	**47,905.20**	**47,663.41**	**42,537.03**	**40,366.38**

	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
SOURCES OF FUNDS							
Loan Funds							
Secured Loans	22,068.37	21,167.27	25,555.27	32,942.42	30,160.43	22,126.30	16,509.28
Unsecured loans	4,069.55	8,069.65	11,064.95	6,018.29	5,539.05	9,099.03	11,838.09
Total	**26,137.92**	**29,236.92**	**36,620.22**	**38,960.71**	**35,699.48**	**31,225.33**	**28,347.37**
Net worth	**17,856.50**	**16,878.82**	**8,048.42**	**8,944.49**	**11,963.93**	**11,311.70**	**12,019.01**
Represented by							
Equity Share Capital	3,262.09	3,262.09	2,528.75	2,528.75	2,528.75	2,528.75	2,528.75
Preference Share Capital	-	-	-	-	-	-	1,000.00
Reserves and Surplus	17,320.19	17,320.19	7,592.65	7,592.65	9,652.42	8,860.74	8,069.08
Profit and loss account	(2,725.78)	(3,703.46)	(2,072.98)	(1,176.91)	(217.24)	(77.80)	421.18
Net worth	**17,856.50**	**16,878.82**	**8,048.42**	**8,944.49**	**11,963.93**	**11,311.70**	**12,019.01**

Financial data of Cash Flow (Unconsolidated)

(Amount in lakh)

	For the period ended	For the year ended	For the period ended	For the year ended	For the year ended	For the year ended	For the period ended
	June 30, 2008	**December 31, 2007**	**December 31, 2006**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
A. Cash flow from operating activities							
Profit after exceptional item but before tax	1,114.22	(1,524.74)	(835.07)	(1,563.72)	2,701.00	1,956.95	1,304.60
Adjustments for:							
Depreciation and amortization	2,206.89	4,292.16	2,819.65	3,417.02	2,674.05	2,401.01	1,464.45
Loss on sale / discard of fixed assets (net)	48.01	387.58	151.62	108.67	33.77	24.29	5.06
Provision for obsolescence of fixed assets	-	-		875.91			
Loss on sale of trade investments	-	0.18	-	2.40	-	-	-
Provision for doubtful debts	-	61.07	4.97	19.72	-	-	-
Advances/ Bad debts written off	-	14.53	69.10	19.27	-	-	-
Provision for diminution in the value of investments	-	-	74.30	182.84	-	-	-
Interest income	(57.72)	(29.67)	(61.05)	(98.99)	(95.48)	(138.85)	(417.42)
Dividend income	(30.60)	-	(30.60)	-	(30.60)	(79.67)	(163.41)
Interest expense	1,144.82	3,496.05	2,556.69	3,226.00	2,663.07	3,148.53	2,323.52
Operating profit before working capital changes	**4,425.62**	**6,697.16**	**4,749.61**	**6,189.12**	**7,945.81**	**7,312.26**	**4,516.80**
Movements in working capital :							
Decrease / (Increase) in sundry debtors	450.06	(1,692.80)	(485.73)	2,114.64	197.16	853.02	(1,528.13)
Decrease / (Increase) in current assets	(45.70)	(302.53)	47.24	41.44	(20.80)	(54.52)	-
Decrease / (Increase) in inventories	(560.56)	328.05	253.90	(3,722.82)	(2,142.33)	(914.64)	519.04
Decrease / (Increase) loans and advances	(128.09)	(1,716.67)	(397.33)	(4.82)	(334.06)	599.75	3,100.73
Increase / (Decrease) in current liabilities and provisions	3,854.42	4,699.07	6,076.73	964.98	556.48	(642.31)	(64.91)
Cash generated from operations	**7,995.75**	**8,012.28**	**10,244.42**	**5,582.54**	**6,202.26**	**7,153.56**	**6,543.53**

Direct taxes paid (net of refunds)	275.52	78.79	(227.62)	(385.28)	(437.96)	(122.35)	70.94
Net cash from operating activities	**8,271.27**	**8,091.07**	**10,016.80**	**5,197.26**	**5,764.30**	**7,031.21**	**6,614.47**
B. Cash flows from investing activities							
Purchase of fixed assets/ Intangibles Assets	(4,061.11)	(7,897.93)	(5,999.83)	(4,542.49)	(5,339.41)	(3,934.87)	(1,972.18)
Proceeds from sale of fixed assets	39.02	134.19	698.35	(43.57)	62.83	839.83	708.33
Purchase of investments	-	-	-	(157.56)	(1,201.00)	-	(30.66)
Inter corporate Deposits Placed	-	-	-	-	-	75.75	4,684.35
Sale / maturity of investments	1.56	41.10	33.92	654.18	1,823.49	44.59	-
Interest received	54.33	2.87	60.92	67.77	179.79	162.74	405.33
Dividends received	-	-	30.60	-	30.60	79.67	163.41
Net cash from investing activities	**(3,966.20)**	**(7,719.77)**	**(5,176.04)**	**(4,021.67)**	**(4,443.70)**	**(2,732.29)**	**3,958.58**
C. Cash flows from financing activities							
Proceeds/(Redemption) from/of Issue of Preferences Share Capital	-	-	-	-	-	(1,000.00)	3.06
Movement in borrowings	(3,125.67)	(7,559.46)	(2,340.49)	3,261.23	2,054.34	533.65	(8,359.25)
Interest paid	(1,118.15)	(3,443.71)	(2,380.25)	(3,233.23)	(2,663.07)	(3,148.53)	(2,323.52)
Lease rental received	-	-	-	-	-	0.92	1.83
Dividends paid	-	-	-	(1,011.50)	(758.63)	(628.34)	(252.88)
Proceeds from Issuance of share capital	-	10,460.88	-	-	-	-	-
Tax on dividend paid	-	-	-	(132.19)	(97.19)	-	-
Net cash used in financing activities	**(4,243.82)**	**(542.29)**	**(4,720.74)**	**(1,115.69)**	**(1,464.56)**	**(4,242.30)**	**(10,930.76)**
Net increase in cash and cash equivalents (A + B + C)	**61.25**	**(170.99)**	**120.01**	**59.90**	**(143.94)**	**56.62**	**(357.72)**
Cash and cash equivalents at the beginning of the year	**54.17**	**225.16**	**105.15**	**45.25**	**189.20**	**132.58**	**271.83**
Cash and cash equivalents taken over on amalgamation	-	-	-	-	-	-	218.47

Cash and cash equivalents at the end of the year	**115.42**	**54.17**	**225.16**	**105.15**	**45.25**	**189.20**	**132.58**
Components of cash and cash equivalents as at*	**June 30, 2008**	**December 31, 2007**	**December 31, 2006**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
Cash and cherubs on hand	2.08	2.28	**4.55**	11.38	6.94	57.15	63.76
With banks - on current account	113.34	51.89	**220.61**	93.77	38.31	131.94	68.71
-Post Office Saving bank Account			**-**	-	-	0.11	0.11
	115.42	**54.17**	**225.16**	**105.15**	**45.25**	**189.20**	**132.58**

GENERAL INFORMATION

Our Company was originally incorporated at Delhi as Goetze (India) Private Limited on November 26, 1954, under the Indian Companies Act, 1913. In the year 1961, our Company became a deemed public company within the meaning of Section 43 A of the Companies Act and a fresh certificate of incorporation was issued by the Registrar of Companies, Delhi and Haryana on April 17, 1961. *Vide* a resolution of our Shareholders at an extra-ordinary general meeting held on April 29, 1963 it was resolved that our Company would henceforth be a public limited company. Subsequently, pursuant to a resolution of the members passed at an extraordinary general meeting held on June 16, 2006, the name of our Company was changed to Federal -Mogul Goetze (India) Limited. For further details, please refer to the chapter titled "Our History and Main Objects" beginning on page 119 of the Letter of Offer.

Dear Shareholder(s),

Pursuant to the resolutions passed by the Board at its meeting held on June 09, 2008 it has been decided to make the following offer to the Equity Shareholders of our Company, with a right to renounce:

ISSUE OF 2,31,60,866 FULLY PAID-UP EQUITY SHARES WITH A FACE VALUE OF Rs. 10/- EACH AT A PRICE OF Rs. 56 PER FULLY PAID-UP EQUITY SHARE (INCLUDING A PREMIUM OF Rs. 46 PER FULLY PAID- UP EQUITY SHARE) FOR AN AMOUNT AGGREGATING Rs. 12970.08 LAKH TO THE EXISTING EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 71 FULLY PAID-UP EQUITY SHARES FOR EVERY 100 EXISTING EQUITY SHARES HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, i.e. NOVEMBER 10, 2008. THE FACE VALUE OF EQUITY SHARES IS Rs. 10 EACH AND THE ISSUE PRICE IS 5.6 TIMES OF THE FACE VALUE OF THE EQUITY SHARES. FOR MORE DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" BEGINNING ON PAGE 345 OF THE LETTER OF OFFER.

THE ISSUE PRICE IS 5.6 TIMES THE FACE VALUE OF THE EQUITY SHARES.

IMPORTANT

- This offer is applicable only to those Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and in the Register of Members of our Company in respect of the Equity Shares held in physical form as on the Record Date, fixed in consultation with the Designated Stock Exchange i.e. BSE.

- Your attention is drawn to the section titled "Risk Factors" beginning on page viii of the Letter of Offer.

- Please ensure that you have received the Composite Application Form ("CAF") with the Letter of Offer. In case the original CAF is not received, lost or misplaced by the shareholder, the Registrar will issue a duplicate CAF on the request of the shareholder who should furnish the registered folio number/DP ID/client ID number and his/her full name and address to the Registrar. Please note that those applicants who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. In case the original and the duplicate CAF are lodged for subscription, allotment will be made on the basis of the duplicate CAF and the original CAF will be ignored.

- Please read the Letter of Offer and the instructions contained herein and in the CAF carefully, before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. Applications are liable to be rejected if they are not in conformity with the terms of the Letter of Offer or the CAF.

- All enquiries in connection with the Letter of Offer or CAF should be addressed to the Registrars to the Issue, Alankit Assignments Limited. Quoting the Registered Folio Number/Depository Participant (DP) Number, Client ID Number and the CAF Number as mentioned in the CAF.

- The Issue will be kept open for a minimum period of fifteen (15) days. If extended, it will be kept open for a maximum period of thirty (30) days.

* The funds received against the Issue will be kept in separate bank account(s) and our Company will not have any access to such funds unless it satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% of the Issue has been received by our Company. If our Company does not receive the minimum subscription of 90% of the Issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the Issue. Further, Our Promoter, FMHL, has undertaken to subscribe to the unsubscribed portion in this Issue, if any, such that the post-Issue holding of Promoters and Promoter Group does not exceed 75% of the post-Issue capital of our Company, except to achieve the minimum subscription in compliance with applicable laws and regulations. Subscription by our Promoters to the extent of their entitlement in the Issue and acquisition of additional Equity Shares in case of under-subscription, if any, will not result in a change in control of the management of our Company and shall be in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of Regulations 11 and 12 of Takeover Code. For further details of our Promoters undertaking, please refer to the note no. 21 under "Notes to Capital Structure" on page 29 of the Letter of Offer.

Registered and Corporate Office of our Company:

A-26/3, Mohan Co-operative Industrial Estate,
New Delhi – 110 044
India
Tel: +91-11-41497650
Fax: +91-11-41497601
Compliance Officer: Rajan Luthra
E-mail: rights.issue@federalmogul.com
Website: www.federalmogulgoetze.com

Company Identification Number (CIN): L74899DL1954PLC002452

Address of the RoC:

NCT of Delhi and Haryana
4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi – 110 019
India

The Equity Shares of our Company are listed on the BSE and NSE.

Board of Directors

Our Board of Directors as on the date of the filing of the Letter of Offer with SEBI is as follows:

Sr. No.	Details	Age (years)	Date of Appointment
1.	**Vishvjeet Kanwarpal** Chairman and Independent Director S/o.Col. D.N. Kanwarpal, K.C. Address: S-76, Second Floor, Greater Kailash-I, New Delhi – 110 048, India Occupation: Service Nationality: Indian DIN: 00287605 Tenure: Liable to retire by rotation	42	January 22, 2007

2.	**Jean Humbert Louis de VILLARDI de Montlaur** Whole Time Director & President S/o. Jacques Charles Rugene Address: F - 2/2, Second Floor, Vasant Vihar New Delhi 110 057 Occupation: Service Nationality: France DIN: 02087045 Tenure: Liable to retire by rotation	57	March 3, 2008 (Designated as Whole Time Director & President at the meeting of Board of Director on March 3, 2008)
3.	**Rustin Murdock** Managing Director & Chief Financial Officer S/o. Robert Murdock Address: 176, Golf Links, 1st Floor, New Delhi 110003 Occupation: Service Nationality: United States DIN: 01810948 Tenure: Non-retiring	49	September 24, 2007 (Appointed as Managing Director & Chief Financial Officer at the Board Meeting held on September 24, 2007 in the casual vacancy caused due to resignation of Arun Anand)
4.	**Rainer Jueckstock** Non-Executive Director S/o Dieter Jueckstock Address: 322 Vailwood Court, Bloomfield Hills, United States -48302 Occupation: Service Nationality: German DIN: 00233867 Tenure: Liable to retire by rotation	48	September 1, 2003
5.	**Mukul Gupta** Independent Director S/o. Darshan Lal Address: "Sharrrnam", R-13/24, Raj Nagar, opposite ALT Centre, Ghaziabad - 201 002, U.P. Occupation: Lawyer Nationality: Indian DIN: 00254597 Tenure: Liable to retire by rotation	50	May 12, 2006

For more details regarding the profile of our Chairman, Managing Director and Whole Time Directors, please refer to the section titled “Board of Directors” in chapter titled “Our Management” on page 131 of the Letter of Offer.

Company Secretary and Compliance Officer

Rajan Luthra
Address: A-26/3, Mohan Co-operative Industrial Estate,
New Delhi – 110 044
Tel: +91-11-41497650
Fax:+91-11-41497601
Email: rights.issue@federalmogul.com
Website: www.federalmogulgoetze.com

Bankers to our Company

ABN Amro Bank N.V. 11th Floor, Tower C, Cyber Greens, DLF Cyber City, Sector-25A, Gurgaon – 122002 Haryana Tel: +91-124-4181755 Fax: + 91-124-4181737 Contact Person: Simran Tiwana E-mail: simran.tiwana@in.abnamro.com	**Deutsche Bank AG** 4th Floor, DLF Square, DLF City Phase II, Jackaranda Marg, Gurgaon-122002 Tel: + 91-124-4122502 Fax: + 91-124-2560281 Contact Person: Anil Malhotra E-mail: anil.malhotra@db.com
HDFC Bank Limited 'Vatika Atrium', "A" Block, Golf Course Road, 2nd Floor, Sector 53, Gurgaon- 122002, Haryana Tel: +91-124-4664000 Fax: + 91-124-4664203/ 4664366 Contact Person: Sanjeeva Sahgal E-mail: sanjeeva.sahgal@hdfcbank.com	**State Bank of India** Overseas Branch Jawahar Vyapar Bhawan 1, Tolstoy Marg, New Delhi-110001 Tel: + 91-11-23374931 Fax: + 91-11-23711580 Contact Person: Ashutosh Goel E-mail: sbi.04803@sbi.co.in
State Bank of Patiala Mall Road Branch Patiala, Punjab – 147001 Tel: + 91-175-2219252 Fax: + 91-175-2210875 Contact Person : S C Singhal	**Yes Bank Limited** D-12, South Extension - II, New Delhi-110049 Tel: + 91-11-46029038 Fax: + 91-11-26254000 Contact person: Sudhir Singh E-mail: sudhir.singh@yesbank.in
Axis Bank Limited Statesman House, 13th Floor, 148, Barakhamba Road, New Delhi-110001 Tel: + 91-11-41521951-52 Fax: + 91-11-41521953 Contact Person: Shaleen Verma E-mail: shaleen.verma@axisbank.com	**ING Vysya Bank Limited** Regional Office 9th Floor, Mercantile House, 15, Kasturba Gandhi Marg, New Delhi-110001 Tel: + 91-11-66510000 Fax: + 91-11-66510124 Contact Person: Amit Bagri E-mail: amitbagri@ingvysyabank.com
The Bank of Rajasthan Limited No. 11-C, "C" Wing, Mittal Tower M.G.Road, Bengaluru - 560 001 Tel: +91-80-32977128 Fax: +91-80-44123 3055 Contact Person: Yashwant Singh E-mail: mgrBengaluru@rajbank.com	**Export and Import Bank of India** Ground Floor, Statesman House 148, Barakhamba Road New Delhi - 110 001 Tel. : +91-11-23326254/ 23321119 Fax : +91-11-23321719 Contact Person : Sanjay Lamba E-mail: sanjay@eximbankindia.in

Issue Management Team

Lead Manager to the Issue

Centrum Capital Limited
Centrum House, CST Road, Vidya Nagari Marg,
Kalina, Santacruz (East), Mumbai – 400 098
Maharashtra, India
Tel: +91–22–67249000
Fax: +91–22–67249707
Contact Person: Hema Lalwani / Alpesh Shah
E-mail: fmgrights@centrum.co.in
Website: www.centrum.co.in;
SEBI Reg. No.: INM000010445

Registrar to the Issue and Share Transfer Agents for our Company

Alankit Assignments Limited
Alankit House,
2E/21, Jhandewalan Extension,
New Delhi-110055
Tel: + 91 11 23541234, 42541234
Fax: + 91 11 23552001, 42541967
Contact person: Mahesh Jairath
E-mail: mj@alankitonline.com
Website: www.alankit.com
SEBI Registration No.: INR000002532

Note: Investors are advised to contact the Lead Manager to the Issue, Hema Lalwani / Alpesh Shah; Registrar to the Issue, Mahesh Jairath and/or the Issuer Company's Compliance Officer, Rajan Luthra, in case of any pre-Issue/post-Issue related problems such as non-receipt of the Letter of Offer/Abridged Letter of Offer / letter of allotment/ share certificate(s)/ refund orders/demat credit/electronic refund of funds.

Legal Advisors to the Issue

M/s. Crawford Bayley & Co.
State Bank Buildings, 4th Floor
NGN Vaidya Marg, Fort,
Mumbai 400 023
Tel: +91 22 2266 8000
Fax: +91 22 2266 0355/0986
Contact Person: Sanjay K. Asher
E-mail: sanjay.asher@crawfordbayley.com

Bankers to the Issue

HDFC Bank Limited
BTI Ops Department,
3RD Floor, Manekji Wadia Bldg.,
Nanik Motwani Marg, Fort,
Mumbai – 400001
Phone : + 91 22 66573746/ 66573749
Fax : + 91 22 22671661
Contact Person : Mr. Deepak Rane
E-mail : deepak.rane@hdfcbank.com

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3RD Floor, Manekji Wadia Bldg.,
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Phone : + 91 22 66573746/ 66573749
Fax : + 91 22 22671661
Contact Person : Mr. Deepak Rane
E-mail : deepak.rane@hdfcbank.com

Statutory Auditors

M/s S.R. Batliboi & Co.,
Chartered Accountants,
Golf View Corporate Tower-B,
Sector -42, Sector Road, Gurgaon-122002
Tel: + 91-124-4644000 / 4644150
Fax: + 91-124-4644050 / 4644051
Contact person: Pankaj Chadha
E-mail: pankaj.chadha@in.ey.com

Statement of Inter-se Allocation of Responsibilities

Centrum Capital Limited is the sole Lead Manager to the Issue. The details of responsibility for Centrum Capital Limited is as follows:

Sr.No.	Activities	Responsibility	Coordinator
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	Centrum	Centrum
2.	Drafting and Design of the Draft Letter of Offer/ Letter of Offer and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the Draft Letter of Offer/ Letter of Offer. The designated Lead Merchant Banker shall ensure compliance with the Guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.	Centrum	Centrum
3.	Marketing of the Issue which will cover, *inter alia*, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media and (ii) bankers to the issue.	Centrum	Centrum
4.	Selection of various agencies connected with the issue, namely Registrars to the Issue, printers, bankers and advertisement agencies.	Centrum	Centrum
5.	The post-issue activities will involve essential follow-up steps, which must include finalization of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as registrars to the issue, bankers to the issue, and bank handling refund business. Even if many of these post-issue activities would be handled by other intermediaries, the designated Lead Merchant Banker shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the issuer company.	Centrum	Centrum

Credit Rating

This being an Issue of Equity Shares, no credit rating is required.

Grading

This being a Rights Issue, no grading is required.

Trustees

This being a Rights Issue of Equity Shares, appointment of debenture trustees is not required.

Monitoring Agency

As the size of the Issue does not exceed Rs. 50,000 lakh, appointment of a monitoring agency under clause 8.17 of the SEBI DIP Guidelines is not required.

The Audit Committee of our Company will monitor the utilization of the proceeds of the Issue. Our Company will disclose the utilization of Issue proceeds under a separate head in its balance sheet along with details for FY 2008 and FY 2009 clearly specifying the purpose for which such proceeds have been utilized. Our Company, in its balance sheet for FY 2008 and FY 2009, will provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue in our Company's financial statements for the relevant Financial Years commencing from Financial Year 2009.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full.

Appraising Entity

Not Applicable

Impersonation

Attention of the applicants is specifically drawn to the provisions of subsection (1) of section 68A of the Act which is reproduced below:

"Any person who makes in a fictitious name, an application to a company for acquiring, or subscribing for, any shares therein, or otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years".

Underwriting / Standby arrangements

The present Issue is not underwritten and our Company has not made any standby arrangements for the Issue. FMG and FMHL have confirmed that they would subscribe to the full extent of their entitlement in the proposed Rights Issue, either by themselves or through one or more Promoter Group Entities, whether within or outside India; and either singly or jointly amongst any of them.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue on the date of the closure of the Issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the Issue. If there is delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount (i.e. fifteen days after closure of the Issue), our Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of section 73 of the Companies Act.

Under-subscription of the issue will be determined after considering the number of shares applied as per the entitlement plus additional shares applied for by the existing shareholders and the renouncees. Our Promoters, FMHL and FMG, have confirmed that that they would subscribe to the full extent of their entitlement in the proposed Rights Issue, either by themselves or through one or more Promoter Group Entities, whether within or outside India, and either singly or jointly amongst any of them. The undersubscribed portion can be applied for only after the close of the Issue. Our Promoter, FMHL, has undertaken to subscribe to the unsubscribed portion in this Issue, if any, such that the post-Issue holding of Promoters and Promoter Group does not exceed 75% of the post-Issue capital of our Company, except to achieve the minimum subscription in compliance with applicable laws and regulations. Subscription by our Promoters to the extent of their entitlement in the Issue and acquisition of additional Equity Shares in case of under-subscription, if any, will not result in a change in control of the management of our Company and shall be in compliance with the proviso to Regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of Regulations 11 and 12 of Takeover Code.

In case the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, the Issuer shall forthwith repay without interest, all monies received from the applicants in pursuance of the Letter of Offer and if such money is not repaid within eight days after the day from which the Issuer is liable to repay it, the Issuer shall pay interest as prescribed under section 73 (2) / 73 (2A) of the Companies Act, 1956.

Note: The funds received against the Issue will be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act.

CAPITAL STRUCTURE

Our share capital as at the date of filing of the Letter of Offer with SEBI (before and after the Issue) is set forth below:

	Aggregate nominal value (Rs.)	Aggregate value at Issue Price (Rs.)
A. Authorized Capital (1)		
8,00,00,000 Equity Shares of Rs. 10 each	80,00,00,000	80,00,00,000
B. Issued, Subscribed and Paid-Up Capital before the Offer		
3,26,20,938 fully Paid-Up Equity Shares of Rs. 10 each	32,62,09,380	
C. Present Issue of 2,31,60,866 fully Paid-Up Equity Shares of Rs. 10 each being offered to the Equity Shareholders through the Letter of Offer	23,16,08,660	1,29,70,08,496
D. Paid-up Equity Capital after the Issue		
5,57,81,804 fully Paid-Up Equity Shares of Rs. 10 each	55,78,18,040	
E. Securities Premium Account		
Before the Issue	1,62,62,52,202	
After the Issue	2,69,16,52,038	

Notes to the Capital Structure

1. The details of changes in the authorized share capital of our Company after the date of incorporation till the filing of the Letter of Offer have been set out below.

Date of the Shareholders Approval	Changes
July 22, 1955	Change in the authorized share capital from Rs. 50,00,000 divided into 50,000 Equity Shares of Rs. 100 each to Rs. 65,00,000 divided into 50,000 Equity Shares of Rs. 100 each and 15,000 7% redeemable preference shares of Rs. 100 each, by creation of 15,000 7 % redeemable preference shares of Rs. 100 each.
June 24, 1963	Change in authorized share capital from Rs. 65,00,000 divided into 50,000 Equity Shares of Rs. 100 each and 15,000 7% redeemable preference shares of Rs. 100 each to Rs. 1,00,00,000 comprising of 75,000 Equity Shares of Rs. 100 each; 23,000 9% redeemable cumulative preference shares of Rs. 100 each and 2,000 7% redeemable preference shares of Rs. 100 each*.
June 27, 1973	Change in authorized share capital from Rs. 10,000,000 comprising of 75,000 Equity Shares of Rs. 100 each, 23,000 9% redeemable cumulative preference shares of Rs. 100 each and 2,000 7% redeemable preference shares of Rs. 100 each to Rs. 3,00,00,000 divided into 2,75,000 Equity Shares of Rs. 100 each; 23,000 9% redeemable cumulative preference shares of Rs. 100 each and 2,000 7% redeemable preference shares of Rs. 100 each by creation of 2,00,000 Equity Shares of Rs. 100 each.
August 22, 1977	Subdivision of 1 Equity Share of face value Rs. 100 each into 10 Equity Shares of face value Rs. 10 each.

Date of the Shareholders Approval	Changes
August 22, 1977	Change in authorized share capital from Rs. 3,00,00,000 divided into 2,75,000 Equity Shares of Rs. 100 each; 23,000 9% redeemable cumulative preference shares of Rs. 100 each and 2,000 7% Redeemable Preference Shares of Rs. 100 each to Rs. 5,00,00,000 comprising 47,50,000 Equity Shares of Rs. 10 each; 23,000 9% redeemable cumulative preference shares of Rs. 100 each and 2,000 7% redeemable preference shares of Rs. 100 each by creation of 20,00,000 Equity Shares of Rs. 10 each.
December 30, 1977	Change in authorized share capital from Rs. 5,00,00,000 divided into 47,50,000 Equity Shares of Rs. 10 each; 23,000 9% redeemable preference shares of Rs. 100 each and 2,000 7% redeemable preference shares of Rs. 100 each to 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10 each.
June 1, 1981	Change in authorized share capital from Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10 each to Rs. 10,00,00,000 comprising 1,00,00,000 Equity Shares of Rs 10 each by creation of 50,00,000 Equity Shares of Rs. 10 each.
September 25, 1989	Change in authorized share capital from Rs. 10,00,00,000 comprising 1,00,00,000 Equity Shares of Rs 10 each to Rs. 25,00,00,000 comprising 2,50,00,000 Equity Shares of Rs. 10 each by creation of 1,50,00,000 Equity Shares of Rs. 10 each.
December 15, 1995	Change in the authorized share capital from Rs. 25,00,00,000 divided into 2,50,00,000 Equity Shares of Rs. 10 each to Rs. 40,00,00,000 divided into 4,00,00,000 Equity Shares of Rs. 10 each by creation of 1,50,00,000 Equity Shares of Rs. 10 each.
July 16, 2002	Change in authorized share capital from Rs. 40,00,00,000 divided into 4,00,00,000 Equity Shares of Rs. 10 each to Rs. 80,00,00,000 divided into 3,00,00,000 Equity Shares of Rs. 10 each and 50,00,000 Preference Shares of Rs. 100 each.
September 27, 2003	Change in authorized share capital of Rs. 80,00,00,000 divided into 3,00,00,000 Equity Shares of Rs. 10 each and 50,00,000 Preference Shares of Rs. 100 each to Rs. 80,00,00,000 divided into 8,00,00,000 Equity Shares of Rs. 10 each.

* 13,000, 7% redeemable preference shares having a face value of Rs. 100 each which were not taken or agreed to be taken by any person as on June 24, 1963 were cancelled and our Company's authorized capital was diminished by the amount of the preference shares so cancelled.

2. *Build up of Equity Share Capital*:

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue price per share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for Allotment	Cumulative Paid -up Capital (In Rs.)	Cumulative Securities Premium (In Rs.)
February 18, 1955	300	100	100	Cash	Subscription on signing of Memorandum of Association.	30,000	-

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue price per share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for Allotment	Cumulative Paid -up Capital (In Rs.)	Cumulative Securities Premium (In Rs.)
February 18, 1955	1,900	100	100	Cash	Allotment to the then Promoters/Promoter group and others, namely Sodhi Kartar Singh and Chandan Kaur (100); Escorts (Agents) Limited (700); Maharaja of Patiala (900); Maharaja of Patiala and AH Lawrence (100) and Sh Chandan Kaur (100).	2,20,000	-
August 22, 1955	1,000	100	100	Cash	Allotment to Maharaja of Patiala.	3,20,000	-
November 24, 1955	1,000	100	100	Cash	Allotment to Maharaja of Patiala	4,20,000	-
November 24, 1955	3,000	100	-	Consideration other than cash	Allotment to Maharaja of Patiala against sale of land to our Company.	7,20,000	-
January 9, 1956	2,000	100	100	Cash	Allotment to Maharaja of Patiala.	9,20,000	-
February 24, 1956	2,000	100	100	Cash	Allotment to Maharaja of Patiala.	11,20,000	-
June 15, 1956	50	100	100	Cash	Allotment to M. K. Swami	11,25,000	-
August 16, 1956	50	100	100	Cash	Allotment to the then Promoters/Promoter group.	11,30,000	-
May 30, 1957	300	100	100	Cash	Allotment to the then Promoters/Promoter group and others, namely: Swarnjit Singh (100) Ranjit Sondhi (100); HP Nanda (50);and MK Swami (50).	11,60,000	-
July 10, 1957	1,000	100	100	Cash	Allotment to Goetze-Werke.	12,60,000	-
August 14, 1957	700	100	100	Cash	Allotment to the then Promoters/Promoter group.	13,30,000	-

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue price per share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for Allotment	Cumulative Paid -up Capital (In Rs.)	Cumulative Securities Premium (In Rs.)
March 12, 1959	1,700	100	100	Cash	Allotment to the then Promoters/Promoter group.	15,00,000	-
March 31, 1959	1,000	100	100	Cash	Allotment to Goetze-Werke.	16,00,000	-
June 12, 1959	2,000	100	100	Cash	Allotment to the then Promoters/Promoter group.	18,00,000	-
August 14, 1959	117	100	100	Cash	Allotment to certain persons.	18,11,700	-
August 24, 1959	(1)	100	100	Cash	Allotment to a person	18,11,800	-
November 9, 1959	2,000	100	100	Cash	Allotment to the then Promoters/Promoter group	20,11,800	-
September 25, 1961	845	100	100	Cash	Allotment to the following persons: Ram Chandra (100), Intercontinent Private Limited (500), Jagjit Singh (60), Mahindra Nath Mehta (10), AV Nagaraj (10), Balwant Singh (35), Keshav Lal Mehra (50), K Venkatesh Das (50), and Gurmit Singh (30).	20,96,300	-
(1)	1,858	100	-	Consideration other than cash	Allotment to Goetze-Werke against supply of machinery.	22,82,100	-
(2)	2,064	100	-	Cash	(2)	24,88,500	-
May 19, 1966	3,585	100	-	Consideration other than cash	Allotment to Goetze-Werke against supply of machinery.	28,47,000	-
September 30, 1966	14,235	100	-	Bonus	Bonus shares allotted to existing members(3).	42,70,500	-
December 1, 1973	42,705	100	-	Bonus	Bonus shares allotted to existing members. (4)	85,41,000	-

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue price per share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for Allotment	Cumulative Paid -up Capital (In Rs.)	Cumulative Securities Premium (In Rs.)
December 31, 1976	68,328	100	-	Bonus	Bonus shares allotted to existing members (5)	1,53,73,800	-
August 22, 1977	15,37,380	Sub-division of one (1) Equity Share of Rs. 100 each into ten (10) Equity Shares of Rs. 10 each.				1,53,73,800	-
May 13, 1978	12,09,292	10	12	Cash	Allotment to Goetze-Werke, the then Promoters/Promoter group, Directors and employees.	2,74,66,720	24,18,584
August 24, 1978	12,53,328	10	12	Cash	Public Issue of Equity Shares.	4,00,00,000	49,25,240
February 10, 1981	4,72,399	10	12	Cash	Allotment to financial institutions upon part conversion of loans given to our Company.	4,47,23,990	58,70,038
June 9, 1982	1,50,000	10	21.50	Cash	Allotment to Goetze-Werke.	4,62,23,990	75,95,038
September 9, 1985	23,11,200	10	13	Cash	Rights allotment to existing shareholders(6).	6,93,35,990	1,45,28,638
September 5, 1992	53,46,000	10	60	Cash	Equity Shares allotted upon conversion of fully convertible debentures issued to existing shareholders and employees of our Company on March 24, 1992.	12,27,95,990	27,93,90,218 (7)
October 28, 1994, October 31, 1994 and November 2, 1994 –	21,67,000	10	132.50	Cash	Equity shares allotted to FIIs and mutual funds, banks and bodies corporate on a private placement basis.	14,44,65,990	54,48,47,718
October 28, 1994	24,11,767	10	90	Cash	Preferential allotment to the then Promoters and Goetze-Werke.	16,85,83,660	73,77,89,078
February 8, 1996	84,23,365	10	-	Bonus	Bonus issue of Equity Shares to existing members from the securities premium account (8).	25,28,17,310	65,35,55,428 (9)

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue price per share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for Allotment	Cumulative Paid -up Capital (In Rs.)	Cumulative Securities Premium (In Rs.)
July 2, 1996	5,818	10	-	Bonus	Allotment of bonus shares on consolidation of fractional coupons arising out of bonus issue.	25,28,75,490	65,34,97,248 (10)
Dec 7, 2007	73,33,389	10	145	Cash	Rights allotment to existing shareholders (11).	32,62,09,380	1,62,62,52,202

1. The corporate records of our Company relevant to the allotment of 1,858 Equity Shares to the foreign collaborators are not available. However, on the basis of the minutes of the meeting of our Board dated December 31, 1959 read with the approval bearing number EC.DH.34144/24-59 dated November 20, 1959 issued by RBI read with our balance sheet for the year ending December 31, 1961 we can confirm that an allotment of 1,858 Equity Shares to our foreign collabourators was made in the year 1961.

2. The corporate records of our Company relevant to the allotment of 2,064 Equity Shares are not available. Additionally, since our Company has not received any RBI approval for such allotment of 2,064 Equity Shares, we can confirm that the said allotment of Equity Shares was made to resident shareholders. Additionally, on the basis of the minutes of the meeting of our Board dated June 9, 1961 read with our balance sheet for the year ended December 31, 1961 we can confirm that an allotment of 2,064 Equity Shares was made to resident shareholders in the year 1961.

3. In the EGM of our Company held on September 24, 1966 our shareholders approved the issuance of 14,235 bonus Equity Shares of Rs. 100 each in the ratio of 1:2 out of the General Reserve Account of our Company.

4. In the AGM of our Company held on June 27, 1973 our shareholders approved the issuance of 42,705 bonus Equity Shares of Rs. 100 each in the ratio of 1:1 out of the General Reserve Account of our Company.

5. In the EGM of our Company held on September 7, 1976 our shareholders approved the issuance of 68,328 bonus Equity Shares of Rs. 100 each in the ratio of 4:5 out of the General Reserve Account of our Company.

6. In the AGM of our Company held on December 28, 1984 our shareholders approved the rights issue of 23,11,200 Equity Shares of Rs. 10 each in the ratio of 1:2.

7. Rs. 24,38,420 was utilized from our securities premium account towards premium paid on redemption of 15% secured non-convertible debentures issued by our Company.

8. In the EGM of our Company held on December 15, 1995 our shareholders approved the capitalization of a sum not exceeding Rs. 8,42,91,830 from the share premium account of our Company to be applied for allotment of 84,29,183 bonus equity shares of Rs. 10 each in the ratio of 1:2.

9. Rs. 8,42,33,650 was utilized from our securities premium account towards the bonus issue of Equity Shares in 1996.

10. Rs. 58,180 was utilized from our securities premium account towards the bonus issue of Equity Shares upon consolidation of fractional coupons.

11. The Board of Directors of our Company at its meetings held on June 30, 2006 and January 22, 2007 approved the rights issue of equity shares. Further the ratio of rights entitlement of 29:100 was decided by our Board of Directors at its meeting held on August 27, 2007.

Date of allotment referred to in the above table is the date of the Board/Shareholders meeting where the resolution seeking approval to allot the shares was passed. In case of allotments to foreign collaborators, allotments were made pursuant to receipt of necessary regulatory approvals. For details of such approvals, please refer to chapter titled "Government Approvals and Licenses" beginning on page 320 of the Letter of Offer.

3. *Shareholding pattern of our Company as on September 30, 2008 :*

Category	**Pre – Issue as on** September 30, 2008		**After the Present Issue***	
	Total Number of shares	**Shareholding as a percentage of total number of shares**	**Total Number of shares**	**Shareholding as a percentage of total number of shares**
(A) Shareholding of Promoter and Promoter Group				
(1) Indian (A) (1)	-	-	-	-
(2) Foreign (A) (2)				
Federal - Mogul Holdings Limited	1,04,07,715	31.91	17,797,193	31.91
Federal -Mogul Vermogensverwaltungs GmbH	83,06,873	25.46	14,204,752	25.46
Sub Total (A)(2)	**1,87,14,588**	**57.37**	**3,20,01,945**	57.37
Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A) (2)	**1,87,14,588**	**57.37**	**3,20,01,945**	57.37
(B) Public Shareholding				
(1) Institutions				
Mutual Funds / UTI	33,66,651	10.32	57,56,973	10.32
Financial Institutions / Banks	1,29,061	0.40	2,20,694	0.40
Insurance Companies	29,34,293	9.00	50,17,642	9.00
Foreign Institutional Investors	7,10,996	2.18	12,15,803	2.18
Sub Total (B) (1)	**71,41,001**	**21.89**	**1,22,11,112**	21.89
(2) Non-Institutions				
Bodies Corporate	13,14,704	4.03	22,48,143	4.03
Individuals				
Individual shareholders holding nominal share capital up to Rs. 1 lakh	46,43,566	14.23	79,40,498	14.23
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	8,01,293	2.46	13,70,212	2.46
Trusts	5,786	0.02	9,894	0.02
Sub Total (B) (2)	**67,65,349**	**20.74**	**1,15,68,747**	20.74
Total Public shareholding (B) = (B) (1) + (B) (2)	**1,39,06,350**	**42.63**	**2,37,79,859**	42.63
Total (A)+(B)	**3,26,20,938**	**100.00**	**5,57,81,804**	100.00
(C) Shares held by Custodians and against which Depository Receipts have been issued	**-**	**-**		
Total (A)+(B)+(C)	**3,26,20,938**	**100.00**	**5,57,81,804**	100.00

* *Assuming all shareholders apply for and are allotted Equity Shares.*

In case no subscription is received from other shareholders, the Promoters' shareholding will increase to 75.07% of the post Rights Issue equity capital of our Company. Our Promoter, FMHL, has undertaken to subscribe to the unsubscribed portion in this Issue, if any, such that the post-Issue holding of Promoters and Promoter Group doers not exceed 75% of the post-Issue capital of our Company, except to achieve the minimum subscription in compliance with applicable laws and regulations. Subscription by our Promoters to the extent of their entitlement in the Issue and acquisition of additional Equity Shares in case of under-subscription, if any, will not result in a change in control of the management of our Company and shall be in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of Regulations 11 and 12 of Takeover Code.

The following laws and regulations shall be applicable in case the post issue shareholding of the Promoter and the Promoter Group of the Issuer Company exceeds 75% of the post issue capital of the Issuer Company:

I. Listing agreement

Clause 40 A of the Listing Agreement lays down the requirement of the minimum level of public shareholding:

"40 A Minimum level of public shareholding

(i) The company agrees to maintain on a continuous basis, public shareholding of at least 25% of the total number of issued shares of a class or kind, for every such class or kind of its shares which are listed.

(ii) Where the company offers or has in the past offered a particular class or kind of its shares to the public to the extent of at least 10% of the issue size in terms of Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957, it agrees to maintain on a continuous basis, public shareholding of at least 10% of the total number of issued shares of such class or kind.

(iii) Where the number of outstanding listed shares of any class or kind of the company are two crore or more and the market capitalization of such company in respect of shares of such class or kind is Rs. 1000 crores or more, it agrees to maintain on a continuous basis, public shareholding of at least 10% of the total number of issued shares of such class or kind.

(iv) Where, as on May 1, 2006, the shares of a particular class or kind issued by the company are listed and the public shareholding in respect of shares of such class or kind is less than 25% or 10%, as the case may be, of the total number of issued shares of such class or kind, the company agrees to increase public shareholding in respect of shares of such class or kind to 25% or 10%, as the case may be, within such period as may be approved by the Specified Stock Exchange (SSE) but not exceeding two years from the said date.
Provided that the SSE may, on an application made by the company and after satisfying itself about the adequacy of steps taken by the company to increase its public shareholding and genuineness of the reasons submitted by the company for not reaching the minimum level of public shareholding and after recording reasons in writing, extend the time for compliance with the requirement of minimum level of public shareholding by a further period not exceeding one year.

(v) Where the public shareholding in a company in respect of shares of such class or kind is less than 25% or 10%, as the case may be, of the total number of issued shares of such class or kind, the company agrees not to dilute in any way its public shareholding, except for supervening extraordinary events, including, but not limited to events specified in sub-clause (vii) of Clause 40A, with the prior approval of the SSE.

(vi) The company agrees not to make any allotment of its shares to its promoters or entities belonging to its promoter group, except on account of supervening extraordinary events, including, but not limited to events specified in sub-clause (vii) of Clause 40A, or make any offer to buyback its shares or buy its shares for the purpose of making sponsored issuance of depository receipts or take any other step, including issuance of depository receipts, if it results in reducing the public shareholding below the minimum level of 25% or 10%, as the case may be.

(vii) Where the public shareholding in any class or kind of shares of a company falls below the minimum level of public shareholding on account of supervening extraordinary events, including, but not limited to –

a. issuance or transfer of shares in compliance with directions of a regulatory or statutory authority or court or tribunal;

b. issuance or transfer of shares in compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;

c. re-organization of capital by way of a scheme of arrangement; and

d. issuance or transfer of shares under a restructuring plan approved in compliance with the Corporate Debt Restructuring System laid down by the Reserve Bank of India,

the SSE may, after examining and satisfying itself about the circumstances of the case and after recording reasons in writing, extend the time for compliance with the requirement of minimum level of public shareholding by a further period not exceeding one year.

Provided that the SSE may, on an application made by the company and after satisfying itself about the adequacy of steps taken by the company to increase its public shareholding and genuineness of the reasons submitted by the company for not reaching the minimum level of public shareholding and after recording reasons in writing, extend the time for compliance with the requirement of minimum level of public shareholding by a further period not exceeding one year.

(viii) The company agrees that in the event of sub-clauses (iv) or (vii) becoming applicable, it shall forthwith adopt any of the following methods to raise the public shareholding to the minimum level:

a) issuance of shares to public through prospectus;
b) offer for sale of shares held by promoters to public through prospectus;
c) sale of shares held by promoters through the secondary market; or
d) any other method which does not adversely affect the interest of minority shareholders.
Provided that for the purpose of adopting methods specified at sub-clauses (c) and (d) above, the company agrees to take prior approval of the SSE which may impose such conditions as it deems fit.

(ix) Where a company fails to comply with this clause, its shares shall be liable to be delisted in terms of the Delisting Guidelines / Regulations, if any, prescribed by SEBI in this regard and the company shall be liable for penal actions under the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992.

(x) Nothing contained in sub-clauses (i) to (vii) shall apply to –

(i) a company in respect of which reference is or has been made to the Board for Industrial and Financial Reconstruction under the Sick Industrial Companies (Special Provisions) Act, 1985 or to the National Company Law Tribunal under Section 424A of the Companies Act, 1956 and such reference is pending or a company in respect of which any rehabilitation scheme is sanctioned by the Board for Industrial and Financial Reconstruction or the National Company Law Tribunal pursuant thereto and is pending full implementation or any appeal is pending regarding such reference or scheme before the Appellate Authority for Industrial and Financial Reconstruction or National Company Law Appellate Tribunal;

(ii) a government company as defined under Section 617 of the Companies Act, 1956; or,

(iii) an infrastructure company as defined in clause 1.2.1(xv) of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

1. The term “market capitalization” shall mean the average market capitalization for the previous financial year. The average shall be computed as the sum of daily market capitalization over one year, divided by the number of trading days. The market capitalization so arrived at shall be considered for the succeeding four quarters.

2. The term “public shareholding” shall exclude –

   (a) shares held by promoters and promoter group; and
   (b) shares which are held by custodians and against which depository receipts are issued overseas.

3. The terms ”promoter” and “promoter group” shall have the same meaning as is assigned to them under Explanations I, II and III to sub-clause (m) of clause 6.8.3.2 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

   Provided that for the purposes of Clause 40A, clause (c) of the said Explanation I shall be read as under:
   “the person or persons named in the prospectus as promoter(s) or the person or persons named as promoter(s) in the filings with the stock exchanges, whichever is later.”

4. The terms “prospectus” and “Qualified Institutional Buyers” shall have the same meaning as is assigned to them under the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

5. The term “Specified Stock Exchange (SSE)” shall mean –

   a) in cases where the company is listed in one stock exchange only, then that stock exchange;

   b) in cases where the company is listed in one or more than one stock exchange having nation wide trading terminal and / or in one or more stock exchange not having nation wide trading terminal, then all such stock exchanges having nation wide trading terminals; and

   c) in cases where the company is listed in more than one stock exchange and all such stock exchanges do not have nationwide trading terminals, then the stock exchange which was chosen as the Designated Stock Exchange by the company for the previous issue of its shares. Or the regional Stock Exchange, as may be applicable.”

II. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the “Takeover Code”)

Proviso to Regulation 3(1)(b)(ii) of the Takeover Code and exemption from the applicability of Regulations 11 and 12 of Takeover Code.

“3 (1) Nothing contained in Regulations 10, Regulation11 and Regulation 12 of these regulations shall apply to:

(a) allotment in pursuance of an application made to a public issue.

Provided that if such an allotment is made pursuant to a firm allotment in the public issues, such allotment shall be exempt only if full disclosures are made in the prospectus about the identity of the acquirer who has agreed to acquire the shares, the purpose of acquisition, consequential changes in voting rights, shareholding pattern of the company and in the Board of Directors of the Company, if any, and whether such allotment would result in change in control over the company.

(b) allotment pursuant to an application made by the shareholder for rights issue,

(i) to the extent of his entitlement; and

(ii) upto the percentage specified in Regulation 11:

Provided that the limit mentioned in sub-clause(ii) will not apply to the acquisition by any person presently in control of the company and who has in the rights letter of offer made disclosures that they intend to acquire additional shares beyond their entitlement if the issue is undersubscribed.

Provided further that this exemption shall not be available in case the acquisition of securities results in the change of control of management"

III. Securities and Exchange Board of India (Delisting Of Securities) Guidelines, 2003

Clause 17: Delisting Pursuant to Rights Issue

17.1 In case of rights issue, allotment to the promoters or the persons in control of the management shall be allowed even if they subscribe to unsubscribed portion which may result in public shareholding falling below the permissible minimum level.

Provided that the adequate disclosures have been made in the offer document to that effect.

Provided further that they agree to buy out the remaining holders at the price of rights issue or make an offer for sale to bring the public shareholding at the level specified in the listing conditions or listing agreement to remain listed.

4. *Details of the shareholding of the Promoters, Promoter Group, directors of the Promoter in our Company as on the date of filing of the Letter of Offer with SEBI is as follows :*

Name of entities	Number of Equity Shares	Percentage of shareolding
Promoters		
Federal – Mogul Holdings Limited	1,04,07,715	31.91%
Federal -Mogul Vermogensverwaltungs GmbH	83,06,873	25.46%
Promoter Group	Nil	Nil
Directors of the Promoters	Nil	Nil
Total Promoter and Promoter Group Shareholding	**1,87,14,588**	**57.37%**

5. ***Details of build-up of the shareholding of the Promoters***

(A). Federal -Mogul Vermogensverwaltungs GmbH (formerly Goetze-Werke)

Date of allotment /acquisition/transfer	Number of Equity Shares	Remarks	Acquisition Price (Rs.) (In lakh)	Cumulative shareholding
July 10, 1957	1,000	Allotment for cash	1.00	1,000
March 31, 1959	1,000	Allotment for cash	1.00	2,000
(1)	1,858	Allotment against supply of machinery	1.86	3,858
(2)	(50)	Transferred from Goetze-Werke to Rolf Goetze	0.05	3,808
June 24, 1963	50	Transferred from Herman Goetze on demise of Rolf Goetze, to Goetze-Werke.	0.05	3,858
November 20, 1963	(50)	Transferred from Goetze-Werke to Dr. Fuhrmann	0.05	3,808

Date of allotment /acquisition/transfer	Number of Equity Shares	Remarks	Acquisition Price (Rs.) (In lakh)	Cumulative shareholding
May 19, 1966	3,585	Allotment against supply of machinery	3.58	7,393
September 30, 1966	3,697	Bonus allotment in the ratio 1:1	-	11,090
December 1, 1973	11,090	Bonus allotment in the ratio 1:1	-	22,180
December 31, 1976	17,744	Bonus allotment in the ratio 4:5	-	39,924
October 31, 1977(3)	(50)	Transferred from Goetze-Werke to Dr. Irmler.	0.05	39,874
August 22, 1977	-	Subdivision of one (1) Equity Share of Rs. 100 each into ten (10) Equity Shares of Rs. 10 each.	-	3,98,740
May 13, 1978	6,39,292	Allotment for cash	76.72	10,38,032
April 9, 1980(4)	3,200	Transferred from Dr. Irmler (500 Equity Shares) and Dr. Glatzel (2,700) to Goetze-Werke	0.32	10,41,232
June 9, 1982	1,50,000	Allotment for cash	32.25	11,91,232
September 9, 1985	5,95,616	Rights allotment in the ratio of 1:2.	77.43	17,86,848
September 5, 1992	13,40,136	Allotment upon conversion of fully convertible debentures in the ratio 3:4	804.08	31,26,984
October 28, 1994	11,65,974	Allotment for cash.	1,049.38	42,92,958
February 8, 1996	21,46,479	Bonus allotment in the ratio 1:2	-	64,39,437
December 7, 2007	18,67,436	Rights Allotment in the ratio of 1:0.29	**2,707.78**	83,06,873
Total (A)	**83,06,873**		**4,755.60**	
		Average Cost per share (Rs)	**57.25**	

1. The corporate records of our Company relevant to the allotment of 1,858 Equity Shares to Goetze-Werke are not available. However, on the basis of the minutes of the meeting of our Board dated December 31, 1959 read with the approval bearing number EC.DH.34144/24-59 dated November 20, 1959 issued by RBI read with our balance sheet for the year ending December 31, 1961 we can confirm that an allotment of 1,858 Equity Shares to Goetze-Werke was made in the year 1961.

2. The corporate records of our Company relevant to the transfer of 50 Equity Shares from Goetze-Werke to Rolf Goetze are not available. However we can confirm this transfer on the basis of the minutes of the meeting of our Board dated June 24, 1963 whereby the said shares were transmitted to Herman Goetze on demise of Rolf Goetze which was further transferred to Goetze-Werke by Herman Goetze and approved in the same meeting.

3. This is the date of the approval bearing number EC.DH.MI/4347/24 (Spl.3)-77 issued by the Exchange Control Department, RBI for transfer of 50 Equity Shares from Goetze – Werke to Dr. Irmler.

4. This is the date of the approval bearing number EC.DH.CI/6506/2/24 (Spl.3)-80 issued by the Exchange Control Department, Reserve Bank of India for transfer of 500 Equity Shares from Dr. Irmler and 2,700 Equity Shares from Dr. Glatzel to Goetze-Werke.

(B). Federal -Mogul Holdings Limited

Date of allotment /acquisition/transfer	Number of Equity Shares	*Remarks*	Acquisition Price (Rs.In lakh)	Cumulative shareholding
May 12, 2006	62,30,000	*Inter-se* transfer from the erstwhile Promoter Joint Investments Private Limited.*	13,861.75	62,30,000
December 7, 2007	41,77,715	Allotment in the Rights Issue**	6,057.69	1,04,07,715
Total (B)	**1,04,07,715**		**19,919.44**	
		Average Cost per share (Rs)	**191.39**	
Total Promoter Holdings i.e. (A) + (B)	**1,87,14,588**			

* Prior to Federal-Mogul Group acquiring a majority shareholding in our Company, the majority shareholding of our Company was held by Anil Nanda through his associates. For details of our original Promoters, please refer to the chapter titled "Our History and Main Objects" beginning on page 119 of the Letter of Offer.

** FM Holdings was allotted 41,77,715 Equity Shares pursuant to the rights issue in 2007 constituting 56.97% of the rights issue. This includes allotment of additional 32.33% of the rights issue over and above their entitlement on account of undersubscription.

6. *Details of Equity Shares bought back*

Our Company has not bought back any Equity Shares since inception.

7. *Details of the transactions in Equity Shares by the Promoters and the Promoter Group during the last 6 months*

The Promoters/Promoter Group and Directors of our Company have not purchased or sold the Equity Shares of our Company during the 6 months period preceding the date of filing the Letter of Offer with SEBI

8. ***Top 10 shareholders***

a. As on date of filing of the Letter of Offer with Stock Exchanges*:

Sr. No.	Particulars	No. of Shares	Percentage of Issued and Paid – up Capital
1.	Federal -Mogul Holdings Limited	1,04,07,715	31.91
2.	Federal-Mogul Vermogensuverwaltungs Gmbh	83,06,873	25.47
3.	Reliance Capital Trustee Company Limited (A/C Reliance Tax Saver (Elss) Fund)	18,74,764	5.75
4.	Reliance Capital Trustee Company Limited (A/C Reliance Equity Opportunities Fund)	12,90,000	3.95
5.	Life Insurance Corporation Of India	11,85,070	3.63
6.	General Insurance Corporation Of India	5,56,580	1.71
7.	The New India Assurance Company Limited	5,39,775	1.66
8.	Voyager Fund Mauritius Limited	4,73,802	1.45
9.	National Insurance Company Limited	3,13,079	0.96
10.	Birla Sun Life Trustee Company Private Limited	2,00,000	0.61
Total		**2,51,47,658**	**77.09**

*As of the beneficial position as on October 31, 2008

b. 10 days prior to date of filing of the Letter of Offer with Stock Exchanges * :

Sr. No.	Particulars	No. of Shares	Percentage of Issued and Paid – up Capital
1.	Federal -Mogul Holdings Limited	1,04,07,715	31.91
2.	Federal-Mogul Vermogensuverwaltungs Gmbh	83,06,873	25.47
3.	Reliance Capital Trustee Company Limited (A/C Reliance Tax Saver (Elss) Fund)	18,74,764	5.75
4.	Reliance Capital Trustee Company Limited (A/C Reliance Equity Opportunities Fund)	12,90,000	3.95
5.	Life Insurance Corporation Of India	11,85,070	3.63
6.	General Insurance Corporation Of India	5,56,580	1.71
7.	The New India Assurance Company Limited	5,39,775	1.66
8.	Voyager Fund Mauritius Limited	4,73,802	1.45
9.	National Insurance Company Limited	3,13,079	0.96
10.	Birla Sun Life Trustee Company Private Limited	2,00,000	0.62
Total		**2,51,47, 658**	**77.09**

*As of the beneficial position as on October 24, 2008

c. 2 years prior to the date of filing of the Letter of Offer with Stock Exchanges *:

Sr. No.	Particulars	No. of Shares	Percentage of Issued and Paid – up Capital
1.	Federal-Mogul Vermogensuverwaltungs GMBH	64,39,437	25.46
2.	Federal Mogul Holdings Ltd.	62,30,000	24.64
3.	Reliance Capital Trustee Co. Ltd. - A/C Reliance Tax Saver (ELSS) Fund	17,00,363	6.72
4.	HDFC Trustee Company Limited - HDFC Prudence Fund	15,34,191	6.07
5.	Life Insurance Corporation of India	9,18,659	3.63
6.	Reliance Capital Trustee Co. Ltd A/C Reliance Equity Opportunities Fund	7,35,172	2.91
7.	Anil Nanda	7,20,774	2.85
8.	The New India Assurance Company Limited	6,36,299	2.52
9.	Voyager Fund Mauritius Limited	4,31,458	1.71
10.	General Insurance Corporation of India	3,13,079	1.24
Total		**1,96,59,432**	**77.74**

*As of the beneficial position as on November 03, 2006.

9. The total number of members of our Company as on the date of filing of the Letter of Offer (as of the beneficial position as on October 31, 2008) are 28,724**.**

10. The present Issue being a Rights Issue, as per extant SEBI DIP Guidelines, the requirements of Promoters' contribution and lock-in are not applicable.

11. The present Issue is not underwritten. Neither our Company, the Promoters and Directors of our Company, nor the Lead Manager to the Issue have entered into any buy-back, standby or similar arrangements for any of the securities being issued through the Letter of Offer.

12. Our Company has not issued any Equity Shares or granted any options under any scheme of employees stock option or employees stock purchase.

13. At any given time, there shall be only one denomination of the Equity Shares of our Company and our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time. The equity shareholders of our Company do not hold any warrants, options or convertible loans or debentures, which would entitle them to acquire further shares in our Company. There are no outstanding options, warrants, debentures,

convertible instruments held by anybody that will entitle such persons to acquire further Equity Shares in our Company.

14. No further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner which will affect the equity capital of our Company, shall be made during the period commencing from the filing of the Letter of Offer with SEBI and the date on which the Equity Shares issued under the Letter of Offer are listed or application moneys are refunded on account of the failure of the Issue. Further, presently our Company does not have any intention to alter the equity capital structure by way of split/consolidation of the denomination of the shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities within a period of 6 months from the date of opening of the Issue. However, if business needs of our Company so require, our Company may alter the capital structure by way of split / consolidation of the denomination of the Equity Shares / issue of Equity Shares on a preferential basis or issue of bonus or rights or public or preferential issue of Equity Shares or any other securities during the period of 6 months from the date of opening of the Issue or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.

15. The Issue will remain open for a minimum of 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

16. Our Company has not availed of "bridge loans" to be repaid from the proceeds of the Issue for incurring expenditure on the Objects of the Issue.

17. There are restrictive covenants in the agreements that our Company has entered into with certain banks and financial institutions for short-term loans and long term borrowings. Some of these restrictive covenants require the prior consent of the said banks/financial institutions and include, for example, restrictions pertaining to the declaration of dividends, alteration of the capital structure, entrance into any merger/amalgamation, expenditure in new projects, change in key personnel, change in the constitutional documents and the right to appoint a nominee Director on the Board of Directors of our Company upon an event of default. Our Company has in accordance with such agreements obtained / applied for the consent of such banks and financial institutions to proceed with the Rights Issue. For further details, please refer to the paragraph titled "Lenders Consent for the Issue" on page 118 of the Letter of Offer.

18. We have not issued any Equity Shares out of revaluation reserves. However, we have in the past, issued bonus Equity Shares out of our free reserves.

19. Our Company has not made a public offering of its Equity Shares in the immediately preceding 2 years from the date of filing of the Letter of Offer except the rights issue of 73,33,389 Equity Shares of face value Rs. 10/- each at an issue price of Rs. 145 per share aggregating to Rs. 10,633.41 lakh to the then existing shareholders of our Company.

20. The terms of issue to Non-Resident Equity Shareholders/Applicants have been presented under the chapter titled "Terms of the Issue" beginning on page 345 of the Letter of Offer.

21. **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue on the date of closure of the Issue, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of the Issue. If there is a delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount (i.e. 15 days after closure of the Issue), our Company shall pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of section 73 of the Companies Act 1956.

Under-subscription of the issue will be determined after considering the number of shares applied as per the entitlement plus additional shares applied for by the existing shareholders and the renouncees. Our Promoters, FMHL and FMG, have confirmed that that they would subscribe to the full extent of their entitlement in the proposed Rights Issue, either by themselves or through one or more Promoter Group Entities, whether within or outside India, and either singly or jointly amongst any of them. The undersubscribed portion can be applied for only after the close of the Issue. Our Promoter, FMHL, has undertaken to subscribe to the unsubscribed portion in this Issue, if any, such that the post-Issue holding of Promoters and Promoter Group doers not exceed 75% of the post-Issue capital of our Company, except to achieve the minimum subscription in compliance with applicable laws and regulations. Subscription by our Promoters to the extent of their entitlement in the Issue and acquisition of additional Equity Shares in case of under-subscription, if any, will not result in a change in control of the management of our Company and shall be in compliance with the proviso to Regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of Regulations 11 and 12 of Takeover Code.

In case the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchange, the Issuer shall forthwith repay without interest, all monies received from the applicants in pursuance of the Letter of Offer and if such money is not repaid within eight days after the day from which the Issuer is liable to repay it, the Issuer shall pay interest as prescribed under section 73 (2) /73 (2A) of the Companies Act, 1956.

22. For Equity Shares being offered on rights basis under this Issue, if the shareholding of any of the Equity Shares is less than 2, the frational entitlement of such holders shall be ignored. Shareholders whose fractional entitlements are being ignored would be given preferential allotment of ONE additional Equity Share each if they apply for additional Equity Shares. The Equity Shares needed for such rounding off shall be adjusted from the Promoter and Promoter Group's entitlement at the time of allotment.

    Those Equity Shareholders whose holding is less than 2 Equity Shares and therefore are entitled to zero Equity Shares under the Rights Issue, shall be dispatched a CAF with zero entitlement. Such Equity Shareholders would be given preferential allotment of ONE additional Equity Share each. However, they cannot renunciate the same to third parties. CAF with zero entitlement shall be non-negotiable / non-renunciable.

23. Equity Shares offered through the Issue shall be fully paid-up on allotment and the entire amount of Rs. 56 (face value of Rs. 10 and a premium of Rs. 46) per Equity Share is payable on application.

24. The Equity Shares of our Company are fully paid up and there are no partly paid up shares as on the date of the Letter of Offer.

25. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in the Issue.

OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds of the Issue towards the following purposes:

- Repayment of existing debt on their respective due dates
- Payment to suppliers for purchase of machineries (including interest accrued thereon)
- General corporate purposes
- Issue expenses

The main objects clause of our Memorandum of Association, enables us to undertake our existing activities and the activities for which funds are being raised by us through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the objects clause of our Memorandum of Association.

Brief details of the fund requirements

We intend to utilise the funds raised from the Issue as follows:

Objects	Rs. in lakh	as a % of the total Issue Size
A. Repayment of existing debt on their respective due dates	3,040.67	23.44
B. Payment to suppliers for purchase of machineries (including interest)	9296.61	71.68
C. General corporate purposes	515.11	3.97
D. Issue expenses	117.69	0.91
Total	12970.08	100.00%

Means of finance

Sr. No.	Particulars	Amount Rs in lakhs
1.	Rights Issue proceeds	12970.08
	Total	**12970.08**

The entire 100% requirements of the objects detailed above are intended to be funded from the Net Issue Proceeds. Therefore no other means of financing is envisaged. We also confirm that, as on date, no amount has been spent towards any of the purposes for which Net Issue Proceeds are intended to be deployed.

The above fund requirements and deployment are based on the estimates of our management and have not been appraised by any bank or financial institution or independent third party. These fund requirements are based on the current business plan of our Company. We operate in a highly competitive and dynamic industry, and may have to revise our business plan from time to time on account of new projects that we may pursue or to formulate a response to revised market or economic circumstances. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with by other funding sources, including surplus funds if any available in any other project of our Company and/or our Company's internal accrual.

The details of the fund requirements are as follows:

A. Repayment of existing debt on their respective due dates

We have currently availed term loans from various banks as detailed in the paragraph titled "Financial Indebtedness" beginning on page 110 of the Letter of Offer.

Out of the total outstanding term loans of Rs. 4790.67 lakh as on October 10, 2008, we propose to repay loans of Rs. 3040.67 lakh through proceeds of the Issue. This repayment will help us to reduce the interest burden and thereby improve our profitability.

The details of installments of all loan repayments due in the period December 01, 2008 to September 30, 2009

(Rs. in Lakh)

Name of the Lender	Amount sanctioned	Principal Amount Outstanding as on October 10, 2008	Repayment during December 01, 2008 and September 30, 2009		Amount Outstanding as on September 30, 2009	Purpose as per the Sanction Letter	Utilization
			Amount	Date			
State Bank of India	3,500.00	290.67	290.67	January 01, 2009	Nil	Corporate loan to meet the capex requirement *vide* sanction letter dated February 19, 2005	Corporate loan to meet the capex requirement
State Bank of Patiala	3,000.00	1,000.00*	500.00	January 30, 2009	Nil	To shore up and augment the net working capital position and to rectify the temporarily mismatch of fund flow *vide* sanction letter dated July 19, 2005	To shore up and augment the net working capital position and to rectify the temporarily mismatch of fund flow
The Bank of Rajasthan Limited	1,500.00	1,500.00	375.00	December 22, 2008	Nil	To meet mismatch cash flow *vide* sanction letter dated August 22, 2007	To meet mismatch cash flow
			375.00	March 19, 2009			
			375.00	June 22, 2009			
			375.00	September 21, 2009			
Axis Bank Limited	3,000.00	2000.00	250.00	January 09, 2009	1,250.00	Part funding of capital expenditure vide sanction letter dated December 30, 2006	Part funding of capital expenditure
			250.00	April 09, 2009			
			250.00	July 09, 2009			
Total		**4790.67**	**3040.67**		**1,250.00**		

* One installment of Rs. 500.00 lakh shall be paid on October 30, 2008 out of the internal accruals of our Company.

The above mentioned details of the loans have been certified by M/s. S. R. Batliboi & Co., Chartered Accountants *vide* their certificate dated October 10, 2008. Utilization of these loans has not been verified by the auditors and they have relied solely on the representation of the management for this information.

The amounts raised through the Issue would be used to repay the installments on their due date only and we do not intend to pre-pone the debt repayment. In case of delay in receiving the Issue proceeds for any reasons whatsoever, we would repay our debts through other sources, including surplus funds if any available in any other project of our Company and/or our Company's internal accruals. In such an event we would update the Letter of Offer and / or keep the investors informed about the details.

B. Payment to suppliers for purchase of machineries (including interest accrued thereon)

We intend to utilize an amount of Rs. 9,296.61 lakh towards payment to suppliers for import of machineries which have been purchased for manufacturing purposes for our plants at Patiala and Bengaluru. This amount of Rs. 9296.61 lakh includes Rs. 323.71 lakh towards interest on outstanding payments to the machinery suppliers.

Of the total amount payable to the suppliers, Rs. 8,832.53 lakh (95.01%) is proposed to be paid to FMC, one of our Promoters, and to Federal-Mogul Burscheid GmbH and Federal-Mogul Nürnberg GmbH who are directly/indirectly controlled by FMC as per the details given in the tabular format below:

Sr. No.	Promoter	Amount Payable (Rs. in Lakhs)	% of the total amount payable to suppliers
1.	FMC	2,460.13*	26.46
2.	Federal-Mogul Burscheid GmbH	3,801.56*	40.89
3.	Federal-Mogul Nürnberg GmbH	2,570.84	27.65
	Total	**8,832.53**	**95.01**

** Including Interest payable on delayed payments*

FMC being a listed company, all the transactions carried out by FMC or its group / associate companies, are carried out on an arms length basis, whereby conflicts of interest are reduced to a great extent.

The details of utilization of proceeds towards the payment for import of machineries have been classified as under:

i. New machineries that have been delivered.
ii. New machineries for which firm purchase orders have been placed but have not been delivered.
iii. Second hand machineries that have been delivered.

I. New machineries that have been delivered:-

Factory / Unit for which the machine is purchased	Name of the machine, number	Quantity	Total Price	Amount *(Rs. in Lakh)* [Refer note no. 1 below]	Name of the supplier / vendor	Purchase order number	Date of Invoice	Last date for payment
Bengaluru Plant	CNC Automatic OD Turning Machine 1.485/08 Atr Number: 9440130162	1	Euro 3,08,700	207.82	Federal-Mogul Burscheid GmbH	3030001146	May 15, 2008*	August 13, 2008
Bengaluru Plant	CNC-I.D.Turning Machine Typ: 5.296- One set of Drawings	1	Euro 3,93,260	264.74	Federal-Mogul Burscheid GmbH	3030001349	June 06, 2007*	September 4, 2007

Factory / Unit for which the machine is purchased	Name of the machine, number	Quantity	Total Price	Amount *(Rs. in Lakh)* [Refer note no. 1 below]	Name of the supplier / vendor	Purchase order number	Date of Invoice	Last date for payment
Bengaluru Plant	DCT Recondtioning - , Boring Bar Holder With Swing Assembly, Tribos Spannhuelsen Best	1 Set 1 Set 39 pieces	Euro 86,593	58.29	Federal-Mogul Burscheid GmbH	3030001251	November 21, 2007*	February 19, 2008.
Bengaluru	CNC Auto Keystone Grinding M/C ZTN: 84602190	1	Euro 6,26,800	421.96	Federal-Mogul Burscheid GmbH	3030001034	August 31, 2007*	November 29, 2007
Patiala Plant	Modification Of DCT Machine, Price per unit - Euro 52,512	2 of 2 sets each	Euro 1,05,024	70.70	Federal-Mogul Burscheid GmbH	3030001157	December 06, 2007*	March 05, 2008
Patiala Plant	Boring Bar Holder With Swing Assembly	4 sets	Price- Euro 54,820	36.90	Federal-Mogul Burscheid GmbH	3030001200	December 06, 2007*	March 05, 2008
Bengaluru Plant	Cell Bath+Accs - Chr/Plating Plant ZTN Nr: 84799097	1	Euro 4,41,200	297.02	Federal-Mogul Burscheid GmbH	3030001256	November 08, 2007*	February 06, 2008
Bengaluru Plant	Semi Auto. Cnc.Pr. Grinding M/C-T:3.436/02, ZTN Nr. 84602990	1	Euro 4,37,000	294.19	Federal-Mogul Burscheid GmbH	3030001179	January 30, 2008*	April 29, 2008
Bengaluru Plant	DCT Recondtioning - ZTN: 84669395	1 unit of 2 sets	Euro 52,512	35.35	Federal-Mogul Burscheid GmbH	3030001157	October 29, 2007*	January 27, 2008
Bengaluru Plant	Bore head including	1	Euro 1,44,135	97.03	Federal-Mogul	3030001052	August 09, 2007*	November 7, 2007

Factory / Unit for which the machine is purchased	Name of the machine, number	Quantity	Total Price	Amount *(Rs. in Lakh)* [Refer note no. 1 below]	Name of the supplier / vendor	Purchase order number	Date of Invoice	Last date for payment
	spindles ZTN: 84669395				Burscheid GmbH			
Bengaluru Plant	Modfied Auto Ultrsnic Test Systo Chk Price- Euro 241,717 Eddy Current Tester – Multifrequency Price- Euro 272,526	1 1	Euro 5,14,243	346.19	Federal-Mogul Nuernberg GmbH	3030001051	March 14, 2007*	June 12, 2007
Bengaluru Plant	Transfer Vaccum Rotations Fillter	1	Euro 1,62,000	109.06	Federal-Mogul Nürnberg GmbH	3030001198	April 17, 2007*	July 16, 2007
Bengaluru Plant	Casting Cell MLDB with Ti Wiring, Price- Euro 699,390 Parts to casting cell MLDB (Ti Wire Feeder) Price- Euro 15,585	1	Euro 7,14,975	481.32	Federal-Mogul Nürnberg GmbH	3030001173	April 25, 2007*	July 24, 2007
Bengaluru Plant	Change Over Parts-LVD-3-Type:FIAT 6934 Type:FIAT 6934,	1	Euro 2,75,675	185.58	Federal-Mogul Nürnberg GmbH	3030001171	June 25, 2007*	September 22, 2007
Bengaluru Plant	Change Over Parts-LVD-3-Type:FIAT 6934	1	Euro 28,560	19.23	Federal-Mogul Nürnberg GmbH	3030001171	October 19, 2007*	January 17, 2007
Bengaluru Plant	Oiljet Machine / Coating Testing Machine	1	Euro 77,280	52.02	Federal-Mogul Nürnberg GmbH	3030000990	October 22, 2007*	January 20, 2008
Bengaluru Plant	Sewing Cell with Accessory	1	Euro	61.97	Federal-Mogul	3030001267	December 12, 2007*	March11, 2008

Factory / Unit for which the machine is purchased	**Name of the machine, number**	**Quantity**	**Total Price**	**Amount *(Rs. in Lakh)* [Refer note no. 1 below]**	**Name of the supplier / vendor**	**Purchase order number**	**Date of Invoice**	**Last date for payment**
	Price- Euro 30,687 Industrial Robot Kuka KR30 Wth Grippers & Hyd.Motr, Price- Euro 61,365		92,052		Nürnberg GmbH			
Bengaluru Plant	New Evatuation Software-US M/C-M&M0850B	1	Euro 19,100	12.86	Federal-Mogul Nürnberg GmbH	3030000768	December 18, 2007*	March 17, 2008
Bengaluru Plant	Casting cell MLDB without Ti Wiring (Casting Machine)	1	Euro 5,89,975	397.17	Federal-Mogul Nürnberg GmbH	3030001426	March 28, 2008*	June 26, 2008
Bengaluru Plant	DUS Grinder Type 3.450 (Grinding Machine) ZTN :84601900,	1	Euro 4,94,000	332.56	Federal-Mogul Burscheid GmbH	3030001322	April 01, 2008*	June 30, 2008
Bengaluru Plant	DUS Grinder Type 3.450 (Grinding Machine) ZTN:84601900,	1	Euro 4,94,000	332.56	Federal-Mogul Burscheid GmbH	3030001333	March 27, 2008*	June 25, 2008
Bengaluru Plant	Cell Bath Commissioning 10.02-27.02.2008 ZTN: 84669395	1	Euro 34,692	23.35	Federal-Mogul Burscheid GmbH	3030001256	April 24, 2008*	July 23, 2008**
Bengaluru Plant	Fix Seat Finish Takisawa Machine.	2	JPY 1,57,00,000	78.94	Takisawa Machine Tools	3030001902	June 19, 2008	September 21,2008
Bengaluru Plant	Toolings & clamping units - LVD Line comprising of - 15 units	1	Euro 2,51,452	169.28	Federal-Mogul Nürnberg GmbH	3030001842	July 10, 2008*	October 08, 2008

Factory / Unit for which the machine is purchased	Name of the machine, number	Quantity	Total Price	Amount *(Rs. in Lakh)* [Refer note no. 1 below]	Name of the supplier / vendor	Purchase order number	Date of Invoice	Last date for payment
Bengaluru Plant	Automatic Gap Grinding M/c 3.495 with installation & commissioning charges, Price- Euro 1,16,250 + Commission Cost-Euro 16,800	1	Euro 1,33,050	89.57	Federal-Mogul Burscheid GmbH	3030001662	July 30, 2008*	October 28, 2008
Bengaluru Plant	Toolings & Clamping units - Gasoline line comprising of 9 units. Total cost of all units: Euro 1,52,450 out of which worth machinery worth Euro 22,000 has been delivered	1	Euro 22,000	14.81	Federal-Mogul Nürnberg GmbH	3030001886	August 05, 2008*	November 03, 2008
Total				**4,490.49**				

Note 1: The payments for these machineries have to be made in the relevant foreign currency in which the invoice is raised. We intend making the payment by purchasing foreign currency from the spot market on the date of payment. We have not availed of any hedging or other arrangements to curtail the risk arising from foreign exchange fluctuations and thus are not in a position to ascertain the exact amount payable in Indian rupees, as on date. Any gain/loss (from the amount capitalized in the books of accounts of our Company) arising from foreign exchange fluctuations would be adjusted in the profit and loss account for relevant Financial Year in which payment is made. For details of the currency conversion rates, please refer to the chapter titled "Presentation of Financial Information and Use of Market Data" beginning on page ii of the Letter of Offer.

* As per the terms of payment, as agreed between our Company and Federal-Mogul Burscheid GmbH and Federal-Mogul Nürnberg GmbH, the payment for the above machinery is to be made within 90 days from the date of respective invoices. The due date for most of the aforesaid machines has expired, and the others are scheduled to expire prior to expected date of payment, which is expected to be sometime in the last quarter of FY 2008, once we have access to Rights Issue proceeds. Hence, we are liable to pay interest on the outstanding amounts to Federal-Mogul Burscheid GmbH as per the mutually agreed terms.

** Last date of payment is 90 days from the date of Bill of lading. (Date of lading is June 23,2008)

1. ***Plant / Machineries that are yet to be delivered***

Factory / Unit for which the machine is purchased	Name of the machine, number, price per unit of the machine	Quantity	Total Price	Amount *(Rs. in Lakh)* [Refer note 1 above]	Name of the supplier / vendor	Date of purchase order	Purchase order number	Expected Date of delivery
Bengaluru Plant	Double spindle face grinder (CNC-Kaefig machine) with installation & commissioning charges Price- Euro 5,62,500 + Commission Cost-Euro 16,800	1	Euro 5,79,300	389.98	Federal-Mogul Burscheid GmbH	January 25, 2008	3030001776	January 01, 2009*
Bengaluru Plant	Spl Kuka Robot with Grippers & Hyd.Motor	1	Euro 95,000	63.95	Federal-Mogul Nürnberg GmbH	April 19, 2007 and March 11, 2008	3030001871	November 30, 2008*
Bengaluru Plant	Refurbished Fata Casting Cell - Gasoline line	1	Euro 2,29,000	154.16	Federal-Mogul Nürnberg GmbH	March 14, 2008	3030001883	November 30, 2008*
Bengaluru Plant	Toolings & Clamping units - Gasoline line comprising of 9 units. Total cost: Euro 1,52,450 of which machinery worth Euro Rs. 22,000 has been delivered.	1	Euro 1,30,450	87.82	Federal-Mogul Nürnberg GmbH	March 14, 2008	3030001886	October 31, 2008*
Bengaluru Plant	Refurbished Cots Make Oval TurningMachine - Gasoline line Price- Euro 53,000 each	2	Euro 1,06,000	71.36	Federal-Mogul Nürnberg GmbH	March 19, 2008	3030001897	October 31, 2008*
Bengaluru Plant	Rough Turning, Pinhole Finishing m/c - Gasoline Line (90% +10%) Price- Euro 2,30,802 + Euro 3,15,351 + Installation and set up charges equivalent to Euro 25,960.	1	Euro 5,72,113	385.15	J.G Weisser Sohne GmbH	March 17, 2008	3030001892	February 01, 2009*
Bengaluru Plant	CNC IDA Machine	1	Euro 3,03,750	204.48	Federal-Mogul Burscheid GmbH	June 11, 2008	3030002076	January 15, 2009*
Bengaluru Plant	MLDB Diesel Casting Machine (with installation & commissioning charges)	1	Euro 64,2975	432.85	Federal-Mogul Nürnberg GmbH	June 16, 2008	3030002086	January 10, 2009*

Factory / Unit for which the machine is purchased	Name of the machine, number, price per unit of the machine	Quantity	Total Price	Amount *(Rs. in Lakh)* [Refer note 1 above]	Name of the supplier / vendor	Date of purchase order	Purchase order number	Expected Date of delivery
	Price- Euro 5,89,975+ Erection and Commissing Cost equivalent to Euro 53,000							
Total				**1,789.76**				

* As per the terms of payments agreed between our Company and Federal-Mogul Burscheid GmbH and Federal-Mogul Nürnberg GmbH, the payment for the above machinery is to be made within 90 days from the date of respective invoices.

II. Second hand machineries

1. Plant / Machineries which are delivered

Factory / Unit for which the machine is purchased	Name of the machine, number, price per unit of the machine	Total Price	Amount *(Rs. in Lakh)* [Refer note 1 above]	Useful life of the machine	Balance estimated life of the machine	Name of the supplier / vendor	Purchase Order Number	Date of Invoice	Date of Bill of Lading
Bengaluru Plant	Transfer Bearbeitungslinie 17	Euro 6,63,522.60	446.68	29 Years	10 years subject to proper operation and maintenance	Federal-Mogul Nürnberg GmbH	3030001198	May 21, 2007	April 30, 2007*
Patiala Plant	Malden Plant- Second Hand Piston manufacturing equipment, production machining cell 10 & 12 and Foundry Production station 2 spares & accessories	USD 7,24,504	358.19	35 Years	10 years subject to proper operation and maintenance	Federal-Mogul Corporation	3030000874	August 21, 2006	September 04, 2006*
Patiala Plant	Malden Plant- Used	USD 3,75,892	185.84	30 years	10 years	Federal-Mogul	3030000874	November 20,	November 20,

Factory / Unit for which the machine is purchased	Name of the machine, number, price per unit of the machine	Total Price	Amount *(Rs. in Lakh)* [Refer note 1 above]	Useful life of the machine	Balance estimated life of the machine	Name of the supplier / vendor	Purchase Order Number	Date of Invoice	Date of Bill of Lading
	machinery for Piston Manufacturing				subject to proper operation and maintenance	Corporation		2006	2006*
Patiala Plant	Malden Plant- Used machinery for Piston Manufacturing,	USD 12,03,007	594.77	35 years	Atleast 10 years subject to proper operation and maintenance	Federal-Mogul Corporation	3030000874	December 15, 2006	December 28, 2006*
Patiala Plant	Malden Plant,- Second Hand Piston manufacturing equipment	1,44,122	71.25	25 years	10 years subject to proper operation and maintenance	Federal-Mogul Corporation	3030000874	January 22, 2007	January 30, 2007*
Patiala Plant	Malden Plant- Used machinery for Piston manufacturing	USD 17,27,269.00	853.96	35 years	10 years subject to proper operation and maintenance	Federal-Mogul Corporation	3030000874	January 25, 2007	January 23, 2007*
Patiala Plant	Malden Plant- Used machinery for Piston manufacturing,	USD 5,000	2.47	40 years	Atleast 7 years subject to proper operation and maintenance	Federal-Mogul Corporation	3030000874	January 26, 2007	February 06, 2007*
Patiala Plant	Malden Plant- Used machinery for Piston manufacturing	USD 2,05,544	101.62	35 years	10 years, subject to proper operation and	Federal-Mogul Corporation	3030001208	May 04, 2007	April 17, 2007

Factory / Unit for which the machine is purchased	Name of the machine, number, price per unit of the machine	Total Price	Amount *(Rs. in Lakh)* [Refer note 1 above]	Useful life of the machine	Balance estimated life of the machine	Name of the supplier / vendor	Purchase Order Number	Date of Invoice	Date of Bill of Lading
					maintenance				
Patiala Plant	Malden Plant,	USD 1,57,490	77.86	30 years	15 years subject to proper operation and maintenance	Federal-Mogul Corporation	3030001208 and 3030001252	April 13, 2007	April 25, 2007*
Total			**2,692.66**						

Note: The estimated life of the above machines have been inspected and certified by duly qualified chartered engineers, at the time of purchase.

* As per the terms of payments agreed between our Company and Federal-Mogul Nürnberg GmbH, the payment for the above machinery is to be made within 90 days from the date of the respective invoices. As per the terms of payments agreed between our Company and Federal-Mogul Corporation, the payment for the above machinery is to be made within 90 days from the date of the respective bills of lading.

Notes:

1. All the aforesaid vendors from whom the new and second hand machineries have been purchased are specialists in their line of business, and payments to FMC and entities controlled by FMC, that is Federal-Mogul Burscheid GmbH and Federal-Mogul Nürnberg GmbH are being made on an arms length basis;

2. The auditors in the Auditors Report dated March 3, 2008, have stated, in relation *inter alia* to the contracts for purchase of machineries, in view of the unique and specialized nature of the items involved and the absence of any comparable prices, they are unable to comment whether the transactions were made at the prevailing market prices at the relevant time. The aforesaid machineries primarily consist of SPM's (Special Purpose Machineries), which are made-to-order, as per specific client requirements, The management believes that the transactions have been carried out on an arms length basis, though there are no comparable prices.

3. We have ordered second-hand machineries on account of the following reasons: (a) The lead time involved in ordering the new machineries was estimated at 9-12 months at the time when the orders were being placed, and second-hand machineries were available at much shorter notice; (b) The cost differential between the new and the second-hand machineries; and (c) These machineries, prior to their import, were manufacturing pistons/parts being supplied to automobile manufacturers in the United States, and they are being used for the same purposes in India, and thus have helped to increase our exports, (d) these machineries, though second hand, have substantial useful life as indicated above .

4. The machineries have been ordered primarily from FMC and entities controlled by FMC, for the following reasons: (a) they have over 50 years in manufacturing these kind of machines. The Technology possessed by FMC is used to manufacture these Special Purpose Machines, which benefit our manufacturing process and provide higher productivity and margins; (b) our Company has in place Technical Assistance/Know-How Collaboration agreements with Federal-Mogul Burscheid GmbH and Federal-Mogul Nürnberg GmbH, as detailed in the chapter titled "Material Agreements of the Company" beginning on page 167 of the Letter of Offer, and on account of the continuing relations with the aforesaid suppliers pursuant to the aforesaid agreements, we have received timely assistance, both in relation to specifications for ordering them and after-sales service and assistance.

Estimated Interest Payment

The estimated interest for the delayed payment of machineries to Federal-Mogul Burscheid GmpH and Federal-Mogul Corporation to be made out of the Issue proceeds is Rs. 323.71 lakh, if payment is made by December 31, 2008 as per the terms mutually agreed with them. This amount has been estimated based on written confirmation from suppliers *vide* letter dated October 10, 2008 and certified by M/s. V. P. Jain & Associates, Chartered Accountant (membership no.: 81514) *vide* his certificate dated October 10, 2008, certifying the amount as correct.

Thus the amount payable on purchase of machineries is estimated as follows:

Sr. No.	Particulars	Amount (Rs. In lacs)
1.	New machinery already delivered	4,490.49
2.	New machinery – firm purchase order placed– not yet delivered	1,789.76
3.	Second hand machinery which have been delivered	2,692.66
4.	Estimated interest outgo	323.71
	Total	**9,296.61**

Note: Any difference arising in the actual payment to the suppliers for purchase of machineries (including interest) due to foreign exchange rate variations will be adjusted with the Issue proceeds available for General corpoarte purposes.

C. General corporate purposes

The monies shall be used for general corporate purposes including but not restricted to improving the working capital requirements of our Company, part financing our further expansion plans, investment in research and technology up-gradation, investment in other segments of the industry, meeting exigencies and contingencies of business. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

D. Issue expenses

The total expenses of the Issue are estimated to be approximately Rs. 117.69 The Issue related expenses include, among others, issue management fees, registrar fees, printing and distribution expenses, auditor fees, legal fees, advertisement expenses, stamp duty, depository charges and listing fees to the stock exchanges. The total expenses for the Issue are estimated not to exceed 0.91% of the size of the Rights Issue. The following table provides a break up of estimated Issue expenses:

Particulars	Estimated amount (In Rs. lakh)	As percentage of total Issue expense	As percentage of total Issue size
Statutory Advertisement	20.00	17.00	0.15
Advisors' fee	63.50	53.95	0.49
SEBI filing and Stock Exchange Listing fees	4.94	4.20	0.04
Postage, Printing and Stationery	25.00	21.24	0.19
Others including Registrar fees, Contingencies etc.	4.25	3.61	0.03
Total	**117.69**	**100.00**	**0.91**

Deployment of Net Issue proceeds towards objects of the Issue

We confirm that no amount has been spent as on date towards any of the purposes where the Net Issue Proceeds are proposed to be deployed.

Balance deployment of Net Issue proceeds

The year wise deployment Net Issue Proceeds is as follows:

Sr. No.	Particulars	Already deployed	FY 2008	FY 2009
1.	Repayment of existing debt	Nil	**375**	**2,665.67**
2.	Purchase of machinery	Nil	**7884.15**	**1412.47**
3.	General corporate purposes	Nil		515.11

Note: As on date an amount of Rs. 20.48 lakh has been deployed towards Issue expenses out of the internal accruals of our Company, as certified by V.P. Jain & Associates, Chartered Accountants *vide* their letter dated October 10, 2008

Interim use of Issue proceeds

In the event our Company receives at least the minimum subscription of 90% of the Issue size, and pending utilization of Issue proceeds for the purposes set forth in the Letter of Offer we may consider temporarily investing the funds in high quality interest bearing instruments / deposits with banks for the necessary duration and / or to temporarily deposit the funds in Cash Credit accounts with banks, for reducing overdraft, short-term loans and save interest costs. The Issue proceeds will not be deployed in equity or in equity related instruments. Such investments would be in accordance with investment policies approved by the Board from time to time.

Monitoring of utilization of Issue proceeds

There is no requirement for appointment of a monitoring agency in terms of clause 8.17 of the SEBI DIP Guidelines. The Audit Committee of our Company will monitor the utilization of the proceeds of the Issue. Our Company will disclose the utilization of Issue proceeds under a separate head in its balance sheet along with details for FY 2008 and FY 2009 clearly specifying the purpose for which such proceeds have been utilized. Our Company, in its balance sheet for FY 2008 and FY 2009, will provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue in our Company's financial statements for the relevant Financial Years commencing from Financial Year 2009.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. Furthermore, in accordance with clause 43A of the Listing Agreement we shall furnish to the stock exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the process of the Issue from the objects of the Issue as stated above. This information will also be published newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

No part of the Rights Issue proceeds, will be paid by our Company, as consideration to Directors, Company's KMPs or companies promoted by the Promoters except

Rs. 8,832.53 lakh payable to one of our Promoters FMC and Federal-Mogul Nürnberg GmbH and Federal-Mogul Burscheid GmbH, which are entities directly / indirectly controlled by FMC, on account of payment to suppliers for purchase of machineries (including interest).

BASIS FOR ISSUE PRICE

The Issue Price has been determined in consultation with Lead Manager to the Issue considering following qualitative & quantitative factors. Investors should also refer to the section titled “Risk Factors”, beginning on page viii of the Letter of Offer to get a more informed view before making the investment decisions.

Qualitative Factors:

- We are an auto component manufacturer primarily focusing on pistons and piston rings. Our product range includes a variety of pistons, piston rings, piston pins, valve train and structural components and other associated automobile engine components. We supply our products to most of the major automobiles manufacture in India.

- We are a part of the Federal - Mogul Group, a global supplier of vehicular parts, components, modules and systems to customers in the automotive, small engine, heavy-duty and industrial markets.

- We believe that various technical assistance / trademark / license agreement entered into by our Company with other Promoter Group companies have enabled our Company to provide high quality components.

- Our pistons and piston rings range of products are sold under the brand name “Goetze”, while our sintered products are sold under the brand name “Brico Goetze”.

For further details, please refer to the chapter titled “Our Business” beginning on page 78 of the Letter of Offer.

Quantitative Factors:

Information presented in this section is derived from our restated unconsolidated financial information prepared in accordance with the Companies Act 1956 and applicable SEBI DIP Guidelines.

a) Basic and Diluted Earning per Equity Share (EPS) of face value Rs. 10

Particulars	Consolidated		Unconsolidated	
	Weight	EPS(Rs)	Weight	EPS(Rs)
Year ended March 31, 2006	1	(10.40)	1	(11.94)
Period ended December 31, 2006	2	(2.17)	2	(3.54)
Year ended December 31, 2007	3	(4.64)	3	(6.32)
Weighted average		(4.77)		(6.33)

The EPS for six months ended June 30, 2008 is Rs. 4.45 on Consolidated basis and Rs.3.00 on Unconsolidated basis.

b) P/E pre-Issue in relation to Issue Price of Rs. 56

1. For the period ended December 31, 2007, EPS is negative Rs. (4.64) on consolidated basis and Rs.(6.32) unconsolidated basis.

2. P/E based on profits after taxes, as restated, for the period ended December 31, 2007 - Not applicable since the EPS is negative.

3. Since our Company had a negative EPS for the past three years,the negative P/E ratio is not a meaningful quantitative measure.

4. Industry P/E

i) Highest (Hindustan Composites Limited)	:	150.4
ii) Lowest (Rasandik Engg.)	:	2.2
iii) Industry Composite	:	14.1

Source: Capital Market Volume XXIII/16 Oct 06-Oct 19, 2008
Category – Auto Ancillaries

c) Return on Net Worth ("RONW").

Particulars	Consolidated		Unconsolidated	
	Weight	RONW %	Weight	RONW %
Year ended March 31, 2006	1	(24.92)	1	(33.76)
Period ended December 31, 2006	2	(5.52)	2	(11.13)
Year ended December 31, 2007	3	(6.38)	3	(9.66)
Weighted average		(9.18)		(14.17)

The Return on Net Worth for the six months ended June 30, 2008 is is 7.19% on a consolidated basis and 5.48% on an unconsolidated basis.

RONW has been computed by dividing Net Profit/(loss) after tax as per Profit and Loss Account by Net Worth (excluding preference share capital) at the end of the year. The Weighted Average of Return on Net Worth (%) for these fiscal years have been computed by giving weights of 1, 2 and 3 for the fiscal years ending March 31, 2006, period ending December 31, 2006 (9 months) and year ending December 31, 2007 respectively.

Since our company had a negative RoNW for the years ended December 31, 2007, December 31, 2006 and March 31, 2006, the weighted average RoNW is not a meaningful quantitative measure.

d) Minimum Return on Increased Net Worth required to maintain pre –Issue EPS as on December 31, 2007 – Not Applicable since EPS was negative as there was loss incurred for the financial period ended December 31, 2007

e) **Net Asset Value per Equity Share**:

Particulars	Consolidated	Unconsolidated
Year ended March 31, 2006	41.71	35.37
Period ended December 31, 2006	39.28	31.83
Year ended December 31, 2007	72.74	65.45
Weighted average	61.96	54.74

After the Issue, based on the information stated in our Restated Consolidated financial information: Rs.59.48

After the Issue, based on the information stated in our Restated Unconsolidated financial information: Rs. 55.26

Issue Price: Rs. 56

(1) Net Asset Value per Equity Share represents Networth (after deduction of preference capital) at the end of the year as per our restated unconsolidated financial information as divided by weighted average number of Equity Shares outstanding at the end of the year.

f) Comparison with industry peers

Comparison with industry peers is not possible since none of the companies manufacturing piston and piston parts are strictly comparable in terms of the size of turnover.

g) Stock Market Data:

The Equity Shares of our Company are listed on the BSE and NSE. As our shares are actively traded on the BSE and NSE, our stock market data have been given separately for each of these Stock Exchanges. The stock market data for BSE and NSE, as extracted from their respective websites, are given below:

The high and low closing prices recorded on the BSE and NSE for the preceding three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

BSE

Calendar Year	Highest	Lowest	Average price for the year*	Date		Volume Traded on date of high and low (no. of shares)		Volume Traded during the year
				Highest	Lowest	Day of Highest	Day of Lowest	No of shares
January 1, 2007 to September 16, 2007	449.40	143.05	258.32	January 5, 2007	August 24, 2007	18,704	1,249	22,81,490
September 17, 2007 to December 31, 2007	184.5	133.20	225.35	December 31, 2007	October 9, 2007	3,59,612	9,753	53,61,427
2006	444.00	201.00	291.24	December 29, 2006	April 28, 2006	5,034	5,130	82,07,798
2005	273.65	158.00	208.27	September 19, 2005	March 29, 2005	1,44,658	23,735	91,39,536

Note: The stock market data for the Fiscal 2007 has been split in two parts to reflect the change in capital structure as a result of the rights issue completed by our Company. The first period is from January 1, 2007 to September 16, 2007 and the second period commences from September 17, 2007 (when the Equity Shares became ex-rights) till December 31, 2007.

** The average price has been computed based on the average of the daily high and low prices.*

NSE

Calendar Year	Highest	Lowest	Average price for the year*	Date		Volume Traded on date of high and low (no. of shares)		Volume Traded during the year
				Highest	Lowest	Highest	Lowest	No of Shares
January 1, 2007 to September 16, 2007	459.90	131.00	258.22	January 08, 2007	September 10, 2007	2,795	21,997	34,63,038
September 17, 2007 to December 31, 2007	183.90	131.00	144.08	December 31, 2006	October 8, 2007	1,98,069	7,843	35,20,552
2006	458.80	187.50	291.26	December 11, 2006	April 28, 2006	1,07,625	23,482	1,46,88,974
2005	268.00	158.30	208.48	September 19, 2005	March 29, 2005	2,75,939	39,834	1,73,34,355

Note: The stock market data for the Fiscal 2007 has been split in two parts to reflect the change in capital structure as a result of the rights issue completed by our Company. The first period is from January 1, 2007 to September 16, 2007 and the second period commences from September 17, 2007 (when the Equity Shares became ex-rights) till December 31, 2007.

** The average price has been computed based on the average of the daily high and low prices.*

The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

BSE

Month	Highest	Lowest	Average*	Date		Volume Traded on date of high and low (no. of shares)		Volume traded during the month (no. of shares)
				Highest	Lowest	Highest	Lowest	
April 2008	93.70	62.65	70.99	April 28, 2008	April 07, 2008	5,04,338	9,793	18,28,507
May 2008	85.00	69.65	74.86	May 02, 2008	May 12, 2008	1,06,373	19,466	5,33,260
June 2008	73.75	51.15	65.00	June 02, 2008	June 30, 2008	18,690	9,819	1,98,641
July 2008	56.7	42.5	51.34	July 30, 2008	July 21, 2008	35,40,169	3,71,176	4,61,969
August 2008	68.00	51.1	59.85	August 18, 2008	August 1, 2008	36,90,505	8,17,455	5,65,930
September 2008	66.1	44.3	55.70	September 9,2008	September 16, 2008	22,10,073	3,80,256	1,67,394

** The average price has been computed based on the average of the daily high and low prices.*

NSE

Month	Highest	Lowest	Average*	Date		Volume Traded on date of high and low (no. of shares)		Volume traded during the month (no. of shares)
				Highest	Lowest	Highest	Lowest	
April 2008	91.00	62.50	70.90	April 28, 2008	April 01, 2008	4,92,001	11,675	1,47,4135
May 2008	85.10	66.05	74.68	May 02, 2008	May 12, 2008	44,234	8,445	4,34,683
June 2008	73.95	51.00	64.83	June 02, 2008	June 30, 2008	19,762	15,794	1,78,119
July 2008	56.4	47.1	51.33	July 30, 2008	July 16, 2008	18,324	4,853	1,73,711
August 2008	68.5	51.65	59.85	August 18, 2008	August 1, 2008	58,660	5,659	3,71,252
September 2008	66.35	45	55.92	September 9, 2008	September 30, 2008	26,769	8,149	1,71,589

** The average price has been computed based on the average of the daily high and low prices.*

Week end prices of Equity Shares of our Company for the last four weeks on BSE and NSE along with the highest and lowest price is as below:

Week ended on	Closing Price	Highest Price	Lowest Price	Closing Price	Highest Price	Lowest Price
	BSE	BSE*	BSE*	NSE	NSE*	NSE*
July 25, 2008	50.25	55.00	42.50	50.75	53.40	47.65
July 18, 2008	49.85	53.20	48.05	48.50	52.00	47.10

July 11, 2008	53.95	56.00	50.00	53.65	56.00	48.20
July 04, 2008	51.60	52.70	50.00	51.05	54.00	49.25
October 3, 2008	48.85	51.50	47.10	49.25	50.00	47.60
October 10, 2008	41.20	41.95	37.00	41.15	43.00	35.15

* High/Low prices based on closing quotations on the respective Stock Exchanges

The Face Value is Rs. 10/- per Equity Share and the Issue Price is 5.6 times the Face Value of the Equity Shares.

In view of the reasons stated above, we and the Lead Manager to the Issue, in consultation with whom the premium has been decided, are of the opinion that the Issue Price of Rs. 56 per Equity Share is reasonable and justified.

STATEMENT OF TAX BENEFITS

Federal-Mogul Goetze (India) Limited
A-26/3,
Mohan Co-operative Industrial Estate
New Delhi – 110 044.

Dear Sirs,

Statement of Possible Tax Benefits available to the Company and its shareholders

We report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income Tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

i) the Company or its share holders will continue to obtain these benefits in future; or
ii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

For S.R. Batliboi & Co
Chartered Accountants
Per Pankaj Chadha

Partner
Membership No - 91813

Place: Gurgaon
Date: August 1, 2008

STATEMENT OF TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Tax.

1. **To the Company - Under the Income-tax Act, 1961 (the Act)**

Normal Tax Benefits

1.1 Under section 10(34) of the Act, any income by way of dividends referred to in Section 115O (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies) received on the shares of any company is exempt from tax.

1.2 Under section 10(35) of the Act, any income received in respect of the units of a Mutual Fund specified under section 10(23D) is exempt from tax.

1.3 Under Section 32 of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc. if acquired after March 31, 1998. In terms of Clause (iia) of sub-section (1) of section 32 of the Act, the Company is entitled to further deduction of 20% as additional depreciation on new plant & machinery acquired and installed after March 31st March 2005,subject to conditions specified therein.

1.4 Under Section 35D of the Act, the Company will be entitled to a deduction equal to 1/5th of the expenditure incurred of the nature specified in the said section, including expenditure incurred on present issue, such as under writing commission, brokerage and other charges, as specified in the provision, by way of amortization over a period of 5 successive years, beginning with the previous year in which the new unit commences production, subject to the stipulated limits.

1.5 Under Section 35DDA of the Act, the company will be entitled to a deduction equal to 1/5th of the expenditure incurred in connection with Voluntary Retirement Scheme in the said section, by way of amortization over a period of 5 successive years, beginning with the previous year in which such sum has been paid to the employees in connection with such scheme.

1.6 As per the provisions of Section 115JAA (1A) of the Act tax credit shall be allowed for any Assessment Year commencing on or after April 01, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. The credit is available for set off only when tax becomes payable under the normal provisions and that tax credit can be utilized to set-off any tax payable under the normal provisions in excess of MAT payable for that relevant year. Such MAT credit shall not be available for set-off beyond 5 years succeeding the year in which the MAT credit initially arose. However, as per Finance Act 2006 MAT credit can be set-off upto 7 years succeeding the year in which the MAT credit initially arose in respect of tax paid under MAT for FY 2006-07 onwards.

1.7 As per provisions of sub section (2) of 32 of the Act, the company is entitled to carry forward and set off the unabsorbed depreciation arising due to absence / insufficiency of profits or gains chargeable for the previous year. The amount is allowed to be carried forward and set off for the succeeding previous years until the amount is exhausted without any time limit.

1.8 As per provisions of section 72 of the Act, the company is entitled to carry forward business losses for a period of 8 consecutive assessment years commencing from the assessment year when the losses were first computed and set off such losses from income chargeable under the head “Profits and gains from business or profession”.

1.9 As per the provisions of section 74 of the Act, the company is entitled to carry forward losses under the head capital gains for a period of 8 consecutive assessment years commencing from the assessment year when the losses were first computed. Short term capital losses can be set off against any income chargeable under the head “capital gains”; long term capital losses can be set off only against long term capital gains.

Special Tax Benefits

There are no special tax benefits available to the company.

Wealth-tax Act, 1957

1.1 As per the provisions of section 2(m) of the Wealth tax Act, 1957, the company is entitled to reduce debts owed in relation to the assets which are chargeable to wealth tax in computing the net taxable wealth.

2. To the Members of the Company – Under the Income Tax Act

2.1 Resident Members

General Tax Benefits

a) Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income-tax in the hands of the shareholders.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, as per Finance Act 2006 long term capital gains of a company shall be taken into account in computing tax payable under section 115JB.

c) As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.

d) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by –

   (i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section;
   (ii) Rural Electrification Corporation Limited ('RECL'), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

   If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed fifty lakh rupees.

e) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

f) Under section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act @ 15% (plus applicable surcharge and educational cess) in relation to assessment year 2009-10 and subsequent assessment years.

g) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

Special Tax Benefits

There are no special tax benefits available to the resident members.

2.2 Non Resident Indians/Members other than Foreign Institutional Investors and Foreign Venture Capital Investors

General Tax Benefits

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

d) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

   (i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section;
   (ii) Rural Electrification Corporation Limited ('RECL'), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section; and

   If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed fifty lakh rupees.

e) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

f) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act @ 15 (plus applicable surcharge and educational cess) in relation to assessment year 2009-10 and subsequent assessment years.

g) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at applicable rates.

h) **Taxation of Income from investment and Long Term Capital Gains [other than those exempt u/s 10(38)]**

   (i) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special Provisions Relating to certain incomes of Non-Residents".

   (ii) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under Section 10(38) of the Act] be concessionally taxed at a flat rate of 10% (plus applicable surcharge and educational cess) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.

(iii) Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

(iv) Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

(v) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.

Special Tax Benefits

There are no special tax benefits available to the non resident members.

2.3 Foreign Institutional Investors (FIIs)

General Tax Benefits

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the institutional investor.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act at the rate of 15% (plus applicable surcharge and educational cess) in relation to assessment year 2009-10 and subsequent assessment years.

d) Under Section 115AD capital gain arising on transfer of long term capital assets, being shares in a company (other than those mentioned in point b) above), are taxed at the rate of 10% (plus applicable surcharge and education cess). Such capital gains would be computed without giving effect to the first and second proviso to Section 48 of the Act. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

(i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; and

(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed fifty lakh rupees.

Special Tax Benefits

There are no special tax benefits available to the Foreign Institutional Investors.

2.4 Venture Capital Companies / Funds

General Tax Benefits

As per the provisions of section 10(23FB) of the Act, income of

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and

- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and fulfilling such conditions as may be notified in the Official Gazette, set up for raising funds for investment in a Venture Capital Undertaking,

Which is set up to raise funds for investment in a venture capital undertaking is exempt from income tax. As per the provisions of Income tax Act, "venture capital undertaking" means a domestic company whose shares are not listed in a recognized stock exchange of India and which is engaged in dairy or poultry industry or in the business of:

- Nanotechnology;
- Information technology relating to hardware and software development;
- Seed research and development;
- Bio-technology;
- Research and development of new chemical entities;
- Production of bio-fuels;
- Building and operating composite hotel-cum-convention center with seating capacity of more than three thousand; or
- Developing or operating and maintaining or development, operating and maintaining any infrastructure facility.

Special Tax Benefits

There are no special tax benefits available to the Venture Capital Companies/Funds.

3. Wealth Tax Act, 1957

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

4. Benefits available under the Gift Tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares of the Company will not attract gift tax.

5. **Tax Treaty benefits**

In accordance with section 90(2) of the I.T. Act, an investor has an option to be governed by the provisions of the I.T. Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial..

Notes

a. All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.

b. In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.

c. In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequences of his/ her participation in the scheme.

SECTION IV – ABOUT US

OUR INDUSTRY

Indian Automotive Industry: Introduction

The Indian Automotive Industry comprising of the automobile and the auto component sectors has recorded considerable growth following the de-licensing and opening up of the sector to FDI in 1993. The unbundling of this industry from restrictive environment has, on the one hand, helped in restructuring, absorbing new technologies, align itself to the global developments and realize its potential with significant increase in industry's contribution to overall industrial growth in the country. According to ACMA the investment in the industry has gone up from US$ 2.7 billion in 2002-03 to US$ 7.2 billion in 2007-08 and is estimated to increase to US$ 20.9 billion by 2015-16

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 well-developed Indian automotive industry produces a wide variety of vehicles: passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as jeeps, scooters, motor-cycles, mopeds, three wheelers, tractors and other agricultural equipments etc.

Production of auto components has been spurred by both domestic and international growth in automobile production and demand from Original Equipment Manufacturers (OEM). The production of all categories of vehicles has recorded a CAGR of 10.59% per annum over the last five years. The last 5 years achievements are given below:

Source: ACMA, SIAM and Report of Working Group on Automotive Industry, Eleventh Five Year Plan 2007-2012.

Indian Automobile Industry classification:

Indian Automobile industry can be broadly classified as under:

1. Commercial Vehicles - A commercial vehicle is a type of vehicle that is used for carrying goods or passengers.
2. Passenger Vehicles - A passenger vehicle is a type of vehicle designed primarily for the carriage of people such as a car.
3. Two Wheelers and Three Wheelers - A two / three wheeler refer to vehicles that run on two / three wheels such as scooters / mopeds / motorcycles and auto rickshaw.

Indian Automobile Production:

A detailed break-up of the production figures of various kinds of automobiles in India for the period of last five years is given in the following table:

Automobile Production Trends					*(In Nos)*
Category	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2007-08**
Medium &Heavy Commercial Vehicles	1,66,123	2,14,807	2,19,295	2,94,258	2,91,114
Light Commercial Vehicles	1,08,917	1,38,896	1,71,788	2,25,724	2,54,062
Total Commercial Vehicles	**2,75,040**	**3,53,703**	**3,91,083**	**5,19,982**	**5,45,176**
Passenger Cars	7,82,562	9,60,487	10,46,133	12,38,021	14,16,480
Utility Vehicles	1,46,325	1,82,018	1,96,506	2,22,495	2,44,648
Multi Purpose Vehicles	60,673	67,371	66,661	84,707	1,01,001
Total Passenger Vehicles	**9,89,560**	**12,09,876**	**13,09,300**	**15,45,223**	**17,62,129**
Scooters	9,35,279	9,87,498	10,21,013	9,43,944	10,74,933
Motorcycles	43,55,168	51,93,894	62,07,690	71,12,281	65,03,532
Mopeds	3,32,294	3,48,437	3,79,995	3,79,987	4,30,827
Electric Two Wheelers	-	-	-	30,454	16,757
Total Two Wheelers	**56,22,741**	**65,29,829**	**76,08,697**	**84,66,666**	**80,26,049**
Three Wheelers	**3,56,223**	**3,74,445**	**4,34,423**	**5,56,126**	**5,00,592**
Grand Total	**72,43,564**	**84,67,853**	**97,43,503**	**1,10,87,997**	**1,08,33,946**

Source: SIAM

Indian Automobile Exports

Automobile exports from India have increased from 4.79 lakh units in 2003-04 to 12.37 lakh units in 2007-08 recording a CAGR of 26.71% over the period. The main contributors to the growth in exports from vehicles have come from light commercial vehicle, passenger cars, and motor cycles. *(source: SIAM)*

A detailed break-up of the export figures of various kinds of automobiles from India for last five years is given in the following table:-

Automobile Exports Trends					*(In Nos)*
Category	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2007-08**
Medium & Heavy Commercial Vehicles	8,188	13,474	14,078	18,610	22,100
Light Commercial Vehicles	9,244	16,466	26,522	30,927	36,899
Total Commercial Vehicles	**17,432**	**29,940**	**40,600**	**49,537**	**58,999**
Passenger Cars	1,25,320	1,60,670	1,69,990	1,92,723	2,09,864
Utility Vehicles	3,049	4,505	4,486	4,399	6,274
Multi Purpose Vehicles	922	1,227	1,093	1,330	916
Total Passenger Vehicles	**1,29,291**	**1,66,402**	**1,75,572**	**1,98,452**	**2,17,054**
Scooters	53,687	60,699	83,934	35,397	25,482
Motorcycles	1,87,287	2,77,123	3,86,054	5,45,592	7,76,141
Mopeds	24,078	28,585	43,181	38,655	18,224
Total Two Wheelers	**2,65,052**	**3,66,407**	**5,13,169**	**6,19,644**	**8,19,847**
Three Wheelers	**68,144**	**66,795**	**76,881**	**1,43,896**	**1,41,235**
Grand Total	**4,79,919**	**6,29,544**	**8,06,222**	**10,11,529**	**12,37,135**

Source: SIAM

Indian Auto Component Industry: An overview

Indian auto component industry is quite comprehensive with around 500 firms in the organised sector producing practically all parts and more than 10,000 firms in small unorganised sector, in tierized format. The industry, over the years, developed the capability of manufacturing all components required to manufacture vehicles, which is evident from the high levels of indigenization achieved in the vehicle industry as well as the components developed for the completely Indian made vehicles like the Tata Indica, Tata Indigo, Mahindra Scorpio, Bajaj Pulsar, TVS Victor and TVS star. The component industry has now holistic capability to manufacture the entire range of auto-components e.g. Engine parts, Drive, Transmission Parts, Suspension & Braking Parts, Electricals, Body and Chassis Parts, Equipment etc. The component-wise share of production, as indicated by the ACMA, is Engine parts- 31% Drive and Transmission Parts-19%, Suspension & Braking Parts-12%, Electricals-9%, Body and Chassis Parts-12%, Equipment-10%.

Over the last few years the Indian Auto Component Industry has created a robust capacity base and all of the world's major manufacturers have set up their manufacturing units in the country. The quality of the components produced by the component industry in the country is certified by the fact that, out of the 498 ACMA members, 9 are Deming Prize winners, 4 are Japan Institute of Productivity Management (JIPM) award winners and 1 is Japan Quality Medal winner.

Growth Trends: The turnover of auto component sector is expected to reach US$ 18 billion in 2007-2008 from US$ 5.4 billion in 2002-03 recording a CAGR of 20.1% *(source: ACMA)*. Low labour costs, availability of skilled labour and high quality consciousness among Indian vendors have spurred the growth of auto component exports from India.

More than 60% of the exports of auto-components are to USA and Europe, which constitute high AQL (Accepted Quality Level) countries. Moreover, over the last 5 years, the structure of the customer base in the global markets has also undergone a major change. In the 1990s more than 65% of the exports were to the international aftermarket. In 2007, more than 75% of the exports are to the global OEMs and Tier 1 companies and only 25% is to the aftermarket. This signifies that the Indian component industry has now reached a high degree of maturity in terms of quality and productivity and has also developed capabilities in the area of design and engineering, which are critical requirements for being a part of the global supply chain.

Source: ACMA and Automotive Mission Plan 2006-2016.

Indian auto component manufacturing, currently constrained by lack of large capacities, is slowly but steadily working on expanding capacities and automation levels. As the users increasingly become discerning in their buying behavior, new model introduction by the auto manufacturers has become the trend. Greater variety in vehicle is offering challenges to the manufacturing capabilities and economies of scale of component suppliers. Hence the component industry is constantly looking at maintaining lean and efficient manufacturing systems. Having established themselves in the domestic market, tapping opportunities abroad was a natural step for the auto component manufacturers in their growth path. The Indian auto component industry is targeting a bigger share of the export market and is in the process of ramping up its manufacturing capabilities to meet the capacity and quality requirements. It is estimated that investment in the auto component industry will increase by 33% in 2007-2008 *(source: ACMA and Automotive Mission Plan 2006-2016)*.

Indian Auto Component Industry classification:

A brief overview of some of the segments of auto component industry is given below:

1. **Fuel injection systems and carburetors-** Fuel pumps and carburetors include components like fuel pumps, carburetors, filters, elements, delivery valve and nozzles.

2. **Powertrain components-** Powertrain components include crankshafts, camshafts, connecting rods, flywheel ring gears and timing chains. These products are largely OEM based.

3. **Piston and piston parts:** Piston and piston parts include pistons, piston rings and pins.

4. **Engine valves and parts-** Engine valves and parts include parts like - engine valves, valve guides, valve tappets and valve collect.

5. **Cooling system and parts-** Cooling systems and parts include parts like – radiator, water pumps assembly, radiator caps, fan assembly and water thermostat.

6. **Steering assembly and components-** –Steering assembly and components include steering systems like rack and pinion, and recirculating ball.

7. **Suspension system and components-** Suspension system and components include parts like shock-absorbers and leaf spring.

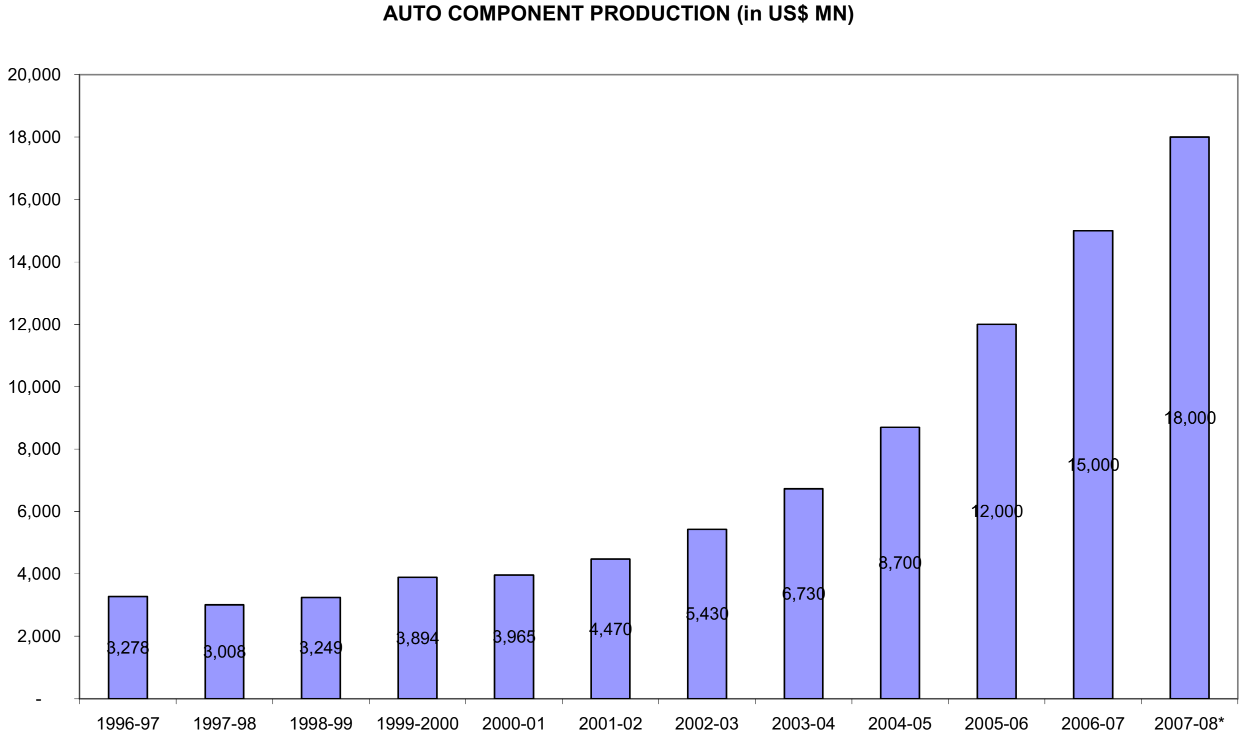
8. **Brakes and components-** Brakes and components include brakes assembly and brake linings**.**

9. **Lighting equipment-** Lighting equipment and parts include headlights, spot lights, flashlights and bulbs.

10. **Sheet metal parts-** Body parts form the bulk of the output that goes to the Original Equipment. Parts like mufflers and exhaust systems, which have limited life, derive their demand from replacement markets.

Indian Auto Components Industry Production:

According to ACMA, the production of Indian automotive components industry touched an estimated US$ 18 billion in 2007-08 as compared to US$ 15 billion in 2006-07, up by 16.67%. The chart below depicts the automotive components production in India during the last eleven years:



Source: ACMA, http://acmainfo.com
**estimated. The data however, relates to the organized automotive component industry. The organized segment of Indian auto components industry is fragmented with a few big players and a large number of small players.*

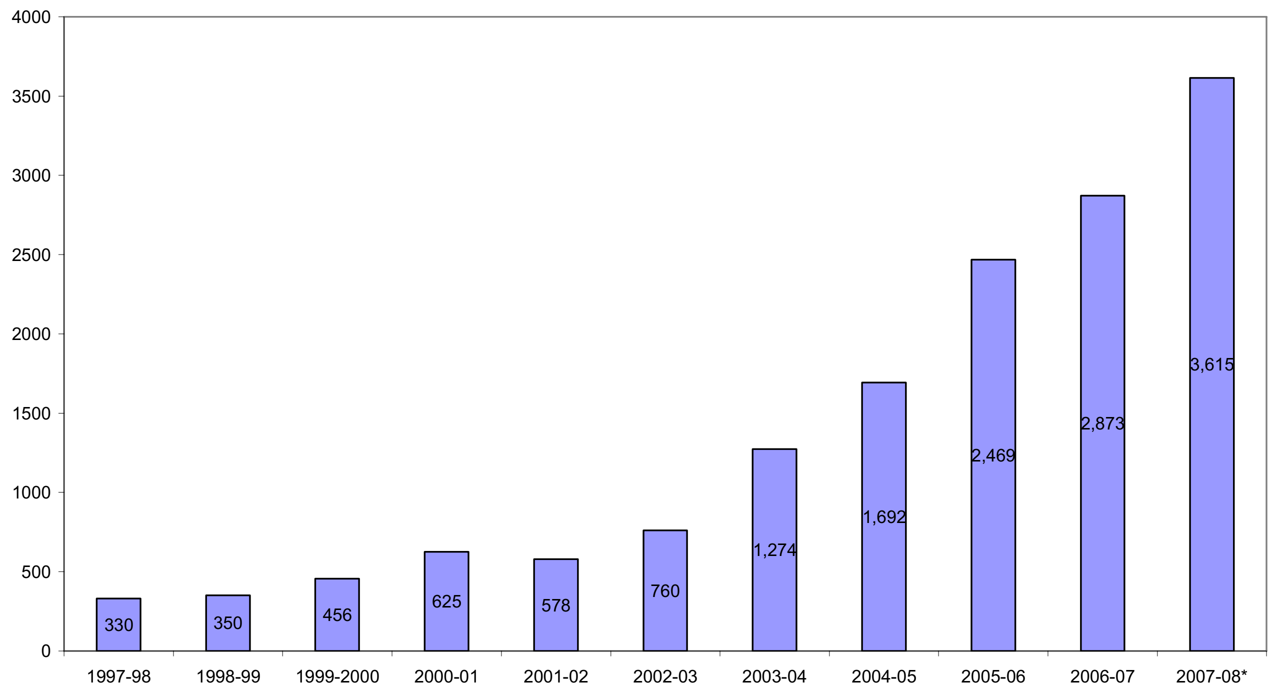
Indian Auto Components industry Exports:

Exports of auto components have grown significantly as global Original Equipment Manufacturers (OEMs) and Tier-I automotive component manufacturers have been leveraging on India's low-cost and highly skilled labour to reduce their production costs. It is estimated that exports will reach US$ 3.6 billion in 2007-08 and US$20 to 22 billion by 2015-16. Auto component industry exports have recorded a CAGR of 35% from 2002-2003 to 2007-2008. The key export destinations in 2006-07 included Europe (38.7%), Americas (29.7%), Asia (12.4%), Africa (10.8) Middle East (7.1%), Oceania (1.2%) and others (0.1%) (Source: ACMA). However, it is pertinent to mention here that this figure is still very low against the volume of world trade of US$ 185 billion (source: Automotive Mission Plan 2006- 2016) in auto components.

OEM's are attempting to maintain their margins by reducing costs and in order to reduce their costs some of the OEM's have turned to low-cost manufacturing countries like India, China, Thailand and Mexico. These countries provide automotive components at a significantly lower cost.

The chart below depicts the growth in the export of automotive components from India over the last 10 years:

AUTO COMPONENTS EXPORTS (IN US$ MN)



**estimated;*
Source: ACMA

Geographically, Indian automotive component manufacturers are primarily located in four clusters: Bengaluru/ Hosur/ Chennai in South, Delhi/ Ghaziabad/ Gurgaon/ Faridabad/ Lucknow in North, Mumbai/ Nasik/ Pune in West and Uttarpara/ Jamshedpur in East.

Indian Piston and piston parts industry

The segment is dominated by the organized players in the market. This segment has seen a good domestic and export demand over the last 4 years.

In India, the main producers in this market are companies like Federal-Mogul Goetze (India) Limited, Shriram Pistons and Rings Ltd., Samkrg Piston and Rings Ltd. and India Pistons Limited. These companies together with IP Rings Ltd. and Perfect Circle India Limited. constitute a significant portion of the organized market for piston and piston parts in India.

Pistons and piston parts are important components of an engine. OEM's demand quality and prescribe qualifying criteria before selecting a supplier, who will meet their requirements. This coupled with the fact that the manufacturing of these components is very capital intensive and requires high technical know-how has left the business concentrated with few players. Most of the Indian companies are getting into joint ventures for technology transfer with global component suppliers, in order to meet the needs of OEM's.

We believe that we are the market leader in domestic sales of piston and piston rings.

The production figures (in '000 units) for major manufacturers of piston and piston rings from 2003-04 to 2006-07 are given below:

Production (in '000 nos)

Pistons	Mar-04	Mar-05	Mar-06	Mar-07
FMGIL	6,724.0	8,055.2	7,926.9	9787.6*
India Pistons Ltd.	3,582.0	4,064.2	4,147.3	NA
Shriram Pistons & Rings Ltd.	5,520.0	6,720.0	7,420.0	9,360.0

Samkrg Piston and Rings Ltd.	3,908.4	4,842.2	4,502.8	4,631.7
NA – Not Available				

**As there has been a change of financial year, the above production figures are for the year Jan-Dec 2007.*

Production (in '000 nos)

Piston Rings	**Mar-04**	**Mar-05**	**Mar-06**	**Mar-07**
FMGIL	39,842.3	40,813.5	43,350.9	43705.3*
India Pistons Ltd.	11,916.1	13,649.8	13,315.6	NA
IP Rings Ltd	6,349.7	7,440.4	8,334.7	10,105.9
Shriram Pistons & Rings Ltd.	35,620.0	38,330.0	45,890.0	52,480.0
Perfect Circle India Ltd.	15,027.4	17,792.3	16,964.4	17,293.1
Samkrg Piston and Rings Ltd.	12,696.5	15,899.0	17,901.2	14,862.7
NA – Not Available				

**As there has been a change of financial year, the above production figures are for the year Jan-Dec 2007.*
source: Annual Reports of respective companies

Piston and piston parts demand is not limited to automobile manufacturers only. Industrial goods manufacturers of stationary engine, electricity generators, pump sets, chainsaw, brush cutters and trimmers also demand piston and piston parts for their goods. Piston and piston parts also have a specialized demand for diesel engine in locomotives and in battle tanks used by armed forces. A segmental break-up of the applications of our piston and piston rings, our major products, is as follows:

	Pistons		**Piston Rings**		**Pistons**		**Piston Rings**	
	FY 07		**FY 07**		**6 month ending June 08**		**6 month ending June 08**	
	QTY	**Value**	**QTY**	**Value**	**QTY**	**Value**	**QTY**	**Value**
SEGMENTS	**(lakh)**	**(Rs. Lakh)**	**(lakh)**	**(Rs. lakh)**	**(lakh)**	**(Rs. lakh)**	**(lakh)**	**(Rs. lakh)**
AIR COMPRESSOR								
Original Equipment	2.39	329.04	8.20	115.65	1.19	164.52	4.10	57.83
Spare Parts (OE)	0.07	13.27	1.16	13.59	0.03	6.63	0.58	6.79
Replacement Mkt.	0.07	17.34	7.61	97.81	0.04	8.67	3.81	48.91
TOTAL	**2.52**	**359.65**	**16.97**	**227.05**	**1.26**	**179.82**	**8.49**	**113.53**
BI-WHEELERS								
Original Equipment	14.32	3,147.40	34.44	1,093.42	9.16	1.53.70	22.22	646.71
Spare Parts (OE)	5.84	1,394.27	31.65	737.23	3.05	697.13	15.83	368.62
Replacement Mkt.	20.34	5,110.72	34.47	1,015.94	10.17	255.36	17.24	507.97
TOTAL	**40.50**	**9,652.39**	**100.56**	**2,846.59**	**22.38**	**4,826.19**	**55.28**	**1,523.29**
CAR & JEEPS								
Original Equipment	16.14	2,204.77	18.36	1,106.38	17.07	2,102.38	14.35	903.19
Spare Parts (OE)	0.44	146.35	2.11	121.58	0.22	73.18	1.06	60.79
Replacement Mkt.	2.45	645.14	4.78	255.60	1.23	322.57	2.39	127.80
TOTAL	**19.03**	**2,996.26**	**25.25**	**1,483.56**	**18.52**	**2,498.13**	**17.79**	**1,091.78**
INDUSTRIAL								
Original Equipment	1.69	404.72	6.17	154.45	0.85	302.36	3.09	77.23
Spare Parts (OE)	0.59	153.76	6.66	168.46	0.29	76.88	3.33	84.23
Replacement Mkt.	0.72	294.65	68.49	1068.01	0.36	147.33	34.25	534.00
TOTAL	**3.00**	**853.13**	**81.33**	**1390.93**	**1.50**	**526.57**	**40.66**	**695.46**
LIGHT COMM VEHICLES								

SEGMENTS	Pistons FY 07 QTY (lakh)	Pistons FY 07 Value (Rs. Lakh)	Piston Rings FY 07 QTY (lakh)	Piston Rings FY 07 Value (Rs. lakh)	Pistons 6 month ending June 08 QTY (lakh)	Pistons 6 month ending June 08 Value (Rs. lakh)	Piston Rings 6 month ending June 08 QTY (lakh)	Piston Rings 6 month ending June 08 Value (Rs. lakh)
Original Equipment	5.87	2,425.20	22.57	1,933.94	2.94	1,712.00	11.28	1,116.97
Spare Parts (OE)	0.52	347.25	3.79	150.88	0.26	173.63	1.90	75.44
Replacement Mkt.	1.74	895.38	11.21	994.24	0.87	472.69	5.60	497.12
TOTAL	**8.13**	**3,667.83**	**37.57**	**3,079.05**	**4.07**	**2,358.32**	**18.79**	**1,689.53**
COMMERCIAL								
Original Equipment	8.12	4,269.48	24.85	1,905.90	5.06	2,934.74	14.23	952.95
Spare Parts (OE)	0.76	429.09	12.43	698.68	0.38	214.54	7.23	349.34
Replacement Mkt.	3.09	1,903.46	28.88	2,383.17	1.54	1,101.73	16.53	1,191.58
TOTAL	**11.97**	**6,602.03**	**66.17**	**4,987.75**	**6.99**	**4,251.01**	**37.99**	**2,493.87**
TRACTORS								
Original Equipment	4.66	2,589.06	18.41	1,574.26	2.33	1,594.53	15.63	787.13
Spare Parts (OE)	0.99	405.29	11.92	649.00	0.50	277.65	5.96	324.50
Replacement Mkt.	1.53	921.90	19.93	885.91	0.77	635.95	12.37	442.95
TOTAL	**7.18**	**3,916.25**	**50.26**	**3,109.17**	**3.59**	**2,508.13**	**33.96**	**1,554.59**
State Transport Undertakings	0.25	239.04	1.00	115.60	0.11	94.52	0.50	57.80
EXPORT	5.37	1,511.70	52.07	1,076.30	3.27	855.85	29.05	606.15
DEEMED-EXPORT	0.31	153.52	2.78	41.11	96.25	0.18	31.23	1.96
DEFENCE	0.19	750.17	0.28	224.98	0.04	248.00	0.14	112.49
RAILWAY	0.10	1,664.02	1.46	574.59	0.05	1,222.01	0.73	287.29

Key Growth Drivers and success factors

- **Increase in domestic demand for automobiles**

  The domestic automobile industry has increased at a CAGR of 10.59 % for 2003-2008. The vast domestic market is attracting increasing number of foreign automobile manufacturers such as Ford, General Motors, Honda and Toyota as they look for alternative markets to counter act the sluggish US market and overcapacity in other global markets. Global manufacturers such as Suzuki and Hyundai have adopted India as their global production base for small cars.

- **Availability of lower cost, trained man power**

  High wages in US and Europe has caused the OEMs to seek low cost alternatives in countries like India, China, Brazil and Mexico. India has availability of well trained manpower and low cost labour when compared with other peer countries. This has encouraged foreign vehicle manufacturers to increase sourcing of automotive components and automobiles from India.

- **Support by government**

  The Indian government has liberally funded the setting up of National Automotive Testing and R&D Infrastructure Project (NATRIP). NATRIP is the largest and the most significant initiative in the Indian automotive sector so far. For this project, Government of India along with State Governments and Indian automotive industry participants have joined hands together to create a state-of-the-art testing, validation and research and development infrastructure in the country. The project aims to create core global competencies in the automotive sector in India and facilitate seamless integration of Indian automotive industry with the world in order to position our country prominently on the global automotive map.

With the launch of NATRIP, India seeks to provide a boost to its growing automotive industry and harness major strengths in the realm of automotive engineering, information technology and electronics by achieving a high degree of convergence. The infrastructure under NATRIP is expected to provide a wide spectrum of services for product development and validation not only to the domestic industry but also to global automotive companies. The objective is to help India in emerging as the strongest hub for product development in the global automotive landscape.

- **Ability to implement continuous cost control**

  A critical area for any automotive component manufacturer is cost control, which is essential for maintaining profitability. The importance of this factor is growing steadily, as most OEM's are now demanding a year-on-year price reduction on components. Automotive component suppliers lack the ability to control costs and are vulnerable low margins, an erosion of profitability and/or lost sales. Many OEM's assist their vendors in achieving cost-reduction by working with them to identify areas where wasteful expenditure can be curtailed and the resultant savings can be passed on to the OEM.

- **Ability to meet the high quality standards set by automobile manufacturers**

  Supplying high quality components at the lowest cost, and on time, has become a critical factor to get orders from OEMs. Most OEMs now insist on self-certification of quality by vendors. Automotive component manufacturers, particularly Tier-I companies, are responsible for the quality of products shipped as these components are directly loaded onto the assembly line by OEMs.

- **Ability to diversify customer base**

  It is beneficial for component companies to reduce their dependence on a specific OEM and widen their buyer base across vehicle markets such as passenger cars, commercial vehicles, etc.

- **Flexible production lines and redeployment of labour across lines**

  Another challenge faced by most automotive component manufacturers is the ability to meet a sudden upsurge in demand. Accordingly, it is beneficial to have the flexibility to redeploy your workforce among various product lines so that manufacturer can adapt to the changes in demand for its various products.

OUR BUSINESS

Overview

We are an auto component manufacturer primarily focusing on pistons and piston rings. Our product range includes a variety of pistons, piston rings, piston pins, valve train and structural components and other associated automobile engine components.

We are a part of the Federal - Mogul Group, a global supplier of vehicular parts, components, modules and systems to customers in the automotive, small engine, heavy-duty and industrial markets. Our Company is indirectly controlled by Federal-Mogul Corporation, USA through two of its entities – Federal-Mogul Vermogensverwaltungs GmbH, Germany and Federal-Mogul Holdings Limited, Mauritius. They are the majority equity shareholders of our Company.

Our key products, contributed more than 85% of our net turnover for the fiscal 2007. Our product portfolio in the piston and piston rings segment covers almost the entire range of applications - from small engines for mopeds to large bore locomotives engines. We cater to engines utilizing petrol, diesel, LPG and CNG as fuel.

Our pistons and piston rings range of products are sold under the brand name "Goetze", while our sintered products are sold under the brand name "Brico Goetze".

While our focus is primarily on the domestic market, we are increasingly shifting our focus towards foreign markets to further expand our customer base and make our business more profitable.

Over the years we have benefited from the expertise of the Federal–Mogul Group, in terms of new product development, technological advancements as well as their world class business and manufacturing practices.

Our Manufacturing facilities

We currently have three manufacturing plants and one assembling facility:

Sr. No.	Location	Products manufactured
Manufacturing Plants		
1.	Patiala	Piston Rings, Pistons, Pins
2.	Bhiwadi	Valve Train Components & Structural Components
3.	Bengaluru	Piston Rings, Pistons, Pins
Assembling Facility		
1.	Uttarakhand	Currently assembling of Piston, Piston Rings and Pins

Manufacturing Process

Pistons

A piston is an essential component of every internal combustion engine. It is a high precision component which converts combustion energy into mechanical energy. During this process, substantial pressure is exerted on the piston creating high rigidity and a requirement for resistance to high temperature.

A piston is generally manufactured through gravity die casting and a machining process. The main constituent / raw material for this product is aluminum. Aluminum is melted in an induction furnace and then alloying elements are mixed into it. The alloy when prepared is transferred to holding furnaces located near the die casting machines. The alloy metal is poured into the dies manually, to permit solidification so that the piston is cast. In some of the latest equipment, the casting machines have auto pouring and auto unloading facility. The piston has a runner and a riser, which is trimmed off. To achieve proper hardness in the pistons, they are subjected to age hardening process. However in certain specific equipments solutionizing is done, followed by age hardening. After all checks, cast pistons (now called piston blanks) are delivered to machine shop.

Piston machining is done on special CNC machines, which includes processes like fixture seat boring, rough OD turning, rough gudgeon pin hole boring, oil hole grooving, finish ring grooving, finish diameter turning, finish crown facing, finish pin hole boring and circlips grooving. The pistons in process are then subjected to various quality checks. After machining, the pistons are sent to final inspection for checking of various critical and major parameters. After all checks, pistons that require surface coating are sent to the surface treatment section, where these are subjected to specific coating like tin plating, phosphating, graphite coating, and moly coating depending upon the need of customer.

After surface treatment, pistons are once again checked and then delivered to the primary packaging department. The primary packaging department packs the pistons along with the relevant pins and sends to them to the finish shipping department for final delivery to the customer.

Raw Material and Components

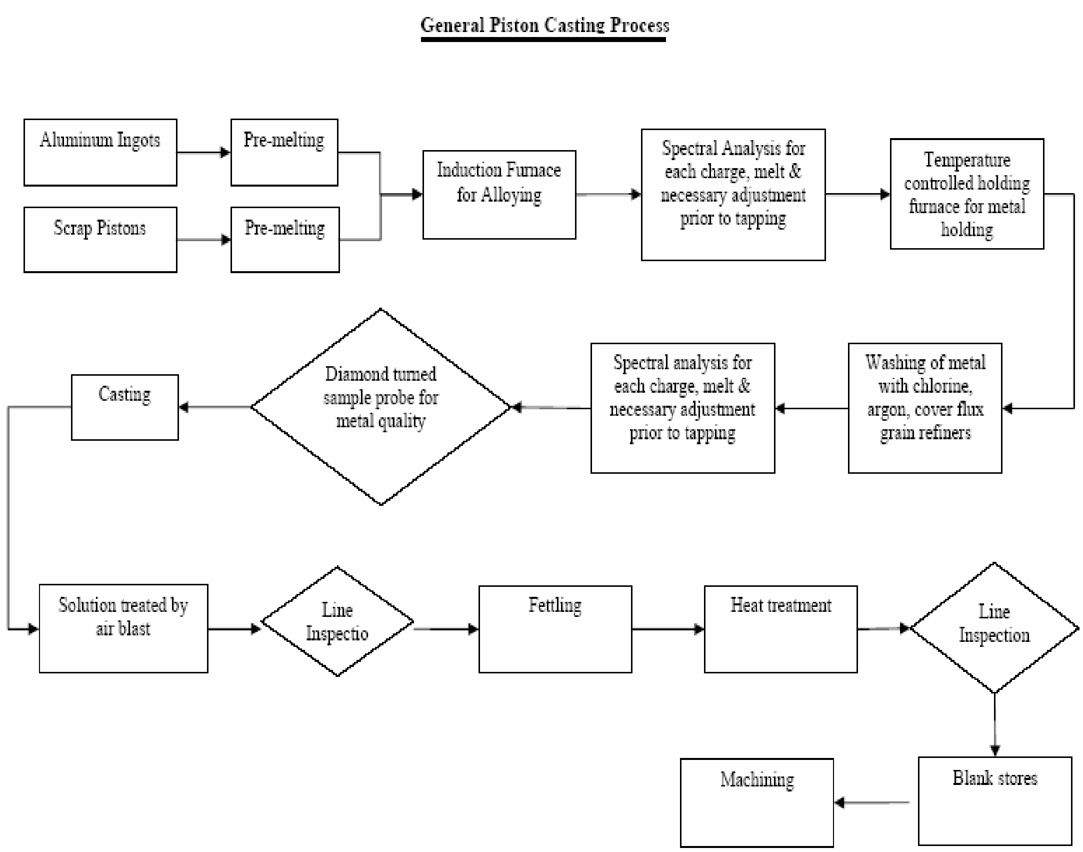
The primary raw material involved in piston manufacturing is aluminum. Typical alloying contents are silicon, magnesium, nickel, copper and manganese. These elements are mixed in a predetermined quantity with aluminum, for preparing the alloy.

The chemicals for surface treatment *inter alia* include sodium stannate, graphite paint, granodine powder, sulphuric acid.

The packaging material *inter alia* includes cardboard boxes, plastic boxes, BOPP tape.

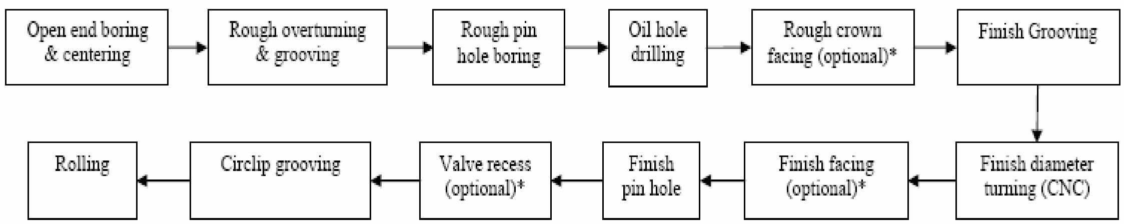
Manufacturing Process

The following flow chart demonstrates the process involved in manufacturing pistons:



Machining

General Proces Flow



Gudgeon Pin also known as Piston Pin

In internal combustion engines, the gudgeon pin is that which connects the piston to the connecting rod and provides a bearing for the connecting rod to the pivot as it moves thereby allowing the combustion force to be transferred to the crankshaft.

The gudgeon pin performs in strenuous operating conditions which expose it to extremely high alternating loads. A gudgeon pin is the part of the piston assembly that holds the small end of the connecting rod to the piston pin bore. gudgeon pins are manufactured out of alloy steel made of chromium and nickel. The raw material is procured in the form of Solid Bright Bars and Seamless Steel Tubes of various diameters depending upon the requirement of the size of the pin.

The manufacturing process includes two stages as showed in the flowchart below: soft machining and finish machining. Soft machining is a process before the heat treatment and finish machining is a process after the heat treatment.

The soft machining processes include cutting of bars/tubes, OD rough grinding, drilling, length facing and inside chamfering. After these processes are completed the pins are subjected to heat treatment to attain the desirable hardness. The finish machining processes include finish length grinding, OD grinding (three passes) and super finishing. Smaller diameter pins are produced out of seamless tube material and not passed through a drilling process.

The pins are then put through the machining process and then sent for final inspection, where they are subjected to dimensional and ultrasonic checking. After inspection, the pins are sent to the shipping department for delivery to the customer.

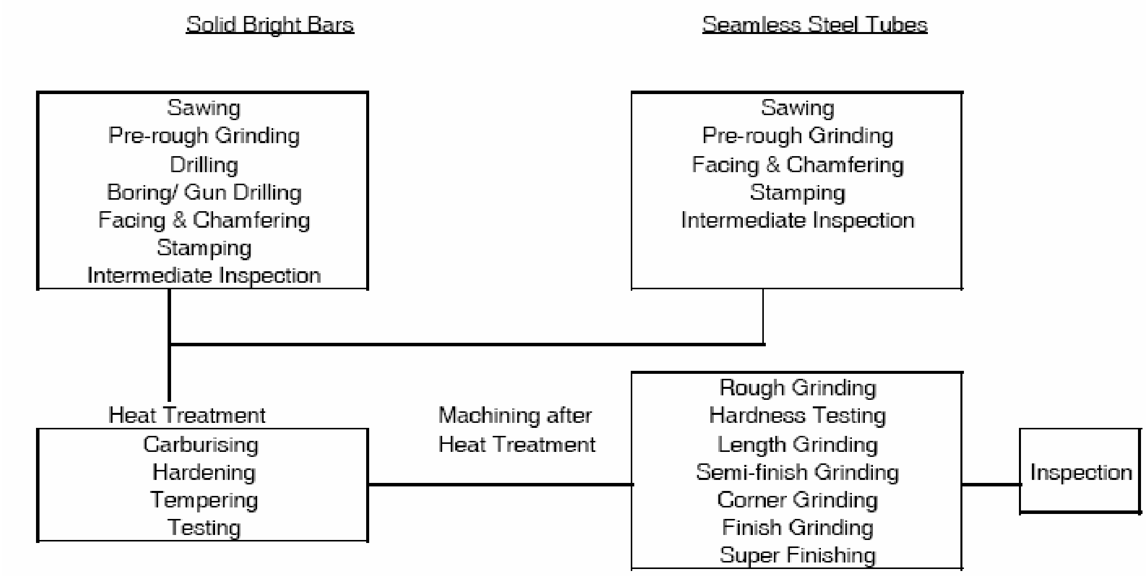
Raw Material and Component

Gudgeon pin are produced out of alloy steel material generally chromium and nickel. The main constituents are 17Cr3, 15CrNi6, SCM415H, SCr415H, 17MnNiCr5

Manufacturing Process

The following flowchart demonstrates the process involved in manufacturing gudgeon pins:

Flow chart for Piston pin/ Crank Pin Machine before Heat Treatment



Piston Rings

A piston ring is an open-ended ring that fits into a groove on the outer diameter of a piston in a reciprocating engine such as an internal combustion engine.

The three main functions of piston rings in internal combustion engines include:

4. Sealing the combustion/expansion chamber,
5. Supporting heat transfer from the piston to the cylinder wall; and
6. Regulating engine oil consumption.

Piston rings include the following variety:

Cast Iron Compression Rings: Cast Iron Compression Rings are used in light vehicles utilizing petrol and diesel as their primary fuels and heavy duty vehicles utilizing diesel as the primary fuel. The main functions of compression rings are to seal the combustion chamber from the crankcase and transfer heat from the piston to the cylinder. However, they also play an important role in controlling engine oil consumption.

Cast Iron Oil Rings: Oil-control rings are used in light-vehicle gasoline engines (two- or three-piece), light-vehicle diesel engines (two-piece), and truck diesel engines (two-piece). The main function of the rings in the bottom piston groove is to scrape oil from the cylinder wall, i.e. oil-control rings play a major role in regulating an engine's oil consumption.

Steel Rings: For heavy duty application and for thin rings, steel wire is used to manufacture rings instead of cast iron.

Chrome Rings: To enhance wear resistance property, the running face of the ring is chrome plated.

Moly Rings: For certain applications, the running face of the ring is coated with moly powder which not only enhances wear resistance but also provides oil retention on the running face thus increasing the life of the rings.

Piston rings are produced from individual oval shaped castings by green sand moulding process. River bed sand is used along with bentonite for preparing moulding sand which has to undergo specific tests relating to permeability, moisture, hardness and bonding, sand is then transported by conveyor belts to Athree station semi automatic moulding machine to make moulds. A melting furnace is used for the preparation of various types of alloys. The molten alloy is poured into the moulds for casting. These castings are then stripped and fettled /cleaned before they are sent to the machine shop.

Steel rings are produced by coiling imported special alloyed pre profile wire. Alloys requiring heat treatment, are sent through an automatic heat treatment oven. The side flanks of an oval shape casting are grounded on precision double disk grinders. These are subsequently machined to the required shape depending on the cross section of ring. The machines used to shape the cross section are automatic CNC machines. These machines are typically imported and include the following: (a) outside turning machines, (b) auto inside turning machines, (c) auto slotting machines, (d) auto trapeze grinding machines; and (e) other special purpose machines.

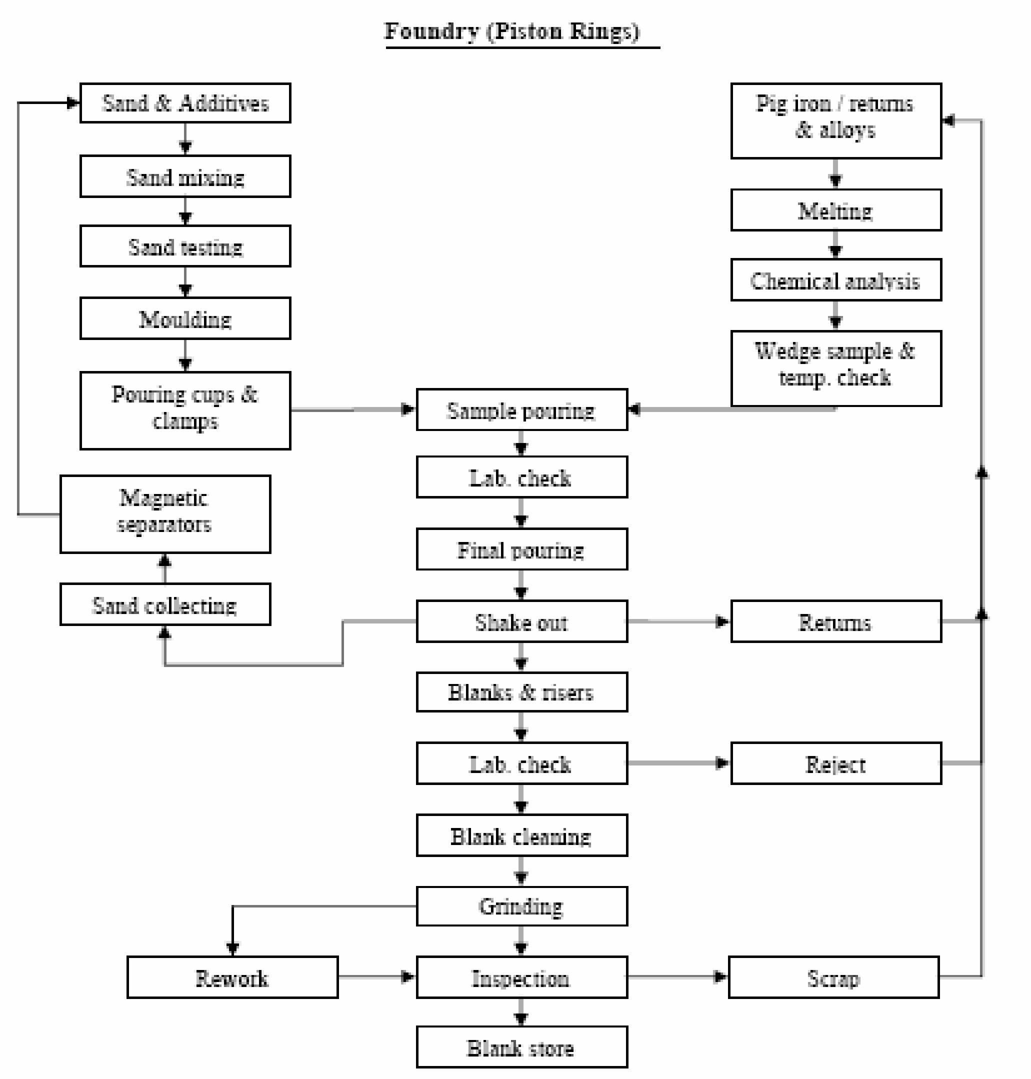
As per the demand, more than 40% of the rings are required to be plated with chrome or molybdenum. This is done by a cell chrome bath or a molybdenum flame spraying process and plasma spray powder. Strict process controls are maintained throughout the manufacturing process of rings to ensure consistent and desired product quality. The metallurgical laboratory and the metrology room are equipped with instruments viz. metallurgical spectrometer, metallurgical microscope, chromatograph, computerised carbon sulphur detection instrument perthometer, talyrond profile checking, computerised face profile checking, tang. checking instruments, contracer and other conventional inspection instruments that are used to make quality checks.

Raw Material

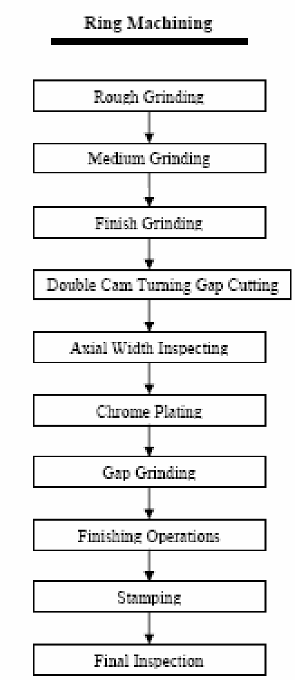
The rings are made with specially alloyed cast iron and alloyed steel. For cast iron rings the main constituent is pig iron. The other contents are silicon, magnesium, vanadium, niobium, nickel, copper, manganese and tungsten etc. that are added in various percentages depending on the type of alloy required.

Manufacturing Process

The following flow chart demonstrates the process involved in manufacturing piston rings:



The rings are sent for the final machining process from the blank store.



Cylinders Liners: Cylinder liners, or sleeves, work in tandem with the piston and ring, forming the chamber in which the thermal energy of the combustion process is converted into mechanical energy. A liner is a cylindrical component, wherein the piston operates. This cylindrical component is cast through a centrifugal casting process wherein molten metal is poured in a centrifugal casting machine. After casting the liners are sent for machining wherein both ends are parted/ separated. The cylinder liner is then processed through various machining operations, including but not limited to line semi-finish boring, semi-finish turning, length machining, fine boring, chamfering, honning, OD finish and OD chamfering. Since May, 2008 we have stopped manufacturing liners and commenced trading in the same. The reasons for discontinuation of manufacturing, amongst others, are the operating costs of the plant, for the purpose of manufacturing the liners, was higher than their sale price, thereby rendering the plant unviable; excessive competition from the unorganized sector; and lack of automation in production of the liners, led to higher manpower and operational costs.

Sintered Products: Sintering is a method for making objects from powder, by heating the material (below its melting point - solid state sintering) until its particles adhere to each other. The valve train components manufactured at our Bhiwadi Plant comprise of valve seats and valve guides. When these components are passed through the sintering process, they are referred as sintered products.

This process makes it economical to manufacture sintered products by minimizing the machining operations and reducing the wastage of material which is customary in a molten metal feeder system.

Sintered products need to be manufactured in specific compositions so as to create the following functionality:

- Resist increased wear and tear and
- Have hard and soft phases in same metallurgical structures

Sintered products use various raw materials at predetermined combinations to get the final sintered product with specific properties. The powdered metals are put through a power compaction process where they are stuffed in a cast and then compressed. This cast is then passed through a heat treatment process in a furnace. This powdered metallurgy process creates a solid blank containing 10-20% of interconnected porosity, like a metal sponge. This is filled with copper by a copper infiltration process. During the process, copper melts at high temperatures and fills the porosity by capillary action.

The various materials / elements to be used in the sintering process are selected because of their properties. Sulphide and solid lubricants are used to improve machinability. Copper, an excellent conductor of heat, helps to improve heat transfer in an automotive component.

Our Manufacturing/ Assembling facilities:

a) Patiala plant

Our Patiala plant is located at Bahadurgarh, Patiala, Punjab. It consists of land measuring about 187 bighas, along with buildings thereon. The manufacturing facilities are spread on a total area of 50,152 square meters. Some of the land was acquired through the merger of Escorts Pistons Limited into our Company vide order of the Delhi High Court dated May 13, 2003, with the effective date of the merger being November 1, 2002. For further details of the property, please refer to the paragraph titled "Real Estate and Property" beginning on page 90 of the Letter of Offer. The primary products manufactured at this plant include piston rings, pistons and pins. Further since May, 2008, we have discontinued the manufacturing of light alloy products (LAP) due to low profit margins and a narrow customer base.

The major plant and machineries installed at the Patiala plant includes the following machines:

Piston Rings:

1. Induction furnace.
2. Sand mixer.
3. Heat treatment furnaces.
4. Imported Besley double disc face grinders.
5. Imported grinders.
6. Cam turning machines.
7. ADA machines.
8. Slotting machines.
9. Rotary Baths.
10. Automatic phosphating plant.
11. Vertical Lapping machines.

Pistons:

1. Induction furnaces.
2. Die casting machines.
3. Heat treatment furnaces.
4. Profile turning machines.
5. Milling, turning, boring machines.
6. Tin coating plant.
7. Moly coating plant.
8. Grooving machines.
9. Heat treatment furnaces.
10. Center less grinders.

The details of installed capacity and actual production of major products manufactured at Patiala plant for the last three years / periods are as follows:

Current Capacity

Types of products	Installed Capacity			Actual Production			Actual Production as a % of Installed Capacity		
	March 2006	December 2006*	December 2007	March 2006	December 2006	December 2007	March 2006	December 2006	December 2007
Piston Rings	2,83,20,000	1,99,32,000	2,65,76,000	2,08,58,367	1,43,38,063	2,16,98,977	73.65%	71.93	81.65 %
Pistons	52,32,000	44,15,844	58,87,792	39,75,830	34,09,031	52,93,571	76.00%	77.20%	89.90 %
Pins	51,00,000	58,60,688	78,14,250	42,99,000	35,66,999	56,89,896	84.29%	60.86%	72.81 %
Cylinder	3,60,000	4,51,732	6,02,309	4,59,373	2,72,372	4,02,844	127.60%	60.30%	66.88 %

Liners**									
Light Alloy Cylinders**	2,07,250	2,87,202	3,82,936	2,12,500	1,97,423	1,17,528	102.53%	68.74%	30.69%

**Nine month installed capacity*

*** Our Company has stopped the production of cylinder liners from April, 2008 and light alloy products from May, 2008*

Projected Capacity

Types of products	Installed Capacity			Actual Production			Actual Production as a % of Installed Capacity		
	December 2008	December 2009	December 2010	December 2008	December 2009	December 2010	December 2008	December 2009	December 2010
Piston Rings	3,11,00,000	3,11,00,000	3,11,00,000	2,34,84,000	2,34,84,000	2,34,84,000	104.41%	75.51%	75.51%
Pistons	67,20,000	67,20,000	67,20,000	57,60,000	57,60,000	57,60,000	85.71%	85.71%	85.71%
Pins	1,55,36,000	1,55,36,000	1,55,36,000	1,30,08,000	1,30,08,000	1,30,08,000	83.73%	83.73%	83.73%

The above table refers to the projected capacity on account of payment for the machines to be funded out of the proceeds of the issue.

Power

Punjab State Electricity Board has sanctioned a load of 24019 KW for manufacturing facilities of the Patiala plant, which is fully utilized. The plant is also equipped with eight Diesel Generating Sets having total installed capacity of 7815 kVA for captive use. The captive diesel generating sets are operated during load shedding, power shutdowns and power failure periods only to augment the power availability to maintain continuity of operations at the plant.

Water

We have installed deep well turbine pumps with two overheads water storage reservoirs to cater to in-house water requirement and are of adequate capacity. In addition to this, water recirculation systems and cooling towers are installed to conserve water.

Effluent Treatment Facilities at the Patiala Plant

We have installed effluent treatment plants for treatment of trade and domestic effluents. The trade effluents are first treated near the points of generation in the primary effluent treatment plants. All treated effluents are then carried to a secondary effluent treatment plant where these are mixed with treated domestic effluent. It is ensured that the parameters are well below the limits prescribed by Punjab Pollution Control Board before disposal of the treated water for agro forestry purposes and on land irrigation inside the plant premises. We have also installed an air pollution control devices at all required locations and regular quality monitoring is done.

b) Bhiwadi Plant

Our Bhiwadi plant is located at SPL/1240 to 1244, RIICO Industrial Area, Phase I Extension, Village Ghatal Bhiwadi-301019, District Alwar, Rajasthan. It consists of land measuring about 22,270 square meters along with buildings thereon. For further details of the property, please refer to the paragraph titled “Real Estate and Property” beginning on page 90 of the Letter of Offer. The plant was acquired through merger of Federal-Mogul Sintered Products Limited with our Company *vide* order of the Delhi High Court dated July 16, 2001 with the effective date of the merger being January 1, 2001.

The manufacturing facilities are spread on a total area of 2,987 square meters. The primary products manufactured at this plant include Valve Train Components and Structural Components. The major plant and machineries installed at the Bhiwadi plant include the following:

1. Blender

2. Presses
3. Sintering Furnace
4. Steam Tempering Furnace
5. Tempering Furnace
6. Cryogenic Furnace
7. Oil Impregrantion Unit
8. Vibrator (Descaling)
9. Grinders
10. Lathe
11. Double Disc Grinder
12. Vibro Finishing Machine

The details of installed capacity and actual production of major products manufactured at Bhiwadi plant for the last three finance years / periods are as follows:

Current Capacity

Types of products	Installed Capacity			Actual Production			Actual Production as a % of Installed Capacity		
	March 2006	December 2006*	December 2007	March 2006	December 2006	December 2007	March 2006	December 2006	December 2007
Valve Train Components	27,00,00,00,000	20,25,00,00,000	28,80,00,00,000	19,18,32,59,000	18,46,19,97,000	26,94,28,07,000	71.05%	91.17%	93.55 %
Structural Components	2,80,00,00,000	2,10,00,00,000	5,82,00,00,000	3,31,88,74,000	2,85,57,21,000	4,34,69,87,000	118.53%	135.99%	74.69 %

**Nine month installed capacity*

Projected Capacity

Types of products	Installed Capacity			Actual Production			Actual Production as a % of Installed Capacity		
	December 2008	December 2009	December 2010	December 2008	December 2009	December 2010	December 2008	December 2009	December 2010
Valve Train Components	3,56,00,000	3,56,00,000	3,56,00,000	3,68,76,000	3,68,76,000	3,68,76,000	103.58%	103.58%	103.58%
Structural Components	82,88,000	82,88,000	82,88,000	70,68,000	70,68,000	70,68,000	85.28%	85.28%	85.28%

The above table refers to the projected capacity on account of the machines to be funded out of the proceeds of the issue.

Power

Jaipur Vidut Vitran Nigam Limited (JVVNL) has sanctioned a load of 1,740 KVA for manufacturing facilities of the Bhiwadi plant, with a contracted demand of 750KVA which is fully utilized. The plant is also equipped with two diesel generating sets having total installed capacity of 1,500 KVA for captive use. The captive diesel generating sets are operated during load shedding, power shutdowns and power failure periods only to augment the power availability to maintain continuity of operations at the plant.

Water

We have installed three submersible pumps to cater to in-house water requirement and are of adequate capacity. In addition to this, water recirculation systems and cooling towers are installed to conserve water.

Effluent Treatment Facilities at the Bhiwadi Plant

We have installed effluent treatment plants for treatment of trade and domestic effluents. The trade effluents are first treated near the points of generation in the primary effluent treatment plants. All treated effluents are carried to a secondary effluent treatment plant where these are mixed with treated domestic effluent. It is ensured that the parameters are well below the limits prescribed by Rajasthan Pollution Control Board before disposal of the treated water for agro forestry purposes and on land irrigation inside the plant premises. We regularly monitor air pollution control level at all required locations.

c) Bengaluru Plant

Our Bengaluru plant is located at Yelahanka, Bengaluru, Karnataka. It consists of land measuring about 50 acres along with buildings thereon. For relevant details of the property, please refer to the paragraph titled "Real Estate and Property" beginning on page 90 of the Letter of Offer. The plant is partly an original FMGIL facility and includes the facility acquired through merger of Escorts Pistons Limited *vide* order of the Delhi High Court dated May 13, 2003 with the effective date of the merger being November 1, 2002.

The manufacturing facilities are spread on a total area of 70,000 square meters. The primary products manufactured at this plant include pistons rings, pistons and pins. The major plant and machineries installed at the Bengaluru plant are the same as disclosed for the Patiala plant herein above.

The details of installed capacity and actual production of major products manufactured at Bengaluru plant for the last three years / periods are as follows:

Current Capacity

Types of products	**Installed Capacity**			**Actual Production**			**Actual Production as a % of Installed Capacity**		
	March 2006	December 2006*	December 2007	March 2006	December 2006	December 2007	March 2006	December 2006	December 2007
Piston Rings	2,66,40,000	2,83,84,000	2,83,84,000	2,24,92,508	1,83,89,197	2,20,06,341	84.43%	86.38%	77.53 %
Pistons	76,80,000	76,80,000	76,80,000	39,51,114	31,41,299	44,94,066	51.45%	54.54%	58.52 %
Pins	56,64,000	56,64,000	56,64,000	43,70,676	34,82,713	46,66,871	77.16%	81.98%	82.40 %

**Nine month installed capacity*

Projected Capacity

Type of products	**Installed Capacity**			**Actual Production**			**Actual Production as a % of Installed Capacity**		
	December 2008	**December 2009**	**December 2010**	**December 2008**	**December 2009**	**December 2010**	**December 2008**	**December 2009**	**December 2010**
Piston Rings	9,240	9,240	9,240	5,760	5,760	5,760	62.34%	62.34%	62.34%
Pistons	35,448	35,448	35,448	26,400	26,400	26,400	74.48%	74.48%	74.48%
Pins	6,720	6,720	6,720	4,956	4,956	4,956	73.75%	73.75%	73.75%

The above table refers to the projected capacity on account of the machines to be funded out of the proceeds of the issue.

Power

Karnataka Power Transmission Corporation Limited has sanctioned a contract demand of 11,082 KVA for manufacturing facilities of the Bengaluru plant, which is fully utilized. The connected load of the Bengaluru plant is presently 24,500 KW. The plant is also equipped with eleven diesel generating sets having total installed capacity of 11,250 KVA for captive use. The captive diesel generating sets are operated only during power interruptions from the grid to maintain continuity of operations at the plant.

Water

We have in-house deep bore wells with overhead tank facilities that can feed for manufacturing process adequately. For potable purpose, the water is procured from outside agency as the in-house bore-wells are not fit for potable purpose. In addition to this, water re-circulation systems and cooling towers are installed to conserve water. We also have rain water harvesting facilities used at canteen for vessel washing and cleaning purpose.

Effluent Treatment Facilities at the Bengaluru Plant

We have installed effluent treatment plants for treatment of trade and domestic effluents. The trade effluents are first treated near the points of generation in the primary effluent treatment plant. All treated effluents are carried to secondary effluent treatment plant where these are mixed with treated domestic effluent. It is ensured that the parameters are well below the limits prescribed by Karnataka Pollution Control Board before disposal of the treated water for agro forestry and on land irrigation inside the plant premises. In the year 2007, we augmented the facilities for the sewage treatment plant due to increased demand. We have also installed air pollution control devices at all required locations and regular quality monitoring is done.

Our subsidiary, FMTPR India, also has a plant at Bengaluru and we share common premises and facilities like power, water and effluent treatment plant.

d) Uttarakhand Plant

Our Uttarakhand plant is located at Plot No. 46, Sector-11, IIE-Pantnagar, Udham Singh Nagar, Uttarakhand. It consists of land admeasuring approx. 17,742.05 sq. m. The plot at Uttarakhand has been allotted in the Integrated Industrial Estate by State Industrial Development Corporation of Uttaranchal Limited for setting up an industrial unit for manufacturing of Piston Assembly (consisting of pistons, piston rings, piston pins). For further details of the property, please refer to the paragraph titled "Real Estate and Property" beginning on page 90 of the Letter of Offer.

Currently there are no manufacturing facilities at Uttarakhand. However our Company operates an assembly unit for assembling of pistons, piston rings and piston pins of the Uttarakhand plant. Our Company proposes to set up a manufacturing unit which are expected to be operational by March, 2009.

Human Resources

The details of manpower of our Company as on September 30, 2008 are as below:

Category	Patiala Plant	Bhiwadi Plant	Bengaluru Plant	Uttarkhand Facility	Head Office and other locations	Total
Permanent (Assistant Managers & above, Executive trainees & management trainees, retainers, Supervisors, Staff / sub – staff and Workers	2262	94	2,179	2	163	4,700
Contractual (Casual and trainees)	210	149	700	8	59	1,126
Total	2,472	243	2,879	10	222	5,826

For details of the relevant government approvals, please refer to the chapter titled "Government Approvals and Licenses" beginning on page 320 of the Letter of Offer.

Raw material arrangement / procurements:

The main / major raw materials for our manufacturing operations are Pig Iron, Aluminum, Steel and others which are sourced directly from various suppliers. We use the following raw materials in our manufacturing processes. Our consumption of major raw materials for the year / period ended December 31, 2007 is as follows:

(units in metric ton)

Raw Material	Consumption
Pig Iron	3,183
Aluminum	5,089
Steel	1,844
Others	2,580

We have not entered into any long term supply arrangement with any of the suppliers of raw materials as we believe that the required raw materials are available in sufficient quantities and according to our qualitative requirements.

Export Obligations:

We have imported certain machinery under a license pursuant to the Export Promotion Capital Goods (EPCG) Scheme and have availed duty concession. Pursuant to this, we have assumed export obligations under various licenses under the EPCG scheme, which we are required to fulfill within a period of 8 years from the date of the issue of each EPCG license.

The total export obligation under EPCG scheme on September 30, 2008 is estimated at Rs. 17,891 lakh which will have to be fulfilled within a period of 8 years from the date of issue of the respective license. The obligations have to be fulfilled in years ranging from 2009 to 2014. Our export obligation is Rs. 870 lakh for the year 2010, Rs. 2,171 lakh for the year 2011, Rs.7,635 lakh for the year 2012, Rs. 2,171 lakh for the year 2013 and Rs. 5,044 lakh for the year 2014.

Manufacturing locations of our subsidiaries

In addition to the above, following are the manufacturing facilities of our subsidiaries:

FMTPR India

The manufacturing facility of FMTPR India is located in our premises in Bengaluru and we share common premises. Please refer the details of our Bengaluru plant herein above for the location details. FMTPR India manufactures only piston rings.

The major plant and machineries installed at the Bengaluru plant of FMTPR India include the following:

SPM like steel wire coiling machines, nissie grinders, auto honing machines, side rail forming machines, nitriding furnaces, etc.

The details of installed capacity and actual production of major products manufactured at FMTPR India plant at Bengaluru for the last three years / periods are as follows:

Types of products	Installed Capacity			Actual Production			Actual Production as a % of Installed Capacity		
	March 2006	December 2006*	December 2007	March 2006	December 2006	December 2007	March 2006	December 2006	December 2007
Piston Rings	1,44,00,000	1,86,66,000	3,15,20,700	1,15,42,710	1,66,11,534	2,61,08,243	80.16%	88.99%	82.83%

**Nine months installed capacity*

All other facilities like power, effluent treatment plant, water are shared at our Bengaluru plant between us and FMTPR India. The cost of the facilities are borne in proportion of sales. For further details, please refer to the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer.

Human Resources

The details of manpower in the plant of FMTPR India as at September 30, 2008 are given below:

Category	Number
Permanent (Assistant Managers & above, Executive trainees & management trainees, Retainers, Supervisors, Staff / Sub-staff and Workers)	45
Contractual (Casuals and trainees)	73
Total	**118**

For details of the relevant government approvals, please refer to the chapter titled "Government Approvals and Licenses" beginning on page 320 of the Letter of Offer.

SRCL

Our other Subsidiary, SRCL, does not own / operate any manufacturing facility.

Recruitment Procedure:

The recruitment procedure of our Company is based on nondiscriminatory and unbiased means of selection. Recruitments are done through placement agencies, business schools or at times through recruitment portals.

Our Marketing set-up

Our turnover constitutes income from sale of our products to OEMs, replacement markets and exports. We have separate sales set-up for every segment. The sales from OEMs are handled through our marketing offices located at four major cities of India – New Delhi, Pune, Kolkata and Mumbai. The sales for the replacement segment is handled through the stockists and depots located at 23 locations across India while the exports are handled through our head office.

Our marketing team is in constant touch with the OEMs. They liaise with our technical team to assist the OEMs for development / modification of any products which includes products manufactured by us.

Competition

The OEM business, wherein we supply pistons and piston rings, to vehicle and engine manufacturers, forms a significant portion (approximately 60%) of our business. We have a limited set of customers, for whose business, all piston and piston ring manufacturers compete; as a result, we face intense competition. Any failure, to retain our market share at profitable margins, can result in erosion of margins and impact the results of our operations. Currently, the industry practice is not to have long term supply orders and therefore we have to provide quotes for procuring each order, as and when a letter of intent or an enquiry is floated to us from our proposed customers.

In the aftermarket business, which is a relatively smaller market, we face intense competition from the unorganized sector, including cheaper imports. An important risk associated with the unorganized sector is that associated with sale of counterfeit products sold under our Company's brand name. It may have adverse effect on our credibility thereby damaging our goodwill.

Real Estate and Property

We own and have also leased various premises in different locations in India for commercial purposes, residential use and for our warehouses and depots.

Leased Premises

A summary of our leasehold properties is given below:

Sr. No.	Location of Property	Document	Date	Lessor / Licensor	Key Terms	Amounts Payable	Area
1.	A - 26/3, Mohan Co-operative Industrial Estate Limited, Mathura Rd., New Delhi.*	Rent Agreement	May 1, 2004	SCRL	▪ Term of nine (9) years beginning from May 2004. ▪ We are permitted to sub-let to our group companies and associates without the prior consent of Satara Rubbers & Chemicals Limited . ▪ SCRL has given the premises to our Company for commercial purposes only.	Monthly rental of Rs. 5,00,000 with effect from April 1, 2006.	18,000 sq. ft.
2.	SPL/1240 to 1244 RIICO Industrial Area, Phase I Extension, Village Ghatal Bhiwadi, District Alwar, Rajasthan.	▪ Letter of allotment. ▪ Lease agreement between BRICO Goetze and RIICO (as amended on May 02 2002 and August 22, 2000)	▪ February 6, 1996 ▪ March 27, 1997	Bhiwadi Industrial Development and Investment Corporation Limited	▪ We have been leased the property for ninety nine (99) years. ▪ We are not permitted to make any changes/ alterations to the buildings on the plot without prior consent of the lessor and the local authorities. ▪ We are not permitted to sub-let, relinquish, mortgage or assign the property without the prior approval of the lessor.	Amount paid under allotment letter: Rs. 60,15,800. Annual economic rent: Rs. 900.	22,270 square meters

* The Delhi Development Authority Enforcement Branch (Lands) has issued a show cause to our Company and our Directors, on July 11, 2008, bearing number MU/A-26/3/MCIE/0+I/08/EB/220. The Deputy Director (Enforcement) Lands, has stated therein that we have been using the premises situated at A -26/3, Mohan Co-operative Industrial Estate, New Delhi – 110044 as office premises which is in contravention of the land use prescribed under the Master Plan for Delhi and the Zonal Development Plan of the zone F-19. If found in violation of sections 14 and 29 of the Delhi Development Act, 1957. We would be liable to pay a penalty by way of a fine which would extend to Rs. 5,000 with further fine of Rs. 250 during which the offence continues. We are in the process of filing a reply for the same.

Permission from SIDCUL for setting up our manufacturing facilities at Uttaranchal

State Industrial Development Corporation of Uttaranchal Limited vide letter dated May 26, 2006 ("Date of Allotment"), allotment reference no. 3525/AGM/ SIDCUL/06; had allotted a plot in the Integrated Industrial Estate, IIE Pantnagar, Udham Singh Nagar, to our Company. We were to utilize 30% of the plot, that is 5,322 square meters of 17,525.38 square meters, install machinery and commence construction of the industrial unit for the manufacturing of Piston Assembly and light metal products within 90 days from the Date of Allotment. Further we were to commence commercial production within two years from the Date of Allotment. However we were unable to commence construction within the stipulated period. Vide letter dated May 12, 2008, we have requested for an extension in time up to March 2009, for construction of the additional factory building. The reasons as stated for the delay are, (i) there were delays in raising funds for the completion of the construction and commencement of production at the site; and (ii) we were to meet the additional requirements of our clients by setting up this plant, delays on their part in executing their projects, resulted in reduced demand and did not financially justify the setting up of the plant.

Warehouses / Depots

The following table sets out the details of the warehouses/depots taken on lease/license by us:

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
1.	Ahmedabad	Harsh Giri Estate, Opposite Alpha Hotel, Near Patel Roadways, NH-8 Aslali Village, Ahmedabad.	November 30, 2006	M/s. Gujarat Trading Co.	▪ Term of three (3) years from November 1, 2006 to October 31, 2009. ▪ We have the right to sub-let, assign or part with the lease to associate / subsidiary companies without the lessor's approval. ▪ Either party has a right to terminate with a three (3) month notice.	▪ Monthly rent of Rs. 12,600. ▪ Refundable security deposit paid: Rs. 50,000.	1,800
2.	Aurangabad	Ground Floor, B – 81, MIDC, Waluj, Aurangabad.	September 1, 2008	Mr. Bhausaheb Vithal Adsul	▪ Term of three (3) years from September 1, 2008 to August 31, 2011 with an increase by 10% in second year and third year over the rent payable at the end of first and second years respectively. ▪ We have the right to sublet, assign or part with the lease to associate/ subsidiary companies without the lessor's approval, ▪ We can terminate the lease by giving one month's written notice on other side or paying proportionate rent in lieu therof.	▪ Monthly rent of Rs. 22,500. ▪ Refundable security deposit paid: Rs. 1,50,000	3,000
3.	Bengaluru *[our ware house and*	20, Door No. 36, New Timber Yard Layout, RMS Post	July 23, 2008	B.K.Somasekhar	▪ Term of one (1) year beginning from April 1, 2008 to March 31, 2009	▪ Monthly rent of Rs. 69,780/-. ▪ Refundable	3,172

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
	marketing office are located on site]	Office, Bengaluru.			▪ Either party has a right to terminate with a two (2) month notice or paying proportionate rent in lieu thereof. ▪ The premises to be used for the office – cum - godown purposes.	security deposit paid: Rs. 6,34,400.	
4.	Bhiwandi	B - 7, Gala No. 2, Pritesh Complex, Anjurdapora Road, Valaga Village, Bhiwandi, Thane	January 27, 2005	R.S. Gosrani and F.H. Gosrani	▪ Term of fifty five (55) months beginning from February 1, 2005 to August 31, 2009, renewable with mutual consent. ▪ We can terminate the lease by giving a notice of three (3) months. The licensor can terminate in case of non payment of license fees for three (3) months or for act or omission of an act that leads to criminal liability. ▪ We are not permitted to take any loan or hypothecate or mortgage the property with any bank, financial institution or other person and our Company shall discharge their trade liabilities towards Government or semi-Government or local authorities and shall not bind the Licensor and/or assets under any such circumstance.	▪ Rs. 10,775 per month	2,155
5.	Bhiwandi	B - 7, Gala No. 3, Pritesh Complex, Anjurdapora	January 27, 2005	R.N. Gosrani, N.S. Gosrani	▪ Term of fifty five (55) months beginning from February 1, 2005 to	▪ Rs. 10,775 per month	2,155

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
		Road, Valaga Village, Bhiwandi, Thane			August 31, 2009, renewable with mutual consent. ▪ We can terminate the lease by giving a notice of three (3) months. The licensor can terminate in case of non payment of license fees for three (3) months or for act or omission of an act that leads to criminal liability. ▪ We are not permitted to take any loan or hypothecate or mortgage the property with any bank, financial institution or other person and our Company shall discharge their trade liabilities towards Government or semi-Government or local authorities and shall not bind the Licensor and/or assets under any such circumstance.		
6.	Chandigarh	SCF 243, 2nd Floor, Motor Market, Manimajra, Chandigarh.	November 1, 2006	Chander Lekha Vaid	▪ Term of three (3) years beginning from September 1, 2006 to August 31, 2009, renewable thereafter with a minimum increase in rent by 12.50% for the further renewed period of lease. ▪ We have the right to sub-let, assign or part with the lease to associate / subsidiary companies without the lessor's approval. ▪ Either party has a	▪ Monthly rent of Rs. 4,500. ▪ Refundable security deposit paid: Rs. 4,500.	750

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
					right to terminate with a two (2) month notice.		
7.	Chennai	Holding No. 307/4 Alapakkam Main Road Madoravoyal, Chennai, 110095	December 13, 2007	S Yoga Pragasam	▪ Term of three years from December 16, 2007 to December 15, 2010. ▪ The lease may be extended for a further period of three years or any other tenure agreed upon by the two parties. ▪ The Lessee to not sublet, assign or otherwise part with the possession of the premises except to its associate/ subsidiary companies. ▪ The premises to be used for office-cum - godown purposes. ▪ Either party can terminate the tenancy by serving two (2) month's written notice or paying proportionate rent in lieu thereof.	▪ Monthly rent of Rs. 27,000 and the monthly rent will be increased by 7% p.a. viz. on December 15, 2008 and December 15, 2009 ▪ Refundable security deposit: Rs. 3,00,000/-.	2,700
8.	Cochin	Ground Floor 42/2420 "Thaliyath House", St. Benedict Rd., Ernakulam, Cochin.	October 15, 2003	T. D. George	▪ Term of five (5) years beginning from October 15, 2003 to October 14, 2008, renewable with mutual consent. ▪ We have the right to sub-let, assign or part with the lease to associate / subsidiary companies without the lessor's approval. ▪ The lessor cannot terminate till expiry of initial three (3) years of tenancy	▪ Monthly rent of Rs. 7,500 for the first three years and increase @ 15% thereof after first three years. ▪ Refundable security deposit paid: Rs. 45,000. ▪ Maintenance charges: Rs. 2,506 per month. Current rent is Rs. 8,625 per	1,125

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
					although we have the right to terminate with three (3) months notice. After three (3) years, either party can terminate giving a three (3) month notice. ▪ The agreement has expired on October 14, 2008 and our Company is in the process of renewing the same.	month.	
9.	Cuttack	Holding No.-338/A, Ward Number 26, Ice Factory Road, PO College Square Cuttack.	August 6, 2007	Nikhil R Rathor	▪ Term of three (3) years beginning from September 1, 2007 to August 31, 2010, renewable thereafter with a minimum increase in rent by 20% for the further renewed period of lease. ▪ We have the right to sub-let, assign or part with the lease to associate/ subsidiary companies without the lessor's approval. ▪ Either party has a right to terminate with a two (2) month notice.	▪ Monthly rent of Rs. 14,700. ▪ Refundable security deposit paid: Rs. 44,100.	2,100
10.	Dehradun	Ground Floor, No. C - 21, Chauhan` Market, Haridwar Rd., Dehradun.	August 1, 2008	Jagjit Kaur Chadha	▪ Term of three (3) years beginning from August 1, 2008 to July 31, 2011, with an increase by 15% on every renewal. ▪ We have the right to sub-let, assign or part with the lease to associate/ subsidiary companies without the lessor's approval. ▪ The lessee has a	▪ Monthly rent of Rs. 3,795.	160

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
					right to terminate with a one (1) month notice.		
11.	Delhi (marketing office)	F1 and F2 (FF) Roshnara Plaza, Roshnara Rd., Delhi.	March 1, 2004	M/s. MPD Builders Private Limited	▪ Our term of four (4) years which began on March 1, 2004 has ended on February 28, 2008. ▪ Our Company is in the process of renewing the same.	▪ Monthly rent of Rs. 7,635/- for F2 and 20,045 for F1. ▪ Refundable security deposit paid: Rs. 45,810 for F2 and 1,04,580/- forF1. ▪ Monthly Maintenance charges: Rs. 2,506.	1,671
12.	Delhi	Warehouse 25-A, Harichand Mela Ram Complex, East Gokulpuri, Wazirabad Rd., Delhi.	June 19, 2001	M/s. Tajinder Arora and Co.	▪ Term of nine (9) years, from June 1, 2001 to May 31, 2010. ▪ We have the right to sublet any portion of the property to any group company. ▪ The lessor has a right to terminate only if the rent is unpaid for four (4) consecutive months. We have the right to terminate with a four month notice or by giving 4 months rent in lieu of the notice.	▪ Monthly rent of Rs. 61,663 (enhanced by 15% every three years, last enhanced in June 2004) . ▪ Refundable security deposit paid: Rs. 1,60,860. (current rent is Rs. 70,912 per month)	7,660
13.	Ghaziabad	No. 791, New Arya Nagar, Meerut Rd., Ghaziabad.	January 3, 2008	Ms. Lata Garg	▪ Term of three (3) years beginning from December 1, 2007 to November 30, 2010, renewable thereafter with a 10% increase in rent for the further renewed period of lease. We have the right to sub-let, assign or part with the lease to	▪ Monthly rent of Rs. 25,000. ▪ Refundable security deposit paid: Rs. 60,000.	2,500

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
					associate/ subsidiary companies without the lessor's approval. ▪ Either party has a right to terminate the lease by serving one month notice or by paying one month rent in lieu thereof. ▪ The premises to be used for office – cum – godown purposes.		
14.	Gurgaon	Begumpur Khatola, Behrampur Industrial Area, NH-8, Opposite AAA India Limited, Gurgaon.	September 26, 2007	M/s Sharma Enterprises	▪ Term of three (3) years beginning from July 1, 2007 to June 30, 2010, renewable with mutual consent. ▪ We have the right to sub-let, assign or part with the lease to its associate / subsidiary / group companies without the lessor's approval. ▪ Either party can terminate the agreement by giving a one (1) month's notice or paying proportionate rent in lieu thereof. ▪ The premises are to be used for office – cum – godown – cum – depot purposes and shall not be used for any other purpose.	▪ Monthly rent of Rs. 77,000	5,500
15.	Guwahati	No. 147, 148 Ward No. 16A, Guwahati Municipal Corporation, Ulubari, G S Road, Janpath Lane, Guwahati	September 20, 2007	M/s. Ramesh Kumar Arvind Kumar (HUF)	▪ Term of three (3) years beginning from October 1, 2007 to September 30, 2010, renewable with mutual consent. ▪ We have the right	▪ Monthly rent of Rs. 21,684/-.	1,668

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
		– 781 007			to sub-let, assign or part with the lease to associate/ subsidiary / group companies without the lessor's approval. ▪ Either party has a right to terminate by giving one (1) month's notice or paying proportionate rent in lieu thereof. ▪ The premises to be used for the office – cum - godown purposes.		
16.	Indore	29/2 Lasudiamor, A.B. Road, Indore, Madhya Pradesh	September 20, 2007	Singhal Leasing and Construction private limited	▪ Term of three (3) years beginning from May 1, 2007 to April 30, 2010, renewable thereafter with 10% increase in rent for the further renewed period of lease. We have the right to sub-let, assign or part with the lease to associate/ subsidiary companies without the lessor's approval. ▪ Either party has a right to terminate with a one (1) month's notice or paying proportionate rent in lieu thereof. ▪ The premises to be used for the office – cum – godown purposes.	▪ Monthly rent of Rs. 7,406/-. ▪ Refundable security deposit paid: Rs. 18,363.	1,855
17.	Jaipur	Godown 15, Transport Nagar, Jaipur.	November 1, 2003	Khairatilal Katiyal	▪ Term of nine (9) years beginning from October 1, 2003 to September 31, 2012, renewable with mutual consent.	▪ Monthly rent of Rs. 15,051 (enhanced by Rs. 1,000 p.m. w.e.f. June 1, 2005) for the first three	1,787.96 (enhanced by 180 sq. ft. w.e.f June 1,

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
					▪ We have the right to sub-let, assign or part with the lease to associate/ subsidiary companies without the lessor's approval. ▪ The lessor cannot terminate till expiry of six (6) years of tenancy although we can terminate with two (2) months notice. After 6 years, either party can terminate giving a 2 month notice.	years and increase @ 10% thereof after every three years. As per the terms of the agreement, the rent is increased to Rs. 15,456 from October 1, 2006. ▪ Refundable security deposit paid: Rs. 14,051/-. Current rent is Rs 17,309 per month	2005)
18.	Jamshedpur	Plot No. 132/1840, Khata No. 1, Ward No. 13 of Jamshedpur	October 15, 2005	Sulochana Devi Agarwal and Gajanand Agarwal	▪ Term of three (3) years beginning from October 15, 2005 to October 14, 2008, renewable thereafter with a 10% p.a. increase in rent for the further renewed period of lease. ▪ Either party has a right to terminate with a three (3) month notice. ▪ The Lessee shall have no right, title or interest in the property other than by way of tenancy. The Lessee shall not transfer or sub-let to any other party. ▪ The agreement has expired on October 14, 2008. Our Company is in the process of renewing the same.	▪ Monthly rent of Rs. 40,000.	8,000
19.	Kolkata (marketing office)	Flat No. 16 and 17, 5th Floor, 8 Camac Street	June 12, 2003	Bimla Devi Jalan and Nandini	▪ Term of three (3) years beginning from May 1, 2006, and ending on April	▪ Monthly rent of Rs. 17,772 ▪ Refundable security	1,481

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
		Shantiniketan Building, 8 Camac Street, Kolkata.		Devi Jalan	30, 2009 ▪ We have the right to sub-let, assign or part with the lease to associate/ subsidiary companies without the lessor's approval. ▪ Lessor has no right to terminate the lease. We can terminate with a six (6) month notice. ▪ We also have a hiring agreement for the use of fittings & fixtures with the same party.	deposit paid: Rs. 2,13,264. ▪ Monthly hire charges of Rs. 25,547 (enhanced by 15% every three years, last enhanced in May, 2006). ▪ Refundable security deposit paid under hiring agreement: Rs. 2,66,580 Current rent is Rs. 45,985 per month	
20.	Kolkata (warehouse)	55, Canal East Road., Beliaghata, Kolkata.	September 29, 2006	Heilgers Private Limited	▪ Term of two (2) years beginning from October 1, 2006 to September 30, 2008, renewable thereafter with a 10% minimum increase in rent for the further renewed period of lease. ▪ We have the right to sub-let, assign or part with the lease to associate/ subsidiary companies without the lessor's approval. ▪ Either party can terminate with a three (3) month notice. We are in the process of renewing the same. ▪ The agreement has expired on September 30, 2008 and our Company is in the process of renewing the same.	▪ Monthly rent of Rs. 33,810. ▪ Refundable security deposit paid: Rs. 1,75,000.	2,800
21.	Ludhiana	Plot No. 12, Sherpur Chowk, Ludhiana.	July 23, 2008	Arun Kumar and Kailash	▪ Term of three (3) years from August 1, 2008 to July 31, 2010	▪ Monthly rent of Rs. 15,525 Refundable security	2,700

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
				Rani	▪ We have the right to sub-let, assign or part with the lease to group companies without the lessor's approval. ▪ Either party can terminate with one month notice.	deposit paid: Rs. 40,500.	
22.	Mumbai (marketing office)	303, 3rd Floor, TV Estate, SK Ahire Marg, Worli, Mumbai.	April 4, 2007	Shilpa D. Shah	▪ Term of thirty six (36) months beginning from April 1, 2007 to March 31, 2010, renewable with mutual consent. ▪ Premises are fully furnished. ▪ Premises can be used by a group or associate company only on a gratuitous basis and for a temporary period and it remains our responsibility to return the premises to the licensor at the expiry of the license. ▪ We are not permitted to part with the possession or sub-let the premises except to a group company for a temporary period and it shall remain our responsibility to hand over the premises to the Licensor. A group company shall mean a company in which at least two directors are in common and in which we own 25% of the shareholding. ▪ Licensor can terminate on breach by us with a one (1) month notice. ▪ We are not tenants	▪ Monthly license fees of Rs. 55,000 ▪ Refundable security deposit paid: Rs. 1,50,000.	870

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
					and are not entitled to seek protection under the Maharashtra Rent Control Act, 1999.		
23.	Mumbai (marketing office)	304, 3rd Floor, TV Estate, SK Ahire Marg, Worli, Mumbai.	April 4, 2007	Deepak P. Shah (HUF)	▪ Term of thirty six (36) months beginning from April 1, 2007 to March 31, 2010, renewable with mutual consent. ▪ Premises are fully furnished. ▪ Premises can be used by a group or associate company only on a gratuitous basis and for a temporary period and it remains our responsibility to return the premises to the licensor at the expiry of the license. ▪ We are not permitted to part with the possession or sub-let the premises except to a group company for a temporary period and it shall remain our responsibility to hand over the premises to the Licensor. A group company shall mean a company in which at least two directors are in common and in which we own 25% of the shareholding. ▪ Licensor can terminate on breach by us with a one (1) month notice. ▪ We are not tenants and are not entitled to seek protection under the Maharashtra Rent	▪ Monthly license fees of Rs. 55,000. ▪ Refundable security deposit paid: Rs. 1,50,000.	870

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
					Control Act, 1999.		
24.	Pune	Sukhwani Logistics, Survey No. 5, Near Morya Hospital, Tathwade.	October 18, 2005	Gurmukh J. Sukhwani	▪ Term of six (6) years from November 1, 2005 to October 31, 2011 renewable thereafter with an increase of 10% in the rent after every two (2) years. ▪ We have the right to sub-let, assign or part with the lease to associate/ subsidiary companies without the lessor's approval. ▪ The lessor has no right to terminate but we have the right to terminate with a two (2) months notice.	▪ Monthly rent of Rs. 24,750 for the first two years and thereafter increase @ 10% thereof for every two years. ▪ Refundable security deposit paid: Rs. 1,50,000	4,500
25.	Raipur	H. No. 5, Sahkari Marg No. 3, Chobey Colony, Raipur.	September 28, 2007	Vikas Agrawal	▪ Term of three (3) years beginning from October 1, 2007 to September 30, 2010, renewable thereafter with 10% increase in rent for the further renewed period of lease. ▪ We have the right to sub-let, assign or part with the lease to associate/ subsidiary / group companies without the lessor's approval. ▪ Either party can terminate with a one (1) month's notice or by paying proportionate rent in lieu thereof. The premises are to be used for Office-cum-Godown purposes.	▪ Monthly rent of Rs.6,050/- ▪ Refundable security deposit paid: Rs. 18,150.	2,400
26.	Rajkot (marketing	No. 367, Bhakti Nagar Station	September 29, 2006	Bhikhala	▪ Term of 2 years beginning from	▪ Monthly rent of Rs. 5,000.	130

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
	office)	Plot, Street No.4, Rajkot.		l Chhaganl al Patel	October 1, 2006 to September 30, 2008, renewable with mutual consent. ▪ We have a right to sub-let, assign or part with the lease to associate/ subsidiary companies. ▪ Either party can terminate with three (3) month notice or by paying three (e) months rent in lieu thereof. ▪ The said premises to be used for office-cum-godown purposes and not for any other purpose. ▪ The agreement expired on September 30, 2008 and our Company is in the process of renewing the same.	▪ Refundable security deposit paid: Rs. 12,000.	
27.	Ranchi	Ground Floor, 173 C – 2, Modi Compound, opposite Rani Sati School, Near Minakshi Cinema Lane, Ratu road, Ranchi	August 20, 2008	Mr. Om Prakash Bidsar	▪ Term of two (2) years beginning from August 8, 2008 to August 7, 2010. ▪ We have the right to sub-let, assign or part with the lease to associate/ subsidiary companies without the lessor's approval. ▪ The Lessee can terminate with a one (1) month written notice.	▪ Monthly rent of Rs. 14,000. ▪ Refundable security deposit paid: Rs. 42,000.	906
28.	Secunderab ad	Krishna Kunj, H No. 3-6-286, Ground Floor, Mutyalaguda Garden, Hyderguda, Hyderabad.	June 9, 2005	Vivek Singh and Pratima Rane	▪ Term of three (3) years beginning from June 1, 2005 to May 31, 2011, renewable thereafter with 10% increase in rent for	▪ Monthly rent of Rs. 15,000. ▪ Refundable security deposit paid: Rs. 45,000.	2,160

Sr. No.	City	Address of Property	Date	Lessor/ Licensor	Key Terms	Amounts Payable	Area (In sq. ft.)
					the further renewed period of lease. ▪ We have the right to sub-let, assign or part with the lease to associate/ subsidiary companies without the lessor's approval. ▪ Either party can terminate with a three (3) month notice.		
29.	Patna	Ground Floor, 54, South Chhajju Bagh, near Radio Station, Opp Hindi Bhawan Patna.	March 1, 2007	Shashank Shekhar, Mrigank Shekhar, Mayank Shekhar & Swetank Shekhar	▪ Term of three (3) years beginning from March 1, 2007 to February 28, 2010, renewable thereafter with 20% increase in rent for the further renewed period of lease. ▪ We have the right to sub-let, assign or part with the lease to associate/ subsidiary companies. ▪ Either party can terminate with a one (1) month notice.	▪ Monthly rent of Rs. 15,840.	2,200

Residential Premises

We have rented various premises in Chennai and Delhi, for the use of our employees. Typically, these agreements are for a duration of one or two years with an option for renewal on terms mutually agreed. There are no unusual restrictive covenants in the leave and licenses agreements for these properties.

Owned Premises

Plants:

- **The Yelahanka plant in Bengaluru**: Land admeasuring about 20 acres together with buildings and erections standing located in Yelahanka village, North Taluk Bengaluru was taken on lease from Karnataka Industrial Area Development Board (KIADB) vide a lease-cum-sale agreement dated February 9, 1977. A sum of Rs. 40,000 was paid as premium and the sum of Rs. 16,000 was paid as yearly rent. We purchased the said land from KIADB vide a deed of sale dated December 17, 1996 for a consideration of Rs. 2,20,000. 6,210 sq. meters of this property has been leased to our Subsidiary FMTPR India vide lease agreement with effect from November 4, 1997. This lease agreement with FMTPR India is discussed in the paragraph titled "Property of our Subsidiaries" beginning on page 107 of the Letter of Offer.

  Land marked as Sy. No. 188/1, 188/2A part, 188/2B part, 188/3, 189/1, 189/3, 189/7, 190 part, 191/1 part, 191/2, 191/3, 192/1 part, 192/2, 193/6 part, 193/7, 198 part and the old village site of Yelahanka village admeasuring about 30 acres together with buildings and erections standing located in Yelahanka village, North Taluk Bengaluru was transferred to us as a part of merger of Escorts Pistons Limited (formerly known as Escorts Mahle Limited) *vide* order dated May, 13 2003 of the High Court of Delhi at New Delhi with effect from November 1, 2002.. We have title to the said lands and we are in the process of getting the properties mutated in our favour. We further confirm that non-mutation was due to a procedural delay. However as on the date of the Letter of Offer our name has not been mutated in the revenue records.

- **The plant in Patiala**: Land measuring about 187 bighas, along with buildings thereon located partly in the Revenue Estate of Farm Bahadurgarh and partly in the Revenue Estate of Kasba also known as Rorkee. The land along with buildings thereupon was purchased from the Maharaja of Patiala vide conveyance deed dated April 18, 1956, for a consideration of Rs. 2,97,770 in the form of 3,000 fully paid up shares of Rs. 100/- and vide a sale deed dated June 16, 1971 for a consideration of Rs. 3,90,500. Approximately, 38 acres of land was transferred to us as a result of the merger with Escorts Pistons Limited and we are in possession of the same.

In addition to the plants, we also own the following premises:

- **Bengaluru**: Flat numbers 2A, 5A, 5B, and 5C in the Sah Jeevan Apartments Co-operative Housing Society. We acquired these flats under a form of transfer dated March 11, 2004, and acquired 40 equity shares of Rs. 100 each of Sah Jeevan Apartments Co-operative Housing Society. We paid a consideration of a sum of Rs. 6,00,000 for the same. This form of transfer has been registered with the Sub Registrar, Gandhinagar, Bengaluru-9. Flat No. 5A & 5C are being used by us for the purposes of a guest house, and Flat Nos. 2A & 5B have been provided to our employees for residence.

- **Pune**: Plot numbers 2, Gat No. 368 of Survey No. 143A, Village Takve Khurd, Taluka Mawal, District Mawal, Zila Parishad Pune, admeasuring 300 sq. yards was purchased for a consideration of Rs. 2,16,000 on November 9, 1998 from M/s. Laxmi Investments. The deed of conveyance was registered with the sub-registrar, Mumbai on April 8, 1999.

Property of our Subsidiaries

The following table sets out the details of the commercial premises taken on lease by our subsidiaries:

1. Satara Rubbers and Chemicals Limited

Sr. No.	Location of Property	Document and date	Lessor/Licensor/Transferor	Key Terms	Amounts Payable	Area
1.	A -26/3, Mohan Co-operative Industrial Estate Limited, Mathura Rd., New Delhi	Perpetual Lease Agreement Sub lease dated March 28, 1995	Perpetual Sub-Lease Agreement between the President of India and Mohan Co-operative Industrial Estate Limited. Mohan Co-Operative Industrial Estate Limited (lessee of the President of India)	Key terms in relation to the sub-lease dated March 28, 1995 are as follows: ▪ SRCL is not permitted to sell, transfer, assign or otherwise part with the possession of the property in any form or manner to a person who is not a member of the Mohan Co-operative Industrial Estate Limited and even such transfers require the	▪ Rs.362.51 (2.5% of the premium) payable in two equal installments on January 1 and July 1 annually. ▪ Premium paid: Rs. 1,500.51. ▪ Monthly rent of Rs. 10 from July 24, 1963 to July 1973; and, Rs. 362.51 (2.5% of the premium) from July 24, 1973 onwards as	1,617.77 sq. yards

Sr. No.	Location of Property	Document and date	Lessor/Licensor/Transferor	Key Terms	Amounts Payable	Area
				permission of the Government of India. Such transferee is also bound by the terms and conditions of the sub-lease. ▪ The sub-lessee shall require prior permission from the municipal authority before making any alterations or additions to the building on the plot. ▪ The Lt. Governor of Delhi can resume plots if needed for the development of the area or for public and general utility. ▪ The Sub-lessee shall not without the written consent of the Lessor use or permit to be used the industrial plot or any building thereon for residence or for carrying on any trade or business whatsoever or use the same or permit the same to be used for any purpose other than of carrying on the manufacturing process or running the industry.	annual rent	

2. **FMTPR India**

S. No.	Location of Property	Document and date	Lessor/Licensor/Transferor	Key Terms	Amounts Payable	Area
1.	Bellary Road, Yelahanka, Bengaluru	Lease deed dated September 1, 2006.	Our Company	▪ Term of nine (9) years although it can be terminated by prior mutual consent. ▪ FMTPR India has undertaken not to contravene terms of lease deed between our Company and the KIADB.	Monthly rent of Rs. 6,50,000, subject to revision upwards of 20% every three years.	6,210 square meters

Intellectual Property

We have not applied for or obtained any patents, copyrights or designs or any other intellectual property except trademarks.

The following are the details of the trademarks registred/applied for by our Company:

Trademarks

(i) Trademarks registered by our Company:

Sr. No.	Proprietor	Trademark	Registration No.	Class	Description of Goods	Date of Application	Registration Date	Expiry Date	Validity Period (in years)	Issuing Authority
1.	Goetze (India) Limited	Logo for Goetze (India) Limited	1365203	12	Piston rings used for all types of Automobiles included in Class 12.	June 20, 2005	January 17, 2008.	June 19, 2015	10 years from the date of application.	Trade marks Registry The Government Of India.
2.	Goetze (India) Limited	Word “GOETZE”	1364964	12	Piston Rings under all types of automobiles.	June 17, 2005	March 28, 2007	June 16, 2015	10 years from the date of application	Trade marks Registry The Government Of India.
3.	Goetze (India) Limited	Word “Premium Shakti”	1367315	12	Piston rings for tractor models	June 28, 2005	February 8, 2007	June 27, 2010	10 years from the date of application	Trade marks Registry The Government Of India.

(iii) Trademarks applied for by FMTPR India

Sr. No.	Mark	Application Number	Date of Application	Status
1.	Logo	1068713	December 24, 2001	Pending Registration

Financial Indebtedness

Sr. No.	Name of the lender	Date of Agreement	Key Terms	Security	Outstanding as on September 30, 2008
1.	The Bank of Rajasthan Limited	September 14, 2007	• Amount: Rs. 15,00,00,000; • Rate of interest – 2.5% below Benchmark Prime Lending Rate subject to minimum of 12% per annum; • Tenure: 2 years; • Repayment schedule: 4 equal quarterly installments starting from December 31, 2008; • Purpose: To meet out ongoing capital expenditure and and long term working capital requirements; • Prior written consent of the lender required to effect any change in the constitution, capital structure ownership, management set up and any scheme of reconstitution or amalgamation*; • Our Company can declare dividend/ profit distribution only after meeting all the financial commitments to the lender and making all necessary provisions; • No withdrawal of the funds brought in by the promoters/ partners/ directors/ shareholders/ their relatives and friends in the business by way of capital/ deposits/ loans/ share application money, etc.; • Our Company requires prior written consent of	• First *pari passu* charge over entire fixed assets of our Company.	Last payment due on September 21, 2009. Outstanding Amount 15,00,00,000

Sr. No.	Name of the lender	Date of Agreement	Key Terms	Security	Outstanding as on September 30, 2008
			the lender to enter into any contractual obligation of long term nature affecting financial position significantly; • Our Company cannot sell or dispose off or create any further charge, mortgage, pledge, lien or encumbrance over its assets (fixed/ current) or part thereof, in favor of any financial institution/ bank/ others without prior permission of the lender; • Our Company is required to obtain prior permission of the lender before obtaining further finance from other banks/ financial institutions, etc.; • Our Company cannot divert funds to sister/ associate group concerns for investment and/ or deposits with other companies; • Our Company cannot induct a person who is/ was a director in a company which has been identified as a willful defaulter by the lender/ any other bank/ RBI, on our Company's Board and if such person is on our Company's Board, our Company shall take expeditious and effective steps for removal of such person from our Company's Board;		
2.	Export Import Bank of India	January 19, 2006	▪ Amount: Rs. 25,00,00,000; ▪ Purpose: Long term working capital requirement; ▪ Interest: 7.25% per annum; ▪ Repayment schedule – 8 quarterly installments	▪ First charge by way of hypothecation over our moveable fixed assets, present and future, excluding assets exclusively charged to other lenders;	Loan to be satisfied on November 20, 2008. Amount Outstanding Rs. 3,12,50,000

Sr. No.	Name of the lender	Date of Agreement	Key Terms	Security	Outstanding as on September 30, 2008
			commencing 1 year from the date of first disbursement; ▪ Prepayment of loan may be done by our Company with a prior written notice of thirty (30) days, subject to payment of prepayment premium as determined by the lender; ▪ Prior written consent of the lender is required for the following: o Entering into any scheme of merger, amalgamation or consolidation; o Sale, lease or revaluation of substantial portion of our fixed assets, undertakings or divisions; o Effecting any material change in the composition of our board of directors or in the management set up or ownership of our business; o Amending our Memorandum and Articles of Association or altering our capital structure or shareholding pattern; o Undertaking any diversification/expansion in our business; o Allowing the transfer or disposal of the shareholding of any of the promoters in the equity or quasi equity capital; o Declaration of any dividend to the shareholders where there has been a default in making payments under the loan agreement. ▪ Our Company is not permitted to induct any person on the board of	▪ Mortgage over our lands and immoveable properties, present and future, excluding assets exclusively charged to other lenders; ▪ Post dated cheques covering the principal and interest thereon for a period of six (6) months from the date of first disbursement.	

Sr. No.	Name of the lender	Date of Agreement	Key Terms	Security	Outstanding as on September 30, 2008
			directors who is a director on the board of a company which has been identified as a willful defaulter by RBI; ▪ On the occurrence of an event of default under the loan agreement, the lender has the right to appoint a nominee director on the board of directors of our Company; ▪ We cannot use the loan facility for investment in shares, debentures and other marketable securities or for investment in real estate or in any speculative activity or for granting loans and inter corporate deposits to a subsidiary or a company under the same management.		
3.	State Bank of Patiala	July 19, 2005	▪ Amount: Rs. 30,00,00,000; ▪ Purpose: To augment net working capital position and rectify temporary mismatch of fund flow; ▪ Interest: Floating 3.5% per annum below bank's BPLR; ▪ Repayment: 8 quarterly installments with effect from April 30, 2007; ▪ 2% pre-payment penalty; ▪ Prior written consent of the lender is required for effecting any changes in our Memorandum and Articles of Association; ▪ Our Company is not permitted to call uncalled capital without giving prior notice to the lender and the lender may at its discretion require the monies payable in respect of the call made by our Company to be paid to the lender; ▪ We are not permitted to vary the shareholding of	▪ Mortgage of all our immovable properties, present and future; ▪ First charge by way of hypothecation/ pledge of all our goods, movables and other assets, present and future.	Last installment due on January 30, 2009. Amount Outstanding 10,00,00,000

Sr. No.	Name of the lender	Date of Agreement	Key Terms	Security	Outstanding as on September 30, 2008
			our directors, principal shareholders and promoters without the prior written consent of the lender; ▪ Lender has a right to nominate a director on the board of our Company in the event of a default being committed by our Company under the loan agreement; ▪ Prior consent of the lender is required for the following: o Alteration of our capital structure; o Effecting any scheme of amalgamation or reconstruction; o Implementing a new scheme of expansion; o Declaration of dividend to our shareholders where any installment remains unpaid; o Withdrawing any money brought in by the promoters, directors, or relatives and friends of the promoters and directors; o Investing any funds in the share capital of another concern so long as monies are due to the lender; • Under the agreement we have constituted the lender as our attorney to *inter alia* take over and carry on our business, wind up our business etc.		
4.	State Bank of India	March 1, 2005	▪ Amount: Rs. 35,00,00,000; ▪ Interest: 2.75% below SBAR; ▪ Repayment: 12 quarterly installments with 1 year moratorium, beginning on April 1, 2006; ▪ Bank is entitled to	▪ Mortgage over all our immovable property, present and future; ▪ First charge by way of hypothecation of our movables and other assets.	Last Installment to be paid on January 01, 2009. Amount Outstanding Rs. 2,90,67,000

Sr. No.	Name of the lender	Date of Agreement	Key Terms	Security	Outstanding as on September 30, 2008
			recover a charge on pre-payments up to a maximum extent of 1% on the pre-paid amount; ▪ Our Company is not permitted to call uncalled capital without giving prior notice to the lender and the lender may at its discretion require the monies payable in respect of the call made by our Company to be paid to the lender; ▪ We are not permitted to vary the shareholding of our directors, principal shareholders and promoters without the prior written consent of the lender; ▪ Prior written consent of the lender is required for effecting any changes in our Memorandum and Articles of Association; ▪ Prior permission of the lender is required for: o Declaration of dividend where any installments remain unpaid; o Investing funds in any other concern so long as monies are due to the lender; o Withdrawing any funds brought in by our promoters, directors, or relatives and friends of the promoters and directors. o Implementing any scheme of expansion, or taking up an allied line of business; o Making any drastic change in our management set up; o Effecting any change in remuneration payable to our directors in the form of sitting fees or		

Sr. No.	Name of the lender	Date of Agreement	Key Terms	Security	Outstanding as on September 30, 2008
			otherwise. ▪ Under the agreement we have constituted the lender as our attorney to inter alia take over and carry on our business, wind up our business etc.		
5.	Axis Bank Limited	January 5, 2007	▪ Amount: Rs. 30,00,00,000; expenditure; ▪ Purpose – Part funding of capital expenditure ▪ Current rate of interest – 3.5 % below banks PLR (PLR at the time of execution of loan agreement is 10%); ▪ Repayment schedule: 12 equal quarterly installments of Rs. 2,50,00,000 commencing from 12 months from the date of first disbursement; ▪ Premature Repayment of the loan can only be done at the sole discretion of the lender and upon such terms and conditions stipulated by the lender; ▪ Prior written consent of the lender is required for entering into any scheme of amalgamation, merger, or scheme of expansion of business and manufacture to be undertaken by our Company; ▪ Prior written consent of the lender is required for change in ownership and control of the Company. ▪ Prior consent of the lender is required for amendment in the Memorandum and Articles of Association of the Company.	▪ *Pari passu* first charge on the entire fixed assets of the Company situated at its plants in Bengaluru, Patiala and Bhiwadi. ▪ Collateral security- *Pari passu s*econd charge over current assets of the Company.	Last installment payable on October 09, 2010. Amount Outstanding 20,00,00,000

Working Capital Facilities

Consortium Arrangement

Our Company has entered into a working capital consortium agreement dated March 25, 2006, with the following banks (collectively referred to as the "Lenders"/"Consortium") - (a) ABN AMRO Bank N.V.; (b) Deutsche Bank AG; (c) HDFC Bank Limited; (d) State Bank of India; (e) State Bank of Patiala; (f) Axis Bank Limited; (g) ING Vysya Bank Limited; and (h) Yes Bank Limited. ABN Amro Bank N.V. by consent of all parties to the agreement has been designated as the lead bank ("Lead Bank") of the Consortium vide *inter se* Agreement dated March 25, 2006. Under the agreement we have been sanctioned a total working capital facility comprising of a fund based limit of Rs. 1,45,75,00,000 and a non fund based limit of Rs. 6,68,00,000. The said facility has been secured by a first charge over our current assets, both present and future at our factories, premises and godowns located in Patiala, Bhiwadi and Bengaluru or wherever else the same may be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, however and wheresoever in the possession of the Company and either by way of substitution or addition. Towards this end, we have executed a joint deed of hypothecation dated March 25, 2006, a supplemental Joint deed of Hypothecation, dated November 22, 2007, with the Lenders.

We require the prior written permission of the Lead Bank for the following:

(a) Effecting any change in our capital structure;
(b) Formulating any scheme of amalgamation or reconstruction;
(c) Implementing any scheme of diversification/modernization/expansion;
(d) Undertaking any guaranteeing obligations on behalf of any third party or other company;
(e) Making any corporate investments by way of share capital or debentures.

In addition to these covenants, the sanction letters issued by some of the lenders, the terms of which form part of the Consortium Agreement, require us to seek the consent of some of the lenders prior to making any drastic change in our management set up or allow withdrawal of monies that have been brought in by our principal shareholders, directors and depositors. Under the agreement, we have constituted each of the Lenders as our attorney *inter alia* for the purposes of taking over our business and completing any arrangements and contracts, realizing our assets, and if considered proper, winding up our business. An *inter se* agreement dated March 25, 2006 was executed between the Lenders and our Company. This agreement has been entered into for the sake of operational convenience of the Lenders and with a view to define their *inter se* rights in the Consortium.

Arrangement with ING Vysya Bank Limited

Pursuant to an agreement dated February 21, 2006 entered into between our Company and ING Vysya Bank Limited we are availing a letter of credit facility for Rs. 14,50,00,000 from ING Vysya Bank Limited. The purpose of this facility is to fund the purchase of machinery and other expansion projects of our Company. This facility has been secured by a charge over our movable fixed assets. Under the facility agreement, we require the permission of the bank for *inter alia* (a) any change in controlling ownership and change of business, (b) taking up expansion or diversification activities and (c) withdrawing monies or funds brought into our business by our principal shareholders, directors and/or depositors. We have also entered into a working capital facility agreement dated October 17, 2006 with ING Vysya Bank Limited for a limit of Rs. 15,00,00,000, which is proposed to be included in the working capital consortium agreement. This facility was merged in the Working Capital Consortium vide agreement dated March 25, 2006, led by ABN Amro Bank N.V.. We have also availed a facility of Buyer’s Credit for the amount of Rs. 12,50,00,000 vide Facility Agreement dated February 25, 2008. This facility has been availed for the purpose of purchase of Capital Goods. A subservient charge over movable fixed assets has been created in favour of ING Vysya Bank Limited to secure the Buyer’s Credit Facility of Rs. 12,50,00,000.

Arrangement with Yes Bank Limited

We have availed a short term credit facility from Yes Bank Limited, for a sum of Rs. 25,00,00,000, which has made available to us short term loans, cash credit, letters of credit, and invoice financing. The facility was modified on December 1, 2006 pursuant to which the limits were reduced to Rs.12,00,00,000 and the facility of providing bank guarantees was made available. As security for the facility for Rs. 12,00,00,000, we have created a subservient charge on our stocks and book debts. This facility was amended vide agreement with Yes Bank Limited on April 10, 2007 pursuant to which the amount was increased to Rs. 14,00,00,000 for the purpose of working capital requirements, raw materials, spares. In addition to these limits, another short term credit facility up to Rs. 7,50,00,000 was availed for the purpose of working capital which . The limit for this facility was increased to Rs. 10,50,00,000 vide our agreement dated April 10, 2007. This Facility has now been included in the Working Capital Consortium led by ABN Amro Bank N.V. vide Supplemental Working Capital Consortium Agreement dated November 22, 2007. The facility has been availed by our Company *inter alia* for the purpose of facilitating purchase of capital equipments, raw materials, spares and other items.

Arrangement with HDFC Bank Limited

We have availed of bill discounting/ invoice financing/ purchase order financing facility for a sum of Rs. 92,00,00,000 *vide* sanction letter dated July 5, 2008. Further we have availed of a revolving facility from HDFC Bank Limited for a sum of Rs. 20,00,00,000 which makes available to us short term loans. We have further availed of an additional facility from HDFC Bank for a sum of Rs. 20,00,00,000 vide Loan Agreement executed on September 20, 2007. Some of the key terms and conditions in relation to the revolving facility and additional credit facility have been set out hereunder:

- We have agreed to pay interest at the rate as prescribed by the bank and to pay an additional 4% on the entire loan amount on default;
- We have agreed to furnish the bank our unaudited half yearly income statements and copies of audited financial statements within two (2) months of the close of each financial year;
- We are not permitted any change in ownership or control which may change our effective beneficial ownership or control and also not make any material change to the management of the business or make any changes to our Memorandum or Articles of Association without the prior consent of the Bank;
- We are not permitted to utilize the loan for any purpose other than for working capital; and
- We are not permitted to assume guarantee, endorse or in any manner become directly or contingently liable for or in connection with the obligation of any person, firm or corporation except for transactions in the ordinary course of business.

Motor Vehicle Loans

Our Company has also availed of various motor vehicle loans from ICICI Bank, Reliance Capital Limited and Tata Capital Limited. The current outstanding amount under these loans as on September 30, 2008, is as under.

Name of the Bank	Amount in (Rs.)
Reliance Capital Limited	19,62,000
Tata Capital Limited	36,22,000
ICICI Bank Limited	38,13,000
Total	**93,97,000**

Lenders Consent for the Issue

Our lenders have granted their consent for the Rights Issue *vide;*

Name of the Bank	Letter dated
ABN Amro Bank N.V.	July 11, 2008
Axis Bank Limited	July 06, 2008
HDFC Bank Limited	July 05, 2008
ING Vysya Bank Limited	June 30, 2008
Yes Bank Limited	July 10, 2008
State Bank of India	July 11, 2008
State Bank of Patiala	July 18, 2008
Export Import Bank of India	August 05, 2008
Deutsche Bank AG	[●]

OUR HISTORY AND MAIN OBJECTS

Our History

We were originally incorporated at Delhi as Goetze (India) Private Limited on November 26, 1954, under the Indian Companies Act, 1913. In the year 1961, our Company became a deemed public company within the meaning of Section 43A of the Companies Act and a fresh certificate of incorporation was issued by the Registrar of Companies, Delhi and Haryana on April 17, 1961. Subsequently *vide* a resolution of our shareholders at an EGM held on April 29, 1963 it was resolved that our Company would henceforth be a public limited company. The corporate identity number of our Company is L74899DL1954PLC002452.

Our Company was originally promoted by H.P. Nanda and his associates. Subsequently our Company entered into a technical and financial collaboration with Goetzewerke Friedrich A.G. of Germany ("**Goetze-Werke**"), and thereafter in due course, Goetze-Werke and Escorts Limited became the majority shareholders of our Company. Goetze-Werke was succeeded by Goetze AG, which was transformed from a stock corporation into Goetze GmbH, a limited liability company on Nov. 22, 1993, following its acquisition by Ferodo Beral GmbH, a subsidiary of T&N Plc. On October 4, 1994 Goetze GmbH changed its name to Goetze Vermogensverwaltungs GmbH. Subsequent to Federal-Mogul acquiring T&N Plc in 1998, Goetze Vermogensverwaltungs GmbH changed its name to Federal-Mogul Vermogensverwaltungs GmbH.

JIPL acquired the shareholding of Escorts Limited in our Company during 2003. Subsequent to this, FMG, AN (together with his associates) and JIPL were our Promoters. In 2006, FMH acquired most of the shareholding of JIPL in our Company and therefore the Federal-Mogul Group, through its affiliates, became our majority shareholder. Subsequently, AN, his associates and JIPL ceased to be declared as our Promoters.

Our Company today is controlled by Federal -Mogul Corporation, USA who through two of its entities – Federal -Mogul Vermogensverwaltungs GmbH and Federal -Mogul Holdings Limited holds the majority of the equity shareholding of our Company. For the details of the acquisition of Equity Shares by our Promoters, please refer to "Details of build-up of the shareholding of the Promoters" in the chapter titled "Capital Structure" on page 28 of the Letter of Offer.

Our Company had also undertaken some diversification programmes and initiated a number of joint ventures in this regard. It established a solvent extraction plant for processing mustard, sunflower, and other oil bearing seeds in Alwar during 1991-1992, but the same was closed down as it was found to be uneconomical. Our Company had also commissioned a leather garments business and had set up a 100% export oriented high fashion leather garments unit. After this business found recognition abroad, it was hived off to a separate company called AN GIP Leather (India) Limited in 1998, which became a joint venture with M/s Speith and Wensky of Germany. Our Company also promoted a joint venture during 1991-1992 with Nanz KG of Germany and Marsh Inc., USA to set up a chain of super markets in India for food products retailing in the name of Nanz Food Products Limited ("**NFPL**"). Our Company subsequently divested its equity from these ventures to focus on its core business activities. Currently, our Company's business focus is solely on its core activities and it has no business association or interest in any of these allied businesses.

Pursuant to the acquisition of majority equity shareholding in our Company by the Federal-Mogul Group in 2006, a resolution of our members was passed at the EGM held on June 16, 2006, wherein it was resolved to change our name from Goetze (India) Limited to Federal-Mogul Goetze (India) Limited. The fresh certificate of incorporation consequent on change of name of our Company was issued by the Registrar of Companies, NCT of Delhi and Haryana on August 3, 2006.

Our Company's registered and corporate office is at A-26/3, Mohan Co-operative Industrial Estate, New Delhi - 110044. The following table sets out the details of the change in our registered office since incorporation:

Sr. No.	Period	Location of registered office	Reasons for change
1.	Since incorporation till 1960	6 Pratap Buildings, Connaught Circus – New Delhi – 110 001	Administrative Convenience
2.	1960 to 1966	26 Faiz Bazaar, New Delhi – 110006	Administrative Convenience
3.	1966 to 1977	Escorts House, Roshanara Road, New Delhi –	Administrative Convenience

Sr. No.	Period	Location of registered office	Reasons for change
		110 007	
4.	1977 to 1995	H-2 Connaught Circus, New Delhi – 110 001	Administrative Convenience
5.	1995 to 1998	A-36 Mohan Co-operative Industrial Estate, New Delhi – 110 044	Administrative Convenience
6.	1998 to 2000	A-39 Mohan Co-operative Industrial Estate, New Delhi – 110 044	Administrative Convenience
7.	2000 to 2003	52-B Okhla Industrial Estate, Phase-III, New Delhi – 110 020	Administrative Convenience
8.	2003 till date	A-26/3 Mohan Co-operative Industrial Estate, New Delhi – 110 044, which is the present registered office of our Company	Administrative Convenience

The Equity Shares of our Company are currently listed on BSE and NSE. We entered into a listing agreement dated August 24, 1978 pursuant to which our Equity Shares were listed on BSE. Our shares have been listed on NSE since February 8, 1995.

As on the date of filing of the Letter of Offer, our Promoters hold 1,87,14,588 Equity Shares of our Company, representing 57.37% of our pre-Issue subscribed and paid-up capital. As of like date, the Board of Directors of our Company comprises 5 Directors, which consists of 3 non-executive Directors, 2 of whom are independent Directors. The Chairman of our Company is a non-executive Director and one-third of our board comprises of independent Directors as required under the listing agreement.

Key Events and Milestones

Year	Major Event
1954	Our Company was incorporated.
1955	Our Company entered into a technical collaboration with Goetze-Werke.
1955	Allotment of 3,000 equity shares of face value Rs. 100/- each to Maharaja of Patiala for consideration other than cash against sale of land to our Company.
1957	Operation of our ring and liner production at our plant in Patiala.
See foot note (1)	Allotment of 1,858 equity shares of Rs. 100/- each to Goetze-Werke for consideration other than cash against supply of machinery.
1966	Allotment of 3,585 equity shares of Rs. 100/- each to Goetze-Werke for consideration other than cash against supply of machinery.
1968	Pins/Ring Carrier production started at Patiala.
1978	Commencement of piston ring production in our Bengaluru plant
1978	Public issue of 12,53,328 fully paid up equity shares with a face value of Rs. 10/- each at an issue price of Rs. 12/- per equity share payable in cash aggregating to Rs. 1,50,39,936
1981	Allotment of 4,72,399 equity shares of face value Rs. 10/- each at an issue price of Rs. 12/- each to financial institutions upon part conversion of loan given to our Company.
1982	Commencement of production of steel rings at our Bengaluru plant.
1985	Commencement of Production of light alloy products at Patiala Plant.
1985	Issue of 23,11,200 fully paid up equity shares with a face value of Rs. 10/- each at an issue price of Rs.13/- per equity share payable in cash aggregating to Rs. 3,00,45,600 to the existing shareholders on rights basis in the ratio of 1 fully paid up equity shares for every 2 equity shares held by the existing shareholders.
1990	Commencement of production of moly coated/IKA/Chrome oil rings at our Patiala plant.
1992	Lockout by the management at Patiala Plant from March 26, 1992 to April 14, 1992 due to violence on the premises.

Year	Major Event
1994	Setting up of a new ring foundry in our Bengaluru plant.
1995	Listing of our Company's shares on the National Stock Exchange of India Limited
1995-1996	Manufacture of sintered metal components under the name of Brico Goetze (India) Limited formed in collaboration with T&N Plc. UK.
1996-1997	Pistons business of our Company and Escorts Limited was transferred to Escorts Mahle Limited, a 50:50 joint venture between Escorts Limited and Mahle GmbH.
1997	Incorporation of Goetze TP (India) Limited.
2001	Merger of Federal-Mogul Sintered Products Limited with our Company.
2001	One day strike by permanent employees at Yelahanka plant to protest delaying long term settlement on September 12, 2001
2001-2002	Acquisition of the entire equity share capital of Escorts Mahle Limited by Coupled Investment Private Limited, a 100% subsidiary of our Company, subsequent to which the name of Escorts Mahle Limited was changed to Escorts Pistons Limited.
2002	Merger of Coupled Investments Private Limited and Escorts Pistons Limited with our Company.
2003	Acquisition of majority stake by Joint Investments Private Limited from Escorts Limited.
2004	SRCL became a 100% subsidiary of our Company.
2004	Technical tie-up with Federal-Mogul Nürnberg GmbH for gallery cooled technology.
2005	Commencement of commercial production of gallery cooled pistons.
2006	Acquisition of majority stake by Federal-Mogul Group through inter-se transfer from JIPL and cessation of JIPL, AN and his associates as the Promoters of our Company.
2006	Disposal of vegetable oil plant at Alwar.
2006	Shut down leather trading business.
2007	One day strike by contractual employees at Yelahanka plant for increase in wages and benefits on May 12, 2007
2007	Issue of 73,33,389 fully paid up equity shares with a face value of Rs. 10/- each at an issue price of Rs, 145 per equity share, payable in cash, aggregating Rs. 1,06,33,41,405 to the existing shareholders on rights basis in the ratio of 29 fully paid up equity shares for every 100 equity shares held by the existing shareholders.
2008	Closure of Production of light alloy products at Patiala Plant.

(1) The corporate records of our Company with respect to the allotment of 1,858 Equity Shares to the foreign collaborators are not available. However, on the basis of the minutes of the meeting of our Board dated December 31, 1959 read with the approval bearing number EC.DH.34144/24-59 dated November 20, 1959 issued by RBI read with our balance sheet for the year ending December 31, 1961 we can confirm that an allotment of 1,858 Equity Shares to our foreign collaborators was made in the year 1961

Awards and Certifications Received by Our Company Since 1998

Year	Award/Certification
1998-1999	Received the best performing supplier award from Tata Cummins Limited
1999	Our plant at Bhiwadi received the OHSAS 18001:1999 certificate from TUV Certification Body for Environmental Management Systems of RWTUV Systems GmbH.
2000-2001	Escorts Mahle Limited received an award of excellence for performance in quality from Maruti Udyog Limited.
2001-2002	Escorts Mahle Limited received a certificate of appreciation from Kinetic Engineering Limited for supply of quality materials and meeting schedules.
2002	Received the best performance vendor award for casting from Yamaha Motors India Private Limited
2004	Our plant at Bhiwadi received ISO 14001:2004 certificate from TUV Certification Body for Environmental Management Systems of RWTUV Systems GmbH.

Year	Award/Certification
2004-2005	Received the award for QCDDM in Machining Category from Honda Motorcycle & Scooter India (Private) Limited. .
2005 – 2006	Received a certificate of appreciation from Standard Group of Companies for supply of components, maintaining quality and adhering to schedules.
2005 – 2006	Received the best supplier performance award from Mahindra & Mahindra Ltd in the category Proprietary and Electrical.
2006-2007	Received the award for commendable performance for achieving Quality and Delivery targets for the year 2006-2007 from Honda Motorcycle & Scooter India (P) Limited
2007-2008	Received the award for commendable performance for achieving Quality and Delivery targets for the year 2007-2008 from Honda Motorcycle & Scooter India (P) Limited

Mergers and Amalgamations

Amalgamation of Federal -Mogul Sintered Products Limited with our Company

Pursuant to an order of the Delhi High Court dated July 16, 2001 Federal -Mogul Sintered Products Limited was amalgamated with our Company pursuant to a scheme of amalgamation filed under the Companies Act. Pursuant to the said order, all assets and liabilities of Federal -Mogul Sintered Products Limited stood transferred to our Company. While the date of the order of the Delhi High Court was July 16, 2001, the effective date of the merger was January 1, 2001.

Amalgamation of Escorts Pistons Limited and Coupled Investment Private Limited with our Company

Pursuant to an order of the Delhi High Court dated May 13, 2003, Escorts Pistons Limited and Coupled Investment Private Limited were amalgamated with our Company pursuant to a scheme of amalgamation filed under the Companies Act. Pursuant to the said order, all assets and liabilities of Escorts Pistons Limited and Coupled Investment Private Limited stood transferred to our Company. While the date of the order of the Delhi High Court was May 13, 2003, the effective date of the merger was November 1, 2002.

Objects of Our Company

The objects of our Company are as follows:

1. To carry on the business of iron-founders, mechanical engineers, manufacturers of tractors, diesel engines, machine tools, motor cars, buses, vans; jeeps, lorries, motor launches, motor cycles, cycles, and spare parts and accessories of these machines and vehicles, tool makers, assemblers, brass founders, metal workers, boiler makers, millwrights, iron and steel converters, smiths, electrical engineers, water works engineers, manufacturers and repairers of atomic power and gas generators, framers, printers, carriers and merchants and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in machinery, implements, rolling stock and hardwares of all kinds.

2. To undertake and execute any contracts for works involving the supply or use of any machinery or other works comprises in such works.

3. To buy, sell, let on hire, repair, alter any machinery, component parts, accessories and fittings of all kinds for things mentioned in clause 1 above or used in, or capable of being used in connection with the manufacture, maintenance and working thereof.

4. To carry on the business of automobile engineers, electrical and mechanical engineers, coach builders, body builders, workshop proprietors, taxicab, omnibus and other private or public conveyance proprietors, repairers, dealers in motor-parts, cycle parts and accessories of all kinds, oils, petrol, grease and other lubricants.

5. To carry on the business of manufacturers, importers, exporters, distributors, agents, chemists, druggists, engineers,

contractors, builders, financiers, underwriters, receivers and liquidators.

5A. To carry on the business of manufacturers of and dealers in computers, electronic equipment, peripherals and software and accessories thereof and provide services of data processing of all types.

5B. To carry on the business of manufacturers and dealers in plastics, PVC and other mouldable and formative products, raw materials and ingredients thereof.

5C. To carry on the business of producing, manufacturing, processing and dealing in agricultural and dairy products, aerated, carbonated and mineral waters, fruit juices, pulps and artificially flavoured drinks, malts, hops, grain, yeast, pickles, tinned fruits, sauces and any and all other vegetable, food and fruit products and in connection therewith undertake horticulture, growing of vegetables and fruits.

5D. To purchase, sell, export, import, distribute, trade and otherwise deal in all types and description of leather garments, accessories and goods, capable of being conveniently carried on or intended to directly or indirectly benefit the Company.

6. To acquire, construct and maintain factories, establishments, works, buildings and erections for all or any of the purposes aforesaid and to acquire or make machinery, implements and articles required to be used for any such purposes and to carry on as principals or agents any branch of manufacturing or mercantile business for which the Company's lands, monies, establishment, property and servants may be conveniently applicable consistently with all or any of the purposes aforesaid.

7. To carry on any other business, whether manufacturing or otherwise which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.

8. To acquire and undertake the whole or any part of the business, property, and liabilities of any person or company carrying on any business which the Company is authorised to carry on or possessed of property suitable for the purpose of the Company.

9. To apply for, purchase, or otherwise acquire, any patents, brevets, d'invention, licenses, concessions, and the like, conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, or grant license in respect of, or otherwise turn to account the property, rights or information so acquired.

10. To enter into partnership or into any arrangement for sharing profits, union of interests, cooperation, joint venture, reciprocal concession, or otherwise, with any person or company carrying on or engaged in, or about to carry on or engage in, any business or transaction which this Company is authorised to carry on or engage in, or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company. And to lend money, to guarantee the contracts of, or otherwise assist, any such person or company, and to take or otherwise acquire shares and securities of any such company, and to sell, hold, reissue, with or without guarantee, or otherwise deal with the same.

11. To take, or otherwise acquire, and hold shares in any other company having objects altogether in part similar to those of this Company, or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.

12. To enter into any arrangement with any governments or Authorities supreme, Municipal, local or otherwise, that may seem conducive to the Company's objects, or any of them, and to obtain from any such Government or authority, any rights, privileges and concessions which the Company may think it desirable to obtain, and to carry out, exercise, and comply with any such arrangements, rights, privileges, and concessions.

13. To establish and support or aid in the establishment and support of associations, institutions, funds, trusts, and conveniences calculated to benefit employees, or ex-employees of the Company (or its predecessors in business) or the dependents or connection of such persons, and to grant pensions and allowances, and to make payments toward insurance, and subscribe or guarantee money for charitable or benevolent objects, or for any exhibition, or for any

public, general or useful objects.

14. To promote any company or companies for the purpose of acquiring all or any of the property, rights and liabilities of this Company, or for any other purpose which may seem directly or indirectly calculated to benefit this Company.

15. Generally to purchase, take on lease or in exchange, hire, or otherwise acquire, any real and personal property, and any rights or privileges which the Company may think necessary or convenient for the purposes of its business and in particular any land, buildings, easements, machinery, plant and stock in-trade.

16. To construct, maintain, and alter any buildings, or works, necessary or convenient for the purposes of the Company.

17. To construct, improve, maintain, develop, work, manage, carry out or control any roads, ways, tramway, railways, branches or sidings, bridges, reservoirs, watercourse, wharves, manufactures, warehouses, electric works, shops, stores and other works and conveniences which may seem calculated directly or indirectly to advance the Company's interests, and to contribute to, subsidies or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out, or control thereof.

18. To invest and deal with the monies of the Company not immediately required in such manner as may from time to time be determined.

19. To lend money to such persons or companies and on such terms as may seem expedients, and in particular to customers and others having dealings with the Company, and to guarantee the performance of contracts by any such persons or companies.

20. To borrow or raise or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of debenture stock, perpetual or otherwise charged upon all or any of the Company's property, both present and future, including its uncalled capital and to purchase, redeem, or pay off any such securities.

21. To draw, make, accept, endorse, discount, execute, and issue promissory notes, bills of exchange, warrants, bills of lading, debentures and other negotiable & transferable instruments.

22. To undertake and execute any trusts the undertaking whereof may seem desirable and either gratuitously or otherwise.

23. To sell or dispose of the undertaking of the Company or any part thereof, for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any other company having objects altogether or in part similar to those of this Company.

24. To adopt such means of making known the products of the Company as may seem expedient, and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals, and by granting prizes, rewards and donations.

25. To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Company.

26. To do all or any of the above things in any part of the world as principles, agents, contractors, trustees, or otherwise and by or through trustees, agents, or otherwise, either alone or in conjunction with others.

27. To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures or debenture stock or other securities of the Company or in or about the formation or promotion of the Company or the conduct of its business.

28. To pay all the preliminary expenses of any kind and incidental to the formation and incorporation of the Company out of the funds of the Company.

29. To distribute any of the Company's property among the members in specie or in any manner whatsoever.

30. To do all such other things as are incidental or conducive to the attainment of the above objects.

Our Subsidiaries

Our Company currently has two (2) subsidiaries – FMTPR India and Satara Rubbers & Chemicals Limited. FMTPR India is currently engaged in manufacturing steel rings for bi-wheelers while SRCL is currently not engaged in any business or operations. For further details, please refer to the chapter titled "Our Subsidiaries" beginning on page 127 of the Letter of Offer.

Changes in the Memorandum of Association

Date of the Shareholders Approval	Changes
July 22, 1955	Change in the authorized share capital from Rs. 50,00,000 divided into 50,000 Equity Shares of Rs. 100 each to Rs. 65,00,000 divided into 50,000 Equity Shares of Rs. 100 each and 15,000 7% redeemable preference shares of Rs. 100 each, by creation of 15,000 7 % redeemable preference shares of Rs. 100 each.
April 17, 1961	Removal of the term 'Private' on account of becoming a deemed public company.
April 29, 1963	Shareholders approval for the conversion of our company from a deemed public company to a public company.
June 24, 1963	Change in authorized share capital from Rs. 65,00,000 divided into 50,000 Equity Shares of Rs. 100 each and 15,000 7% redeemable preference shares of Rs. 100 each to Rs. 1,00,00,000 comprising of 75,000 Equity Shares of Rs. 100 each; 23,000 9% redeemable cumulative preference shares of Rs. 100 each and 2,000 7% redeemable preference shares of Rs. 100 each.
June 27, 1973	Change in authorized share capital from Rs. 1,00,00,000 comprising of 75,000 Equity Shares of Rs. 100 each, 23,000 9% redeemable cumulative preference shares of Rs. 100 each and 2,000 7% redeemable preference shares of Rs. 100 each to Rs. 3,00,00,000 divided into 2,75,000 Equity Shares of Rs. 100 each; 23,000 9% redeemable cumulative preference shares of Rs. 100 each and 2,000 7% redeemable preference shares of Rs. 100 each by creation of 2,00,000 Equity Shares of Rs. 100 each.
August 22, 1977	Subdivision of 1 Equity Share of face value Rs. 100 each into 10 Equity Shares of face value Rs. 10 each.
August 22, 1977	Change in authorized share capital from Rs. 3,00,00,000 divided into 2,75,000 Equity Shares of Rs. 100 each; 23,000 9% redeemable cumulative preference shares of Rs. 100 each and 2,000 7% Redeemable Preference Shares of Rs. 100 each to Rs. 5,00,00,000 comprising 47,50,000 Equity Shares of Rs. 10 each; 23,000 9% redeemable cumulative preference shares of Rs. 100 each and 2,000 7% redeemable preference shares of Rs. 100 each by creation of 20,00,000 Equity Shares of Rs. 10 each.
December 30, 1977	Change in authorized share capital from Rs. 5,00,00,000 divided into 47,50,000 Equity Shares of Rs. 10 each; 23,000 9% redeemable preference shares of Rs. 100 each and 2,000 7% redeemable preference shares of Rs. 100 each to 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10 each.
June 1, 1981	Change in authorized share capital from Rs. 50,000,000 divided into 50,00,000 Equity Shares of Rs. 10 each to Rs. 10,00,00,000 comprising 1,00,00,000 Equity Shares of Rs 10 each by creation of 50,00,000 Equity Shares of Rs. 10 each.
December 26, 1986	Amendment of the object clause of our memorandum of association to add clauses 5A, 5B, 5C and 5D in the objects clause of our memorandum of association. The said amendment was approved by CLB *vide* order dated 31st October 1988 with modifications. However the insertion of clause 5B was not approved and clause 5C and 5D were renumbered accordingly
September 25, 1989	Change in authorized share capital from Rs. 10,00,00,000 comprising 1,00,00,000 Equity Shares of Rs 10 each to Rs. 25,00,00,000 comprising 2,50,00,000 Equity Shares of Rs. 10 each by creation of 1,50,00,000 Equity Shares of Rs. 10 each.
December 15, 1995	Change in the authorized share capital from Rs. 25,00,00,000 divided into 2,50,00,000 Equity Shares of Rs. 10 each to Rs. 40,00,00,000 divided into 4,00,00,000 Equity Shares of

Date of the Shareholders Approval	Changes
	Rs. 10 each by creation of 1,50,00,000 Equity Shares of Rs. 10 each.
July 27, 1999	Amendments made to the language in clauses 5A and insertion of clause 5D in our objects clause in our Memorandum of Association
July 16, 2002	Change in authorized share capital of Rs. 80,00,00,000 divided into 3,00,00,000 Equity Shares of Rs. 10 each and 50,00,000 Preference Shares of Rs. 100 each.
September 27, 2003	Change in authorized share capital of Rs. 80,00,00,000 divided into 3,00,00,000 Equity Shares of Rs. 10 each and 50,00,000 Preference Shares of Rs. 100 each to Rs. 80,00,00,000 divided into 8,00,00,000 Equity Shares of Rs. 10 each.
June 16, 2006	Amendment to the name clause of our Memorandum of Association.

Strategic Partners

Our Company has not entered into any strategic partnership agreements.

Financial Partners

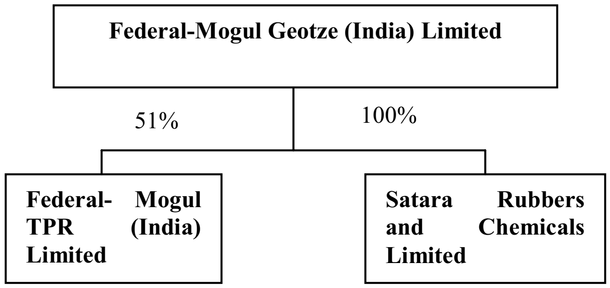
Our Company has not entered into any financial partnership agreements.

Shareholders Agreement

There are no subsisting shareholders' agreements among our shareholders in relation to our Company, to which our Company is a party or otherwise has notice of the same.

OUR SUBSIDIARIES

The following schematic shows the structure of our Company and its Subsidiaries:



Federal-Mogul TPR (India) Limited (formerly Goetze TP (India) Limited)

Corporate Structure

FMTPR India was incorporated on May 21, 1997, having a the registration number 55-087410 with the Registrar of Companies, NCT of Delhi and Haryana originally under the name of Goetze TP (India) Limited. The name was subsequently changed to the present name on June 15, 2007 vide a fresh Certificate of Incorporation issued by Registrar of Companies, NCT of Delhi and Haryana. The registered office of FMTPR India is situated at A-26/3, Mohan Co-operative Industrial Estate, New Delhi-110044, and it shares expenses with our Company on the basis of sales ratio. GTP India has been incorporated *inter alia* with the main objects of manufacturing, assembling, installing, producing, all types of steel compression piston rings, 2/3 piece oil rings for all types of automotive engines, vehicles and all things used in connection with manufacture, maintenance, or otherwise thereof. Currently GTP India is engaged in the manufacture of steel rings for bi-wheelers.

The authorized share capital of FMTPR India is Rs. 20,00,00,000 divided into 1,00,00,000 equity shares of Rs. 10/- each and 10,00,000, 6% redeemable cumulative preference shares of Rs. 100/- each.

Shareholding Pattern

The shareholding pattern of FMTPR India as on date on the date of filing of the Letter of Offer is as follows:

(a) Equity Shareholding

S. No.	Name of Shareholder	Number of Shares	% of holding
1.	Federal –Mogul Goetze (India) Limited	50,99,940	50.994
2.	Federal –Mogul Goetze (India) Limited Jointly with Saloni Chawla	10	0.001
3.	Federal –Mogul Goetze (India) Limited Jointly with Rajan Nanda	10	0.001
4.	Federal –Mogul Goetze (India) Limited Jointly with Rustin Murdock	10	0.001
5.	Federal –Mogul Goetze (India) Limited Jointly with Jean Humbert Louis de VILLARDI de Montlaur	10	0.001
6.	T&N Investments Limited*	24,50,000	24.50
7.	Teikoku Piston Ring Company Limited	24,50,000	24.50
8.	Federal –Mogul Goetze (India) Limited Jointly with Manish Chadha	10	0.001
9.	Federal –Mogul Goetze (India) Limited Jointly with Rajan Luthra	10	0.001
	Total	**1,00,00,000**	**100%**

*T&N Investments Limited is controlled by Federal-Mogul Corporation.

(b) Preference Shareholding

S. No.	Name of Shareholder	Number of shares	% of holding
1.	Federal-Mogul Goetze (India) Limited	5,10,000	51
2.	T&N Investments Limited	2,45,000	24.50
3.	Teikoko Piston Ring Company Limited	2,45,000	24.50
	Total	**10,00,000**	**100%**

Board of Directors

As on the date of filing of the Letter of Offer, the Board of Directors of FMTPR India comprises – Jean Humbert Louis de VILLARDI de Montlaur, Rustin Murdock, Hiroshi Takano, Andreas Kolf, John Derham and Mukul Gupta.

Financial Performance

The following table sets forth, for the periods indicated, a summary of the financial performance of FMTPR India.

(Rs. in Lakh)

Particulars	Period ended June 30, 2008	Year ended December 31, 2007	Year ended December 31, 2006 (9 months)	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004
Income	3414.51	6,356.13	4,207.63	4,912.57	4,036.75	3,511.33
Expenditure	2648.37	5,473.14	3,523.49	4,353.87	3,511.01	3,078.30
Profit/(Loss) before tax	766.13	882.99	684.14	558.70	525.74	433.03
Profit/(Loss) after tax	502.22	564.11	424.87	346.45	327.52	249.30
Share Capital:						
Equity	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Preference	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Reserve (Excluding revaluation reserves)	1710.33	1,208.32	714.41	357.96	79.93	237.79
Miscellaneous Exp. not written off	-	-	-	-	(33.41)	(62.20)
EPS (In Rs.)	5.02	4.94	3.56	2.78	0.56	1.68
Net asset value (Rs. per equity share)	27.10	32.08	17.14	13.58	10.47	11.76

The equity shares of FMTPR India are not listed on any stock exchange and it has not made any public or rights issue in the preceding three (3) years. FMTPR India is not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.

Satara Rubbers & Chemicals Limited

Corporate Structure

SRCL was incorporated on April 1, 1986 as Satara Rubbers & Chemicals Private Limited with the registration number 55-023789 with the Registrar of Companies, Delhi and Haryana. Subsequently, *vide* a special resolution of its shareholders dated February 27, 2004, the name of our company was changed to Satara Rubbers and Chemicals Limited. The fresh certificate of incorporation upon change of name was issued by the Registrar of Companies, NCT of Delhi and Haryana on March 24, 2004. The registered office of SRCL is situated at A-26/3, Mohan Co-operative Industrial Estate, New Delhi-110044. SRCL has been incorporated *inter alia* with the main objects of carrying on business as manufacturers, producers, importers, exporters, traders, distributors, dealers and agents to the State Governments and the Central Government of India, foreign Governments and their agencies, for all types of rubber and plastic products, tyres and tubes for all makes of vehicles, heavy, medium or light, rubber containers and rubber lined vessels, electric products, shoes products and parts thereof, toys, surgical goods, insulating materials and all other blown, moulded, formed, extruded, calendered and dipped goods and articles. Currently SRCL is not engaged in any business or operations, and its income comprises of rent from our Company for our Registered Office.

The authorized share capital of SRCL is Rs. 12,00,000 divided into 1,20,000 equity shares of Rs. 10/- each.

Shareholding Pattern

The shareholding pattern of SRCL as on the date of filing of the Letter of Offer is as follows:

S. No.	**Name of the Equity Shareholder**	**Number of Shares**	***% of holding***
1.	Federal –Mogul Goetze (India) Limited	49,940	99.88
2.	Federal –Mogul Goetze (India) Limited jointly with Saloni Chawla	10	0.02
3.	Federal –Mogul Goetze (India) Limited jointly with Rajan Luthra	10	0.02
4.	Federal –Mogul Goetze (India) Limited jointly with Rustin Murdock	10	0.02
5.	Federal –Mogul Goetze (India) Limited jointly with Manish Chadha	10	0.02
6.	Federal –Mogul Goetze (India) Limited jointly with Ashish Mathur	10	0.02
7.	Federal –Mogul Goetze (India) Limited jointly with Shiv Berry	10	0.02
	Total	**50,000**	**100%**

Board of Directors

The Board of Directors of SRCL as on the date of filing of the Letter of Offer comprises of Rustin Murdock, Rajan Luthra and Andreas Kolf.

Financial Performance*

The following table sets forth, for the periods indicated, a summary of the financial performance of SRCL.

(Rs. in Lakh)

Particulars	**Period ended June 30, 2008**	**Year ended December 31, 2007**	**Year ended December 31, 2006 (9 months)**	**Year ended March 31, 2006**	**Year ended March 31, 2005**
Income	30.67	60.00	45.02	30.00	19.51
Expenditure	27.95	102.70	127.44	118.72	53.42
Profit/(Loss) before tax	2.72	(42.70)	(82.42)	(88.72)	(33.92)
Profit/(Loss) after tax	2.72	(42.70)	(82.42)	(88.72)	(37.97)
Equity Share Capital:	5.00	5.00	5.00	5.00	5.00
Reserve (Excluding revaluation reserves)	(249.09)	(251.81)	(209.11)	(126.69)	(37.97)
EPS (In Rs.)	5.45	(85.40)	(164.84)	(177.45)	(75.93)

Net asset value (Rs. per equity share)	(488.17)	(493.62)	(408.22)	(243.38)	(65.93)

Note: SRCL has become subsidiary of FMGIL during the Financial Year 2004 – 2005.

The equity shares of SRCL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three (3) years. SRCL has been making losses for the last three years.

SRCL is currently not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.

OUR MANAGEMENT

Board of Directors

As per our Articles of Association we cannot have less than 3 and more than 12 Directors. The Board of Directors of our Company presently comprises 5 Directors, which consists of 3 non-executive Directors, 2 of which are independent Directors,. The Chairman of our Company is a non-executive Director and one-third of our Board comprises of independent Directors as required under the listing agreement.

The following table sets forth details regarding our Board of Directors as on the date of the Letter of Offer:

Sr. No.	Details	Age (years)	Other directorships/ partnerships	Date of Appointment
1.	**Vishvjeet Kanwarpal** **Designation:** Chairman and Independent Director S/o Col. D.N. Kanwarpal, K.C. **Address:** S-76, Second Floor, Greater Kailash-I, New Delhi – 110 048, India **Occupation:** Service **Nationality:** Indian **DIN:** 00287605	42	▪ Asia Consulting Group (P) Limited ▪ Global InfraSys (P) Limited	January 22, 2007
2.	**Jean Humbert Louis de VILLARDI de Montlaur** **Designation:** Whole Time Director & President S/o. Jacques Charles Rugene **Address:** F - 2/2, Second Floor, Vasant Vihar, New Delhi 110 057 **Occupation:** Service **Nationality:** France **DIN:** 02087045	57	▪ Federal–Mogul TPR (India) Limited ▪ Federal-Mogul Bearings India Limited ▪ Federal-Mogul Trading India Private Limited	March 3, 2008 *(Designated as Whole Time Director & President at the meeting of Board of Director on March 3, 2008)*
3.	**Rustin Murdock** **Designation:** Managing Director & CFO S/o Robert Murdock **Address:** 176, Golf Links, 1st Floor, New Delhi – 110003.	49	▪ Federal-Mogul TPR (India) Limited; ▪ Satara Rubbers & Chemicals Limited ▪ Federal-Mogul Trading India Private Limited	September 24, 2007

	Occupation: Service **Nationality:** United States **DIN:** 01810948			
4.	**Rainer Jueckstock** **Designation:** Non-Executive Director S/o Dieter Jueckstock **Address:** 322 Vailwood Court, Bloomfield Hills, United States – 48302 **Occupation:** Service **Nationality:** German **DIN:** 00233867	48	▪ Federal –Mogul Investments Ltd ▪ Federal-Mogul Holdings Deutschland GmbH ▪ Federal-Mogul Izmet Piston ve Pim Uretim Tesisleri A.S. ▪ Federal-Mogul Piston, Segman ve Gomlek Uretim Tesisleri A.S. ▪ Federal-Mogul Mogul TP Liner, Inc.	September 1, 2003
5.	**Mukul Gupta** **Designation:** Independent Director S/o Darshan Lal **Address:** "Sharnam", R-13/24, Raj Nagar, opposite ALT Centre, Ghaziabad – 201 002, U.P. **Occupation:** Lawyer **Nationality:** Indian **DIN:** 00254597	50	▪ Federal-Mogul TPR (India) Limited;	May 12, 2006

Expiry of terms of office of our Directors

Our Directors are liable to retire by rotation except for Rustin Murdock who is due to retire on June 30, 2011.

Brief Biography of our Directors

Vishvjeet Kanwarpal, has been a member of our Board since January 22, 2007. After completing his International Baccalaureate from the United World College of the Atlantic, Wales, U.K. Mr. Kanwarpal was at the St. Stephen's College, Delhi. He then completed a Bachelor of Science degree from the Massachusetts Institute of Technology, Cambridge, USA in the year 1991 in addition to courses at MIT Sloan School of Management and the Kennedy School of Government, Harvard. Thereafter, from 1991 and 1995, he worked as a Senior Consultant at EDS-JSA International Inc., Cambridge, USA. Between 1992-1993 he was deputed as a consultant with JSA Conseil, SA, Paris, France. Presently, he is the Chief Executive Officer and the Managing Director of Asia Consulting Group (P) Limited and Global InfraSys (P) Limited wherein he is directing the infrastructure strategy practice in *inter alia* the following sectors – Power, Energy, Transport and Emissions.

Jean Humbert Louis de VILLARDI de Montlaur, holds a bachelor's degree in engineering from the Ecole Centrade de Paris, France, and master degree in applied mathematics from University of Paris VII and has done masters in business administration from Institute Francais de Gestion in Paris. He was Managing Director, Sintertech (France), a Federal-

Mogul Powertrain's sintered product division, and Operations Director for its Veurey and Pont-de-Claix, France, facilities. Prior to join Federal-Mogul, in 2003 he was Vice President and General Manager for Visteon's French customer business group and Global Director of the Visteon Interior Product Line Team. In this role, Mr. Montlaur was responsible for the worldwide management of the interior systems, including leading product development, product line business strategy and operations for our company's Interior Group on a worldwide basis. Earlier he held various positions in areas ranging from sales and marketing, program management, and purchasing, to business strategy, operations and general management. He contributed in those roles for major global companies, including Delphi Automotive Systems and Valeo.

Rainer Jueckstock, a graduate engineer from the Military College in Germany, was an army officer before joining Goetze GmbH in 1990 as plant controller. Thereafter, he has held various senior management positions in the Goetze Group, and later in the T&N Group. Presently he is senior vice president, Global – Powertrain, Federal -Mogul Corporation, USA, looking after their global Business unit for Powertrain products (pistons, rings, liners, bearings and others). He has been a Director in our Company since September, 2003.

Rustin Murdock, graduated from McNeese State University with a bachelors degree in accounting and from Michigan State University with a masters in business administration. Prior to joining our Company, Mr. Murdock was a member of the United States Marine Corps. He later joined Deloitte & Touche CPA, an accounting firm as a senior associate. Subsequently, he became the controller for Olympia Arena Inc. and was then promoted to the position of Director, Finance. Mr. Murdock operated a small consulting business prior to joining the Federal-Mogul Group, where he worked in the corporate office as an accounting manager and later became the controller for one of their bearing facilities. He was promoted to North American bearings operations controller prior to joining our Company. Mr. Murdock was serving as "Director, Plant Finance and Reporting" before being appointed as the Managing Director and Chief Financial Officer in the Board Meeting held on September 24, 2007.

Mukul Gupta has been a Member of our Board since May, 2006. He is a Law Graduate and also has a Bachelors Degree in Economics (Honours) 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 giving Consultancy Services in different areas of tax to large Multinationals as well as Reputed Indian Companies. He is the Secretary General (North) and Member 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 as well as Trustee of Bhartiya Shaheed Sainik Vidyalaya.

Details of Borrowing Powers

Vide a resolution passed at the EGM of our Company held on July 16, 2002, consent of the shareholders of our Company has been accorded to increase the limit of the borrowing powers of our Company under section 293(1)(d) of the Companies Act to Rs. 3,00,00,00,000.

Corporate Governance

The guidelines in respect of corporate governance are applicable to our Company as its shares are listed on BSE and NSE. We believe that our Company ensures on-going compliance with all requirements pertaining to corporate governance.

Due to the sudden demise of one of our Directors and the resignation of one other Director, for a brief period in the quarter ending December 31, 2006 and up to January 22, 2007, our Company was not in compliance with respect to the provisions of Clause 49 of the listing agreement relating to the requisite number of independent Directors on the Board. However, effective from January 22, 2007 our Company is in compliance with these requirements of clause 49. The following committees of the Board of Directors for compliance with the corporate governance requirements have been constituted:

- Audit Committee;
- Shareholders'/Investors' Grievance Committee
- Remuneration Committee; and
- Share Transfer Committee.

Audit Committee

The Audit Committee was constituted vide a resolution passed by the Board at its meeting held on June 17, 1997**.** The Committee was reconstituted on April 24, 2008. The terms of reference of the audit committee covers the matters specified under Section 292A of the Companies Act. The committee is responsible for effective supervision of the financial operations and ensuring that financial, accounting activities and operating controls are exercised as per the laid down policies and procedures.

The current terms of reference of the audit committee fully comply with the requirements of clause 49 of the listing agreement as well as Section 292 A of the Companies Act. These broadly include approval of internal audit programme, review of financial reporting systems, internal control systems, ensuring compliance with statutory and regulatory provisions, discussions on quarterly, half yearly and annual financial results, interaction with senior management, statutory and internal auditors, recommendation for re-appointment of statutory auditors etc.

Role of the Audit Committee

1) Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
    - Changes, if any, in accounting policies and practices and reasons for the same;
    - Major accounting entries involving estimates based on the exercise of judgment by management;
    - Significant adjustments made in the financial statements arising out of audit findings;
    - Compliance with listing and other legal requirements relating to the financial statements;
    - Disclosure of any related party transactions;
    - Qualifications in the draft audit report.
4) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
5) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
6) Monitoring the status of utilization of IPO and Rights Issue proceeds of our Company.
7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
8) Discussions with internal auditors on any significant findings and follow up thereon.
9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11) To review the functioning of the whistle blower mechanism.

The audit committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mukul Gupta	Member – Chairman	Independent Director
Vishvjeet Kanwarpal	Member	Independent Director
Rainer Jueckstock	Member	Non Executive Director

Remuneration Committee

Our Company has constituted a remuneration committee pursuant to the requirement of Schedule XIII of the Companies Act for approving remuneration to the executive Directors. This remuneration committee, while approving minimum remuneration under Schedule XIII, takes into account the financial position of our Company, trends in industries, Director's qualifications, experience, past performance, past remuneration etc. The remuneration committee was constituted vide a resolution passed by the Board at its meeting held on June 15, 2002 and was reconstituted on April 24, 2008. The composition of the remuneration committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Vishvjeet Kanwarpal	Member – Chairman	Independent Director
Mukul Gupta	Member	Independent Director
Rainer Jueckstock	Member	Non Executive Director

The Remuneration Committee has been constituted to determine and review the remuneration packages of the Managing Director and/or executive Directors.

Shareholders' / Investors' Grievance Committee

Our Company has formed a shareholders' / investors' grievance committee pursuant to clause 49 of the listing agreement for looking into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet etc. The shareholders'/investors' grievance committee was constituted *vide* a resolution passed by the Board at its meeting held on July 25, 2001 and was reconstituted on April 24, 2008. The composition of the shareholders' / investors' grievance committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Rainer Jueckstock	Member – Chairman	Non Executive Director
Rustin Murdock	Member	Managing Director & CFO
Mukul Gupta	Member	Independent Director
Vishvjeet Kanwarpal	Member	Independent Director

The shareholders’/investors’ grievance committee looks into the redressal of shareholders’/investors’ grievances, if any, like delay in transfer/transmission/dematerialization of shares, loss of share certificates, non-receipt of annual report, dividend warrants etc.

Share Transfer Committee

The share transfer committee was constituted vide a resolution passed by the Board at its meeting held on August 24, 1978. The committee was reconstituted on April 24, 2008. The composition of the share transfer committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Rustin Murdock	Member – Chairman	Managing Director
Mukul Gupta	Member	Independent Director
Vishvjeet Kanwarpal	Member	Independent Director
Jean Humbert Louis de VILLARDI de Montlaur	Member	Executive Director

The terms of reference of this committee *inter alia* include issuing of share certificates, approving transfer of shares, consolidation of share certificates and exercising such powers in connection with the transfer, and transmission of shares, consolidation and sub-division of share certificates, issue of share certificates etc.

Rights Issue Committee

The Rights Issue committee was constituted *vide* a resolution passed by the Board at its meeting held on July 29, 2008. The committee was reconstituted on July 30, 2008. The composition of the Rights Issue committee is as follows:

Name of the Director	Designation in the Committee
Jean Humbert Louis de VILLARDI de Montlaur	Chairman
Rustin Murdock	Member
Mukul Gupta	Member
Rajan Luthra	Member

The terms of reference of this committee *inter alia* include:

1. To make appointment as may be required of underwriters, Bankers, Financial and/or Legal advisors, Depositories, Custodians, Monitoring Agency, if necessary and all other agencies and to finalize the term and conditions (Including the payment of fees, commission, out of pocket expenses and other expenses subject to requisite approvals of Reserve Bank of India and/or any other regulatory authority), of the aforesaid appointments and also to the renew or terminate the appointments so made.

2. To take necessary actions and steps for obtaining relevant approvals, consent from SEBI, Stock Exchanges, Reserve Bank of India and such other authorities as may be necessary in relation to the Rights Issue.

3. To finalise the offer and issue of Rights Securities.

4. To finalise and approve the Offer document, including any necessary amendment / correction etc; in the Offer Document, Composite Application Form, or such other document as may be required to be circulated as a part of the rights issue process, if it is necessary and suggested by the regulatory authorities, and to cause the final approved Offer document to be issued by the Company to its shareholders.

5. To finalize the ratio which would determine the number of Rights Shares to be offered and number of warrants to be offered to the shareholders of the Company in proportion to their existing fully paid up shareholding in the Company.

6. To approve terms and conditions for the issue of Rights Securities, including inter-alia the quantum of premium, conversion term into equity shares.

7. To approve the Book Closure period / or and fix the Records Date in consultation with Stock Exchanges, to ascertain the entitlement of the shareholders pursuant to the proposed Rights Issue.

8. Opening of Bank Accounts as required for the purpose of the proposed Rights Issue.

9. To approve the allotment of Rights securities in respect of the subscriptions received, basis of allotment in case of oversubscription, acceptance and appropriation of the proceeds of the issue, issue of relevant share certificates for equity shares in physical and or / Demat form, affixing of Common Seal in terms of Articles of Association of the Company.

10. To authorize printing of blank Equity Share / Debenture/ Warrant Certificates or such other documents as may be required for the Rights Issue.

11. To do all such acts, deeds and things, execution of documents, undertakings and agreements etc. for listing of securities with the stock exchanges.

12. To do all such acts, deeds and things, execution of documents, undertakings and agreement etc. with National Securities Depositories Limited and Central Depository Service (India) Limited in respect of Right Issue.

13. To authorize Directors / Executives of the Company, including granting power of attorney to do such acts, deeds and things as may be necessary, in connection with issue and allotment under the Right Issue.

14. To take all other decisions to be comply with the requirements and formalities in connection with the Right Issue.

Shareholding of the Directors

Our Articles of Association do not require our Directors to hold any qualification shares. None of our Directors hold any Equity shares including qualification shares in our Company as on the date of filing of the Letter of Offer.

Interest of our Directors

Jean Humbert Louis de VILLARDI de Montlaur and Rustin Murdock may be deemed to be interested to the extent of the remuneration payable to them by our Company.

Rainer Jueckstock does not get remuneration from our Company. He receives his remuneration from Federal-Mogul Corporation.

Vishvjeet Kanwarpal and Mukul Gupta may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof. For further details regarding the remuneration and sitting fees payable to our Directors, please refer to the paragraph titled "Remuneration of our Directors" on page **137** of the Letter of Offer.

Except as stated above and transactions disclosed in related party transactions in the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer, no amount or benefit has been paid or given to our Directors or officers during the last three years nor is it intended to be paid or given to any Directors or Officers of our Company except normal remuneration and/or disbursement for services as Directors, officers or Employees of our Company.

Remuneration of our Directors

All our non-executive Directors except Rainer Jueckstock are entitled to sitting fees of Rs. 20,000 per Board meeting and Rs. 10,000 per meeting of a committee of the Board.

Rustin Murdock

In terms of the Board Resolution dated September 24, 2007 and further vide special resolution dated June 13**,** 2008 the remuneration payable to Rustin Murdock which includes the gross salary and perquisites, is subject to the limits of 5% and 10% of net profits of our Company as per section 309 (3) of the Companies Act and the overall limit of 11% of the net profits as per section 198 (1) of the Companies Act, the gross salary and perquisites payable to him are set out below:

Base Salary	Salary in the scale of US$ 1,28,000 – US$ 1,60,000 per annum subject to annual review by the Board / Remuneration Committee. The Base Salary will be paid by FMC to Murdock and ourCompany shall reimburse such payments to FMC. Payments to FMC would be converted into Indian Rupees as per exchange rates applicable as on date of remittance to FMC
Indian Allowances	Maximum of Rs. 75,00,000/- per annum
Perquisites	▪ Residential premises: Our Company will provide to Murdock furnished residential accommodation including payment of electricity and water charges subject to a maximum of Rs. 45,00,000/- per annum.; ▪ Bonus: Murdock will be entitled to a bonus from FMC subject to a maximum of US$ 50,000 per annum, which will be reimbursed by ourCompany to FMC(to be converted into Indian Rupees as per exchange rates applicable as on date of remittance to FMC); ▪ Mobility Premium: 15% of the base salary per annum, subject to a maximum cap of US$ 15,000 per annum which will be paid by FMC and reimbursed by ourCompany to FMC. (to be converted into Indian Rupees as per exchange rates applicable as on date of remittance to FMC). Hardship Premium: 15% of base salary per annum, subject to a maximum of US$ 2,000 per pay period which will be paid by FMC and reimbursed by our Company to FMC; ▪ Shipment of personal effects: all reasonable expenses incurred for insuring and shipping a limited amount of Murdock's personal effects to his home country at the time of his repatriation; ▪ Home Leave: Murdock and his accompanying dependents will be eligible for reimbursement of actual costs for business class round trip airfare between India and the home country plus

	the cost of all reasonable enroute expenses, subject to a maximum of Rs. 10,00,000/- per annum; ▪ R&R trip: annual reimbursement of up to US$ 3,000 per adult (to be converted into Indian Rupees as per exchange rates applicable as on the date of travel) for family members on assignment with him relating to one-week "R&R" trip, subject to a maximum of Rs. 3,00,000/- per annum; ▪ Conveyance – Car facility with driver for official use as per our Company's rules, policies, procedures and practices; ▪ Employee Benefit Plan: Murdock and his family will participate in all employee benefit plans of FMC which will be paid by the FMC and reimbursed by our Company to FMC, subject to a maximum of US$ 10,000 per annum; ▪ Business expenses- Reimbursement of reasonable and necessary expenses incurred in performance of services, inclusive but not limited to travel, entertainment professional dues, subscription and dues, fees and expenses associated with membership in various professional, business or civic associations where Murdock's participation is in the best interest of our Company; and ▪ Vacation- In accordance with Company's rules, policies, procedures and practices.

Our Company has applied for Central Government approval on July 03, 2008. for the remuneration paid to Rustin Murdock.

Jean Humbert Louis de VILLARDI de Montlaur

In terms of the Board Resolution dated March 3, 2008 and further vide special resolution dated June 13, 2008 the remuneration payable to Jean Humbert Louis de VILLARDI de Montlaur which includes the gross salary and perquisites, is subject to the limits of 5% and 10% of net profits of our Company as per section 309 (3) of the Companies Act and the overall limit of 11% of the net profits as per section 198 (1) of The Companies Act, the gross salary and perquisites payable to him are set out below:

Base Salary	Euro 2,00,000 per annum in the grade of Euro 2,00,000 - Euro 4,00,000 per annum subject to annual review by the Board/Remuneration Committee within the grade. The Base Salary will be paid by FMC to Mr. Montlaur and our Company shall reimburse such payments to FMC. Payments to FMC would be converted into Indian Rupees as per exchange rates applicable as on date of remittance to FMC.
Indian Allowances	Maximum of Rs. 1,50,00,000/- per annum
Perquisites	▪ Residential premises: Our Company will provide to Mr. Montlaur furnished residential accommodation including payment of electricity and water charges subject to a maximum of Rs. 75,00,000/- per annum. ▪ Bonus: Mr. Montlaur will be entitled to a bonus from FMC subject to a maximum of Euro 1,00,000 per annum, which will be reimbursed by our Company to FMC(to be converted into Indian Rupees as per exchange rates applicable as on date of remittance to FMC); ▪ Completion Incentive: 10% of the base salary per annum, subject to a maximum cap of Euro 5,600 per annum which will be paid by FMC and reimbursed by our Company to FMC. (to be converted into Indian Rupees as per exchange rates applicable as on date of remittance to FMC). ▪ Hardship Premium: Euro 30,000 per annum in the grade of Euro 30,000 - Euro 60,000 per annum subject to maximum of 15% of base salary per annum, which will be paid by FMC and reimbursed by our Company to FMC. ▪ Shipment of personal effects: all reasonable expenses incurred for insuring and shipping a limited amount of Mr. Montlaur's personal effects to his home country at the time of his repatriation. ▪ Home Leave: Mr. Montlaur and his accompanying dependents will be eligible for reimbursement of actual costs for round trip airfare between India and the home country plus the cost of all reasonable enroute expenses, subject to a maximum of Rupees 20,00,000/- per annum.

	▪ Rest &Recreation trip: annual reimbursement of up to Euro 2,100 per adult and Euro 1,050 per child (to be converted into Indian Rupees as per exchange rates applicable as on the date of travel). ▪ Conveyance – Car facility with driver for official use as per our Company's rules, policies, procedures and practices. ▪ Employee Benefit Plan: Mr. Montlaur and his family will participate in all employee benefit plans of FMC which will be paid by the FMC and reimbursed by our Company to FMC, subject to a maximum of Euros 50,000 per annum. ▪ Business expenses- Reimbursement of reasonable and necessary expenses incurred in performance of services, inclusive but not limited to travel, entertainment professional dues, subscription and dues, fees and expenses associated with membership in various professional, business or civic associations where Mr. Montlaur's participation is in the best interest of our Company; and ▪ Vacation- In accordance with Company's rules, policies, procedures and practices.

Our Company has applied for Central Government approval on July 22, 2008 for remuneration paid to Jean Humbert Louis de VILLARDI de Montlaur.

Details as to the remuneration paid to Directors for the last three years is laid out below:

Name of the Director	**Payment received 2005-06 (in Rs.)**	**Payment received from April 1 to December 31, 2006 (in Rs.)**	**Payment received from January 1 to December 31, 2007 (in Rs.)**	**Payment received from January 1 to June 30, 2008 (in Rs.)**
L.M. Thapar***	NIL	NIL	N.A.	N.A.
Nikhil Nanda****	NIL	NIL	N.A.	N.A.
Dr. Surinder Kapur *****	20,000	NIL	N.A.	N.A.
Rajen A. Kilachand******	NIL	NIL	N.A.	N.A.
Chakor L Doshi.*******	25,000	NIL	N.A.	N.A.
Anil Nanda^	1,31,78,796	14,63,363	N.A.	N.A.
Arun Anand[@]	47,87,707	1,19,80,129	N.A.	N.A.
M.M. Sabharwal*	80,000	1,30,000	N.A.	N.A.
Dr. R. C. Vaish********	70,000	70,000	N.A.	N.A.
Mukul Gupta	-	1,40,000	5,40,000	3,50,000
Rustin Murdock [@@]	-	-	1,86,76,377	1,22,81,605
Vishvjeet Kanwarpal	-	-	5,60,000	2,90,000
Jean Humbert Louis de VILLARDI de Montlaur [@@@]	-	-	N.A.	2,21,95,379

*** L.M.Thapar has resigned as a Director with effect from July 26, 2005

**** Nikhil Nanda has resigned as a Director with effect from September 23, 2005

***** Dr. Kapur has resigned as a Director with effect from May 10, 2006

****** Kilachand has resigned as a Director with effect from May 10, 2006

******* Doshi has resigned as a Director with effect from May 11, 2006

* M.M.Sabharwal has resigned as a Director of our Company with effect from November 1, 2006.

******** Dr. R.C. Vaish has resigned as a Director of our Company with effect from January 19, 2007

^ Anil Nanda has resigned as a Director of our Company with effect from January 22, 2007. Further, the payment as shown above is upto the period May 12, 2006, the date of him becoming a non-executive Director of our Company

[@] Arun Anand has resigned from the positions of Vice-Chairman, Managing Director & CEO and Director of our Company at its Board Meeting held on September 24, 2007

[@@] Rustin Murdock has been appointed as Managing Director & CFO in the casual vacancy caused due to resignation of Arun Anand at the Board Meeting held on September 24, 2007

[@@@] Jean Humbert Louis de VILLARDI de Montlaur has been appointed as Whole Time Director & President in the Board Meeting held on March 3, 2008.

Commission payable to our Directors

Vide a resolution of our shareholders passed at the EGM held on June 16, 2006 it was resolved that a payment of commission for a period of five (5) years commencing from the financial year 2006-2007 at the rate of 1% of the profits of ourCompany, computed in the prescribed manner, for each of the financial years, shall be made to such Directors, who are neither, Managing nor whole time Directors. In terms of the said resolution, the aggregate amount of money payable by way of commission in any year shall be distributed amongst such Directors, in such manner and in such proportion as may be determined by the Board. However no commission has been paid to any Director under the authority of this resolution till date.

Changes in the Board in the last three years

Name	Date of Appointment	Date of Cessation	Reasons for change
L.M. Thapar	March 3, 1978	July 26,2005	Resigned
Nikhil Nanda	April 16, 1997	September 23, 2005	Resigned
Dr. Surinder Kapur	December 19, 2003	May 10, 2006	Resigned
Rajen A. Kilachand	April 16, 1997	May 10,2006	Resigned
Chakor L. Doshi	June 29, 1994	May 11, 2006	Resigned
M.M. Sabharwal	April 3, 1978	November 1, 2006	Resigned
Brian L. Ruddy	May 12, 2006	December 20, 2006	Demise
Anil Nanda	April 7, 1977	January 22, 2007	Resigned
Dr. R. C. Vaish	September 22, 2001	January 19, 2007	Resigned
Arun Anand	September 24, 2002	September 24, 2007	Resigned from the position of Vice-Chairman, Managing Director and CEO
Charles H. Polzin	May 12, 2006	January 11, 2008	Was a Nominee Director of Federal -Mogul, Corporation, USA, and has resigned
Mukul Gupta	May 12, 2006	Continuing	Independent Director appointed
Charles B. Grant	May12, 2006	March 31, 2008	Was a Nominee Director of Federal- Mogul, Corporation, USA and has resigned
Vishvjeet Kanwarpal	January 22, 2007	Continuing	Appointed as Independent Director and designated as chairman with effect from July 29, 2008
Rustin Murdock	September 24, 2007	Continuing	Appointed as Managing Director and Chief Financial Officer in the casual vacancy caused due to resignation of Arun Anand.
Rainer Jueckstock	September 1, 2003	July 28, 2008	Resigned as the Chairman, continuing as a whole time Director of our company
Jean Humbert Louis de VILLARDI de Montlaur	March 3, 2008	Continuing	Appointed as Whole Time & President

Brief Profile of our Key Managerial Personnel

1. ***Rustin Murdock, Managing Director & Chief Financial Officer***

   Rustin Murdock was serving as "Director, Plant Finance and Reporting" since July 1, 2006 before being appointed as the Managing Director and Chief Financial Officer to fill up the casual vacancy caused due to resignation of Arun Anand in the Board Meeting held on September 24, 2007. His profile has been discussed in the paragraph titled "Brief Biography of our Directors" beginning on page 132 of the Letter of Offer.

2. ***Andreas Kolf, Executive Director, Operations***

   Andreas Kolf, aged 46 years, cleared his first law exam from WestfalischeWilhelms University, Munster, Germany and his second law exam from Landesjustizprufungsamt Nordrhein, Westfalen, Germany. Mr. Kolf has worked as a Management Assistant with Bundesverband NE-Metalhandel&NE-Metallrecyclingwirtschaft, Germany and ATS

Bereiligungs GmbH, Germany. Prior to joining our company, Mr. Kolf has served as the Managing Director at Stahlschmidt & Maiworm Sp. z.o.o in Poland, Chief Executive Officer with Federal-Mogul, Gorzyce S.A. in Poland & Managing Director of Borbet Thuringen Gmbh, Germany. Subsequently, Mr. Kolf was also elected Member of the Board of Directors at Borbet South Africa Pty. Limited & Member of the Supervisory Board of Austria Alu-GuB GmbH, Austria. Since July, 2005 he has held various leading functions at Federal -Mogul Corporation, USA. His last assignment prior to joining our company in June 2006 was the Glboal Sales Director Engine Bearings Federal-Mogul GmbH in Wiesbaden, Germany. Mr. Kolf's current designation in our Company is – "Executive Director, Operations, Delhi". Mr. Kolf has an aggregate of 2 years of experience in our Company and 12 years of experience in the industry.

3. ***Sunit Kapur, Plant Head, Patiala***

Sunit Kapur, aged 33 years is a mechanical engineer from the Punjab University. He has been with our Company since 1995 and is currently the "Deputy General Manager and Plant Head, Patiala". Kapur has an aggregate of 13 years of experience in the industry and our Company.

4. ***Rajan Luthra, Financial Controller & Company Secretary***

Rajan Luthra, aged 47 years is a science graduate from Delhi University. Mr. Luthra is an associate member of the Institute of Company Secretaries and is also an associate member of the Institute of Costs and Works Accountants of India. He also holds a Post Graduate Diploma in Personnel Management from Faculty of Management Studies, University of Delhi. Prior to joining our Company in 1997, Mr. Luthra had 16 years of experience. He worked for 4 years at Talbros Automotive Components Limited as the deputy general manager, finance. Mr. Luthra also worked with Taylor Instruments Company Limited as manager, costing and budgeting; with Modern Food Industries Limited as accounts officer and also with Intercraft Limited in the capacity of an accounts supervisor. Mr. Luthra has 11 years of experience in our Company and 28 years of experience in the industry and currently serves as the "Financial Controller & Company Secretary".

5. ***Rakesh Anand, Director-Projects, Patiala***

Rakesh Anand, aged 57 years is a Bachelor of Technology in Mechanical Engineering [B. Tech (Mechanical)] from the Indian Institute of Technology, Delhi and a Masters in Technology [M. Tech (Hons.)] from Thapar Institute of Engineering & Technology. Prior to his appointment in 1975, Mr. Anand was working with Punjab Anand Batteries Limited, Mohali for 3 years as an assistant engineer. Mr. Anand has also served as a graduate engineer trainee with Shriram Chemicals, Kota and as a plant trainee with Escorts Limited, Faridabad and Escorts Pistons Limited. Mr. Anand has 36 years of experience in the industry. Mr. Anand has been with our Company for 33 years and is currently serving as our "Director, Projects".

6. ***Rajesh Sinha, Director – Quality, Delhi***

Rajesh Sinha, aged 38 years, is an Engineering graduate from Bhilai Institute of Technology, Bhilai. He also holds a Post Graduate Diploma in Business Management from Institute of Management Technology, Ghaziabad. Mr.Sinha has 1 year of experience in our company Prior to joining our Company in 2007, Mr. Sinha had 16 years of experience. He worked over 1 year at Gabriel India Limited, Pune, as the deputy general manager, Corporate Quality. Mr.Sinha also worked with Shriram Pistons and Rings Ltd, Ghaziabad as manager, Quality Assurance; with Hero Motors, Ghaziabad as Senior Engineer. Mr.Sinha also worked for a small period of time with Tata Yazaki AutoComp Ltd, Pune and also for Hitech Gears Limited Bhiwadi for small period. Sinha currently serves as the "Director Quality".

7. ***T. Pradeep Hegde, Head Operations - Bengaluru***

At the age of 49 years, T. Pradeep Hegde has an work experience of 28 years. Mr. Hegde graduated in Bachelors of Engineering (Mechanical) with a distinction from the Institute of Engineering, Mysore in the year 1982. Mr. Hegde began his career in the Piston division of WIDIA (I) Limited, Bengaluru. Thereafter Mr.Hegde changed his work profile from serving as an Engineer to a Manager in the Production Unit. During his tenure in Kar Mobiles Mr. Hegde contributed by taking positive initiatives such as long term wage settlement in the year 1999, Initiating actions to achieve ISO 14000 Certification, achieving QS 9000 Certificate in 2002 and Working towards employee welfare by establishing Recreation Club and Co-operative Society. Under Mr. Hegde's leadership process defects were reduced from 19.8% to 3.6% and output was increased by 65%.

8. ***S.P.G. Naidu, Director Application***

S.P.G. Naidu, aged 52 years, a Mechanical Engineer from Mysore University having an experience of 27 years. He worked for Tata Consulting Engineers before joining Escort limited in the year 1980. He served in quality assurance for years in our Company and is currently working as Director – Application and Engineering. He has successfully launched new products compliant to BS 3, products compliant to E4 / E5 underdevelopment**..**

The persons stated above as Key Managerial Personnel are considered to be key managerial personnel by our Company; though they may not be key managerial personnel as per the requirements as stated in AS-18. All our key managerial personnel are permanent employees of our Company and are on the rolls of our Company.

Further, none of our Key Managerial Personnel are related to each other.

Shareholding of the Key Managerial Employees

None of our key managerial employees hold any Equity Shares in our Company.

Bonus or Profit Sharing Plan for our Key Managerial Employees

There is no bonus or profit sharing plan for our key managerial employees.

Changes in the Key Managerial Personnel during last three years

Sr. No.	Name and Designation	Date of Joining	Date of Leaving	Reason for change
1.	Andreas Kolf, Executive Director, Operations, Delhi	June 12, 2006	Continuing	Appointed as Executive Director, Operations, Delhi
2.	Rustin Murdock, Managing Director & Chief Financial Officer	July 1, 2006	Continuing	Appointed as Director, Plant Finance, Delhi. Subsequent to Arun Anand's resignation, Rustin Murdock (who was earlier designated as Director – Plant Finance) was appointed as the Managing Director and CFO in the Board Meeting held on September 24, 2007.
3.	Rajesh Sinha, Director - Quality, Delhi	February 2, 2007	Continuing	Appointed as Director, Quality- Delhi
4.	Kallol Chakraborty, Director – HR and IR, Delhi	February 12, 2007	November 13, 2007	Resignation
5.	Avinash Bhalla, Director-Manufacturing, Delhi	June 25, 2007	April 28, 2008	Resignation
6.	Arun Anand. Managing Director, CEO & Vice-Chairman	April 26, 1982	September 24, 2007	Resignation
7.	Mohan Narayanan Vice President - Corporate & Executive Director - Application Engineering & Sales	August 22, 2006	January 21, 2008	Resignation
8.	Ashok Ahuja Director-Procurement, Delhi	October 1, 1992	January 31, 2008	Resignation
9.	K Sarvanan General Manager – Operations Bengaluru	October 6, 1986	February 9, 2008	Resignation
10.	T. Pradeep Hegde Head Operations - Bengaluru	January 21, 2008	Continuing	Appointment

Sr. No.	Name and Designation	Date of Joining	Date of Leaving	Reason for change
11.	Shiladitya Bhattacharya, Country Manger – HR, India	April 04, 2008	June 12, 2008	Resignation
12.	S.P.G. Naidu Director Application Engineering	April 27, 1981	Continuing	Promoted

Employees

ESOP/ESPS

Presently, we do not have ESOP / ESPS scheme for our employees.

Payment or benefits to officers of our Company

As part of their total compensation, the key managerial employees are offered a comprehensive and competitive benefit package which includes the following:

(a) House lease/House Rent allowance;
(b) Conveyance Allowance
(c) Education Allowance
(d) Special allowance;
(e) Leave travel allowance;
(f) Medical reimbursement;
(g) Superannuation;
(h) Gratuity and provident fund in accordance with the Payment of Gratuity Act, 1972 and Employees Provident Fund and Miscellaneous Provisions Act, 1952;
(i) Medical Insurance Hospitalization Scheme.

Remuneration paid to Key Managerial Personnel

Sr. No.	Name of the Key Managerial Personnel	2005-06	April 2006 – December 2006	January1, 2007 – December 31, 2007	January 1, 2008 – September 30, 2008
1.	Rustin Murdock, Director - Plant Finance, Delhi (till September 24, 2007)	N/A	84,84,101	1,86,76,377	1,55,81,605
2.	Andreas Kolf, Executive Director, Operations, Delhi	N/A	84,08,282	2,08,02,504	1,40,90,364
3.	Sunit Kapur, Plant Head, Patiala	285,975	5,96,866	15,86,841	18,89,783
4.	Rajan Luthra, Financial Controller & Company Secretary	19,63,996	28,92,970	38,01,488	30,80,850
5.	Rakesh Anand, Director Projects, Patiala	24,89,688	33,26,350	34,61,357	29,14,905
6.	Rajesh Sinha, Director – Quality, Delhi	N/A	N/A	20,68,328	20,54,148
7.	T.Pradeep Hegde, Head Operations – Bengaluru	N/A	N/A	N/A	22,08,206.23
8.	S.P.G. Naidu, Director Application Engineering	7,78,806	10,98,566.60	16,09,581	17,19,181

The remuneration paid for 9 months period of April 1, 2006 – December 31, 2006, includes salary, leave pay, commission / performance bonus, actual expenditure on rent free accommodation and benefits and amenities, contribution to provident fund, gratuity fund and superannuation fund.

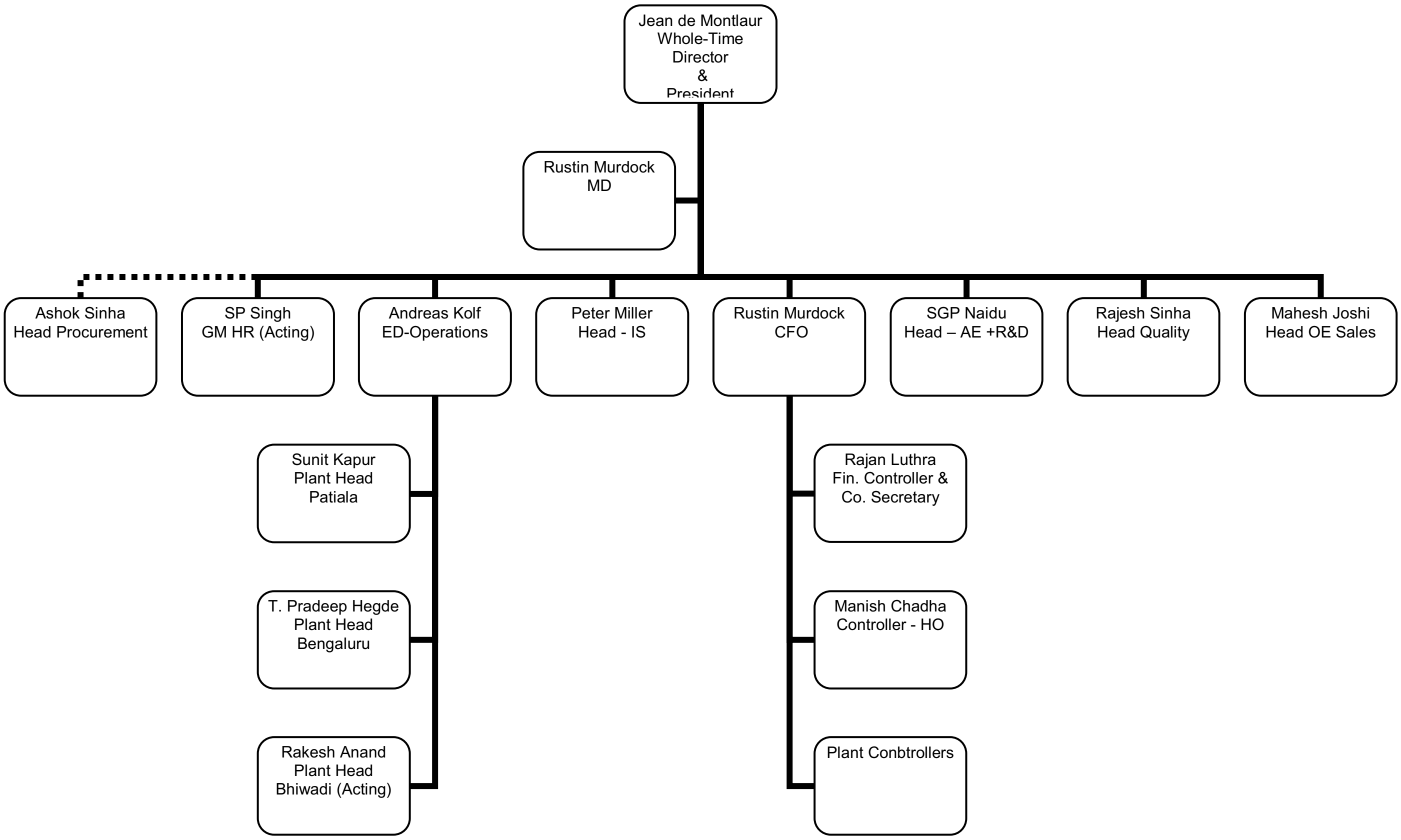
Loans given to our Key Managerial Personnel

Our Company had advanced loans in the past to certain KMPs. However, there are no such loans pending as on date of the Letter of Offer.

Interests of our key managerial personnel

None of our key managerial employees have any interest in our Company except as disclosed above and except to the extent of their remuneration and benefits.

ORGANISATIONAL STRUCTURE



OUR PROMOTERS AND PROMOTER GROUP

Our Promoters are FM Germany and FM Holdings, who together own a majority of the Equity Shares issued by us. FM Germany and FM Holdings are indirectly owned and controlled by Federal-Mogul Corporation ("**FMC**"). For purposes of the Letter of Offer, companies which are directly or indirectly owned and controlled by FMC shall be referred to as the "Federal-Mogul Group". FMC is instrumental in formulating our key policies, including those related to the Issue. FMC is therefore considered to be our Promoter. In the Letter of Offer, all the three companies – FMG, FMH and FMC are referred to as our Promoter(s). For details of our Promoter shareholding, please refer to "Details of build-up of the shareholding of the Promoters " in the chapter titled "Capital Structure" on page 28 of the Letter of Offer.

FMC

Corporate structure and Reorganisation Proceedings

The predecessor to Federal-Mogul Corporation, (the "Predecessor Company") and all of its then-existing wholly-owned United States subsidiaries ("U.S. Subsidiaries") filed voluntary petitions on October 1, 2001 for reorganization under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). On October 1, 2001, certain of the Predecessor Company's United Kingdom subsidiaries (together with the U.S. Subsidiaries, the "Debtors") filed voluntary petitions for reorganization under the Bankruptcy Code with the Bankruptcy Court. On November 8, 2007, the Bankruptcy Court entered an Order (the "Confirmation Order") confirming the Fourth Amended Joint Plan of Reorganization for Debtors and Debtors-in-Possession (as Modified) (the "Plan of Reorganization") and entered Findings of Fact and Conclusions of Law regarding the Plan (the "Findings of Fact and Conclusions of Law"). On November 14, 2007, the United States District Court for the District of Delaware entered an order affirming the Confirmation Order and adopting the Findings of Fact and Conclusions of Law. On December 27, 2007, the Plan of Reorganization became effective in accordance with its terms (the "Effective Date"). On the Effective Date, the Predecessor Company merged with and into New Federal-Mogul Corporation whereupon (i) the separate corporate existence of the Predecessor Company ceased, (ii) New Federal-Mogul Corporation became the surviving corporation and continues to be governed by the laws of the State of Delaware; and (iii) New Federal-Mogul Corporation was renamed "Federal-Mogul Corporation" (also referred to as "Federal-Mogul" or "FMC" or "Successor Company").

The Successor Company is a Delaware based corporation and has filed for and received a new certificate of incorporation dated July 28, 2008 ("New Charter"). The New Charter authorized the issuance of 54,01,00,000 shares of capital stock consisting of 40,00,00,000 of Class A Common Stock, $.01 par value, 5,01,00,000 of Class B Common Stock, $.01 par value, and 9,00,00,000 of Preferred Stock, $.01 par value. Effective as of July 28, 2008, FMC amended the New Charter to eliminate the 5,01,00,000 shares of authorized Class B Stock, reclassify the Class A Stock as the sole class of common stock and provide that the authorized shares of common stock are 45,01,00,000 shares.

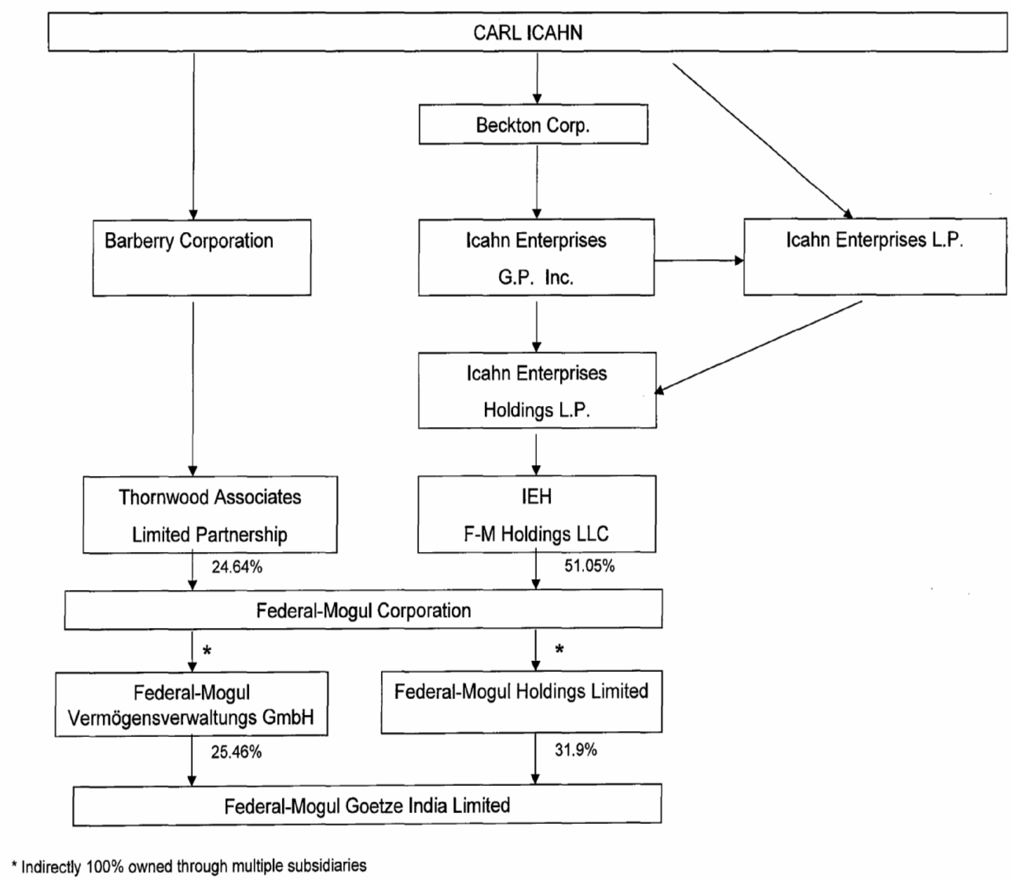
Pursuant to the Plan of Reorganization, FMC issued 49.9 million shares of Class A Common Stock (the "New Common Class A") to the holders of the Predecessor Company's pre-bankruptcy notes and certain unsecured claims. In addition, 50.1 million shares of Class B Common Stock (the "New Common Class B") were issued to the Asbestos Personal Injury Trust (the "Trust"). The New Common Class B shares were subject to a conversion provision in FMC's restated certificate of incorporation. On February 25, 2008, Thornwood Associates Limited Partnership, a limited partnership beneficially owned indirectly by Mr. Carl Icahn, exercised the two options held by it and authorized by the Plan of Reorganization to purchase all of the shares of Class B Common Stock from the U.S. Asbestos Trust for aggregate consideration of $900 million, and the shares of Class B Common Stock automatically converted into shares of Class A Common Stock.

As a result, Mr. Icahn has the indirect ability to nominate and elect all of the directors on FMC's Board of Directors, other than the Chief Executive Officer, and other than Neil Subin (through at least December 27, 2009). Under applicable law and FMC's certificate of incorporation and by-laws, certain actions cannot be taken without the approval of holders of a majority of FMC's voting stock including, without limitation, mergers and the sale of substantially all of FMC's assets and amendments to its certificate of incorporation and by-laws.

Mr. Icahn's indirect acquisition of the majority of FMC's voting stock was pursuant to a scheme of reconstruction under U.S. law and therefore the acquisition qualified for the exemption available under Regulation 3(1)(j)(ii) of the Takeover Code. Accordingly, the transaction was not subject to the requirement of complying with the obligations specified in

Regulations 10, 11 and 12 of the Takeover Code. Mr. Carl Icahn's profile as appearing in form 10-K, has been reproduced in the paragraph titled 'Mr. Carl Icahn' on page 150 of the Letter of Offer.

The following is the schematic representation of the relationship of Mr Carl Icahn with our Company:-



For further details regarding our new corporate structure, the plan of reorganisation, please refer to the Form 10-K of FMC for fiscal year ended December 31, 2007 (which is the Annual Report of FMC filed with the United States Securities and Exchange Commission pursuant to the provisions of Securities Exchange Act of 1934) , Form 10-Q for the three and six month periods ending June 30, 2008, which was filed with the United States Securities and Exchange Commission on July 25, 2008; and Schedule 13G filed with the United States Securities and Exchange Commission on February 8, 2008 and Schedules 13D which were filed with the United States Securities and Exchange Commission on February 13, January 7, February 27 and July 3, 2008; all of which form a part of the material documents available for inspection, as stated in the chapter titled "Material Contracts and Documents for Inspection" beginning on page 402 of the Letter of Offer.

Business

FMC is a global manufacturer and distributor of a broad range of vehicular components, for automobiles and light trucks, heavy duty trucks, farm and construction vehicles and industrial products. Such components include powertrain systems components (primarily bearings, rings and pistons), sealing systems components (dynamic seals and gaskets) and general products (primarily camshafts, friction products, sintered products and system protection products). FMC markets its products to many of the world's major original equipment ("OE") manufacturers. FMC also manufactures and supplies its products and related parts to the aftermarket relating to each of these product segments.

FMC has traditionally focused on the manufacture and distribution of engine bearings and sealing systems. From 1990 through 1996, FMC pursued a strategy of opening retail auto stores in various domestic and international locations. These geographically dispersed stores proved burdensome to manage and resulted in substantial operating losses. In the fourth quarter of 1996, Federal-Mogul initiated a change of management, following which FMC initiated a significant restructuring program designed to refocus FMC on its core competence of manufacturing. As part of its restructuring, FMC closed or sold substantially all of its retail operations. FMC also began to pursue a growth strategy of acquiring complementary manufacturing companies that enhance FMC's product base, expand its global manufacturing operations and provide opportunities to capitalize on FMC's aftermarket distribution network and technological resources.

In connection with its growth strategy, on March 6, 1998, FMC acquired T&N plc ("T&N") a United Kingdom based supplier of engine and transmission products. T&N manufactured and supplied high technology engineered automotive components and industrial materials including pistons, friction products, bearings, systems protection, camshafts and sealing products. On February 24, 1998, FMC acquired Fel-Pro Incorporated and certain affiliated entities, which constitute the operating businesses of the Fel-Pro group of companies ("Fel-Pro"), a privately owned automotive parts manufacturer. Fel-Pro was a premier gasket manufacturer for the North American aftermarket and OE heavy duty market. On October 9, 1998, FMC acquired from Cooper Industries, Inc. its automotive operations, which included such products as Champion sparkplugs, Anco wipers, Moog chassis parts and Wagner brakes.

FMC currently has operations in 35 countries and has its registered office at 26555 Northwestern Highway Southfield, Michigan.

Stock Quotation

The Predecessor Company's common stock traded on the over-the-counter bulletin board ("OTC") under the ticker symbol "FDMLQ.OB" from April 24, 2002 through December 27, 2007. On December 27, 2007, the effective date of the Plan of Reorganisation, all of the Predecessor Company's previously existing common stock was cancelled in accordance with the Plan of Reorganisation. Pursuant to the Plan of Reorganisation, the Successor Company issued shares of Class A Common Stock and Class B Common Stock (collectively, the "New Common Stock"). Currently there are no outstanding Class B Common Stock. Federal-Mogul on April 22, 2008 listed its Class A Common Stock on the NASDAQ Global Market and its trading under the ticker symbol "FDML." As on October 10, 2008 , the closing price was USD 9.31. The highest and lowest market price from April 22, 2008 through October 10, 2008 was USD 21.00 and USD 7.86 respectively. (Source: NASDAQ)

As the Predecessor Company had been under voluntary bankruptcy reorganization under Chapter 11 of the United States Bankruptcy Code the stock performance data of any period prior to April 22, 2008, would reflect the performance of the Predecessor Company's cancelled stock, is not meaningful to the Successor Company's investors and shareholders.

FMC has not made any public or rights issue in last three years.

Shareholding Pattern

The shareholding pattern of FMC as on Septemebr 30, 2008, is as follows:

Name	Beneficial Ownership(1)	Percent (5)
Deutsche Bank AG	61,58,050(2)	6.19%
Nineteen Eighty-Nine, LLC	58,64,455(3)	5.89%
Carl C. Icahn	7,52,41,924 (4)	75.69%
All other Shareholders holding less than 5%	1,91,00,026	18.12%

(1) Beneficial ownership is determined in accordance with the rules of the SEC. Percentages for each beneficial owner are based on 9,94,04,500 shares outstanding as of the close of business on September 30, 2008. Shares issuable upon exercise of outstanding options and warrants are not deemed outstanding for purposes of computing the percentage ownership of any other person. Except as indicated in the footnotes to this table, each stockholder named in the table has sole voting and dispositive power with respect to the shares set forth opposite such stockholder's name.

(2) Based solely upon information contained in a Schedule 13G filed with the SEC on February 8, 2008.

(3) Based solely upon information contained in a Schedule 13D filed with the SEC on February 13, 2008.

(4) Based solely upon information contained in a Schedule 13D filed with the SEC on January 7, 2008, as amended by Amendment No.1 to the Schedule 13D filed with the SEC on February 27, 2008, and as further amended by Amendment No. 2 to the Schedule 13D filed with the SEC on July 3, 2008, Mr. Icahn is the indirect beneficial owner of 7,52,41,924 shares of Class A Common Stock

Board of Directors

As on the date of the Letter of Offer, the board of directors of FMC comprises of the following persons-

Name	Designation
Mr. José Maria Alapont	Director, President and Chief Executive Officer
Mr. Carl C. Icahn	Non-executive Chairman, Director
Mr. George Feldenkreis	Director
Mr. Vincent J. Intrieri	Director
Mr. J. Michael Laisure	Director
Mr. Keith A. Meister	Director
Mr. David S. Schechter	Director
Mr. Neil Subin	Director
Mr. James H. Vandenberghe	Director

Financial Performance

The following table sets forth, for the periods indicated, a summary of the financial performance

USD mn except per share data

For the year	31- December -05 (Predecessor Company)	31- December -06 (Predecessor Company)	31- December -07* (Successor Company)
Share Capital	(2,433.0)	(1,747.9)	2,123.7
Retained Earnings / (deficits)	(3,602.1)	(4,151.7)	-
Net Sales	6,286.0	6,326.0	6,913.9
Profit After Tax before continuing operations	(334.2)	(549.6)	14,122.3
Earnings per share	(3.75)	(6.15)	15.46
Net Asset Value (per share)	(26.65)	(19.14)	23.26

* In accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), FMC was required to adopt fresh-start reporting effective upon emergence from Bankruptcy on December 27, 2007. The Company evaluated the activity between December 27, 2007 and December 31, 2007 and, based upon the immateriality of such activity, concluded that the use of an accounting convenience date of December 31, 2007 was appropriate. As such, fresh-start reporting has been applied as of that date. As a result of fresh-start reporting, financial statements of the Successor Company are not comparable to the financial statements of the Predecessor Company.

For the six months ending June 30, 2007 and June 30, 2008, the summary financial performance is as follows:

Particulars	30-Jun-07 *(USD Mn. Except per share data)*	30-Jun-08 *(USD Mn. Except per share data)*
Share capital	(1,615.2)	2,323.7
Net Sales	3,479.9	3,854.4
Net Income(Loss)	8.5	58.1
Earnings per share	0.09	0.58
Net Asset Value (per share)	(17.77)	23.17

Contingent liability

In accordance with US GAAP, SFAS No. 5, *Commitments and Contingencies*, states that companies must look at whether a contingency exists, the likelihood that the future event or events will confirm the loss or impairment of an asset or the incurrence of a liability can range from probable to remote. (**Probable** - the future event or events are likely to occur, **Reasonable Possible** - the chance of the future event or events occurring is more than remote but less than likely and **Remote** - the chance of the future event or events occurring is slight). Federal-Mogul would disclose in the US GAAP public filing all items that meet the above criteria. Federal-Mogul also assesses whether the contingency, if applicable, is material to the business and the investors of FMC. If it is deemed immaterial, no disclosure would be made. All material contingencies have been disclosed in the 2007 Annual Report Form 10-K, which can be located at www.federalmogul.com/en/Investors/. Material contingent liabilities that have been disclosed include the following:

FMC holds a 50% non-controlling interest in a joint venture located in Turkey. This joint venture was established for the purpose of manufacturing and marketing automotive parts including pistons, pins, piston rings, and cylinder liners, to OE and aftermarket customers. Pursuant to the joint venture agreement, FMC's partner holds an option to put its shares to a subsidiary of FMC at the higher of the current fair value or a guaranteed minimum amount. The guaranteed minimum amount represents a contingent guarantee of the initial investment of the joint venture partner and can be exercised at the discretion of the partner. The term of the contingent guarantee is indefinite, consistent with the terms of the joint venture agreement. However, the contingent guarantee would not survive termination of the joint venture agreement. As of June 30, 2008, the total amount of the contingent guarantee, were all triggering events to occur, approximated $ 62 million. Management believes that this contingent guarantee is substantially less than the estimated current fair value of the joint venture partners interest in the affiliate. If this put option is exercised at its estimated current fair value, such exercise would have a material effect on FMC's liquidity. Any value in excess of the minimum guaranteed amount of the put option would be the subject of negotiation between FMC and its joint venture partner.

In accordance with SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, FMC has determined that its investments in Chinese joint venture arrangements are considered to be "limited-lived" as such entities have specified durations ranging from 30 to 50 years pursuant to regional statutory regulations. In general, these arrangements call for extension, renewal or liquidation at the discretion of the parties to the arrangement at the end of the contractual agreement. Accordingly, a reasonable assessment cannot be made as to the impact of such contingencies on the future liquidity position of FMC. For further details on civil proceedings, labour proceedings, environmental proceedings, litigations involving statutory and other offences and the Bankruptcy proceeding involving Federal-Mogul Corporation and its subsidiaries, please refer to "Litigations/Claims/Penalties involving our Promoters " in the chapter titled "Outstanding Litigation and Defaults" beginning on page 294 of the Letter of Offer.

All material changes in accounting policies are set forth in FMC's Forms 10-K for the years ending 2007, 2006 and 2005 which have been filed with the SEC and can be found at www.sec.gov.

Mr. Carl Icahn

Carl C. Icahn has served as chairman of the board and a director of Starfire Holding Corporation, a privately-held holding company, and chairman of the board and a director of various subsidiaries of Starfire, since 1984. Since August 2007, through his position as Chief Executive Officer of Icahn Capital LP, a wholly owned subsidiary of Icahn Enterprises L.P. ("IEP"), and certain related entities, Mr. Icahn's principal occupation is managing private investment funds, including Icahn Partners LP, Icahn Partners Master Fund LP, Icahn Partners Master Fund II LP and Icahn Partners Master Fund III LP. Prior to August 2007, Mr. Icahn conducted this occupation through his entities CCI Onshore Corp. and CCI Offshore Corp since September 2004. Since November 1990, Mr. Icahn has been chairman of the board of Icahn Enterprises G.P. Inc., the general partner of IEP. IEP is a diversified holding company engaged in a variety of businesses, including investment management, metals, real estate and home fashion. Mr. Icahn was chairman of the board and president of Icahn & Co., Inc., a registered broker-dealer and a member of the National Association of Securities Dealers, from 1968 to 2005. Mr. Icahn has served as chairman of the board and as a director of American Railcar Industries, Inc., a company that is primarily engaged in the business of manufacturing covered hopper and tank railcars, since 1994. From October 1998 to May 2004, Mr. Icahn was the president and a director of Stratosphere Corporation, the owner and operator of the Stratosphere Hotel and Casino in Las Vegas, which is currently a subsidiary of IEP. From September 2000 to February 2007, Mr. Icahn served as the chairman of the board of GB Holdings, Inc., which owned an interest in Atlantic Coast Holdings, Inc., the owner and operator of The Sands casino in Atlantic City until November 2006. Mr. Icahn has been chairman of the board and a director of XO Holdings, Inc., a telecommunications services provider, since February 2006 and of its predecessor from January 2003 to February 2006. Mr. Icahn has served as a Director of Cadus Corporation, a company engaged in the ownership and licensing of yeast-based drug discovery technologies since July 1993. In May 2005, Mr. Icahn became a director of Blockbuster Inc., a provider of in-home movie rental and game entertainment. In October 2005, Mr. Icahn became a director of WestPoint International, Inc., a manufacturer of bed and bath home fashion products. In September 2006, Mr. Icahn became a director of ImClone Systems Incorporated, a biopharmaceutical company, and since October 2006 has been the chairman of the board of ImClone Systems Incorporated. In August 2007, Mr. Icahn became a director of WCI Communities, Inc. (“WCI”), a homebuilding company, and since September 2007 has been the chairman of the board of WCI. Mr. Icahn received his B.A. from Princeton University. In December 2007, Mr. Icahn became a director of the Company, and since January 2008 has been the non-executive chairman of the board of directors of the Company.

Federal-Mogul Vermoegensverwaltungs GmbH (“FM Germany“)

Corporate structure

Shortly after its incorporation, our Company entered into collaboration arrangements with Goetzewerke Friedrich A.G. of Germany ("**Goetze-Werke**"). Goetze-Werke was succeeded by Goetze AG, which was transformed from a stock corporation into Goetze GmbH, a limited liability company on Nov. 22, 1993, following its acquisition by Ferodo Beral GmbH, a subsidiary of T&N plc in 1993. Goetze GmbH changed its name on October 4, 1994 to Goetze Vermoegensverwaltungs GmbH. Subsequent to Federal-Mogul acquiring T&N PLC in 1998, Goetze Vermogensverwaltungs GmbH changed its name to Federal-Mogul Vermogensverwaltungs GmbH.

FM Germany has its registered office at Buergermeister-Schmidt-Str. 17 in 51399 Burscheid, Germany. The company has a registered branch office in Dresden, the Federal-Mogul Dresden Zweigniederlassung der Federal-Mogul Vermoegensverwaltungs, GmbH, having its registered office at An der Schleife 12, 01099 Dresden, Germany.

FM Germany’s main business is the administration of the property and the assets of the company and any other administrative duties for the former Goetze group and other group companies. The company is authorized to do all businesses and assume all measures suitable to promote the object of the company. The company may set up other companies, participate thereon, represent them and establish co-operations and enter into similar contracts insofar as legally permitted.

The object of its registered branch office in Dresden is processing of iron, other metals and materials, trade of these products and all other businesses in connection with the processing of iron, other metals and other materials. The authorized share capital of FM Germany is DEM 1,01,60,000 (€ 51,94,725)*, comprising of six shares:

1 share for DEM 90,00,000
1 share for DEM 9,90,000
1 share for DEM 1,55,000
1 share for DEM 10,000
1 share for DEM 4,000
1 share for DEM 1,000

***** *Please note, share capital of German companies may still be denominated in DEM when unchanged since launching of EUR in 2001.*

Shareholding pattern

The shareholding pattern of FM Germany as on date of the Letter of Offer is as follows:

1 share for DEM 90,00,000	FM Friction Products GmbH (€ 46,01,62,693)
1 share for DEM 9,90,000	FM Friction Products GmbH (€ 5,06,17,896)
1 share for DEM 1,55,000	FM Friction Products GmbH (€ 79,25,024)
1 share for DEM 10,000	FM Verwaltungs- und Beteiligungs GmbH (€ 5,11,292)
1 share for DEM 4,000	FM Burscheid GmbH (€ 2,04,517)
1 share for DEM 1,000	FM Burscheid GmbH (€ 51,129)

Board of Directors

As on the date of the Letter of Offer, the board of directors comprises of the following persons: -

Name	Designation
Mr. Michael Hedderich	Director

Mr. Karlheinz Eckel, Geisenheim	Director

For details of shareholding of FM Germany in our Company, please refer to "Details of build-up of the shareholding of the Promoters" in the chapter titled "Capital Structure" on page 28 of the Letter of Offer.

Financial Performance

The following table sets forth, for the periods indicated, a summary of the financial performance:

(Figures are in Euros)

For the year	31- December -2005	31- December -2006	31- December -2007
Share Capital	DEM 1,01,60,000 (EUR 51,94,725)	DEM 1,01,60,000 (EUR 51,94,725)	DEM 1,01,60,000 (EUR 51,94,725)
Reserves	59,93,557	5,77,62,017	5,72,66,057
Total Income	4,02,41,432	4,37,48,170	4,90,90,642
Profit After Tax	88,47,698	83,51,638	1,07,55,113
Earnings per Share	87.08	82.20	105.86
Net Asset Value (Per share)	1,204.09	1,184.13	1,216.48

No material / significant notes to accounts have been reported in the auditors report of **Federal-Mogul Vermoegensverwaltungs GmbH** by the respective auditors for the last three year except for the following:

Year ended December 31, 2006 :

(i) Irregularities regarding the Cash-Pooling-Agreement- possible infringement against $ 30 GmbH (Limited Liability Company Law). The company has granted loans for a total amount of KEUR* 63.929 (credit balance Cash-Pool) as of the date of balance sheet, by means of continuous transfer of liquidity to the Federal-Mogul Holding Deutschland GmbH, Wiesbaden, within the frame of a Cash-Pooling-Agreement. These loans granted have been paid partially out of assets serving as preservation of the nominal capital, since, in accordance with § 30 article 1 Limited Liability Company Law, the receivables exceed the not bound assets (reserves and profits carried forward) of the company. As per judgment dated 24 November 2003 (AZ: II ZR 171/01) of the Federal-High Court of Justice such loans granted are considered an infringement of § 30 article 1 Limited Liability Company Law even in such cases, in which the receivables towards the shareholder are recoverable.
** "KEUR" means "1000 EURO"*

The above irregularities do not have any material impact on our Company.

Contingent Liability

FM Germany has entered into following contingent liabilities:

- FM Germany, along with other Federal-Mogul German companies, may use the credit line issued by Commerzbank. All participants, including FM Germany, are jointly liable for all amounts borrowed with respect to such credit line.

- FM Germany has given combined collateral (Euro 26 million and Euro 18 million) in the land register as security for the whole credit facilities within Germany from Dresdner Bank and Commerzbank. The combined collateral means that the plants in Wiesbaden, Burscheid, Friedberg and Nürnberg have given such security together.

The shares of FM Germany are not listed on any stock exchange and it has not made any public or rights issue in the preceding 3 years. It is not a sick company.

FM Holdings

Corporate Structure

FM Holdings was incorporated on December 30, 2003 as a private company limited by shares in the Republic of Mauritius under the Companies Act, 2001. It holds a Category 1 Global Business License and is regulated by the Financial Services Commission ("**FSC**"). Its principal activity is investment holding. The authorized share capital of FM Holdings is USD 4,23,50,000, comprising of 4,23,50,000 shares of no par value.

Shareholding Pattern

The shareholding pattern of FM Holdings as on date of the Letter of Offer is as follows:

Name	**Number of shares**	**% of shareholding**
Federal-Mogul Corporation	40,00,000	9.44
Federal-Mogul Investments B.V.	3,83,50,000	90.56

Board of Directors

As on the date of the Letter of Offer, the board of directors of FM Holdings comprises of the following persons:

Name	**Designation**
Mr. Javed Aboobakar	Director
Mr. Ken Alan Romine	Director
Mr. Nath Govind	Director
Mr. Robert Rozycki	Director

For details of shareholding of FM Holdings in our Company, please refer to "Details of build-up of the shareholding of the Promoters" in the chapter titled "Capital Structure" beginning on page 28 of the Letter of Offer.

Financial Performance

The following table sets forth, for the periods indicated, a summary of the financial performance

For the year	**31- December -05 (USD)**	**31- December -06 (USD)**	**31- December -07 (USD)**
Share Capital	40,00,000	3,60,00,000	4,23,50,000
Reserves & Surplus	(28,765)	17,616	(1,26,901)
Total Income	-	66,581	19,386
Profit After Tax	(15,777)	46,381	(1,44,517)
Earnings per share	(0.0004)	0.0011	(0.0034)
Net Asset Value (per share)	0.99	1.00	0.99

Contingent Liability

Nil

The shares of FM Holdings are not listed on any stock exchange and it has not made any public or rights issue in the preceding 3 years. It is not a sick company.

We confirm that the permanent account numbers/relevant tax registration numbers of the respective jurisdictions, bank account numbers, the company registration numbers and the address of the respective registrar of companies where FMC, FM Germany and FM Holdings are registered have been submitted to the Stock Exchanges on which securities are proposed to be listed at the time of filing the Letter of Offer with them.

Further, our Promoters have not been identified as wilful defaulters by Reserve Bank of India or any other Government Authority and there are no violations of securities laws committed by our Promoters in the past and no such proceedings are pending against our Promoters

PROMOTER GROUP COMPANIES IN INDIA

Federal-Mogul Automotive Products India (Private) Limited ("FMAPIPL")

Corporate structure

FMAPIPL was incorporated on July 16, 1997 and is engaged in the business of manufacturing of auto components - spark plugs and wiper blades. FMAPIPL has its manufacturing location at Bhiwadi, Rajasthan. The registered office of FMAPIPL is situated at SP- 812/B-1&2, RIICO Industrial Area, Phase-III, Bhiwadi, Dist. Alwar, Rajasthan-301019, India. The company is also into the business of trading of heavy duty engines parts named under AE brands - such as pistons, liners, gaskets, filters, bushes, seals etc. Apart from manufacturing auto components, FMAPIPL also performs several other business activities such as marketing and global sourcing services for its group companies. The authorized share capital of FMAPIPL is Rs. 50,00,00,000/-, comprising of 5,00,00,000 equity shares of Rs. 10/- each.

Shareholding Pattern

The shareholding pattern of FMAPIPL as on date on the date of the Letter of Offer is as follows:

Name	Shares	% of shareholding
Federal-Mogul PTY ltd	4,00,72,684	99.99
Federal-Mogul worldwide Inc	2	0.01

Board of Directors

As on the date of the Letter of Offer , the board of directors of FMAPIPL comprises of the following

Name	Designation
Mr. Madhur Aneja	Whole time director
Mr. Stephen John Hanley	Director
Mr. Diljeet Titus	Director

Financial Performance

(Rs. In lakhs)

For the year	December 31, 2007	March 31, 2007	March 31, 2006	March 31, 2005
Share Capital	4,007.3	4,007.3	4,007.3	4,007.3
Reserves & Surplus (Net of Debit balance of Profit & Loss Account and Miscellaneous Expenditure not written off)	(1195.65)	(1,116.3)	(1,003.2)	(1,407.5)
Total Income	3865.25	4,566.3	3,818.0	3,736.0
Profit After Tax	(82.64)	(117.9)	400.0	78.0
Earnings Per Share (Rs.)	(0.21)	(0.29)	1.00	0.19
Net Asset Value (Rs. per share)	7.02	7.21	7.50	6.49

The material / significant notes to accounts as reported in the annual reports of the company are as follows:

<u>*Contingent Liabilities*</u>

(Figures. In INR)

Particulars	December 31, 2007	March 31, 2007	March 31, 2006	March 31, 2005
Demand raised by sales tax authorities against pending C Forms and Export Proofs. The company is in process of obtaining required proofs, and also, based on consultants' opinion, is of the view that liability would not arise.	Nil	5,25,26,985	Nil	3,894,049
Demand raised by Excise Authorities for non-availability of Export Proofs. The company is in process of submitting the same and is of the view that no liability would arise.	11,44,639	11,44,639	1,144,639	1,183,939

Guarantees given by FMAPIPL

- Excise & Taxation Officer, Ludhiana (Rs. 15,000)
- Excise & Taxation Officer, Ludhiana (Rs. 15,000)
- Trade Tax Officer, Lucknow (Rs. 50,000)
- Asst.Commisssioner Com.Taxes, 6th Circle, Bengaluru. (Rs, 75,000)
- Commercial Taxes Officer, Mumbai (Rs. 5,000)
- Assistant/Deputy Commissioner of Customs (Rs. 2,85,000)
- Assistant/Deputy Commissioner of Customs (Rs. 3,80,000)
- Assistant/Deputy Commissioner of Customs (Rs. 2,86,000)
- Assistant/Deputy Commissioner of Customs (Rs. 3,00,000)

The company had carried out physical verification of its inventories as at March 31, 2006 and determined net shortages of units in various categories of finished goods, when compared with such physical data with the records maintained for excise purpose. The net value of above shortage was Rs. 8,21, 836/- for the year ended March 31, 2006, Rs. 17,99,874/- for the year ended March 31, 2005 and Rs. 5,39, 975/- for the year ended March 31, 2004.

Transactions between FMAPIPL and FMGIL:

FMAPIPL has made purchases of AE items from FMGIL for Rs. 25,09,605, Rs. 2,25,009 and Rs. 19,16,380 in the FY 2004 – 2005, FY 2005 – 2006 and FY 2006 – 2007 respectively.

Common pursuits:

FMGIL manufactures a variety of pistons, piston rings, piston pins, valve train and structural components and other associated automobile engine components; and FMAPIPL manufactures spark plugs and wiper blades. Hence, as on date, there is no conflict of interest. However, the objects clause of the Memorandum of Association of the two companies permits manufacturing of all forms of automotive components. We do not have any non-compete agreement in place. As such, there could be a conflict of interest in the future.

The equity shares of the company are not listed on any stock exchange and it has not made any public or rights issue in the preceding 3 years. The company is not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.

Ferodo India Private Limited ("FIPL")

<u>*Corporate Structure*</u>

FIPL was incorporated in 1994, for the manufacture of asbestos-free friction material for automotive applications in India. It is indirectly a 100% subsidiary of Federal-Mogul Corp., USA. It has its registered office at F-40, N. D. S. E. Part

– I, New Delhi – 110 049. It commenced commercial production in 1997 at its factory located at Gurgaon, Haryana. However, due to non-viability of operations, the business of the company was closed down in 1999. Since then, the company had been more or less dormant. The company has recently decided to set up a manufacturing plant in a Special Export Zone ("SEZ") near Chennai, for manufacture of automotive friction material. For this purpose an MOU has been signed with the SEZ developers and approvals have been received from the development commissioner for setting up the SEZ unit. The authorized share capital of the company as on the date of the Letter of Offer is Rs. 5,000 lakhs comprising 500 lakh equity shares of Rs.10/- each.

Shareholding Pattern

The shareholding pattern of FIPL as on date of the Letter of Offer is as follows:

Name	Shares	% of shareholding
FM Holdings Limited, Mauritius	4,84,15,100	99.9%
FM Luxembourg S.a.r.l.	4,900	0.1%

Board of Directors

As on the date of filing of the Letter of Offer with SEBI, the board of directors of FIPL comprises of the following:

Name	Designation
Mr. Vikrant Sinha	Director
Mr. John Derham	Director
Mr. Raman Sharma	Director

Financial Performance

(Rs. in lakhs)

For the year	2007-08	2006-07	2005-06
Share Capital	3,777.00	3,777.00	3,777.00
Reserves (excl. Revaluation Reserve)	(3,450.77)	(3,464.99)	(3,543.43)
Total Income	104.94	163.09	61.80
Profit After Tax	14.22	78.43	(7.49)
Earnings Per share (Rs.)	0.04	0.21	(0.02)
Net Asset value (Rs. per share)	0.86	0.83	0.62

The material / significant notes to accounts for the year ended March 31, 2008 as reported in the annual report of the company are as follows:

1. Basis of accounting: At the year end, debit balance in the profit and loss account is Rs. 34,50,77,054 which significantly erodes the net worth of Rs. 37,77,00,000 represented by share capital. Further the company has positive net current assets of Rs. 3,26,22,946. Till the year end, the company does not have any operations other than provision of services to certain of its group companies. Subsequent to the year end, the board of directors of Federal-Mogul Corporation (the ultimate parent of the company) have approved the companys project of Rs. 415 million together with a committing to provide a continous technical and financial support for this project as and when considered necessary. In relation to this project, significant actions have been completed like application for the SEZ approval: Memorandum of Understanding for the purchase of land etc. Considering these activities, these accounts are continued to be prepared on a going concern basis.

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up or has become a BIFR company or is having a negative net worth

Transactions with FMGIL:

Nil

Common Pursuits:

Nil

Contingent Liabilities

Particulars	March 2008	March 2007
Demand raised by Bharat Sanchar Nigam Limited on account of premature surrender of rent Guarantee Telephone Connection	2,77,916	2,77,916

Federal-Mogul Bearings India Limited ("FMBIL")

Corporate Structure

FMBIL was originally incorporated as Anand Engine Components Limited (AECL) on July 17, 2006 under the Companies Act, 1956. *Vide* resolution at a general meeting of the company dated March 20, 2008, the name of the company was changed from Anand Engine Components Limited to Federal-Mogul Bearings India Limited and a fresh Certificate of Incorporation was issued on May 17, 2008.

Background

FMC held 5.15% of the equity shares in Gabriel India Limited ("GIL") and Anand Engine Components Limited ("AECL"). GIL transferred its bearing business into AECL, through a scheme of arrangement approved by the High Court, Bombay, as a result of which existing shareholders of GIL were issued shares in AECL in the same proportion as their existing holdings in GIL. FM'C's holding in GIL has reduced from 5.15% to nil and its holding in AECL was increased to the current holding of 63.8% pursuant to infusion of funds.

The registered office of FMBIL is situated at Magnet House, 4th Floor, NM Marg, Ballard Estate, Mumbai - 400038. The main objects of the company are to carry on the business as manufacturers, producers, purchasers, sellers, importers, exporters, distributors, dealers, commission agents and market representatives of all kinds of Engine Components, including Engine Bearings and other related components and to act as designers, developers, manufacturers, purchasers, sellers, dealers, importers, exporters, traders, distributors of all kind of engine components, instruments, parts and devices and related areas. The company is currently into the business of manufacturing of bearing and flanges. The authorised share capital of FMBIL is Rs. 10,00,00,000 divided into 1,00,00,000 equity shares of face value Rs. 10 each.

Shareholding Pattern

The shareholding pattern of FMBIL as on date of the Letter of Offer is as follows:

Name	Shares	% of shareholding
Federal-Mogul Corporations	44,74,846	63.8%
Asia Investment (p) Ltd	9,38,860	13.38%
Gabriel India Limited	14,53,666	20.72%
Others	1,46,493	2.91%

Board of Directors

As on the date of the Letter of Offer, the board of directors of FMBIL comprises of the following:

Name	Designation
K.N Subramanium	Executive Chairman
Deepak Chopra	Director
Jean Humbert Louis de VILLARDI de Montlaur	Director

Mickel Bradley	Director
Madhur Aneja	Director

Financial Performance

(*Rs. in lakhs*)

For the year	2007-08	2006-07*
Share Capital	701.39	148.64
Reserves (excl. Revaluation Reserve)	4,189.61	1,505.99
Total Income	3,891.26	3,664.46
Profit/loss After Tax	(1,899.28)	(13,22.67)
Earnings Per share (Rs.)	(104)	(88.98)
Net Asset value (Rs. per share)	69.73	111.31

* The company was incorporated during the financial year 2006-07

Transactions with FMGIL:

Nil

Common Pursuits:

FMGIL manufactures a variety of pistons, piston rings, piston pins, valve train and structural components and other associated automobile engine components; and FMBIL manufactures bearing and flanges. Hence, as on date, there is no conflict of interest. However, the objects clause of the Memorandum of Association of the two companies permits manufacturing of all forms of automotive components. We do not have any non-compete agreement in place. As such, there could be a conflict of interest in the future.

The material / significant notes to accounts for the year ended March 31, 2007 2008 as reported in the annual report of the company are as follows:

(a) Capital Commitments

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

Particulars	Year ended March 31, 2008	Period ended March 31, 2007
Capital commitment	295.73	2.10

(b) Contingent Liabilities not provide for:

Particulars	Year ended March 31, 2008	Period ended March 31, 2007
a) Bank Guarantees	-	4.20
b) Claims/notices contested by the company		
i) Sales Tax	0.55	0.55
ii) Labour Related Cases	0.63	-

(c) In relation to b(i) above Sales Tax case contested by the company:

In respect of Assessment Year 2007-08, on account of Local Area Development Tax on stock transfer, the matter is pending with Punjab & Haryana High Court. The amount involved is 0.55 lakh (Previous period Rs. 0.55 lakh)

(d) In relation to b (ii) above Employee Related case comprises of:

In respect of the pending labour cases, the company has been opined that it will be favourably in the name of the company.

The entity has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up or has become a BIFR company or is having a negative net worth

Federal-Mogul Trading India Private Limited ("FMTIPL")

Corporate Structure

FMTIPL was incorporated on June 09, 2008 as private limited company under the Companies Act, 1956. The company is registered with Registrar of Companies, Delhi with a registration number 179224.

The registered office of FMTIPL has changed from 16A/20, W.E.A., Main Ajmal Khan Road, Karol Bagh, New Delhi-110 005 to A-26/3, Mohan Co-operative Industrial Estate, New Delhi -110044 with effect from October 1, 2008. The main objects of the company are to carry on business in wholesale trading of automotive parts, inclusive of all kinds of brakes, air oil and fuel filters, spark plugs, shocks and springs, alternators, starters, fuel pumps, batteries, body styling components, engine parts, gaskets, pistons rings, seals, transmission parts, suspension an drive train, in India, and to carry on any other wholesale trading, which is connected to automotive parts for all kinds of vehicles including but not limited to, motor cars, trucks, lorries, tractors, and all other vehicles used for transport or conveyance of passengers, merchandise and goods of every description or useful for or in connection with all kinds of vehicles. The company has not commenced any business operations as on date of filing of the Letter of Offer. The authorized share capital of the company is Rs. 5,00,000 divided into 50,000 equity shares of face value Rs. 10 each.

Shareholding Pattern

The shareholding pattern of FMTIPL as on date of the Letter of Offer is as follows:

Name	Shares	% of shareholding
Federal-Mogul Holdings, Limited	9,999	99.99
Federal-Mogul Automotive Components Private Limited	1	0.01

Board of Directors

As on the date of filing of the Letter of Offer with SEBI, the board of directors of FMTPIL comprises of the following:

Name	Designation
Rustin Murdock	Additional Director
Jean Humbert Louis de VILLARDI de Montlaur	Additional Director

Financial Performance

The company was incorporated in June 2008, hence the audited financials are not available as on date.

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995, or is under winding up or has become a BIFR company or is having a negative net worth.

Transactions with FMGIL:

Nil

Common pursuits:

Except as stated above, there are no common pursuits between FMGIL and other Promoter Group companies in India as on date. However, our Promoter FMC may either directly or indirectly, through one or more of its affiliates, associates or subsidiaries, engage in business in the 'same' or 'allied' field of business in India as that of our Company, as a green field investment, investment in an Indian company, formation of a joint venture or by entering into an intellectual property license or other technical collaboration with an Indian company.

Federal-Mogul Holdings Limited, our Promoter, has entered into a share purchase agreement dated May 25, 2008, with Asia Investments Private Limited to acquire 1,70,01,650 equity shares, 51% of the paid up equity share capital of Perfect

Circle India Limited ("PCIL"), a public limited company incorporated under the provisions of the Indian Companies Act, 1956 having its registered office at Nashik, Maharashtra. PCIL has applied to the Foreign Investment Promotion Board *vide* application dated June 3, 2008 seeking permission for the manufacture of internal combustion piston engines and other parts and accessories for heavy motor vehicles, which was approved in the meeting of FIPB held on July 29, 2008. Piston rings, the products manufactured by PCIL, fall within the same field, as the products manufactured by our Company.

Companies with which our Promoters have disassociated in the last 3 years

There are no companies/firms/ventures with which our promoters have disassociated themselves during the last three years except as stated below:

Sr. No.	Name of Company / entity	Name of Promoter	Date of disassociation	Reasons for disassociation and circumstances leading to disassociation	Terms of disassociation
1.	India Pistons Limited	Federal-Mogul Corporation, the ultimate holding company of AE Limited, a corporation organized under the laws of England and Wales	*Vide* Share Purchase Agreement, The sale occurred pursuant to a Share Purchase Agreement dated August 16, 2007 and closed on September 26, 2007.	Technical collaboration with Federal - Mogul Goetze (India) Limited	Sale of interest in India Pistons Limited which consisted of 17,40,000 fully paid up equity shares, representing 30% of the paid up equity share capital of India Pistons Limited for an aggregate consideration of Rs. 55,68,00,000.

Interest of Promoters

Our Company is dependant on its Promoters and the Promoter Group for technical assistance and know how required in operating its business. Details of such agreements are captured in the chapter titled 'Material Agreements of the Company' on page number 167. Our Promoters have entered into agreements such as shareholder's agreements and securities purchase agreements pertaining to certain matters concerning our Company. For further details with regards to the aforementioned agreements kindly refer to the paragraphs pertaining to 'Shareholders Agreement Between Federal–Mogul Holding Limited B.V, Joint Investments Private Limited and Anil Nanda' and 'Securities Purchase Agreement Between FMH, JIPL and AN' as appearing in the chapter titled 'Material Agreements of the Company' on page number 167. Our Company enters into transactions with our Promoters details of which are disclosed in the paragraph 'Related Party Transaction' as appearing in the chapter titled 'Auditors Report and Financial Information' on page number 180. Save and except as stated otherwise in the chapters titled "Our Business" and "Material Agreements of the Company" and section titled "Auditors Report and Financial Information" beginning on pages 78, 167 and 180 respectively, of the Letter of Offer, and to the extent of Equity Shares held by them, our Promoters do not have any other interests in our Company as on the date of filing of the Letter of Offer with SEBI.

Further, except to the extent of Equity Shares held by our Promoters in our Company, our Promoters do not have any interest in:

i) the promotion of our Company; or
ii) any property acquired by our Company within two years of the date of this Letter of Offer or currently proposed to be acquired by our Company.

Payment or Benefit to our Promoters

No payment has been made or benefit given to our Promoters in the two years preceding the date of this Letter of Offer except as mentioned/referred to in this chapter and in the chapter titled "Our Business" and the section titled "Auditors Report and Financial Information" beginning on pages 78 and 180 respectively, of the Letter of Offer.

Payments of benefits during the last two years

Except as stated in the related party transactions in the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer, there has been no payment of benefits to any of our Promoters and companies/entities in the Promoter Group during the last two years preceding the date of the Letter of Offer.

Related Party Transactions

For details, please refer to related party transactions under the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer.

Currency of Presentation

For details, please refer to the chapter titled "Presentation of Financial Information and Use of Market Data" beginning on page ii of the Letter of Offer.

DIVIDEND POLICY

We do not have a formal dividend policy. The declaration and payment of dividends are recommended by our Board of Directors and approved by our shareholders, at their discretion, and depends on a number of factors, including but not limited to the earnings, capital requirements, overall financial conditions and other factors prevailing at the time.

The following are the dividend payouts by our Company

Particulars	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Equity share capital (Amount in Rs. lakh)	3,262.09	3,262.09	2,528.75	2,528.75	2,528.75	2,528.75	2,528.75
Face value	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Final dividend in %	NIL	NIL	NIL	NIL	40.00	30.00	20.00
Amount of dividend (Amount in Rs. lakh)	-	-	-	-	1,011.5	758.63	505.75
Dividend tax (Amount in Rs. lakh)	-	-	-	-	132.19	97.21	64.80
Preference share capital (Amount in Rs. lakh)	-	-	-	-	-	-	1,000.00
Face value	-	-	-	-	-	100.00	100.00
Dividend in %	-	-	-	-	-	11.00	11.00
Amount of dividend (Amount in Rs. lakh)	-	-	-	-	-	24.11*	27.12
Dividend tax (Amount in Rs. lakh)	-	-	-	-	-	3.08	3.47

Note:
The figures disclosed above are based on the unconsolidated restated summary statements of Federal-Mogul Goetze (India) Limited.

* Preference share were redeemed during 2004. Dividend paid was till the date of redemption.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

REGULATIONS AND POLICIES

We are engaged in the business of manufacturing and marketing of rubberised coir, P. U. foam and spring mattresses; cushions and pillows and marketing of furniture, curtains, upholstery, bed linen and bath linen.

We are required to obtain licenses and approvals, depending upon the prevailing laws and regulations, applicable in the relevant States and/or local governing bodies. For details of such approvals, please refer to the chapter titled “Government Approvals and Licenses” beginning on page 320 of the Letter of Offer.

Additionally, our projects require, sanctions from the concerned authorities, under the relevant Central and State Legislations; and local bye–laws. The following is an overview of the some of the important rules and regulations, which are pertinent to our business.

The Factories Act, 1948

The Factories Act, 1948 (“Factories Act”) defines a factory to cover any premises which employs ten or more workers and in which the manufacturing process is carried on with the aid of power and any premises where there are at least twenty workers even though there is no electricity aided manufacturing process being carried on.

The Factories Act which is a social legislation provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in case of a company, any of the Directors, must ensure the health, safety, welfare, working hours, leave and other benefits for workers employed in factories. It was enacted primarily with the object of protecting workers from industrial and occupational hazards. Under this statute, an approval must be granted prior to the setting up of the factory and a license must be granted post the setting up of the same, by the Chief Inspector of Factories. In case of contravention of any provision of the Factories Act or rules framed there under, the occupier and the manager of a factory may be punished with the imprisonment for a term of up to two years or with a fine of up to Rs. 1,00,000 or with both, and in case of a contravention continuing after conviction, with a fine of up to one lakh rupees per day of the contravention.

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 applies to those establishments where 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour and to every contractor or sub-contractor who employs or who employed 20 or more workmen on any day of the preceding 12 months, provided they were not employed in the core activities as notified.

The legislation seeks to regulate the working conditions of the contract labour and to provide for its abolition in certain cases. This statute provides that any employer seeking to employ contract labour must register his establishment to the appropriate authority, which is the Joint Labour Commissioner of that particular state.

The Trade Unions Act, 1926

The Trade Unions Act, 1926 was enacted to provide for the registration of trade unions and for defining the law in relation to trade unions. This legislation sets out the procedure for registration of trade unions and also provides the rights and liabilities of registered trade unions. The statute also provides immunity to registered trade unions from civil suits in certain cases. This legislation is of great significance for those organizations whose workers have organized and formed registered trade unions.

The Employee’s State Insurance Act, 1948

The Employees State Insurance Act, 1948 is applicable to all factories and to such establishments as the Central Government may notify, unless a specific exemption has been granted. The employers in such factories and establishments are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from the aforesaid requirement if the employees are receiving benefits which are similar or superior to the benefits prescribed under the Employees State Insurance Act, 1948.

Employee's Provident Funds and Miscellaneous Provisions Act, 1952

Under the Employee's Provident Funds and Miscellaneous Provisions Act, 1952, compulsory provident fund, family pension fund and deposit linked insurance is payable to employees in factories and other establishments for their benefit.

The legislation provides that an establishment employing more than 20 persons, either directly or indirectly, in any capacity whatsoever, is either required to constitute its own provident fund or subscribe to the statutory employee's provident fund. The employer of such establishment is required to make a monthly contribution to the provident fund equivalent to the amount of the employee's contribution to the provident fund, subject to a minimum contribution of 12% of the basic wages, dearness allowance and retaining allowance, if any payable to each of the employee's.

Payment of Bonus Act, 1965

An employee in a factory who has worked for at least 30 days in a year is eligible to be paid bonus. 'Allocable surplus' is defined as 67% of the available surplus in the financial year, before making arrangements for the payment of dividend out of profit. The minimum bonus fixed by the statute must be paid irrespective of the existence of any allocable surplus. If allocable surplus exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of twenty per cent of such salary or wage. Contravention of the provision of the legislation is punishable by imprisonment up to 6 months or a fine up to one thousand rupees or both.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, an employee in a factory is deemed to be in 'continuous service' for a period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock out or cessation of work not due to the fault of the employee, or the employee has worked at least 240 days in a period of 12 months or 120 days in a period of 6 months immediately preceding the date of reckoning.

An employee, who after having completed at least 5 continuous years of service in an establishment resigns, retires, or is disabled due to an accident or disease, is eligible to receive gratuity. To meet this liability, employers of all establishments to which the legislation applies are liable to contribute towards gratuity.

The Indian Boilers Act, 1923

The Indian Boilers Act, 1923 and the rules made thereunder are meant to regulate and ensure proper design, manufacture, operation and maintenance of boilers, in order to prevent safety hazards. This legislation requires that any boiler in use, in India, must be certified or registered, and that no boiler may function without the same.

The Petroleum Act, 1934

This statute divides petroleum into three classes, A, B and C based upon the flash point of the same, and regulates the import, storage, transport, production, refining and blending of petroleum based upon the same. For the import, transport and storage of petroleum, a license is required, and the provisions in the license as well as the rules made under the Petroleum Act, 1934 must be complied with.

The Indian Explosives Act, 1884

The purpose of the statute is to regulate the manufacture, possession, use, sale, transport and importation of explosives. The Central Government has the power to make rules with respect to regulation or prohibition, the manufacture, possession, use and sale of explosives. The statute requires that any person who intends to engage in any of the above mentioned activities with regard to explosives must apply for a license under the Indian Explosives Act, 1884.

Service Tax

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain listed services, whole taxable services exceeds Rs. 4,00,000, a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same.

Central Excise

Excise duty imposes a liability on a manufacturer to pay excise duty on production or manufacture of goods in India. The Central Excise Act, 1944 is the principal legislation in this respect, which provides for the levy and collection of excise and also prescribes procedures for clearances from factory once the goods have been manufactured etc. Additionally, the Central Excise Tariff Act, 1985 prescribes the rates of excise duties for various goods.

Value Added Tax

VAT is a system of multi-point levy on each of the entities in the supply chain with the facility of set-off input tax whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period.

VAT, is essentially a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each State that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register themselves and obtain a registration number from the Excise Tax Officer of that respective State.

Sales Tax

The tax on sale of movable assets within India is governed by the provisions of the CST Act, or the state legislations depending upon the movement of goods pursuant to such sale. If the goods move inter-state pursuant to a sale arrangement, then the taxability of such sale is determined by the CST Act. On the other hand, when the taxability of an arrangement of sale of movable assets which does not contemplate movement of goods outside the state where the sale is taking place is determined as per the local sales tax/VAT legislations in place within the states

The Income Tax Act, 1961

The Income Tax Act provides that any company deducting tax must apply to the assessing officer for the allotment of a tax deduction account number. Furthermore, the legislation requires every tax payer to apply to the assessing officer for a personal account number.

The Water (Prevention and Control of Pollution) Act, 1974

The Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**") prohibits the use of any stream or well for disposal of polluting matter, in violation of standards set down by the State Pollution Control Board ("**SPCB**"). This statute provides that prior permission from the relevant SPCB is required for the setting up of any industry, which is likely to discharge effluents. In addition, the Water (Prevention and Control of Pollution) Cess Act, 1977 (Water Cess Act) requires a person carrying on any industry to pay cess in this regard

The Air (Prevention and Control of Pollution) Act, 1981

This statute seeks to prevent and abate the level of air pollution and grants certain powers to the SPCB to ensure the same. Under the provisions of this legislation, every facility has to obtain a consent order from the relevant SPCB in order to carry on its industrial operations. The SPCB is required to grant consent within 4 months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipments to be installed.

The Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 and the rules made thereunder provides for ambient standards in respect of noise for different categories of areas (residential, commercial, and industrial) and silence zones have been notified. Noise limits have been prescribed for automobiles, domestic appliances and construction equipment at the manufacturing stage. The Noise Pollution (Regulation and Control)Rules 2000 (as amended in 2002) provides that the owner of any diesel generator set with upto 1,000 KVA requires an acoustic chamber and must have a conformance certificate.

Hazardous Wastes (Management and Handling) Rules, 1989

The Hazardous Wastes (Management and Handling) Rules, 1989 fix the responsibility of the occupier and the operator of the facility that treats hazardous wastes to properly collect, treat, store or dispose the hazardous wastes without adverse effects on the environment. It must also be ensured that the persons working on the site are given adequate training and equipment for performing their tasks.

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

Export Promotion Capital Goods Scheme ("EPCG")

This scheme framed under the Foreign Trade Policy facilitates import of capital goods at a concessional rate of duty coupled with an appropriate export obligation to be fulfilled by the person availing the benefits under the scheme within a designated period of time.

Foreign Investment

Foreign investment in India is regulated by the FEMA, the regulations framed by the RBI and policy guidelines are issued by the Ministry of Commerce and Industry (through various Press Notes issued from time to time). Foreign investment in companies engaged in manufacture of automotive parts is under the automatic route (i.e. prior approval of the FIPB is not required).

Foreign investment by way of subscription to equity shares of a company engaged in production of automotive parts currently does not require the prior approval of the RBI or the FIPB, except for a post subscription filing with the RBI in Form FC-GPR within 30 days from the issue of shares by our Company. The Government of India has indicated that in all cases where foreign direct investment is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

MATERIAL AGREEMENTS OF THE COMPANY

1. **Technical Assistance And Trademark Agreement with Federal -Mogul Sintered Products Limited And T&N Limited**

We have entered into a technical assistance and trademark agreement dated June 12, 2002 with Federal -Mogul Sintered Products Limited, UK ("**FMSPL** ") and T&N Limited. In terms of the agreement FMSPL has granted our Company a non-transferable exclusive license to manufacture *inter alia* valve seats, guides, engine timing and transmission parts and such other products as may be agreed to between the parties in writing from time to time ("**Products**") within India as well as the sole license to sell the Products within India. Further, FMSPL being the proprietor of the trademark "Brico", has granted our Company a sole license to use the trademark "Brico" in India in relation to the Products. In terms of the agreement, the sole license entitles our Company to enjoy the benefits of the license within India to the exclusion of all other persons, other than FMSPL and any company within the Federal -Mogul Group.

Under this agreement, FMSPL is also providing our Company with certain technical information on processes, formulae, quality control techniques and specifications which are necessary for the manufacture of the Products. The agreement requires us to seek the prior permission of FMSPL for making any sales in relation to the Products outside India. In terms of the agreement, our Company is not permitted during the term of the agreement or thereafter to use any mark or name confusingly similar to the trademark "Brico" either in respect of any goods similar to the Products or otherwise.

The term of the agreement is for a period of 7 years from the date of its execution by the parties and its validation and approval by the Government of India, and will thereafter continue from year to year, subject to any approvals that may be required from the Government of India. Additionally, the agreement may be terminated by either party with a prior written notice of at least 6 months, the notice to expire only on the date 7 years from the effective date of the agreement or the last day of a succeeding year period.

In terms of the agreement, if either party becomes entitled to the benefits of any discoveries or inventions which materially changes the technical information being made available under the agreement and which is covered by a new patent, the same will be made available to the other party on the basis of good faith commercial negotiations between the parties.

Under the agreement, our Company has undertaken not to during the continuance of the agreement or for a period of 4 years after its termination from any cause, not to directly or indirectly or on behalf of any other person, firm or company, manufacture or sell or be interested in any type of products which compete with the Products, unless otherwise agreed to in writing by FMSPL. Further, our Company has undertaken an obligation during the continuance of the agreement or for a period of 4 years after its termination from any cause, not to directly or indirectly or on behalf of any other person, firm or company, manufacture or sell the Products outside the territory of India.

We are required to pay royalty to FMSPL for all sales within India at the following rates:

(a) For the first twelve months from the effective date of the agreement - 1.75% of the net sale value of the products sold;
(b) For the period between the 13^{th} and the 24^{th} month from the effective date – 2.75% of the net sale value of the products sold;
(c) For the period from the 25^{th} month onwards – 3.75% of the net sale value of the products sold.

Additionally, for all sales outside India, our Company is required to pay a royalty of 5.75% of the net sales value of the products sold.

FMSPL under the agreement also has the right to terminate the agreement if there is a substantial change in the structure of the ownership of our Company which might prejudice the interest of FMSPL or if the percentage of the issued share capital of our Company held by T&N Investments Limited or any other entity within the Federal -Mogul Group becomes less than 25.1%. Our Company is not permitted to sub-license, assign or otherwise part with its rights or obligations under this agreement, without the prior written consent of FMSPL.

RBI *vide* its letter dated November 28, 2002 has granted its approval bearing registration number FT 2002 NDR 0037 to the above mentioned agreement, subject to the following terms and conditions:

(a) The royalty payment for all domestic sales under the agreement will be at the following rates:
- 1.75% for the 1st year;
- 2.75% for the 2nd year; and
- 3.75% for the remainder of the agreement.

(b) The royalty payment for all export sales will be at the rate of 5.75%;
(c) The duration of the agreement will be for a period of 10 years from the date of the agreement or for a period of 7 years from the date of commercial production, whichever is earlier;
(d) The letter of approval will form a part of the agreement entered into between the parties; and
(e) Only those provisions of the agreement which are covered by the RBI letter of approval and not in variance with the terms of the approval letter will be binding on the RBI.

Vide an addendum dated February 17, 2003, the aforementioned letter of the RBI has been made an integral part of the above mentioned technical assistance and trademark agreement.

Vide an addendum to the Technical Assistance and Trade Mark Agreement between Federal – Mogul Sintered Products Limited and our Company, dated September 11, 2006, clause 14.2 , which relates to the interest payments that would be charged on the license fee should the license fail to pay any monies on the due date has been deleted.

2. **Technical Assistance Agreement with Federal-Mogul Nürnberg GmbH**

We have entered into a technical assistance agreement with Federal-Mogul Nürnberg GmbH **("FM Nürnberg ")** with effect from October 1, 2004. Under the agreement, FM Nürnberg has granted our Company the non-transferable and exclusive right to design, manufacture, test, use, sell or otherwise deal in all pistons and sub-assemblies of pistons sold by our Company in accordance with the technical know-how supplied by FM Nürnberg ("**Products**") in India without any right to sub-license without the prior written consent of FM Nürnberg. Additionally, our Company has also been granted the non-exclusive right to sell the Products in the territories of Bangladesh, Sri Lanka, Nepal and Bhutan (India, Bangladesh, Sri Lanka, Nepal and Bhutan are collectively referred to as the ("**Territory**"), without any right to sub-license. The exclusive rights granted to our Company in relation to the sale and manufacture of the Products within India is subject to any technical assistance regarding pistons that FM Nürnberg may provide to India Pistons Limited. Under the agreement, our Company will be liable to pay pre-estimated liquidated damages of Rs. 4,50,000 per day to FM Nürnberg in the event our Company uses any proprietary technology of FM Nürnberg without the authorization of FM Nürnberg after the expiration or termination of this agreement. In the event such claim for liquidated damages cannot be enforced, our Company will continue to pay royalty to FM Nürnberg in accordance with the terms of the agreement**.**

In terms of the agreement, our Company is required to pay royalty to FM Nürnberg at the following rates:

(a) 1% of the net sale value of all sales of the Products during the period from April 1 to March 31 ("**Contract Year**") up to INR 1,155.32 million ("**Base Sales**");
(b) Where the net sale value of all sales of the Products in a contact year exceeds the Base Sales, royalty will be paid at 3% of the amount in excess of the Base Sales amount;
(c) For the first and last Contract Years which will be six month Contract Years, the Base Sales figure will be divided in half to determine whether the net sale value for such period exceeds the adjusted Base Sales figure; and
(d) Commencing from April 1, 2006, the base royalty for each Contract Year will be increased by 0.25% for each 1% that the profit of our Company's auto component before interest and tax increases as a percentage of sales above the March 31, 2004 profit percentage up to a maximum of 3%.

Our Company has undertaken that under no circumstances will it sell the Products outside the Territory. Any sale by our Company of the Products outside the Territory is to be through FM Nürnberg or one of its affiliates. In terms of the agreement, the export of the Products outside the Territory, whether exported by our Company directly or intended/used for export by the domestic or foreign customer of our Company is required to be approved in advance in writing by FM Nürnberg. In the event of any new invention arising under the agreement, the entitlement for filing of intellectual property rights in respect of such invention is to be settled by mutual agreement. Pricing for sales of the Products to Federal-Mogul global customers, whether for domestic or export sales is to be coordinated with Federal-Mogul.

We have no right to any brands, trademarks or trade names under this agreement and upon the termination or expiration of this agreement we have agreed not to use or benefit from FM Nürnberg's name, trademarks, goodwill, drawings etc. in marketing and exporting our products in any manner whatsoever. Additionally, we have also undertaken that upon termination/expiration of this agreement, we will not represent to our customers that we had a previous technical collaboration with FM Nürnberg or that our products conformed to FM Nürnberg's technology.

The agreement is valid till September 30, 2009 and may be renewed further till March 31, 2010 or such later date as agreed to between the parties in writing. Either party may terminate the agreement with a prior written notice of 6 months to the other party. However, in the event we terminate the agreement prior to its term without any cause, we will continue to be liable to pay royalty to FM Nürnberg in accordance with the terms of the agreement. Additionally, the agreement may be terminated with immediate effect by FM Nürnberg in the event there is a substantial change in our ownership structure such that 10% of our shares are acquired directly/indirectly by an entity other than FM Nürnberg that competes with FM Nürnberg with respect to the piston market. We are not permitted to assign or sub-license our rights and obligations under the agreement.

3. **Know How Collaboration Agreement with Federal -Mogul Burscheid GmbH**

We have entered into a know-how collaboration agreement with Federal -Mogul Burscheid GmbH ("**FMB**") for a period of 10 years from the date of the agreement being taken into the records of the RBI, which for the purposes of the agreement is regarded as the date of execution. Our Company started making royalty payments under the agreement with effect from December 24, 2003. Under the agreement, FMB has agreed to fully disclose to our Company know-how, trade secrets, product designs, process and processing methods and other valuable information relating to the manufacture of piston rings for all application other than bi-wheelers and Cummins applications ("**Products**").

Under the agreement the following rights have been granted to our Company:

(a) FMB has granted our Company the exclusive right to use the trade mark "Goetze" in relation to the Products in the territory of India;
(b) FMB Has granted our Company the non-exclusive sales rights for the Products in the territory of Nepal, Bangladesh, Bhutan, Sri Lanka, Mozambique, Mauritius, Angola, Zambia, Tanzania, Uganda and such other country as may be agreed in writing between FMB and our Company from time to time; and
(c) Our Company has the right to sub-license the technical know-how under the agreement to our subsidiaries, subject to mutual agreement between the parties and the approval of the Government of India.

In terms of the agreement, all offers made by our Company for CKS sales require a release from FMB regarding the customer and the price. Our Company has undertaken not to allow any third party to use the know-how without the prior written approval of FMB. We are required to pay FMB royalty at the following rates for a period of 10 years:

(a) 2.25% for all domestic sales;
(b) 4.25% for all export sales;
(c) +1.25% extra charge for CKS sales; and
(d) 0.25% chrome plating charges for GTP steel rings

subject to deduction of taxes for a period of 10 years. The royalty will be payable at the market rate of exchange at the time of remittance and will be calculated on the basis of the net ex-factory sale price of the product exclusive of excise duties minus the cost of the standard bought-out components and the landed cost of imported components, irrespective of the source of procurement including ocean freight, insurance, custom duties etc.

After the expiry of the term of the agreement, either party has the right to terminate the agreement by giving a prior written notice of 60 days.
RBI vide its letter dated July 25, 2003 has granted our Company the approval in relation to the above mentioned know-how collaboration agreement. The agreement has been allotted registration number FT 2003 NDG 0022 vide RBIs letter dated December 24, 2003 issued to our Company.

Some of the key terms contained in the RBI approval in relation to the agreement are as follows:

(a) Royalty payments will be made by our Company at the following rates:
- 2.25% for internal sales;
- 4.25% for exports;
- 1.25% extra charge for CKS sales; and
- 0.25% chrome plating charges for GTP rings

(b) Royalty will be payable for a period of 10 years from the date of commencement of commercial production during the period of the agreement;
(c) The agreement will be valid for a term of 13 years from the date of the agreement or for a period of 10 years from the date of commercial production, whichever is earlier;
(d) No items that are reserved for the small scale sector will be manufactured without the prior approval of the Government;
(e) The letter of approval will form a part of the agreement entered into between the parties; and
(f) Only those provisions of the agreement which are covered by the RBI letter of approval and not in variance with the terms of the approval letter will be binding on RBI.

Vide a supplementary agreement dated August 13, 2003 the aforementioned letter of the RBI has been made an integral part of the above mentioned technical assistance and trademark agreement.

4. **License Agreement with Teikoku Piston Ring Company Limited**

Our Company has entered into a license agreement dated May 6, 2003 with Teikoku Piston Ring Company Limited ("**TPR**"). Under the agreement TPR has granted our Company the exclusive right to design and manufacture and the non-exclusive right to sell TPR designed cast iron piston rings for four stroke bi-wheeler engines and other applications using Tar's technical information and patents ("**Products**") through FMTPR India in the territory of India. The rights granted to our Company relate only to cast iron piston rings for four stroke bi-wheelers engines and for such other engines as TPR wishes to include.

The license granted to our Company is non-transferable and non assignable. For the grant of the rights by TPR, we are required to pay TPR 1.5% of the net ex-factory sale price of the Products. For technical assistance provided by TPR exceeding 30 working days in a year our Company is required to pay a per diem fee at the rate of 70,000 Yen per day in addition to reimbursement of travel and living expenses of the TPR personnel.

In the event our Company makes any improvement/invention relating to the Products, it has the right at its own expense to file patent applications covering such invention and TPR will be granted a non-exclusive royalty free license to manufacture outside the Territory and sell in any country in the world. Where any improvement/invention relating to the Products is made jointly, both parties will have the right to file joint patent applications covering such invention and the expenses will be borne equally by the parties in this regard. In the event either of the parties does not file such joint application, the other party has the exclusive right to file a patent application in relation to such invention/improvement. In such case, subject to the agreement of the party filing the patent, the other party may have a non-exclusive right and royalty free license to manufacture, sell and use in any country any such invention/improvement.

The agreement is valid for a period of 10 years from the date of the agreement, subject to Government of India approval.

RBI vide its letter dated August 25, 2003 has granted its approval bearing registration number FT 2003 NDR 0027 to the above mentioned agreement subject to the following conditions:
(a) The royalty payment under the agreement will be at the rate of 1.5%
(b) The letter of approval will form a part of the agreement entered into between the parties; and

(c) Only those provisions of the agreement which are covered by the RBI letter of approval and not in variance with the terms of the approval letter will be binding on the RBI.

Vide a supplementary agreement dated August 26, 2003, the aforementioned letter of the RBI has been made an integral part of the above mentioned license agreement.

5. **Joint Venture Agreement For ESTABLISHING FMTPR India (Formerly Goetze T P India Limited)**

Our Company has entered into a joint venture agreement dated May 28, 1997 with T&N Investments Limited ("**TN**") and Teikoku Piston Ring Company Limited ("**TPR**") for establishing a joint venture company as the vehicle for carrying on the business of manufacture, sale, marketing and distribution of steel compression piston rings, two-piece and three–piece oil rings.

Under the agreement, it was agreed that the name of the joint venture company will be "Goetze TP (India) Limited" and the authorized share capital of FMTPR India will be INR 10,00,00,000 divided into 1,00,00,000 equity shares of INR 10 each. Under the agreement, it was agreed that the shareholding of GTP will be as follows:

- TN – 24.5%;
- TPR – 24.5%;
- Our Company – 51%

In terms of the agreement, so long as our Company holds not less than 51% of the voting equity share capital of GTP India, it will be entitled to appoint a majority of Directors on the Board ofGTP India. Additionally, so long as TPR and TN each hold not less than 10% of the voting equity share capital of GTP India, they will have the right to nominate one (1) Director each on the board of GTP India. Some of the matters which require the affirmative vote of at least one (1) TN Director, one (1) TPR Director and one (1) Director nominated by our Company are as follows:

- Increase in the authorized capital of GTP India;
- Alteration to the charter documents ofGTP India;
- Any material change in the geographical are/nature of the business of GTP India; and
- The annual business plan.

While the parties to the agreement are free to dispose off their equity shares to members of their respective groups, they are at all times liable to discharge all their obligations to GTP India and procure that such assignee will comply with the provisions of the joint venture agreement.

In the event either of the parties is desirous of selling their equity shares to a third party, they are required to offer the shares first to the non-selling shareholders in the proportion in which such non-selling shareholders hold equity shares in GTP India. In terms of the agreement, no party is permitted to transfer its equity shares to any party who is in direct or indirect competition with the business of GTP India. Additionally, if either party either transfers its equity shares in contravention of the terms of the agreement or is taken over or becomes a subsidiary/affiliate of a company/body corporate which is in direct or indirect competition with the business of GTP India, the other parties ("**Non Defaulting Parties**") will have the right at their sole discretion to require such party to transfer all or any of its equity shares to the Non Defaulting Parties or alternatively, the non defaulting parties may transfer all or any of the shares held by them to such party at a fair market value determined in accordance with the terms of the agreement.

Neither party is entitled to pledge, mortgage or otherwise encumber its legal or beneficial interest in the equity shares held by it or enter into agreement in respect of the votes attached to such equity shares. Additionally, the parties have also agreed that none of them will , during the period of the joint venture agreement, directly or indirectly, except with the prior written consent of the other parties, engage in directly or indirectly any business which is competitive or potentially competitive with the business of GTP India.

Whenever TPR develops or plans to develop a new product, relating to the manufacture of the products manufactured by GTP India, GTP India will be given the first opportunity for grant of rights in respect of such new product. Under the agreement, GTP India will cease to use the name or trade mark TP in its corporate name, stationery and other materials used by GTP India, if at anytime TPR ceases to hold at least 24.5% of the voting equity share capital of GTP India. Further,GTP India willcease to use the name or trade mark “Goetze” in its corporate name, stationery and other materials used by GTP India, if at anytime TN ceases to hold at least 24.5% of the voting equity share capital of GTP India.

The agreement can be terminated by any party with a prior written notice of sixty (60) days in the event of a material breach by any of the other parties to the agreement and failure of such party to remedy the breach within a period of 60 days after being given notice to remedy such breach. Additionally, the agreement can be terminated by either of the parties in the event the other parties do not comply with the restrictions on transfer of equity shares as set out in the agreement.

RBI vide its letters dated June 27, 1997 and July 15, 1997 granted GTP India its in-principle approval to issue 4,90,000 equity shares each to TN and TPR subject to the following conditions:

- A final approval from the New Delhi Regional office would need to be obtained prior to issue of equity shares; and
- The equity participation of the foreign collaborators should not exceed 49% of the paid up capital of GTP India.

6. **License Agreement BETWEEN GTP India And TPR**

GTP India has entered into a license agreement dated May 29, 1997 with TPR. Under the agreement TPR has granted our Company the exclusive right to design and manufacture and the non-exclusive right to sell in territory of India TPR designed steel compression and oil control piston rings for internal combustion engines, compressors and other applications using TPR’s technical information and patents ("**Products**"). The rights granted to GTP India relate only to steel piston rings.

The license granted to GTP India is non-transferable and non assignable. For the grant of the rights by TPR, GTP India is required to pay TPR 3% of the net ex-factory sale price of the Products, exclusive of excise duties, costs of standard bought-put components and the landed cost of imported components irrespective of the source of procurement, including freight, insurance and customs duties. For technical assistance provided by TPR exceeding thirty (30) working days in a year GTP India is required to pay a per diem fee at the rate of 70,000 Yen per day in addition to reimbursement of travel and living expenses of the TPR personnel.

In the event GTP India makes any improvement/invention relating to the Products, it has the right at its own expense to file patent applications covering such invention and TPR be granted a non-exclusive royalty free license to manufacture outside the Territory and sell in any country in the world. In respect of any improvement/invention relating to the Products made jointly, both parties have the right to file joint patent applications covering such invention and the expenses will be borne equally by the parties in this regard. In the event either of the parties does not file such joint application, the other party has the exclusive right to file a patent application in relation to such invention/improvement. In such case, subject to the agreement of the party filing the patent, the other party may have a non-exclusive right and royalty free license to manufacture, sell and use in any country any such invention/improvement.

The agreement is valid for a period of 10 years from the date of the agreement, or 7 years from the commencement of production, whichever is less, subject to Government of India approval. Either party may terminate the agreement by a prior written notice of 3 months if the other party defaults in the performance of any material term under the agreement and continues default thereof for 90 days after the notice of default. The effective date of the agreement will be the date on which the last of the approvals required from governmental authorities was obtained.

RBI vide its letter dated June 27, 1997 has granted its approval bearing registration number FCT-97-NDR-0347 to the above mentioned agreement subject to the following conditions:

(a) The royalty payment under the agreement will be at the rate of 3% for a period of seven years from the date of commencement of commercial production or 10 years from the date of the agreement;

(b) The duration of the agreement will be for a for a period of 7 years from the date of commencement of commercial production or 10 years from the date of the agreement;

(c) The letter of approval will form a part of the agreement entered into between the parties; and

(d) Only those provisions of the agreement which are covered by the RBI letter of approval and not in variance with the terms of the approval letter will be binding on the RBI.

GTP India had entered into a supplementary agreement dated July 11, 2000 with TPR in relation to the above mentioned license agreement. This agreement slightly modified the clause in relation to royalty payments to be made by GTP India to TPR. As per the modified all sales discounts were also to be excluded while determining 3% of the net ex-factory sales price of the Products.

The above mentioned license agreement was renewed vide a fresh agreement dated January 10, 2006 with effect from June 10, 2005 for a period of 7 years from the date of its renewal i.e. from June 10, 2005 till June 9, 2012, subject to Government of India approvals. In terms of the revised agreement, GTP India is required to pay TPR royalty at the rate 2% of the net ex-factory sale price of the Products exclusive of all sales discounts, excise duties, costs of standard bought-put components and the landed cost of imported components irrespective of the source of procurement, including freight, insurance, and customs duties. Additionally, GTP India will also pay TPR royalty at the rate of 4% of the net sales value of the physical vapour deposit coated products sold by GTP India from the date of renewal of the agreement.

Vide a supplementary agreement dated September 1, 2006 the 6 monthly period for calculation of royalty payments has been changed from September 30 and March 31 to June 30 and December 31 of every year.

7. **Trademark License Agreement Between GTP INDIA and TPR**

GTP India has entered into a license agreement dated May 29, 1997 with TPR. Under the agreement GTP India has been granted a non-exclusive license to use the trademarks – "TP" and "Teikoku Piston Ring Co. Limited" in the territory of India as part of its corporate business, trading name and trading style. The said license does not confer upon GTP India the right to grant sub-licenses in respect of the rights granted to it under the agreement. Either party has the right to terminate the agreement by giving the other party a prior written notice of 3 months (2^{nd} clause of indemnity is also provided does it have to be added) GTP India is not permitted to use any mark, or trading style confusingly similar to the trade marks licensed to it, either during the term of the agreement or at any time thereafter.

8. **Indemnification Agreement Between Our Company, JIPL and AN**

We had entered into an indemnification agreement dated May 8, 2006 with AN, and JIPL under which JIPL and AN have agreed to keep us indemnified against all claims, demand, actions or proceeding, loss, damages, cost, expense, penalties made under undertakings and guarantees given by us in favour of the Indian Renewable Energy Development Agency Limited ("**IREDA**") for and on behalf of GI Power Corporation Limited in terms of which JIPL agreed to deposit a sum of Rs. 31,62,40,000 in our Company's bank account which was to be used for paying the beneficiaries of the guarantees given by us.

In terms of the agreement, the agreement was to become effective when JIPL no longer held more than 5% of our equity shares, which event took place on May 12, 2006 and would terminate on whichever was the earlier of the date when all the funds in the bank account have been either paid to the beneficiaries under the guarantees and/or to JIPL in accordance with the terms of the agreement.

IREDA vide letters dated August 7, 2006 and August 8, 2006 agreed to release the undertakings and guarantees given by our Company in its favour for and on behalf of GI Power Corporation Limited.

As a result, there are no guarantees or undertakings that are currently being given by our Company for and on behalf of JIPL and the security deposit of Rs. 31,62,40,000 stands repaid.

9. **Memorandum of settlement with the Workmen of our Sintered Products Division In Bhiwadi, Rajasthan**

The management of our sintered products division in Bhiwadi ("**Management**") entered into a memorandum of settlement dated September 23, 2004, under section 12(3) Industrial Disputes Act, 1947 with the workmen of our sintered products division in Bhiwadi who were represented through the Rajasthan Goetze India Sharamik Sagathan, a body representing the workmen employed in our sintered products division ("**Union**").

The Union had served a charter of demands numbered, R.G.I/03/06/04 dated May 6, 2004 on the Management comprising of a number of demands *inter alia* including:

(a) Making all casual workers who have been working for over 1 year as permanent workers;
(b) Providing accident insurance of Rs. 5,00,000 for all the workers;
(c) Providing loan facilities upto Rs. 2,00,000 for the workers;
(d) Providing canteen facilities for the workers;
(e) Increasing casual leave from 7 days to 12 days;
(f) Providing medical facilities for all the workers and their families.

The Management replied to the charter of demands by a letter dated September 15, 2004 bearing number GIL: PSA: IR: 04 inviting a discussion between the Union and the Management on *inter alia*, the following points:

(a) That the settlement should be for a minimum period of 5 years;
(b) That the benefits under the proposed settlement are subject to the stipulation that all the agreed conditions including productivity are achieved by each workman;
(c) That the benefits under the proposed settlement are applicable only to the permanent and confirmed workmen, who are on the pay roll of the sintered products division as on the date of settlement;
(d) That the workmen will ensure an overall increase of 30% in the productivity levels of all products and the workmen achieving less than the targeted production will not be entitled to wages for that day.

After long discussions the Management and the Union arrived at a consensus on all major issues and the parties had sought the intervention of the Joint Labour Commissioner cum Conciliation Officer, Bhiwadi Alwar for a fair and reasonable settlement ("**Settlement**").

The terms and conditions of the Settlement are applicable to only 54 permanent confirmed workmen, who were on the pay rolls of the sintered products division as on September 23, 2004. The terms of the Settlement are not applicable to workman appointed on regular basis after the execution of the Settlement and to the employees who are engaged as temporary, casual, *badli*, ad-hoc, apprentice etc.

It was agreed that the Settlement will be valid is for a period of minimum 4 years from September 1, 2004 i.e. till August 31, 2008. The settlement is binding on the parties unless validly terminated by either party as provided under the relevant provisions of the Industrial Disputes Act, 1947 and the rules framed there under.

In terms of the Settlement, the monetary benefits contemplated are subject to the achievement of the minimum targeted production by each workman per shift from the execution date. Additionally in the event that the minimum targeted production is not achieved in any shift the monetary benefits as contemplated in the Settlement will automatically be forfeited for that day and it will be construed as a breach of the Settlement.

Under the Settlement the Management has agreed to an increase in the basic wages, house rent allowance, conveyance allowance and children education allowance. The workmen have also agreed to abide to a system of multi-skilling and multi-staging and self inspection / certification. The workmen to whom the Settlement is applicable will not be entitled for any wage increase during the period of settlement. The Settlement also covers issues like payment of bonus, bank loans, maintenance of machines and factory and various other matters of day to day working.

The Management and the Union have agreed that the settlement is by way of a "package deal" and all the demands raised in the charter are settled, whether specifically dealt with or not. In terms if the Settlement, the Union during the period of settlement is forbidden to raise further demands with respect to the ones enumerated in the charter of demands and that involve direct or indirect financial burden on the Management.

10. **Memorandum of settlement with the Workmen of our Plant in Patiala**

We have entered into a memorandum of settlement dated November 30, 2006, under Section 12(3) Industrial Disputes Act, 1947 with the workmen of our plant at Patiala who were represented by Escorts Goetze Employees Union, Bahadurgarh-Patiala ("**Union**").

Subsequent to the termination of the earlier settlement between the Union and our Company, the Union served a demand notice numbered EGEU/06/33 dated April3, 2006 and a letter numbered EGEU/ 06/37 dated June 5, 2006 on the plant management ("**Management**") asking the Management to consider *inter alia* the following demands:

(a) Bonus and *ex-gratia* payments should be given to workmen at the rate of 20% without any cap;
(b) Basic wages should be increased by Rs. 1,000 per month;
(c) All workmen should be paid Rs. 50/- per month for every completed year of service as Service Weightage and should be merged with the basic pay;
(d) The present pay scale should be revised and annual increment rates should be doubled. The promotion policy should be revised in such a manner that the workmen should get a minimum increase of Rs. 200/- to Rs. 250/- per month and the promotion quota should be increased from 16% to 25%;
(e) Various allowances, such as HRA, LTA, Conveyance, Education etc should be increased;

The Management of our Company replied to the said demands by a letter dated June 12, 2006, submitting *inter alia* the following points for negotiation:

(a) That the settlement should be for a minimum period of 5 years;
(b) That the benefits under the proposed settlement are subject to the stipulation that all the agreed conditions including productivity are achieved by each workman;
(c) That the benefits under the proposed settlement are applicable only to the permanent and confirmed workmen who are on the rolls of our Company, as on the date of the settlement;

The parties with the assistance of the Assistant Labour Commissioner cum Conciliation Officer agreed to a memorandum of settlement ("**Settlement**"). The Management and the Union have agreed that the Settlement will take effect from December 1, 2006 and will remain valid for a period of four years i.e. up to November 30, 2010. In terms of the Settlement, it will remain binding on the parties thereafter until validly terminated by either party as provided in the relevant provisions of the Industrial Disputes Act, 1947 and the rules framed there under.

The terms and conditions of the Settlement are applicable to only permanent confirmed workmen who were on the pay rolls of the plant as on December 1, 2006. The terms of the Settlement are not applicable to workman appointed on regular basis after the execution of the Settlement and to the workmen who are engaged as temporary, casual, *badli*, ad-hoc, apprentice etc.

In terms of the Settlement, the plant at Patiala is to be regarded as a distinct and separate industrial establishment and there will be no comparison with the wage structure and service conditions of other establishments. The Settlement is not applicable to other workmen on the rolls of other establishments or offices of our Company, either located in India or abroad.

Under the terms of the Settlement, the monetary benefits are available subject to the achievement of minimum targeted production by each workman per shift, from the date of execution of the Settlement. In the event that the minimum targeted production is not achieved, it will be construed as a breach of the Settlement.

The Settlement provides for an increase in certain allowances such as dearness allowance, house rent allowance, education allowance, shoes uniform allowance, night shift allowance, leave travel assistance, etc. In terms of the Settlement, the existing mode of payment of annual bonus and promotion policy are to continue. The Settlement has also incorporated terms on multi-skilling, multi-staging, self inspection/ certification, self material handling, self setting and redeployment etc.

The terms of the Settlement also deal with other issues such as the maintenance of machines and factory and various matters of day to day working.

The Management and the Union have agreed that the Settlement is by way of a "package deal" and all the demands raised in the charter will be deemed to be settled, whether specifically dealt with or not. During the period of Settlement, the Union is forbidden to raise further demands with respect to the demands enumerated in the charter of demands and that involve direct or indirect financial burden on our Company.

11. **Memorandum of settlement with the Workmen of our Plant in Bengaluru**

We have entered into a memorandum of settlement dated July 25, 2005, under Section 12(3) read with Section 18(3) Industrial Disputes Act, 1947 with the workmen of our Bengaluru plant represented through the Goetze & GTP Employees Association ("**Association**").

Subsequent to the termination of the earlier settlement between the Association and our Company, the Association had served a charter of demands by a letter dated February 24, 2005 on the management of the Bengaluru plant ("**Management**") broadly setting out demands in relation to revised wage structure and revised incentive amounts payable to the workmen based on the quantity of products produced by such workmen.

The Management of our Company replied to the same by a letter dated March 30, 2005 bearing number PERS: GIL: MD: 05, submitting *inter* alia, the following points for negotiation.

(a) That the settlement should be for a minimum period of 5 years;
(b) Introduction of a 3 year training scheme to effectively train trainees and new recruits;
(c) Reduction of sick leave from 18 days to 12 days;
(d) All payments to workmen shall be made by bank transfers only and cash payment shall be discontinued.

The memorandum of Settlement ("**Settlement**") was arrived at pursuant to the conciliation proceedings held by the Conciliation Officer. The Management and the Association have agreed that the Settlement will take effect from July 25, 2005 and will remain valid for a period of 4 years i.e. up to July 24, 2009. In terms of the Settlement, it will remain binding on the parties thereafter until validly terminated by either party as provided in the relevant provisions of the Industrial Disputes Act, 1947 and the rules framed there under.

The terms and conditions of the Settlement are applicable to only the probationers and permanent employees, who were on the pay rolls of our Company as on July 25, 2005. The terms of the Settlement are not applicable to employees, who are engaged as temporary, casual, *badli*, ad-hoc, apprentice etc.

In terms of the Settlement, the Bengaluru plant is to be regarded as a distinct and separate industrial establishment and there will be no comparison with the wage structure and service conditions of other establishments. The Settlement is not applicable to other employees on the roll of other establishments or offices of our Company, either located in India or abroad.

The Settlement *inter alia* provides that the monetary benefits will be available subject to the achievement of minimum targeted production by each employee per shift from the date of execution of the Settlement. In the event that the minimum targeted production is not achieved, it will be construed as a breach of the Settlement.

The Settlement provides for an increase in the basic wages, dearness allowances, house rent allowance, education allowance, conveyance allowance, special allowance, hazardous allowance, casting allowance, leave travel assistance etc.The Management has also enhanced the percentage of promotions under the Settlement. As per the Settlement the payment of bonus will be in accordance with the provisions of the Payment of Bonus Act.

The Settlement also provides for employment opportunities for the dependents of the deceased, relocation and redeployment of employees, outsourcing of certain non core activities, productivity norms and quality check procedure etc.

The Management and the Association have agreed that the settlement is final and all the demands raised in the charter of demands dated February 24, 2005 will be deemed to be settled, whether specifically dealt with or not. During the period of settlement, the Association is forbidden to raise further demands with respect to the ones enumerated in the charter of demands and that involve direct or indirect financial burden on our Company.

12. **Power Purchase Agreement With G.I. Power Corporation Limited**

We have entered into a power purchase agreement dated April 1, 2004 with G.I. Power Corporation Limited ("**GIPCL**") for purchase of electrical energy for our plant at Yelahanka, Bengaluru. In terms of the agreement we are required to pay GIPCL Rs. 4.05 Kwh per unit for the electrical energy supplied by them, or the tariff notified by Karnataka State Power Electricity Board, whichever is lower. The term of the agreement is for a period of 10 years effective from the date on which power was first purchased by our Company from GIPCL. Save and except for as provided in the agreement, the power purchase agreement is irrevocable during such term of 10 years.

This agreement was amended vide an amendment agreement executed on May 8, 2006. The amendment agreement brought about changes to the clauses related to pricing and termination. In terms of the amendment agreement, we are now required to pay GIPCL, the lowest of - (i) Rs. 4.05 Kwh per unit; or (ii) the price at which power is supplied to the plant by the Karnataka State Power Electricity Board; or (iii) the price at which power would be available to our Company from any other commercial source. The amendment agreement also provides for a right of termination by either party with a prior written notice of 6 months to the other party.

13. **Memorandum of Understanding with Nanz India and City Palace Electronics Private Limited**

Our Company had entered into a memorandum of understanding with Nanz (India) GmbH and Co. Handelskontor KG Germany ("**Nanz**") and City Palace ("**City Palace**") Electronics Private Limited, in terms of which City Palace would acquire the shareholding of our Company and Nanz held in Nanz Food Products Limited ("**NFPL**"). Additionally, in terms of the understanding, our Company was required to invest Rs. 10,00,000 on 9% redeemable cumulative preference shares of NFPL, redeemable at the end of 5 years from the date of issue. Further, the memorandum of understanding also provides that all assets and liabilities of NFPL prior to the date of completion will be the responsibility of our Company. Pursuant to this memorandum another memorandum of understanding dated June 7, 2002 was executed between our Company, Nanz and City Palace under which the rate of preference dividend on the preference shares was reduced from 9% to 6%.

14. **Settlement Agreement with the Workmen and Labour Union at Bhiwadi**

There was a period of labour unrest in our Bhiwadi plant for the period May 18, 2006 to July 23, 2006 which involved the suspension of 16 workers on account of misbehaviour with the plant management. Our Company entered into a settlement with the labour union under which the 2 main accused workmen were dismissed from service and the remaining 14 were reinstated. The settlement also provided for a 50% deduction in the wages of workmen who absented themselves from their duties during the period of unrest.

In addition to the above, there are certain agreements concerning us that have been entered into by one of our Promoters, the details of which are as follows:

15. Shareholders Agreement Between Federal –Mogul Holding Limited B.V, Joint Investments Private Limited and Anil Nanda

Federal - Mogul Holdings Limited ("**FM**"), Joint Investments Private Limited ("**JIPL**") and Anil Nanda ("**AN**") have entered into a shareholders agreement dated May 8, 2006 to *inter alia* regulate their relationship in relation to certain matters concerning our Company.
Under the Agreement FM has undertaken an obligation that during the term of the agreement to vote in favour of any resolution proposed at any board meeting of our Company in relation *inter alia* to:

(a) Allowing continued usage by AN of certain assets of our Company; and/or
(b) Providing AN the right to purchase such assets at the expiry of 5 years from the date of the agreement; and/or
(c) Effect a divestiture of the non core businesses of our Company on terms that are not disadvantageous to our Company.

In terms of the Agreement JIPL and AN have undertaken an obligation to vote in favour of or against any resolution to be proposed at any meeting of our Company in accordance with the directions of FM. Further JIPL and AN are obligated to attend the meeting and any adjournment thereof, and on show of hands vote in favour of or against or abstain from such resolution as directed by FM. They are obligated to vote on any resolution as per the directions of FM.

Under the agreement, during AN's tenure as Director of our Company, AN and JIPL have an obligation to obey FM 's written direction, with respect to signing or not signing any written resolution of shareholders or any class of shareholders. Additionally, JIPL and AN have an obligation to obey FM's direction on:

(a) Giving or withholding their consent on any matter that requires their consent or agreement pursuant to JIPL's or AN's position as a shareholder of our Company whether under the Articles of Association of our Company or any agreement to which they individually or collectively are a party or otherwise;

(b) Joining or abstaining from joining in making a requisition to convene a meeting of our Company.

Under this agreement, JIPL and AN have undertaken an obligation to use best efforts to cause the Board of Directors of our Company to vote in accordance with FM's direction, subject to the legal obligation of a Director to exercise independent judgment in the best interest of our Company. Further, AN has undertaken an obligation to use his second or casting vote at any meeting of the Board of Directors, in accordance with the instructions of FM as long as he remains the non executive Chairman. Also AN has an obligation to sign or initial the minutes of the proceeding of every meeting of the Board of Directors of our Company as per the instructions of FM, during his tenure as the non executive Chairman of our Company.

In terms of the agreement, in the event either AN or JIPL wish to transfer the shares held by them to a third party, the said transfer will always be subject to a right of first refusal in favour of FM. AN or JIPL are not permitted to transfer their shares in contravention of the terms of the shareholders agreement.

The agreement takes effect from such time when FM's shareholdings in our Company along with FM's affiliates exceeds 50% of the total paid up equity share capital of our Company, which happened on May 12, 2006, the effective date of the agreement.

The agreement will terminate on the earlier of – (i) the express written mutual agreement between the parties or (ii) the fifth anniversary of the effective date.
This agreement was superceded by an Amended and Restated Shareholders Agreement ("**Restated Shareholders Agreement**") dated September 25, 2006 executed between FM, JIPL and AN. This agreement will terminate on the earlier of (a) May 8, 2011, or (b) Earlier termination by the mutual written agreement of all the parties to the Restated Shareholders Agreement.

In terms of the Restated Shareholders Agreement, there is no obligation upon AN and JIPL cause the Board of Directors of our Company to vote in accordance with FM's directions and neither are there any restrictions on the transfer of Equity shares held by JIPL and AN.

Under the Restated Shareholders Agreement, FM has undertaken an obligation that during the term of the agreement to vote in favour of any resolution proposed at any board meeting of our Company in relation *inter alia* to:

(a) Allowing continued usage by AN of certain assets of our Company; and/or

(b) Providing AN the right to purchase such assets on or prior to May 8, 2011; and/or

(c) Effect a divestiture of the "**non core businesses**" of our Company on terms that are not disadvantageous to our Company.

For the purposes of the Restated Shareholders Agreement, the non-core businesses refer to our Company's investments in GTZ Securities Limited and GI Power Corporation Limited.

16. **Securities Purchase Agreement Between FMH, JIPL and AN**

FMH, JIPL and AN entered into a securities purchase agreement dated May 8, 2006 under which, FMH purchased 62,30,000 equity shares from JIPL constituting 24.64% of the total paid up equity share capital of our Company for a consideration of Rs. 1,38,61,75,000.

Under the Agreement, AN and JIPL have agreed that neither they nor any person under their control, will directly or indirectly, either on their own or as an agent of any person, for a period of 5 years from the closing of the share purchase transaction:

(a) Engage in any business currently conducted by us or by our subsidiaries in India;

(b) Influence or attempt to influence any customer or potential customer of our Company to not acquire any service offered by our Company or our subsidiaries;

(c) Affiliate itself, himself or herself with, or own any economic interest of any kind in, any person engaged in any part of our Company's business in India;

(d) Solicit or induce or assist another person in soliciting or inducing any employee to leave our Company or any of its subsidiaries or to accept any other employment unless such employee has been terminated by our Company or subsidiary or has resigned from such employment for more than 6 months prior to such solicitation/inducement;

(e) Acquire or attempt to acquire any person involved in our Company's business in India, including our Company

AN and JIPL also agreed not to acquire more than 1% of our Company's shares without the prior consent of FM.

AN and JIPL have also agreed to assist FMH to expand our business by preferential issues of equity or preference shares, or a rights offering by activities including the exertion of maximum control over counterparties involved in such transaction and by voting as instructed by FM, among other things.

The said Agreement became effective from May 12, 2006, after it was executed and delivered by all the Parties.

SECTION V: AUDITORS REPORT AND FINANCIAL INFORMATION

The Lead Manager to the Issue confirms that all the notes to the accounts, significant accounting policies as well as the auditor's qualifications, if any, have been incorporated.

Unconsolidated Financial and Operating Data

RESTATED UNCONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, FOR THE YEARS/ PERIODS ENDED DECEMBER 31, 2007, DECEMBER 31, 2006, MARCH 31, 2006, MARCH 31, 2005, MARCH 31, 2004 AND MARCH 31, 2003 AND SIX MONTHS ENDED JUNE 30, 2008

AUDITOR'S REPORT

(as required by Part II of Schedule to the Companies Act, 1956)

To,

Board of Directors
Federal-Mogul Goetze (India) Limited
A 26/3 Mohan Cooperative Industrial Estate
New Delhi- 110044

Dear Sirs,

1) We have examined the attached restated unconsolidated financial information of Federal-Mogul Goetze (India) Limited ('Company') for the periods/ years ending, December 31, 2007, December 31, 2006, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 and six months ended June 30, 2008, as approved by the Board of Directors of the Company in accordance with the requirements of:

a) Paragraph B (1) of part II of schedule II of the Companies Act, 1956 (the Act) and

b) the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI'), as amended to date.

This report supersedes our earlier report dated August 1, 2008, as subsequent to the issue of the latter, the Rights Issue Committee constituted by the Board of Directors of the Company decided to incorporate certain incremental information and revise the restated unconsolidated financial information covered by our earlier report dated August 1, 2008, in order to give effect to the requirements of SEBI (vide letter ref. CFD/DIL/ISSUES/NB/SC/139921/2008 dated October 1, 2008).

2) We have examined such restated financial information taking into consideration:

a) the terms of reference dated June 15, 2008 received from the Company, requesting us to carry out the assignment, in connection with the offer document being issued by the Company fot its proposed Right issue offer and

b) The Guidance Note on Reports in Company prospectuses (Revised) issued by the Institute of Chartered Accountant of India.

The Company proposes to make a right issue of equity shares having a face value of Rs. 10 each as issue price to be decided, arrived by the 100% book building process (referred to as the 'offer').

Financial information as per audited financial statements:

3) The restated financial information of Federal-Mogul Goetze (India) Limited have been extracted by the management from the financial statements for the periods/ years ending, December 31, 2007, December 31, 2006, March 31, 2006, March 31, 2005, March 31, 2004, March 31, 2003 and six months period ended June 30, 2008 and approved by the Board of Directors. Audit for the periods/ years ended March 31, 2003, March 31, 2004 and March 31, 2005 was conducted by previous auditors, M/s S.N. Dhawan & Company and accordingly reliance has been placed on the

financial statements audited by them for the said years. The consolidated financial information included for these years are based solely on the report submitted by them.

4) In accordance with the requirements of paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

a) The Restated Summary Statements of assets and liabilities of the Company as on March 31, 2003, 2004, 2005, 2006, December 31, 2006, December 31, 2007 and June 30, 2008 examined by us, as set out in Annexure II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Adjustments for Restated Financial Information, Statement of Significant Accounting Policies, and Statement of Notes to the Restated Summary Statement. (Refer Annexure III, IVA & IVB respectively)

b) The Restated Summary Statement of Profit or Loss of the Company for each periods / years ended on March 31, 2003, 2004, 2005, 2006, December 31, 2006, December 31, 2007 and six months period ended on June 30, 2008 examined by us, as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Adjustments for Restated Financial Information, Statement of Significant Accounting Policies, and Statement of Notes to the Restated Summary Statement. (Refer Annexure III, IVA & IVB respectively)

c) The Restated Cash Flow Statement of the Company for each periods / years ended on March 31, 2003, 2004, 2005, 2006, December 31, 2006, December 31, 2007 and six months period ended on June 30, 2008 examined by us, as set out in Annexure IV L to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Adjustments for Restated Financial Information, Statement of Significant Accounting Policies, and Statement of Notes to the Restated Summary Statement. (Refer Annexure III, IVA & IVB respectively)

d) Based on above, we confirm that the restated financial information has been made after incorporating

   a. The impact arising on account of changes in accounting policies adopted by the Company as at and for the period ended June 30, 2008 applied with retrospective effect in the summary statements;
   b. Adjustments for the material amounts in the respective financial years to which they relate.
   c. There are no extra-ordinary items that need to be disclosed separately in the accounts.
   d. There are no qualifications in the auditor's reports, which require any adjustments to the summary statements.

5) We have not audited any financial statements of the Company as of any date or for any period subsequent to June 30, 2008. Accordingly, we express no opinion on the financial position, results of operations or cash flow of the Company as of any date or for any period subsequent to June 30, 2008.

Other Financial Information:

6) At the Company's request, we have also examined the following financial information proposed to be included in the offer document of the Company set out in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the periods/years ended on March 31, 2003, 2004, 2005, 2006, December 31, 2006, December 2007 and six months period ended on June 30, 2008. In respect of the periods/years ended on March 31, 2003, 2004, 2005 these information have been included based on financial statements audited by the previous auditors as referred in Paragraph 3 above.

(i) Statement of Other Income included in Annexure IV C
(ii) Statement of Capitalisation as at June 30, 2008 included in Annexure IV D
(iii) Statement of Secured and Unsecured Loan included in Annexure IV E
(iv) Statement of Investments included in Annexure IV F
(v) Statement of Debtors included in Annexure IV G
(vi) Statement of Loans and Advances included in Annexure IV H
(vii) Statement of Accounting Ratios included in Annexure IV I
(viii) Statement of Dividend paid/proposed included in Annexure IV J
(ix) Statement of Tax Shelter included in Annexure IV K

7) In our opinion, the financial information as disclosed in the annexures to this report read with the Statement of Significant Accounting Policies, Statement of Notes to the Restated Summary Statements (Refer Annexure III, IVA & IVB respectively) prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

8) This report should not be in any way be construed as a reissuance or relating to any of the previous audit reports issued by us or other auditors mentioned in Paragraph 3 above nor should this report be construed as a new opinion on any of the financial statements referred to herein.

9) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10) This report is intended solely for your information for inclusion in the Offer Document in connection with the proposed Rights Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. BATLIBOI & CO.
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813

Place: Gurgaon
Date: October 15, 2008

Annexure I: Restated Summary statements of Profits and Losses (unconsolidated)

Amount in Rs lakhs

Particulars	Six month period ended June 30, 2008	Twelve months period ended December 31, 2007	Nine months period ended December 31, 2006	Twelve months period ended March 31, 2006	Twelve months period ended March 31, 2005	Twelve months Period ended March 31, 2004	Nine months period ended March 31, 2003
INCOME							
Turnover	39,774.79	68,394.74	45,002.36	51,236.30	49,835.26	44,835.61	25,068.42
Less : Excise duty	4,399.96	8,793.25	6,261.26	6,689.17	6,554.22	5,737.37	3,076.50
Total	**35,374.83**	**59,601.49**	**38,741.10**	**44,547.13**	**43,281.04**	**39,098.24**	**21,991.92**
Job work income	447.87	813.95	526.18	839.53	397.18	381.48	139.15
Other Income	1,119.93	2,630.78	1,132.36	1,153.24	1,297.64	1,370.13	997.12
Total Income	**36,942.63**	**63,046.22**	**40,399.64**	**46,539.90**	**44,975.86**	**40,849.85**	**23,128.19**
EXPENDITURE							
Raw materials and components consumed	10,645.15	22,066.74	11,799.28	13,453.81	11,367.74	10,151.29	5,420.56
Personnel expenses	7,372.18	13,286.27	9,165.08	11,296.24	10,564.46	10,463.84	5,332.57
Operating and other expenses	13,947.81	20,737.54	14,237.68	19,505.70	15,234.23	13,077.86	7,107.59
Decrease/(increase) in inventories	287.18	65.56	886.63	(3,603.48)	(916.30)	(896.97)	(245.13)
Depreciation and amortization	2,206.89	4,292.16	2,819.65	3,417.02	2,674.05	2,401.01	1,464.45
Increase of excise duty on finished goods	(195.53)	65.38	(286.94)	466.83	98.34	112.45	152.22
Financial expenses	1,564.73	4,057.31	2,613.33	3,567.55	3,252.29	3,583.42	2,591.33
Total Expenditure	**35,828.41**	**64,570.96**	**41,234.71**	**48,103.67**	**42,274.81**	**38,892.90**	**21,823.59**
Profit/(loss) before tax	**1,114.22**	**(1,524.74)**	**(835.07)**	**(1,563.77)**	**2,701.05**	**1,956.95**	**1,304.60**
Less: Provision for tax	86.54	-	-	(0.00)	254.66	162.94	118.34
Less: Deferred Tax charge/(credit)	-	-	-	1,305.66	650.47	618.30	203.78
Less: Fringe benefit tax	50.00	105.74	61.00	150.00	-	-	-
Net Profit/(Loss) for the year/period	**977.68**	**(1,630.48)**	**(896.07)**	**(3,019.43)**	**1,795.92**	**1,175.71**	**982.48**
Brought Forward (Loss) from previous period	(3,703.46)	(2,072.98)	(1,176.91)	(217.24)	(77.80)	421.18	2,134.08

Opening Retained earning adjustments arising from restatements	-	-	-	-	-	-	(1,927.56)
Transferred from Debenture redemption reserve	-	-	-		208.34	208.34	833.33
Amount available for appropriation, as restated	**(2,725.78)**	**(3,703.46)**	**(2,072.98)**	**(3,236.67)**	**1,926.46**	**1,805.23**	**2,022.33**
Appropriations							
- Proposed dividend on preference shares	-	-	-	-	-	24.11	27.12
- Proposed dividend on equity shares	-	-	-	-	1,011.50	758.63	505.75
- Tax on dividends	-	-	-	-	132.20	100.29	68.27
Adjusted against general reserve	-	-	-	(2,059.76)	1,000.00	1,000.00	1,000.00
Profit/(Loss) carried to Balance Sheet, as restated	**(2,725.78)**	**(3,703.46)**	**(2,072.98)**	**(1,176.91)**	**(217.24)**	**(77.80)**	**421.18**

Notes:

1 The accompanying Significant Accounting Policies (Annexure IV A) and Notes to Accounts (Annexure-IV B) form an integral part of this statement.
2 Brought forward loss as at 30th June 2002 is not restated.

Annexure II: Restated Summary statements of Assets and Liabilities (unconsolidated)

Amount in Rs Lakhs

	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
APPLICATION OF FUNDS							
Fixed Assets :							
Gross Block	60,321.00	57,876.89	53,391.43	49,465.98	46,081.73	41,113.57	39,878.80
Less : Depreciation and amortization	23,822.60	22,590.16	19,752.36	17,242.72	14,959.36	12,372.16	11,276.91
Net Block	**36,498.40**	**35,286.73**	**33,639.07**	**32,223.26**	**31,122.37**	**28,741.41**	**28,601.89**
Capital work in progress including capital advances	3,307.58	2,752.06	1,797.31	650.34	1,566.78	1,378.97	794.26
Total	**39,805.98**	**38,038.79**	**35,436.38**	**32,873.60**	**32,689.15**	**30,120.38**	**29,396.15**
Investments	2,092.34	2,093.90	2,135.18	2,243.40	2,925.26	3,547.75	3,594.93
Deferred tax asset	-	-	-	-	1,305.66	1,956.13	2,574.43
Current Assets, Loans and Advances:							
Inventories	13,463.36	12,902.80	13,230.85	13,484.75	9,700.17	7,559.46	5,872.78
Sundry Debtors	8,511.95	8,951.53	7,319.80	6,839.04	8,990.21	6,764.14	5,272.85
Cash & Bank Balances	219.89	158.38	335.07	220.14	146.12	289.88	230.46
Other current assets	407.22	358.13	56.17	103.28	112.63	92.12	75.06
Loans and Advances	5,205.56	5,458.93	3,614.72	3,203.00	2,997.05	2,564.02	3,269.34
Total (A)	**27,807.98**	**27,829.77**	**24,556.61**	**23,850.21**	**21,946.18**	**17,269.62**	**14,720.49**
Current Liabilities and Provisions:							
Current Liabilities	23,468.39	19,681.83	15,448.00	9,036.33	7,865.36	7,242.91	6,845.32
Provisions	2,243.49	2,164.89	2,011.53	2,025.68	3,337.48	3,113.94	3,074.30
Total (B)	**25,711.88**	**21,846.72**	**17,459.53**	**11,062.01**	**11,202.84**	**10,356.85**	**9,919.62**
Net Current Assets (A-B)	**2,096.10**	**5,983.05**	**7,097.08**	**12,788.20**	**10,743.35**	**6,912.77**	**4,800.87**
Total	**43,994.42**	**46,115.74**	**44,668.64**	**47,905.20**	**47,663.41**	**42,537.03**	**40,366.38**

SOURCES OF FUNDS							
Loan Funds							
Secured Loans	22,068.37	21,167.27	25,555.27	32,942.42	30,160.43	22,126.30	16,509.28
Unsecured loans	4,069.55	8,069.65	11,064.95	6,018.29	5,539.05	9,099.03	11,838.09
Total	**26,137.92**	**29,236.92**	**36,620.22**	**38,960.71**	**35,699.48**	**31,225.33**	**28,347.37**
Net worth	**17,856.50**	**16,878.82**	**8,048.42**	**8,944.49**	**11,963.93**	**11,311.70**	**12,019.01**
Represented by							
Equity Share Capital	3,262.09	3,262.09	2,528.75	2,528.75	2,528.75	2,528.75	2,528.75
Preference Share Capital	-	-	-	-	-	-	1,000.00
Reserves and Surplus	17,320.19	17,320.19	7,592.65	7,592.65	9,652.42	8,860.74	8,069.08
Profit and loss account	(2,725.78)	(3,703.46)	(2,072.98)	(1,176.91)	(217.24)	(77.80)	421.18
Net worth	**17,856.50**	**16,878.82**	**8,048.42**	**8,944.49**	**11,963.93**	**11,311.70**	**12,019.01**

Notes:

1 The accompanying Significant Accounting Policies (Annexure IV A) and Notes to Accounts (Annexure-IV B) form an integral part of this statement.

2 The above restated summary statements of assets and liabilities (unconsolidated) has been prepared by the management by making adjustments resulting from changes in accounting policies, other adjustments and material regroupings, which are explained, for items included under application of funds and loans funds in the above statement, in paragraphs 2,3 and 4 under Annexure III.

Annexure III: Adjustments for Restated Financial Statements

1. Impact on profits due to restatement and other material adjustments made to the audited financial statements

S No.	Particulars	Six months ended June 30, 2008	Twelve months ended December 31, 2007	Nine months ended December 31, 2006	Twelve months ended March 31, 2006	Twelve months ended March 31, 2005	Twelve months ended March 31, 2004	Nine months ended March 31, 2003	Retained earnings as at June 30, 2002
	Reported profit/ (loss) after tax as per audited Profit and Loss Account	1,071.87	(1,862.43)	(631.35)	(5,055.60)	2,203.29	1,553.40	1,018.73	-
	Reported retained earnings as at June 30, 2002	-	-	-	-	-	-	-	2,134.08
1	**Effects of changes in accounting policies**								

-	Voluntary retirement expenses expensed off in the year in which they are incurred (refer note 2a(i) below)	-	-	-	1,599.65	(217.40)	(138.51)	(129.27)	(1,114.48)
-	Commission/ upfront fee expensed off in the year in which incurred (refer note 2a(ii) below)	-	-	-	428.49	(142.41)	(48.23)	(168.39)	(69.45)
-	Development expenses expensed off in the year in which incurred (refer note 2a(iii) below)	-	-	-	59.95	40.68	77.65	40.90	(219.20)
-	Technical fee expensed off in the year in which incurred (refer note 2a(iv) below)	-	-	-	-	-	-	1.97	(1.97)
-	Share issue expenses expensed off in the year in which incurred (refer note 2a(v) below)	-	-	-	-	-	8.65	6.49	(15.12)
	Other adjustments								-
2	**Prior period expenses (refer note 3a below)**	42.52	20.64	(63.16)	887.80	(359.33)	286.19	(20.66)	(794.00)
3	**Unspent liabilities/ provisions no longer required written back (refer note 3b below)**	(200.75)	158.98	39.94	(114.71)	52.26	(9.86)	(22.48)	96.63
4	**Provision for assets held for sale (refer note 3c below)**	14.24	(14.24)	(232.45)	258.07	250.00	-	-	(275.62)
5	**Dividend income (refer note 3d below)**	(30.60)	-	-	30.60	(91.80)	30.60	30.60	30.60
6	**Income tax interest allocated over various years (refer note 3e below)**	(39.55)	(147.33)	(18.36)	23.81	(84.31)	(23.89)	12.09	277.53

7	**Impact of change in Accounting Standard 15 applied retrospectively (refer note 3f below)**	119.95	239.90	-	(61.76)	1.61	(772.04)	194.96	(562.27)
	Pre-tax impact of adjustments	**(94.19)**	**257.95**	**(274.02)**	**3,111.89**	**(550.68)**	**(589.44)**	**(53.81)**	**(2,647.37)**
8	**Tax impact of adjustments (refer note 3g below)**	**-**	**-**	**-**	**(1,305.66)**	**155.98**	**213.68**	**30.88**	**905.10**
9	**Income tax expenses / income charged of in the year to which it pertains (refer note 3e below)**	**-**	**(26.00)**	**9.30**	**229.94**	**(12.67)**	**(1.94)**	**(13.34)**	**(185.29)**
	Total impact of entries	**(94.19)**	**231.95**	**(264.72)**	**2,036.17**	**(407.37)**	**(377.70)**	**(36.25)**	**(1,927.56)**
	Restated profits/ retained earnings after adjustments	**977.68**	**(1,630.48)**	**(896.07)**	**(3,019.43)**	**1,795.92**	**1,175.71**	**982.48**	**206.52**

Note: The adjustments in items included under application of funds and loan funds in the restated summary statements of assets and liabilities (unconsolidated), corresponding to the profit and loss related adjustments referred to in the above statement are explained in paragraphs 2 and 3 below.

2. Adjustment resulting from changes in accounting policies

a. Deferred revenue expenses expensed off

During the year ended March 31, 2006, the Company, for better presentation of its financial statements changed its hitherto followed accounting policy of amortizing deferred revenue expenditure over an estimated period of years to amortizing the said amounts to profit and loss account in the year in which the expenditure is incurred. Following adjustments have been made for the purpose of preparation of the restated financial statements:

i) **Voluntary retirement expenses**

The Company changed its hitherto followed policy of amortising voluntary retirement expenses over a period of 60 months to charging off the said expenditure in the year in which these are incurred.

For the purpose of these restated summary statements, the revised policy has been applied retrospectively. Accordingly, miscellaneous expenditure, to the extent not written off, has been disclosed as lower by Rs. 1,243.76 lakhs, Rs. 1,382.27 lakhs and Rs 1,599.67 lakhs in the statement of unconsolidated assets and liabilities of the Company as at March 31, 2003, March 31, 2004 and March 31, 2005, respectively.

ii) **Commission, upfront fee**

The Company changed its hitherto followed policy of amortising commission, upfront fees, processing and syndication fee on term loans over the period of underlying loans to charging off such expenditure in the year in which these are incurred.

For the purpose of these restated summary statements, the revised policy has been applied retrospectively. Accordingly, miscellaneous expenditure, to the extent not written off, has been disclosed as lower by Rs. 237.84 lakhs, Rs. 286.07 lakhs and Rs 428.47 lakhs in the statement of unconsolidated assets and liabilities of the Company as at March 31, 2003, March 31, 2004 and March 31, 2005, respectively.

iii) **Development expenses**

The Company changed its hitherto followed policy of amortising development expenses over a period of six years to charging off such expenditure in the year in which these are incurred.

For the purpose of these restated summary statements, the revised policy has been applied retrospectively. Accordingly, miscellaneous expenditure, to the extent not written off, has been disclosed as lower by Rs. 178.30 lakhs, Rs. 100.63 lakhs and Rs 59.95 lakhs in the statement of unconsolidated assets and liabilities of the Company as at March 31, 2003, March 31, 2004 and March 31, 2005, respectively.

iv) **Technical know how fee**

Pursuant to change in accounting policy as stated in para 2(a) above, technical know how fee amortized in earlier years has been charged off in the year in which these are incurred.

For the purpose of these restated summary statements, the revised policy has been applied retrospectively. There is no impact on the balance sheet because of this adjustment.

v) **Share issue expenses**

Pursuant to change in accounting policy as stated in para 2(a) above, share issue amortized in earlier years has been charged off in the year in which these are incurred.

For the purpose of these restated summary statements, the revised policy has been applied retrospectively. Accordingly, miscellaneous expenditure, to the extent not written off, has been disclosed as lower by Rs. 8.63 lakhs, in the statement of unconsolidated assets and liabilities of the Company as at March 31, 2003.

b. Revaluation of fixed assets

During the year ended March 31, 2006, the Company, towards better presentation of financial statements changed its hitherto followed policy of showing certain fixed assets at revalued costs to historical cost.

For the purpose of these restated summary statements, the revised policy has been applied retrospectively. Accordingly, gross block of fixed assets has been disclosed as lower by Rs. 3,709.04 lakhs, Rs. 3,709.04 lakhs and Rs. 3,616.50 lakhs in the statement of unconsolidated assets and liabilities of the Company as at March 31, 2003, March 31, 2004 and March 31, 2005, respectively, whereas accumulated depreciation on fixed assets has been disclosed as lower by Rs. 2,296.04 lakhs, Rs. 2,439.81 lakhs and Rs. 2,472.41 lakhs and revaluation reserve in reserve and surplus has been disclosed as lower by Rs. 1,413.00 lakhs, Rs. 1,269.23 lakhs and Rs. 1,144.09 lakhs in the statement of unconsolidated assets and liabilities of the Company as at March 31, 2003, March 31, 2004 and March 31, 2005, respectively.

c. **Capitalisation of exchange differences**

During the year ended December 31, 2007, In in view of notification issued by the Ministry of Corporate Affairs dated December 07, 2006 prescribing the Companies (Accounting Standards) Rules 2006, the Company has changed the hitherto accounting policy of adjusting foreign exchange difference, arising on restatement/settlement of foreign exchange liability relating to fixed assets, to the carrying value of assets to recording such differences in the profit and loss account.

For the purpose of these restated summary statements, the revised policy, where material, has been applied retrospectively.
, however, there is no material adjustment due to this change.

3. **Other adjustments**

a. **Prior period Incomeincome and expenses**

In the financial statements for the years/ period ended June 30, 2008, December 31, 2007, December 31, 2006, March 31, 2006, 2005, 2004 and 2003, certain items of income/ expenses have been identified as prior period items.

For the purpose of these restated summary statements, such prior period items have been appropriately adjusted in the respective years/periods, to which these amounts pertain. As a result, current liabilities have been disclosed as higher by Rs. 9.58 lakhs, Rs. 3.48 lakhs, Rs. 125.00 lakhs, Rs. 63.18 lakhs and Rs. 42.52 lakhs, for the years / period ended March 31, 2003, March 31, 2004, March 31, 2005, December 31, 2006 and December 31, 2007, respectively, provisions have been disclosed as higher by Rs 514.74 lakhs, Rs. 94.20 lakhs and Rs. 332.00 lakhs in years/ period ended March 31, 2003, March 31, 2004 and March 31, 2005, respectively, whereas loans and advances have been disclosed as lower by Rs. 1.94 lakhs in year ended March 31, 2004 in the statement of unconsolidated assets and liabilities, as restated.

b. **Unspent liabilities/ provisions no longer required written back**

In the financial statements for the years/ periods ended June 30, 2008, December 31, 2007, December 31, 2006, March 31, 2006, 2005, 2004 and 2003, certain liabilities/provisions created in earlier years were written back.

For the purpose of these restated summary statements, the said liabilities wherever required have been appropriately adjusted in the respective years/periods in which the same were originally created. As a result, current liabilities have been disclosed as lower by Rs. 73.64 lakhs, Rs. 64.27 lakhs, Rs. 116.51 lakhs, Rs. 1.83 lakhs, Rs. 41.77 lakhs and Rs. 200.75 lakhs, respectively for the years / period ended March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006, December 31, 2006 and December 31, 2007, respectively, whereas investments have been disclosed as lower by Rs. 0.50 lakhs in the year ended March 31, 2003 in the statement of unconsolidated assets and liabilities, as restated.

c. **Provision for assets held for sale**

The Company had a vegetable oil division at Alwar (Rajasthan). The Company discontinued production in this division in 1999. During the year ended June 30, 2000, plant and machinery (cost as on June 30, 1999 Rs 1,017.33 lakhs and accumulated depreciation Rs 309.54 lakhs) was retired from active use and were reclassified as assets held for sale. These assets were valued at then net realizable value of Rs 525 lakhs. Impairment losses of Rs 250 lakhs and Rs 258.07 lakhs were also provided during the years ended March 31, 2005 and 2006 respectively.

During the period ended December 31, 2006, the Company sold off the entire division and recovered Rs 232.45 lakhs for the above said plant and machinery.

For the purpose of these unconsolidated restated summary statements, the amounts of provisions subsequently made against the machinery and the gain on the said machinery have been restated in the period/ year when the provision was first made in the books of accounts.

Also, other (losses) \ gain on assets held for sale has been taken to respective years to which it related. As a result, other current assets have been disclosed as lower by Rs. 508.07 lakhs, Rs. 508.07 lakhs, Rs. 258.07 lakhs and Rs. 14.24 lakhs respectively in the years / period ended March 31, 2003, March 31, 2004, March 31, 2005 and December 31, 2007, respectively, whereas, current liabilities have been disclosed as lower by Rs. 232.45 lakhs, Rs. 232.45 lakhs, Rs. 232.45 lakhs and Rs. 232.45 lakhs in the years / period ended March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006, respectively in the statement of unconsolidated assets and liabilities, as restated.

d. Dividend income

During the year ended March 31, 2005, the Company received dividend from Federal-Mogul TPR India Limited, a subsidiary, on preference shares held in the said Company for the period / years ended March 31, 2002, 2003, 2004, and 2005.

For the purpose of these unconsolidated restated summary statements, the dividend income has been booked in the respective years.

Similarly, during the year / period ended June 30, 2008, December 31, 2007 and December 31, 2006, the Company received dividend from Federal-Mogul TPR India Limited, a subsidiary, on preference shares held in the said Company for the year / period ended December 31, 2007, December 31, 2006 and March 31, 2006 respectively.

For the purpose of these unconsolidated restated summary statements, the dividend income has been booked in the said year/ period. As a result, loans and advances have been disclosed as higher by Rs. 61.20 lakhs, Rs. 91.80 lakhs, Rs. 30.60 lakhs, Rs. 30.60 lakhs and Rs. 30.60 lakhs in the years / period ended March 31, 2003, March 31, 2004, March 31, 2006, December 31, 2006 and December 31, 2007, respectively in the statement of unconsolidated assets and liabilities, as restated.

e. Income tax refunds/ provision

In the financial statements for the years/ period ended December 31, 2007, December 31, 2006, March 31, 2006, 2005, 2004 and 2003, certain provision for income tax income/ expenses have been identified as prior period items.

For the purpose of these restated summary statements, such prior period items have been appropriately adjusted in the respective years/periods, to which these amounts pertain.

Interest received on income tax refunds has been adjusted over the period of interest in the various years.

As a result, loans and advances have been disclosed as higher by Rs. 90.99 lakhs, Rs. 67.10 lakhs, Rs. 221.94 lakhs, Rs. 212.88 lakhs and Rs. 39.55 lakhs in the years / period ended March 31, 2003, March 31, 2004, March 31, 2006, December 31, 2006 and December 31, 2007, respectively, whereas the loans and advances have been disclosed as lower by Rs. 31.81 lakhs in the year ended March 31, 2005 in statement of unconsolidated assets and liabilities, as restated.

f. Revision in Accounting Standard 15

During the year ended December 31, 2007, pursuant to the introduction of Accounting Standard 15 Revised on Employee Benefits and subsequent guidance issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, the management obtained expert advice and accounted for the reassessed liabilities during the said period.

For the purposeAs a result of these unconsolidated restated summary statements, the said liabilitiesadjustments, provisions have been adjusteddisclosed as higher by Rs. 367.32 lakhs, Rs. 1,139.37 lakhs, Rs. 1,137.75 lakhs, Rs. 1,199.52 lakhs and Rs. 1,199.52 lakhs in the years/ periods / period ended March 31, 2003, March 31, 2004, March 31, 2005 and , March 31, 2006. and December 31, 2006, respectively, whereas miscellaneous expenses, not written off, have been disclosed as lower by Rs. 959.61 lakhs and Rs. 839.66 lakhs in the year / period ended December 31, 2007 and June 30, 2008, respectively in statement of unconsolidated assets and liabilities, as restated.

g. Tax impact of adjustments

Tax impact (both current and deferred) has been computed on Restated Financial Statements for the years/ periods ended June 30, 2008, December 31, 2007, December 31, 2006, March 31, 2006, 2005, 2004 and 2003 and the balance brought forward in Profit and Loss Account as at June 30, 2002. As a result of these adjustments, deferred tax assets have been disclosed as higher by Rs. 645.64 lakhs, Rs. 718.89 lakhs and Rs. 874.86 lakhs in the years / period ended March 31, 2003, March 31, 2004 and March 31, 2005, respectively in statement of unconsolidated assets and liabilities, as restated.

4. Material regroupings

a. Upto the year ended March 31, 2005, customer bills discounted from banks were being netted off against sundry debtors. During the year ended March 31, 2006, customer bills discounted were included in Secured Loans. In secured loans. Accordingly, such customer bills discounted have been regrouped and sundry debtors and secured loans have been disclosed as higher by Rs. 767.63 lakhs and Rs. 3,111.94 lakhs in the statement of unconsolidated assets and liabilities, as restated, for the years/ periods ended March 31, 20052003 and March 31, 2004 and 2003, such customer bills discounted has been regrouped and disclosed accordingly, respectively.

b. Upto the year ended March 31, 2005, commission payable on sales was being included in operating and other expenses. During the year ended March 31, 2006, the direct commission was reduced from turnover. In the statement of Accordingly, such expense has been regrouped and sales and operating and other expenses have been disclosed as lower by Rs. 185.23 lakhs, Rs. 345.53 lakhs and Rs. 273.58 lakhs in the unconsolidated profits and losses, as restated, for the years/ periods ended March 31, 2005, 2004 and 2003, such expense has been regrouped and disclosed accordinglyMarch 31, 2004 and March 31, 2005, respectively.

c. Upto the year ended March 31, 20042003, interest income of the Company was being netted off against interest expenses. During the year ended March 31, 2006, interest income was included under other income. In the statement of Accordingly, such income has been regrouped and other income including interest income and interest expenses have been disclosed as higher by Rs. 405.35 lakhs in the unconsolidated profits and losses, as restated, for the years/ periodsperiod ended March 31, 2005, 2004 and 2003, such income has been regrouped and disclosed accordingly. .

d. Upto the period ended March 31, 2003, amount payable on account of gratuity was being grouped under creditors. During the year ended March 31, 2004, this was grouped under provisions. In the statement of unconsolidated assets and liabilities, as restated, for the period ended March 31, 2003Accordingly, such amount has been regrouped and current liabilities have been disclosed accordinglyas lower by Rs. 643.36 lakhs and provisions have been disclosed as higher by Rs. 643.36 lakhs in the statement of unconsolidated assets and liabilities, as restated, for the period ended March 31, 2003.

e. Upto the period ended March 31, 2003, interest accrued on investments was being grouped under Loans and Advancesloans and advances. During the year ended March 31, 2004, such amount was grouped under other current assets. InAccordingly, such amount has been regrouped and loans and advances have been disclosed as lower by Rs. 18.77 lakhs and other current assets have been disclosed as higher by Rs. 18.77 lakhs in the statement of unconsolidated assets and liabilities, as restated, for the period ended March 31, 2003, such amount had been regrouped and disclosed accordingly.

f. Upto the year ended March 31, 2006, DEPB benefits receivable and Insurance Claim Receivableinsurance claim receivable were being grouped under Loans and Advancesloans and advances. During the period ended December 31, 2006, such amount was grouped under Other Current Assetsother current assets. In the statement of unconsolidated assets and liabilities, as restated, for the years/ period ended March 31, 2006, 2005, 2004 and 2003, such amount hadhave been regrouped and disclosed accordingly, other current assets have been disclosed as higher by and loans and advances have been disclosed as lower by Rs. 20.59 lakhs, Rs. 1.9 lakhs, Rs. 1.61 lakhs and Rs. 26.3 lakhs for the years/ periods ended March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006, respectively.

g. Upto the year ended March 31, 20052004, the Income income of the Company was being classified as Sale, Business income 'sale and Otherbusiness income' and 'other income'. The sale and business income. During the year ended March 31, 2006, the Income of the Company was classified into Sale, Job work income and Other income. Inshown separately from year ended March 31, 2005 and accordingly, net sales of Rs. 22,177.15 lakhs and Rs. 39,443.77 lakhs have been disclosed separately in the statement of unconsolidated profits and losses, as restated, for the years/ periodsperiod / year ended March 31, 2003 and March 31, 2004, respectively. Further, job work income, earlier part of business income, was shown separately from year ended March 31, 2006 and accordingly job work income amounting to Rs. 139.15 lakhs, Rs. 381.48 lakhs and Rs. 379.18 lakhs have been disclosed separately in the statement of unconsolidated profits and losses, as restated, for the period / year ended March 31, 2003, March 31, 2004 and March 31, 2005, 2004 and 2003, such amounts have been reclassified and disclosed accordingly.respectively, whereas rest of the business income comprising duty drawback / exim scrip realization and miscellaneous income aggregating to Rs. 476.32 lakhs, Rs. 603.43 lakhs and Rs. 955.62 lakhs have been disclosed separately in the statement of unconsolidated profits and losses, as restated, for the period / year ended March 31, 2003, March 31, 2004 and March 31, 2005, respectively,

h. Upto the year ended March 31, 2005, stores, spares and tools consumed, power and fuel, repairs to machinery and repairs to building were being grouped in under material, manufacturing and operating expenses. During the year ended March 31, 2006, this has beenthese account heads aggregating Rs. 4,399.11 lakhs, Rs. 8,179.89 lakhs and Rs. 8,985.79 lakhs have been reclassified, grouped and disclosed accordingly under Operatingoperating and other expenses. In in the statement of unconsolidated profits and losses, as restated, for the years/periods ended March 31, 2003, 2004 and 2005, respectively.

i. Upto the year ended March 31, 2005, Rawraw material and components consumed, (Increase)increase) / decrease in closing stock and Increaseincrease/ (decrease) in excise duty on finished goods was were being grouped under Material, Manufacturing and Operating expenses. During the year ended March 31, 2006, these amounts were disclosed separately in profit and loss account. In the statement of unconsolidated profits and losses, as restated, for the years/ periods ended March 31, 2005, 2004 and 2003, these amounts have been regrouped and disclosed accordinglymaterial, manufacturing and operating expenses. Accordingly, such expenses have been regrouped resulting in raw material and components consumed, (increase) / decrease in closing stock and increase/ (decrease) in excise duty on finished goods being disclosed separately in the statement of unconsolidated profits and losses, as restated, amounting to Rs. 5,420.56 lakhs, Rs. 245.13 lakhs (credit) and Rs. 152.22 lakhs, respectively for the period ended March 31, 2003, Rs. 10,151.29 lakhs, Rs. 896.97 lakhs (credit) and Rs. 112.46 lakhs, respectively for the year ended March 31, 2004 respectively and Rs. 11,367.74 lakhs, Rs. 916.30 lakhs (credit) and Rs. 98.34 lakhs, respectively for the year ended march 31, 2005.

j. During the year ended March 31, 2006, expenses being included under sales and administration expenses were reclassified to Operating &operating and other expenses and finance expenses, as applicable. In the statement of unconsolidated profits and losses, as restated for the years/ periods ended March 31, 2005, 2004 and 2003, Accordingly, such amountsexpenses have been reclassifiedregrouped and operating and other expenses have been disclosed accordinglyas higher by Rs. 3,165.50 lakhs, Rs. 5,672.24 lakhs and Rs. 6,372.01 lakhs and finance expenses have been disclosed as higher by Rs. 72.54 lakhs, Rs. 161.99 lakhs and Rs. 130.97 lakhs in the unconsolidated profits and losses, as restated, for the years / periods ended March 31, 2003, March 31, 2004 and March 31, 2005, respectively.

k. During the year ended December 31, 2007, expenses capitalised being included under personalin the nature of personnel expenses and operating expenses which were shown separately disclosed as netted off against these expenses. Accordingly, personnel expenses have been regrouped and disclosed as lower by Rs. 45.33 lakhs, Rs. 127.41 lakhs, Rs. 132.03 lakhs, Rs. 362.95 lakhs and Rs. 149.32 lakhs and operating expenses have been regrouped and disclosed as lower by Rs. 30.35 lakhs, Rs. 84.94 lakhs, Rs. 88.02 lakhs, Rs. 241.97 lakhs and Rs. 99.55 lakhs during the year / period ended March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and December 31, 2006, March 31 2006, 2005, 2004, 2003. In the statement of unconsolidated profits and losses, as restated for the years/ periods endedrespectively, whereas expenses capitalized aggregating Rs. 75.88 lakhs, Rs. 212.35 lakhs, Rs. 220.05 lakhs, Rs. 604.92 lakhs and Rs. 248.87 lakhs during the year / period ended March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and December 31, 2006, March 31, 2006, 2005, 2004 and 2003, such amounts have been reclassified and disclosed accordinglyrespectively have been netted off against these expenses directly in the statement of unconsolidated profits and losses, as restated.

5. Non adjustment items

a. Write off/ discard of assets

During the year ended March 31, 2006, the Company based on technical evaluation and usability study wrote off/ discarded assets having gross value Rs 1,958.22 lakhs and net book value Rs 875.90 lakhs.

Adjustment on this account has not been made in the restated summary statements, since, in the opinion of the Company, the assets were identified to be discarded in the said year and not in any of the earlier years/ periods.

b. Bad debts/ amounts written off

In the financial statements for the years/ periods ended June 30, 2008, December 31 2007, December 31 2006, March 31, 2006, 2005, 2004 and 2003, certain amount have been written off considered as bad debts

Adjustment on this account has not been made in the unconsolidated restated summary statements, since, in the opinion of the Company, these amounts became doubtful only in that year/ period in which provisions were made.

c. Provision for diminution in the value of investments

During the year ended March 31, 2006, the Company had created provision for diminution in the value of investments made by the Company in Nanz Food Products Limited, Rs 10 lakhs, Satara Rubber and Chemicals Limited Rs 126.69 lakhs and GTZ Securities Limited Rs 46.15 lakhs.

During the period ended December 31, 2006, the Company made a further provision of Rs 74.30 lakhs for diminution in the value of investments made by the Company in Satara Rubber and Chemicals Limited.

Adjustment on this account has not been made in the restated summary statements, since, in the opinion of the Company, the amounts were identified to be provided in the said year and not in any of the earlier years/ periods.

d. Audit qualifications, which do not require any corrective adjustment in the financial information, are as follows:

1) Qualifications in the main Auditor's Report for the period ended June 30, 2008

ii. **Excess managerial remuneration**

Auditor's report issued for the period ended June 30, 2008, was qualified on account of remuneration of Rs. 172.16 lakhs paid to the managing director and whole time director is in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. Management has confirmation from these directors that they shall refund these amounts, to the extent of these being not approved by the Central Government, for which Company will take necessary approval from Central Government.

Adjustment on account of the above has not been made in the restated summary statements, as the Company is hopeful of receiving the approval for the same in view of the past experience, wherein, the Company successfully obtained approval from the Central Government as stated in Para 4(i) below.

2) Qualifications in the main Auditor's Report for the year ended December 31, 2007

ii. Excess managerial remuneration

Auditor's report issued for the year ended December 31, 2007, was qualified on account of remuneration of Rs. 66.15 lakhs paid to the managing director and ex-managing director is in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. Management has confirmation from these directors that they shall refund these amounts, to the extent of these being not approved by the Central Government. The Company is in process of obtaining necessary approval from Central Government.

Adjustment on account of the above has not been made in the restated summary statements, as the Company has applied for approval of the Central Government for the excess remuneration paid and is hopeful of receiving the same in view of the past experience, wherein, the Company successfully obtained approval from the Central Government as stated in Para 4(i) below.

3) Qualifications in the main Auditor's Report for the period ended December 31, 2006

i. **Excess managerial remuneration**

Auditor's report issued for the period December 31, 2006, was qualified on account of inclusion of Rs 99.16 lakhs in Personnel costs and Rs 7.89 lakhs in Operating and Other expenses towards director's remuneration which was in excess of permissible remuneration determined under Schedule XIII of The Companies Act, 1956. Management had obtained confirmation from these directors that they shall refund these amounts, to the extent of these being not approved by the Central Government, for which the Company was preparing necessary application.

Adjustment on account of the above has not been made in the restated summary statements, as the Company has obtained the approval in case of one of the director from Central Government and is hopeful of receiving the same for the other.

4) **Qualifications in the main Auditor's Report for the year ended March 31, 2006**

i. **Excess managerial remuneration**

Auditor's report issued for the year March 31, 2006, was qualified on account of inclusion of Rs 101 lakhs in Personnel costs and Rs 12.80 lakhs in Operating and Other expenses towards director's remuneration which was in excess of permissible remuneration determined under Schedule XIII of The Companies Act, 1956. Management had obtained confirmation from these directors that they shall refund these amounts, to the extent of these being not approved by the Central Government, for which the Company was preparing necessary application**.**

Adjustment on account of the above has not been made in the restated summary statements, since the Company has obtained the approval of the Central Government for the excess remuneration paid.

ii. **Assets for which cost details are not available**

As at March 31, 2006, fixed assets and capital work in progress amounting to Rs 800 lakhs were recognized, being assets constructed by the Company, for which cost details were under compilation. This was qualified in the Auditor's report for the year ended March 31, 2006 as the impact that could arise on the completion of the details was unascertainable as at that date.

Adjustment on this account has not been made in the unconsolidated restated summary statements, since in the opinion of the management no impact arises on account of the above in any of the years/ periods.

5) **Qualifications made in December 31, 2007 in Companies (Auditor's Report) Order, 2003 (as amended) (CARO)**

i. 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.*

ii. In our opinion and according to the information and explanations given to us, *interest free loan of Rs 1,801.38 lakhs granted to one company is prima facie prejudicial to the interest of the Company,* other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

iii. The loan granted is re-payable on demand. As informed, the company has not demanded repayment of any such loan during the year, thus, there has been no default on the part of the party to whom the money has been lent. *The loan is given interest free.*

6) **Qualifications made in December 31, 2006 in Companies (Auditor's Report) Order (CARO), 2003(as amended)**

i. 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.*

ii. In respect of a loan granted by the Company to a party covered in the register maintained under section 301 of the Companies Act, 1956, the auditors included the following in the Companies (Auditor's Report) Order (CARO): In our opinion and according to the information and explanations given to us, *interest free loan of Rs 798 lakhs granted to one company is prima facie prejudicial to the interest of the company*, other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

iii. The company has employed an external internal auditing firm to carry its internal audit. In our opinion *the scope and coverage of such Internal Auditing can be further enlarged to be commensurate with the size and nature of its business.*

7). Qualifications made in March 31, 2006 in Companies (Auditor's Report) Order (CARO), 2003 (as amended)

i. 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*.

ii. The procedures of physical verification of inventory followed by the management are reasonable, *however require further strengthening to make these adequate in relation to the size of the Company and the nature of its business*.

iii. The Company is maintaining proper records of inventory during the year and as informed, *material discrepancies were identified* on such verification. These have been properly dealt with in the books of accounts.

iv. In respect of a loan granted by the Company to a party covered in the register maintained under section 301 of the Companies Act, 1956, the auditors included the following in the Companies (Auditor's Report) Order (CARO): In our opinion and according to the information and explanations given to us, *interest free loan of Rs 470.95 lakhs to one Company is prima facie prejudicial to the interest of the Company*, other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

v. 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 sale of goods/services and for the purchase of inventory and fixed assets *except in respect of certain fixed assets where purchases are made without inviting quotations which, in our opinion, also is a continuing failure to correct major weakness in the internal control system and prevailed at the balance sheet date.*

vi. The Company has employed an external internal auditing firm to carry its internal audit. In our opinion *the scope and coverage of such Internal Auditing can be further enlarged to be commensurate with the size and nature of its business.*

vii. Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cesscuss and other material statutory dues applicable to it have been regularly deposited with the appropriate authorities, *though there has been a slight delay in a few cases.*

Additional information, as required by Securities and Exchange Board of India ('SEBI') vide letter ref. CFD/DIL/ISSUES/NB/SC/139921/2008 dated October 1, 2008, specifically observation number 46 (e), is as below:

(a) interest free loan has been granted by the Company to its wholly owned subsidiary, Satara Rubber and Chemicals Limited, which is reported as prima facie prejudicial to the interest of the Company, in auditors' report (refer paragraphs 5(ii), 6 (ii) and 7(iv) above).

(b) based on our audit procedures, slight delays in a few cases of statutory dues, reported in auditors' report (refer paragraph 7 (vii) above) is as below:

Nature of statutory dues	Amount	Month of deduction	Due date	Date of payment
Provident fund dues	37,403	March 2006	April 15, 2006	June 2, 2006
Employees' State Insurance	13,649	March 2006	April 21, 2006	April 24, 2006
Tax deducted at source	1,729,798	March 2006	May 31, 2006	December 21, 2007
Tax deducted at source	541,994	March 2006	May 31, 2006	December 26, 2007
Tax deducted at source	49,438	January 2006	February 7, 2006	April 7, 2006
Tax deducted at source	1,824	April 2005	May 7, 2005	June 7, 2005
Tax deducted at source	3,000	April 2005	May 7, 2005	August 6, 2005
Tax deducted at source	15,915	February 2006	March 7, 2006	April 7, 2006

Annexure IV A: Statement of Significant Accounting Policies

1. Basis of preparation (consistent with requirements of Accounting Standard -1 and section 211 of Companies Act, 1956)

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standard by Companies Accounting Standards Rules, 2006 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 followed by the Company are consistent. The company has adopted all enacted accounting standards for the purpose of preparing the restated summary financial information.

2. Use of Estimates (consistent with requirements of Accounting Standards – 1 and 4)

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 financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Tangible assets and depreciation (consistent with requirements of Accounting Standards – 6 and 10 and section 205 of Companies Act, 1956)

i) 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.

Depreciation

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

Asset Class	Rate prescribed in Schedule XIV of Companies Act, 1956 (%)	Rates used (%)
(i) Land-Leasehold	-	Amortised over the life of lease of asset
(ii) Buildings-Factory	3.34	3.34
- Other	1.63	1.63
(iii) Furniture, fittings & office equipment	6.33	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	10.34
(v) Vehicles – Employee	9.50	33.33
- Material Handling Vehicles	9.50	11.31
- Others	9.50	9.50
(vi) Office Equipment	4.75	4.75
(vii) Computers	16.21	16.21
(viii) Dies and Moulds	11.31	11.31

iii) Assets above include those acquired from Escorts Mahle Limited.
iv) Plant and Machinery also includes self constructed machinery.
v) Depreciation on the amount of adjustment to fixed assets on account of capitalisation of insurance spares is provided over the remaining useful life of related assets.
vi) All assets costing upto Rs 5,000 are fully depreciated in the year of purchase.

4. Impairment (consistent with requirements of Accounting Standard -28)

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 recognised wherever the carrying amount of asset exceeds 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.

5. Intangible assets less amortization (consistent with requirements of Accounting Standard -26)

Intangible assets are stated at cost less impairment if any. Cost comprises the purchase price and other directly attributable costs.
Acquired design and drawings are valued at cost less accumulated amortization and any impairment losses. These are amortized equally over a period of 5 years.
Software is amortized over a period of 5 years.

6. Leases (consistent with requirements of Accounting Standard -19)

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.

7. Investments (consistent with requirements of Accounting Standard -13)

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.

8. Inventories (consistent with requirements of Accounting Standard -2)

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.
Constructed 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.
Work-in-progress finished and trading goods.	At cost or net realizable value, whichever is lower. 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.
Reusable scrap	At net realisable 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.

9. Revenue recognition (consistent with requirements of Accounting Standard -9)

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

a) **Sale of Goods**:
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of excise duty, sales tax and other levies. For the purpose of these financial statements, sales are disclosed, both gross and net of excise duty.

b) **Job work:**
Income from job work is accrued when right of revenue is established, which relates to effort conducted.

c) **Interest:**
Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

d) **Dividends**:
Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if 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.

e) **Commission**:
Commission income is accounted when the same is due as per the agreed terms.

f) **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.

g) **Management fee**:
Income from management fee is recognized as per the terms of the agreement based upon the services rendered.

10. Foreign currency transactions (consistent with requirements of Accounting Standard -11)

(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 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) **Forward exchange contracts not intended for trading**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

11. Retirement and other employee benefits (consistent with requirements of Accounting Standard -15 (revised))

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

(ii) Gratuity liability under the Payment of Gratuity Act is defined benefit obligations and is accrued on the basis of an actuarial valuation on project link 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 has 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.

12. Income taxes (consistent with requirements of Accounting Standard -22)

Tax expense comprises of current, deferred and fringe benefit tax.
Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

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 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 realized. 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 realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes 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.

13. Earnings per share (consistent with requirements of Accounting Standard -20)

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 other 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 loss 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.

14. Provisions (consistent with requirements of Accounting Standard -29)

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.

15. Cash and cash equivalents (consistent with requirements of Accounting Standard -3)

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

16. Excise Duty (consistent with requirements of Accounting Standard -9)

The excise duty related to the difference between closing and opening stock has been separately disclosed in the profit and loss account.

Annexure IV B: Statement of notes to the Restated Summary Statements

1. Amalgamation of Escorts Pistons Ltd. (EPL) and Coupled Investments Pvt. Ltd. (CIPL) with the Company

a. During the period ended March 31, 2003, the Company purchased 100% shares in Escorts Pistons Limited through its 100% subsidiary Coupled Investments Pvt. Ltd. (CIPL) and consequently EPL became an indirect wholly owned subsidiary of GIL.

b. Pursuant to the scheme of amalgamation of the erstwhile EPL and CIPL with the Company, as approved by the shareholders and subsequently sanctioned by the Hon'ble High Court of Delhi on 13th May,2003, the assets and liabilities of the erstwhile EPL and CIPL were transferred to and vested in the Company with effect from the Appointed Date, 1st November, 2002. The scheme has, accordingly, been given effect to in these accounts.

c. The amalgamation was accounted for under the 'purchase method' as prescribed by Accounting Standard (AS14) issued by The Institute of Chartered Accountants of India. Consequently, 4,35,17,816 Equity Shares of Rs.10/- each and 52,50,000 Redeemable cumulative preference shares of Rs.100/- each of EPL purchased by CIPL during the year and 55,220 Equity Shares of Rs.10/- each of CIPL (including 50,200 bonus shares allotted by CIPL to the Company) amalgamation amounted to Rs.14,820.26 lakhs against which net assets of the value of Rs. 14,853.13 lakhs had been acquired. The assets and liabilities were incorporated in the books of the Company at their book values except certain fixed assets, the values of which had been adjusted to reflect their fair value.

d. The difference between the consideration and the value of net identifiable assets acquired, amounting to Rs.32.87 lakhs, was transferred to the Capital Reserve.

e. Pending completion of the relevant formalities for transfer of some of the assets and liabilities acquired pursuant to the scheme of amalgamation, such assets and liabilities continue to be in the name of erstwhile EPL.

2. Reassessment of transfer of risks and rewards

During the year ended March 31, 2006, pursuant to the management reassessment of transfer of risk and rewards on sale of goods, sales of Rs 3,899.42 lakhs were derecognized and stock amounting to Rs 2,943.62 lakhs was reversed in the books of the Company. The corresponding impact of the same in previous years is not ascertainable. The same was referred to as a matter of emphasis in the Auditors Report in the year ended March 31, 2006.

3. **Segmental information**

Based on the guiding principles given in Accounting Standard on 'Segmental Reporting' (AS- 17), issued by the Institute of Chartered Accountants of India, the Company's primary business segment is manufacturing of auto components. The Company operates in one geographical segment and thus the disclosure requirement of Accounting Standard (AS-17) is not applicable.

4. **Contingent liabilities**

a) **Claims/notices contested by the Company** **Amount in Rs lakh**

Particulars	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Excise duty	656.65	882.49	505.88	433.54	325.86	531.49	468.49
Sale Tax	118.27	118.27	118.87	97.62	197.30	-	-
ESI Cases	40.53	7.56	63.30	75.25	39.34	30.11	37.86
Employee related cases	72.67	119.52	88.45	61.23	13.00	13.00	13.00
Electricity Demand	52.24	52.24	52.24	52.24	56.87	56.87	56.87
Income tax demand	396.31	285.80	320.87	361.09	123.68	134.20	152.84
Consumer cases	60.91	64.98	60.91	60.91	60.91	60.91	60.91
Bank Guarantees	518.06	900.43	193.18	133.17	112.22	126.81	115.02

b) The Company has executed surety bonds in favour of sales tax authorities on behalf of Gossini Fashion Limited (earlier AN-GIP Leather (India) Limited) for Rs 1.5 lakhs.

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

i) Show cause notice received in respect of excise duty benefit in relation to deduction of Trade Discounts for the period 2000-2001 to 2003-2004. The matter is pending for personal hearing with the Joint Commissioner. The Company has taken legal opinion and is advised that it has fair chance of a favorable decision. The amount involved is Rs. 33.74 lakhs. (Previous period Rs. 33.74 lakhs)

ii) Matter pending with Central Excise & Service Tax Appellate Tribunal (CESTAT) in respect of valuation rates employed for certain products sold by the Company for the period 2004-2005 & 2005-2006. The amount involved is Rs. 2.60 lakhs. (Previous period Rs. 2.60 lakhs)

iii) Matter pending with Additional Commissioner of Central Excise (ADCCE) in respect of excise duty on scrap produced by the Company for the period 2000-2001 to 2002-2003. The amount involved is Rs.34.11 Lakhs. (Previous period Rs. 34.11 lakhs)

iv) Miscellaneous Excise Cases in respect of MODVAT credits being taken pending with Deputy Commissioner Central Excise Patiala (DCCE PTA)/ Additional. Commissioner/Punjab and Haryana High Court/Assistant commissioner central excise for the period 1987-1988 to 2006-2007. Amount involved Rs. 58.02 lakhs. (Previous period Rs. 58.02 lakhs)

v) Matters pending with Additional Commissioner, Chandigarh in respect of Service Tax on Royalty & Technical Know how from 1999-00 to 2004-05. Amount involved Rs. 39.95 Lakhs. (Previous period Rs. 39.95 lakhs)

vi) Matters pending with Joint Commissioner, Bengaluru in respect of Service Tax on Job Work for the period 2004-05.The Company is of the view that it has reasonable chances of success. Amount involved Rs. 18.01 Lakhs. (Previous period Rs. 18.01 lakhs)

vii) Matters pending with Additional Commissioner, Chandigarh in respect of Service Tax on Transport Services for the period 2005-06 & 2006-07. The Company is of the view that it has reasonable chances of success. Amount involved Rs. 5.50 Lakhs. (Previous period Rs. 5.50 lakhs)

viii) Matters pending with Additional Commissioner, Chandigarh in respect of Service Tax on Intellectual property services for the period 2006-07. Amount involved Rs. 3.45 Lakhs. (Previous period Rs. 3.45 lakhs)

ix) Matters pending with Joint Commissioner, Chandigarh in respect of Service Tax on business auxiliary services for the period 2006-07. Amount involved Rs. 19.08 Lakhs. (Previous period Rs. 19.08 lakhs)

x) Matters pending with CESTAT in respect of excise cases in relation cenvat credit availed on imported goods for the period 2006-07. Amount involved is Rs. 27.86 Lakhs. (Previous period Rs. 27.86 lakhs)

xi) Matters pending with CESTAT in respect of excise on non saleable piston relating to period 2005-06. Amount involved is Rs. 8.57 Lakhs. (Previous period Rs. 249.74 lakhs)

xii) Matters pending with Commissioner Chandigarh/ Deputy Commissioner Central Excise (DCCE) Patiala in respect of clearance of reprocessed goods without payment of duty for the period 2004-2005 to 2006-2007. Amount involved Rs. 8.82 Lakhs. (Previous period Rs. 8.82 lakhs)

xiii) Matters pending with Commissioner Appeals/ Joint Commissioner in respect of interest on reversal of Special Additional Duty (SAD) for 2000-01. Amount involved Rs. 9.37 Lakhs. (Previous period Rs. 9.37lakh)

xiv) Matters pending with Supreme Court in respect of conversion of Aluminum Scrap into Ingots from Colts for 2000-01 & 2001-02. Amount involved Rs. 15.14 Lakhs. (Previous period Rs. 15.14 lakhs)

xv) Matters pending with CESTAT in respect of excise cases in relation to provisional assessment of excise duty with respect to turnover discount for the period 2001-2002 to 2006-2007. The Company has taken legal opinion in this regard and is confident of success. Amount involved is Rs. 334.04 Lakhs. (Previous period Rs. 334.04 lakhs)

xvi) Matter pending with Central Excise & Service Tax Appellate Tribunal (CESTAT) in respect of valuation rates employed for certain products sold by the Company for the period 2001-2003 to 2004-2005. The amount involved is Rs.6.12 lakhs. (Previous period Rs. 6.12 lakhs)

xvii) Matter pending with Central Excise & Service Tax Appellate Tribunal (CESTAT) in respect of non payment of service tax on management fee by the Company for the period 1998-1999 to 2002-2003. The Company has taken legal opinion in this regard and is confident of success. The amount involved is Rs. 16.94 lakhs. (Previous period Rs. 16.94)

xviii) Miscellaneous excise cases pending with AdditionalAdditional Commissioner of Central Excise, Bengaluru in respect of evade payment of excise duty by the Company for the period 2006-2007. The Company has taken legal opinion in this regard and is confident of success. The amount involved is Rs. 15.33 lakhs. (Previous period Rs. Nil)

d) In relation of 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 amount involved is Rs. 59.23 Lakhs. (Previous period Rs. 59.23 lakhs)

ii) In respect of Assessment Year 1999-00, on account of non-submission of C- forms and F- Forms, the matter is pending with JCCT. The amount involved is Rs. 38.39 Lakhs. (Previous period Rs. 38.39 lakhs)

iii) In respect of Assessment Year 2002-03 to 2006-07, on account of Entry tax, the matter is pending with Additional Commissioner. The amount involved is Rs. 20.65 Lakhs. (Previous period Rs. 20.65 lakhs)

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

i) In respect of demand from Employee State Insurance, relating to non deposit of employee state insurance on certain employee related expenses pending with the Assessing Officer, Amount involved is Rs.40.53 lakhs. (Previous period Rs. 7.56 lakhs)

f) In relation of above Employee related cases comprise of:

i) Claims against the Company not acknowledged as debt, in respect of demands raised by the workers at amount involved is Rs.72.67 lakhs. (Previous period Rs. 119.52 lakhs)

g) In relation of above Electricity demand relates to:

i) In respect of a demand raised by Punjab Electricity Board (PSEB) for various years in relation to availment of additional load. Amount involved is Rs. 52.24 lakhs. (Previous period Rs. 52.24 lakhs)

h) In relation of above Income Tax cases disputed by the Company:

i) In respect of Assessment Year 2000-01, certain additions were made on normal income as well as on book profits. The matter is pending with ITAT and the Company is of the view that it has reasonable chance of success. The amount involved is Rs. 53.84 lakhs. (Previous period Rs. Nil)

ii) In respect of Assessment Year 2002-03, certain additions were made on normal income as well as on book profits. The matter is pending with Commissioner Income Tax (Appeals) and the Company is of the view that it has reasonable chance of success. The amount involved is Rs.16.37 Lakhs. (Previous period Rs. 16.37 lakhs)

iii) In respect of A.Y. 2003-04, disallowance was made for carry forward losses as well as certain disallowances. The matter is pending with Commissioner Income Tax (Appeals) and the Company is of the view that it has reasonable chance of success. The amount involved is Rs.170.20 lakhs. (Previous period Rs. 170.20 lakhs)

iv) In respect of Assessment Year 2004-05, certain additions were made on normal income. The matter is pending with Commissioner Income Tax (Appeals) and the Company is of the view that it has reasonable chance of success. The amount involved is Rs.23.79 lakhs. (Previous period Rs. 23.79 lakhs)

v) In respect of Assessment Year 2005-06, certain additions were made on normal income. The matter is pending with Commissioner Income Tax (Appeals) and the Company is of the view that it has reasonable chance of success. The amount involved is Rs.21.60 lakhs. (Previous period Rs. Nil)

vi) In respect of Assessment Year 1997-98, demand was raised due to disallowance of previous year expense made in regular assessment and also certain penalty proceedings on the above issue. The amount involved is Rs. 110.51. (Previous period Rs. 110.51 lakhs)

For all matters above, the Company has been advised by experts and based on such opinion/advise, company has fair chance of favorable decision.

i) In relation of above Consumer cases filed against the company:

i) Matter pending with Delhi High Court relating to cases filed by Space 2000 a customer of the Company relating to defective goods for the period 1995-1996. Amount involved is Rs. 60.91 lakhs. (Previous period Rs. 60.91 lakhs)

5. Related party transactions

During the years/ periods under review, the Company has entered into transactions with related parties.
Names of related parties:

i) Enterprises owned or significantly influenced by key management personnel or their relatives

(a)	AN Enterprises Pvt Ltd
(b)	An Net Infotech Ltd
(c)	Escorts Farms Ltd
(d)	Hari Raj Investments & Consultants Pvt Ltd
(e)	GI Insurance Services Limited

(f)	Gossini Fashion Limited (earlier AN GIP Leather (India) Limited)
(g)	GI Power Corporation Limited
(h)	Escorts limited
(i)	AN Net Europe
(j)	Joint Investment Private Limited
(k)	Escorts Mahle Ltd
(l)	GTZ Securities Limited
(m)	GI Wind Farms Ltd.

ii) Key managerial personnel and their relatives

(a) Mr. Jean De Montlaur (w.e.f. March 03, 2008)
(b) Mr. Rustin Murdock (w.e.f. September 24, 2007)
(c) Mr. Anil Nanda (upto May 12, 2006)
(d) Mr. Arun Anand (upto September 24, 2007)
(e) Mrs. Renu Anand (wife of Mr. Arun Anand)

iii) Co-ventures and fellow subsidiaries

(a) Federal Mogul Burscheid GMBH, Germany.	(b) Federal Mogul Gorzyee, S.A
(c) Federal Mogul Maysville.	(d) Federal Mogul Friedberg, GMBH
(e) Federal Mogul Operation S.r.L.	(f) Federal Mogul Holding Limited, Mauritius
(g) Federal Mogul Bimet S.A.	(h) Federal Mogul Sintered Products Ltd.
(i) Federal Mogul Nurnberg, GMBH	(j) Federal Mogul Automotive Products Limited
(k) Federal Mogul Wiesbaden GMBH, Germany	(l) Federal Mogul Sealing Systems, GMBH
(m) Federal Mogul Power Train System	(n) Federal Mogul Friction Products Ltd
(o) Federal Mogul Holding Deutschland	(p) Federal Mogul Corporation Powertrain Systems
(q) Federal Mogul Valves (PTY) Ltd	(r) Federal Mogul Plant Van Wert, USA
(s) T & N Limited	(t) Federal Mogul Powertrain Systems Schofield
(u) Federal Mogul KK (Japan)	(v) Federal-Mogul Chivasso
(w) SSCFRAN FM Financial Services SAS Veurey Voroize	(x) Federal Mogul Corporation, Garennes
(y) Federal Mogul S.A.R.L.	(z) Federal Mogul Corporation, Lake City
(aa) Federal Mogul France, S.A.	

iv) Associates

(a) GI Power Corporation Limited (w.e.f. October 13, 2005)
(b) GTZ Securities Limited

v) Subsidiaries

(a) Federal Mogul TPR (India) Limited
(b) Satara Rubber and Chemicals Limited

vi) Ultimate Holding Company

(a) Federal Mogul Corporation, USA.

	Fellow Subsidiary													
	Federal Mogul Burscheid GMBH, Germany							Federal Mogul Maysville						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	-	-	-	(60.62)	-	-	-	(2,912.52)	-	-	-	-	-	-
Purchase of raw material, intermediaries and finished goods	349.23	1,319.71	-	200.12	27.52	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	1,469.61	709.13	1,408.94	1,120.20	-	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation	366.07	9.20	-	-	-	-	-	30.14	-	-	-	-	-	-
Interest	62.19	-	-	-	-	-								
Other Expenses	-	5.58	-	-	-	-	-	(0.41)	57.04	-	-	-	-	-
Royalty Expense	193.05	280.29	175.69	355.35	324.37	331.62	52.58	-	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(3,907.30)	(2,107.25)	(912.35)	(318.69)	0.70	(117.49)	-	(145.14)	-	-	-	-	-	-

Fellow Subsidiary														
	FEDERAL-MOGUL OPERATION S.r.L							FEDERAL MOGUL BIMET S.A						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Purchase of raw material, intermediaries and finished goods	93.35	63.00	-	-	-	-	-	92.54	64.99	-	-	-	-	-
Exchange Fluctuation	(1.52)	(1.62)	-	-	-	-	-	(0.58)	(0.12)	-	-	-	-	-
Other Expenses	(10.30)	-	-	-	-	-	-	(6.93)	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(21.83)	(57.75)	-	-	-	-	-	(40.38)	(4.10)	-	-	-	-	-

Fellow Subsidiary														
	Federal Mogul Nurnberg, GMBH							Federal Mogul Friedberg, Germany						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	(3.54)	-	-	-	-	-	-	(13.80)	-	-	-	-	-	-
Purchase of raw material, intermediaries and finished goods	116.32	80.43	-	-	-	-	-		-	-	-	-	-	-
Purchase of Fixed Assets	439.15	1382.41	73.62	-	-	-	-		-	15.83	-	-	-	-
Exchange Fluctuation	292.87	33.21	-	-	-	-	-	(0.52)	-	-	-	-	-	-
Other Expenses	(23.64)	-	-	-	-	-	-		-	-	-	-	-	-
Royalty Expense	148.93	260.31	124.3	-	-	-	-		-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(2,699.64)	(1,745.61)	(48.37)	-	-	-	-	7.67	-	(15.83)	-	-	-	-

Fellow Subsidiary														
	Federal Mogul Wiesbaden GMBH, Germany							Federal Mogul Power Train System						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	-	-	-	-	-	-	-	-	-	(24.32)	-	-	-	-
Purchase of raw material, intermediaries and finished goods	459.52	37.54	-	-	-	-	-	8.33	-	-	-	-	-	-

Purchase of Fixed Assets	-	191.06	40.60	-	-	-	-		0.44	5.46	-	-	-	-
Exchange Fluctuation	22.17	(0.15)	-	-	-	-	-	2.26	(0.12)		-	-	-	-
Other Expenses	(13.45)	(0.95)	-	-	-	-	-	12.65	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(328.18)	(218.03)	(31.59)	-	-	-	-	(21.80)	(0.93)	(5.46)	-	-	-	-

Fellow Subsidiary														
	Federal Mogul Valves(PTY) Ltd							T & N IIMITED						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Exchange Fluctuation	0.42	(0.03)	-	-	-	-	-	2.08	-	-	-	-	-	-
Other Expenses	3.37	3.33	-	-	-	-	-	36.00	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(7.09)	(3.31)	-	-	-	-	-	(38.07)	-	-	-	-	-	-

Fellow Subsidiary														
	FEDERAL MOGUL KK (JAPAN)							SSCFRAN FM FINANCIAL SERVICES SAS VEUREY VOROIZE						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Exchange Fluctuation	-	-	-	-	-	-	-	2.56	-	-	-	-	-	-
Other Expenses	(44.23)	(17.87)	-	-	-	-	-	114.12	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	12.26	8.32	-	-	-	-	-	(116.68)	-	-	-	-	-	-

Fellow Subsidiary								Other Fellow Subsidiary						
	Federal Mogul Gorzyee													
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	(427.63)	(565.18)	(0.65)	-	-	-	-	(18.00)	(148.59)	(26.14)	-	-	-	-
Purchase of raw material, intermediaries and finished goods	-	-	-	-	-	-	-	18.81	129.29	-	-	-	-	-

Purchase of Fixed Assets	-	-	-	-	-	-	-	-	4.75	12.38	-	-	-	-
Exchange Fluctuation	(4.53)	(4.89)	-	-	-	-	-	7.42	1.14	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	(6.62)	(43.18)	-	-	-	-	-
Royalty Expense	-	-	-	-	-	-	-	-	-	99.65	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	140.58	365.14	0.65	-	-	-	-	(23.14)	(86.70)	18.98	-	-	-	-

Fellow Subsidiary														
	Federal Mogul Sintered Products Ltd.							Total						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	-	-	-	-	-	-	-	(3,375.48)	(713.77)	(51.11)	(60.62)	-	-	-
Purchase of raw material, intermediaries and finished goods	6.45	-	-	-	-	-	-	1,144.55	1,694.96	-	200.12	27.52	-	-
Purchase of Fixed Assets	-	181.72	-	-	-	-	-	1,908.76	2,469.51	1,556.83	1,120.20	-	-	-
Exchange Fluctuation	2.32	(3.66)	-	-	-	-	-	748.67	32.95	-	-	-	-	-
Interest	-	-	-	-	-	-	-	62.19	-	-	-	-	-	-
Other Expenses	(0.14)	(0.43)	-	-	-	-	-	117.00	97.14	40.18	-	-	-	-
Royalty Expense	78.73	143.45	99.65	107.61	73.59	47.97	-	420.71	684.05	499.29	462.96	397.96	379.59	52.58
Balance outstanding as at the end of the year Receivables / (Payable)	(228.05)	(321.07)	-	-	-	(11.99)	-	(7,634.71)	(4,305.09)	(1,034.15)	(318.69)	0.70	(129.48)	-

Fellow Subsidiary							
	Federal Mogul Holding Deutschland						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Exchange Fluctuation	27.52	-	-	-	-	-	-
Other Expenses	56.58	93.62	40.18	-	-	-	-

Balance outstanding as at the end of the year Receivables / (Payable)	(217.91)	(133.80)	(40.18)	-	-	-	-

Holding Company							
	Federal Mogul Corporation						
Particulars	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03
Sales	(139.56)	(2,699.01)	(334.87)	-	-	-	-
Purchase of raw material, intermediaries and finished goods	-	152.93	6.12	-	-	-	-
Purchase of Fixed Assets	-	1,672.22	571.39	-	-	-	-
Sale of Fixed Assets	-	(481.57)					
Exchange Fluctuation	191.11	(290.02)	-	-	-	-	-
Fund Paid/Received	-	-	2,371.03	-	-	-	-
Interest Expense	-	82.29	-	-	-	-	-
Other Expense	1.71	392.25	-	-	-	-	-
Balance outstanding as at the end of the year (Receivable)	12.18	1,291.32	-	-	-	-	-
Balance outstanding as at the end of the year (Payable)	(2,392.68)	(2,595.06)	(2,614.22)	-	-	-	-

Subsidiary														
	Federal Mogul TPR (India) Ltd.							Satara Rubber & Chemicals Ltd.						
Particulars	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03
Sales	(554.33)	(1,380.59)	(1,101.71)	(1,469.65)	(1,046.78)	(939.65)	(615.39)	-	-	-	-	-	-	-
Purchase of raw material, intermediaries and finished goods	1,585.73	3,392.92	1,780.21	1,902.50	1,309.68	861.98	240.48	-	-	-	-	-	-	-
Dividend received	30.60	30.60	30.60	-	(122.40)	(36.64)	-	-	-	-	-	-	-	-

Management fee received	(22.51)	(41.89)	(29.23)	(36.85)	(32.21)	(29.28)	(19.96)	-	-	-	-	-	-	-
Job work income	(447.87)	(813.95)	(526.18)	(767.20)	(397.18)	(381.47)	(139.14)	-	-	-	-	-	-	-
Operating expenses(shared) recovered	(175.93)	373.67	243.44	276.36	237.51	536.14	184.86	-	-	-	-	-	-	-
Sole selling commission received	(147.41)	(263.77)	(169.21)	(201.40)	(155.64)	(132.73)	(73.29)	-	-	-	-	-	-	-
Expense incurred on behalf of other	-	-	-	-	-	-	177.64	6.27	52.79	86.96	3.51	-	-	-
Fund Paid\Received	-	-	310.38	(905.00)	(2,552.96)	2,568.38	1,234.25	-	-	-	-	-	-	-
Loans taken	-	-	-	-	-	-	-	-	-	1,255.00	1,500.00	-	-	-
Loans given	-	-	-	-	-	-	-	(1,000.00)	(1,000.00)	(1,500.00)	(1,982.64)	-	-	-
Rent expense	-	-	-	-	-	-	-	30.00	60.00	45.00	30.00	19.50	-	-
Rent income	(39.00)	(78.00)	(39.50)	(32.40)	(32.40)	(27.00)	(20.25)	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	10.49	-	-	-	3.06	-	-	-
Guarantees given/(obtained)	-	-	-	-	-	-	-	-	-	1,500.00	1,500.00	1,500.00	-	-
Investment as at year end	1,020.00	1,020.00	1,020.00	1,020.00	1,020.00	1,020.00	1,020.00	201.00	201.00	201.00	201.00	201.00	-	-
Balance outstanding as at the end of the year Receivables	(3,728.56)	(2,523.17)	(1,578.77)	(1,867.28)	(1,640.35)	(1,433.12)	(54.25)	1,772.89	1,801.38	798.00	470.95	-	-	-

/ (Payable)															

Subsidiary							
	Total						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	(554.33)	(1,380.59)	(1,101.71)	(1,469.65)	(1,046.78)	(939.65)	(615.39)
Purchase of raw material, intermediaries and finished goods	1,585.73	3,392.92	1,780.21	1,902.50	1,309.68	861.98	240.48
Dividend received	30.60	30.60	30.60	-	(122.40)	(36.64)	-
Management fee received	(22.51)	(41.89)	(29.23)	(36.85)	(32.21)	(29.28)	(19.96)
Job work income	(447.87)	(813.95)	(526.18)	(767.20)	(397.18)	(381.47)	(139.14)
Operating expenses(shared) recovered	(175.93)	373.67	243.44	276.36	237.51	536.14	184.86
Sole selling commission received	(147.41)	(263.77)	(169.21)	(201.40)	(155.64)	(132.73)	(73.29)
Expense incurred on behalf of other	6.27	52.79	86.96	3.51	-	-	177.64
Fund Paid\Received	-	-	310.38	(905.00)	(2,552.96)	2,568.38	1,234.25
Loans taken	-	-	1,255.00	1,500.00	-	-	-
Loans given	(1,000.00)	(1,000.00)	(1,500.00)	(1,982.64)	-	-	-
Rent expense	30.00	60.00	45.00	30.00	19.50	-	-
Rent income	(39.00)	(78.00)	(39.50)	(32.40)	(32.40)	(27.00)	(20.25)
Interest expense	-	-	-	3.06	-	-	10.49
Guarantees given/(obtained)	-	-	1,500.00	1,500.00	1,500.00	-	-
Investment as at year end	1,221.00	1,221.00	1,221.00	1,221.00	1,221.00	1,020.00	1,020.00
Balance outstanding as at the end of the year Receivables / (Payable)	(1,955.68)	(721.79)	(780.77)	(1,396.33)	(1,640.35)	(1,433.12)	(54.25)

Associate														
	G.I Power Corporation Ltd.							G.I Wind Farm Ltd						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Purchase of fixed assets	-	-	-	-	9.53	-	-	-	-	-	-	-		
Dividend received	-	-	-	-	-	-	(10.15)	-	-	-	-	-	-	(110.23)
Purchase of power	-	139.83	486.77	677.00	874.47	681.00	300.58	-	-	-	-	-	-	-
Expense incurred on behalf of other	-	13.21	-	9.37	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	56.45	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	(89.33)	-	-	-	-	-	-	(15.15)
Guarantees given/(obtained)	-	-	-	1,170.00	1,170.00	-	-	-	-	-	-	-	-	-
Investment as at year end	1,070.92	1,070.92	1,138.61	1,138.61	1,138.45	-	-	-	-	-	-	-		
Balance outstanding as at the end of the year Receivables / (Payable)	(13.21)	(13.21)	(67.87)	0.01	14.13	(49.27)	(307.76)	-	-	-	-	-	20.65	(278.00)

Associate														
	An Net Infotech							GTZ Securities Ltd.						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Purchase of fixed assets	-	-	-	-	-	10.32	-	-	-	-	-	-	-	-
Loans / ICD / given / repayment	-	-	-	-	-	-	-	-	-	-	(40.00)	(40.70)	-	-
Sale of Investment	-	-	-	-	-	-	-	-	-	-	(123.56)	-	-	-
Purchase of Investment	-	-	-	-	-	-	-	-	-	-	123.56	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	3.89	17.64	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-		(10.11)
Investment as at	-	-	-	-	-	-	-	46.15	46.15	46.15	46.15	46.15	-	-

year end														
Balance outstanding as at the end of the year Receivables / (Payable)	-	-	-	-	-	(0.40)	-	-	-	-	0.70	40.70	(8.97)	(619.25)

Associate														
	An Net Europe							Escorts Mahle Limited						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	(672.22)
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	(700.00)
Loans taken	-	-	-	-	-	3.85	-	-	-	-	-	-	-	-

Associate							
	Total						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	-	-	-	-	-	-	(672.22)
Purchase of fixed assets	-	-	-	-	9.53	10.32	-
Sale of fixed assets	-	-	-	-	-	-	(700.00)
Dividend received	-	-	-	-	-	-	(120.38)
Purchase of power	-	139.83	486.77	677.00	874.47	681.00	300.58
Expense incurred on behalf of other	-	13.21	-	9.37	-	-	-
Loans given	-	-	3.85	(40.00)	(40.70)	-	-
Sale of Investment	-	-	-	(123.56)	-	-	-
Purchase of Investment	-	-	-	123.56	-	-	-
Interest expense	-	-	-	-	3.89	17.64	56.45
Interest income	-	-	-	-	-	-	(114.59)
Guarantees given/(obtained)	-	-	-	1,170.00	1,170.00	-	-
Investment as at year end	1,117.07	1,117.07	1,184.76	1,184.76	1,184.60	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(13.21)	(13.21)	(67.87)	0.71	54.83	(37.99)	(1,205.01)

Enterprise owned / significantly influenced by key management personal														
	Escorts Ltd.							Escorts farms Ltd.						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	-	-	-	-	-	(806.98)	(583.00)	-	-	-	-	-	-	-
Purchase of raw material, intermediaries and finished goods	-	-	-	-	-	1.63	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	(2.12)	-	-	-
Dividend received	-	-	-	-	-	-	(12.43)	-	-	-	-	-	-	-
Interest Expense/Income	-	-	-	-	-	-	-	-	-	-	13.85	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans taken	-	-	-	-	-	-	-	-	-	185.00	1,846.17	-	-	-
Loans given	-	-	-	-	-	-	-	-	-	(70.00)	(1,957.17)	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	-	-	-	-	-	102.84	-	-	-	-	2.12	102.83	-	-

Enterprise owned / significantly influenced by key management personal														
	Hari Raj Investment Pvt Ltd.							Gossini Fashion Ltd/ ANGIP Leather India Ltd.						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Purchase of raw material, intermediaries and finished goods	-	-	-	-	-	-	-	-	-	45.13	988.09	1,077.72	2,281.18	1,803.12
Professional services rendered	-	-	-	-	-	-	-	-	-	-	-	-	3.00	-
Interest Expense/Income	-	-	-	-	0.27	2.60	-	-	-	-	(59.18)	(29.47)	(57.32)	(30.91)
Other Expenses	-	-	-	-	-	-	-	-	-	(1.50)	5.61	-	-	-
Loans taken	-	-	-	467.00	9.50	-	-	-	-	-	-	-	-	-
Loans given	-	-	-	(467.00)	(9.50)	-	-	-	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	-	-	-	-	-	-	-	-	-	0.36	57.70	35.89	79.29	606.02

Enterprise owned / significantly influenced by key management personal														
	Joint Investment Pvt. Ltd.							G.I. Insurance Services Ltd.						
Particulars	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03
Interest Expense	-	-	8.00	48.00	48.00	48.00	-	-	-	-	-	-	-	-
Loans / ICD taken	-	-	3,165.00	215.90	374.00	257.16	-	-	-	-	-	(1.91)	1.91	-
Loans / ICD given	-	-	(3,165.00)	(215.00)	(374.00)	-	-	-	-	-	-	-	-	-
Rent expense	-	-	-	-	2.47	-	-	-	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	-	-	2.31	2.90	-	-	-	-	-	-	-	-	(1.91)	-

Enterprise owned / significantly influenced by key management personal														
	An Enterprises Pvt Ltd.							Total						
Particulars	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03
Sales	-	-	-	-	-	-	-	-	-	-	-	-	(807.0)	(583.0)
Purchase of raw material, intermediaries and finished goods	-	-	-	-	-	-	-	-	-	45.1	988.1	1,077.7	2,282.8	1,803.1
Professional services rendered	-	-	-	-	-	-	-	-	-	-	-	-	3.0	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	(2.1)	-	-	-
Dividend received	-	-	-	-	-	-	-	-	-	-	-	-	-	(12.4)
Interest Expense	-	-	-	-	-	-	-	-	-	8.0	2.7	18.8	(6.7)	(30.9)
Other Expenses	-	-	-	(0.23)	-	-	-	-	-	(1.5)	5.4	-	-	-
Loans taken	-	-	-	-	-	-	-	-	-	3,350.0	2,529.1	381.6	259.1	-
Loans given	-	-	-	-	-	-	-	-	-	(3,235.0)	(2,639.2)	(383.5)	-	-
Rent expense	-	-	-	-	-	-	-	-	-	-	-	2.5	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	-	-	-	-	-	-	-	-	-	2.7	62.7	138.7	180.2	606.0

Key management personal														
	Key Managerial Person							Renu Anand						
Particulars	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03
Remuneration	313.00	195.48	138.19	213.38	366.46	214.41	79.06	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	0.30	-	-	-	-	-	-	-	-	-
Rent expense of the year (Payable)	-	-	-	-	-	-	-	-	10.80	10.80	25.44	17.10	12.17	10.17

Key management personal							
	Total						
Particulars	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03
Remuneration	313.00	195.48	138.19	213.38	366.46	214.41	79.06
Interest Expense	-	-	-	-	0.30	-	-
Rent expense of the year (Payable)	-	10.80	10.80	25.44	17.10	12.17	10.17

6. Leases

Office premises are obtained on operating lease. The lease term is for a year and renewable for further 5 years at the option of the Company. There is no escalation clause in the lease agreement.

(Rs in lakhs)

Leases	Six months period ended June 30, 2008	Twelve months period ended December 31, 2007	Nine months period ended December 31, 2006	Twelve months period ended March 31, 2006	Twelve months Period ended March 31, 2005	Twelve months period ended March 31, 2004	Twelve months period ended March 31, 2003
Lease payments for the period	90.53	130.88	92.35	30.00	19.50	-	-
Minimum Lease Payments:							
Not later than one year	111.96	115.86	118.98	30.00	30.00	-	-
Later than one year but not later than five years	230.00	246.30	274.26	150.00	150.00	-	-
Later than five years	-	20.00	80.00	33.00	63.00	-	-

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 summaries 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 lakhs)

	Gratuity Period ended June 30, 2008	Gratuity Year ended December 31, 2007
Current service cost	116.71	412.79
Interest cost on benefit obligation	173.36	328.75
Expected return on plan assets	(173.36)	(261.70)
Net actuarial(gain) / loss recognised in the year	19.36	(153.44)
Expense allocated	(15.63)	(28.84)
Past service cost	-	-
Net benefit expense	**120.44**	**297.56**
Actual Return on Plan Assets	112.72	249.32

Balance sheet

Details of Provision for gratuity

	Gratuity	
	Period ended June 30, 2008	**Year ended December 31, 2007**
Defined benefit obligation	4,530.71	4,419.12
Fair value of plan assets	3,233.71	3,115.37
	1,297.00	**1303.75**
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	**1,297.00**	**1303.75**

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

	Gratuity	
	Period ended June 30, 2008	**Year ended December 31, 2007**
Opening defined benefit obligation	4,419.12	4,117.15
Interest cost	173.36	328.75
Current service cost	116.71	412.79
Benefits paid	(114.82)	(273.74)
Liability transferred to group company	(22.39)	-
Actuarial (gains) / losses on obligation	(41.29)	(165.83)
Closing defined benefit obligation	**4,530.71**	**4,419.12**

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

	Gratuity	
	Period ended June 30, 2008	**Year ended December 31, 2007**
Opening fair value of plan assets	3,115.37	2,953.30
Expected return	173.36	261.70
Contributions by employer	120.44	186.50
Benefits paid	(114.82)	(273.74)
Actuarial gains / (losses)	(60.64)	(12.39)
Closing fair value of plan assets	**3,233.71**	**3,115.37**

The company expects to contribute Rs. 100 lakhs to gratuity in next six months ending December 31, 2008.

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

	Gratuity	
	Period ended June 30, 2008	**Year ended December 31, 2007**
	%	**%**
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:

	Period ended June 30, 2008	Year ended December 31, 2007
	%	%
Discount rate	8	8
Expected rate of return on assets	8	8
Employee turnover	1% at each stage	1% at each stage

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.

The discloser requirements in respect of revised accounting standard 15 are being furnished from the year ended December 31, 2007, being the first year of revised accounting standard 15 applicability.

Annexure IV C: Details of other income, as restated

Amount in Rs lakhs

Sources of Income	Six months period ended June 30, 2008	Twelve months period ended December 31, 2007	Nine months period ended December 31, 2006	Twelve months period ended March 31, 2006	Twelve months period ended March 31, 2005	Twelve months Period ended March 31, 2004	Twelve months period ended March 31, 2003	Nature	Related/ not related to business activity
Other income as restated	1,119.93	2,630.78	1,132.36	1,153.24	1,297.64	1,370.13	997.12		
Net profit / (loss) before tax, as per summary statement of Profits and Losses, as restated	1,099.98	(1,510.50)	(835.07)	(1,563.77)	2,701.05	1,956.95	1,304.60		
Percentage	101.81	-	-	-	48.04	70.01	76.43		
Interest received on									
- Bank Deposits	11.52	7.19	4.15	6.70	6.70	8.06	6.08	Recurring	Related
- Income tax refund *	6.61	25.70	15.29	23.81	23.96	29.22	31.10	Non recurring	Not related
- Inter corporate deposits	-	-	-	-	38.75	59.62	358.71	Recurring	Not related
- Others	0.04	8.93	23.25	68.48	26.17	41.95	21.55	Recurring	Not related
Dividend income									
- Trade investments	-	-	-	-	-	12.44	12.44	Non recurring	Not related
- Investment in subsidiaries - long term	-	30.60	30.60	30.60	30.60	67.23	30.60	Recurring	Not related
- Non trade investments - long term	-	-	-	-	-	-	120.37	Non recurring	Not related
Foreign exchange fluctuation (net)	-	522.74	-	-	-	323.36	-	Non recurring	Not related
Lease Rent/lease	-							Non	Not

equalization		-	-	-	-	53.59	80.64	recurring	related
Sale of scrap	604.95	1358.68	628.65	504.65	528.09	514.05	152.98	Recurring	Related
Commission received from subsidiary	147.41	263.78	169.21	202.43	155.64	132.73	89.07	Recurring	Related
Duty drawback/ exim scrip realization	160.78	138	7.95	18.46	127.53	3.50	-	Recurring	Related
Cash Discount	33.26	62.07	54.33	84.47	70.42	46.77	26.92	Recurring	Related
Management fees	22.51	41.9	29.23	35.43	32.21	29.28	22.20	Recurring	Related
Profit on sale of fixed assets	-	-	-	-	-	-	-	Non recurring	Related
Miscellaneous income	132.85	171.19	169.70	178.22	257.57	48.33	44.46	Recurring	Not related
Total	**1,119.93**	**2,630.78**	**1,132.36**	**1,153.24**	**1,297.64**	**1,370.13**	**997.12**		

* Non recurring as earned when taxes assessed lower than taxes paid. Considered not related as this is not arising out of normal business activities.

The classification of income as recurring/ non recurring and related/ not related to business activity is based on the current operations and business activity of the Company and is as determined by the management.

The figures disclosed above are based on Restated Summary Statements of Federal-Mogul Goetze (India) Limited.

Annexure IV D: Capitalisation statement

Amount in Rs lakhs

	Pre Issue	**Post issue**
	As at June 30, 2008	**Estimated***
Long term debt	6,999.67	6,999.67
Short term debt	4,182.89	4,182.89
Working capital loans from banks	14,955.36	14,955.36
Total debt	**26,137.92**	**26,137.92**
Shareholders' funds		
- Equity Share capital	3,262.09	5578.18
- Reserves and surplus account	17,320.19	27974.18
- Profit and Loss Account	(2,318.05)	(2,318.05)
Total shareholders' funds	18,264.23	31234.31
Long term debt / equity	0.38	0.22

Notes

1. Short term debt represents debts, which are due within twelve months from June 30, 2008.
2. Long term debt represents debt other than short term debt, as defined above
3. Long term debt/equity = Long term debt/ Total shareholder's funds
4. The figures under 'pre issue' disclosed in the above table are based on the Restated Summary Statements of Federal-Mogul Goetze (India) Limited dated October 15, 2008.
5. The figures of post issue equity share capital and reserve & surplus furnished above are after considering the proposed rights issue of 23,160,866 equity shares of Rs. 10 each and aggregating Rs. 12,970.08 lakhs by the Company, subsequent to June 30, 2008.

*This is not a part of the Capitalisation Statement covered by the Auditors Report dated October 15, 2008 but has been separately examined by the statutory auditors vide their report issued to the Board of Directors of the Company dated November 5, 2008.

Annexure IV E: Details of secured and unsecured loans

Amount in Rs lakhs

Particulars	**June 30, 2008**	**December 31, 2007**	**December 31, 2006**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
SECURED LOANS							
On Term loans Account							
1) From banks							

Secured by a first charge ranking pari-passu inter-se on the immovable and movable fixed assets of the Company	-	-	5,668.16	8,134.38	11,742.09	3,669.00	4,415.98
Secured / to be secured by a first charge on the movable fixed assets of the Company	-	-	-	412.50	7,300.00	3,251.00	-
Secured by a first pari-passu charge on entire fixed assets of the company along with other secured term lenders and second pari-passu charge on current assets of the company along with other term lenders.	2,500.00	3,000.00	-	-	-	-	-
Secured by a first pari-passu charge on the immovable and movable fixed assets consisting of plant and machinery, land and building, stores and spares of the Company 's factories situated at Patiala (Punjab) and Bengaluru (Karnataka)	-	-	-	229.82	604.86	980.00	1,357.00
Hypothecation charge on whole of moveable properties situated at Patiala, Bengaluru and Bhiwadi	-	-	-	-	-	-	1,500.00
Secured by a second subservient charge on the movable fixed assets of the Company situated at Patiala (Punjab) , Bengaluru (Karnataka) and Bhiwadi (Rajasthan).	-	-	-	2,000.00	2,500.00	3,000.00	-
Secured by subservient charge on entire current assets of the company and second charge on the moveable fixed assets of the company	-	-	-	-	-	2,000.00	-
Secured by first pari passu charge on the entire block of fixed assets and second charge over current assets to cover the uncovered portion	-	-	3,750.00	5,000.00	-	-	-
First charge on moveable fixed assets of the Piston division situated at Patiala and Bengaluru	-	-	-	-	-	1,368.03	4,084.00
Secured by first pari passu charge with all secured lenders on the entire current assets of the Company both present and future.	874.67	1,458.34	2,624.50	3,208.00	-	-	-
Secured by first pari passu charge on all fixed assets excluding land, buildings and vehicles, with other term lenders	-	-	-	1,497.82	-	-	-
Secured by first pari passu charge on all fixed assets of the company consisting of immovable and movable fixed assets with other lenders	-	187.50	-	-	-	-	-

Secured by first pari passu charge on all movable **&** immovable properties and lands situated at Patiala (Punjab), Bengaluru (Karnataka) and Bhiwadi (Rajasthan) both present and future.	-	139.05	-	-	-	-	-
Secured by first pari passu mortgage and charge on the entire movable and immovable fixed assets excluding specific items of fixed assets having exclusive charge, if any	625.00	1,250.00	2,500.00	2,500.00	-	-	-
Secured by second subservient charge on fixed assets of the company		-	-	-	-	1,720.00	1,000.00
Secured by first pari passu charge on current assets and second pari passu charge on fixed assets	-	-	1,250.00	2,187.50	-	-	-
Secured against hypothecation of stocks of raw materials, stores, semi finished goods, finished goods and book debts both	-	-	1,000.00	-	-	-	-
Secured by first pari-passu charge on the gross block of the Company i.e. fixed movable assets of the Company in Bahadurgarh, Yelahanka, Bhiwadi and Alwar, subject to prior charges created and / or to be created in favour of our Company's bankers on our stock of raw materials, semi finished and finished goods, consumable stores, book debts.	1,500.00	2,250.00	3,000.00	-	-	-	-
Secured by first pari passu on entire fixed assets of the company.	1,500.00	1,500.00					
	6,999.67	**9,784.89**	**19,792.66**	**25,170.02**	**22,146.95**	**15,988.03**	**12,356.98**
Debentures							
First charge on entire fixed assets at Patiala, Bengaluru and Pune	-	-	-	-	-	833.33	1,666.67
Vehicle loans from banks							
Secured by way of hypothecation of the underlying vehicles	113.34	90.95	149.00	179.33	0.96	66.00	148.00
Working capital loans							
1) From banks							
Secured against hypothecation of stocks of raw materials, stores, semi finished goods, finished goods and book debts both present and future.	14,852.44	11,215.18	5,589.53	7,175.70	7,499.08	5,238.94	2,337.63

Maintained in an escrow account with the lending bank as per agreement entered into by the Company with a customer under which amounts receivable from the said customer are maintained in the said escrow account with the lending bank.	-	-	-	400.00	500.00	-	-
Secured by first pari passu charge over all borrower's goods, book debts and all other moveable assets (including plant and machinery etc)	-	-	-	-	-	-	-
Interest accrued and due	102.92	76.25	23.91	17.37	13.44	-	-
Total	**15,068.70**	**11,382.38**	**5,762.44**	**7,772.40**	**8,013.48**	**5,304.94**	**2,485.63**
	22,068.37	**21,167.27**	**25,555.10**	**32,942.42**	**30,160.43**	**22,126.30**	**16,509.28**
UNSECURED LOANS							
Fixed Deposits							
1) From others	8.55	8.65	8.75	18.29	39.05	1,952.03	3,977.09
Short term loans							
1) From banks	-	-	2,556.20	2,000.00	-	-	367.00
Short term loans							
1) From others	61.00	61.00	-	-	-	-	-
Commercial Papers							
1) From banks	-	1,000	-	4,000.00	5,500.00	7,000.00	2,500.00
2) From others	-	3,000.00	6,000.00	-	-	-	-
Short Term redeemable non convertible debentures	4,000.00	4,000.00	2,500.00	-	-	-	4,900.00
Sales Tax Loan							
1) From others	-	-	-	-	-	147.00	94.00
	4,069.55	**8,069.65**	**11,064.95**	**6,018.29**	**5,539.05**	**9,099.03**	**11,838.09**

Note: The figures disclosed in the above table are based on the Restated Summary Statements of Federal-Mogul Goetze (India) Limited

Annexure IV F: Details of investments

Amount in Rs Lakh

	Particulars	As at June 30, 2008	As at December 31, 2007	As at December 31, 2006	As at March 31,2006	As at March 31,2005	As at March 31,2004	As at March 31,2003
			Rs (in lakhs)	Rs (in lakhs)	Rs (in lakhs)	Rs (in lakhs)	Rs (in lakhs)	Rs (in lakhs)
Long term investments								
	Trade Investments (Quoted)							
	Escorts Limited							
	Nil equity shares of Rs.10 each fully paid .	-	-	-	-	-	1,125.29	1,172.43
Subsidiary Companies								
	Unquoted fully paid up							
i.	51,00,000 equity shares of Rs 10 each in Goetze TP (India) Ltd	510.00	510.00	510.00	510.00	510.00	510.00	510.00
ii.	5,10,000 6% redeemable cumulative preference shares of Rs.100 each							
	in Goetze TP (India) Ltd	510.00	510.00	510.00	510.00	510.00	510.00	510.00
iii.	50,000 equity shares of Rs. 10 each in Satara Rubber & Chemicals Ltd	201.00	201.00	201.00	201.00	201.00	-	-
	Less : Provision for diminution in the value of investment	(201.00)	(201.00)	(201.00)	(126.69)	-	-	-
		-	-	-	74.31	201.00	-	-
Government Securities								
	National Savings Certificates (Pledged with sales tax authorities)	1.42	1.42	1.42	1.42	1.42	1.42	1.46
Other investments								
i.	**GI Power Corporation Limited**							
	38,89,600 equity shares of Rs 5 each, fully paid	194.48	194.48	194.48	194.48	36.92	36.92	36.92
	2,030,600 10% redeemable cumulative preference shares of Rs.5 each fully paid	-	-	33.78	67.69	101.53	101.53	101.53

	17,528,800 8% cumulative convertible redeemable preference shares of							
	Rs.5 each fully paid	876.44	876.44	876.44	876.44	1,000.00	-	-
ii.	**GTZ Securities Limited**							
	9,23,000 equity shares of Rs 5 each fully paid	46.15	46.15	46.15	46.15	46.15	46.15	46.15
	Less : Provision for diminution in the value of investment	(46.15)	(46.15)	(46.15)	(46.15)	-	-	-
		-	-	-	-	46.15	46.15	46.15
iii.	**GI Wind Farms Limited**							
	1,00,20,000 Equity Shares of Rs.10 each fully paid	-	-	-	-	-	1,002.00	1,002.00
iv.	**Nanz Food Products Limited**							
	1,00,000 6% redeemable cumulative preference shares of Rs.10 each fully paid	10.00	10.00	10.00	10.00	10.00	10.00	10.00
	Less : Provision for diminution in the value of investment	(10.00)	(10.00)	(10.00)	(10.00)	-	-	-
		-	-	-	-	10.00	10.00	10.00
v	**Unit Trust of India**							
	174,058 6.75% Tax free US 64 Bonds of 100 each fully paid	-	-	-	-	-	174.06	286.37
	Less : Provision for diminution in the value of investment	-	-	-	-	-	-	(112.31)
		-	-	-	-	-	174.06	174.06
vi	**Sardar Sarovar Narmada Ltd**							
	56 12.35% Bonds of Rs.50,000/- each	-	-	-	-	-	30.38	30.38
Current investments (quoted)								
i.	**Unit Trust of India**							
	9,058 6.75% Tax free US 64 Bonds of Rs 100 each fully paid in Unit Trust of India	-	1.56	9.06	9.06	9.06	-	-
ii.	**Escorts Limited**							

	529,486 equity shares of Rs 10 each fully paid	-	-	-	-	499.18	-	-
		2,092.34	**2,093.90**	**2,135.18**	**2,243.40**	**2,925.26**	**3,547.75**	**3,594.93**

Note: The figures as disclosed above are based on the unconsolidated restated summary statements of Federal- Mogul Goetze (India) Limited.

Annexure IV G : Details of sundry debtors

Amount in Rs lakh

	As at June 30, 2008	**As at December 31, 2007**	**As at December 31, 2006**	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**
Debtors outstanding for a period exceeding six months							
- considered good	46.14	17.84	-	218.02	460.81	117.24	145.05
- considered doubtful	68.56	59.03	24.69	19.72	-	-	-
	114.70	76.87	24.69	237.74	460.81	117.24	145.05
Other Debts							
- secured, considered good	183.46	182.86	178.41	167.92	152.73	139.82	136.41
- unsecured, considered good	8,282.35	8,750.83	7,141.39	6,453.10	8,376.67	6,507.08	4,991.39
	8,465.81	8,933.69	7,319.80	6,621.02	8,529.40	6,646.90	5,127.80
Less : Provision for Doubtful Debts	68.56	59.03	24.69	19.72	-	-	-
Total	**8,511.95**	**8,951.53**	**7,319.80**	**6,839.04**	**8,990.21**	**6,764.14**	**5,272.85**

Note:
The figures disclosed above are based on the unconsolidated restated summary statements Federal-Mogul Goetze (India) Limited.

Annexure IV H: Summary of details of loans and advances

Amount in Rs Lakh

	As at June 30, 2008	**As at December 31, 2007**	**As at December 31, 2006**	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**
Unsecured considered good, except where stated otherwise							
Advances recoverable in cash or in kind or for value to be received	1,467.36	1,376.27	891.66	634.26	1,545.16	1,695.66	1,657.10
Advance to Satara Rubber & Chemicals Limited	1772.89	1801.38	798.00	470.95	-	-	-
Advance to Escorts Farms Limited	-	-	-	2.12	-	-	-
Advance to Gossini Fashion Limited (earlier AN-GIP Leather (India)	-	-	-	57.70	35.89	79.30	675.81

Limited							
Advance to GI Power Corporation Limited	-	-	-	-	14.13	-	28.95
Advance to GI Wind Farm Limited	-	-	-	-	-	20.65	-
Advance to Escorts Auto Components Limited	-	-	-	-	-	-	0.15
Inter corporate deposits to Escorts Auto Components Limited	-	-	-	-	-	-	30.00
Inter corporate deposits to GI Power Corporation Limited	-	-	-	-	-	-	33.50
Inter corporate deposits to GTZ Securities Limited	-	-	-	-	-	-	12.25
Balances with excise authorities	1104.69	1004.41	748.51	1,040.68	631.78	13.42	10.87
Advance payments of Income-Tax (net of provision)	444.05	816.56	848.62	661.00	401.91	302.93	367.41
Security Deposits	416.57	460.31	327.93	336.29	368.18	452.06	453.30
	5,205.56	**5,458.93**	**3,614.72**	**3,203.00**	**2,997.05**	**2,564.02**	**3,269.34**

Notes: The figures disclosed above are based on the unconsolidated restated summary statements of Federal-Mogul Goetze (India) Limited.

Annexure IV I: Summary of accounting ratios

	Six months period ended June 30, 2008	**Twelve months period ended December 31, 2007**	**Nine months period ended December 31, 2006**	**Twelve months period ended March 31, 2006**	**Twelve months period ended March 31, 2005**	**Twelve months period ended March 31, 2004**	**Twelve months period ended March 31, 2003**
Basic and Diluted Earnings per share (Rs.)	3.00	(6.32)	(3.54)	(11.94)	7.10	4.65	3.89
Cash Earnings per share (Rs.)	9.76	10.32	7.61	6.74	20.25	16.59	10.48
Return on net worth (%)	5.48	(9.66)	(11.13)	(33.76)	15.01	10.39	8.92
Net asset value per equity share (Rs)	54.74	65.45	31.83	35.37	47.31	44.73	43.57

For the above:

Notes:

(a)

Weighted average number of equity shares outstanding during the year/period	32,620,938	25,789,836	25,287,549	25,287,549	25,287,549	25,287,549	25,287,549
Total number of shares outstanding at the end of the year / period	32,620,938	32,620,938	25,287,549	25,287,549	25,287,549	25,287,549	25,287,549

(b) The ratios have been computed as below:

The ratios have been computed as below :

Basic and Diluted Earnings per share (Rs) = $\dfrac{\text{Net profit/(loss) (after tax, before exceptional item) attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Cash Earnings per share (Rs) = $\dfrac{\text{Net profit/(loss) (after income tax, before depreciation/amortisation and deferred taxes) attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Return on net worth (%) = $\dfrac{\text{Net profit/(loss) after tax as per Profit and Loss Account}}{\text{Net worth (excluding preference share capital) at the end of the year}}$

Net asset value per equity share (Rs) = $\dfrac{\text{Net worth (excluding preference share capital) at the end of the year}}{\text{Weighted average number of equity shares outstanding at the end of the year}}$

1. The figures disclosed above are based on the unconsolidated restated summary statements of Federal-Mogul Goetze (India) Limited. The Company has not reported any exceptional item in the Restated Summary Statements
2 Earnings per share calculations are done in accordance with Accounting Standard 20 'Earnings Per Share' issued by the Institute of Chartered Accountants of India.
3. Net worth means Equity share capital + Reserves and Surplus

Annexure IV J: Details of rates of dividend

Particulars	**June 30, 2008**	**December 31, 2007**	**December 31, 2006**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
Equity share capital (Amount in Rs lakh)	3,262.09	3,262.09	2,528.75	2,528.75	2,528.75	2,528.75	2,528.75
Final dividend in %	NIL	NIL	NIL	NIL	40.00	30.00	20.00
Amount of dividend	-	-	-	-	1011.5	758.63	505.75
Dividend tax	-	-	-	-	132.19	97.21	64.80
Preference share capital	-	-	-	-	-	-	1,000.00
Dividend in %	-	-	-	-	-	11.00	11.00
Amount of dividend *	-	-	-	-	-	24.11	27.12
Dividend tax	-	-	-	-	-	3.08	3.47

Note:
The figures disclosed above are based on the unconsolidated restated summary statements of Federal-Mogul Goetze (India) Limited.

* Preference share were redeemed during 2004. Dividend is paid till the date of redemption.

Annexure IV K: Statement of Tax shelter

Amount in Lakh

Particulars	**Six months period ended June 30, 2008**	**Twelve months period ended December 31, 2007**	**Nine months period ended December 31, 2006**	**Twelve months period ended March 31, 2006**	**Twelve months period ended March 31, 2005**	**Twelve months period ended March 31, 2004**	**Twelve months period ended March 31, 2003**	**Fifteen months period ended June 30, 2002**
Profit before tax as per summary statement of profit and	1,114.22	(1,524.74)	(835.07)	(1,563.77)	2,701.05	1,956.95	1,304.60	535.28
loss account (See note 1)								
Applicable tax rate (%) (Refer Note 1)	33.99	33.83	33.66	33.66	36.59	35.88	36.75	36.75
Tax on actual rate on book profits	378.72	(515.74)	(281.08)	(526.36)	988.31	702.15	479.44	196.72
Adjustments:								
Permanent differences								
- Charity and donation	0.2	0.05	0.09	10.62	12.25	4.54	7.13	4.38
- Tax free income - interest on UTI bonds				(6.14)	(47.67)	(9.80)		
-Dividend Income	(30.60)	(30.60)	(30.60)		(122.40)	(49.07)	-	(55.96)
- Charity and donation written back	-	-	-	(10.00)	-	-	-	-
- Provision for diminution (assets / investments)	-	-	74.30	440.52	250.00	-	-	
- Loss on impairment/sales of assets / investments (Net)	48.01	387.58	(81.21)	985.30	34.86	497.77	2.46	(45.10)
- Security transaction tax u/s 40(a(ib)	-	-	-	0.50	0.50	-	-	-
- Disallowance under section 40A	-	-	-	-	0.65	-	-	-
- Penalty	-	-	-	-	-	-	0.27	0.37
- Share Issue expenditure	-	-	-	-	-	8.65	6.49	-
Total permanent differences	**17.61**	**357.03**	**(37.42)**	**1,420.80**	**127.53**	**452.09**	**16.35**	**(96.31)**

Temporary differences								
- Depreciation	95.08	50.24	286.20	532.20	(582.38)	(331.96)	(371.22)	(332.09)
- Deferred revenue expenditure (VRS)	(240.57)	(222.22)	(546.14)	(110.21)	197.43	251.18	432.34	585.63
-Lease Equalization Reserve	-	-	-	-	-	(413.84)	(105.07)	(78.21)
- Exchange fluctuation	-	-	-	282.55	-	(269.20)	(77.35)	64.00
-Provision for Diminution in Units of UTI	-	-	-	-	-	(112.82)	-	112.81
- Disallowance under section 43B	474.51	1,078.95	192.04	687.65	123.74	1,317.17	420.56	601.46
- Claim under section 43B	(272.31)	(897.76)	(161.66)	(504.38)	(546.75)	(124.15)	(891.73)	(41.06)
- Provision for doubtful debts	12.22	61.07	5.70	19.72	-	-	-	-
- Disallowance under section 40(a)	457.49	712.24		227.45	0.32	-	-	-
- Deduction u/s 35D/35AC	(1.58)	(1.58)	(1.05)	(2.20)	(2.20)	(5.20)	(2.20)	(1.35)
- Allowance under section 40(a)	(9.05)	(449.88)	-	-	-	-	-	-
Total temporary differences	**515.79**	**331.06**	**(224.91)**	**1,132.78**	**(809.84)**	**311.18**	**(594.67)**	**911.19**
Net adjustments	**533.40**	**688.09**	**(262.33)**	**2,553.58**	**(682.30)**	**763.27**	**(578.32)**	**814.88**
Tax savings thereon	181.31	232.75	(88.30)	859.53	(249.65)	273.86	(212.53)	299.47
Tax liability after considering the adjustments	560.03	(283.00)	(369.38)	333.17	738.66	976.01	266.91	496.19
Tax adjustment due to unabsorbed losses	560.03	(283.00)	(369.38)	333.17	738.66	976.01	266.91	496.19
Tax payable under MAT (Refer Note 1)	129.08	-	-	-	198.59	114.10	102.74	30.68
Actual Tax Paid	129.08	-	-	-	241.76	149.19	126.76	68.35

Note1 : The effective tax rate has been increased from April 1, 2007, therefore the average rate has been considered

Note2 : Profits for each year has been reinstated after considering debit for deferred revenue expenditures and prior period expenses in the year of incurring.

Annexure IVL : Summary statements of Restated Cash Flows

Amount in Rs lakh

	For the period ended	For the year ended	For the period ended	For the year ended	For the year ended	For the year ended	For the period ended
	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
A. Cash flow from operating activities							
Profit after exceptional item but before tax	1,114.22	(1,524.74)	(835.07)	(1,563.72)	2,701.00	1,956.95	1,304.60
Adjustments for:							
Depreciation and amortisation	2,206.89	4,292.16	2,819.65	3,417.02	2,674.05	2,401.01	1,464.45
Loss on sale / discard of fixed assets (net)	48.01	387.58	151.62	108.67	33.77	24.29	5.06
Provision for obsolescence of fixed assets	-	-		875.91			
Loss on sale of trade investments	-	0.18	-	2.40	-	-	-
Provision for doubtful debts	-	61.07	4.97	19.72	-	-	-
Advances/ Bad debts written off	-	14.53	69.10	19.27	-	-	-
Provision for diminution in the value of investments	-	-	74.30	182.84	-	-	-
Interest income	(57.72)	(29.67)	(61.05)	(98.99)	(95.48)	(138.85)	(417.42)
Dividend income	(30.60)	-	(30.60)	-	(30.60)	(79.67)	(163.41)
Interest expense	1,144.82	3,496.05	2,556.69	3,226.00	2,663.07	3,148.53	2,323.52
Operating profit before working capital changes	**4,425.62**	**6,697.16**	**4,749.61**	**6,189.12**	**7,945.81**	**7,312.26**	**4,516.80**
Movements in working capital :							
Decrease / (Increase) in sundry debtors	450.06	(1,692.80)	(485.73)	2,114.64	197.16	853.02	(1,528.13)
Decrease / (Increase) in current assets	(45.70)	(302.53)	47.24	41.44	(20.80)	(54.52)	-
Decrease / (Increase) in inventories	(560.56)	328.05	253.90	(3,722.82)	(2,142.33)	(914.64)	519.04
Decrease / (Increase) loans and advances	(128.09)	(1,716.67)	(397.33)	(4.82)	(334.06)	599.75	3,100.73
Increase / (Decrease) in current liabilities	3,854.42	4,699.07	6,076.73	964.98	556.48	(642.31)	(64.91)
Cash generated from operations	**7,995.75**	**8,012.28**	**10,244.42**	**5,582.54**	**6,202.26**	**7,153.56**	**6,543.53**
Direct taxes paid (net of refunds)	275.52	78.79	(227.62)	(385.28)	(437.96)	(122.35)	70.94
Net cash from operating activities	**8,271.27**	**8,091.07**	**10,016.80**	**5,197.26**	**5,764.30**	**7,031.21**	**6,614.47**
B. Cash flows from investing activities							
Purchase of fixed assets/ Intangibles Assets	(4,061.11)	(7,897.93)	(5,999.83)	(4,542.49)	(5,339.41)	(3,934.87)	(1,972.18)
Proceeds from sale of fixed assets	39.02	134.19	698.35	(43.57)	62.83	839.83	708.33

Purchase of investments	-	-	-	(157.56)	(1,201.00)	-	(30.66)
Inter corporate Deposits Placed	-	-	-	-	-	75.75	4,684.35
Sale / maturity of investments	1.56	41.10	33.92	654.18	1,823.49	44.59	-
Interest received	54.33	2.87	60.92	67.77	179.79	162.74	405.33
Dividends received	-	-	30.60	-	30.60	79.67	163.41
Net cash from investing activities	**(3,966.20)**	**(7,719.77)**	**(5,176.04)**	**(4,021.67)**	**(4,443.70)**	**(2,732.29)**	**3,958.58**
C. Cash flows from financing activities							
Proceeds/(Redemption) from/of Issue of Preferences Share Capital	-	-	-	-	-	(1,000.00)	3.06
Movement in borrowings	(3,125.67)	(7,559.46)	(2,340.49)	3,261.23	2,054.34	533.65	(8,359.25)
Interest paid	(1,118.15)	(3,443.71)	(2,380.25)	(3,233.23)	(2,663.07)	(3,148.53)	(2,323.52)
Lease rental received	-	-	-	-	-	0.92	1.83
Dividends paid	-	-	-	(1,011.50)	(758.63)	(628.34)	(252.88)
Proceeds from Issuance of share capital	-	10,460.88	-	-	-	-	-
Tax on dividend paid	-	-	-	(132.19)	(97.19)	-	-
Net cash used in financing activities	**(4,243.82)**	**(542.29)**	**(4,720.74)**	**(1,115.69)**	**(1,464.56)**	**(4,242.30)**	**(10,930.76)**
Net increase in cash and cash equivalents (A + B + C)	**61.25**	**(170.99)**	120.01	59.90	(143.94)	56.62	(357.72)
Cash and cash equivalents at the beginning of the year	**54.17**	**225.16**	105.15	45.25	189.20	132.58	271.83
Cash and cash equivalents taken over on amalgamation	-	-	-	-	-	-	218.47
Cash and cash equivalents at the end of the year	**115.42**	**54.17**	**225.16**	**105.15**	**45.25**	**189.20**	**132.58**
Components of cash and cash equivalents as at*	**June 30, 2008**	**December 31, 2007**	**December 31, 2006**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
Cash and cheques on hand	2.08	2.28	**4.55**	11.38	6.94	57.15	63.76
With banks - on current account	113.34	51.89	**220.61**	93.77	38.31	131.94	68.71
-Post Office Saving bank Account			**-**	-	-	0.11	0.11
	115.42	**54.17**	**225.16**	**105.15**	**45.25**	**189.20**	**132.58**

* Cash and cash equivalent does not include deposits pledged with government authority and unpaid dividend accounts.

Consolidated Financial and Operating Data

Restated Consolidated Summary Statements Of Assets And Liabilities And Profits And Losses, For The Years/ Periods Ended December 31, 2007, December 31, 2006, March 31, 2006, March 31, 2005, March 31, 2004 And March 31, 2003 And Six Months Ended June 30, 2008

AUDITOR'S REPORT

(as required by Part II of Schedule to the Companies Act, 1956)

To,

Board of Directors
Federal-Mogul Goetze (India) Limited
A 26/3 Mohan Cooperative Industrial Estate
New Delhi- 110044

Dear Sirs,

1. We have examined the attached Restated consolidated financial information of Federal-Mogul Goetze (India) Limited ('Company'), its subsidiaries consisting of Federal Mogul TPR India Limited and Satara Rubber and Chemicals Limited and its associates consisting of GI Power Corporation Limited, GI Wind Farms Limited and GTZ Securities Limited (together referred to as 'the Group'), annexed to this report for the periods/ years ending, December 31, 2007, December 31, 2006, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 and six months period ended June 30, 2008, as approved by the Board of Directors of the Company in accordance with the requirements of:

a) Paragraph B (1) of part II of schedule II of the Companies Act, 1956 (the Act) and

b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI'), as amended to date.

2. We have examined such restated financial information taking into consideration:

a) The term of reference dated June 15, 2008 received from the Company, requesting us to carry out the assignment, in connection with the offer document being issued by the Company for its proposed Right issue offer and

b) The Guidance Note on Reports in Company prospectuses (Revised) issued by the Institute of Chartered Accountant of India.

The Company proposes to make a right issue of equity shares of Rs. 10 each at such as issue price to be decided, arrived by the 100% book building process (referred to as the 'offer').

Financial information as per audited financial statements:

3. The restated financial information of the Group have been extracted by the management from the financial statements for the periods/ years ending, December 31, 2007, December 31, 2006, March 31, 2006, March 31, 2005, March 31, 2004, March 31, 2003 and six months period ended June 30, 2008 and approved by the Board of Directors. Audit for the periods/ years ended March 31, 2003, March 31, 2004 and March 31, 2005 was conducted by previous auditors, M/s S.N. Dhawan & Company and accordingly reliance has been placed on the consolidated financial statements audited by them for the said years. The consolidated financial information included for these years are based solely on the report submitted by them.

4. We did not audit the financial statements of Federal Mogul TPR India limited for the periods/ years ended March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006. These financial statements have been audited by another firm of Chartered Accountants, M/s S.N. Dhawan & Company, whose report for the respective years have been furnished to us.

5. We did not audit the financial statements of Satara Rubber and Chemicals Limited for the periods/ years ended March 31, 2005, March 31, 2006, December 31, 2006, December 31, 2007 and six months period ended June 30, 2008. These financial statements for the periods/ years ended March 31, 2005, March 31, 2006, December 31, 2006, December 31, 2007 have been audited by another firm of Chartered Accountants, M/s S.N. Dhawan & Company whose reports for the respective years have been furnished to us and for six months period ended June 30, 2008 have been audited by M/s V.P. Jain & Associates whose report for the period has been furnished to us.

6. We did not audit the financial statements of GI Power Corporation Limited for the year ended March 31, 2006. These financial statements have been audited by another firm of Chartered Accountants, M/s S.N. Dhawan & Company, whose report for the respective year has been furnished to us. *In addition to the above, the financial statement and other financial information of GI Power Corporation Limited for the period ended December 31, 2006, December 31, 2007 and six months ending June 30, 2008 have been relied upon, as certified by management in view of the statutory years end of the associates being March 31.*

7. We did not audit the financial statements of GTZ Securities Limited for the periods/ years ended March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006. These financial statements have been audited by another firm of Chartered Accountants, M/s S.R. Dinodia & Co., whose report for the respective year has been furnished to us. *In addition to the above, the financial statement and other financial information of GTZ Securities Limited for the period ended December 31, 2006, December 31, 2007 and six months ending June 30, 2008 have been relied upon, as certified by management in view of the statutory years end of the associates being March 31.*

8. We did not audit the financial statements of GI Wind Farms Limited for the periods/ years ended March 31, 2003 and March 31, 2004. These financial statements have been audited by another firm of Chartered Accountants, M/s S.R. Dinodia & Co., whose report for the respective year has been furnished to us and the management has performed restatements, to the extent considered necessary for the purpose of consolidation, on these audited financial statement.

9. In accordance with the requirements of paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

a) The Consolidated Restated Summary Statements of assets and liabilities of the Group as on March 31, 2003, 2004, 2005, 2006, December 31, 2006, December 31, 2007 and June 30, 2008 examined by us, as set out in Annexure II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Adjustments for Restated Consolidated Financial Information, Statement of Significant Accounting Policies, and Statement of Notes to the Consolidated Restated Summary Statement. (Refer Annexure III, IVA & IVB respectively)

b) The Consolidated Restated Summary Statement of Profit or Loss of the Group for each periods / years ended on March 31, 2003, 2004, 2005, 2006, December 31, 2006, December 31, 2007 and six months period ended on June 30, 2008 examined by us, as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Adjustments for Restated Financial Information, Statement of Significant Accounting Policies, and Statement of Notes to the Restated Summary Statement. (Refer Annexure III, IVA & IVB respectively)

c) The Consolidated Restated Cash Flow Statement of the Group for each periods / years ended on March 31, 2003, 2004, 2005, 2006, December 31, 2006, December 31, 2007 and six months period ended on June 30, 2008 examined by us, as set out in Annexure IV C to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Adjustments for Restated Financial Information, Statement of Significant Accounting Policies, and Statement of Notes to the Restated Summary Statement. (Refer Annexure III, IVA & IVB respectively)

d) Based on above, we confirm that the consolidated restated financial information has been made after incorporating

   a. The impact arising on account of changes in accounting policies adopted by the Company as at and for the period ended June 30, 2008 applied with retrospective effect in the summary statements.

   b. Adjustments for the material amounts in the respective financial years to which they relate.

c. There are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

d. The qualifications and material adjustments relating to the relevant previous years have been made in the summary statements.

10. We have not audited any financial statements of the Company or its subsidiary as of any date or for any period subsequent to June 30, 2008. Accordingly, we express no opinion on the financial position, results of operations or cash flow of the Company or its subsidiary as of any date or for any period subsequent to June 30, 2008.

11. In our opinion, the financial information as disclosed in the annexures to this report read with the Statement of Significant Accounting Policies, Statement of Notes to the Consolidated Restated Summary Statements (Refer Annexure III, IVA & IVB respectively) prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

12. This report should not be in any way be construed as a reissuance or relating to any of the previous audit reports issued by us or other auditors mentioned in Paragraph 3 above nor should this report be construed as a new opinion on any of the financial statements referred to herein.

13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

14. This report is intended solely for your information for inclusion in the Offer Document in connection with the proposed Rights Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. BATLIBOI & CO.
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. 91813
Place: Gurgaon
Date: October 15, 2008

Annexure I: Restated Consolidated Summary statement of Profits and Losses

Amount in Rs lakh

Particulars	**Six months period ended June 30, 2008**	**Twelve months year ended December 31, 2007**	**Nine months period ended December 31, 2006**	**Twelve months year ended March 31, 2006**	**Twelve months year ended March 31, 2005**	**Twelve months year ended March 31, 2004**	**Nine months period ended March 31, 2003**
INCOME							
Turnover	41,579.73	71,604.60	52,446.71	53,932.08	52,254.35	47,103.11	26,636.47
Less : Excise duty	4,645.51	9,321.10	7,342.33	7,054.68	6,896.00	6,047.98	3,314.73
Total	**36,934.22**	**62,283.50**	**45,104.38**	**46,877.40**	**45,358.35**	**41,055.13**	**23,321.74**
Other Income	933.57	2,273.42	1,094.91	857.76	1,085.18	1,201.37	875.58
Total Income	**37,867.79**	**64,556.92**	**46,199.29**	**47,735.16**	**46,443.53**	**42,256.50**	**24,197.32**
EXPENDITURE							
Raw materials and components consumed	9,080.48	20,072.30	14,393.77	12,170.56	10,644.90	9,781.63	7,659.06
Personnel expenses	7,560.14	13,650.26	9,440.67	11,516.22	10,744.81	10,598.39	5,383.55
Operating and other expenses	15,14.93	22,238.16	16,000.01	21,012.62	16,485.05	14,162.83	7,495.19
Decrease/(increase) in inventories	349.63	307.72	1,026.19	(3,996.52)	(937.42)	(889.90)	(2,432.50)
Depreciation and amortization	2,398.70	4,691.19	3,106.38	3,722.33	2,949.92	2,540.86	1,552.64
Increase of excise duty on finished goods	(205.13)	46.05	(354.10)	509.70	122.28	137.41	139.20
Financial expenses	1,688.76	4,324.28	2,828.87	3,758.88	3,399.52	3,714.01	2,663.12
Total Expenditure	**36,014.51**	**65,329.96**	**46,441.79**	**48,693.79**	**43,409.06**	**40,045.23**	**22,460.26**
Profit before tax	**1,853.28**	**(773.04)**	**(242.50)**	**(958.63)**	**3,034.47**	**2,211.27**	**1,737.06**
Provision for tax	376.25	363.93	244.01	78.46	303.05	198.95	142.09
Deferred Tax charge/(credit)	(27.81)	(49.80)	(3.26)	1,417.11	794.82	772.59	286.65
Fringe benefit tax	52.21	110.49	65.09	174.50	-	-	-
Net Profit/(Loss) for the year/period	**1,452.63**	**(1,197.66)**	**(548.34)**	**(2,628.70)**	**1,936.60**	**1,239.73**	**1,308.32**
Minority Interest	(245.98)	(242.01)	(165.87)	(152.43)	(46.24)	(68.65)	(78.44)
	1,206.65	**(1,439.67)**	**(714.21)**	**(2,781.13)**	**1,890.36**	**1,171.08**	**1,229.88**
Brought Forward (Loss) from Previous Period	(3,366.97)	(1,857.10)	(1,074.47)	(284.68)	(112.91)	435.12	1,959.07
Opening Retained earning adjustment	-	-	-	-	-	-	(1,984.65)
Adjustment for Subsidiary Interest	-	-	-	-	22.21	-	(1.37)
Transferred from Debenture Redemption Reserve	-	-	-	-	208.33	208.34	833.33
Amount available for appropriation	**(2,160.32)**	**(3,296.77)**	**(1,788.68)**	**(3,065.81)**	**2,007.99**	**1,814.54**	**2,036.26**
Appropriations							
- Proposed dividend on preference shares	-	60.00	60.00	-	-	59.32	27.12

- Proposed dividend on equity shares	-		-	60.00	1,129.11	758.64	505.75
- Tax on dividends	-	10.20	8.42	8.42	163.56	109.49	68.27
Adjusted against general reserve	-		-	(2,059.76)	1,000.00	1,000.00	1,000.00
Debenture Redemption Reserve	-		-	-	-	-	-
Profit/(Loss) carried to Balance Sheet	**(2,160.32)**	**(3,366.97)**	**(1,857.10)**	**(1,074.47)**	**(284.68)**	**(112.91)**	**435.12**
Basic and Diluted Earnings per share (Rs.)	4.45	(4.64)	(2.17)	(10.40)	7.66	4.90	5.17
Cash Earnings per share (Rs.)	11.72	13.35	10.10	9.93	22.47	18.01	12.45
Return on net worth %	7.19	(6.38)	(5.52)	(24.92)	15.04	10.15	10.14
Net asset value per equity share (Rs)	61.96	72.74	39.28	41.71	50.94	48.30	51.02

Note:-

1.The accompanying Significant Accounting Policies (Annexure IV A) and Notes to Accounts (Annexure-IV B) and Adjustments for Restated Financial Statements (Annexure III) form an integral part of this statement.

Annexure II: Restated Consolidated Summary statement of Assets and Liablities

Amount in Rs lakh

Particulars	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
APPLICATION OF FUNDS							
Fixed Assets :							
Gross Block	65,812.53	63,154.87	58,849.85	54,652.09	51,181.77	44,038.08	42,518.91
Less : Depreciation	25,807.13	24,399.88	21,255.36	18,479.67	15,891.00	13,027.93	11,792.83
Net Block	**40,005.40**	**38,754.99**	**37,594.49**	**36,172.42**	**35,290.77**	**31,010.15**	**30,726.08**
Capital work in progress including capital advances	3,329.30	3,002.57	1,910.80	697.40	1,587.78	1,378.97	794.43
Total	**43,334.70**	**41,757.56**	**39,505.29**	**36,869.82**	**36,878.55**	**32,389.12**	**31,520.51**
Investments:	1,214.88	1,226.49	1,501.50	1,474.99	1,704.26	2,696.38	2,743.56
Deferred tax asset	-	-	-	-	1,056.23	1,851.05	2,623.65
Current Assets, Loans and Advances:							
Inventories	13,986.34	13,637.20	14,337.12	14,572.59	10,264.00	7,972.36	6,208.06
Sundry Debtors	9,064.13	9,355.87	7,551.17	7,375.29	9,545.20	7,255.51	5,894.86
Cash & Bank Balances	257.15	227.12	368.62	297.87	148.48	458.77	275.13
Other current assets	407.78	358.69	56.48	103.28	51.43	55.49	75.06
Loans and Advances	3,280.71	3,693.30	2,942.36	2,948.98	3,098.69	2,511.84	3,279.56
Total (A)	**26,996.11**	**27,272.18**	**25,255.75**	**25,298.01**	**23,107.80**	**18,253.97**	**15,732.67**
Current Liabilities and Provisions:							
Current Liabilities	20,242.97	17,773.28	14,303.51	7,456.34	6,934.44	6,035.07	7,542.85
Provisions	2,322.11	2,260.87	2,088.54	2,122.76	3,413.56	3,158.34	2,430.94
Total (B)	**22,565.11**	**20,034.15**	**16,392.05**	**9,579.10**	**10,348.00**	**9,193.41**	**9,973.79**
Net Current Assets (A-B)	**4,431.00**	**7,238.03**	**8,863.70**	**15,718.91**	**12,759.80**	**9,060.56**	**5,758.88**
Total	**48,980.58**	**50,222.08**	**49,870.49**	**54,063.72**	**52,398.84**	**45,997.11**	**42,646.60**
SOURCES OF FUNDS							
Deferred Tax Liabilities	280.01	307.81	357.61	360.87	-	-	-
Loan Funds					-	-	-
Secured Loans	24,416.99	23,083.24	28,514.42	36,711.42	33,572.80	24,683.65	17,906.36
Unsecured loans	4,071.24	8,071.34	11,066.65	6,442.83	5,945.47	9,099.03	11,838.09
Total	**28,488.23**	**31,154.58**	**39,581.07**	**43,154.25**	**39,518.27**	**33,782.68**	**29,744.45**
Net worth	**20,212.34**	**18,759.69**	**9,931.81**	**10,548.60**	**12,880.57**	**12,214.43**	**12,902.15**
Represented by							
Equity Share Capital	3,262.09	3,262.09	2,528.75	2,528.75	2,528.75	2,528.75	3,528.75
Reserves and Surplus	17,320.19	17,320.19	7,957.80	7,957.80	9,652.41	8,860.74	8,069.08
Profit and loss account	(2,160.32)	(3,366.97)	(1,857.10)	(1,074.47)	(284.68)	(112.91)	435.12
Minority Interest	1,790.34	1,544.38	1,302.36	1,136.51	984.07	937.84	869.19
Net worth	**20,212.34**	**18,759.69**	**9,931.81**	**10,548.60**	**12,880.57**	**12,214.43**	**12,902.15**

The accompanying Significant Accounting Policies (Annexure IV A) and Notes to Accounts (Annexure-IV B) and Adjustments for Restated Financial Statements (Annexure III) form an integral part of this statement.

Annexure III: Adjustments for Restated Consolidated Financial Statements

2. Below mentioned is the summary of results of restatement made in the audited consolidated accounts for the respective years and its impact on the profits/ losses of the Company

Amount in Rs lakh

S No.	Particulars	Six months ended	Twelve months ended	Nine months ended	Twelve months ended	Twelve months ended	Twelve months ended	Nine months ended	Retained earnings as at
		June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003	June 30, 2002
	Reported profit/ (loss) after tax and minority interest as per audited Profit and Loss Account	**1,270.23**	**(1,671.62)**	**(440.33)**	**(4,834.16)**	**2,186.44**	**1,593.74**	**1,282.17**	
	Reported retained earnings as at June 30, 2002								1,959.07
1	**Effects of changes in accounting policies**								
-	Voluntary retirement expenses expensed off in the year in which they are incurred (refer note 2a(i) below)	-	-	-	1,599.65	(217.40)	(138.51)	(129.27)	(1,114.48)
-	Commission/ upfront fee expesnsed off in the year in which incurred (refer note 2a(ii) below)	-	-	-	461.90	(124.37)	(99.68)	(168.39)	(69.45)
-	Development expenses expensed off in the year in which incurred (refer note 2a(iii) below)	-	-	-	59.95	40.68	77.65	40.90	(219.20)
-	Technical fee expensed off in the year in which incurred (refer note 2a(iv) below)	-	-	-	-	10.75	29.75	24.60	(64.98)
-	Share issue expenses expensed off in the year in which incurred (refer note 2a(v) below)	-	-	-	-	-	8.65	6.49	(15.12)
-	Preliminary expenses (refer note 2a(vi) below)	-	-	-	-	-	0.42	0.59	(1.01)

2	**Prior period expenses (refer note 3a below)**	42.52	20.64	(37.70)	862.34	(359.27)	286.26	(16.01)	(798.78)
3	**Unspent liabilities/ provisions no longer required wriiten back (refer note 3b below)**	(200.75)	158.98	7.54	(82.31)	52.08	(10.26)	(28.21)	102.93
4	**Provision for assets held for sale (refer note 3c below)**	14.24	(14.24)	(232.45)	258.07	250.00	-	-	(275.62)
5	**Income tax interest allocated over various years (refer note 3d below)**	(39.55)	(147.33)	(18.36)	23.81	(84.31)	(23.89)	12.09	277.53
6	**Impact of adjustments on minority interest (refer note 4j below)**	-	-	8.80	(16.20)	(18.72)	13.80	(13.99)	54.00
7	**Adjustment on account of revision in AS 15 (refer note 3e below)**	119.95	239.90		(61.77)	1.63	(772.03)	194.94	(562.29)
	Pre-tax impact	**(63.59)**	**257.95**	**(272.17)**	**3,105.44**	**(448.93)**	**(627.84)**	**(76.26)**	**(2,686.47)**
8	**Tax impact of adjustments (refer note 3f below)**	**-**	**-**	**(11.01)**	**(1,282.35)**	**165.52**	**207.12**	**37.31**	**887.23**
9	**Income tax expenses / income charged of in the year to which it pertains (refer note 3e below)**	**-**	**(26.00)**	**9.30**	**229.94**	**(12.67)**	**(1.94)**	**(13.34)**	**(185.29)**
	Total	**(63.59)**	**231.95**	**(273.88)**	**2,053.03**	**(296.08)**	**(422.66)**	**(52.29)**	**(1,984.53)**
	Adjusted profits, as restated	**1,206.64**	**(1,439.67)**	**(714.21)**	**(2,781.13)**	**1,890.36**	**1,171.08**	**1,229.88**	**(1,984.53)**

2. **Adjustment resulting from changes in accounting policies**

a. Deferred revenue expenses expensed off

During the year ended March 31, 2006, the Company, for better presentation of its financial statements changed its hitherto followed accounting policy of amortizing deferred revenue expenditure over an estimated period of years to amortizing the said amounts to profit and loss account in the year in which the expenditure is incurred. Following adjustments have been made for the purpose of preparation of the restated summary consolidated financial statements:

(i) **Voluntary retirement expenses**

The Company changed its hitherto followed policy of amortising voluntary retirement expenses over a period of 60 months to charging off the said expenditure in the year in which these are incurred.

For the purpose of these restated summary consolidated financial statements, the revised policy has been applied retrospectively.

(ii) **Commission, upfront fee**

The Company changed its hitherto followed policy of amortising commission, upfront fees, processing and syndication fee on term loans over the period of underlying loans to charging off such expenditure in the year in which these are incurred.

For the purpose of these restated summary consolidated financial statements, the revised policy has been applied retrospectively.

(iii) **Development expenses**

The Company changed its hitherto followed policy of amortising development expenses over a period of six years to charging off such expenditure in the year in which these are incurred.

For the purpose of these restated summary consolidated financial statements, the revised policy has been applied retrospectively.

(iv) **Technical know how fee**

Pursuant to change in accounting policy as stated in para 2(a) above, technical know how fee amortized in earlier years has been charged off in the year in which these are incurred.

For the purpose of these restated summary consolidated financial statements, the revised policy has been applied retrospectively.

(v) **Share issue expenses**

Pursuant to change in accounting policy as stated in para 2(a) above, share issue amortized in earlier years has been charged off in the year in which these are incurred.

For the purpose of these restated summary consolidated financial statements, the revised policy has been applied retrospectively.

(vi) **Preliminary expenses**

The Company changed its hitherto followed policy of amortising preliminary expenses over a period of six years to charging off the said expenses in the year in which the same are incurred.

For the purpose of these restated summary consolidated financial statements, the revised policy has been applied retrospectively.

b. **Revaluation of fixed assets**

During the year ended March 31, 2006, the Company, towards better presentation of financial statements changed its hitherto followed policy of showing certain fixed assets at revalued costs to historical cost.

For the purpose of these restated summary consolidated financial statements, the revised policy has been applied retrospectively.

c. **Capitalisation of exchange differences**

During the period ended December 31, 2007**,** In view of notification issued by the Ministry of Corporate Affairs dated December 07, 2006 prescribing the Companies (Accounting Standards) Rules 2006, the Company has changed the hitherto accounting policy of adjusting foreign exchange difference, arising on restatement/settlement of foreign exchange liability relating to fixed assets, to the carrying value of assets to recording such differences in the profit and loss account.

For the purpose of these restated summary statements, the revised policy, where material, has been applied retrospectively.

3. **Other adjustments**

a. **Prior period Income and expenses**

In the restated summary consolidated financial statements for the years/ periods ended June 30, 2008, December 31, 2007, December 31, 2006, March 31, 2006, 2005, 2004 and 2003, certain items of income/ expenses have been identified as prior period items.

For the purpose of these restated summary consolidated financial statements, such prior period items have been appropriately adjusted in the respective years/periods, to which these amounts pertain.

b. **Unspent liabilities/ provisions no longer required written back**

In the restated summary consolidated financial statements for the years/ periods ended June 30, 2008, December 31 2007, December 31, 2006, March 31, 2006, 2005, 2004 and 2003, certain liabilities/provisions created in earlier years were written back.

For the purpose of these restated summary consolidated financial statements, the said liabilities wherever required have been appropriately adjusted in the respective years/periods in which the same were originally created.

c. **Provision for assets held for sale**

The Company had a vegetable oil division at Alwar (Rajasthan). The Company discontinued production in this division in 1999. During the year ended June 30, 2000, plant and machinery (cost as on June 30, 1999 Rs 1,017.33 lakh and accumulated depreciation Rs 309.54 lakh) was retired from active use and were reclassified as assets held for sale. These assets were valued at then net realizable value of Rs 525 lakh. Impairment losses of Rs 250 lakh and Rs 258.07 lakh were also provided during the years ended March 31, 2005 and 2006 respectively.

During the period ended December 31, 2006, the Company sold off the entire division and recovered Rs 232.45 lakh for the abovesaid plant and machinery.

For the purpose of these consolidated restated summary statements, the amounts of provisions subsequently made against the machinery and the gain on the said machinery have been restated in the period/ year when the provision was first made in the books of accounts.

Also other (losses) / gains on assets held for sale have been taken to respective years to which they relate.

d. Income tax refunds/ provision

In the financial statements for the years/ period ended December 31, 2007, December 31, 2006, March 31, 2006, 2005, 2004 and 2003, certain provision for income tax income/ expenses have been identified as prior period items.

For the purpose of these restated summary statements, such prior period items have been appropriately adjusted in the respective years/periods, to which these amounts pertain.

Interest received on income tax refunds has been adjusted over the period of interest in the various years.

e. **Revision in Accounting Standard 15**

During the period ended December 31, 2007, pursuant to the introduction of Accounting Standard 15 (Revised) on Employee Benefits and subsequent guidance issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, the management obtained expert advice and accounted for the reassessed liabilities during the said period.

For the purpose of these consolidated restated summary statements, the said liabilities have been adjusted in the years/ periods ended March 31, 2003, 2004, 2005 and 2006.

f. Tax impact of adjustments

Tax impact (both current and deferred) has been computed on Consolidated Restated Financial Statements for the years/ periods ended June 30, 2008 December 31, 2007, December 31, 2006, March 31, 2006, 2005, 2004 and 2003 and the balance brought forward in Profit and Loss Account as at June 30, 2002.

4. Material regroupings

a. Up to the year ended March 31, 2005, customer bills discounted from banks were being netted off against sundry debtors. During the year ended March 31, 2006, customer bills discounted were included in Secured Loans. In the statement of consolidated assets and liabilities, as restated, for the years/ periods ended March 31, 2005, 2004 and 2003, such customer bills discounted has been regrouped and disclosed accordingly.

b. Up to the year ended March 31, 2005, commission payable on sales was being included in operating and other expenses. During the year ended March 31, 2006, the direct commission was reduced from turnover. In the statement of consolidated profits and losses, as restated, for the years/ periods ended March 31, 2005, 2004 and 2003, such expense has been regrouped and disclosed accordingly.

c. Up to the year ended March 31, 2004, interest income of the Company was being netted off against interest expenses. During the year ended March 31, 2006, interest income was included under other income. In the statement of consolidated profits and losses, as restated, for the years/ periods ended March 31, 2005, 2004 and 2003, such income has been regrouped and disclosed accordingly.

d. Up to the period ended March 31, 2003, amount payable on account of gratuity was being grouped under creditors. During the year ended March 31, 2004, this was grouped under provisions. In the statement of consolidated assets and liabilities, as restated, for the period ended March 31, 2003, such amount has been regrouped and disclosed accordingly.

e. Up to the period ended March 31, 2003, interest accrued on investments was being grouped under Loans and Advances. During the year ended March 31, 2004, such amount was grouped under other current assets. In the statement of consolidated assets and liabilities, as restated, for the period ended March 31, 2003, such amount has been regrouped and disclosed accordingly.

f. Upto the year ended March 31, 2006, DEPB benefits receivable and Insurance Claim Receivable were being grouped under Loans and Advances. During the period ended December 31, 2006, such amount was grouped under Other Current Assets. In the statement of consolidated assets and liabilities, as restated, for the years/ period ended March 31, 2006, 2005, 2004 and 2003, such amount had been regrouped and disclosed accordingly.

g. Up to the year ended March 31, 2005, the Income of the Company was being classified as Sale, Business income and Other income. During the year ended March 31, 2006, the Income of the Company was classified into Sale, Job work income and Other income. In the statement of consolidated profits and losses, as restated, for the years/ periods ended March 31, 2005, 2004 and 2003, such amounts have been reclassified and disclosed accordingly.

h. Up to the year ended March 31, 2005, stores, spares and tools consumed, power and fuel, repairs to machinery and repairs to building were being grouped in material, manufacturing and operating expenses. During the year ended March 31, 2006, this has been grouped under Operating and other expenses. In the statement of consolidated profits and losses, as restated, for the years/periods ended March 31, 2005, 2004 and 2003, these amounts have been regrouped and disclosed accordingly.

i. Up to the year ended March 31, 2005, Raw material and components consumed, (Increase) / decrease in closing stock and Increase/ (decrease) in excise duty on finished goods was being grouped under Material, Manufacturing and Operating expenses. During the year ended March 31, 2006, these amounts were disclosed separately in profit and loss account. In the statement of consolidated profits and losses, as restated, for the years/ periods ended March 31, 2005, 2004 and 2003, these amounts have been regrouped and disclosed accordingly.

j. During the year ended March 31, 2006, expenses being included under sales and administration expenses were reclassified to Operating & other expenses and finance expenses as applicable. In the consolidated summary statement of profits and losses, as restated for the years/ periods ended March 31, 2005, 2004 and 2003, such amounts have been reclassified and disclosed accordingly.

k. During the year ended December 31, 2007, expenses capitalised being included under personal expenses and operating expenses which were shown separately during the year / period ended December 31 2006, March 31 2006, 2005, 2004, 2003. In the statement of consolidated profits and losses, as restated for the years/ periods ended December 31 2006, March 31, 2006, 2005, 2004 and 2003, such amounts have been reclassified and disclosed accordingly.

l. Upto the year ended March 31, 2005, the share in profits/ (losses) of associates was being disclosed separately in the Profit and Loss account. During the year ended March 31, 2006, this was included in operating and other expenses. In the statement of consolidated assets and liabilities, as restated, for the years/ periods ended March 31, 2005, 2004 and 2003, such amount has been regrouped and disclosed accordingly.

5. Non adjustment items

a. Write off/ discard of assets

During the year ended March 31, 2006, the Company based on technical evaluation and usability study wrote off/ discarded assets having gross value Rs 1,958.22 lakh and net book value Rs 875.90 lakh.

Adjustment on this account has not been made in the restated summary statements, since, in the opinion of the Company, the assets were identified to be discarded in the said year and not in any of the earlier years/ periods.

b. Bad debts/ amounts written off

In the financial statements for the years/ periods ended June 30, 2008 December 31, 2007, December 31, 2006, March 31, 2006, 2005, 2004 and 2003, certain amounts have been written off / considered as bad debts

Adjustment on this account has not been made in the consolidated restated summary statements, since, in the opinion of the Company, these amounts became doubtful only in that year/ period in which provisions were made.

c. Provision for diminution in the value of investments

During the year ended March 31, 2006, the Company had created provision for diminution in the value of investments made by the Company in Nanz Food Products Limited, Rs 10 lakh.

For the purpose of these restated summary statements, upon reassessment of the financial position of the investee company during the years /periods ended March 31, 2006, 2005, 2004 and 2003, the provision for diminution in the value of investments has been adjusted in the years in which such diminution arose.

Adjustment on this account has not been made in the consolidated restated summary statements, since, in the opinion of the Company, the amounts were identified to be provided in the said year and not in any of the earlier years/ periods.

6. Auditor's qualifications

A) Auditors qualification which require corrective action

a. The Company has held 23.67% shares in GTZ Securities Limited since April 2000. The statutory auditors have qualified their opinion on the consolidated financial statements for the year ended March 31, 2006 on account of not accounting for investment in associate in Consolidated Financial Statements in accordance with Accounting Standard 23, Accounting for investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

Accordingly, adjustments have been made to these restated consolidated financial statements for the period ended March 31, 2003 as the above Accounting Standard came into effect in respect of accounting periods commencing on or after April 1, 2002.

B) Audit qualifications, which do not require any corrective adjustment in the financial information are as follows:

1. **Qualifications in the main Auditor's Report for the period ended June 30, 2008**

iii. **Excess managerial remuneration**

Auditor's report issued for the period ended June 30, 2008, was qualified on account of remuneration of Rs. 172.16 lakh paid to the managing director and whole time director is in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. Management has confirmation from these directors that they shall refund these amounts, to the extent of these being not approved by the Central Government, for which Company will take necessary approval from Central Government.

Adjustment on account of the above has not been made in the restated summary statements, as the Company is hopeful of receiving the approval for the same in view of the past experience, wherein, the Company successfully obtained approval from the Central Government as stated in Para 4(i) below.

2. **Qualifications in the main Auditor's Report for the period ended December 31, 2007**

i. Excess managerial remuneration

Auditor's report issued for the year December 31, 2007, was qualified on account of remuneration of Rs. 66.15 lakh paid to the managing director and ex-managing director is in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. Management has confirmed from these directors that they shall refund these amounts, to the extent of these being not approved by the Central Government. The Company is in process of obtaining necessary approval from Central Government.

Adjustment on account of the above has not been made in the restated summary statements, as the Company has applied for approval of the Central Government for the excess remuneration paid and is hopeful of receiving the same in view of the past experience, wherein, the Company successfully obtained approval from the Central Government as stated in Para 4(i) below.

3. **Qualifications in the main Auditor's Report for the period ended December 31, 2006**

i. Excess managerial remuneration

Auditor's report issued for the year December 31, 2006, was qualified on account of inclusion of Rs 99.16 lakh in Personnel costs and Rs 7.89 lakh in Operating and Other expenses towards director's remuneration which was in excess of permissible remuneration determined under Schedule XIII of The Companies Act, 1956. Management had obtained confirmation from these directors that they shall refund these amounts, to the extent of these being not approved by the Central Government, for which the Company was preparing necessary application**.**

Adjustment on account of the above has not been made in the restated summary statements, as the Company has obtained the approval in case of one of the director from Central Government and is hopeful of receiving the same for the other.

4. **Qualifications in the main Auditor's Report for the period ended March 31, 2006**

i. Excess managerial remuneration

Auditor's report issued for the year March 31, 2006, was qualified on account of inclusion of Rs 101 lakh in Personnel costs and Rs 12.80 lakh in Operating and Other expenses towards director's remuneration which was in excess of permissible remuneration determined under Schedule XIII of The Companies Act, 1956. Management had obtained confirmation from these directors that they shall refund these amounts, to the extent of these being not approved by the Central Government, for which the Company was preparing necessary application**.**

Adjustment on account of the above has not been made in the restated summary statements, since the Company has obtained the approval of the Central Government for the excess remuneration paid.

ii. Assets for which cost details are not available

As at March 31, 2006, fixed assets and capital work in progress amounting to Rs 800 lakh were recognized, being assets constructed by the Company, for which cost details were under compilation. This was qualified in the Auditor's report for the year ended March 31, 2006 as the impact that could arise on the completion of the details was unascertainable as at that date.

Adjustment on this account has not been made in the restated summary statements, since in the opinion of the management; no impact arises on account of the above in any of the years/ periods.

Annexure IV A: 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 issued by Companies Accounting Standards Rules, 2006 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 Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) " Consolidated Financial Statements" and Accounting Standard 23 (AS 23) " Accounting for investments in Associates in Consolidated Financial Statements".

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

Name	Relationship	%age	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Federal-Mogul TPR (India) Limited	Subsidiary	51 %	√	√	√	√	√	√	√
Satara Rubber and Chemicals limited	Subsidiary	100 %	√	√	√	√	√	-	-
Coupled Investments Private Limited	Subsidiary	100%	-	-	-	-	-	-	-
GI Power Corporation Limited	Associate	26%	√	√	√	√	-	-	-
GTZ Securities Limited	Associate	23.67%	√	√	√	√	√	√	√
GI Windfarms	Associate	49.98%		-	-	-	-	√	√

(i) 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.

(ii) The accounting policies have been consistently applied by the Company and its subsidiaries and except for the changes in the accounting policy discussed more fully below, 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 end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Tangible assets and depreciation

i) 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.

d) Depreciation

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

Asset Class	Rate prescribed in Schedule XIV of Companies Act, 1956 (%)	Rates used (%)
(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	6.33	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	10.34
(v) Vehicles – Employee	9.50	33.33
- Material Handling Vehicles	9.50	11.31
- Others	9.50	9.50
(vi) Office Equipment	4.75	4.75
(vii) Computers	16.21	16.21
(viii) Dies and Moulds	11.31	11.31

ii) Assets above include those acquired from Escorts Mahle Limited.
iii) Plant and Machinery also includes self constructed machinery.
iv) Depreciation on the amount of adjustment to fixed assets on account of capitalisation of insurance spares is provided over the remaining useful life of related assets.
v) 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 asset exceeds 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) Intangible assets

Intangible assets are stated at cost less impairment if any. Cost comprises the purchase price and other directly attributable costs.
Acquired design and drawings are valued at cost less accumulated amortization and any impairment losses. These are amortized equally over a period of 5 years.
Software is amortized over a period of 5 years.

g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased 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.

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 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 purchase price and other direct costs and is determined on a moving weighted average cost basis.
Work-in-progress, finished and trading goods.	At cost or net realisable value, whichever is lower. 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.
Reusable scrap	At net realizable value.

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

j) Revenue recognition

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

a) Sale of Goods:

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of excise duty, sales tax and other levies. For the purpose of these financial statements, sales are disclosed, both gross and net of excise duty.

b) Interest:

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

c) Dividends:

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date.

d) 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.

k) Foreign currency transactions

(i) Initial recognition

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

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; 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 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) Forward exchange contracts not intended for trading

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

l) Retirement and other employee benefits

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

(ii) Gratuity liability under the Payment of Gratuity Act is accrued on the basis of an actuarial valuation made at the end of each financial year.

(iii) 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.

(iv) 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 heads.

m) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax.

Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

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 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 certainity 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 recognizes 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

n) 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 other 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 loss 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.

o) Provisions

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

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

q) Excise Duty

The excise duty related to the difference between closing and opening stock has been separately disclosed in the profit and loss account.

Annexure IV B: Statement of notes to restated summary consolidated financial statements

1. Amalgamation of Escorts Pistons Limited (EPL) and Coupled Investments Private Limited (CIPL) with the Company

a. During the period ended March 31, 2003, the Company purchased 100% shares in Escorts Pistons Limited through its 100% subsidiary Coupled Investments Private Limited (CIPL) and consequently EPL became an indirect wholly owned subsidiary of GIL.

b. Pursuant to the scheme of amalgamation of the erstwhile EPL and CIPL with the Company, as approved by the shareholders and subsequently sanctioned by the Hon'ble High Court of Delhi on 13th May,2003, the assets and liabilities of the erstwhile EPL and CIPL were transferred to and vested in the Company with effect from the Appointed Date, 1st November, 2002. The scheme has, accordingly, been given effect to in these accounts.

c. The amalgamation was accounted for under the 'purchase method' as prescribed by Accounting Standard (AS14) issued by The Institute of Chartered Accountants of India. Consequently, 4,35,17,816 Equity Shares of Rs.10/- each and 52,50,000 Redeemable cumulative preference shares of Rs.100/- each of EPL purchased by CIPL during the year and 55,220 Equity Shares of Rs.10/- each of CIPL (including 50,200 bonus shares allotted by CIPL to the Company) amalgamation amounted to Rs.14,820.26 lakh against which net assets of the value of Rs. 14,853.13 lakh had been acquired. The assets and liabilities were incorporated in the books of the Company at their book values except certain fixed assets, the values of which had been adjusted to reflect their fair value.

d. The difference between the consideration and the value of net identifiable assets acquired, amounting to Rs.32.87 lakh, was transferred to the Capital Reserve.

e. Pending completion of the relevant formalities for transfer of some of the assets and liabilities acquired pursuant to the scheme of amalgamation, such assets and liabilities continue to be in the name of erstwhile EPL.

2. Reassessment of transfer of risks and rewards

During the year ended March 31, 2006, pursuant to the management reassessment of transfer of risk and rewards on sale of goods, sales of Rs 3,899.42 lakh were derecognized and stock amounting to Rs 2,943.62 lakh was reversed in the books of the Company. The corresponding impact of the same in previous years is not ascertainable.

3. Segmental information

Based on the guiding principles given in Accounting Standard on 'Segmental Reporting' (AS-17), issued by the Institute of Chartered Accountants of India, the Company's primary business segment is manufacturing of auto components. The Company operates in one geographical segment and thus the disclosure requirement of Accounting Standard (AS-17) is not applicable.

4. Contingent liabilities

a. Claims/notices contested by the Company

Amount in Rs lakh

Particulars	June30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Excise duty	656.65	882.49	508.6	447.78	325.86	608.78	468.49
Sale Tax	118.27	118.27	118.87	97.62	197.3	-	-
ESI Cases	40.53	7.56	63.3	75.25	39.34	30.11	37.86
Employee related cases	72.67	119.52	88.45	61.23	13	13	13
Electricity Demand	52.24	52.24	52.24	52.24	56.87	56.87	56.87
Income tax demand	396.31	285.80	320.87	361.09	123.68	134.2	152.84
Consumer cases	60.91	64.98	60.91	60.91	60.91	60.91	60.91
Bank Guarantees	518.06	900.43	193.18	133.17	112.22	126.81	115.02
Other Excise duty liabilities of Subsidiary	204.89	8.81	2.72	14.24	12.23	-	9.99

The Company has executed surety bonds in favour of sales tax authorities on behalf of GossiniFashion Limited (earlier AN-GIP Leather (India) Limited) for Rs 1.5 lakh.

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

i) Show cause notice received in respect of excise duty benefit in relation to deduction of Trade Discounts for the period 2000-2001 to 2003-2004. The matter is pending for personal hearing with the Joint Commissioner. The Company has taken legal opinion and is advised that it has fair chance of a favorable decision. The amount involved is Rs. 33.74 lakh. (Previous period Rs. 33.74 lakh)

ii) Matter pending with Central Excise & Service Tax Appellate Tribunal (CESTAT) in respect of valuation rates employed for certain products sold by the Company for the period 2004-2005 & 2005-2006. The amount involved is Rs. 2.60 lakh. (Previous period Rs. 2.60 lakh)

iii) Matter pending with Additional Commissioner of Central Excise (ADCCE) in respect of excise duty on scrap produced by the Company for the period 2000-2001 to 2002-2003. The amount involved is Rs.34.11 Lakh. (Previous period Rs. 34.11 lakh)

iv) Miscellaneous Excise Cases in respect of MODVAT credits being taken pending with Deputy Commissioner Central Excise Patiala (DCCE PTA)/ Additional. Commissioner/Punjab and Haryana High Court/Assistant commissioner central excise for the period 1987-1988 to 2006-2007. Amount involved Rs. 58.02 lakh. (Previous period Rs. 58.02 lakh)

v) Matters pending with Additional Commissioner, Chandigarh in respect of Service Tax on Royalty & Technical Know how from 1999-00 to 2004-05. Amount involved Rs. 39.95 Lakh. (Previous period Rs. 39.95 lakh)

vi) Matters pending with Joint Commissioner, Bengaluru in respect of Service Tax on Job Work for the period 2004-05.The Company is of the view that it has reasonable chances of success. Amount involved Rs. 18.01 Lakh. (Previous period Rs. 18.01 lakh)

vii) Matters pending with Additional Commissioner, Chandigarh in respect of Service Tax on Transport Services for the period 2005-06 & 2006-07. The Company is of the view that it has reasonable chances of success .Amount involved Rs. 5.50 Lakh. (Previous period Rs. 5.50 lakh)

viii) Matters pending with Additional Commissioner, Chandigarh in respect of Service Tax on Intellectual property services for the period 2006-07. Amount involved Rs. 3.45 Lakh. (Previous period Rs. 3.45)

ix) Matters pending with Joint Commissioner, Chandigarh in respect of Service Tax on business auxiliary services for the period 2006-07. Amount involved Rs. 19.08 Lakh. (Previous period Rs. 19.08)

x) Matters pending with CESTAT in respect of excise cases in relation cenvat credit availed on imported goods for the period 2006-07. Amount involved is Rs. 27.86 Lakh. (Previous period Rs. 27.86)

xi) Matters pending with CESTAT in respect of excise on non saleable piston relating to period 2005-06. Amount involved is Rs. 8.57 Lakh. (Previous period Rs. 249.74)

xii) Matters pending with Commissioner Chandigarh/ Deputy Commissioner Central Excise (DCCE) Patiala in respect of clearance of reprocessed goods without payment of duty for the period 2004-2005 to 2006-2007. Amount involved Rs. 8.82 Lakh. (Previous period Rs. 8.82 lakh)

xiii) Matters pending with Commissioner Appeals/ Joint Commissioner in respect of interest on reversal of Special Additional Duty (SAD) for 2000-01. Amount involved Rs. 9.37 Lakh. (Previous period Rs. 9.37lakh)

xiv) Matters pending with Supreme Court in respect of conversion of Aluminum Scrap into Ingots from Colts for 2000-01 & 2001-02. Amount involved Rs. 15.14 Lakh. (Previous period Rs. 15.14 lakh)

xv) Matters pending with CESTAT in respect of excise cases in relation to provisional assessment of excise duty with respect to turnover discount for the period 2001-2002 to 2006-2007. The Company has taken legal opinion in this regard and is confident of success. Amount involved is Rs. 334.04 Lakh. (Previous period Rs. 334.04 lakh)

xvi) Matter pending with Central Excise & Service Tax Appellate Tribunal (CESTAT) in respect of valuation rates employed for certain products sold by the Company for the period 2001-2003 to 2004-2005. The amount involved is Rs.6.12 lakh. (Previous period Rs. 6.12 lakh)

xvii) Matter pending with Central Excise & Service Tax Appellate Tribunal (CESTAT) in respect of non payment of service tax on management fee by the Company for the period 1998-1999 to 2002-2003. The Company has taken legal opinion in this regard and is confident of success. The amount involved is Rs. 16.94 lakh. (Previous period Rs. 16.94)

xviii) Miscellaneous excise cases pending with Additional Commissioner of Central Excise, Bengaluru in respect of evade payment of excise duty by the Company for the period 2006-2007. The Company has taken legal opinion in this regard and is confident of success. The amount involved is Rs. 15.33 lakh. (Previous period Rs. Nil)

c. In relation of 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 amount involved is Rs. 59.23 Lakh. (Previous period Rs. 59.23 lakh)

ii) In respect of Assessment Year 1999-00, on account of non-submission of C- forms and F- Forms, the matter is pending with JCCT. The amount involved is Rs. 38.39 Lakh. (Previous period Rs. 38.39 lakh)

iii) In respect of Assessment Year 2002-03 to 2006-07, on account of Entry tax, the matter is pending with Additional Commissioner. The amount involved is Rs. 20.65 Lakh. (Previous period Rs. 20.65 lakh)

d. In relation to above Employee State Insurance claims comprise of:

i) In respect of demand from Employee State Insurance, relating to non deposit of employee state insurance on certain employee related expenses pending with the Assessing Officer, Amount involved is Rs.40.53 lakh. (Previous period Rs. 7.56 lakh)

e. In relation of above Employee related cases comprise of:

i) Claims against the Company not acknowledged as debt, in respect of demands raised by the workers at amount involved is Rs.72.67 lakh. (Previous period Rs. 119.52 lakh)

f. In relation to above Electricity demand relates to:

i) In respect of a demand raised by Punjab Electricity Board (PSEB) for various years in relation to availment of additional load. Amount involved is Rs. 52.24 lakh. (Previous period Rs. 52.24 lakh)

g. In relation to above Income Tax cases disputed by the Company:

i) In respect of Assessment Year 2000-01, certain additions were made on normal income as well as on book profits. The matter is pending with ITAT and the Company is of the view that it has reasonable chance of success. The amount involved is Rs. 53.84 lakh. (Previous period Rs. Nil)

ii) In respect of Assessment Year 2002-03, certain additions were made on normal income as well as on book profits. The matter is pending with Commissioner Income Tax (Appeals) and the Company is of the view that it has reasonable chance of success. The amount involved is Rs.16.37 Lakh. (Previous period Rs. 16.37 lakh)

iii) In respect of A.Y. 2003-04, disallowance was made for carry forward losses as well as certain disallowances. The matter is pending with Commissioner Income Tax (Appeals) and the Company is of the view that it has reasonable chance of success. The amount involved is Rs.170.20 lakh. (Previous period Rs. 170.20 lakh)

iv) In respect of Assessment Year 2004-05, certain additions were made on normal income. The matter is pending with Commissioner Income Tax (Appeals) and the Company is of the view that it has reasonable chance of success. The amount involved is Rs.23.79 lakh. (Previous period Rs. 23.79 lakh)

v) In respect of Assessment Year 2005-06, certain additions were made on normal income. The matter is pending with Commissioner Income Tax (Appeals) and the Company is of the view that it has reasonable chance of success. The amount involved is Rs.21.60 lakh. (Previous period Rs. Nil)

vi) In respect of Assessment Year 1997-98, demand was raised due to disallowance of previous year expense made in regular assessment and also certain penalty proceedings on the above issue. The amount involved is Rs. 110.51. (Previous period Rs. 110.51 lakh)

For all matters above, the Company has been advised by experts and based on such opinion/advise, company has fair chance of favorable decision.

h. In relation to above Consumer cases filed against the company:

Matter pending with Delhi High Court relating to cases filed by Space 2000 a customer of the Company relating to defective goods for the period 1995-1996. Amount involved is Rs. 60.91 lakh. (Previous period Rs. 60.91 lakh)

i. In relation to above Excise Duty cases contested by the subsidiary company comprise of:

i) Matters pending with CESTAT in respect of excise cases in relation to provisional assessment of excise duty with respect to turnover discount for the period 2003-04 to 2006-2007. The company has taken legal opinion in this regard and is confident of success. Amount involved is Rs 6.91 lakh.(Previous year Rs 8.02 lakh)

ii) Show cause notice received in respect of excise duty benefit in relation to deduction of Trade Discounts for the period 2000-2002 to 2003-2004. The matter is pending for personal hearing with the Joint Commissioner. The company has taken legal opinion and is advised that it has fair chance of a favorable decision. The amount involved is Rs.2.42 lakh.(Previous year Rs 2.42 lakh)

iii) Show cause notice has been received in respect of payment of service tax on service rendered by Teikoko Piston Ring Company, Japan for the period for 2004-2005 to 2006-2007. This matter is pending before the Joint commissioner of service tax, Bengaluru. The company has taken a legal opinion and is advised that it has fair chance of favorable decision. The amount involved is Rs. 19.74 lakh(Previous year Nil)

iv) Show cause notice have been received in respect of payment of service tax on receiving management consultancy service from our company from the period 2004-2005 to 2006-2007. This matter is pending before the Commissioner of central excise, Bengaluru. The company has taken a legal opinion and is advised that it has fair chance of favorable decision. The amount involved is Rs. 67.54 lakh (Previous year 3.42 lakh).

v) Show cause notice has been received in respect of irregular availment of cenvat credit for the period May 2006-May 2007. This matter is pending before the Commissioner of central excise, Bengaluru. The company has taken a legal opinion and is advised that it has fair chance of favorable decision. The amount involved is Rs. 124.16 lakh (Previous year Nil).

vi) Show cause notice has been received in respect of irregular availment of service tax for the period April 2006-May 2006. This matter is pending before the Deputy Commissioner of central excise, Bengaluru. The company has taken a legal opinion and is advised that it has fair chance of favorable decision. The amount involved is Rs. 3.83 lakh (Previous year Nil).

vii) Show Cause notice have been issued in respect of cenvat credit on rejected goods received from customers for the period May 2006 to May 2007. The matter is pending with Deputy Commissioner of central Excise, Bengaluru. The amount involved is Rs Nil (Previous year Rs 3.39 lakh).

5. Related party transactions

During the years/ periods under review, the Company has entered into transactions with related parties.
Names of related parties:

i) Enterprises owned or significantly influenced by key management personnel or their relatives

- AN Enterprises Pvt Ltd
- An-Net Infotech Ltd
- Escorts Farms Ltd
- Hari Raj Investments & Consultants Pvt Ltd
- GI Insurance Services Limited
- Gossini Fashion Limited (earlier AN-GIP Leather (India) Limited)
- GI Power Corporation Limited
- Escorts limited
- AN Net Europe
- Joint Investment Private Limited
- Escorts Mahle Ltd
- GTZ Securities Limited
- GI Wind Farms Limited

ii) Key managerial personnel and their relatives
- Jean De Montlaur(w.e.f March 03, 2008)
- Rustin Murdock (w.e.f September 24, 2007)
- Anil Nanda (upto May 12, 2006)
- Arun Anand (upto September 24, 2007)
- Renu Anand (wife of Arun Anand)

iii) Co ventures and fellow subsidiaries
- Federal-Mogul Burscheid GMBH, Germany.

- Federal-Mogul Maysville.
- Federal-Mogul Operation S.r.L.
- Federal-Mogul Bimet S.A.
- Federal-Mogul Nurnberg, GMBH
- Federal-Mogul Wiesbaden GMBH, Germany
- Federal-Mogul Power Train System
- Federal-Mogul Holding Deutscland
- Federal-Mogul Valves (PTY) Ltd
- T & N Limited
- Federal-Mogul KK (Japan)
- SSCFRAN FM Financial Services SAS Veurey Voroize
- Federal-Mogul Gorzyee, S.A
- Federal-Mogul Friedberg, GMBH
- Federal-Mogul Holding Limited, Mauritius
- Federal-Mogul Sintered Products Limited
- Federal-Mogul Automotive Products Limited
- Federal-Mogul Sealing Systems, GMBH
- Federal-Mogul Friction Products Ltd
- Federal-Mogul Corporation Powertrain Systems
- Federal-Mogul Plant Van Wert, USA
- Federal-Mogul Powertrain Systems Schofield
- Federal-Mogul S.A.R.L.
- Federal-Mogul France, S.A.
- Federal-Mogul Corporation, Lake City
- Federal-Mogul Chivasso
- Federal-Mogul Corporation, Garennes
- Teikoku Piston Rings Limited
- T & N Investments

iv)Associates

- GI Power Corporation Limited (w.e.f. October 13, 2005)
- GTZ Securities Limited

v) Ultimate Holding Company

- Federal-Mogul Corporation, USA.

(Numbers in the adjoining schedule of Related Parties are in Rs. Lakh)

Fellow Subsidiary														
	Federal-Mogul Burscheid GMBH, Germany							Federal-Mogul Maysville						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	-	-	-	(60.62)	-	-	-	(2,912.52)	-	-	-	-	-	-
Purchase of raw material, intermediaries and finished goods	349.23	1,319.71	-	200.12	27.52	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	1,469.61	709.13	1,408.94	1,120.20	-	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation	366.07	9.20	-	-	-	-	-	30.14	-	-	-	-	-	-
Interest	62.19	-	-	-	-	-								
Other Expenses	-	5.58	-	-	-	-	-	(0.41)	57.04	-	-	-	-	-
Royalty Expense	193.05	280.29	175.69	355.35	324.37	331.62	52.58	-	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(3,907.30)	(2,107.25)	(912.35)	(318.69)	0.70	(117.49)	-	(145.14)	-	-	-	-	-	-

Fellow Subsidiary														
	FEDERAL-MOGUL OPERATION S.r.L							FEDERAL-MOGUL BIMET S.A						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Purchase of raw material, intermediaries and finished goods	93.35	63.00	-	-	-	-	-	92.54	64.99	-	-	-	-	-
Exchange Fluctuation	(1.52)	(1.62)	-	-	-	-	-	(0.58)	(0.12)	-	-	-	-	-
Other Expenses	(10.30)	-	-	-	-	-	-	(6.93)	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(21.83)	(57.75)	-	-	-	-	-	(40.38)	(4.10)	-	-	-	-	-

Fellow Subsidiary														
	Federal-Mogul Nurnberg, GMBH							Federal-Mogul Friedberg, Germany						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	(3.54)	-	-	-	-	-	-	(13.80)	-	-	-	-	-	-
Purchase of raw material, intermediaries and finished goods	116.32	80.43	-	-	-	-	-		-	-	-	-	-	-
Purchase of Fixed Assets	439.15	1382.41	73.62	-	-	-	-		-	15.83	-	-	-	-
Exchange Fluctuation	292.87	33.21	-	-	-	-	-	(0.52)	-	-	-	-	-	-
Other Expenses	(23.64)	-	-	-	-	-	-		-	-	-	-	-	-
Royalty Expense	148.93	260.31	124.3	-	-	-	-		-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(2,699.64)	(1,745.61)	(48.37)	-	-	-	-	7.67	-	(15.83)	-	-	-	-

Fellow Subsidiary														
	Federal-Mogul Wiesbaden GMBH, Germany							Federal-Mogul Power Train System						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	-	-	-	-	-	-	-	-	-	(24.32)	-	-	-	-
Purchase of raw material, intermediaries and finished goods	459.52	37.54	-	-	-	-	-	8.33	-	-	-	-	-	-
Purchase of Fixed Assets	-	191.06	40.60	-	-	-	-		0.44	5.46	-	-	-	-
Exchange Fluctuation	22.17	(0.15)	-	-	-	-	-	2.26	(0.12)		-	-	-	-
Other Expenses	(13.45)	(0.95)	-	-	-	-	-	12.65	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(328.18)	(218.03)	(31.59)	-	-	-	-	(21.80)	(0.93)	(5.46)	-	-	-	-

Fellow Subsidiary														
	Federal-Mogul Valves(PTY) Ltd							T & N IIMITED						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Exchange Fluctuation	0.42	(0.03)	-	-	-	-	-	2.08	-	-	-	-	-	-
Other Expenses	3.37	3.33	-	-	-	-	-	36.00	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(7.09)	(3.31)	-	-	-	-	-	(38.07)	-	-	-	-	-	-

	Fellow Subsidiary													
	FEDERAL-MOGUL KK (JAPAN)							SSCFRAN FM FINANCIAL SERVICES SAS VEUREY VOROIZE						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Exchange Fluctuation	-	-	-	-	-	-	-	2.56	-	-	-	-	-	-
Other Expenses	(44.23)	(17.87)	-	-	-	-	-	114.12	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	12.26	8.32	-	-	-	-	-	(116.68)	-	-	-	-	-	-

	Fellow Subsidiary							Other Fellow Subsidiary						
	Federal-Mogul Gorzyee													
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	(427.63)	(565.18)	(0.65)	-	-	-	-	(18.00)	(148.59)	(26.14)	-	-	-	-
Purchase of raw material, intermediaries and finished goods	-	-	-	-	-	-	-	18.81	129.29	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-	-	-	-	4.75	12.38	-	-	-	-
Exchange Fluctuation	(4.53)	(4.89)	-	-	-	-	-	7.42	1.14	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	(6.62)	(43.18)	-	-	-	-	-
Royalty Expense	-	-	-	-	-	-	-	-	-	99.65	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	140.58	365.14	0.65	-	-	-	-	(23.14)	(86.70)	18.98	-	-	-	-

Fellow Subsidiary														
	Federal-Mogul Sintered Products Limited							Total						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	-	-	-	-	-	-	-	(3,375.48)	(713.77)	(51.11)	(60.62)	-	-	-
Purchase of raw material, intermediaries and finished goods	6.45	-	-	-	-	-	-	1,144.55	1,694.96	-	200.12	27.52	-	-
Purchase of Fixed Assets	-	181.72	-	-	-	-	-	1,908.76	2,469.51	1,556.83	1,120.20	-	-	-
Exchange Fluctuation	2.32	(3.66)	-	-	-	-	-	748.67	32.95	-	-	-	-	-
Interest								62.19	-	-	-	-	-	-
Other Expenses	(0.14)	(0.43)	-	-	-	-	-	117.00	97.14	40.18	-	-	-	-
Royalty Expense	78.73	143.45	99.65	107.61	73.59	47.97	-	420.71	684.05	499.29	462.96	397.96	379.59	52.58
Balance outstanding as at the end of the year Receivables / (Payable)	(228.05)	(321.07)	-	-	-	(11.99)	-	(7,634.71)	(4,305.09)	(1,034.15)	(318.69)	0.70	(129.48)	-

Fellow Subsidiary							
	Federal-Mogul Holding Deutscland						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Exchange Fluctuation	27.52	-	-	-	-	-	-
Other Expenses	56.58	93.62	40.18	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(217.91)	(133.80)	(40.18)	-	-	-	-

Holding Company							
	Federal-Mogul Corporation						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	(139.56)	(2,699.01)	(334.87)	-	-	-	-
Purchase of raw material, intermediaries and finished goods	-	152.93	6.12	-	-	-	-
Purchase of Fixed Assets	-	1,672.22	571.39	-	-	-	-
Sale of Fixed Assets	-	(481.57)					
Exchange Fluctuation	191.11	(290.02)	-	-	-	-	-
Fund Paid/Received	-	-	2,371.03	-	-	-	-
Interest Expense	-	82.29	-	-	-	-	-
Other Expense	1.71	392.25	-	-	-	-	-
Balance outstanding as at the end of the year (Receivable)	12.18	1,291.32	-	-	-	-	-
Balance outstanding as at the end of the year (Payable)	(2,392.68)	(2,595.06)	(2,614.22)	-	-	-	-

Associate														
	G.I Power Corporation Limited							G.I Wind Farm Ltd						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Purchase of fixed assets	-	-	-	-	9.53	-	-	-	-	-	-	-		
Dividend received	-	-	-	-	-	-	(10.15)	-	-	-	-	-	-	(110.23)
Purchase of power	-	139.83	486.77	677.00	874.47	681.00	300.58	-	-	-	-	-	-	-
Expense incurred on behalf of other	-	13.21	-	9.37	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	56.45	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	(89.33)	-	-	-	-	-	-	(15.15)
Guarantees given/(obtained)	-	-	-	1,170.00	1,170.00	-	-	-	-	-	-	-	-	-
Investment as at year end	1,070.92	1,070.92	1,138.61	1,138.61	1,138.45	-	-	-	-	-	-	-		
Balance outstanding as at the end of the year Receivables / (Payable)	(13.21)	(13.21)	(67.87)	0.01	14.13	(49.27)	(307.76)	-	-	-	-	-	20.65	(278.00)

Associate														
	An Net Infotech							GTZ Securities Limited						
Particulars	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03
Purchase of fixed assets	-	-	-	-	-	10.32	-	-	-	-	-	-	-	-
Loans / ICD / given / repayment	-	-	-	-	-	-	-	-	-	-	(40.00)	(40.70)	-	-
Sale of Investment	-	-	-	-	-	-	-	-	-	-	(123.56)	-	-	-
Purchase of Investment	-	-	-	-	-	-	-	-	-	-	123.56	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	3.89	17.64	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-		(10.11)
Investment as at year end	-	-	-	-	-	-	-	46.15	46.15	46.15	46.15	46.15	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	-	-	-	-	-	(0.40)	-	-	-	-	0.70	40.70	(8.97)	(619.25)

Associate														
	An Net Europe							Escorts Mahle Limited						
Particulars	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03
Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	(672.22)
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	(700.00)
Loans taken	-	-	-	-	-	3.85	-	-	-	-	-	-	-	-

Associate							
	Total						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Sales	-	-	-	-	-	-	(672.22)
Purchase of fixed assets	-	-	-	-	9.53	10.32	-
Sale of fixed assets	-	-	-	-	-	-	(700.00)
Dividend received	-	-	-	-	-	-	(120.38)
Purchase of power	-	139.83	486.77	677.00	874.47	681.00	300.58
Expense incurred on behalf of other	-	13.21	-	9.37	-	-	-
Loans given	-	-	3.85	(40.00)	(40.70)	-	-
Sale of Investment	-	-	-	(123.56)	-	-	-
Purchase of Investment	-	-	-	123.56	-	-	-
Interest expense	-	-	-	-	3.89	17.64	56.45
Interest income	-	-	-	-	-	-	(114.59)
Guarantees given/(obtained)	-	-	-	1,170.00	1,170.00	-	-
Investment as at year end	1,117.07	1,117.07	1,184.76	1,184.76	1,184.60	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	(13.21)	(13.21)	(67.87)	0.71	54.83	(37.99)	(1,205.01)

Enterprise owned / significantly influenced by key management personal														
	Escorts Limited							Escorts farms Limited						
Particulars	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03
Sales	-	-	-	-	-	(806.98)	(583.00)	-	-	-	-	-	-	-
Purchase of raw material, intermediaries and finished goods	-	-	-	-	-	1.63	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	(2.12)	-	-	-
Dividend received	-	-	-	-	-	-	(12.43)	-	-	-	-	-	-	-
Interest Expense/Income	-	-	-	-	-	-	-	-	-	-	13.85	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans taken	-	-	-	-	-	-	-	-	-	185.00	1,846.17	-	-	-
Loans given	-	-	-	-	-	-	-	-	-	(70.00)	(1,957.17)	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	-	-	-	-	-	102.84	-	-	-	-	2.12	102.83	-	-

Enterprise owned / significantly influenced by key management personal														
	Hari Raj Investment Pvt Limited							Gossni Fashion Ltd/ ANGIP Leather India Limited						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Purchase of raw material, intermediaries and finished goods	-	-	-	-	-	-	-	-	-	45.13	988.09	1,077.72	2,281.18	1,803.12
Professional services rendered	-	-	-	-	-	-	-	-	-	-	-	-	3.00	-
Interest Expense/Income	-	-	-	-	0.27	2.60	-	-	-	-	(59.18)	(29.47)	(57.32)	(30.91)
Other Expenses	-	-	-	-	-	-	-	-	-	(1.50)	5.61	-	-	-
Loans taken	-	-	-	467.00	9.50	-	-	-	-	-	-	-	-	-
Loans given	-	-	-	(467.00)	(9.50)	-	-	-	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	-	-	-	-	-	-	-	-	-	0.36	57.70	35.89	79.29	606.02

Enterprise owned / significantly influenced by key management personal														
	Joint Investment Private Limited							G.I. Insurance Services Limited						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Interest Expense	-	-	8.00	48.00	48.00	48.00	-	-	-	-	-	-	-	-
Loans / ICD taken	-	-	3,165.00	215.90	374.00	257.16	-	-	-	-	-	(1.91)	1.91	-
Loans / ICD given	-	-	(3,165.00)	(215.00)	(374.00)	-	-	-	-	-	-	-	-	-
Rent expense	-	-	-	-	2.47	-	-	-	-	-	-	-	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	-	-	2.31	2.90	-	-	-	-	-	-	-	-	(1.91)	-

Enterprise owned / significantly influenced by key management personal														
	An Enter Prise Pvt Limited							Total						
Particulars	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	30.06.08	31.12.07	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03
Sales	-	-	-	-	-	-	-	-	-	-	-	-	(807.0)	(583.0)
Purchase of raw material, intermediaries and finished goods	-	-	-	-	-	-	-	-	-	45.1	988.1	1,077.7	2,282.8	1,803.1
Professional services rendered	-	-	-	-	-	-	-	-	-	-	-	-	3.0	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	(2.1)	-	-	-
Dividend received	-	-	-	-	-	-	-	-	-	-	-	-	-	(12.4)
Interest Expense	-	-	-	-	-	-	-	-	-	8.0	2.7	18.8	(6.7)	(30.9)
Other Expenses	-	-	-	(0.23)	-	-	-	-	-	(1.5)	5.4	-	-	-
Loans taken	-	-	-	-	-	-	-	-	-	3,350.0	2,529.1	381.6	259.1	-
Loans given	-	-	-	-	-	-	-	-	-	(3,235.0)	(2,639.2)	(383.5)	-	-
Rent expense	-	-	-	-	-	-	-	-	-	-	-	2.5	-	-
Balance outstanding as at the end of the year Receivables / (Payable)	-	-	-	-	-	-	-	-	-	2.7	62.7	138.7	180.2	606.0

Key management personal														
	Key Managerial Person							Renu Anand						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Remuneration	313.00	195.48	138.19	213.38	366.46	214.41	79.06	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	0.30	-	-	-	-	-	-	-	-	-
Rent expense of the year (Payable)	-	-	-	-	-	-	-	-	10.80	10.80	25.44	17.10	12.17	10.17

Key management personal							
	Total						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Remuneration	313.00	195.48	138.19	213.38	366.46	214.41	79.06
Interest Expense	-	-	-	-	0.30	-	-
Rent expense of the year (Payable)	-	10.80	10.80	25.44	17.10	12.17	10.17

Coventurers														
	T & N Investments							Teikoku Piston Rings						
Particulars	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**	**30.06.08**	**31.12.07**	**31.12.06**	**31.03.06**	**31.03.05**	**31.03.04**	**31.03.03**
Dividend Paid	-	14.70	14.70	29.40	47.00	-	-	-	14.70	14.70	29.40	47.00	-	-
Royalty Expenses	-	-	-	-	-	-	-	59.10	91.10	63.07	106.78	86.75	73.50	53.00
Shareholding	490.00	490.00	490.00	490.00	490.00	490.00	490.00	490.00	490.00	490.00	490.00	490.00	490.00	490.00
Balance outstanding as at the end	-	-	-	-	-	-	-	-	-	-	-	-	-	-

6. Leases

Office premises are obtained on operating lease. The lease term is for a year and renewable for further 5 years at the option of the Company. There is no escalation clause in the lease agreement.

Leases	Six months	Twelve months	Nine months	Twelve months	Twelve months	Twelve months	Twelve months
	period ended	period ended	period ended	period ended	Period ended	period ended	period ended
	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Lease payments for the period	90.53	70.80	47.35	30.00	19.50	-	-
Minimum Lease Payments:							
Not later than one year	111.96	55.86	58.98	30.00	30.00	-	-
Later than one year but not later than five years	230.00	6.30	34.26	150.00	150.00	-	-
Later than five years	-	-	-	33.00	63.00	-	-

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 summaries 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 Lakh)

	Gratuity	
	Period ended June 30, 2008	**Year ended December 31, 2007**
Current service cost	116.71	412.79
Interest cost on benefit obligation	173.36	328.75
Expected return on plan assets	(173.36)	(261.70)
Net actuarial(gain) / loss recognised in the year	19.36	(153.44)
Expense allocated	(15.63)	(28.84)
Past service cost	-	-
Net benefit expense	**120.44**	**297.56**
Actual Return on Plan Assets	112.72	249.32

Balance sheet

Details of Provision for gratuity

	Gratuity	
	Period ended June 30, 2008	**Year ended December 31, 2007**
Defined benefit obligation	4,530.71	4,419.12
Fair value of plan assets	3,233.71	3,115.37
	1,297.00	**1303.75**
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	**1,297.00**	**1303.75**

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

	Gratuity	
	Period ended June 30, 2008	**Year ended December 31, 2007**
Opening defined benefit obligation	4,419.12	4,117.15
Interest cost	173.36	328.75
Current service cost	116.71	412.79
Benefits paid	(114.82)	(273.74)
Liability transferred to group company	(22.39)	-
Actuarial (gains) / losses on obligation	(41.29)	(165.83)
Closing defined benefit obligation	**4,530.71**	**4,419.12**

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

	Gratuity	
	Period ended June 30, 2008	**Year ended December 31, 2007**
Opening fair value of plan assets	3,115.37	2,953.30
Expected return	173.36	261.70
Contributions by employer	120.44	186.50
Benefits paid	(114.82)	(273.74)
Actuarial gains / (losses)	(60.64)	(12.39)
Closing fair value of plan assets	**3,233.71**	**3,115.37**

The company expects to contribute Rs. 100 lakh to gratuity in next six months ending December 31, 2008.

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

	Gratuity	
	Period ended June 30, 2008	**Year ended December 31, 2007**
	%	**%**
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:

	Period ended June 30, 2008	Year ended December 31, 2007
	%	%
Discount rate	8	8
Expected rate of return on assets	8	8
Employee turnover	1% at each stage	1% at each stage

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.

.The discloser requirements in respect of revised accounting standard 15 are being furnished from the year ended December 31, 2007 , being the first year of revised accounting standard 15 appliciability.

Annexure IV C: Restated Consolidated Summary statement of Cash Flows

(Amount in Rs lakh)

	For the period ended	For the year ended	For the nine months ended	For the year ended	For the year ended	For the year ended	For the period ended
	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
A. Cash flow from operating activities							
Profit before tax	1,853.28	(773.04)	(242.50)	(958.63)	3,034.47	2,211.27	1,737.06
Adjustments for:	-	-	-	-			
Depreciation and amortisation	2,398.70	4,691.19	3,106.38	3,722.33	2,949.92	2,540.86	1,552.64
Loss on sale / discard of fixed assets (net)	48.55	396.21	165.35	108.67	33.77	24.29	5.06
Provision for obsolescence of fixed assets	-	-	-	875.91	-	-	-
Loss on sale of trade investments	-	0.18	-	2.40	-	-	-
Provision for doubtful debts	12.22	65.33	5.36	19.72	-	-	-
Advances written off	-	14.53	69.10	19.27	-	-	-
Provision for dimunition in the value of investments	-	-	-	10.00	-	-	-
Interest income	(58.52)	(30.38)	(61.05)	(99.09)	(95.49)	(138.88)	(417.42)
Share of losses in associate companies	(11.78)	-	-	85.41	168.63	-	-
Dividend income	-	-	-	-	118.37	(12.44)	(132.81)
Lease rent paid	-	-	-	-	-	43.88	48.82
Lease rentals net of lease adjustments	-	-	-	-	-	(53.59)	(80.64)
Interest expense	1,265.51	3,741.52	2,766.51	3,408.33	2,800.80	3,277.97	2,394.88
Reserve against Unrealised Profits on stock	-	-	-	-	(33.94)	89.89	(27.72)
			-	-			
Operating profit before working capital changes	**5,507.96**	**8,105.54**	**5,809.15**	**7,194.32**	**8,976.53**	**7,983.25**	**5,079.87**
Movements in working capital :			-	-			
Decrease / (Increase) in sundry debtors	279.52	(1,870.03)	(181.24)	2,133.38	133.18	1,591.47	(3,415.58)
Decrease / (Increase) in current assets	(49.09)	(302.53)	47.24	(21.62)	3.77	-	-
Decrease / (Increase) in inventories	(349.14)	699.92	235.47	(4,308.59)	(2,223.75)	(1,854.19)	708.62
Decrease / (Increase) loans and advances	(117.86)	(633.26)	136.71	358.96	(488.54)	21.09	(14.85)
Increase / (Decrease) in current liabilities	2,506.90	3,939.39	6,506.22	380.65	833.65	(1,078.72)	(497.57)
Cash generated from operations	**7,778.29**	**9,939.03**	**12,553.55**	**5,737.10**	**7,234.84**	**6,662.90**	**1,860.49**

Direct taxes paid (net of refunds)	102.56	(269.51)	(453.01)	(473.02)	(438.21)	(119.10)	53.52
Interest on income tax refund		-	-	-	23.96	29.22	31.10
Net cash from operating activities	**7,880.85**	**9,669.52**	**12,100.54**	**5,264.08**	**6,820.59**	**6,573.02**	**1,945.11**
				-			
B. Cash flows from investing activities				-			
Purchase of fixed assets/ Intangibles Assets	(4,064.43)	(8,091.82)	(6,597.99)	(4,654.63)	(7,518.73)	(4,219.11)	(2,401.07)
Proceeds from sale of fixed assets	40.05	134.21	923.24	(43.57)	62.83	839.84	708.34
Purchase of investments	-	-	-	(157.56)	(1,000.00)	-	(30.66)
Intercorporate Deposits Placed	-	-	-	-	-	75.75	-
Sale / maturity of investments	23.37	46.05	(26.51)	654.18	1,823.49	44.59	-
Interest received	55.13	3.33	60.61	69.73	71.53	109.66	386.33
Dividends received	-	-	30.60	-	(118.37)	12.44	132.81
Net cash from investing activities	**(3,945.88)**	**(7,908.23)**	**(5,610.05)**	**(4,131.85)**	**(6,679.25)**	**(3,136.83)**	**(1,204.25)**
C. Cash flows from financing activities			-				
Proceeds from Issue of pref. Shares	-	10,460.89	-	-	-	(1,000.00)	3.06
Movement in borrowings	(2,666.35)	(8,602.65)	(3,573.18)	3,635.98	3,315.74	1,693.92	1,578.83
Repayment of Finance Lease Liabilities	-	-	-	-	-	(43.88)	(48.82)
Interest paid	(1,238.84)	(3,689.18)	(2,773.05)	(3,414.78)	(2,800.80)	(3,277.97)	(2,394.88)
Lease rentals received	-	-	-	-	-	0.92	1.83
Dividends paid	-	(60.00)	(60.00)	(1,070.30)	(852.68)	(628.35)	(252.88)
Tax on dividend paid	-	(10.20)	(8.42)	(147.87)	(114.08)	-	-
Net cash used in financing activities	**(3,905.19)**	**(1,901.14)**	**(6,414.65)**	**(996.97)**	**(451.82)**	**(3,255.36)**	**(1,112.86)**
Net increase in cash and cash equivalents (A + B + C)	**29.78**	**(139.85)**	**75.83**	**135.27**	**(310.48)**	**180.83**	**(372.01)**
Cash and cash equivalents at the beginning of the year	**118.86**	**258.71**	**182.88**	**47.61**	**358.09**	**177.26**	**332.07**
Cash and cash equivalents Taken over on amalgamation				-	-	-	217.20
Cash and cash equivalents at the end of the year	**148.64**	**118.86**	**258.71**	**182.88**	**47.61**	**358.09**	**177.26**
Components of cash							

and cash equivalents as at *							
Cash and cheques on hand	2.10	2.30	4.67	11.38	6.95	57.16	65.12
With banks - on current account	146.54	116.56	254.04	171.50	40.66	300.82	112.03
Post office savings account			-	-	-	0.11	0.11
	148.64	**118.86**	**258.71**	**182.88**	**47.61**	**358.09**	**177.26**

* Cash and cash equivalent does not includes deposits pledged with government authority and unpaid dividend account.

Additional Financial Information

I Outstanding to Small and Medium Enterprises (SMEs) as on June 30, 2008

Name of SME Vendors	Amount
Durga Tech	(46,306)
Bharath Precision Gears	(41,715)
Electro Automation	(36,264)
Hvk Hydraulics PrivateLimited,	(20,613)
Jyoti Tools (India),	(1,61,908)
Kaushik Industries	(2,06,949)
Polartech India privatelimited,	(2,84,499)
Raj Petro Specialities p.	(1,78,408)
Aeropack Corporation,	(1,86,319)
National Metal Processing	(8,97,380)
Adarsha Packaging Private Lt	(4,10,575)
R R Industries	(1,44,249)
S S Tooltech,	(1,97,719)
Sri Chandrala Engineering	(4,82,028)
Coorg Coffee Supplies,	(19,500)
Plastigloves & Allied Ind	(22,500)
Alloy Tech	(11,01,430)
Sri Venkateshwara Enterpr	(95,660)
Chamundi Precisions.	(1,37,781)
Metal Austinizers (P) Ltd	(3,30,603)
Lakshmi Metallurgy Limited	(27,24,235)
Sunikh Precision (P) Limited	(12,825)
Select Engineering Works	(2,11,868)
Shashi Engineers	(9,052)
Accumax Engineering Limited	(87,682)
AJIT Enterprises	(1,44,202)
Bansal Brothers,	(15,179)
Dhawan Enterprise	(88,621)
Mardia Machinery Spares	(29,727)
Raisons Industries Panchkula	(3,00,054)
RSL Engineering	(26,690)
Vako Seals Private Ltd	(901)
Total	**(86,53,442)**

II Changes in Accounting Policies

There are no changes in accounting policies in the last three years except as stated in the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

You should read the following discussion of our financial condition and results of operations together with our unconsolidated restated financial information for the years ended March 31, 2003, 2004, 2005, 2006, period ended December 31, 2006 (9 months), year ended December 31, 2007 and period ended June 2008 (6 months) including the Schedules, Annexure and Notes thereto and the Reports thereon which appear in the section titled "Auditors Report and Financial Information" beginning on page 180 *of the Letter of Offer.*

The aforesaid financial information have been prepared in accordance with the Companies Act and the applicable SEBI DIP Guidelines as described in the Auditor's report of M/s. S. R. Batliboi & Co., Chartered Accountants dated October 15, 2008, in the section titled "Auditors Report and Financial Information" beginning on page 180 *of the Letter of Offer . The Management Discussions and Analysis has been restricted to Unconsolidated Financial and Operating Data as the unconsolidated turnover contributes to more than 95% of the consolidated turnover and the difference between the unconsolidated and consolidated financial and operating data is not substantial.*

Overview

We are an auto component manufacturer primarily focusing on pistons and piston rings. Our product range includes a variety of pistons, piston rings, piston pins, valve train and structural components and other associated automobile engine components.

We are a part of the Federal - Mogul Group, a global supplier of vehicular parts, components, modules and systems to customers in the automotive, small engine, heavy-duty and industrial markets. Our Company is indirectly controlled by Federal-Mogul Corporation, USA through two of its entities – Federal-Mogul Vermogensverwaltungs GmbH, Germany and Federal-Mogul Holdings Limited, Mauritius. They are the majority equity shareholders of our Company.

We believe, that we are market leaders in the Indian piston and piston rings business. Our key products, contributed approximately more than 85% of our net turnover for the fiscal 2007. Our product portfolio in the piston and piston rings segment covers almost the entire range of applications - from small engines for mopeds to large bore locomotives engines. We cater to engines utilizing petrol, diesel, LPG and CNG as fuel.

While our focus is primarily on the domestic market, we are increasingly shifting our focus towards foreign markets to further expand our customer base and make our business more profitable.

Over the years we have benefited from the expertise of the Federal – Mogul Group, in terms of new product development, technological advancements as well as their world class business and manufacturing practices.

Our piston and piston rings range of products are sold under the brand name "Goetze", while our sintered products are sold under the brand name "Brico Goetze".

Our manufacturing facilities are located at Patiala, Bhiwadi and Bengaluru. The Patiala and Bengaluru plants are primarily engaged in the production of pistons and piston rings. The Bhiwadi plant focuses on sintered products.

Factors Affecting our Financial Results

Our business is subject to various risks and uncertainties, including those discussed in the section titled "Risk Factors" beginning on page viii of the Letter of Offer.

Some of the important factors that have affected and we expect will continue to affect our results of operations, financial condition and cash flows are discussed in this section.

Health of the Automobile Industry

Our financial performance is very closely linked to the performance of the automobile industry, which is our primary market. Various factors impact the performance of the automobile industry – economic and industrial activity, road infrastructure, income levels, availability of vehicle finance & lending rates, oil and fuel prices etc. The automobile industry is also governed by various norms and regulations. Changes in these norms and regulations also have an impact on component manufacturers like us who have to modify their products to be in line with the revised regulations.

Raw Material Prices

Ours is a manufacturing industry and therefore our profitability and cost competitiveness are directly linked to the costs of our raw materials and other inputs as well as our ability to manage procurement at the optimum prices.

Availability of capital for capital expenditure

Ours is a capital intensive business and we need to constantly upgrade our plants and equipment to continue meeting the demands of our customers. We also need to add equipments for expansion and for balancing. Investments made in a certain technology might not give the commensurate results if the norms governing technology are reversed. Thus investment in research and development and the ability to modify products to meet the changing needs of customers is essential for survival and growth in the industry. Timely availability of adequate funding is important for us to meet our capital expenditure requirements. Further, any adverse movement of interest rates would add to our borrowing costs.

Working capital availability

We also have a relatively longer working capital cycle, wherein we are required to buy the bulk of our raw materials (aluminium, copper, silicon, nickel etc) in spot markets, where the payment is required to be either made in advance or against delivery while we have to accept credit periods ranging from 15 to 90 days from our customers. We therefore need to block a large part of funds into working capital and availability of bank funding is therefore critical. Further, any adverse movement of interest rates would add to our working capital costs.

Competition

The OEM business, wherein we supply pistons and piston rings, to vehicle and engine manufacturers, forms a significant portion (approximately 60%) of our business. We have a limited set of customers, for whose business, all piston and piston ring manufacturers compete. As a result, we face intense competition and failure to retain our market share at profitable margins can result in erosion of margins and impact the results of our operations. Currently, the industry practice is not to have long term supply orders and therefore we have to provide quotes for procuring each order, as and when a letter of intent or an enquiry is floated to us from our proposed customers.

In the aftermarket business, which is a relatively smaller market, we face intense competition from the unorganized sector, including cheaper imports. An important risk associated with the unorganized sector is that associated with sale of counterfeit products sold under our Company's brand name. It may have adverse effect on our credibility thereby damaging our goodwill.

Summary of Restated Financial Results (unconsolidated) containing significant items of Income & Expenditure

(Rs. in Lakh)

Particulars	Six month period ended June 30, 2008	Twelve months period ended December 31, 2007	Nine months period ended December 31, 2006	Twelve months period ended March 31, 2006	Twelve months period ended March 31, 2005	Twelve months period ended March 31, 2004	Nine months period ended March 31, 2003
INCOME							
Turnover	39,774.79	68,394.74	45,002.36	51,236.30	49,835.26	44,835.61	25,068.42
Less : Excise duty	4,399.96	8,793.25	6,261.26	6,689.17	6,554.22	5,737.37	3,076.50

Particulars	Six month period ended June 30, 2008	Twelve months period ended December 31, 2007	Nine months period ended December 31, 2006	Twelve months period ended March 31, 2006	Twelve months period ended March 31, 2005	Twelve months period ended March 31, 2004	Nine months period ended March 31, 2003
Total	**35,374.83**	**59,601.49**	**38,741.10**	**44,547.13**	**43,281.04**	**39,098.24**	**21,991.92**
Job work income	447.87	813.95	526.18	839.53	397.18	381.48	139.15
Other Income	1,119.93	2,630.78	1,132.36	1,153.24	1,297.64	1,370.13	997.12
Total Income	**36,942.63**	**63,046.22**	**40,399.64**	**46,539.90**	**44,975.86**	**40,849.85**	**23,128.19**
EXPENDITURE							
Raw materials and components consumed	10,645.15	22,066.74	11,799.28	13,453.81	11,367.74	10,151.29	5,420.56
Personnel expenses	7,372.18	13,286.27	9,165.08	11,296.24	10,564.46	10,463.84	5,332.57
Operating and other expenses	13,947.81	20,737.54	14,237.68	19,505.70	15,234.23	13,077.86	7,107.59
Decrease/(increase) in inventories	287.18	65.56	886.63	(3,603.48)	(916.30)	(896.97)	(245.13)
Depreciation and amortization	2,206.89	4,292.16	2,819.65	3,417.02	2,674.05	2,401.01	1,464.45
Increase of excise duty on finished goods	(195.53)	65.38	(286.94)	466.83	98.34	112.46	152.22
Financial expenses	1,564.73	4,057.31	2,613.34	3,567.55	3,252.29	3,583.42	2,591.33
Total Expenditure	**35,828.41**	**64,570.96**	**41,234.72**	**48,103.67**	**42,274.81**	**38,892.91**	**21,823.59**
Profit/(loss) before tax	**1,114.22**	**(1,524.74)**	**(835.07)**	**(1,563.77)**	**2,701.05**	**1,956.95**	**1,304.60**
Less: Provision for tax	86.54	-	-	(0.00)	254.67	162.94	118.34
Less: Deferred Tax charge/(credit)	-	-	-	1,305.66	650.47	618.30	203.78
Less: Fringe benefit tax	50.00	105.74	61.00	150.00	-	-	-
Net Profit/(Loss) for the year/period	**977.68**	**(1,630.48)**	**(896.07)**	**(3,019.43)**	**1,795.92**	**1,175.71**	**982.48**
Excess Provision of Income Tax for previous years written back	-	-	-	-	-	-	-
Brought Forward (Loss) from previous period	(3,703.46)	(2,072.98)	(1,176.91)	(217.24)	(77.80)	421.18	2,134.08
Opening Retained earning adjustments arising from restatements	-	-	-	-	-	-	(1,927.56)
Transferred from Debenture redemption reserve	-	-	-		208.33	208.34	833.33

Particulars	Six month period ended June 30, 2008	Twelve months period ended December 31, 2007	Nine months period ended December 31, 2006	Twelve months period ended March 31, 2006	Twelve months period ended March 31, 2005	Twelve months period ended March 31, 2004	Nine months period ended March 31, 2003
Amount available for appropriation, as restated	**(2,725.78)**	**(3,703.46)**	**(2,072.98)**	**(3,236.67)**	**1,926.46**	**1,805.23**	**2,022.33**
Appropriations							
- Proposed dividend on preference shares	-	-	-	-	-	24.11	27.12
- Proposed dividend on equity shares	-	-	-	-	1,011.50	758.63	505.75
- Tax on dividends	-	-	-	-	132.19	100.29	68.27
Adjusted against general reserve	-	-	-	(2,059.76)	1,000.00	1,000.00	1,000.00
Profit/(Loss) carried to Balance Sheet, as restated	**(2,725.78)**	**(3,703.46)**	**(2,072.98)**	**(1,176.91)**	**(217.24)**	**(77.80)**	**421.18**

Note: 1: Brought forward loss as at 30th June 2002 is not restated.

Revenues

Turnover

Turnover represents revenue generated from the sale of pistons, piston rings and sintered products to customers. The revenues generated are a factor of the quantity supplied and the rate at which we supply to our customers. The quantity and rates are based on purchase orders received from customers.

Job Work Income

Job work income accrues to us on account of job work carried out for our subsidiary.

Other income

Other income is mainly on account of interest in bank deposits, sale of scrap, cash discounts, dividend & commissions from subsidiaries and other miscellaneous income.

Costs

Raw Materials and Components Consumed

Raw materials and components consumed represent costs of raw materials such as aluminum, steel, copper, nickel, magnesium as well as other bought out components which are used in the manufacture of our products. Consumption costs are a function of the quantity of materials consumed depending on the type of automotive component manufactured by us and the prevailing costs of materials. Due to the regular increase in the prices of raw materials like aluminum, lubricants etc., the overall input costs are increasing. The metal costs are as quoted on the London Metal Exchange and no hedging is available on these fluctuations in the prices. This will affect our overall profitability as it is difficult to completely recover such costs, specially from the OEM customers. Further, even if we manage to obtain price escalation it may come after a time lag during which period, we have to fully absorb the increased costs. Increase input costs can be more easily passed on in the aftermarket segment, albeit this may reduce our cost competitiveness.

Personnel Expenses

Our employee emoluments apart from salaries and wages include contribution to provident and other funds, and staff welfare expenses. We also employ casual labour at our plants and a part of their wages is also part of the personnel expenses. We had 5,970 employees as on June 30, 2008 including casual employees. We do not foresee significant growth in our manpower strength in the future. As a part of cost reduction measures, we have periodic voluntary retirement schemes for our employees. We usually have long term (approximately four years) wage settlement agreement with the workmen, which also include productivity benchmarks. Officers and administrative staff have annual performance linked increments.

Operating and Other Expenses

Major components of these include consumption of stores & spares, power & fuel, rent, freight, insurance, advertising & sale promotion expenses, royalty, administrative and general expenses. We continuously make efforts to increase productivity, control wastage on account of scrap, reduce power & fuel expenses and other overheads.

Depreciation and amortisation

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

Financial expenses

Financial expenses are paid for debts / loans taken by our Company for working capital funding, short-term borrowings like commercial paper, debentures and long term loans. Because we have a predominance of short term borrowings in our debt portfolio, we are more exposed to the effects of interest rate changes.

Performance for the period from January 1, 2008 to June 30, 2008

The results for the six months period ended June 30, 2008 are not comparable to the previous financial year ended December 31, 2007 (12 months), since the periods differ. The highlights of our performance for the period ended June 30, 2008 are as below:

During the six months period ending on June 30, 2008, the gross turnover of our Company was Rs. 39,774.79 lakh as against Rs 68394.74 lakh for twelve months year ending December 31, 2007. This growth is due to increase in share of business with our customers and increase in exports to our group company.

Our personnel expenses were Rs. 7372.18 lakh for the period ending June 30, 2008. There has been an increase in our personnel expenses inspite of reduction in the number of people mainly on account of increase in salaries due to inflation.

Our inventories decreased by Rs. 287.18 lakh for the period ending June 30, 2008 on account of increased sales as compared to the production.

Our depreciation and amortization was Rs. 2206.89 lakhs for the period ending June 30, 2008. This has increased due to depreciation charged on the new assets acquired during the period.

Our financial expenses decreased significantly to Rs. 1564.73 lakh for the period ending June 30, 2008 on account of reduction in debts by repaying our debts from the proceeds of our previous rights sssue.

The Profit before tax was to Rs. 1114.22 lakhs for the period ending June 30, 2008 as against loss of Rs. 1524.74 lakhs for the year ending December 31, 2007, due to various steps taken to reduce the cost, improve productivity, reduction in the financial expenses and additional contribution due to increase in sales volume, improvement in margins..

Performance for the financial year ended December 31, 2007 (12 months).

The financial year ended December 31, 2007 results are not comparable to the previous financial year ended December 31, 2006 (9 months), since the periods differ. The highlights of our performance for the financial year ended December 31, 2007 are as below:

During the twelve months year ending on December 31, 2007 the gross turnover of our Company was Rs. 68,394.74 lakh as against Rs 45,002.36 lakh for nine months period ending December 31, 2006. This growth was due to increase in share of business with our OEM's customers and increase in exports for US aftermarket.

Our raw material and components consumed was Rs. 22066.74 lakh for year ending on December 31, 2007. Our material cost during this year increased significantly due to increase in raw material prices including increase in metal prices. This increase in the material cost could not be passed to the customers.

Our personnel expenses were Rs. 9165.08 lakh for the nine months period ending December 31, 2006. This has increased in the twelve months year ending December 30, 2008 to Rs. 13,286.27, due to increased salaries on account of increased demand of skilled man power in the country.

Our depreciation and amortization was Rs. 4292.16 lakh for the year ending December 31, 2007 whivh had increased over the previous year due to depreciation charged on the new assets acquired.

Our financial expenses increased significantly to Rs. 4057.31 lakh for the year ending December 31, 2007 on account of increase in the interest rates inspite of reduction in debts.

The loss before tax increased to Rs. 1524.74 lakh for the year ending December 31, 2007 as against loss of Rs. 835.07 lakh for the nine months period ending December 31, 2006, mainly due to increase in material cost, impairment of certain assets and increase in the financial expenses.

Performance for the financial year ended December 31, 2006 (9 months)

The period ended December 31, 2006 (9 months) results are not comparable to the previous financial year ended March 31, 2006, since the periods differ. The highlights of our performance for the financial year ended December 31, 2006 are as below:

During the nine months period ended December 31, 2006, our gross turnover was Rs. 45,002.36 lakh as against Rs 51,236.30 lakh for twelve month year ended March 31, 2006. This growth is due to increase in share of business with our OEM's customers and overall growth of automotive industry in India.

Our personnel expenses were Rs. 9,165.08 lakh for the nine month period ended December 31, 2006. This has increased due to annual increment in salaries to retain the skilled man power.

Our inventories were decreased by Rs. 886.63 lakh for the period ending December 31, 2006 on account of increased sales as compared to the production.

Our depreciation and amortization was Rs. 2819.65 lakh for the nine months period ending December 31, 2006. This has increased due to depreciation charged on the new assets acquired.

Our financial expenses increased were Rs. 2613.33 lakh for the nine months period ending December 31, 2006. There was no significant change in the financial expenses as compared to the previous year.

The loss before tax was Rs. 835.07 lakh for the nine months period ending December 31, 2006 as against loss of Rs. 1563.77 lakh for the twelve months year ended March 31, 2006, due to increase in the operating cost like increase in material cost and personnel cost.

Further, the significant increase in the Capital Work in Progress, Rs. 1,797.31 lakh, as on December 31, 2006 as compared to Rs. 650.34 lakh, as on March 31, 2006 was on account of delayed commissioning of a few machines.

Comparison of Performance and Analysis of Developments for the financial year ended March 31, 2006 vis-à-vis Financial year ended March 31, 2005

Turnover:

Turnover increased by approximately 3% from Rs. 49,835.26 lakh in fiscal 2005 to Rs. 51,236.30 lakh in fiscal 2006. The increase in turnover is due to introduction of Euro III compliant engines which gives us better price realizations. During fiscal 2006, there was a marginal decrease of approximately 3% in pistons sales volume and approximately 1.9% increase in piston rings sales volume, over fiscal 2005.

Job work income:

Job work income increased by approximately 111% from Rs. 397.18 lakh in fiscal 2005 to Rs. 839.53 lakh in fiscal 2006, primarily because we had increased the prices by more than approximately 30 % and also due to increased work order on account higher sales volumes of GTP.

Other Income:

Other income decreased by approximately 11% from Rs. 1,297.64 lakh in fiscal 2005 to Rs. 1,153.24 lakh in fiscal 2006. The dip in other income was mainly on account of duty drawback and miscellaneous income.

Raw Materials and components consumed:

Raw Materials and components consumed increased by approximately 18% from Rs. 11,367.74 lakh in fiscal 2005 to Rs. 13,453.81 lakh in fiscal 2006, primarily reflecting the higher operating levels and our inability to pass on the full input increase in a timely manner to our customers.

Personnel Expenses:

Personnel Expenses increased by approximately 7% from Rs. 10,564.46 lakh in fiscal 2005 to Rs. 11,296.24 lakh in fiscal 2006, primarily on account of annual increments.

Operating and other expenses :

Operating and other expenses increased by approximately 28% from Rs. 15,234.23 lakh in fiscal 2005 to Rs. 19,505.70 lakh in fiscal 2006, primarily reflecting increase in packing, freight, write off of impaired assets and investments, which are one time items.

Depreciation & Amortisation:

Depreciation and amortisation approximately increased by 28% from Rs. 2,674.05 lakh in fiscal 2005 to Rs. 3,417.02 lakh in fiscal 2006, primarily on account of capital expenditure during the year and also increase in rate of depreciation on some items of plants & machinery.

Financial expenses:

Financial expenses approximately increased by 10% from Rs. 3,252.29 lakh in fiscal 2005 to Rs. 3,567.55 lakh in fiscal 2006, because of marginal increase in the interest rates. The borrowing levels did not change significantly over the previous year.

Comparison of Performance and Analysis of Developments for the financial year ended March 31, 2005 vis-à-vis financial year ended March 31, 2004

Turnover:

Turnover approximately increased by 11% from Rs. 44,835.61 lakh in fiscal 2004 to Rs. 49,835.26 lakh in fiscal 2005, primarily on account of increase in sale volume and also change in product mix. During fiscal 2005, the piston sales volume went up by approximately 17% and that of piston rings by 5%, as compared to fiscal 2004

Job work income:

Job work income approximately increased marginally by 4% from Rs. 381.48 lakh in fiscal 2004 to Rs. 397.18 lakh in fiscal 2005.

Other Income:

Other income approximately decreased by 5% from Rs. 1,370.13 lakh in fiscal 2004 to Rs.1,297.64 lakh in fiscal 2005, primarily because in fiscal 2004 there was a one time income of approx Rs. 320 lakh on account of exchange rate fluctuations.

Raw Materials and components consumed:

This increased by approximately 12% from Rs. 10,151.29 lakh in fiscal 2004 to Rs. 11,367.74 lakh in fiscal 2005, on account of increased sales volume and the product mix.

Personnel expenses

This increased by approximately 1% from Rs. 10,463.84 lakh in fiscal 2004 to Rs.10,564.46 lakh in fiscal 2005, primarily reflecting the annual increments.

Operating and other expenses

This increased by approximately 16% from Rs. 13,077.86 lakh in fiscal 2004 to Rs. 15,234.23 lakh in fiscal 2005, primarily reflecting the increased sales volume, increase in royalty and exchange rate fluctuations.

Depreciation and amortization:

Depreciation and amortisation increased by approximately 11% from Rs. 2,401.01 lakh in fiscal 2004 to Rs. 2,674.05 lakh in fiscal 2005, primarily reflecting the additional capital expenditure.

Financial expenses:

Financial expenses decreased approximately by 9% from Rs. 3,583.42 lakh in fiscal 2004 to Rs. 3,252.29 lakh in fiscal 2005, due to a reduction in the overall cost of borrowing, in-spite of increase in the borrowing levels.

Significant Accounting Policies

1. 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 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 followed by the Company are consistent. The company has adopted all enacted accounting standards for the purpose of preparing the restated summary financial information.

2. 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 financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Tangible assets and depreciation

i) 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.

Depreciation

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

Asset Class	Rate prescribed in Schedule XIV of Companies Act, 1965 (%)	Rates used (%)
(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	6.33	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	10.34
(v) Vehicles – Employee	9.50	33.33
- Material Handling Vehicles	9.50	11.31
- Others	9.50	9.50
(vi) Office Equipment	4.75	4.75
(vii) Computers	16.21	16.21
(viii) Dies and Moulds	11.31	11.31

ii) Assets above include those acquired from Escorts Mahle Limited.
iii) Plant and Machinery also includes self constructed machinery.
iv) Depreciation on the amount of adjustment to fixed assets on account of capitalisation of insurance spares is provided over the remaining useful life of related assets.
v) All assets costing upto Rs 5,000 are fully depreciated in the year of purchase.

4. 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 recognised wherever the carrying amount of asset exceeds 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.

5. Intangible assets

Intangible assets are stated at cost less impairment if any. Cost comprises the purchase price and other directly attributable costs.

Acquired design and drawings are valued at cost less accumulated amortization and any impairment losses. These are amortized equally over a period of 5 years.
Software is amortized over a period of 5 years.

6. 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.

7. 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.

8. 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.
Constructed 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.
Work-in-progress finished and trading goods.	At cost or net realizable value, whichever is lower. 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.
Reusable scrap	At net realisable 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.

9. Revenue recognition

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

a) Sale of Goods:

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of excise duty, sales tax and other levies. For the purpose of these financial statements, sales are disclosed, both gross and net of excise duty.

b) Job work:

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

c) Interest:

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

d) Dividends:

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if 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.

e) Commission:

Commission income is accounted when the same is due as per the agreed terms.

f) Export benefits/incentives:

Export entitlements under the Duty Entitlement Pass Book (DEPB) Scheme arerecognized 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.

g) Management fee:

Income from management fee is recognized as per the terms of the agreement based upon the services rendered.

10. 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 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) **Forward exchange contracts not intended for trading**
The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

11. Retirement and other employee benefits

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

(ii) Gratuity liability under the Payment of Gratuity Act is accrued on the basis of an actuarial valuation made at the end of each financial year.

(iii) 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.

(iv) 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 heads.

12. Income taxes

Tax expense comprises of current, deferred and fringe benefit tax.
Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accountingincome 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 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 realized. 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 realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes 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.

13. 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 other 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 loss 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.

14. 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.

15. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

16. Excise Duty

The excise duty related to the difference between closing and opening stock has been separately disclosed in the profit and loss account.

Significant Developments after June 30, 2008

There have been no significant developments after the date of the last balance sheet, i.e. June 30, 2008.

Opportunities and capex requirements

Our Company sees business opportunity due to introduction of Euro III norms for engines. The emission norms have become more stringent and adherence to Euro III norms for new vehicle registrations have been made compulsory in most parts of India. Euro III norms require technically superior engine components including higher strength pistons for diesel engines. To meet these enhanced technical requirements and potentially higher demand, we have plans to upgrade some of the machinery at our plants at Bengaluru and Patiala. We also intend to increase the existing capacity at our plants at Bengaluru and Patiala.

Another business opportunity for us is in the aftermarket business segment of North America. During the twelve months ended December 2005, total aftermarket sales of cast and forged pistons, by FMC, for North America was approximately USD 21 million and were USD 28 million for the eleven months ended November 2006. Considering the low production cost in India and the easy availability of skilled manpower, FMC has decided to shift much of its manufacturing of cast and forged pistons for its aftermarket business for North America to India. The products manufactured will be exported to FMC for sales in the North American market. To manufacture these products, we have purchased from FMC used equipment formerly located at its Malden, Missouri facility (the "Malden Equipment"), which has been closed. Part of the Malden Equipment has already been shifted to our plant at Patiala. The entire process of transferring the Malden Equipment has been completed. The average age of these machines is around 10 years and the residual life is at least 10 years.

We will continue to incur periodic capex for improvements in the manufacturing processes and for improving quality, safety and pollution control.

Considering the above, our Board of Directors in its meeting held on March 3, 2008 passed a resolution approving capital expenditure budget of Rs.6,810 lakh, for the accounting period Jan to Dec 2008. We have already incurred Rs 4,061 lakh for the capital expenditure upto June 30, 2008 and the balance would be incurred in the next six months. We anticipate that our total capital expenditure upto December 2008 would be approximately Rs.6,810 lakh, including the above capital expenditure. The proposed capital expenditure is primarily to be incurred for purchase of machineries, some of which have been procured from / are to be provided by companies belonging to the Federal-Mogul Group worldwide.

Other than as stated herein our directors hereby state that in their opinion there is no significant development after the date of the last financial statements disclosed in the Letter of Offer which is likely to materially and adversely affect or is likely to affect our trading or profitability of our Company or the value of our assets, or our ability to pay our liabilities within the next twelve months.

Information required as per clause 6.10.5.5(a) of the SEBI Guidelines:

Unusual or infrequent events or transactions:

There have been no unusual or infrequent transactions that have taken place during the last three years, other than those mentioned in the chapters titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 279 of the Letter of Offer and "Our History and Main Objects" beginning on page 119 of the Letter of Offer.

Significant economic changes that materially affected or are likely to affect income from continuing operations:

Government polices governing the sector in which we operate or in sectors in which our clients operate as well as the overall growth of the Indian economy have a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

Except as detailed in the preceding paragraph and as described in the section titled "Risk Factors" beginning on page viii and chapter titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 279 of the Letter of Offer, there are no known factors that will have a material adverse impact on our operations, our income from continuing operations and our finances.

Known trends or uncertainties

- Decreasing aftermarket sales - people preferring newer vehicles as replacements: Because of the newer models of vehicles introduced, easy availability of finance and increase in the income levels, people now prefer to have new vehicles rather than go for replacements. Accordingly, demand for our products in the aftermarkets may be impacted.

- Outsourcing to India: The low cost of labour, availability of well trained manpower when compared with its peers in low cost manufacturing countries, has encouraged foreign vehicle manufacturers to increase sourcing of automotive components and automobiles from India.

- Rising inputs costs and inability to pass on the full costs in view of customer resistance and competition.

- Impact of Free Trade Agreements: Indian Government is entering into Free Trade Agreements with neighbouring countries under which tariffs are expected to progressively come down and this may also include products manufactured by us. This may result in increased competition which could result in a decrease in our turnover and/ or pressure on our margins. Similarly, easy availability of counterfeit products in the domestic markets may impact our turnover and / or our margins.

Apart from the risks as disclosed in the section titled “Risk Factors” beginning on page viii of the Letter of Offer, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices:

Changes in revenues during the last 3 years are as explained above under the paragraph “Comparison of Performance and Analysis of Developments for the financial year ended March 31, 2006 vis-à-vis financial year ended March 31, 2005 and “Comparison of Performance and Analysis of Developments for the financial year ended March 31, 2005 vis-à-vis financial year ended March 31, 2004”.

Future relationship between costs and revenues

Except as discussed in this section there are no known relationships between our costs and revenues. However, on account of the competition in the industry, if there are any unforeseen changes in input costs, we might not be able to pass on the same to our customers which may result in a change in future relationships between costs and revenues.

Total turnover of each major Industry segment in which we operate

Relevant published data, as available, for the industry has been included in the chapter titled “Our Industry” beginning on page 70 of the Letter of Offer.

Status of any publicly announced new products or business segment:

We have not announced any new products or business segment other than those disclosed under the paragraph titled “Material Developments after June 30, 2008” beginning on page 291 of the Letter of Offer.

The extent to which business is seasonal:

A marginal element of seasonality is observed which can be attributed to the seasonality of the automobile industry, which is the key customer segment for us. Typically sales of two wheelers peak during the festive season (October to December) while the sales for tractors increase during the monsoon season. Increased sales of goods & passenger vehicles are observed closer to September & March and also during the festive season.

Any significant dependence on a single or few suppliers or customers:

Customer and supplier concentration for our business has been disclosed under the section titled "Risk Factors" beginning on page viii of the Letter of Offer.

Competitive conditions:

Competitive conditions are as described under the chapter titled "Our Industry" beginning on page 70 of the Letter of Offer and under the section titled "Risk Factors" beginning on page viii of the Letter of Offer.

Our business is subject to severe competition. Some of the factors that are critical for success in our business include:

- **Technical capabilities:** Keeping abreast with technological changes in the industry and investing in new technology are essential to meeting the ever changing requirements of customers.

- **Support from the collabourators:** Federal-Mogul is our collabourator and also the promoter. FM is a global supplier in the piston and piston rings business. We benefit from their technical support and also the brand name.

- **Past track record of execution capabilities**: We need to maintain strong track record in executing orders in a timely manner while adhering to quality standards, which is one of the key criteria for applying fresh orders.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Subject to the limitations set out below, there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters, our Promoter Group companies and Subsidiaries and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, rollover/re-scheduling of loans or any other liability, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters or Directors, our Promoter Group companies and Subsidiaries. Except as stated below, there have not been any litigation proceedings, claims or actions instituted against our Company, Directors or Promoters, our Promoter Group companies and Subsidiaries.

With respect to litigations concerning our Promoter FMC, such information has been disclosed as is required in accordance with US GAAP SFAS Number 5, Commitments and Contingencies.

We have specifically mentioned when provisions have been made for the liability that may arise in various litigations against our Company. We have not made provision for the majority of the liability that may arise in respect of litigations against our Company.

Litigations / Claims / Notices instituted against our Company

I. Securities Law

Nil

II. Criminal Proceedings

Nil

III. Statutory Proceedings

Excise Matters

1. We have received a demand notice from the Superintendent Central Excise, Patiala dated August 28, 1998 bearing number GL/3/IAD/GIL/2/98/135 for a sum of Rs. 6,96,681, in respect of a dispute in the classification of light metal cylinder casting. Our Company has filed a reply dated November 2, 1998 to the said notice. The proceedings in this matter are currently pending before the Assistant Commissioner Central Excise, Patiala for personal hearing.

2. Our availment of MODVAT credit on a Bill of Entry amounting to Rs. 1,18,457 was rejected by the Superintendent of Central Excise Patiala vide its order no V-MOD (30) 38/T.II/92/4088 dated June 14, 1995. We filed an appeal before Commissioner (Appeals), Chandigarh against the aforesaid order of Superintendent Central Excise Patiala, which was rejected. We filed an appeal before CESTAT against the order of Commissioner (Appeals), Chandigarh. CESTAT vide its final order No A/974/2000 NB (SM) dated May 12, 2000 remanded back the matter to the adjudicating authority. The proceedings in the matter are currently pending before the Assistant Commissioner of Central Excise, Patiala.

3. The erstwhile Escorts Pistons Limited (since merged with our Company) received a demand notice dated August 3, 1995 bearing number IV (HQRS) PREV/12/61/95/1393 from the Additional Commissioner (Preventive), Chandigarh in respect of MODVAT credits availed on disputed inputs and capital goods like foundry chemicals, machinery spares, electrical spares, motors etc. for the period January, 1995 to June, 1995. The amount demanded by Additional Commissioner (Preventive), Chandigarh was a sum of Rs. 96,462. Escorts Pistons Limited filed a reply dated

October 7, 1995 to the said notice. The proceedings in this matter are currently pending before the Assistant Commissioner Central Excise for personal hearing.

4. The erstwhile Escorts Pistons Limited (since merged with our Company) received a demand notice dated August 1, 1997 bearing number CE/20/DEMAND/ESCORTS/96-97/1386 from the Superintendent Central Excise, Patiala in respect of MODVAT credits availed on disputed inputs and capital goods like foundry chemicals, machinery spares, electrical spares, motors etc for the period January 1997 to March 1997. The amount demanded by Superintendent Central Excise, Patiala was a sum of Rs. 1,84,409. Escorts Pistons Limited filed a reply dated September 29, 1997 to the said notice. The proceedings in this matter are currently pending before the Assistant Commissioner Central Excise for personal hearing.

5. Our Company received a demand notice dated June 24, 2005 bearing number V(15)SCN/99/05/454 from the Joint Commissioner Central Excise, Chandigarh in respect of demand of interest on special additional duty during the period 2000 – 2001. Our Company filed a reply to the said notice on July 6, 2005. The amount claimed in the said notice is a sum of Rs. 9,37,338. Personal hearing in the matter was held before the Joint Commissioner Central Excise Chandigarh. An order in the said matter is currently awaited.

6. The erstwhile Escorts Pistons Limited (since merged with our Company) received a demand notice dated September 8, 1998, bearing number CE-5/DEMAND/ESCORTS/1/PTL/96/169, from the Superintendent Central Excise, Patiala, in respect of MODVAT credits availed on inputs like foundry chemicals for the period April, 1998 to July, 1998. The amount demanded by Superintendent Central Excise, Patiala was a sum of Rs. 80,406. Escorts Pistons Limited filed a reply dated September 24, 1998 to the said notice. The proceedings in this matter are currently pending before the Assistant Commissioner Central Excise for personal hearing.

7. The erstwhile Escorts Pistons Limited (since merged with our Company) received a demand notice dated July 4, 2002, bearing number CE-13/PREV/ESC/6/2002/2302, from the Assistant Commissioner, Patiala in respect of demand on sale of various types of scraps such as M.S. Scraps, PVC Sheets, empty drums, iron hoop etc for the period of June, 1997 to March, 2001. The amount demanded by Assistant Commissioner, Patiala was a sum of Rs. 3,32,920. Escorts Pistons Limited filed a reply dated September 14, 2002, to the said notice. The proceedings in this matter are currently pending before the Additional Commissioner (Preventive), Chandigarh for personal hearing.

8. The erstwhile Escorts Pistons Limited (since merged with our Company) received three (3) demand notices in the year 1996, for amounts aggregating to Rs. 9,02,552.94 in respect of MODVAT credits availed on account of capital goods and inputs. All of the these notices were adjudicated vide adjudication order nos. 101/D/CE/AC/PTA/2000, dated June 9, 2000, wherein a sum of Rs. 1,36,946.55 was confirmed and the balance demand amount of Rs. 7,65,606.39 was vacated. Further, the Commissioner (Appeals) vide its order dated April 30, 2003, bearing number 328/CE/CHD/2003, allowed us a further credit of Rs. 1,21,433.55 in respect of the amounts demanded by the excise authorities. The excise authorities filed an appeal before the CESTAT on July 29, 2003 against the order of the Commissioner (Appeals). CESTAT vide its order dated March 10, 2004 bearing number – A/709/04-NB/SM has remanded the matter back to the adjudicating authority where this matter is currently pending.

9. Our Company has received a demand notice, dated March 18, 2005, bearing number V(STC)SCN/1/2005/171-73, from the Deputy Commissioner Central Excise, Patiala in respect of payment of service tax on royalty and technical know how for the period 1999 – 2003. The amount being claimed in the notice is a sum of Rs. 23,16,335. Our Company filed a reply dated May 12, 2005 to the said notice. Personal hearing for the matter was held before the Additional Commissioner (P&V) Chandigarh. The order in relation to the matter is awaited.

10. Our Company has received a demand notice dated December 6, 2005, bearing number V(15)/SCN/ADC/ PandA/12/05/2002, from the Deputy Commissioner, Patiala, in respect of payment of service tax on royalty and technical know how for the period 2004 – 2005. The amount being claimed in the notice is a sum of Rs. 16,79,082. Our Company filed a reply dated January 12, 2006 to the said notice. The proceedings are currently pending before the Additional Commissioner, Central Excise, Chandigarh.

11. We have received a demand notice, dated March 24, 2006, bearing number V(Ch.84)D/24/2005/371, from the Deputy Commissioner, Patiala, in respect of clearance of reprocessed goods without payment of excise duty for the period April, 2005 to December, 2005. The amount being claimed in the notice is a sum of Rs. 1,32,019. Our

Company has filed a reply dated April 18, 2006 to the said notice. Personal hearing for the matter was held before the Joint Commissioner Central Excise, Chandigarh. The order in this matter is currently awaited.

12. We have received a demand notice dated May 4, 2006, bearing number V(15)SCN/JC/19/05/1983, from the Joint Commissioner Central Excise, Patiala, in respect of clearance of reprocessed goods without payment of duty for the period 2004 - 2005. The amount being claimed in the notice is a sum of Rs. 5,88,069. Our Company has filed a reply dated May 31, 2006, to the said notice. Personal hearing for the matter was held before the Joint Commissioner Central Excise, Chandigarh. The order in this matter is currently awaited.

13. Commissioner, Central Excise, Chandigarh, has filed an appeal, bearing number E/1880-81/05/NB/A, dated June 20, 2005, before CESTAT against the order bearing number 67/CE/CHD/2005 dated February 28, 2005, passed by the Commissioner (Appeals), Chandigarh. The dispute related to finalisation of provisional assessment on account of turn over discount for the period 2003-04. The amount involved in the matter is Rs. 61,72,599. Our Company has already deposited an amount of Rs 18,29,376 on June 2, 2004. The matter is currently pending before CESTAT for personal hearing.

14. Commissioner, Central Excise, Chandigarh has filed an appeal, bearing number E/1877/05/EX, dated November 25, 2005, before CESTAT, against the order bearing number 63-66/CE/CHD/2005, dated February 28, 2005, passed by the Commissioner (Appeals), Chandigarh. The dispute related to finalisation of provisional assessment on account of turn over discount for the period 2002-03. The amount involved in the matter is Rs. 17,75,618. However, Our Company has claimed a refund of Rs. 45,832 which has not been received by us. The matter is currently pending before CESTAT.

15. Commissioner, Central Excise, Chandigarh has filed an appeal, bearing number E/1878/05/EX, dated November 25, 2005, before CESTAT, against the order bearing number 63-66/CE/CHD/2005, dated February 28, 2005, passed by the Commissioner (Appeals), Chandigarh. The dispute related to finalisation of provisional assessment on account of turn over discount for the period 2002-03. The amount involved in the matter is Rs. 18,35,873. Our Company has already deposited an amount of Rs. 1,77,150 on July 26, 2005. The matter is currently pending before CESTAT.

16. Commissioner, Central Excise, Chandigarh has filed an appeal, bearing number E/1876/05/EX, dated November 25, 2005, before CESTAT, against the order bearing number 63-66/CE/CHD/2005, dated February 28, 2005, passed by the Commissioner (Appeals), Chandigarh. The dispute related to finalisation of provisional assessment on account of turn over discount for the period 2001-02. The amount involved in the matter is Rs. 13,04,107 plus an equal amount of penalty and interest. The matter is currently pending before CESTAT.

17. Commissioner, Central Excise, Chandigarh has filed an appeal, bearing number E/1879/05/EX, dated November 25, 2005, before CESTAT, against the order bearing number 63-66/CE/CHD/2005, dated February 28 2005, passed by the Commissioner (Appeals), Chandigarh. The dispute related to finalisation of provisional assessment on account of turn over discount for the period 2001-02. The amount involved in the matter is Rs. 11,97,907 plus an equal amount of penalty and Interest. The matter is currently pending before CESTAT.

18. Commissioner, Central Excise, Chandigarh has filed an appeal bearing number E/1640/06/EX, dated September 12, 2006, before CESTAT, against the order bearing number 14/CE/CHD/06, dated February 17, 2006, passed by the Commissioner (Appeals), Chandigarh. The dispute related to finalisation of provisional assessment on account of turn over discount for the period 2004-05. The amount involved in the matter is Rs. 45,17,878. Our Company has already deposited an amount of Rs. 1,05,551 on May 17, 2005. The matter is currently pending before CESTAT.

19. On October 5, 1999, the CESTAT, Chandigarh vide order number R/21/99-NB(DB) referred on a point of law a dispute regarding the availment of MODVAT credit on Grinding Wheels / Honning Sticks/Stone/Graphite Crucibles to the Punjab and Haryana High Court, The amount involved in the matter is Rs. 9,34,115. The matter is currently pending before Punjab and Haryana High Court, Chandigarh.

20. On March 11, 1997, the CESTAT, on appeal by the Commissioner of Central Excise Chandigarh, vide order number R/18/07-NG, referred a dispute regarding availment of MODVAT Credit on grinding wheels etc. to the Punjab and Haryana High Court on a point of law. The amount involved in the matter is Rs. 30,66,780. The matter is currently pending before the Punjab and Haryana High Court, Chandigarh.

21. On March 16, 2000, the CESTAT, on appeal of the Commissioner of Central Excise, Chandigarh vide order number R/89/2000/NB referred a dispute regarding availment of MODVAT Credit on endorsed gate passes prior to the period April 1, 1994, to the Punjab and Haryana High Court on a point of law. The amount involved in the matter is Rs. 35,640. The matter is currently pending before Punjab and Haryana High Court, Chandigarh.

22. The Commissioner, Central Excise, Chandigarh has filed a civil appeal, bearing number 3840/41, before the Supreme Court, New Delhi, against order bearing number 1423-1424, dated December 17, 2004, passed by CESTAT for the period 2000-01 and 2001-02. The dispute is regarding conversion of Aluminum Scrap into Ingots. The amount involved in the matter is Rs. 10,85,521 and Rs. 4,28,154 for the period 2000-01 and 2001-02 respectively. The matter is currently pending before the Supreme Court, New Delhi.

23. The Commissioner of Central Excise, Chandigarh has filed an appeal, bearing number E/3607/06/EX, before CESTAT against order number 701/CE/CHD/06, passed by the Commissioner (Appeals) Chandigarh. The dispute pertains to finalization of provisional assessment on account of turnover discount for the period 2005-06. The amount involved in the matter is Rs. 40,78,991. The matter is currently pending before the CESTAT.

24. A show cause notice dated February 8, 2007, bearing number V(84)D/PTL/28/2006/640, was issued by the Assistant Commissioner, Central Excise, Patiala, (the "ACCE") contending that our Company had cleared excisable goods valued at Rs. 7,19,422 without payment of duty and under the cover of document which is invalid. The ACCE vide order-in-original dated April 19, 2007, bearing number 06/CE/AC/D/PTA/2007, confirmed the payment of duty of Rs. 1,17,412. Against said the order, our Company filed an appeal before the Commissioner (Appeals), Customs and Central Excise, Chandigarh who vide order-in-appeal number 184/CE/CHD/2007, dated June 14, 2007, allowed the appeal filed by our Company. The Commissioner of Central Excise vide order-in-review, bearing number 124/CE/CHD/2007, dated September 10, 2007, held that the opinion in order-in-appeal number 184/CE/CHD/2007, dated June 14, 2007, is not proper and legal and directed the ACCE to file an appeal before CESTAT, Delhi. The amount involved is 1,17,412. The matter is currently pending before CESTAT, Delhi.

25. Show cause notice dated November 22, 2007, bearing number V(84)D/PTL/15/07/3686, was issued to our Company by the Assistant Commissioner, Central Excise, Patiala contending that our Company has cleared excisable goods valued at Rs. 2,68,096 during the period November 2006 to August, 2007, without payment of duty and under the cover of a document which is invalid . The amount involved in the case is 44,024. The matter is currently pending before Assistant Commissioner, Central Excise, Patiala.

26. The Commissioner of Central Excise, Chandigarh has filed an appeal, bearing number E/643/2008, before CESTAT, New Delhi, against the order-in-appeal, bearing number 110/CE/CHD/REV/08, dated February 5, 2008, passed by the Commissioner (Appeals) Central Excise, Chandigarh. The proceedings emanates from the CESTAT's final order No./140/06-EX, dated February 1, 2006, in appeal number E/1570/04 filed by our Company vide which CESTAT had remanded the case back to the adjudicating authority to decide the issue of the refund claim after taking into consideration the principles of unjust enrichment and affording an opportunity of personal hearing to the Commissioner of Central Excise, Chandigarh. The issue involved in the case is an alleged inadmissible refund claim of Rs. 1,19,234 and the dispute relates to the period 1987-88 and 1988-89. The appellant has prayed for the quashing of the order-in-appeal bearing number 110/CE/CHD/REV/08. The matter is pending before the CESTAT, New Delhi.

27. A show cause notice dated May 27, 2008, bearing number V(84)D/PTL/17/08/1510-11, was issued to our Company by the Assistant Commissioner, Central Excise, Patiala, contending that our Company has cleared excisable goods valued at Rs. 1,76,698, without payment of duty and under the cover of document which is not a valid document during the period September 2007 to April, 2008. The amount involved in the case is Rs. 28,854. The matter is currently pending before the Assistant Commissioner, Central Excise, Patiala.

28. The Commissioner, Central Excise, Bengaluru has filed an appeal before CESTAT against the order number 195/2004-CE, dated January 04, 2005, passed by the Commissioner (Appeals), Bengaluru. The dispute related to finalisation of provisional assessment on account of turn over discount for the period July 2000 to March 2002. The matter is currently pending before CESTAT, Bengaluru. The duty payable has not yet been quantified and no penalty appears to be prescribed at this stage.

29. The Commissioner of Central Excise, Bengaluru vide his order-in-original number 65/2005, has raised a demand of Rs. 6,84,205, being the balance amount payable against the demand raised by the department during 2004. The dispute relates to the finalization of provisional assessment on account of turn over discount for the period 2003-2004. *Vide* final Order number 923 & 924 / 2008 dated July 24, 2008 the CESTAT allowed the appeal filed by our Company. The matter is currently pending with the CESTAT, Bengaluru.

30. The Assistant Commissioner of Central Excise, Bengaluru vide order-in-original number 23/2006 has raised a demand of Rs. 43,61,018. The dispute relates to finalization of provisional assessment on account of turn over discount for the period 2004-2005. Our Company filed an appeal before the Commissioner Central Excise (Appeals), Bengaluru. The CESTAT during the pendency of the matter has directed the Central Excise Department for re-assessment. They confirmed that the demand remained unchanged at Rs. 43,61,018. The matter is currently pending before CESTAT, Bengaluru.

31. We have received a demand notice, bearing number SCN IV/16/76/2003ADJ, dated September 1, 2003, from the Joint Commissioner Central Excise, Bengaluru, raising a demand of Rs. 9,89,833. The dispute relates to the finalisation of provisional assessment on account of trade discount for the period 2000-2002. The matter is currently pending before Joint Commissioner Central Excise, Bengaluru.

32. We have received a demand notice, bearing number SCN IV/16/74/2003ADJ, dated September 15, 2003, from the Joint Commissioner Central Excise, Bengaluru, raising a demand of Rs. 8,54,221. The dispute relates to the finalisation of provisional assessment on account of trade discount for the period 2000-2002. The matter is currently pending before Joint Commissioner Central Excise, Bengaluru.

33. We have received a demand notice, bearing number SCN IV/16/74/2003ADJ, dated March 18, 2004, from the Joint Commissioner Central Excise, Bengaluru, raising a demand of Rs. 9,06,890. The dispute relates to the finalisation of provisional assessment on account of trade discount for the period 2002-2003. The matter is currently pending before Joint Commissioner Central Excise, Bengaluru.

34. We have received a demand notice, bearing number SCN V/87/15/59/04, dated August 25, 2005, from the Joint Commissioner Central Excise, Bengaluru raising a demand of Rs. 6,22,579. The dispute relates to the finalisation of provisional assessment on account of trade discount for the period 2003-2004. The matter is currently pending before Joint Commissioner Central Excise, Bengaluru.

35. We have received a demand notice, bearing number SCN V/84/15/102/03, dated June 10, 2004, from the Additional Commissioner Central Excise, Bengaluru raising a demand of Rs. 34,11,419. The dispute relates to Ni Resist Scrap sold from Escorts Mahle Ltd to Goetze (India) Ltd for the period 2000-2003. Our Company has filed a reply to the above mentioned demand notice. The matter is currently pending before Additional Commissioner Central Excise, Bengaluru.

36. The Commissioner of Central Excise, Bengaluru vide his demand notice, bearing number SCN V/84/15/13/2007, dated June 19, 2007, has raised a demand of Rs. 2,49,74,270. The dispute relates to demand on removal of non-saleable stock removed from RG -1 for the period, July 2005 to December 2005. The Commissioner of Central Excise, Bengaluru, *vide* order number 12/2008, dated April 03, 2008, has modified the demand amount to Rs. 8,52,100. We are in the process of filing an appeal before CESTAT.

37. The Commissioner of Central Excise, Bengaluru, vide his order-in-original no. 60/2007, has raised a demand of Rs. 20,85,319. The dispute relates to finalization of the provisional assessment on account of turn over discount for the period 2005-06. The matter is currently pending before CESTAT Bengaluru.

38. The Additional Commissioner of Central Excise vide show cause notice, dated November 22, 2007, bearing number SCN Number-V/84/15/23/2007, has raised a demand of Rs. 27,86,170. The disputes relates to the alleged wilful suppression of the availment of credit on ineligible documents with the intent to evade payment of duty. *Vide* order, bearing number 24/2008, dated September 25, 2008, the Additional Commissioner of Central Excise, (i) confirmed the demand of Rs. 27,86,170 and directed that the same to be recovered under rule 14 of the Cenvat Credit Rules, 2004 read with the proviso to section 11A of the central Excise Act, 1944 from the assessee; (ii) levied interest in terms of Rule 14 of the Cenvat Credit Rules, 2004 read with the proviso to section 11AB of the Central Excise Act,

1944 to be recovered from the assessee; and (iii) imposed a penalty of Rs. 27,86,170 under section 11AC of the Central Excise Act, 1944 read with Rule 15 (2) of the Cenvat Credit Rules, 2004.

39. The Additional Commissioner of Central Excise vide show cause notice, dated December 31, 2007, bearing SCN Number-V/84/15/28/2007, has raised a demand of Rs. 10,29,725. The disputes relates to the alleged improper assessment of Central Excise duty with the intent to evade payment of the same. The matter is currently pending before the Additional Commissioner of Central Excise.

40. A show cause notice dated May 6, 2008, bearing number V/84/15/28/2006 Adjn.BNG-II, has been issued by the Additional Commissioner of Central Excise, Bengaluru to our Company seeking information as to why (i) CENVAT credit amounting to Rs. 2,00,323 (Rs. 1,96,394 + Rs. 3,929 - Education cess) allegedly irregularly availed by our Company (twice on the same input documents) during the period from April, 2005 to February, 2006, should not be demanded and recovered; (ii) irregular CENVAT credit amounting to Rs. 2,67,120 (Rs. 2,61,882 + Rs. 5,238 - Education cess) availed twice on the same capital goods documents for the period from May, 2005 to March, 2006 should not be demanded and recovered; (iii) irregular CENVAT credit amounting to Rs. 32,189 (Rs. 31,558 + Rs. 631 - Education cess) being the excess credit availed on the capital goods for the period from April, 2005 to January, 2006 should not be demanded and recovered; (iv) the amount of Rs. 4,003 being the duty and irregularly availed Cenvat Credit in respect of finished goods and inputs/semi-finished goods cleared under non-returnable gate passes during the period November, 2005 to May, 2006 should be demanded and recovered. (v) The amount of Rs. 5,03,634 already paid should not be appropriated against the amount demanded in (i), (ii), (iii) and (iv). The matter is currently pending before Additional Commissioner of Central Excise, Bengaluru.

41. Show cause notice dated August 6, 2008, bearing number IV/16/44/2008 Tech T 1032/08, was issued to our Company by the Assistant Commissioner of Central Excise, Bengaluru contending *inter alia* that our Company has under valued the motor vehicle parts without thus contravening the provisions of Rule 4 6, 8 and 11 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules 2000 without an intention to evade payment of the appropriate duty. The total short payment of Central Excise duty is Rs. 33,056 and education cess of Rs. 662 during the period from August 2003 to December 22, 2005. Our Company is in the process of filing the reply.

Except where specifically indicated in this section, the liability specified in these cases excludes interest of 13% imposed under the Central Excise Act, 1944, which may be imposed by the adjudicating authority, should the matters be decided in favor of the revenue.

All liabilities that may arise against our Company, excluding the statutory interest and penalty, in relation to the above mentioned excise matters have been captured in contingent liabilities under the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer.

Income Tax Matters

1. The Joint Commissioner of Income Tax, Delhi vide its order dated January 13, 1999 has disallowed a deduction of Rs. 26,68,328 while computing the total income of our Company in respect of the assessment year 1996 – 1997. Against this order, our Company instituted an appeal on March 8, 1999 bearing number 175/1999-2000 before the Commissioner of Income Tax (Appeals), who vide its order dated November 2, 1999 upheld the order of the Joint Commissioner of Income Tax, Delhi in substance. Subsequently, our Company instituted an appeal bearing number ITA Number 322/Del/2000 before the Income Tax Appellate Tribunal, Delhi, who vide its order dated January 6, 2004 allowed the deductions being claimed by our Company, save and except the deductions in respect of bonus issue expenses and entertainment expenses. The Joint Commissioner of Income Tax, Delhi has filed an appeal under Section 260A of the IT Act against the said order before the High Court of Delhi, where the matter is currently pending.

2. The Joint Commissioner of Income Tax, Delhi vide its order dated February 29, 2000 has disallowed a deduction of Rs. 43,20,885 while computing the total income of our Company in respect of the assessment year 1997 - 1998. Against this order, our Company instituted an appeal on April 24, 2000 bearing number 40/2000-2001 before the Commissioner of Income Tax (Appeals), who vide its order dated February 26, 2001 upheld the order of the Joint Commissioner of Income Tax, Delhi in substance. Subsequently, our Company instituted an appeal bearing number ITA Number 2118/Del/2001 before the Income Tax Appellate Tribunal, Delhi, who vide its order dated February 5, 2005 allowed the deductions being claimed by our Company, save and except the deductions in respect of

entertainment expenses. The Joint Commissioner of Income Tax, Delhi has filed an appeal against the said order before the High Court of Delhi, where the matter is currently pending.

3. The Deputy Commissioner of Income Tax, Delhi vide its order dated February 28, 2003 has disallowed a deduction of Rs. 5,50,77,607 while computing the total income of our Company in respect of the assessment year 2000 - 2001. Against this order, our Company instituted an appeal before the on April 8, 2003 bearing number 10/2003-2004 before the Commissioner of Income Tax (Appeals), who vide its order dated November 16, 2003 upheld the order of the Assistant Commissioner of Income Tax, Delhi in substance. We have now filed an appeal against this order before the Income Tax Appellate Tribunal, Delhi. Additionally, the original assessment order dated February 28, 2003 was revised by the Commissioner of Income Tax, Delhi vide an order dated December 22, 2004, which order is also being appealed by us in proceedings currently pending before the Income Tax Appellate Tribunal, Delhi. The appeal filed by our Company against the order passed by the Commissioner of Income Tax (Appeals) has been heard on June 16, 2008. The appeal in relation to the order of the Commissioner of Income Tax is currently pending. The Commissioner of Income Tax (Appeals) *vide* order dated July 4, 2008 allowed the deduction that has been claimed by our Company, expect the deduction in respect of disallowance of Rs. 99,12,693 by treating the capital expenditure as revenue expenditure.

4. The Additional Commissioner of Income Tax, Delhi vide its order dated March 29, 2004 has disallowed a deduction of Rs. 1,40,26,635 while computing the total income for our Company in respect of the assessment year 2001-2002. We have filed an appeal before the Commissioner of Income Tax (Appeals), Delhi against this order which gave a relief of Rs. 48,78,842 vide appeal number 61/04-05 dated November 30, 2006. We have filed an appeal to the ITAT for the disallowance of Rs. 91,47,793 and the matter is currently pending.

5. The Additional Commissioner of Income Tax, Delhi vide its order dated March 30, 2005 has disallowed a deduction of Rs. 4,08,16,403 while computing the total income for our Company in respect of the assessment year 2002 - 2003. We have filed an appeal before the Commissioner of Income Tax (Appeals), Delhi against this order where the matter is currently pending.

6. The Deputy Commissioner of Income Tax, Delhi vide its order dated March 31, 2006 has disallowed a deduction of Rs. 6,38,14,378 while computing the total income for our Company in respect of the assessment year 2003-2004. We have filed an appeal before the Commissioner of Income Tax (Appeals), Delhi against this order where the matter is currently pending.

7. The Asstt. Commissioner of Income Tax, Central Circle-3, New Delhi vide its order dated 27th December, 2006 has made disallowance of expenses amounting to Rs. 46,23,555 while framing the tax assessment u/s 143(3) for the assessment year 2004-05. An appeal has been filed before the Commissioner of Income Tax (Appeals) II, Delhi against this order. The Commissioner of Income Tax (Appeals) II, Delhi has passed an order appeal bearing DEL/CIT(A)-II/06-07/505/210 dated February 13, 2008 partly allowing the appeal filed by our Company. The Commissioner of Income Tax (Appeals) II, Delhi gave a relief to the tune of Rs. 21,96,231. Our Company has filed an appeal before the Income Tax Appellate Tribunal for the disallowance of Rs. 24,27,324 by the Commissioner of Income Tax (Appeals) II, Delhi The matter is currently pending before the Income Tax Appellate Tribunal

8. The Assistant Commissioner of Income Tax, Central Circle – 3, New Delhi vide its order dated December 31, 2007 has made disallowances of expenses amounting to Rs. 1,25,01,500 and Rs. 2,75,45,000 under section 115JB of the Income Tax Act, 1961 while framing the assessment under section 143(3) of the Income Tax Act, 1961 for the assessment year 2005-2006. Our Company has filed an appeal before the Commissioner of Income Tax (Appeals) II, Delhi. The matter is currently pending before the Commissioner of Income Tax (Appeals) II, Delhi.

The liability specified in these cases excludes statutory interest under the Income Tax Act, 1961 which may be imposed by the adjudicating authority should the matters be decided in favor of the revenue.

All liabilities that may arise against our Company in relation to the above mentioned income tax matters, excluding the statutory interest and penalty, have been captured in contingent liabilities under the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer.

Service Tax Matters

1. We have received a demand notice being demand notice number SCN IV/16/4/2006 dated July 04, 2006 issued by the Joint Commissioner Central Excise, Bengaluru raising a demand of Rs. 18,01,370. The dispute related to the Service Tax on job-work for the period 2004-2005 The matter is currently pending before the Joint Commissioner Central Excise, Bengaluru.

2. Our Company had received a show cause notice dated August 17, 2006, bearing number V(ST-CH-84)D/PTL/66/2006 issued by the Assistant Commissioner, Central Excise, Patiala in relation to the Cenvat Credit of Rs. 1,03,995 with respect to the availment of service tax against the invoices raised by Star Professional, Patiala for the period August 2005 – December 2005. The Assistant Commissioner, vide order-in-original bearing number 36/CE/AC/PTA/D/2006 dated October 30, 2006 confirmed the demand of Cenvat Credit amount of Rs. 1,03,995 along with interest and imposed a penalty of Rs. 1,03,995. The Commissioner (Appeals), Central Excise, Chandigarh vide Order-In-Appeal bearing number 90/CE/CHD/07dated April 12, 2007 upheld the order-in-original. Our Company filed an appeal and an stay application before CESTAT, Delhi . The CESTAT, Delhi vide stay order Number 564/07 – SM (BR) dated September 6, 2007 has allowed the stay application and the appeal is pending. The amount involved in the case is Rs 1,03,995 + penalty of Rs. 1,03,995 and interest. The matter is currently pending before the CESTAT, Delhi.

3. Our Company has received a Show Cause Notice dated August 03, 2007, bearing number V (CH84) D/PTL/09/2007/2244 issued by the Assistant Commissioner, Central Excise, Patiala in respect of availment of Cenvat Credit of service tax amounting to Rs. 3,41,738 for the period 2006 – 2007. The dispute relates to the bus services provided by M/s. BIR Bus Service, Patiala for the transportation of the employees of our Company. The matter is pending before the Assistant Commissioner, Patiala.

4. Our Company has received a Show Cause Notice dated August 24, 2007, bearing number V (CH84) D/PTL/13/2007/2558 issued by the Assistant Commissioner, Central Excise, Patiala in respect of the availment of Cenvat Credit of Rs. 3,44,800 for the period of 2006 - 2007. The dispute relates to the invoice raised by our Company on account of consultancy services provide by M/s. OGL Club and M/s. Tiekoku, Japan and consulting engineer services provided by Federal-Mogul Nürnberg GmbH. The matter is pending before the Assistant Commissioner, Patiala.

5. A show cause notice dated September 06, 2007, bearing number V (CH84)SCN/JC/ADJ/62/07 was issued by the Joint Commissioner, Central Excise, Chandigarh to our Company in respect of the availment of Cenvat Credit of Service Tax amounting to Rs 19,08,176 for the period 2006-07 involved in respect of the services provided by Reliance Mediclaim Insurance for our employees. The Joint Commissioner of Central Excise, Chandigarh vide order-in-original bearing number 8/CE/JC(P.V)/PTL/AD/08 dated March 12, 2008 confirmed the demand of Rs. 19,08,176. Our Company has filled an appeal and a stay application before the Commissioner (Appeals), Customs and Central Excise, Chandigarh. The Commissioner (Appeals), Customs and Central Excise, Chandigarh vide order bearing number 36/CE/STAY/CHD/08 dated June 2, 2008 has rejected the stay application. Our Company has made an application for the modification of stay order before the Commissioner (Appeals), Customs and Central Excise, Chandigarh. The matter is currently pending before the Commissioner (Appeals), Customs and Central Excise, Chandigarh.

6. We have received a Show Cause Notice dated April 23, 2008, bearing number V (CH84) D/PTL/15/2008/1195 issued by the Assistant Commissioner, Central Excise, Patiala in respect of availment of Cenvat Credit of Service Tax amounting to Rs. 2,13,607 for the period April 2007 to October 2007. The dispute relates to the bus services provided by M/s. BIR Bus Service, Patiala for the transportation of the employees of our Company.The matter is currently pending before the Assistant Commissioner, Central Excise, Patiala.

7. We have recived a Show Cause Notice dated July 22, 2008, bearing number V (ST) SCN/JC (P&V) ADJ/PTL/23/08/824 issued by the Joint Commissioner, Central Excise, Chandigarh, in respect of availment of Cenvat Credit of Service Tax amounting to Rs. 28,85,557 for the period July 2007 and August 2007. The dispute relates to mediclaim insurance for our employees and insurance of building, plant and machinery of our Company. The matter is currently pending before the Joint Commissioner, Central Excise, Chandigarh.

The liability specified in these cases excludes statutory interest as may be imposed by the adjudicating authority should the matters be decided in favor of the revenue.

All liabilities that may arise against our Company in relation to the above mentioned service tax matters, excluding the statutory interest and penalty, have been captured in contingent liabilities under the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer.

Sales Tax Matters

1. We have received a demand notice under section 29 of the Punjab Value Added Tax Act, 2005, from the Excise and Taxation officer, Rajpura, Patiala dated June 27, 2008, for a sum of Rs. 15,55,161. We have paid tax at the rate of 4%, whilst filing returns, on the sale of piston rings amounting to Rs. 1,82,96,030/-. The dispute has arisen in the rate of tax, which is 12.5% as per the Excise and Taxation officer. The reason as stated by the officer is, since the rings are automobile components being used for the manufacturing of automobiles and in oil engines, these are taxable @12.5%.

   Pursuant to the show cause notice our Company filed a reply dated August 4, 2008. The assessing officer rejected the reply, vide order dated June 27, 2008 and held that pistons rings were automobile components and were not declared as goods.

   Our Company has filed a memorandum of appeal to the Appellate Authority against the order dated June 27, 2008, under section 62 of the Punjab Value Added Tax Act, 2005. The grounds for filling the appeal *inter alia* are: (i) piston rings are decalred goods as mentioned in section 14 of the Central Sales Tax Act read with entry 30 of schedule B of the Central Sales Tax Act; (ii) classification cannot be made considering the end use of the product; (iii) rings mentioned in section 14 of the Central Sales Tax Act cover all its forms; and (iv) specific entry of 30 of schedule B of the Central Sales Tax Act to prevail over residuary entry. Our Company has prayed *inter alia* for the following: (i) the appeal of our Company be allowed; (ii) set aside the assessment order dated June 27, 2008 and demand notice dated June 27, 2008 passed by the excise and taxation officer cum designated officer; (iii) stay the impugned order of assessment dated June 27, 2008 and demand notice dated June 27, 2008 issued in pursuance of the impugned assessment order till the disposal of the appeal.

2. We have filed a writ petition before the Karnataka High Court, bearing writ petition number 2449 of 2008, under article 226 and 227 of the Constitution of India, against the state of Karnataka, the commissioner of commercial taxes in Karnataka and the Deputy Commissioner of Commercial Taxes (Transition). The petition challenges the levy of tax under the Karnataka Sales Tax, Act, one on purchase point of raw materials and the other on at sale point on semi finished products at different rates all in excess of 2%, rejecting the contention that the goods being declared goods, there cannot be levy in excess of 2%. The Karnataka Appellate Tribunal by common order in STA. Nos. 833/1998, 207/2001, 246/2001 and 350/2002, has directed the Assessing authorities to recomputed the turnovers by considering the declaratory forms and granting set off of taxes paid at the purchase point on raw materials. The Assessing Authority namely the Deputy Commissioner of Commercial Taxes (Transition – 1), Bengaluru Division, Seshadripuram, Bengaluru has to conclude afresh orders keeping in view the orders of the Karnataka Appellate Tribunal. The Appellate Tribunal has also held that the company has to pay tax on raw materials and on sale of groove insert sleeve proceeds, holding that they are different products.

   The sales tax revision petition filed in the High Court of Karnataka was dismissed with an observation that the levy of tax at 2 points one on purchase and the second on sale cannot exceed 4% maybe questioned by challenging validity of the levy. Now writ petitions are filed in the High court of Karnataka for five years commencing from 1993-1994, 1994-1995, 1995-1996, 1996-1997 and 1998-1999. The writ petition is numbered as WP – 2449/2008.

   Our Company has prayed for *inter alia* (i) a declaration that even after split of the entry relating to "Iron and Steel" in the fourth schedule to the Karnataka Sales Tax Act, 1957 into two separate entries, that would not render the same as different entry for the purpose of levy of tax under section 5(4) of the Karnataka Sales Tax Act, 1957; (ii) declaration that section 5(4) of the Karnataka Sales Tax Act, 1957 would prevail the split entry relating to iron steel in the fourth schedule to the Karnataka Sales Tax Act, 1957; and (iii) declaration that no sales tax could be levied on cast iron rough castings when the iron scrap has suffered purchase tax. The matter is currently pending before the Karnataka High Court.

3. As per the assessment order passed by the Deputy Commissioner, Sales Tax, Bengaluru, for the period 1997-98, the sale of GI Sleeves was exempted from charging tax. The assessment has been completed and no liability arises. The Sales Tax Department has filed a suo moto revision petition before the Joint Chief Commissioner, Sales Tax (Appeals), Bengaluru against this order passed by Deputy Commissioner, Sales Tax, Bengaluru which is pending before the Joint Chief Commissioner, Sales Tax (Appeals), Bengaluru.

4. The Department of Sales Tax, Bengaluru charged a tax on sale of GI sleeves at the rate of 10% and applicable surcharge for the period 2000-01 and demanded a total amount of Rs. 1,02,40,000. Our Company has already deposited Rs. 51,19,000. Our Company filed an appeal before the Joint Chief Commissioner Tax (Appeals), which was dismissed by him. As a result, our Company filed an appeal before the Karnataka Appellate Tribunal against the order of the Joint Chief Commissioner Tax (Appeals). The net liability based on 2% tax on GI sleeves shall be Rs. 15,05,000. The Karnataka Appellate Tribunal vide order dated March 15, 2006 in STA Number 1255/2004 allowed the appeal and remitted the matter to the Assessing Officer for fresh assessment.

5. The Sales Tax Department, Bengaluru has instituted a complaint against our Company for non-submission of C forms and F forms with the Department for the period 1999-00 and demanded an amount of Rs. 38,39,000. Our Company has filed an appeal before Joint Chief Commissioner, Sales Tax (Appeals), Bengaluru, for modification of order. The case has been remanded back to Deputy Commissioner, Sales Tax and it is still pending.

   The liability specified in these cases excludes interest and penalty which may be imposed by the adjudicating authority as a consequence of the Karnataka Sales Tax Act should the matters be decided in favor of the revenue.

   All liabilities that may arise against our Company in relation to the above mentioned sales tax matters, excluding the statutory interest and penalty, have been captured in contingent liabilities under the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer.

Other statutory proceedings against our Company

1. Prosecution proceedings under the Prevention of Food Adulteration Act, 1954 have been instituted against our Company before the Civil Court, Patiala, as a result of loose samples of Haldi allegedly being recovered from our canteen in our plant at Patiala. The authorities have contended that our Company has violated Rules 24 and 49 of the Prevention of Food Adulteration Rules, 1955 which mandate that no person shall sell powder spices except in a packed condition and hence the samples in our canteen contravened the provisions of the Prevention of Food Adulteration Act, 1954. The matter is pending before Civil Court, Patiala and has been fixed for the presentation of the prosecution evidence.

2. The Punjab State Electricity Board has raised a demand note for Rs. 52,24,000 in the name of Escorts Limited vide their office memo number 2168, dated July 28, 1997, towards 17.5% surcharge for having availed an additional load of 2,500 KW on 11 KV System voltage in the year 1995. We have challenged the same on the ground that since we had paid the entire cost of 66 KV line, the delay in releasing the additional load on 66 KV line was due to the reason that Punjab State Electricity Board was not ready with the jobs falling in their scope for which we had paid the entire cost. Our Company had already confirmed our readiness to receive supply on 66 KV whereas Punjab State Electricity Board could not complete the job of laying 66 KV line. Our representation is under consideration of Punjab State Electricity Board. This liability excludes interest. All liabilities that may arise against our Company in relation to the above mentioned dispute, excluding interest, have been captured under the head “contingent liabilities” in our financial statements.

3. K. Sudhakar instituted a motor vehicle claim bearing number 4344/2002 before the Motor Accident Claims Tribunal, Court of Small Causes, Bengaluru (SCCH - 10) against New India Assurance Company Limited, our Company and National Insurance Company Limited. K. Sudhakar has alleged that (i) K. Sudhakar has received permanent injuries due to rash and negligent driving of the bus driver; (ii) Our Company being the owner of the vehicle, which has been insured by the National Insurance Company Limited, both our Company and the National Insurance Company Limited are jointly and severally liable, for an amount of Rs. 58,500 along with interest at the rate of 6% per annum. Our Company has filed a cross objection before the Court of Motor Accident Claims Tribunal, Bengaluru bearing Motor Vehicle Claim Execution number 1267/2007 against the decree dated February 21, 2005. and the matter is pending before Court of Motor Accident Claims Tribunal, Bengaluru.

IV. *Consumer Proceedings*

1. Bhagwant Singh, father of Parvinder Singh, an employee of Goetze India Limited had filed a complaint, bearing number 458 of 2005, before the District Consumer Disputes Redressal Forum, Patiala against our Company. The complaint had been filed under section 11 to 14 of the Consumer Protection Act, 1986 against Life Insurance Corporation of India and Goetze India Limited. Bhagwant Singh had alleged that (i) Parvinder Singh was working with our Company and an agreement had been entered into between the workers union and the management of our Company where under Parvinder Singh was insured with Life Insurance Corporation of India under the pension scheme; and (ii) non settlement of the claim of Bhagwant Singh, being the nominee of Parvinder Singh, in the policy, amounts to deficiency of service. The District Consumer Disputes Redressal Forum, Patiala vide order dated September 14, 2006 had allowed the complaint of Bhagwant Singh and directed Life Insurance Corporation of India to settle the claim of Bhagwant Singh within a period of one month from the receipt of the order and to pay Rs. 1,000 as costs of the order. Life Insurance Corporation of India has filed an appeal before the Punjab State Consumer Disputes Redressal Commission at Chandigarh against the aforesaid order dated September 14, 2006 praying for setting aside the order. Our Company has been made a party to the appeal. The matter is currently pending before the Punjab State Consumer Disputes Redressal Commission at Chandigarh.

2. Parmeshwar Kaur, widow of Mr. Balbir Singh, an employee of our Company had filed a complaint before the District Consumer Disputes Redressal Forum, Patiala against our Company. The complaint had been filed under section 11 to 14 of the Consumer Protection Act, 1986 against the branch manager, Jeevan Dhara Cell, LIC of India and General Manager of our Company. Parmeshwar Kaur submitted that she being the legally wedded wife of Mr. Balbir Singh is entitled to family pension after the death of Mr. Balbir Sing. Parmeshwar Kaur prayed that the complaint be accepted and a order be passed directing the defendant to grant and release family pension to the complainant along with interest @ 9% per annum from the date of death of Mr. Balbir Sing and compensation to the tune of Rs. 20,000 with costs also to be paid to the complainant by the defendant.

V. *Over due or Winding up petitions*

Nil

VI. *Labour Proceedings*

Employee related claims

Aman Kumar filed a petition, bearing number 19 of 2003, before the second Labour Court, Kolkata in April, 2003, against the erstwhile Escorts Pistons Limited (since merged with our Company), for termination of services by Escorts Pistons Limited. Kumar was employed as senior sales and marketing executive and his services were terminated on grounds of unsatisfactory performance. The petitioner has prayed for a reinstatement of services with full back wages from the date of termination viz. February 4, 2002, till the date of passing of the order. The matter is currently pending before the Second Labour Court, Kolkata.

Labour matters related to our Bengaluru plant

With respect to our plant at Bengaluru, there are approximately 17 cases relating to different labour matters that are pending before various forums for amounts aggregating to approximately Rs. 81,27,000.

There are also 4 cases pending in respect of employees' state insurance contributions being claimed by the employees' state insurance authorities before various forums for an amount aggregating approximately Rs. 14, 51,034. This amount excludes statutory interest of 15% and penalty of 25% which may be imposed in cases of delayed payment which may be payable should our Company lose the cases.

Labour matters related to our Bhiwadi plant

With respect to our plant at Bhiwadi, there are approximately 5 cases relating to various labour matters which pending before various forums, the liability in respect of which cannot be quantified.

Labour matters related to our Patiala plant

With respect to our plant at Patiala, there are five labour matters which are pending before various forums; the liability in respect of which cannot be quantified.

There are also 3 cases pending in respect of employees' state insurance contributions being claimed by the employees' state insurance authorities for an amount aggregating approximately Rs. 15,13,272. This amount is inclusive of interest amounting to Rs. 7,98,275.

All liabilities that may arise against our Company in relation to the above mentioned labour disputes have been captured in contingent liabilities under the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer.

VII. Civil Proceedings

(a) Shriram Pistons and Rings Limited had instituted a recovery suit, bearing number 104 of 2004, before the Additional District Judge, Tis Hazari Court, New Delhi, in April, 2004 against Yogesh Choudhary, an employee of our Company who had earlier worked for Shriram Pistons and Rings Limited. The suit pertains to recovery of damages for breach of secrecy clause and termination of the service agreement between Choudhary and Shriram Pistons and Rings Limited. Shriram Pistons and Rings Limited had claimed a sum of Rs. 3,39,807 in damages along with 18% interest p.a. from the date of filing of suit till realization of amount. While the suit was successfully defended before the Additional District Judge, Tis Hazari Court, Shriram Pistons and Rings Limited has filed an appeal in August, 2005 against the order dated April 6, 2005, of the Additional District Judge, Tis Hazari Court, before the Delhi High Court. The said Appeal has been admitted to regular hearing and is pending. It may be noted that although the case has been filed in the name of the employee, pursuant to an oral understanding between our Company and Chaudhary, liability, if any, that arises would be that of our Company.

(b) Shriram Pistons and Rings Limited had instituted a recovery suit, bearing number 103 of 2004, before the Additional District Judge, Tis Hazari Court, New Delhi in April, 2004 against D. Sampath Kumar, an employee of our Company who had earlier worked for Shriram Pistons and Rings Limited. The suit pertains to recovery of damages for breach of secrecy clause and termination of the service agreement between Kumar and Shriram Pistons and Rings Limited. Shriram Pistons and Rings Limited had claimed a sum of Rs. 3,58,131 in damages along with 18% interest p.a. from the date of filing of suit till realization of the amount. While the suit was successfully defended before the Additional District Judge, Tis Hazari Court, New Delhi, Shriram Pistons and Rings Limited has filed an appeal against the order of the Additional District Judge, Tis Hazari Court, dated April 6, 2005, before the Delhi High Court. The said Appeal has been admitted to regular hearing and is pending. It may be noted that although the case has been filed in the name of the employee, pursuant to an oral understanding between our Company and Kumar, liability, if any, that arises would be that of our Company.

(c) Space 2000 S.P.A. has filed a suit, bearing number 37 of 1999, before the Delhi High Court in April, 1999 against our Company alleging that the leather goods supplied by our Company were defective. Space 2000 S.P.A. has claimed Rs. 60,91,134 along with 24% interest p.a. from the date of payment in the year 1995 till the date of realization. The matter is currently pending before the Delhi High Court.

(d) Anil Kumar Singh, an employee of our Company has filed a suit, bearing number ESIC-88/05, before Senior Civil Judge, Tis Hazari Court, New Delhi in September, 2005, against our Company. Singh was permanently disabled in an accident and thereafter claimed the permanent disabled benefit from our Company. Our Company has granted the benefit to Singh from the date of his application to our Company, however, Singh has claimed the benefit from the date of his accident. Singh has also claimed recovery of the amount of Rs. 2,000 per month being deducted from his salary from September, 2003 along with a disablement benefit at a higher rate than actually given to him. Our Company has filed its written statement. Thereafter, our Company, pursuant to a change in its name, has made an application for recording the same, which is pending consideration. The suit is currently pending before the Senior Civil Judge, Tiz Hazari Court, New Delhi.

(e) Y. R. Mehta, a former employee of our Company has filed a civil suit, bearing number 211 of 1999, before the Civil Judge, Tis Hazari Court, Delhi in August, 1999, against our Company on the grounds that, the voluntary retirement scheme, as applied for, was not granted by our Company, as well as his services being terminated illegally. Mehta has also alleged that our Company has deducted an excess amount of Rs. 20,000 towards an outstanding car loan while settling his accounts. Mehta has claimed a sum of Rs. 20,000 along with interest thereon at the rate of 18% in damages. The matter is currently pending before the Civil Judge, Tis Hazari Court, New Delhi.

(f) M/s. Maheshwari Bros. instituted a civil suit, bearing number 7 of 1998, before the Civil Judge, District Court, Bhawani Mandi, Rajasthan in November, 1998 against our Company pursuant to a dispute that arose between the parties in relation to purchase of soyabean seeds. The District Court decreed the suit against our Company vide its order dated August 13, 2003 and passed a decree in favour of M/s. Maheshwari Bros. for a sum of Rs. 27,142 along with 10% interest from the date of filing of suit till the date of realization of amount. The matter was transferred to Senior Civil Judge, Tis Hazari Court, New Delhi for execution and our Company has paid the decreed amount of Rs. 27,142 along with 10% interest to M/s. Maheshwari Bros. M/s. Maheshwari Bros. have filed an appeal number CA–22 of 2004 before the Additional District Judge, Jhalawar, Rajasthan in October, 2004, praying for a decree of Rs. 49,641, being the full amount claimed by them in the suit. Our Company has also filed an appeal before the said court in September, 2003, seeking a cancellation of the decree passed by the lower court. The matter is currently pending before the Additional District Judge, Jhalawar, Rajasthan.

(g) Escorts and Goetze Labourers Hitarakshana Horata Sangha has filed a Civil Writ Petition Number 12888 of 2006 (L-RES) under Article 226 of the Constitution of India before the Karnataka High Court in October, 2006 against our Company. A dispute Ref. number 1/1993 was raised regarding regularization of 1,200 contractual workmen. The said dispute was referred to the Labour Court, Bengaluru by an order bearing number SWC-343-LID-92, dated December 26, 1992. A settlement was reached and it was decided under settlement to regularize only 100 contractual workmen. Some of the aggrieved workmen have alleged that the settlement was unauthorized and was done without the knowledge of the all involved workmen and got a new Union registered and filed a petition before Deputy Labour Commissioner and Conciliation Officer, Bengaluru for the reinstatement of terminated 385 contractual workmen from the date on which 100 workmen were reinstated. The Labour Court *vide* its order Ref. Number 83/97, dated July 21, 2005, rejected the reference. The Petitioner has now filed the Writ Petition that is pending before the Karnataka High Court.

(h) Navkirtan Kaur, through her guardian, instituted a suit for maintenance before the court of Civil Judge Senior Division, Patiala. The suit has been filed under the Hindu Guardian and Ward Act against Joginder Singh, Khazan Singh, an employee of our Company and the Manager (Personal and Administration) of our Company. Navkirtan Kaur has alleged that (i) Khazan Singh is legally bound to maintain Navkirtan Kaur, his minor daughter according to his status and to provide all facilities towards education of Navkirtan Kaur; (ii) Navkirtan Kaur is entitled to be maintained by Khazan Singh from the agricultural land owned by Khazan Singh; and (iii) Navkirtan Kaur is the sister of Joginder Singh. Joginder Singh being the foreman of our Company is entitled to provident fund and gratuity to be paid by our Company in which Navkirtan Kaur has a right. An application has also been filed under Order 39 Rule 1 and 2 read with section 151 of the Civil Procedure Code for ad – interim injunction restraining Joginder Singh and Khazan Singh from alienating the suit property. The matter is currently pending b'efore the Civil Judge Senior Division, Jagadhari.

(i) Life Insurance Corporation of India, Chandigarh ("LIC") has filed a suit, bearing number 204T/2006, against Karam Singh ("Defendant No. 1") and Escorts Limited ("Defendant No. 2") before the court of Civil Judge Senior Division, Patiala for recovery of Rs. 15,320 including an amount of Rs. 10,000 as the amount of cheque number 208838 dated October 15, 2004, wrongly handed over by Defendant No. 2 to Defendant No. 1. Karam Singh, son of Inder Singh, (the "aggrieved") had opted for a life insurance policy with the LIC. A cheque of Rs. 10,000 was sent by LIC to the Defendant No. 2 for payment to the aggrieved. However the same was incorrectly handed over to Defendant No. 1. The aggrieved had filed and obtained a decision in his favour from the District Consumer Disputes Redressal Forum, Patiala, whereby LIC paid the Aggrieved a sum of Rs. 12,000. LIC therefore prays for an award in their favour directing Defendant No. 1 and two to, (i) pay a sum of Rs. 10,000 along with an amount of Rs. 2,000 and interest at the rate of 18% per annum from October 15, 2004 and December 12, 2005 respectively upto the date of actual payment from the Defendants jointly and severally. LIC has valued the suit at Rs. 15,320.

(j) State Bank of Patiala (the "Bank") has instituted a suit for recovery, bearing number 101T/719T/327/2007-08, before the Court of Civil Judge Senior Division, Patiala against Davinder Pal Singh Grower, G. S. Karla and our Company. State Bank of Patiala had granted a loan to Davinder Pal Singh Grower wherein G. S. Karla was the guarantor. Our Company executed a letter of undertaking in favour of the Bank, stating that in case Davinder Pal

Singh Grower tenders his resignation from service the same will not be accepted by our Company till a "No Objection Certificate" is signed by the Bank and the same is produced before our Company. The Bank has alleged that inspite of various requests, oral as well as written, Davinder Pal Singh Grower failed to repay the balance loan amount along with interest. State Bank of Patiala therefore prays that, Davinder Pal Singh Grower, G. S. Karla and our Company are jointly and severally liable to repay the amount of Rs. 11,953.71 (inclusive of interest upto February 15, 2007) along with future interest at the rate of 15% per annum with quarterly rests till realization of the whole amount along with costs and other expenses and the suit be decreed in favour of State Bank of Patiala.

Our Company has filed a written statement in response to the aforesaid suit and the matter is currently pending before the Court of Civil Judge Senior Division, Patiala.

Litigations / Claims / Notices instituted by our Company

I. Securities Law

Nil

II. Criminal Proceedings

1. The erstwhile Escorts Mahle Limited (later known as Escorts Pistons Limited, since merged with our Company) had filed a criminal complaint, bearing number 456 of 1999, before the Additional Chief Judicial Magistrate, Faridabad, in the year 1999 under Section 630 of the Companies Act against Sachin Puri, a former employee of our Company. Puri had requested our Company to issue a comfort letter to the Escorts Heart Institute for the treatment of his father and our Company also settled the medical bill on behalf of Puri. However, at the time of Puri leaving the services of our Company, no deductions were made on account of the said bill, as a result of which our Company initiated proceedings under the Companies Act. The claim involved in this matter is a sum of Rs. 72,715. Puri filed a criminal miscellaneous petition number 58509-M of 2004 before the Punjab and Haryana High Court in December, 2004 for quashing of the complaint filed by our Company. The Punjab and Haryana High Court has stayed all proceedings in the District Court at Faridabad for the time being. The claim involved in this matter has been written-off by our Company from its books.

2. Our Company has filed a criminal complaint, bearing number CC/875/1/05, before the Additional Chief Metropolitan Magistrate, Patiala House Courts, New Delhi, in May, 2005 against M/s Amar Trading Company under the Negotiable Instruments Act, 1881. M/s Amar Trading Company was appointed as a sub-stockist of our Company and our Company supplied goods to M/s Amar Trading Company against which M/s Amar Trading Company had issued a cheque in favour of our Company dated March 14, 2005 drawn on State Bank of Patiala, Auto Market, Hissar for a sum of Rs. 1,13,231. The said cheque was dishonoured on presentation due to insufficiency of funds in the account of M/s Amar Trading Company. After complying with the procedures prescribed under the Negotiable Instruments Act, 1881, our Company instituted the complaint against M/s Amar Trading Company. The amount involved in the matter is Rs. 1,13,231. The Additional Chief Metropolitan Magistrate, Patiala House Courts, New Delhi dismissed the complaint by order dated August 11, 2008.

   Our Company has filed a revision petition against the order dated August 11, 2008, before the Additional Chief Metropolitan Magistrate, Patiala House Courts, New Delhi. Our Company has prayed that the (i) complaint number 875/1/05 be restored and (ii) pass any order or further order(s) which the court deem fit and proper in the facts and circumstances of the case. The matter is currently pending before the Additional Chief Metropolitan Magistrate, Patiala House Courts, New Delhi.

3. Our Company has filed 3 criminal complaints before the Additional Chief Metropolitan Magistrate, Patiala House Courts, New Delhi in October, 2003 under the Negotiable Instruments Act, 1881, against M/s Global Trading Corporation. M/s Global Trading Corporation was appointed as a stockist of our Company and our Company supplied goods to M/s Global Trading Corporation against which M/s Global Trading Corporation had issued 7 cheques in favour of our Company of different dates drawn on Canara Bank, Kashmere Gate, Delhi-110006 for a sum aggregating Rs. 19,65,688. The said cheques were dishonoured on presentation due to insufficiency of funds in the account of M/s Global Trading Corporation. After complying with the procedures prescribed under the Negotiable Instruments Act, 1881, our Company instituted the complaint against M/s Global Trading Corporation. The amount involved in the matter is Rs. 19,65,688. The matter is currently pending before the Additional Chief

Metropolitan Magistrate, Patiala House Courts, New Delhi. Our Company has made a provision in its books for the claim involved in this matter.

4. Our Company has filed 3 criminal complaints, being complaint cases 207, 208 and 209, before the Metropolitan Magistrate involving the bouncing of 6 cheques worth an aggregate of Rs. 30,00,000 under the Negotiable Instruments Act, 1881, before the Patiala House Courts, New Delhi against M/s Premier Vinyl Flooring Limited. Our Company gave inter corporate deposits to M/s Premier Vinyl Flooring Limited and M/s Premier Vinyl Flooring Limited for the repayment of principal and interest amount had issued 6 cheques in favour of our Company of different dates drawn on Canara Bank, S. D. Area Branch, New Delhi-110016 for a sum aggregating Rs. 30,00,000. The said cheques were dishonoured on presentation due to insufficiency of funds in the account of M/s Premier Vinyl Flooring Limited. After complying with the procedures prescribed under the Negotiable Instruments Act, 1881, our Company instituted the complaint against M/s Premier Vinyl Flooring Limited. These cases were dismissed by the court on the ground of limitation. Our Company filed 3 revision petitions with the Delhi High Court and Delhi High Court vide its order dated October 20, 2004 decided in favour of our Company and sent the cases back to the Patiala House Courts, New Delhi for trial. The matter was dismissed by the Patiala House Courts, New Delhi and we are currently in the process of filing an application for restoration of the same.

5. Our Company has also filed a civil suit, bearing number 32/2001, under Order 37 of Civil Procedure Code, 1860, in Delhi High Court for the recovery of Rs. 72,82,713 from Premier Vinyl Flooring Limited. The matter is currently pending before the Delhi High Court. Our Company has written off the entire amount from its Books of Accounts.

III. Statutory Proceedings

Nil

IV. Consumer Proceedings

Nil

V. Over due or Winding up petitions

Nil

VI. Labour Proceedings

Nil

VII. Civil Proceedings

1. Our Company has instituted a creditors winding up petition, bearing number 25 of 1998, before Rajasthan High Court in the year 1998 under the Companies Act, against Parasrampuria Synthetics Limited on the grounds that inter corporate deposits sanctioned by our Company in favour of Parasrampuria Synthetics Limited were not repaid. The amount involved in this matter is a sum of Rs. 2,25,00,000. In the interim, Parasrampuria Synthetics Limited was registered by the Board of Industrial and Financial Reconstruction under the Sick Industrial Companies Act, 1985. As a result of the pendency of proceedings before the Board of Industrial and Financial Reconstruction, the proceedings initiated by our Company have been suspended for the time being. Our Company has written off the entire amount of Rs. 2,25,00,000 from its Books of Accounts.

2. Our Company has instituted a creditors winding up petition, bearing number 143 of 1998, before the Allahabad High Court in November, 1998 under the Companies Act against Rajinder Steel Limited on the grounds that an inter corporate deposit sanctioned by our Company in favour of Rajinder Steel Limited was not repaid. The amount involved in this matter is a sum of Rs. 75,00,000. A winding up order by the Allahabad High Court was passed on May 17, 1999 and the Official Liquidator has taken possession of the assets of Rajinder Steel Limited and the formalities regarding the sale of assets are in the process of being completed. Our Company has written off the entire amount of Rs. 75,00,000 from its Books of Accounts.

3. Our Company has instituted a civil suit, bearing number 175 of 2003, before the Additional District Judge, Tis Hazari Court, Delhi in October, 2003, against M/s Allcast Metals Private Limited for recovery and specific performance. Our Company had ordered a mobile degassing unit from M/s Allcast Metals Private Limited which had commissioning problem and could not be commissioned successfully. Our Company has filed a suit for specific performance and also for recovery of Rs. 17,56,710.64 along with 14% interest from the date of filing of suit till the date of realization of amount. The matter is currently pending before the Senior Civil Judge, Tis Hazari Court, New Delhi. Our Company has written off an amount of Rs. 11,29,575 from its Books of Accounts.

4. Our Company has lodged a claim to support a creditors winding up petition against Mysore Kirloskar Limited Our Company had placed an order for 4 CNC turning machines of Rs. 71,00,000 on which an advance payment of Rs. 10,65,000 was paid by our Company. Mysore Kirloskar Limited only delivered 1 machine and that machine had several defects. As a result, our Company had claimed a refund to the tune of Rs. 7,99,026, which has not been satisfied and our Company has therefore lodged a claim for the creditors winding up against Mysore Kirloskar Limited The Board of Industrial and Financial Reconstruction vide its letter dated January 5, 2004, have forwarded its opinion for the winding up of Mysore Kirloskar Limited to the High Court of Karnataka. Our Company has written off an amount of Rs. 7,99,026 from its Books of Accounts.

5. Our Company, along with Anil Nanda has filed a suit being CS(OS) 1372 of 2005 in the Hon'ble High Court of Delhi against M/s. Escorts Limited And Escorts Heart Institute and Research Centre Limited for a declaration that the merger between Escorts Heart Institute and Research Centre Ltd, Delhi and Escorts Heart Institute and Research Centre Ltd, Chandigarh is non-est in view of the Societies Registration Act, 1860 as well as for a mandatory injunction restraining the defendants from transferring or alienating shares in Escorts Heart Institute and Research Centre Limited The matter was heard on September 30, 2005 and the Hon'ble High Court of Delhi passed an interim order holding that the plaintiffs were able to establish a prima facie case for an interim order in their favour and directed status quo until the next hearing. The plaintiffs were permitted to amend their pleadings vide Order dated March 5, 2006 and have filed an amended complaint. The matter is still pending.

6. Goetze (India) Limited Employees Provident Fund Trust had invested an amount of Rs. 50 lakh in purchasing the bonds of Orissa State Financial Corporation, on which interest at the rate of 12.5% was payable half yearly. However, no part of the interest was actually paid to the trust and instead, on account of the failing financial health of Orissa State Financial Corporation, the trust was compelled to enter into a settlement for accepting the principal amount only. The suit has been filed for recovery of the unpaid interest. The suit is pending before the court of Additional District Judge, Tis Hazari, Delhi.

7. Goetze (India) Limited Employees Group Gratuity Fund had invested an amount of Rs. 50 lakh in purchasing the bonds of Orissa State Financial Corporation, on which interest at the rate of 12.5% was payable half yearly. However, no part of the interest was actually paid to the trust and instead, on account of the failing financial health of Orissa State Financial Corporation, the trust was compelled to enter into a settlement for accepting the principal amount only. The suit has been filed for recovery of the unpaid interest. The suit is pending before the court of Additional District Judge, Tis Hazari, Delhi.

Contingent liabilities:

The contingent liabilities of our Company as on June 30, 2008 are as follows:

a) Claims/notices contested by the Company

(Amount in Rs lakh)

Particulars	June 30, 2008	December 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Excise duty	656.65	882.49	505.88	433.54	325.86	531.49	468.49
Sale Tax	118.27	118.27	118.87	97.62	197.30	-	-
ESI Cases	40.53	7.56	63.30	75.25	39.34	30.11	37.86
Employee related cases	72.67	119.52	88.45	61.23	13.00	13.00	13.00
Electricity Demand	52.24	52.24	52.24	52.24	56.87	56.87	56.87
Income tax demand	396.31	285.80	320.87	361.09	123.68	134.20	152.84
Consumer cases	60.91	64.98	60.91	60.91	60.91	60.91	60.91
Bank Guarantees	518.06	900.43	193.18	133.17	112.22	126.81	115.02

b) The Company has executed surety bonds in favour of sales tax authorities on behalf of Gossini Fashion Limited (earlier AN-GIP Leather (India) Limited) for Rs 1.5 lakh.

Litigations/Claims/Penalties involving our Promoters

Proceedings initiated against our Promoters up to September 29, 2008

FMC is involved in other legal actions and claims, directly and through its subsidiaries. After taking into consideration legal counsel's evaluation of such actions, management believes that the outcomes of the matters described in subsections I, II, and III below are not likely to have a material adverse effect on FMC's financial position, operating results, or cash flows. They are shown here for informational purposes only.

With respect to litigations concerning our Promoter FMC, such information has been disclosed as is required in accordance with US GAAP SFAS No.5, Commitments and Contingencies.

I. Civil Proceedings involving Federal-Mogul Corporation

(a) Robert and Jennifer Pavelka as parents to Alex Pavelka filed a suit in 2006, in the Supreme Court of the State of New York, County of Suffolk. In their complaint, they seek damages for personal injuries and property in the amount of USD 5,150,000, allegedly occurring from a defective fuel pump.

(b) Carfel Inc. brought an action in the United States District Court for the Southern District of Florida in 2001, alleging that Fel-Pro (subsequently acquired by Federal-Mogul) had breached a supply agreement. Carfel Inc.'s complaint seeks damages in excess of USD 1,000,000 in this matter.

(c) Douglas W. Blakemore filed a suit in 1999, against Federal-Mogul Corporation in the United States District Court in Virginia for personal injuries allegedly arising from a defective transmission shield. His motion for judgment seeks damages in the amount of USD 750,000 in this matter.

(d) Melling Tool Company brought an action in the Fourth Judicial Circuit Court for the County of Jackson, Michigan in 2001. Its complaint seeks damages in the amount of USD 646,510 for breach of a supply contract.

(e) Jeffrey McLeer filed suit in 2001 against Federal-Mogul in the Supreme Court of the State of New York, County of Nassau, seeking damages of USD 450,000 to compensate him for the amputation of his finger when installing a transmission pan manufactured by Federal-Mogul.

(f) DeVlieg-Bullard is seeking cancellation charges and other damages with respect to two machines that Federal-Mogul cancelled due to quality problems and late delivery with respect to similar machines. The case was filed in 2004 and is pending in the U.S. Bankruptcy Court, District of Delaware. DeVlieg-Bullard's complaint alleges damages of USD 260,000 in this matter.

(g) Hernando F. Escobar & CIA LTDA filed a suit in the 29th Judicial Circuit Court of Bogota, Columbia in 2003. They are alleging that their distributorship agreement was improperly terminated by Federal-Mogul. The complaint seeks approximately USD 220,000.

(h) Betech Inc. filed an action in 2001, in the Superior Court of Henderson County, North Carolina to recover moneys owing with respect to a machine it built on behalf of Federal-Mogul. The complaint seeks damages in the amount of USD 134,169.

(i) Karen Eichenbaum filed an action in the Circuit Court for the City of Roanoke Virginia. The action was filed in 2001 and is seeking damages arising from an automobile accident involving a Federal-Mogul employee. She is seeking USD 125,000 in damages.

(j) Shirley Swift filed suit in 2000, in the United States District Court for the Eastern District of Pennsylvania seeking damages in an amount in excess of USD 75,000, alleging that a machine created by Federal-Mogul was defective, resulting in the amputation of her finger.

(k) DFB Holdings Inc. filed a complaint in Bexar County Court, Texas in 2001, seeking USD 70,843.55 in damages resulting from an allegedly defective seal.

(l) TDL Tool, Inc. sued Federal-Mogul in the Common Pleas Court of Greene County, Ohio. The suit was filed in 2000, seeking the final moneys owing on a machine it built in the amount of USD 57,875.20.

(m) Donald Nelson filed a suit in the Circuit Court of Baldwin County, Alabama. The suit was filed in 2002 for USD 55,000, alleging that Federal-Mogul sold him defective pistons and liners.

(n) John and Mary Canty filed a suit in the Court of Common Pleas, State of South Carolina, County of Claredon, in 2002. They are seeking compensation for damages for claims that industrial waste entered the water system from a Federal-Mogul facility and in doing so backed up into their home causing damage to personal property. The claim seeks USD 50,000 in damages.

(o) Michael Spellman filed a suit in the Circuit Court of Cook County, Illinois. The suit was filed in 2000, seeking damages in the amount in excess of USD 50,000 from Federal-Mogul for injuries sustained when he was struck by a forklift.

(p) Mid States Diesel filed an action in Vanderburgh Superior Court, Indiana for USD 20,000. The action was filed in 2000, alleging that Federal-Mogul had supplied it with defective diesel engine parts.

(q) Newport Service & Leasing have filed a suit in 2002, in the District Court for the County of Suffolk, New York, seeking damages of USD 3,000 resulting from an allegedly defective gasket.

(r) Kenneth Helgren seeks USD 256 in damages for an allegedly defective fuel pump. The action was filed in 2001, District Court 95 B, Iron Mountain, Michigan.

(s) Anthony Automotive has sought contribution from Federal-Mogul Corporation for an allegedly defective bearing. The action was filed in the 327th Judicial District Court of El Paso County, El Paso, Texas in 2002, seeking unspecified damages.

(t) Tanya Herden has filed an action in the Circuit Court for Manitowac County, Wisconsin. The action was filed in 2003 for unspecified damages arising out of an automobile accident allegedly caused by a Federal-Mogul employee.

(u) Leon Little & Sons filed a suit in 2000, in the Superior Court for Aroostook Maine, for unspecified damages allegedly arising from a defective cylinder kit.

(v) Hummy Madara has filed an action in the Superior Court of New Jersey, Hackensack, New Jersey. The action was filed in 1999, for wrongful death, allegedly arising from a defective master brake cylinder. Damages of an unspecified amount are being sought.

(w) Truck-Lite Co. Inc. filed a negligent misrepresentation claim in 2007 against FMC in the United States District Court for the Western District of New York alleging damages in excess of $150,000. The claim relates to who owns the UCC code prefixes related to certain aftermarket products as a result of the sale of FMC's Signal Stat business to Truck-Lite.

(x) Lydall Thermal/Acoustical, Inc. and Lydall Thermal/Acoustical Sales LLC brought a case in 2007 against FMC for alleged patent infringement in the United States District Court for the Eastern District of Michigan in June, 2007. Plaintiff seeks an accounting with unspecified damages.

(y) Lance Frederic brought an action against an entity known as Federal-Mogul Inc., in 2006 in the United States District Court for the Eastern District of Michigan seeking damages for breach of contract and infringement of trade secrets. Plaintiff subsequently amended his pleadings naming the Defendant as Federal-Mogul Corporation. Plaintiff seeks damages in excess of $75,000.

(z) Arbajian Brothers brought an action in 2008 against FMC for wrongful termination of distributorship in Lebanon seeking damages in the amount of USD 1,000,000.

(aa) Alvin Putnam filed a suit in January 2007, in the Northern District of Indiana, alleging the fuel pump led to burn injuries. Claimant has proposed settlement of USD 67,000.

(bb) Hernando Escobar brought an action in 2004 in Columbia against FMC for wrongful termination of representation seeking damages in the amount of USD 220,000.

(cc) BPW Bergische Achsen KG, Wiehl/Germany brought an action in 2008 in Germany against Federal-Mogul Friction Products GmbH, Marienheide for alleged infringement of a utility patent seeking damages in the amount of Euros 500,000.

(dd) Consumer Advocacy Group intends to file a suit against FMC in California alleging FMC violated a mandatory label warning law in California seeking unspecified damages.

(ee) FRIMA filed an action in 2007 in Germany against Federal-Mogul Friction Proucts GmbH, Marienheide alleging wrongful termination of delivery contract in Germany seeking damages in the amount of Euros 75,000.

(ff) S&G Machine LLC filed an action in 2008 in the Circuit Court of St. Louis County, Missouri, against FMC alleging unpaid invoices and seeks damages in the amount of USD 29,426.99.

(gg) Federal-Mogul Corporation filed an action in 2008 in France seeking damages against Talbros Automotive Components Ltd. for violation of the Technical Assistance Agreement by Talbros objecting to a proposed new Federal-Mogul investment in a new sealing company in India. Talbros is contesting this claim.

(hh) Boisse filed an action in 2008 in California against Fel-Pro, a division of FMC, alleging benzene exposure and other toxic chemicals and seeks damages in an unspecified amount.

(ii) The CAO Group, Inc. filed an action in 2008 in Utah against FMC alleging unpaid invoices and misappropriation of a trade secret and seeks minimum damages of USD 1,400,000.

II. Labour Proceedings involving Federal -Mogul Corporation upto September 29, 2008

(a) Federal-Mogul and its affiliated companies in the United States have approximately 650 open workers compensation claims filed against them at its various locations, pursuant to which employees seek compensation with respect to injuries which occur on the job or occupational illnesses. Some of the claimants have commenced court proceedings to recover amounts they claim are due, but most of the claims are merely filed with the employer company and the claims are handled by the appropriate workers compensation administrator.

(b) Preston Pearcey filed a suit in 2001, in the United States District Court Eastern District of Tennessee, claiming to have been discharged in retaliation for filing a worker's compensation claim. He seeks USD 50,000 in compensatory damage and USD 500,000 in punitive damages.

(c) Carrie Gilley filed an employment discrimination claim in 2003, in the La Porte Superior Court, Michigan City, Indiana, seeking unspecified damages.

(d) Ben James filed a claim in the United States District Court, Southern Ohio, Western Division alleging employment discrimination in 2001. He is seeking USD 200,000 in damages.

(e) Michelle Smith filed suit alleging sexual harassment and constructive discharge. The case was filed in 2001 and is being heard in the United States District Court of Northern Indiana. She seeks back pay in the amount of USD 25,000 per year and additional damages in the approximate amount of USD 135,000.

(f) Christian Gubler claims employment discrimination in the French Court system in 2006. His claim is for 150,000 Euros.

(g) Mary Ann Young filed a suit in the United States District Court Eastern District of Tennessee. The suit was filed in 2001. She is alleging violations of Family and Medial Leave Act and LMA and Employee Retirement Income Security Act and seeks damages in the amount of USD 50,000.

(i) Becky Bacckus has filed an appeal in 2000 with the Michigan Court of Appeals after her claim for sexual harassment was denied by the trial court. She seeks damages in excess of USD 25,000.

(j) Eric Bankes filed a claim for damages in excess of USD 25,000 in the Court of Common Pleas, Morgan County, Ohio. The claim was filed in 2001, arising out of an allegedly intentional workplace injury.

(k) Glenda Ann Ledford filed a wrongful discharge claim in the Circuit Court of DeKalb County, Tennessee. The case was filed in 2000 for unspecified damages.

(m) Robert Williams filed a long-term disability benefit case. The case was filed in 2003, in the Circuit Court of Benton County, Mississippi. Damages being sought are not specified.

(n) Boutwell, Rebecca filed an action in the United States District Court, Northern District, Northweastern Division of Alabama in 2008 against FMC and Kelly Services, Inc. claiming wrongful termination and seeks damages in excess of USD 75,000.

(o) Willet, Diana filed an action in the United States District Court, Middle District of Tennessee in 2008 against FMC claiming wrongful termination and seeks damages for an unspecified amount.

(p) Mr. De Seroux filed an action in the French Labor Court contesting his redundancy and seeks damages for Euros 420,000.

(q) Mr. Janssen filed an action in the French Labor Court against Federal-Mogul Services claiming unfair dismissal and seeks damages for Euros 650,000.

(r) Four claims brought in the French Labor Court against Sintertech SAS for employment matters and seeks damages for Euros 105,000.

(s) Dubose, Keyon filed an action in South Carolina in 2008 against FMC claiming wrongful termination and seeks damages in the amount of USD 3,000,000.

(t) Boutwell, Rebecca filed an action in Alabama in 2008 against FMC claiming wrongful termination and seeks damages of USD 125,000.

(u) Willet, Diana filed an action in Tennessee in 2008 against FMC claiming wrongful termination and seeks damages of USD $140,000.

III. Litigations Involving Statutory and other offences

NIL

IV. Environmental Matters involving Federal-Mogul Corporation and its subsidiaries

FMC is a defendant in lawsuits filed, or the recipient of administrative orders issued, in various jurisdictions pursuant to the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980

(“CERCLA”) or other similar national, provincial or state environmental laws. These laws require responsible parties to pay for remediating contamination resulting from hazardous substances that were discharged into the environment by them, by prior owners or occupants of their property, or by others to whom they sent such substances for treatment or other disposition. In addition, FMC has been notified by the United States Environmental Protection Agency, other national environmental agencies, and various provincial and state agencies that it may be a potentially responsible party (“PRP”) under such laws for the cost of remediating hazardous substances pursuant to CERCLA and other national and state or provincial environmental laws. PRP designation requires the funding of site investigations and subsequent remedial activities.

Many of the sites that are likely to be the costliest to remediate are often current or former commercial waste disposal facilities to which numerous companies sent wastes. Despite the joint and several liability which might be imposed on FMC under CERCLA and some of the other laws pertaining to these sites, FMC’s share of the total waste sent to these sites has generally been small. The other companies that sent wastes to these sites, often numbering in the hundreds or more, generally include large, solvent publicly owned companies and in most such situations the government agencies and courts have imposed liability in some reasonable relationship to contribution of waste. Thus, FMC believes its exposure for liability at these sites is limited.

FMC has also identified certain other present and former properties at which it may be responsible for cleaning up or addressing environmental contamination, in some cases as a result of contractual commitments. FMC is actively seeking to resolve these actual and potential statutory, regulatory, and contractual obligations. Although difficult to quantify based on the complexity of the issues, FMC has accrued amounts corresponding to its best estimate of the costs associated with such regulatory and contractual matters on the basis of factors such as available information from site investigations and consultants.

Total environmental reserves were $30.9 million and $30.4 million at March 31, 2008 and December 31, 2007, respectively, and are included in the consolidated balance sheets as follows:

	Successor	
	March 31, 2008	**December 31, 2007**
	(Millions of Dollars)	
Current liabilities:	$ 7.0	$ 7.5
Long-term accrued liabilities:	23.9	22.9
	$ 30.9	$ 30.4

Management believes that recorded environmental liabilities will be adequate to cover FMC’s estimated liability for its exposure in respect to such matters. In the event that such liabilities were to significantly exceed the amounts recorded by FMC, FMC’s results of operations and financial condition could be materially affected. At March 31, 2008, management estimates that reasonably possible material additional losses above and beyond management’s best estimate of required remediation costs as recorded approximates $78 million.

V. Bankruptcy proceeding involving Federal-Mogul Corporation

The predecessor to Federal-Mogul Corporation, (the “Predecessor Company” or the “Predecessor”) and all of its then-existing wholly-owned United States subsidiaries (“U.S. Subsidiaries”) filed voluntary petitions on October 1, 2001 for reorganization under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). On October 1, 2001, certain of the Predecessor Company’s United Kingdom subsidiaries (together with the U.S. Subsidiaries, the “Debtors”) filed voluntary petitions for reorganization under the Bankruptcy Code with the Bankruptcy Court. On November 8, 2007, the Bankruptcy Court entered an Order (the “Confirmation Order”) confirming the Fourth Amended Joint Plan of Reorganization for Debtors and Debtors-in-Possession (as Modified) (the “Plan”) and entered Findings of Fact and Conclusions of Law regarding the Plan (the “Findings of Fact and Conclusions of Law”). On November 14, 2007, the United States District Court for the District of Delaware entered an order affirming the Confirmation Order and adopting the Findings of Fact and Conclusions of Law. On December 27, 2007, the Plan became effective in accordance with its terms (the “Effective Date”). On the Effective Date, the Predecessor Company merged with and into New Federal-Mogul Corporation whereupon (i) the separate corporate existence of the Predecessor Company ceased, (ii) New Federal-Mogul Corporation became the surviving corporation and continues to be governed by the laws of the State of Delaware and (iii) New Federal-

Mogul Corporation was renamed "Federal-Mogul Corporation" (also referred to as "Federal-Mogul", the "Company", the "Successory Company", or the "Successor").

Litigations / Claims / Notices instituted against our Directors

Nil

Litigations / Claims / Notices instituted by our Directors

Nil

Litigations / Claims / Notices instituted against our Subsidiary

I. Securities Law

Nil

II. Criminal Proceedings

Nil

III. Statutory Proceedings

Excise Matters

1. Commissioner, Central Excise, Bengaluru has filed an appeal before CESTAT against order, bearing number 195/2004-CE, dated January 04, 2005, passed by the Commissioner (Appeals), Bengaluru. The dispute related to finalisation of provisional assessment on account of turn over discount for the period July 2000 to March 2002. The matter is currently pending before CESTAT, Bengaluru. Amount involved in this case has not been quantified.

2. The company has filed an appeal, bearing number 517/2005, before CESTAT against order in appeal, bearing number 66/2005-CE, dated March 10, 2005, passed by the Commissioner (Appeals), Bengaluru. The dispute related to finalisation of provisional assessment on account of turn over discount for the period 2003-2004. The amount involved in the matter is Rs. 78,013. CESTAT has allowed a stay on the order passed by the Commissioner (Appeals), Bengaluru. *Vide* final Order number 923 & 924 / 2008 dated July 24, 2008 the honorable court allowed the appeal of our Company.

3. The company has filed an appeal, bearing number 616/2006, before CESTAT against the order, bearing number 22/2005, dated March 21, 2006, passed by the Commissioner (Appeals), Bengaluru. The dispute related to finalisation of provisional assessment on account of turn over discount for the period 2004-2005. The amount involved in the matter is Rs. 1,16,120. CESTAT has ordered for reassessment of the case by Assistant Commissioner Central Excise, Bengaluru. The reassessment has been completed by the Assistant Commissioner who has quantified the amount to Rs. 5,16,660. The company has filed an appeal before CESTAT, Bengaluru, against this reassessment order passed by the Assistant Commissioner, Central Excise, Appeals. The matter is currently pending before CESTAT, Bengaluru.

4. The company has filed an appeal, bearing number 196/2006, before Commissioner Central Excise (Appeals), Bengaluru against the order number 46/2006, dated July 13, 2006, passed by the Assistant Commissioner Central Excise, Bengaluru. The dispute related to finalisation of provisional assessment on account of turn over discount and trade discount for the period 2005-2006. The amount involved in the matter is Rs. 96,806. The Commissioner Central Excise (Appeals), Bengaluru vide order, bearing number 61/2007, confirmed the said amount of Rs. 96,806 and the company has filed an appeal before CESTAT, Bengaluru against the order, bearing number 61/2007, passed by the Commissioner Central Excise (Appeals), Bengaluru. The matter is currently pending before CESTAT, Bengaluru.

5. The company has received a demand notice bearing number SCN IV/16/75/2003 /Adjn., dated September 15, 2003, issued by the Deputy Commissioner Central Excise, Bengaluru raising a demand of Rs. 1,05,029. The dispute related to finalisation of provisional assessment on account of trade discount for the period 2000-2002. The matter is currently pending before Deputy Commissioner Central Excise, Bengaluru.

6. The company has received a demand notice bearing number SCN IV/16/75/2003/ Adjn dated March 01, 2003, issued by the Deputy Commissioner Central Excise, Bengaluru raising a demand of Rs. 1,19,487. The dispute related to finalisation of provisional assessment on account of trade discount for the period 2002-2003. The matter is currently pending before Deputy Commissioner Central Excise, Bengaluru.

7. The company has received a demand notice bearing number SCN IV/84/17/2004 dated October 26, 2004, issued by the Deputy Commissioner Central Excise, Bengaluru raising a demand of Rs. 17,910. The dispute relates to the finalisation of provisional assessment on account of trade discount for the period 2003-2004. The matter is currently pending before Deputy Commissioner Central Excise, Bengaluru.

8. A Show cause notice, dated September 12, 2007, bearing number V/85/17/02/2006, was issued by the Deputy Commissioner Central Excise, Bengaluru, to FMTPR India pertaining *inter alia* to the finalization of the provisional assessment under Rule 7 of the Cenvat Excise Rules, 2002, for the months of April 2006 and May 2006. The Deputy Commissioner Central Excise, Bengaluru passed order-in-original, bearing number 88/2007, dated September 28, 2007, confirming the duty amount of Rs. 3,83,705, towards the duty liability on the final products for the provisional assessment period April 1, 2006 to May 31, 2006. Against the order-in-original, the company filed an appeal and also a stay application before the Commissioner Central Excise, (Appeals), Bengaluru. The Commissioner Central Excise, (Appeals), Bengaluru rejected the appeal vide order bearing number 33/2008, dated February 27, 2008 and the stay application vide stay order bearing number 57/2007, dated December 24, 2007. The company has filed an appeal before CESTAT, Bengaluru against the Order-In-Appeal. *Vide* Stay order number 830 / 08 dated August 29, 2008 the honorable court allowed the appeal by granting waiver of pre deposit and staying its recovery.

9. The Commissioner of Central Excise, Bengaluru has issued a show cause notice dated June 16, 2008, bearing number V/84/15/02/2008, contending that FMTPR India has irregularly availed Cenvat Credit of Rs. 1,80,53,327 for the period May 2006 to May 2007. We are in the process of filing our reply.

Service Tax Matters

1. The Joint Commissioner Service Tax, Bengaluru has issued a show cause notice, dated January 11, 2008, bearing number IV/16/04/2008-S.T. (A) 13275/08, in respect of payment of service tax on services rendered by Teikoko Piston Ring Company, Japan for the period from 2004 – 2005 to 2006 - 2007. The amount being claimed in the notice is a sum of Rs. 19,74,000. We are in the process of filing our reply.

2. The Commissioner of Central Excise, Bengaluru II has issued a show cause notice, dated April 15, 2008, bearing number V/84/15/64/2007Adjn.BNG-II, in respect of payment of service tax on receiving management consultancy service from our Company and for paying royalty to M/s. Teikoko Position Ring Company for the period from 2004-2005 to 2006-2007. The amount being claimed in the notice is a sum of Rs. 67,54,992. We are in the process of filing our reply.

IV. Overdue and Winding up Petitions

Nil

V. Labour Disputes

Nil

VI. Civil Proceedings

Nil

Litigations / Claims / Notices instituted by our Subsidiary

FMTPR India

I. Criminal Complaints

FMTPR India has filed a criminal complaint before the Additional Chief Metropolitan Magistrate, Patiala House Courts, New Delhi in October, 2003 under the Negotiable Instruments Act, 1881 against M/s Global Trading Corporation. M/s Global Trading Corporation was appointed as a stockist of FMTPR India and FMTPR India supplied goods to M/s Global Trading Corporation against which M/s Global Trading Corporation had issued a cheque no. 498436 dated June 15, 2003 in favour of Goetze TP (India) Limited drawn on Canara Bank, Kashmere Gate, Delhi-110006 for a sum of Rs. 84,077. The said cheque was dishonoured on presentation due to insufficiency of funds in the account of M/s Global Trading Corporation. After complying with the procedures prescribed under the Negotiable Instruments Act, 1881, FMTPR India instituted the complaint against M/s Global Trading Corporation. The amount involved in the matter is Rs. 84,077. The matter is currently pending before the Additional Chief Metropolitan Magistrate, Patiala House Courts, New Delhi.

II. Statutory Proceedings

Nil

III. Overdue and Winding up Petitions

Nil

IV. Labour Disputes

Nil

Litigations / Claims / Notices instituted against our group companies

I. Securities Law

Nil

II. Criminal Complaints

1. NFPL has been made party to a criminal complaint, bearing number 54 of 1997, filed before the Metropolitan Magistrate, Patiala House Courts, New Delhi, in April, 1997, under the Prevention of Food Adulteration Act, 1954 on the grounds of having committed the offence of selling rock salt without iodine. NFPL has filed an application before the Metropolitan Magistrate, Patiala House Courts, New Delhi, in May, 1998, recalling the summoning order and dismissal of complaint filed against it *inter alia* on the ground that no evidence has been brought on record to show that either NFPL or its directors were responsible for any violation. The matter is currently pending before the Metropolitan Magistrate, Patiala House Courts, New Delhi.

It is clarified that while NFPL is not our group company, pursuant to a memorandum of understanding with NFPL, we have agreed to discharge all liabilities that may arise against NFPL in relation to legal proceedings that have been initiated against NFPL. This memorandum of understanding has been discussed in the chapter titled "Material Agreement of the Company" beginning on page 167 of the Letter of Offer. We have undertaken a similar obligation with respect to liabilities that may arise against GIP Leather India Limited (now known as Gossini Fashion Limited). This undertaking is based on an agreement between our Company and GIP Leather India Limited (now known as Gossini Fashion Limited).

III. Statutory Proceedings

Nil

IV. ***Overdue and Winding up Petitions***

Nil

V. ***Labour Disputes***

There are 3 labour disputes pending before the Labour Court, Karkardooma, New Delhi regarding termination of services of employees by NFPL. The services were terminated on the grounds of unsatisfactory work performance. All the petitioners have sought a reinstatement of their services with full back wages from the date of their termination till the date of passing the order. The matters are currently pending before the Labour Court, Karkardooma, New Delhi.

VI. ***Civil proceedings***

Nil

Litigations/Claims/Notices instituted by our group companies

I. ***Securities Law***

Nil

II. ***Criminal Proceedings***

Nil

III. ***Statutory Proceedings***

Nil

IV. ***Overdue and Winding up Petitions***

Nil

V. ***Labour Disputes***

Nil

VI. ***Civil Suits / Claims / Notices***

1. NFPL has filed a complaint RTPE, bearing number 196 of 1998, before the Monopolies and Restrictive Trade Practices Commission, in August, 1998, against Mahanagar Telephone Nigam Limited, under the Monopolies and Restrictive Trade Practices Act, 1969, seeking an enquiry by the Monopolies and Restrictive Trade Practices Commission into the practice of Mahanagar Telephone Nigam Limited disconnecting 8 telephone lines of NFPL on the alleged ground of pendency of unpaid arrears in respect of 2 other telephone lines without actually having given NFPL an opportunity of being heard and without disclosing the break up of the alleged liability. The matter is currently pending before the Monopolies and Restrictive Trade Practices Commission.

2. Joint Investments Private Limited has filed a suit, bearing number 118 of 2004, before Delhi High Court in March, 2004 against Escorts Limited under Section 34 of the Arbitration and Conciliation Act, 1996, for setting aside a purported arbitral award on the ground that purported award is not a result of any arbitration agreement and there was no arbitration reference. The amount involved in the case is Rs. 7,06,00,000. The Matter is currently pending before Delhi High Court. It may be noted that although the case has been filed by Joint investments Private Limited, liability, if any, that arises would be that of our Company.

Past Penalties levied in the last five years

Other than as stated below there are no penalties imposed on our Company, Promoters, Promoter Group Entities, Directors and our Subsidiaries in the last five years:

For our Promoters, FMC, FMG and FMH, only penalties which are in excess of US$ 1,00,000 and pending for payment have been stated hereinbelow.

I. Past cases in which penalties imposed on our Company

The past cases in which penalties have been imposed on our Company in the last five years are as follows:

(Amount in Rs.)

Sr. No.	Amount of penalty imposed	Penalty imposed by	Brief particulars regarding penalty	Remarks (paid/payable and reasons)
1.	27,161	Additional Commissioner, Chandigarh Commissioner, Custom	Patiala – Penalty paid on ED on sales of scrap drums etc against show cause notice (Rs. 10,945). Bengaluru – Penalty paid to custom authorities u/s. 112 of the Customs Act (Rs. 16,216).	Paid
2.	4,000	Excise and Taxation Department, Punjab	Penalty u/s 23 and u/s 13(3) for late assessment	Paid
	15000	Director of Factories	Violation of Factories Act on various issues	Paid

II. Past cases in which penalties imposed on our Promoters

There have been no penalties imposed on our Promoters in the preceeding three years.

III. Past cases in which penalties imposed on our Directors

There have been no penalties imposed on our Directors in the preceeding three years.

IV. Past cases in which penalties imposed on our Subsidiaries

The past cases in which penalties have been imposed on our Subsidiary, Federal-Mogul TPR (India) Limited, in the last five years are as follows:

Sr. No.	Amount of penalty imposed (Rs.)	Penalty imposed by	Brief particulars regarding penalty	Remarks (paid / payable and reasons)
1.	34,771	Commssioner, Excise	Penalty imposed for non-payment of central excise duty of Rs. 34. 771 in respect of the rejected goods received under Rule 16 for the period April 1, 2002 – December 31, 2005.	Balance amount of Rs. 9,771/- To be paid

V. Past cases in which penalties imposed on our Promoter Group Entities

There have been no penalties imposed on our Promoters Group entities in the preceeding three years.

Material Developments after June 30, 2008

There have been no material developments since the last balance sheet date.

GOVERNMENT APPROVALS AND LICENSES

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies, as required for our present business and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the material approvals listed below, our Company can undertake this Issue as well as our current business activities. We have received the requisite material consents, licenses, permissions and approvals from the Government and various Government agencies required for carrying out our present business except as mentioned below. Unless otherwise stated, these approvals are valid as of the date of the Letter of Offer.

I. Approvals from the Reserve Bank of India

1. Approval for issue of Equity Shares to M/s Goetze-Werke not exceeding value of Rs. 2,00,000 against value of goods supplied, dated November 20, 1959, bearing approval reference number EC.DH.34144 / 24-59, issued by the Assistant Controller, Exchange Control Department.

2. Allotment of 3,585 Equity Shares to M/s Goetze-Werke against supply of plant and machinery, dated May 14, 1966, bearing approval reference number HD4539/24 (Spl. 3) 66, issued by the Assistant Controller, Exchange Control Department.

3. Permission to issue 3,696 bonus Equity Shares to M/s. Goetze-Werke and issue of 25 bonus shares to Dr. Ing. E. Fuhrmann, dated December 2, 1966, bearing approval reference number EC.DH.M No. HD 30277 / 24 (Spl .3) 66, issued by the Assistant Controller, Exchange Control Department.

4. Approval for issue of 11,165 bonus Equity Shares as bonus shares to the existing non-resident share holders, dated November 15, 1973, bearing approval reference number EC.DH.MI No. HD 27772 / 24 (Spl. 3) 73, issued by the Deputy Controller, Exchange Control Department.

5. Approval for issue of 17,864 bonus Equity Shares to the existing non-resident shareholders viz, M/s Goetze-Werke and Jhonson, dated December 13, 1976, bearing approval reference number EC.DH.MI 2245 / 24 (Spl. 117) 76, issued by Deputy Controller, Exchange Control Department.

6. Approval for transfer of 50 shares of Rs. 100/- from Goetze-Werke to Dr. Irmler, dated October 31, 1977, bearing approval reference number EC.DH.MI/4347 / 24 (Spl.3) – 77, issued by the Deputy Controller, Exchange Control Department.

7. Approval for issuing 6,39,292 equity shares of Rs. 10/- each at a premium of Rs. 2/- to M/s. Goetzewerke Fr. Goetze A.G. West Germany, dated February 22, 1978, bearing approval reference number EC.DH.MI /4901 / 24 (Spl. 3) 78, issued by the Deputy Controller, Exchange Control Department.

8. Approval for transfer of 500 Equity Shares from Dr. Irmler to M/s. Goetze-Werke and transfer of 2,700 Equity Shares from Dr. Glatzel to M/s Goetze-Werke, dated April 9, 1980, bearing approval reference number EC.DH.CI / 6506 / 24 (Spl. 3) 80, issued by the Joint Controller, Exchange Control Department .

9. Approval for allotment of 1,50,000 Equity Shares to M/s. Goetze-Werke, dated March 16, 1982, bearing approval reference number EC.DEL.CI / 1980 / 24 (Spl. 3) 82, issued by the Joint Controller, Exchange Control Department.

10. Approval for allotment of 5,95,616 Equity Shares on rights basis to M/s. Goetze-Werke, 16,750 Equity Shares on rights basis to Landsdowne Industrial Limited, Hongkong; and 12,995 Equity Shares on rights basis to Marshood Consultant Limited, Hongkong, dated March 13, 1985, bearing approval reference number EC.DEL.CI / B / H / 17 / 24 (Spl. 3) 85 issue by the Joint Controller, Exchange Control Department.

11. Approval for allotment of 6,37,791 Equity Shares on a rights basis to M/s. Goetze-Werke (595616); Landsdowne India Limited, Hongkong (20,250); and Marshwood Consultants Limited, Hongkong (21,925), dated June 26, 1985, bearing approval reference number EC.DEL.CI /3322 / 24 (Spl. 3) 86, issued by the Joint Controller, Exchange Control Department.

12. Approval for issue of 13,40,136 fully convertible debentures of Rs. 60 each to M/s. Goetze-Werke, dated December 23, 1991, bearing approval reference number EC.DEL.CI / 1877 / 24 (Spl. 3) 91-92, issued by the Joint Controller, Exchange Control Department.

13. Approval for the issue of 11,65,974 Equity Shares to M/s Goetze-Werke, dated December 19, 1994, bearing approval reference number ECD.DEL.FITT / 1877 / G-707-94 / 95, issued by the Joint Controller, Exchange Control Department.

14. Issue of 21,46,479 Equity Shares to M/s. Goetze-Werke, dated February 5, 1996, bearing approval reference number EC.DEL.CI / 2800 / 06.04.03 / 95-96, issued by the General Manager, Exchange Control Department.

II. Business Approvals

A. Corporate approvals

1. Certificate of Incorporation, dated November 26, 2954, bearing number 2452 / JSC, issued in the name of Goetze (India) Limited, by the Registrar of Joint Stock Companies, Delhi.

2. Fresh Certificate of Incorporation Consequent upon change of name from Goetze India Limited to Federal – Mogul Goetze (India) Limited, dated August 3, 2006, bearing number L74899DL1954PLC002452, issued by the Deputy Registrar of Companies, NCT of Delhi and Haryana.

3. Allotment of Permanent Account Number dated November 26, 1954, bearing AAACG3769M, issued the by Income Tax Department. The same is valid until cancellation.

4. Allotment of Tax deduction Account Number dated September 7, 2006, bearing DELG06288C, issued by the Income – Tax Department. The same is valid until cancellation.

5. Certificate of Importer - Exporter Code dated September 7, 2006, bearing 0592060161, issued by the Foreign Trade Development Officer. The same is valid until cancellation.

6. Certificate of registration dated August 30, 2007, bearing number 6N915 – E1, stating that our Company is in conformance with ISO 14001 : 2004, issued by the General Manager, NSF International Strategic Registrations. The same is valid until June 15, 2010.

7. Certificate of registration dated August 22, 2007, bearing number 6N921 – TS1, stating that our Company is in conformance with ISO / TS 16949 : 2002, issued by the General Manager, NSF International Strategic Registrations. The same is valid until August 16, 2010.

8. Certificate of registration dated June 18, 2007, bearing number 6N922 – E1, stating that our Company is in conformance with ISO 14001 : 2004, issued by the General Manager, NSF International Strategic Registrations. The same is valid until May 26, 2010.

9. Certificate of registration dated August 30, 2007, bearing number 6N915 – OH1, stating that our Company is in conformance to OHSAS 18001 : 1999, issued by the General Manager, NSF International Strategic Registrations. The same is valid until June 15, 2010.

B. Approvals pertaining to our factories and plant

Our Patiala factory

1. Certificate of registration dated January 3, 2007, bearing number PT / G-17 / 175, issued under the Factories Act, 1948, stating that our company has been licensed to run a factory at Rajpura Rd., Bahadurgarh, Patiala, Punjab, issued by the Directorate of Factories, Chandigarh, Punjab. The same is valid until December 31, 2008.

2. Consent dated September 17, 2002, bearing number PTA / APC / 2002 / F - 232, issued under section 21 of the Air (Prevention & Control of Pollution) Act 1981, stating that our Company is granted consent for emission under the Air (Prevention & Control of Pollution) Act 1981, issued by the Environmental Engineer. The same is valid until December 31, 2016.

3. Consent dated October 8, 2002, bearing number PTA / WPC / 2002/09 / F - 240, issued under section 21 of the Air (Prevention & Control of Pollution) Act 1981, stating that our Company is granted consent for emission under the Air (Prevention & Control of Pollution) Act 1981, issued by the Environmental Engineer. The same is valid until December 31, 2009.

4. Consent dated August 25, 2003, bearing number PTA / WPC / 2003 / F - 225, issued under sections 25 and 26 of the Water (Prevention & Control of Pollution) Act 1974, stating that our Company is granted consent for discharge of trade and domestic effluents under the Water (Prevention & Control of Pollution) Act 1974, issued by the Environmental Engineer. The same is valid until December 31, 2016.

5. Consent dated November 2, 1999, bearing number R - 636, issued under the Water (Prevention & Control of Pollution) Act 1974, stating that our Company is granted consent for discharge of trade and domestic effluents under the Water (Prevention & Control of Pollution) Act 1974, issued by the Environmental Engineer. The same is valid until January 31, 2011.

6. Consent dated January 4, 1991, bearing number PTA(18W)ETP(L)91-92 / 431/ R - 260, issued under sections 25 and 26 of the Water (Prevention & Control of Pollution) Act 1974, stating that our Company is granted consent for discharge of trade and domestic effluents under the Water (Prevention & Control of Pollution) Act 1974, issued by the Environmental Engineer. The same is valid until January 31, 2011.

7. Authorization dated January 29, 2008, bearing number HMC / PTA / 2008-10 / (F-2279) / R- 4332, under rule 5 (5) of the Hazardous Wastes Handling And Management Rules, 1989 stating that our Company is authorised for operating a facility for collection and storage of hazardous wastes, issued by the Environmental Engineer, (ZP - II). The same is valid till January 27, 2010.

8. License dated April 13, 2007, bearing number S / HO / PB / 03 / 26 (S4085), under the Indian Explosives Act, 1884, stating that our Company is licensed to store compressed gas in pressure vessels, issued by the Chief Controller Explosives, Faridabad. The same is valid March 31, 2009.

9. License dated April 13, 2007, bearing number PV (NC) S-19 / PB, issued under Explosives Act, 1884 and the Rules made thereunder, stating that our Company is licensed to compressed gas in pressure vessels, issued the by Chief Controller Explosives. The same is valid March 31, 2009.

10. License dated February 8, 2008, bearing number P/ HQ / PB / 15 / 138 (P2221), issued under the Explosives Act, 1884 and the Rules made thereunder, stating that our Company is licensed to import and store Petroleum (80 KL), issued by the Deputy Chief Controller of Explosives Chandigarh. The same is valid December 31, 2010.

11. License dated June 20, 2007, bearing number P / HQ / PB / 15 / 136 (P2218), issued under the Explosives Act, 1884 and the Rules made thereunder, stating that our Company is licensed to import and store Petroleum (80 KL), issued by the Chief Controller of Explosives Chandigarh. The same is valid December 31, 2009.

12. License dated April 13, 2007, bearing number S / HO / PB / 03 / 42 (S-4101), issued under the Indian Explosives Act, 1884 and the Rules made thereunder, stating that our Company is licensed to store LPG gas in pressure vessels, issued by the Chief Controller Explosives, Faridabad. The same is valid March 31, 2009.

13. Certificate of registration dated May 29, 2008, bearing number 12 / 3263 / 66, issued under the Employees State Insurance Act, 1948, issued by Deputy Director. The same is valid until cancellation.

14. Certificate of registration dated December 8, 2005, bearing number R - 32 / 2005 / 4484, issued under section 7 (2) of Contract Labour (Regulation and Abolition) Act, 1970, stating that for carrying unloading and loading work, issued by Assistant Labour Commissioner, Patiala. The same is valid till December 31, 2008.

15. Certificate of registration dated December 12, 2008, bearing number L -174 / 2006, issued under section 12 (1) of the Contract Labour (Regulation and Abolition Act), 1970, in the name of Jaspal Singh Contractor, issued by Labour Commissioner. The same is valid until December 12, 2008.

16. Certificate of registration dated May 1, 2007, bearing number L -196 / 2007, issued under section 12(1) of the Contract Labour (Regulation and Abolition Act), 1970, in the name of Nirmal Chaud Contractor, issued by Labour Commissioner. The same is valid until December 12, 2008.

17. Certificate of registration dated December 14, 2007, bearing number L-211 / 2007, issued under section 12(1) of the Contract Labour (Regulation and Abolition Act), 1970, in the name of Gas Security Services India Private Limited, issued by Labour Commissioner. The same is valid until December 12, 2008.

18. Certificate of registration dated April 10, 2008, bearing number L-220 / 2008, issued under section 12(1) of the Contract Labour (Regulation and Abolition Act), 1970, in the name of Sukhchain Singh Contractor, issued by Labour Commissioner. The same is valid until December 12, 2008.

19. Certificate of registration dated December 21, 2006, bearing number L-176 / 2006, issued under section 12(1) of the Contract Labour (Regulation and Abolition Act), 1970, in the name of Tarsen Singh Contractor, issued by Labour Commissioner. The same is valid until December 12, 2008.

20. Certificate of registration dated November 12, 2006, bearing number L-177 / 2006, issued under section 12(1) of the Contract Labour (Regulation and Abolition Act), 1970, in the name of Gurmeet Singh Contractor, issued by Labour Commissioner. The same is valid until December 12, 2008.

21. Certificate of registration dated June 22, 2000, bearing number 112 / 2k / 1974, issued under section 12(1) of the Contract Labour (Regulation and Abolition Act), 1970, in the name of Jasmine Star Professional Services, issued by Labour Commissioner. The same is valid until December 12, 2008.

22. Allotment of Tax deduction Account Number dated February 28, 2007, bearing number PTLC10049E, issued by the Income – Tax Department. The same is valid until cancellation.

23. Certificate of registration dated August 28, 2006, bearing number 63160710, issued underthe Central Sales Tax Registration and Turnover Rules, 1956, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Excise and Taxation Officer, Patiala. The same is valid until cancellation.

24. Certificate of registration dated November 7, 1997, bearing number CST - 17114, issued under the Central Sales Tax Registration and Turnover Rules, 1956, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Excise and Taxation Commissioner, Chandigarh. The same is valid until cancellation.

25. Allotment of Trader Identification Number (TIN), dated January 17, 2005, bearing number TIN 03471105546, issued by the Assistant Excise and Taxation Officer, Patiala. The same is valid until cancellation.

26. Certificate of registration dated September 12, 2006, bearing number AAACG3769MXM001, issued under the Central Excise Rules, 2002, stating that our Company has been registered for manufacturing of excisable goods, issued by Assistant Commissioner, Central Excise Division, Patiala. The same is valid until cancellation.

27. Allotment of Service Tax Code Number (STC), dated August 17, 2006, bearing STC AAACG3769MST001, issued under the section 69 of the Service Tax Act, 1994, issued by the Assistant Commissioner of Central Excise, Patiala. The same is valid until cancellation.

Our Bhiwadi factory

1. Certificate of registration dated April 15, 2008, bearing number RJ 22763, issued under Factories Act, 1948, stating that our Company is granted a license to run a factory at SPL-1240-1244, RIICO Industrial Area, Bhiwadi, issued by the Chief Inspector of Factories. The same is valid until March 31, 2009.

2. Consent dated September 25, 2008, bearing number RPCB / RO / BWD / OR – 54 / 1711, issued under sections 25 and 26 of the Water (Prevention & Control of Pollution) Act 1974 and section 21 of the Air (Prevention & Control of Pollution) Act 1981, stating that our Company is granted consent for discharge of trade and domestic effluents under the Water (Prevention & Control of Pollution) Act 1974 and emission under the Air (Prevention & Control of Pollution) Act 1981, issued by the Regional Officer. The same is valid until June 30, 2009.

3. Authorization dated June 22, 2006, bearing number 16(157)RPCB / Haz / Gr.1 / 1209, under the Hazardous Wastes Handling And Management Rules, 1989 stating that our Company is authorised for collection and storage of hazardous wastes, issued by the Member Secretary. The same is valid till June 21, 2009.

4. License dated December 19, 2005, bearing number P / HQ / RJ / 15 / 487 (P5240), issued under the Indian Explosives Act, 1884 and the Rules made thereunder, stating that our Company is licensed to store and import 20 K.L. petroleum of Class A, Class B and Class C, issued by the Deputy Chief Controller of Explosives, Jaipur. The same is valid until December 31, 2008.

5. License dated March 29, 2006, bearing number PV (NC) S-104 / Raj / Ra-82 / PVS, issued under the Indian Explosives Act, 1884 and the Rules made thereunder, stating that our Company is licensed to store 4.9 MT LPG in one pressure vessel, issued by the Chief Controller of Explosives. The same is valid March 31, 2009.

6. License dated March 31, 2006, bearing number PV (NC) S-115 / Raj / Ra - 84 / PVS, issued under the Indian Explosives Act, 1884 and the Rules made thereunder, stating that our Company is licensed to store 3.6 MT liquid nitrogen, issued by the Chief Controller of Explosives. The same is valid March 31, 2009.

7. Certificate of registration dated March 5, 1997, bearing number 15 / 14492 / 74 / 6489, issued under the Employees State Insurance Act, 1948, stating that our Company has been registered under sections 2 (12) / 1 (5) of the Employees State Insurance Act, 1948, issued by Regional Office, Employees State Insurance Corporation. The same is valid until cancellation.

8. Certificate of registration dated May 5, 1997, bearing number Enf.III / Cov. / RJ / 8546 / 1020, issued under Employees Provident Fund and Miscellaneous Provisions Act, 1952, stating that our Company has been allotted Provident Fund Code number RJ / 8546, issued by Regional Provident Fund Commissioner (I), Jaipur. The same is valid until cancellation.

9. Certificate of registration dated March 31, 2004, bearing number ALW / 28 / 2004, issued under section 12(2) of the Contract Labour (Regulation and Abolition Act), 1970, in the name of M/s. Ravi Enterprises, issued by Labour Commissioner. The same is valid until December 12, 2008.

10. Certificate of registration dated April 30, 2001, bearing number ALW / 33 / 2002, issued under section 12(2) of the Contract Labour (Regulation and Abolition Act), 1970, in the name of Ganga Services Private Limited, issued by Labour Commissioner. The same is valid until December 12, 2008.

11. Certificate of registration dated April 4, 2003, bearing number ALW / 10 / 2003, issued under section 12(2) of the Contract Labour (Regulation and Abolition Act), 1970, in the name of M/s. Ananat Ram Security and Placement Services, issued by Labour Commissioner. The same is valid until December 12, 2008.

12. Certificate of registration dated June 17, 1996, bearing number C.S.T. 0206 / 00942, issued underthe Central Sales Tax Registration and Turnover Rules, 1956, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1957, issued by the Assistant Commissioner, Sales Tax, Bhiwadi. The same is valid until cancellation.

13. Certificate of registration dated August 28, 2006, bearing number AAACG3769MXM003, issued under rule 9 of the Central Excise Rules, 2002, stating that our Company is registered for manufacturing of excisable goods, issued by the Deputy Commissioner of Central Excise, Bhiwadi. The same is valid until cancellation.

14. Certificate of registration dated May 22, 2008, bearing number AAACG3769MST004, issued under section 69 of the Finance Act, 1994 stating that our Company has been registered with the Central Excise Department, issued by the Superintendent Central Excise Range – III, Bhiwadi. The same is valid until cancellation.

Our Bengaluru factory

1. Certificate of registration dated May 30, 2008, bearing number MYB 3941, issued under Factories Act, 1948, stating that our Company is granted a license to run a factory at Yelahanka, Bengaluru, issued by the Chief Inspector of Factories. The same is valid until December 31, 2010.

2. License dated January 14, 2008 bearing no. P / HQ / K / 15 / 235 (P11242) under the Petroleum Act, 1934 stating that our Company is licensed to import and store petroleum of class A and B, issued by Chief Controller of Explosives. The same is valid until December 31, 2010.

3. License dated February 4, 2008 bearing no. P / HQ / KA / 15 / 231 (P11238) under the Petroleum Act, 1934 stating that our Company is licensed to import and store petroleum in installation for class A, B and C, issued by Chief Controller of Explosives. The same is valid until December 31, 2010.

4. License dated June 24, 2008, bearing number S / HO / KA / 03 / 285 (S2996), under the Indian Explosives Act, 1884, stating that our Company is licensed to store compressed gas in pressure vessels, issued by the Joint Chief Controller Explosives, South Circle Office, Chennai. The same is valid March 31, 2011.

5. Certificate of registration dated August 18, 1978, bearing number 23008325, issued under the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976, stating that our Company has been registered as an employee under the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976, issued by the Assistant Profession Tax Officer, Bengaluru. The same is valid until cancellation.

6. Certificate of registration, dated May 31, 1977, bearing number 10050528 (Central), issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Commercial Tax Officer. The same is valid until cancellation.

7. Certificate of registration dated September 12, 2006, bearing number 29840058720, issued under the Karnataka Value Added Tax Act, 2003, stating that our Company has been registered as a dealer under section 22 of the Karnataka Value Added Tax Act, 2003, issued by Asst. Commissioner of Commercial Taxes, Bengaluru. The same is valid until cancellation.

8. Certificate of registration dated October 15, 2004, bearing number AAACG3769MXM002, issued under rule 9 of the Central Excise Rules, 2002, stating that our Company is registered for manufacturing of excisable goods, issued by the Deputy Commissioner of Central Excise, Bengaluru. The same is valid until cancellation.

9. Certificate of registration dated September 18, 2006, bearing number AAACG3769MST003, issued under section 69 of the Finance Act, 1994 stating that our Company has been registered with the Central Excise Department, issued by the Service Tax Commissionerate, Bengaluru. The same is valid until cancellation.

Our Uttrakhand plant

1. Certificate of registration dated October 11, 2007, bearing number U.S.M. – 1049, issued under the Factories Act, 1948, stating our Company has been registered to run a factory at Plot No. 46, Sector 11, IIE - Pantnagar, Udam Singh Nagar, Uttrakhand, issued by the Assistant Director of Factories. The same is valid until December 31, 2008.

2. Consent dated May 23, 2008, bearing number f-11/618/021/08 , issued under the sections 25 and 26 of the Water (Prevention & Control of Pollution) Act 1974 and section 21 of the Air (Prevention & Control of Pollution) Act 1981, stating that our Company is granted consent for discharge of trade and domestic effluents under the Water (Prevention & Control of Pollution) Act 1974 and emission under the Air (Prevention & Control of Pollution) Act 1981, issued by regional officer. The same is valid until March 31, 2009.

3. Certificate of registration dated February 27, 2007, bearing number AAACG3769MXM008, issued under rule 9 of the Central Excise Rules, 2002, stating that our Company is registered for manufacturing of excisable goods, issued by the Assistant Commissioner of Central Excise, Bengaluru. The same is valid until cancellation.

C. Approvals pertaining to our regional offices

Delhi office

1. Certificate of registration, dated December 13, 2000, bearing number 11 – P / 11 / 13 / 10 / 3230 / 06, issued under the Employees State Insurance Act, stating that our Company has been registered under the Employees State Insurance Act, issued by the Regional officer. The same is valid until cancellation.

2. Certificate of registration, dated September 1, 1992, bearing number LC / 16 / 020844 / 0558, issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Sales Tax Officer. The same is valid until cancellation.

3. Certificate of registration, bearing number LC / 16 / 020844 / 0558, issued under the Delhi Sales Tax Rules, 1975, stating that our Company has been registered under Delhi Sales Tax Rules, 1975, issued by the Sales Tax Officer. The same is valid until cancellation.

4. Certificate of registration, dated May 8, 2007, bearing number AAACG3769MST002, issued under section 69 of the Finance Act, 1994 stating that our Company has been registered with the Central Excise Department, issued by the Superintendent (Sales Tax), New Delhi. The same is valid until cancellation.

Kolkata office

1. Certificate of registration, dated March 3, 2004, bearing number ECW0029742, issued under the West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979, stating that our Company is has been enrolled under the West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979, issued by the Profession Tax Officer, Calcutta west range. The same is valid until cancellation.

2. Certificate of registration, dated March 3, 2004, bearing number RCW1372815, issued under the West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979, stating that our Company has been registered as an employer under the West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979, issued by the Profession Tax Officer, Calcutta west range. The same is valid until cancellation.

3. Certificate of registration, bearing number 19200719030, issued under the Bengal Value Added Tax Rules, 2005, stating that our Company has been registered under section 24 (1) (a) / 24 (1) (b) of the Bengal Value Added Tax Act, 2003, issued by the Commercial Tax Officer. The same is valid until cancellation.

Mumbai office

1. Certificate of registration dated July 28, 2004, bearing number GS011140, issued under the Bombay Shops and Establishments Act, 1948, stating that our office has been registered as a commercial unit under the Bombay Shops and Establishments Act, 1948, issued by the inspector under the Bombay Shops and Establishments Act, 1948. The same is valid until December 31, 2010.

2. Certificate of registration, dated November 13, 2003, bearing number PT / R / 1 / 1 / 27 / 18500, issued under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975, stating that our Company

has been registered as an employer under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975, issued by the Sales Tax Officer (7), Mumbai. The same is valid until cancellation.

3. Certificate of registration dated April 24, 2006, bearing number 27750000845 C, issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Sales Tax Officer, VAT – 4, Kalyan. The same is valid until cancellation.

4. Certificate of registration dated April 1, 2006, bearing number 27750000845 V, issued under the Maharashtra Value Added Tax Act, 2002, stating that our Company has been registered under the Act, issued by Sales Tax Officer, VAT – 4, Kalyan. The same is valid until cancellation.

5. Certificate of registration dated December 19, 2005, bearing number AAACG3769MXM006, issued under rule 9 of the Central Excise Rules, 2002, stating that our Company is registered for manufacturing of excisable goods, issued by the Deputy Commissioner, Customs and Service Tax Division. The same is valid until cancellation.

6. Certificate of registration dated December 19, 2005, bearing number AAACG3769MXD004, issued under rule 9 of the Central Excise Rules, 2002, stating that our Company is registered for operating resale of excisable goods, issued by the Deputy Commissioner, Customs and Service Tax Division. The same is valid until cancellation.

D. Approvals pertaining to our warehouses

Ghaziabad warehouse

1. Allotment of Tax payer's Identification number, bearing GD0257526, issued under rule 57 of the Uttar Pradesh Trade Tax Rules, 1948, issued by the Assistant Commissioner.

2. Certificate of registration dated September 8, 1887, bearing number GD – 5202961 (Central), issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Sales Tax Officer. The same is valid until cancellation.

Dehradun warehouse

1. Allotment of Tax payer's Identification number (TIN), bearing TIN 05001163443, issued by the Deputy Commissioner, Dehradun.

2. Certificate of registration dated February 13, 2001, bearing number DD – 0227291, issued under rule 57 of the Uttar Pradesh Trade Tax Rules, 1948 and section 15 of Uttar Pradesh Sales Tax Act, 1948, issued by the Assistant Commissioner. The same is valid until cancellation.

3. Certificate of registration dated February 13, 2001, bearing number CST – DD – 5129617, issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (2) of the Central Sales Tax Act, 1956, issued by the Sales Tax Officer. The same is valid until cancellation.

Jaipur warehouse

1. Certificate of registration dated September 11, 1995, bearing number 08881602169 (Central), issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Sales Tax officer. The same is valid until cancellation.

2. Certificate of registration dated September 21, 1995, bearing number 08881602169, issued under the Rajasthan VAT Rules, 2006, stating that our Company has been registered under the Rajasthan VAT Act, 2003, issued by Sales Tax officer. The same is valid until cancellation.

Ahmedabad warehouse

1. Certificate of registration dated May 23, 1995, bearing number 24573601781, issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Sales Tax Officer 2, Ahmedabad. The same is valid until cancellation.

2. Certificate of registration dated July 1, 2002, bearing number 0736017810, issued under the Gujarat Sales Tax Rules, 1970, stating that our Company has been registered under the Gujarat Sales Tax Act, 1959, issued by the Sales Tax Officer (1) Class – I, Unit - 5, Ahmedabad. The same is valid until cancellation.

Indore warehouse

1. Certificate of registration dated March 2, 1992, bearing number IND / IX / XLVI / 3864, issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Sales Tax Officer. The same is valid until cancellation.

2. Allotment of Tax payer's Identification number, dated July 1, 2003, bearing Tax payer's Identification number 23771100686, issued under the Sales Tax Act, issued by the Sales Tax Commissioner, Madhya Pradesh. The same is valid until cancellation.

Raipur warehouse

1. Allotment of Tax payer's Identification number, dated September 26, 2003, bearing Tax payer's Identification number 22301600213, issued under the Sales Tax Act, issued by the Sales Tax Commissioner, Raipur. The same is valid until cancellation.

Patna warehouse

1. Certificate of registration dated July 10, 2008, bearing number 18899913187, issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Superintendent of Tax. The same is valid until cancellation.

2. Certificate of registration dated April 26, 2005, bearing number 10050054086, issued under the Bihar Value Added Tax Ordinance 2005, stating that our Company has been registered under the Bihar Value Added Tax Ordinance 2005, issued by the Commercial Tax Officer. The same is valid until cancellation.

Guwahati warehouse

1. Certificate of registration dated July 10, 2008, bearing number 18899913187, issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Superintendent of Tax. The same is valid until cancellation.

2. Certificate of registration dated July 10, 2008, bearing number 18030031702, issued under the Assam Value Added Tax Rules, 2005, stating that our Company has been registered under section 21 (1) of the Assam VAT Act, 2003, issued by the Superintendent of Tax. The same is valid until cancellation.

Cuttack warehouse

1. Certificate of registration dated October 5, 1996, bearing number CUC – I E – 2324 (Central), issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Sales Tax Officer, Cuttak. The same is valid until cancellation.

Ranchi warehouse

1. Certificate of registration dated December 21, 2000 bearing number Bihar – RN (E) / 075C (Central), issued under the Central Sales Tax Registration and Turnover Rules, 1957, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1956, issued by the Deputy Commissioner, Commercial Taxes, Ranchi. The same is valid until cancellation.

2. Allotment of Trader Identification Number, dated November 7, 2006, bearing number Trader Identification Number 20630200798, issued under the Jharkhand Value Added Tax Act, 2005, by the Registering Authority, Ranchi. The same is valid until cancellation.

Chennai warehouse

1. Certificate of registration, bearing number 423594, issued under Central Sales Tax Registration and Turnover Rules, 1956, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1957, issued by the Commercial Tax Officer, Salem. The same is valid until cancellation.

2. Certificate of registration dated January 12, 2007, bearing number 33882680833, issued under the Tamil Nadu Value Added Tax Act, 2006, stating that our Company has been registered as a dealer under the Tamil Nadu Value Added Tax Act, 2006, issued by the Commercial Tax officer. The same is valid until cancellation.

Cochin warehouse

1. Certificate of registration, bearing number 32070215024C, issued under the Central Sales Tax Registration and Turnover Rules, 1956, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1957, issued by the Commercial Tax Officer. The same is valid until cancellation.

2. Certificate of registration, bearing number 320702I5024C, issued under the Kerela Value Added Tax Act, 2003, stating that our Company has been registered under section 16 of the Act, issued by the Commercial Tax Officer. The same is valid until cancellation.

Jamshedpur warehouse

1. Certificate of registration dated August 28, 2006, bearing number AAACG3769MXD005, issued under rule 9 of the Central Excise Rules, 2002, stating that our Company is registered for operating a manufacturer's depot, issued by the Deputy Commissioner, Customs and Service Tax Division, Jamshedpur. The same is valid until cancellation.

2. Certificate of registration dated August 28, 2006, bearing number AAACG3769MXM007, issued under rule 9 of the Central Excise Rules, 2002, stating that our Company is registered for manufacturing of excisable goods, issued by the Deputy Commissioner, Customs and Service Tax Division, Jamshedpur. The same is valid until cancellation.

Gurgaon warehouse

1. Certificate of registration dated October 19, 2007, bearing number AAACG3769MXM009, issued under rule 9 of the Central Excise Rules, 2002, stating that our Company is registered for manufacturing of excisable goods, issued by the Assistant Commissioner, Central Excise Division – I, Gurgaon. The same is valid until cancellation.

2. Certificate of registration dated October 24, 2007, bearing number AAACG3769MXD007, issued under rule 9 of the Central Excise Rules, 2002, stating that our Company is registered for operating a manufacturer's depot, issued by the Assistant Commissioner, Central Excise Division – I, Gurgaon. The same is valid until cancellation.

3. Certificate of registration dated October 30, 2007, bearing number AAABCG0749EXD004, issued under rule 9 of the Central Excise Rules, 2002, stating that our Company is registered for operating a manufacturer's depot, issued by the Assistant Commissioner, Central Excise Division – I, Gurgaon. The same is valid until cancellation.

Hyderabad warehouse

1. Certificate of registration bearing number SEC / 08 / 01 / 2805 / 94 – 95 (Central), issued under the Central Sales Tax Registration and Turnover Rules, 1956, stating that our Company has been registered as a dealer under section 7 (1) and 7 (2) of the Central Sales Tax Act, 1957, issued by the Assistant Commercial Tax Officer. The same is valid until cancellation.

2. Certificate of registration dated February 18, 2000, bearing number 28900110033 – III / 27993, issued under the Haryana General Sales Tax Act, 1973, stating that our Company has been registered as a dealer under the Haryana General Sales Tax Act, 1973, issued by the Sales Tax Officer. The same is valid until cancellation.

Bengaluru warehouse

1. Certificate of registration dated May 4, 1996 bearing number 00350382 issued under the Central Sales Tax (Registration and Turnover) Rules ,1957 stating that our company has been registered as a dealer under section 7(1) and 7(2) of the Central Sales Tax Act ,1956, issued by the Commercial Tax Officer. The same is valid until cancellation.

2. Certificate of registration dated June 27, 1977 bearing number 00300380, issued under of the Karnataka Sales Act, 1957 stating that our company has been registered under section 10(1) of Karnataka Sales Tax Act, 1957 issued by Commercial Tax Officer. The same is valid until cancellation.

Bhiwandi warehouse

1. Certificate of registration dated February 27, 1996 bearing number 27750000845C issued under the Central Sales Tax (Registration and Turnover) Rules ,1957 stating that our company has been registered as a dealer under section 7(1) and 7(2) of the Central Sales Tax Act ,1956, issued by the Commercial Tax Officer. The same is valid until cancellation.

2. Certificate of registration dated February 27, 1996 bearing number 27750000845V issued under the MaharashtraValue Added Tax Act stating that our company has been registered as a dealer under section 7(1) and 7(2) of the Central Sales Tax Act ,1956, issued by the Commercial Tax Officer. The same is valid until cancellation.

Approvals applied for but not yet received

1. Application for renewal of water consent bearing consent order number KSPCB / SEO / - 2 / WPC & APC / 2008 – 09 / H – 178, under section 25 / 26 of the Water (Prevention and Control of Pollution) Act, 1974, for our factory located at Bengaluru.

2. Application for renewal of air consent bearing consent order number KSPCB / SEO / - 2 / WPC & APC / 2008 – 09 / H – 178, under section 21 of the Air (Prevention and Control of Pollution) Act, 1981, for our factory located at Bengaluru.

3. Application for renewal of authorisation for handling hazardous waste bearing previous authorisation number KSPCB / HWM / 560, under Rule 3 (5) and 5 (5) of the Hazardous Wastes Handling Management Rules, for our factory located at Bengaluru.

4. Application for obtaining approval / permission to generate and use of electricity from 750 × 2 KVA 3 PH 415 volt DG sets under rule 47 of the Indian Electricity Rule, 1956 for the period from 2006 to 2009, for our factory located at Bengaluru.

5. Application for authorisation for handling hazardous waste dated May 22, 2008, bearing number FMGIL / Consent (HWM) 2008 / 005, under rule 3 (5) and 5 (5) Hazardous Waste Management Handling 2003 and the Environmental Protection Act, 1986, for our plant located at Bengaluru

6. Application for a licensed to store of Ammonia issued under the Indian Explosives Act, 1884 and the Rules made thereunder for our Bhiwadi plant.

EPCG Licences

S. No.	License Number	Date of the Licence	Export Obligation	
			In Indian Rupees	In Dollars
1.	0530131914/2/11/00	June 27, 2001	15,971,655.18	338,382.52
2.	0530132437/2/11/00	December 31, 2001	4,112,355.75	85,231
3.	0530132892/2/11/00	May 23, 2002	18,743,704.20	389,682
4.	0530134388/2/11/00	June 23, 2003	88,561,152	1,850,807.77
5.	0530134426/2/11/00	June 27, 2003	54,456,712	1,138,071.30
6.	0530134540/2/11/00	July 18, 2003	74,068,200	1,547,924.76
7.	0530134642/2/11/00	August 08, 2003	6,324,848	132,180.73
8.	0530134856/2/11/00	September 15, 2003	16,838,334	341,450.03
9.	0530135819/2/11/00	April 04, 2003	113,338,432	2,368,619.25
10.	0530135988/2/11/00	March 09, 2004	64,111,480	339,842.84
11.	0530130578/2/11/00	July 15,2004	21,252,944	444,366.64
12.	0530130726/2/11/00	August 04, 2004	14,388,128	300,692.33
13.	0530136837/2/11/00	August 19, 2004	5,481,488	114,555.65
14.	0530137409/2/11/00	November 11, 2004	42,739,584	893,199.24
15.	0530137672/2/11/00	December 23, 2004	21,423,296	447,717.78
16.	0530137774/2/11/00	January 04, 2005	9,378,136	195,990.30
17.	0530137918/2/11/00	January 25, 2005	8,011,896	167,437.74
18.	0530137968/2/11/00	February 02, 2005	5,680,930	118,723.51
19.	0530138100/2/11/00	February 22, 2005	21,473,776	448,772.74
20.	0530138099/2/11/00	February 22, 2005	8,920,912	186,434.94
21.	0530139145/2/11/00	July 19, 2005	176,353,238.40	3,685,543.12
22.	0530139144/2/11/00	July 19, 2005	85,899,832	1,795,189.80
23.	0530142066/2/11/00	October 04, 2006	281,464,320	6,014,194.87
24.	0530131615/2/11/00	February 20, 2001	43,567,461	925,982.16
25.	0530132436/2/11/00	December 21, 2001	4,112,395.75	85,231
26.	0530134387/2/11/00	June 23, 2003	85,803,224	1,793,170.82
27.	0530134427/2/11/00	June 27, 2003	6,898,600	144,171.35
28.	0530134428/2/11/00	June 27, 2003	54,456,712	1,156,195.46
29.	0530135989/1/11/00	March 29, 2004	21,926,120	458,22.12
30.	0530136571/2/11/00	July 14, 2004	42,575,888	888,733.29
31.	0530134539/2/11/00	July 18, 2003	74,068,200	1,547,924.76
32.	0530134637/2/11/00	August 08, 2003	12,649,704	264,361
33.	0530135818/2/11/00	March 04, 2004	105,571,576	2,833,261.77
34.	0530137713/2/11/00	December 27, 2004	5,560,504	116,206.98
35.	0530138175/2/11/00	March 04, 2005	64,109,376	1,339,798.87
36.	0530138375/2/11/00	March 31, 2005	5,494,512	114,827.83
37.	0530138319/2/11/00	March 24, 2005	45,699,600	955,059.56
38.	0530138377/2/11/00	March 31, 2005	2,114,296	65,084.55
39.	0530142015/2/11/00	September 22, 2006	727,420,444	15,543,171.79
40.	0530133791/3/11/00	January 29, 2003	11,627,550	234,900.
41.	0530137549/2/11/00	December 08, 2004	29,700,152	620,692.83

SECTION VII – OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority of the Issue

Our Board has, pursuant to a resolution passed at its meeting held on June 09, 2008 has decided to make this Issue to the Equity Shareholders of our Company with right to renounce.

Prohibition by SEBI

Our Company, our Directors, our associate and group companies, our Promoter Group Entities, our Promoters, our Directors, firms and companies with which our Company's Directors are associated as directors or promoters have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, our Company, our Promoters and Promoter Group entities and associate companies are not detained as willful defaulters by RBI / Government authorities and there are no violations of securities law committed by them in the past or pending against them.

Eligibility for the Issue

Our company is an existing listed company registered under the Companies Act, 1913, whose Equity Shares are listed on BSE and NSE. It is eligible to offer this Issue in terms of clause 2.4.1(iv) of the SEBI DIP guidelines.

Disclaimer Clause

AS REQUIRED, A COPY OF THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 29, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

i. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE,**

ii. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,**

WE CONFIRM THAT:

A. **THE LETTER OF OFFER FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

B. **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

C. **THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

iii. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID;**

iv. **WE HAVE SATISFIED OUR SELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE;**

v. **WE CERTIFY THAT THE WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FOR PART OF PROMOTERS CONTRIBUTION SUBJECT LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRASFERED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE LETTER OF OFFER WITH BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE;**

vi. **WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE PROSPECTUS/LETTER OF OFFER – NOT APPLICABLE.**

vii. **WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE .WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE.**

viii. **WHERE THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE TO THE ISSUER**

ix. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

x. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**

xi. **WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.**

xii. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**

xiii. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:**

  a) **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND;**

  b) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

The filing of the Letter of Offer does not, however, absolve our Company from any liabilities under section 63 or section 68 of the Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take-up, at any point of time, with the Lead Manager any irregularities or lapses in the Letter of Offer. In addition to the Lead Manager, the Issuer is also obligated to update the Letter of Offer and keep the public informed of any material changes till the date of listing and commencement of trading of the Equity Shares offered under the Letter of Offer.

Caution

Our Company and Lead Manager accept no responsibility for statements made otherwise than in the Letter of Offer or in the advertisements or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information, including our website www.federalmogulgoetze.com, would be doing so at his / her / their own risk.

All information shall be made available by the Lead Manager and the Issuer to the shareholders and no selective or additional information would be made available for a section of the shareholders or investors in any manner whatsoever including at presentations, research or sales reports etc.

Investors that invest in the Issue will be deemed to have represented to our Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Disclaimer with respect to jurisdiction

The Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations hereunder.

The distribution of the Letter of Offer and the Issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons in whose possession the Letter of Offer may come are required to inform themselves about and observe such restrictions.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE.

Disclaimer Clause of the BSE

As required, a copy of the Letter of Offer has been submitted to the Bombay Stock Exchange Limited, (hereinafter referred to as "BSE"). BSE has given *vide* its letter Ref. No. DCS/PREF/JA/IP-RT/1038/08-09 dated August 21, 2008, permission to our Company to use its name in the Letter of Offer as one of the Stock Exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized the Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of the Letter of Offer; or (ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or (iii) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that the Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of the Letter of Offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as "NSE"). NSE has given *vide* its letter Ref. No. NSE/LIST/82579-2 dated August 25, 2008 permission to the Issuer to use its name in the Letter of Offer as one of the Stock Exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinized the Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by NSE, nor does it any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Letter of Offer; nor does it warrant that the Issuer's securities will be listed or will continue to be listed on the BSE, nor does it take any responsibility for the financial or other soundness of the Issuer, its Promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of the Issuer may do so pursuant to independent enquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

The Letter of Offer has been filed with Securities Exchange Board of India, SEBI Bhavan, Plot No. C-4A, G' Block, Bandra Kurla Complex, Bandra (East), Mumbai– 400 051, for its observations. The Letter of Offer has also been filed with the BSE and the NSE.

Dematerialised Dealing

Our Company along with the Registrar has entered into tripartite agreements dated November 26, 1999 and January 24, 2000, with NSDL and CDSL, respectively and its Equity Shares bear the ISIN No. INE529A01010.

Listing

The Equity Shares of our Company are listed on the BSE and NSE. Our Company has made applications to the BSE and NSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of the Letter of Offer. Our Company has applied for in-principle approvals from BSE and NSE for the securities proposed to be issued through the Letter of Offer and has received in-principle approvals from BSE by *vide* letter dated August 21, 2008 and from the NSE of India Limited *vide* its letter dated August 25, 2008 granting in principle approval for listing the securities arising from the Issue. Our Company will apply to the BSE and NSE for listing of the Equity Shares to be issued pursuant to the Issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, within 15 days from the Issue Closing Date, our Company shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer. If such money is not paid within eight days after our Company becomes liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under sub-sections (2) and (2A) of section 73 of the Companies Act.

Consent

Consent in writing of the Auditors, Lead Manager, Legal Advisor and the Registrar to the Issue, to act in their respective capacities; and of the bankers to our Company and Directors for their names to appear as such in the Letter of Offer have been obtained and filed with SEBI, along with a copy of the Letter of Offer and such consents have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the Stock Exchange.

M/s S. R. Batliboi & Co., the Auditors of our Company have given their written consent for the inclusion of their Report in the form and content as appearing the Letter of Offer and such consents and Reports have not been withdrawn upto the time of delivery of the Letter of Offer for registration to the Stock Exchange. M/s S. R. Batliboi & Co., the Auditors of our Company have given their written consent for inclusion of statement of tax benefits in the form and content as appearing in the Letter of Offer accruing to our Company and its members. To the best of our knowledge there are no other consents required for making this issue, however, should the need arise, necessary consents shall be obtained by us.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of section 68A of the Act, which is reproduced below:

"Any person who

(a) **Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**

(b) **Otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

Expert Opinion

Save and except as stated in the section titled "Auditors Report and Financial Information" beginning on page 180 of the Letter of Offer, our Company has not obtained any expert opinions in relation to the Letter of Offer.

Option to Subscribe

Please refer paragraph titled "Option to receive Equity Shares in Dematerialised Form" beginning on page 360 of the Letter of Offer.

Underwriting Commission, Brokerage and Selling Commission

No underwriting commission, brokerage and selling commission will be paid for the Issue.

Details of Public / Rights Issues

Our Company has not made any issue of shares in the last five years except a Rights Issue in October, 2007.

Detail of the issue

Issue size – Rs. 10633.41 lakh

Issue Opened for Subscription on – October 25, 2007

Issue Closed for Subscription on - November 23, 2007

Allotment Date – December 07, 2007

Date of completion of delivery of share/debentures certificates – December 12, 2007

Date of listing on the stock exchanges:

BSE – December 10, 2007
NSE – December 12, 2007

The issue was at an issue price of Rs. 145 per share, that is at a premium of Rs. 135 per share, aggregating to Rs. 10,633.41 lakh to the then existing shareholders of our Company.

Promise *versus* Performance

Our Company has not made any issue of shares in the last five years except a Rights Issue in October, 2007. The amount raised through the rights issue was utilized for the purpose as disclosed in the letter of offer.

Particulars	Promise	Actuals	as % of Total Issue Size
A. Repayment of Existing Debt	8615	8642.47	81.28%
B. General Corporate Purpose	1818.41	1818.41	17.10%
C. Issue expenses	200	172.53	1.62%
Total	**10633.41**	**10633.41**	**100.00%**

Issue Programme

The subscription list will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below or on such extended date (subject to a maximum of 30 days) as may be determined by the Board, subject to necessary approvals:

Issue opens on	Last date for receiving requests for Split Application Forms	Issue closes on
Monday , November 24, 2008	Saturday ,November 29,2008	Monday ,December 08, 2008

Issue expenses

The total expenses of the Issue are estimated to be approximately Rs. **117.69 lakh**. The Issue related expenses include, among others, issue management fees, registrar fees, printing and distribution expenses, auditor fees, legal fees, advertisement expenses, stamp duty, depository charges and listing fees to the stock exchanges. The total expenses for the Issue are estimated not to exceed 0.91 % of the size of the Rights Issue. The following table provides a break up of estimated Issue expenses:

Particulars	Estimated amount (In Rs. lakh)	As percentage of total Issue expense	As percentage of total Issue size
Statutory Advertisement	20.00	17.00	0.15
Advisors' fee	63.50	53.95	0.49
SEBI filing and Stock Exchange Listing fees	4.94	4.20	0.04
Postage, Printing and Stationery	25.00	21.24	0.19
Others including Registrar fees, Contingencies etc.	4.25	3.61	0.03
Total	**117.69**	**100.00%**	**0.91**

Details of Fees Payable

Fees Payable to the Lead Manager

The total fees payable to the Lead Manager will be as per the Engagement Letter dated June 11, 2008 and as stated in the Memorandum of Understanding executed between our Company and Lead Manager dated July 8, 2008, copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The Fees Payable to the Registrar to the Issue is set out in relevant documents, copies of which are available for inspection at the Registered Office of our Company at A - 26/3, Mohan Co-operative Industrial Estate, New Delhi – 110 044 from 10.00 a.m. to 1.00 p.m., from the date of filing of the Letter of Offer until the date of closure of the Subscription List.

Companies Under the same Management within the meaning of section 370(1)(B) of the Act.

There are no listed companies within the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.

Material changes after June 30, 2008

For further details of material changes and commitments likely to affect the financial position of our Company since the last date upto which audited information is incorporated in the Letter of Offer please refer to the chapter titled "Management's Discussion and Analysis on Financial Condition and Results of Operations" beginning on page 279 for details.

Unaudited Working Results for the period July 01, 2008 – September 30, 2008

Information as required by Government of India, Ministry of Finance Circular No. F2/5/SE/76 dated February 5, 1997 as amended vide Circular of even no dated March 8, 1997

Particulars	Amount in Rs. Lakhs
Net Sales	17,306.05
Other Income	1,080.94
Total Income	18,386.99
Expenditure	16,786.13
Operating Profit	1,600.86
Interest	721.63
Gross Profit / (Loss)	879.23
Depreciation	1,178.37
Profit / (Loss) Before Tax	(299.14)
Tax	0.68
Profit / (Loss) After Tax	(299.82)

Stock Market Data for Equity Shares of our Company

The Equity Shares of our Company are listed on the BSE and NSE. As our shares are actively traded on the BSE and NSE, our stock market data have been given separately for each of these Stock Exchanges. The stock market data for BSE and NSE, as extracted from their respective websites, are given below:

The high and low closing prices recorded on the BSE and NSE for the preceding three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

BSE

Calendar Year	Highest	Lowest	Average price for the year*	Date		Volume Traded on date of high and low (no. of shares)		Volume Traded during the year
				Highest	Lowest	Day of Highest	Day of Lowest	No of shares
January 1, 2007 to September 16, 2007	449.40	143.05	258.32	January 5, 2007	August 24, 2007	18,704	1,249	22,81,490
September 17, 2007 to December 31, 2007	184.5	133.20	225.35	December 31, 2007	October 9, 2007	3,59,612	9,753	53,61,427
2006	444.00	201.00	291.24	December 29, 2006	April 28, 2006	5,034	5,130	82,07,798
2005	273.65	158.00	208.27	September 19, 2005	March 29, 2005	1,44,658	23,735	91,39,536

Note: The stock market data for the Fiscal 2007 has been split in two parts to reflect the change in capital structure as a result of the rights issue completed by our Company. The first period is from January 1, 2007 to September 16, 2007 and the second period commences from September 17, 2007 (when the Equity Shares became ex-rights) till December 31, 2007.

** The average price has been computed based on the average of the daily high and low prices.*

NSE

Calendar Year	Highest	Lowest	Average price for the year*	Date		Volume Traded on date of high and low (no. of shares)		Volume Traded during the year
				Highest	Lowest	Highest	Lowest	No of Shares
January 1, 2007 to September 16, 2007	459.90	131.00	258.22	January 08, 2007	September 10, 2007	2,795	21,997	34,63,038
September 17, 2007 to December 31, 2007	183.90	131.00	144.08	December 31, 2006	October 8, 2007	1,98,069	7,843	35,20,552
2006	458.80	187.50	291.26	December 11, 2006	April 28, 2006	1,07,625	23,482	1,46,88,974
2005	268.00	158.30	208.48	September 19, 2005	March 29, 2005	2,75,939	39,834	1,73,34,355

Note: The stock market data for the Fiscal 2007 has been split in two parts to reflect the change in capital structure as a result of the rights issue completed by our Company. The first period is from January 1, 2007 to September 16, 2007 and the second period commences from September 17, 2007 (when the Equity Shares became ex-rights) till December 31, 2007.

** The average price has been computed based on the average of the daily high and low prices.*

The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

BSE

Month	Highest	Lowest	Average*	Date		Volume Traded on date of high and low (no. of shares)		Volume traded during the month (no. of shares)
				Highest	Lowest	Highest	Lowest	
April 2008	93.70	62.65	70.99	April 28, 2008	April 07, 2008	5,04,338	9,793	18,28,507
May 2008	85.00	69.65	74.86	May 02, 2008	May 12, 2008	1,06,373	19,466	5,33,260
June 2008	73.75	51.15	65.00	June 02, 2008	June 30, 2008	18,690	9,819	1,98,641
July 2008	56.7	42.5	51.34	July 30, 2008	July 21, 2008	35,40,169	3,71,176	4,61,969
August 2008	68.00	51.1	59.85	August 18, 2008	August 1, 2008	36,90,505	8,17,455	5,65,930
September 2008	66.1	44.3	55.70	September 9,2008	September 16, 2008	22,10,073	3,80,256	1,67,394

** The average price has been computed based on the average of the daily high and low prices.*

NSE

Month	Highest	Lowest	Average*	Date		Volume Traded on date of high and low (no. of shares)		Volume traded during the month (no. of shares)
				Highest	Lowest	Highest	Lowest	
April 2008	91.00	62.50	70.90	April 28, 2008	April 01, 2008	4,92,001	11,675	1,47,4135
May 2008	85.10	66.05	74.68	May 02, 2008	May 12, 2008	44,234	8,445	4,34,683
June 2008	73.95	51.00	64.83	June 02, 2008	June 30, 2008	19,762	15,794	1,78,119
July 2008	56.4	47.1	51.33	July 30, 2008	July 16, 2008	18,324	4,853	1,73,711
August 2008	68.5	51.65	59.85	August 18, 2008	August 1, 2008	58,660	5,659	3,71,252
September 2008	66.35	45	55.92	September 9, 2008	September 30, 2008	26,769	8,149	1,71,589

** The average price has been computed based on the average of the daily high and low prices.*

Week end prices of Equity Shares of our Company for the last four weeks on BSE and NSE along with the highest and lowest price is as below:

Week ended on	Closing Price	Highest Price	Lowest Price	Closing Price	Highest Price	Lowest Price
	BSE	BSE*	BSE*	NSE	NSE*	NSE*
July 25, 2008	50.25	55.00	42.50	50.75	53.40	47.65
July 18, 2008	49.85	53.20	48.05	48.50	52.00	47.10
July 11, 2008	53.95	56.00	50.00	53.65	56.00	48.20
July 04, 2008	51.60	52.70	50.00	51.05	54.00	49.25
October 3, 2008	48.85	51.50	47.10	49.25	50.00	47.60
October 10, 2008	41.20	41.95	37.00	41.15	43.00	35.15

* High/Low prices based on closing quotations on the respective Stock Exchanges

Issues for consideration other than cash

Except as stated in paragraph titled "Build up of Equity Share Capital" under chapter titled "Capital Structure" beginning on page 28 of the Letter of Offer, our Company has not issued Equity Shares for consideration other than cash or out of revaluation reserves.

Outstanding Debentures, Bonds and Preference Shares

Our Company has no outstanding debentures, bonds or preference shares.

Investor Grievances and Redressal System

Our Company has adequate arrangements for redressal of investor complaints. Well arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for our Company is being handled by the Registrar and Share Transfer Agent. Letters are filed category wise after having attended to redressal norm for response time for all correspondence including shareholders complaints is 15 days.

Investor Grievances arising out of this Issue

Our Company's investor grievances arising out of the Issue will be handled by Alankit Assignments Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only our post-Issue correspondence.

The agreement between our Company and the Registrar provides for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Letter of Allotment / share certificate / refund order to enable the Registrar to redress the grievances of our investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio number, name and address, contact telephone / cellular phone numbers, email identity of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 15 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Investors may contact the Financial Controller & Company Secretary in case of any pre-Issue/ post -Issue related problems such as non-receipt of letters of allotment / share certificates / Demat credit / refund orders etc. His address is as follows:

Rajan Luthra
Federal-Mogul Goetze (India) Limited,
A - 26/3, Mohan Co-operative Industrial Estate,
New Delhi – 110 044
Tel: +91-11-41497650,
Fax: +91-11-41497601,
E-mail: rights.issue@federalmogul.com.

Allotment Letters / Refund Orders

Our Company will issue and dispatch letters of allotment / share certificates / Demat credit and / or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of fifteen days from the Issue Closing Date. The despatch of share certificates/ refund orders and demat credit will be completed and the allotment and listing documents will be submitted to the stock exchanges within two working days from the date of allotment.. Such refund orders, in the form of MICR warrants / cheques / pay order, marked "Account payee" would be drawn in the name of a sole / first applicant and will be payable at par at all the centers where the applications were originally accepted, except for those who have opted to receive refunds through the ECS facility or RTGS or Direct

Credit. If such money is not repaid within eight days from the day our Company becomes liable to pay it, our Company shall pay that money with interest at the rate of 15% p.a. as stipulated under section 73 of the Act. Letter(s) of Allotment / Refund Order(s) above the value of Rs. 1,500 will be dispatched by registered post to the sole / first applicant's address. However, Refund Orders for values not exceeding Rs. 1,500/- shall be sent to the applicants under Certificate of Posting at the applicant's sole risk at his address. Our Company would make adequate funds available to the Registrar to the Issue for this purpose. Adequate funds would be made available to the Registrar to the Issue for dispatch of the letters of allotment / share certificates / Demat credit / refund orders.

In case our Company issues letters of allotment

the despatch of share certificates/ refund orders and demat credit will be completed and the allotment and listing documents will be submitted to the stock exchanges within two working days from the date of allotment.

Status of Complaints

Investors complaints as on October 13, 2008

Period	Beginning	Received	Resolved	Pending
01/10/2007 to 31/12/2007	Nil	Nil	Nil	Nil
01/01/2008 to 31/03/2008	Nil	1	1	Nil
01/04/2008 to 30/06/2008	Nil	1	Nil	1
01/07/2008 to 30/09/2008	1	Nil	1	Nil
1/10/2008 to 13/10/2008	Nil	Nil	Nil	Nil

Changes in Auditors during the last five years

The following are the changes in our Statutory Auditors in the last five financial years.

Name of Auditor	Change	Date
M/s. S. N. Dhawan & Co.	Resigned	June 13, 2006
M/s. Batliboi & Co.	Appointed	June 13, 2006

Capitalisation of Reserves or Profits

Our Company has not capitalized any of its reserves or profits for the last five years other than those mentioned in the chapter titled "Capital Structure" beginning on page 28 of the Letter of Offer.

Revaluation of Assets

Our Company has not revalued its assets for the last five years.

IMPORTANT

1 This Issue is pursuant to the resolutions passed by the Board of Directors at its meeting held on June 9, 2008 wherein issue of Equity Shares on rights basis was approved.

2 This Issue is applicable to those Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the shares held in electronic form, and in the Register of Members of our Company in case of Equity Shares held in physical form at the close of business hours on the Record Date i.e. November 10, 2008.

3 Your attention is drawn to the section titled "Risk Factors" beginning on page viii of the Letter of Offer.

4 Please ensure that you have received the Composite Application Form ("CAF") with the Letter of Offer.

Please read the Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

TERMS OF THE ISSUE

The Equity Shares are now being issued pursuant to the Rights Issue and the Equity Shares to be allotted are subject to the terms and conditions contained in the Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum and Articles of Association of our Company, the provisions of the Act, FEMA, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or security certificate and rules as may be applicable and introduced from time to time.

Authority for the Issue

This Issue is being made pursuant to the resolution as passed at the meeting of the Board of Directors of our Company under section 81(1)(a) of the Companies Act,1956 as on June 9, 2008.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the shares held in the electronic form and on the Register of Members of our Company in respect of shares held in the physical form at the close of business hours on the Record Date, i.e. November 10, 2008 fixed in consultation with the Designated Stock Exchange, BSE.

Rights Entitlement Ratio:

As your name appears as beneficial owner in respect of the shares held in the electronic form or appears in the register of members as an equity shareholder of our Company as on the Record Date i.e. November 10, 2008. You are entitled to the number of shares in Block I of Part A of the enclosed in the Composite Application Form.

The eligible shareholders shall be entitled to the following:

1 71 Equity shares for every 100 Equity Shares held as on the Record Date

2 Rights Entitlement on Equity Shares held in the pool account of the clearing members on the Record Date shall be considered, and such claimants are requested to:

   1. Approach the concerned depository through the clearing member of the Stock Exchange with requisite details; and

   2. Depository in turn should furnish details of the transaction to the Registrar.

Market lot

The securities of our Company are tradable only in dematerialized form. In case of holding in physical form, our Company would issue to the allottees separate certificate for the Equity Shares allotted on rights basis with a split performance.

Our company would issue one certificate for the entire allotment. However, our Company would issue split certificates on written requests from the shareholders.

Investors may please note that the Equity Shares of our Company can be traded on the Stock Exchange in dematerialized form only.

Nomination facility

In terms of section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

A sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has / have already registered the nomination with our Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant requires to change the nomination, they are requested to inform their respective DP.

Joint-Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to provisions contained in the Articles of Association of our Company.

Offer to Non-Resident Equity Shareholders/Applicants

As per regulation 6, of Notification No. FEMA 20/200-RB, dated May 3, 2000, RBI has given general permission to Indian companies to issue rights shares to non-resident shareholders including additional shares. Applications received from NRIs and non-residents for allotment of Equity Shares shall be *inter alia*, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999 (FEMA) in the matter of refund of application moneys, allotment of Equity Shares, issue of letter of allotment / notification No. FEMA 20/200-RB dated May 3, 2000. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the non-resident shareholders. The rights shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original shares against which rights shares are issued.

By virtue of Circular No. 14, dated September 16, 2003, issued by RBI, overseas corporate bodies ("OCBs") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities. Further, the RBI in its Master Circular dated July 1, 2007, has stated that OCBs are not permitted to subscribe to Equity Shares of Indian companies on rights basis under the automatic route. OCBs shall not be eligible to subscribe to the Equity Shares pursuant to the Letter of Offer unless prior approval of the RBI is obtained in this regard.

Thus, OCBs desiring to participate in the Issue must obtain prior approval from the RBI. For this purpose the Issuer Company will make the requisite applications to RBI. On providing such approval to our Company at its registered office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares, shall, *inter alia*, be subject to the conditions as may be imposed from time to time by RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/ certificates/ payment of dividends etc.

In case of change of status of holders i.e. from Resident to Non-Resident, a new Demat account shall be opened for the purpose. DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF.

Mode of Payment of Dividend

Dividend, if any declared by the Board and approved by our shareholders, will be paid in any of the modes permitted by the Companies Act, 1956.

I. Principal Terms of this Rights Issue of Equity Shares

The Equity Shares, now being issued, subject to the provisions of the Act, terms and conditions contained in the Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum and Articles of Association of our Company, guidelines issued by SEBI, Foreign Exchange Management Act 1999 ("FEMA"), guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and /or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or security certificate and rules as may be applicable and introduced from time to time.

Face value

Each Equity Share shall have the face value of Rs. 10.

Issue Price

Rs 56 per Equity Share.

Terms of payment

The entire amount of Rs. 56/- per Equity Share shall be payable on application.

The payment on Application would be applied as under:

	Towards Share Capital
On Application	Rs. 56 per Equity Share

A separate cheque / draft must accompany each Application form.

Payment should be made in cash (not more than Rs. 20,000) or by cheque / bank demand draft / drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the bankers clearing house located at the center where the CAF is accepted. Outstation cheques /money orders / postal orders will not be accepted and CAFs accompanied by such cheque / money orders / postal orders are liable to be rejected.

Where an applicant has applied for additional shares and is allotted lesser number of shares than applied for, the excess application money shall be refunded. The monies would be refunded within 15 days from the closure of the Issue, and if there is a delay beyond 8 days from the stipulated period, our Company will pay interest on the monies in terms of sub-sections (2) and (2A) of section 73 of the Companies Act, 1956.

Ranking of the Equity Shares

The Equity Shares shall be subject to the Memorandum and Articles of Association of our Company. The dividend payable on Equity Shares allotted in this Issue shall rank for dividend in proportion to the amount paid up. The Equity Shares allotted in this Issue, shall be *pari passu* with the existing Equity Shares in all respects including dividend. For further details, please refer to the section titled "Main Provisions of our Articles of Association" beginning on page 368 of the Letter of Offer.

Rights of Equity Shareholders

Subject to applicable laws, Equity Shareholders shall have the following rights:

1 Right to receive dividend, if declared
2 Right to attend general meetings and exercise voting power, unless prohibited by law;
3 Right to vote on poll, either in person or proxy;
4 Right to receive offer for right shares and be allotted bonus shares if announced;
5 Right to receive surplus on liquidation;
6 Right of free transferability of share; and
7 Such other rights as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association of our Company and the terms of the listing agreement with the Stock Exchange.

For further details on the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled "Main Provisions of our Articles of Association" beginning on page 368 of the Letter of Offer.

Fractional entitlements

For Equity Shares being offered on rights basis under this Issue, if the shareholding of any of the Equity Shares is less than 2, the frational entitlement of such holders shall be ignored. Shareholders whose fractional entitlements are being ignored would be given preferential allotment of ONE additional Equity Share each if they apply for additional Equity Shares. The Equity Shares needed for such rounding off shall be adjusted from the Promoter and Promoter Group's entitlement at the time of allotment.

Those Equity Shareholders whose holding is less than 2 Equity Shares and therefore are entitled to zero Equity Shares under the Rights Issue, shall be dispatched a CAF with zero entitlement. Such Equity Shareholders would be given preferential allotment of ONE additional Equity Share each. However, they cannot renunciate the same to third parties. CAF with zero entitlement shall be non-negotiable / non-renunciable.

Notices

All notices to the Equity Shareholder(s) required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper in Delhi with wide circulation and /or, will be sent by ordinary post / to the registered holders of the Equity Share at the address registered with the registrar from time to time.

Procedure for Application

The enclosed CAF for Equity Shares should be completed in all respects in its entirety before submission to the Bankers to the Issue or their designated branches as they appear in the CAF. The forms of the CAF should not be detached under any circumstances otherwise the application is liable to be rejected.

The CAF would be sent to all shareholders, with a additional separate advise as may be required for Non-resident shareholders. In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrars to the Issue, Alankit Assignments Limited, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address.

Non-resident shareholders can obtain a copy of the CAF from the Registrars to the Issue, Alankit Assignments Limited, from their office situated at Alankit House, 2E / 21, Jhandewalan Extension, New Delhi-110055 by furnishing the registered folio number, DP ID number, Client ID number and their full name and address. Equity Shares offered to you can be renounced either in full or in part in favour of any other person or persons. The renounces shall be entitled to apply for Equity Shares being offered through the Issue. Such renouncees can only be Indian Nationals / limited companies incorporated under and governed by the Act, statutory corporations / institutions, trusts (unless registered under the Indian Trust Act), minors (through their legal guardians), societies (unless registered under the Societies Registration

Act, 1860 or any other applicable laws) provided that such trust /society is authorised under its constitution / bye laws to hold Equity Shares in a company and cannot be a partnership firm, more than three persons including joint-holders, HUF, foreign nationals (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of the Letter of Offer could be illegal or require compliance with securities laws.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares
Part B: Form for renunciation
Part C: Form for application for renouncees
Part D: Form for request for split application forms

Option available to the Equity Shareholders

The Composite Application Form clearly indicates the number of Equity Shares that the Equity Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Equity Shares, then he can:

1 Apply for his entitlement in part;
2 Apply for his entitlement in part and renounce the other part;
3 Renounce the entire entitlement
4 Apply for his entitlement in full;
5 Apply for his entitlement in full and apply for additional Equity Shares.

Renouncees for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares. If you renounce your Rights Entitlement, in whole or in part, you shall not be entitled to apply for additional Equity Shares in this Issue.

The shareholders with zero entitlement can apply for ONE additional Equity Share and they cannot renuounce the same to third party.

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option	Option Available	Action Required
A.	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign)
B.	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)
C.	Renounce your entitlement in full to one person (Joint renouncees not exceeding three are considered as one renouncee).	Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand over the entire CAF to the renouncee. The renouncees must fill in and sign Part C of the CAF (All joint renouncees must sign)
D.	1. Accept a part of your entitlement and renounce the balance to one or more renouncee(s) OR	Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once.

	2.Renounce your entitlement to all the Equity Shares offered to you to more than one renouncee	On receipt of the Split Form take action as indicated below. (i) For the Equity Shares you wish to accept, if any, fill in and sign Part A of one split CAF (only for option 1). (ii) For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand over the split CAFs to the renouncees. (iii) Each of the renouncees should fill in and sign Part C for the Equity Shares accepted by them.
E.	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the renouncees must fill in and sign Part C.

Option A: Acceptance of the Issue in full or in part

You may accept the Issue and apply for the Equity Shares offered, either in full or in part by filing part A of the enclosed CAF. For details of submission of CAF and mode of payment please refer to the paragraph titled "Submission of Application and Mode of Payment for Rights Issue of Equity Shares" beginning on page 354 of the Letter of Offer.

Option B: Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares you are entitled to, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favor of any other person(s). The application for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board and in consultation if necessary with the Designated Stock Exchange. This allotment of additional Equity Shares will be made on an equitable basis with reference to number of Equity Shares held by you on the Record Date.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional shares in Part A of the CAF. Applications for additional Equity Shares shall be considered and allotment shall be in the manner prescribed under the paragraph titled "Basis of Allotment" beginning on page 356 of the Letter of Offer. The renouncees applying for all the Equity Shares renounced in their favor may also apply for additional Equity Shares.

In case of application for additional Equity Shares by Non-Resident Equity Shareholders, the allotment of additional securities will be subject to the applicable provisions of FEMA.

Where the number of additional Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account shall be opened for the purpose.

Option C & D: Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons subject to the approval of the Board. The Right of Renunciation is attached to the Equity Shares, with 71 Equity Shares being allotted for every 100 Equity Shares. Such renouncees can only be Indian Nationals (including minor through their natural / legal guardian) / limited companies incorporated under and governed by the Act, statutory corporations / institutions, trusts (registered under the Indian Trust Act), societies (registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust / society is authorised under its constitution / bye laws to hold Equity Shares in a company and cannot be a partnership firm, foreign nationals or nominees of any of them (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of the Letter of Offer could be illegal or require compliance with securities laws of such jurisdiction or any other persons not approved by the Board.

Renunciation in favour of non residents / FIIs

Any renunciation from Resident Indian Shareholder(s) to Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to other Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncer(s) / renouncee(s) obtaining the approval of the FIPB and / or necessary permission of the RBI, if and to the extent required, under the Foreign Exchange Management Act, 1999 (FEMA) and other applicable laws and such permissions should be attached to the CAF. **Applications not accompanied by the aforesaid approval(s), wherever the same are liable to be rejected.**

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003. Accordingly, the existing Equity shareholders of our Company who wish to renounce the same in favour of renouncees shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s) except with the prior permission of RBI.

Your attention is drawn to the fact that our Company shall not allot and / or register any Equity Shares in favor of:

1 More than three persons including joint holders;
2 Partnership firm(s) or their nominee(s);
3 Minors;
4 Hindu Undivided Family; and
5 Any Trust or Society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its Constitutions to hold Equity Shares of a Company).

The right of renunciation is subject to the express condition that the Board / Committee of Directors shall be entitled in its absolute discretion to reject the request for allotment to renouncee(s) without assigning any reason thereof.

Part A of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part B of the CAF) duly filled in shall be conclusive evidence for our Company of the person(s) applying for Equity Shares in Part C to receive allotment of such Equity Shares. The renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' must not be used by the renouncee(s) as this will render the application invalid. Renouncee(s) will also have no further right to renounce any shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to a shareholder in favour of one renouncee

If you wish to renounce the offer indicated in Part A, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favor renunciation has been made should complete and sign Part C of the CAF. In case of joint renouncees, all joint renouncees must sign this part of the CAF.

Renouncee(s) shall not be entitled to further renounce their entitlement in favour of any other person.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renouncees, the CAF must be first split into requisite number of forms. For this purpose you shall have to apply to the Registrar to the Issue.

Please indicate your requirement of Split Application Forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for Split Application Forms.

On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with our Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the offer is renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date along with the application money.

Option E: Change and / or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is /are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the request for allotment from the renouncee(s) without assigning any reason thereof.

Please note that:

1. Part A of the CAF must not be used by any person(s) other than those in whose favour this Issue has been made. If used, this will render the application invalid.

2. Request for split application form should be made for a minimum of one (1) Equity Share or in multiples of one (1) Equity Share;

3. Request by the applicant for the Split Application Form should reach our Company on or before November 29,2008

4. Only the person to whom the Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.

5. Split form(s) will be sent to the applicant(s) by post at the applicant's risk

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number / DP and Client ID number and his / her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received / found subsequently. Thus in case the original and duplicate CAFs are lodged for subscription, allotment will be made on the basis of the duplicate CAF and the original CAF will be ignored.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an Account Payee Cheque drawn on a local bank / Demand Draft payable at Delhi which should be drawn in favor of "FMGIL-Rights Issue- R" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of " FMGIL-Rights Issue - NR" in case of non-resident shareholders applying on repatriable basis and marked "A/c Payee Only" and send the same by registered post directly to the Registrar to the Issue so as to reach them on or before the closure of the Issue. The envelope should be superscribed "FMGIL-Rights Issue- R" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis, and in favour of "FMGIL-Rights Issue - NR" in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

1. Name of Issuer, Federal-Mogul Goetze (India) Limited
2. Name and address of the Equity Shareholder including joint holders
3. Registered Folio Number/ DP ID No. and Client ID No.
4. Number of shares held as on Record Date
5. Certificate numbers and distinctive numbers, if held in physical form.
6. Number of Rights Equity Shares entitled
7. Number of Rights Equity Shares applied for
8. Number of additional Equity Shares applied for, if any
9. Total number of Equity Shares applied for
10. Total amount paid on application at the rate of Rs. 10/- per Equity Share
11. Particulars of cheque / demand draft
12. Savings / Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order.
13. PAN / Form 60 / Form 61 declaration where the application is for Equity Shares
14. Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.
15. In case of Non Resident Shareholders, NRE/ FCNR/ NRO A/c No. Name and Address of the Bank and Branch;
16. If payment is made by a draft purchased from NRE/ FCNR/ NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/ FCNR/ NRO Account.

Attention of the shareholders is drawn to the fact that PAN is to be disclosed in the application form, irrespective of the amount for which application / bid is made. Further applications without Permanent Account Number would be rejected. Shareholders making the application otherwise than on the CAF (i.e. on a plain paper as stated above) shall not be entitled to renounce their rights and should not utilise the CAF for any purpose including renunciation even if it is received subsequently. In case the original and duplicate CAFs and application on the plain paper or any two of these applications are lodged or if any shareholder violates any of these requirements, our Company will have the absolute right to reject any one or both of his / her / their application and refund the application money received. In case an application is rejected in full, the whole of the application money received will be refunded within 15 days from the closure of the Issue without interest and after deducting bank charges. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares, will be refunded without interest and after deduction of bank charges to the applicant within 15 days from the closure of the Issue

Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

SUBMISSION OF APPLICATION & MODE OF PAYMENT FOR RIGHTS ISSUE OF EQUITY SHARES

Resident Equity Shareholders/ Applicants

1 Payment should be made in cash (not more than Rs. 20,000) or by cheque / bank demand draft drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the clearing house located at the centre where the CAF is accepted. .

2 Applicants who are applying through CAF and residing at places other than places where the bank collection centres have been opened for collecting applications, are requested to send their applications together with a cheque / demand draft of amount net of bank and postal charges, for the full application amount favouring " FMGIL-Rights Issue- R " and marked 'A/c Payee only' payable at Delhi directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

3 Applicants who are applying on plain paper, are requested to send their applications on plain paper together with a local cheque/demand draft of amount net of bank and postal charges, for the Equity Shares favouring " FMGIL-Rights Issue- R " and marked 'A/c Payee only' payable at Delhi directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Non-Resident Equity Shareholders / Applicants

Application with repatriation benefits

Non-Resident Equity Shareholders / Applicants, applying on a repatriation basis, are required to submit the completed CAF / application on plain paper, as the case may be, alongwith the payment made through any of the following ways:

1. By Indian Rupee drafts purchased from abroad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

2. By cheque / bank drafts remitted through normal banking channels or out of funds held in Non--Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance; or

3. FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

4. For Equity Shareholders / Applicants , applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/drafts in favour of " FMGIL-Rights Issue- NR " payable at Delhi and crossed 'A/c Payee only' for the amount payable.

5. For Equity Shareholders / Applicants, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along cheques/drafts in favour of " FMGIL-Rights Issue- NR " payable at Delhi and crossed 'A/c Payee only' for the amount payable so as to reach them on or before the Issue Closing Date.

A separate cheque or bank draft must accompany each application form. Applicants may note that where payment is made by drafts purchased from NRE / FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE / FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of NRIs who remit their application money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in any convertible foreign currency at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into any convertible foreign currency or for collection charges charged by the applicant's Bankers.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any

Payments through Non Resident Ordinary Account [NR(O)a/c] will not be permitted.

Application without repatriation benefits

For non-residents Equity Shareholders / Applicants applying on a non-repatriation basis, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account or Rupee Draft purchased out of NRO Account. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

For Equity Shareholders/Applicants, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/demand drafts drawn net of bank and postal charges in favor of " FMGIL-Rights Issue-NR " payable at Delhi and crossed 'A/c Payee only' for the amount payable.

For Equity Shareholders / Applicants, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with cheques / demand drafts net of bank and postal charges drawn in favor of " FMGIL-Rights Issue- NR]" payable at Delhi so as to reach them on or before the Issue Closing Date.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any

Note:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.

2. In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

3. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of business hours on or before the Issue Closing Date. Separate cheque or bank draft must accompany each CAF.

4. In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines / rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Last date of Application

The last date for submission of the duly filled in CAF is December 08,2008. The Issue will be kept open for a minimum of 15 days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue / Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board, the offer contained in the Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose off the

Equity Shares hereby offered, as provided under the paragraph titled "Basis of Allotment" beginning on page 356 of the Letter of Offer.

General

Applications should be made only on the prescribed CAFs provided by our Company and should be complete in all respects. Applications which are not complete or which are not accompanied with remittance of the proper amount calculated as aforesaid are liable to be rejected and the money paid in respect thereof will be refunded without interest.

Our Company will not allot any Equity Shares in favour of:

1. more than three persons as joint holders (including the first holder), in the case of renouncees
2. a partnership firm
3. a trust or society (unless such trust or society is registered under the Societies Registration Act, 1860 and it is authorised under its Memorandum & Articles of Association and/or its Rules & Bye Laws to hold shares in a company)
4. a minor (unless application is made through a guardian)
5. HUF
6. any renouncee(s) whom the Board may not approve of

In case the applicants in the above categories are already shareholders of our Company, they will be eligible for their entitlement. In case of applications made under a Power of Attorney (POA) or by Limited Companies or Bodies Corporate or Societies, a certified true copy of the relevant POA or the relevant resolution or authority to make the application as the case may be, along with the copy of the Memorandum & Articles of Association and / or Bye laws must be lodged for scrutiny giving the serial number of the CAF with the Registrars to the issue, simultaneously with the submission of the CAF failing which the application is liable to be rejected. In case the POA is already registered with our Company, the same need not be furnished again. However, the serial number under which the POA has been registered with our Company, must be mentioned below the signature(s) of the concerned applicants(s).

The CAF must be filled in English in BLOCK LETTERS.

In case of joint holders, all joint holders must sign the CAF at the appropriate places in the same order as per specimen signatures recorded in the Register of Members of our Company / Depository.

Signatures in languages other than those prescribed in the 8^{th} Schedule of the Constitution of India and thumb impressions must be attested by a Magistrate or a Notary Public or a Special Executive magistrate under his/her official seal.

In case of renouncee(s), the name of the applicant(s), details of occupation, address and father's / husband's name must be filled in Block Letters.

The CAF must be submitted to the Collection Centres as mentioned in the CAF/ Registrar to the Issue, as the case may be, in its entirety. If any of the parts A, B, C, D and the acknowledgement of the CAF is / are detached or separated, such applications will be rejected forthwith.

Any dispute or suit or action or proceeding arising out of or in relation to the Letter of Offer or this Issue or in respect of any matter or thing contained therein and any claim by either party against the other shall be instituted or adjudicated upon or decided solely by the appropriate Court in Delhi.

All communications in connection with your application for the Equity Shares should be addressed to the Registrars to the Issue.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot our Equity Shares in the following order of priority:

(a) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has / have applied for Equity Shares renounced in their favour, in full or in part.

(b) For Equity Shares being offered on rights basis under this Issue, if the shareholding of any of the Equity Shares is less than 2, the frational entitlement of such holders shall be ignored. Shareholders whose fractional entitlements are being ignored would be given preferential allotment of ONE additional Equity Share each if they apply for additional Equity Shares. The Equity Shares needed for such rounding off shall be adjusted from the Promoter and Promoter Group's entitlement at the time of allotment.

THOSE EQUITY SHAREHOLDERS WHOSE HOLDING IS LESS THAN 2 EQUITY SHARES AND THEREFORE ARE ENTITLED TO ZERO EQUITY SHARES UNDER THE RIGHTS ISSUE, SHALL BE DISPATCHED A CAF WITH ZERO ENTITLEMENT. SUCH EQUITY SHAREHOLDERS WOULD BE GIVEN PREFERENTIAL ALLOTMENT OF ONE ADDITIONAL EQUITY SHARE EACH. HOWEVER, THEY CANNOT RENUNCIATE THE SAME TO THIRD PARTIES. CAF WITH ZERO ENTITLEMENT SHALL BE NON-NEGOTIABLE / NON-RENUNCIABLE.

(c) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such Equity Shares will be at the discretion of the Right Issue Committee in consultation with the Designated Stock Exchange, as a part of the Issue and not as preferential allotment.

(d) Allotment to the renouncees who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full allotment in (a), (b) and (c) above. The allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Board / Committee of Directors but in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential allotment.

(e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b), (c) and (d) above.

After taking into account allotment to be made under (a) and (b) above, if there is any undersubscribed portion, the same would be available for allocation under (c), (d) and (e) above.

Our Promoters, FMHL and FMG, have confirmed that that they would subscribe to the full extent of their entitlement in the proposed Rights Issue, either by themselves or through one or more Promoter Group Entities, whether within or outside India, and either singly or jointly amongst any of them. The undersubscribed portion can be applied for only after the close of the Issue. In the event of under subscription, our Promoter FMHL undertakes to apply for additional Equity Shares in accordance with the undertaking and disclosures as mentioned in note no. 21 under "Notes to Capital Structure" on page 42 of the Letter of Offer. As a result of this subscription and consequent allotment as stated above, the FMHL has undertaken, to acquire shares over and above its entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue.

This subscription and acquisition of additional Equity Shares by the Promoter, if any, will not result in change of control of the management of our Company and shall be in compliance with the proviso to Regulation 3(1)(b)(ii) of the Takeover Code.

After such allotments as above and to the Promoters, including the application for rights / renunciation and additional Equity Shares, any additional Equity Shares shall be disposed off by the Board of our Company, in such manner as they think most beneficial to our Company and the decision of the Board of our Company in this regard shall be final and binding. In the event of oversubscription, allotment will be made within the overall size of the Issue

Allotment to Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable laws prevailing at that time.

Our Company expects to complete the allotment of Equity Shares within a period of 15 days from the date of closure of the Issue in accordance with the listing agreement with BSE. Our Company shall retain no oversubscription.

Listing and Trading of the Equity Shares proposed to be Issued

Our Company's existing Equity Shares are currently traded on the BSE and NSE under the ISIN No. INE529A01010. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE and NSE under the existing ISIN No. INE529A01010 for fully paid Equity Shares of our Company. The fully paid up Equity Shares allotted pursuant to this Issue will be listed as soon as practicable but in no case later than 7 working days from the date of allotment.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Mode of Allotment and Refund

Applicants residing at 68 centres where clearing houses are managed by the Reserve Bank of India (RBI), will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through Direct Credit, RTGS & NEFT. In case of other applicants, Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of this Issue.

In accordance with the requirements of the Stock Exchange and SEBI Guidelines, our Company undertakes that:

1 Allotment, despatch of refund orders / refund instructions shall be done within 15 days of closure of this Issue;
2 If such money is not repaid within 8 days from the day specified above, our Company shall pay interest at 15% per annum.

The funds required for dispatch of refund orders / allotment letters / certificates by registered post / Speed post or any other mode disclosed in the Letter of Offer shall be made available by our Company to the Registrar to the Issue.

Refunds orders will be made by cheques, pay orders or demand drafts drawn on the Refund Bank(s) and payable at par at places where the applications were received and will be marked account payee and will be drawn in the name of Sole / First applicant. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Payment of Refund

Applicants should note that on the basis of name of the applicants, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Composite Application Form, the Registrar to the Issue will obtain from the Depositories, the applicant's bank account details including nine digit MICR code. **Hence, applicants are advised to immediately update their bank account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to applicants at the applicants sole risk and neither the Lead Manager nor our Company shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

I. **ECS**

Payment of refund would be done through ECS for applicants having an account at one of the following centres:

Centres			
1. Ahmedabad	2. Nashik	3. Sholapur	4. Gorakhpur
5. Bengaluru	6. Panaji	7. Ranchi	8. Jammu
9. Bhubaneshwar	10. Surat	11. Tirupati (non-MICR)	12. Indore
13. Kolkata	14. Trichy	15. Dhanbad(non-MICR)	16. Pune
17. Chandigarh	18. Trichur	19. Nellore (non- MICR)	20. Salem
21. Chennai	22. Jodhpur	23. Kakinada (non- MICR)	24. Jamshedpur
25. Guwahati	26. Gwalior	27. Agra	28. Visakhapatnam
29. Hyderabad	30. Jabalpur	31. Allahabad	32. Mangalore
33. Jaipur	34. Raipur	35. Jalandhar	36. Coimbatore
37. Kanpur	38. Calicut	39. Lucknow	40. Rajkot
41. Mumbai	42. Siliguri (non- MICR)	43. Ludhiana	44. Kochi/Ernakulam
45. Nagpur	46. Pondicherry	47. Varanasi	48. Bhopal
49. New Delhi	50. Hubli	51. Kolhapur	52. Madurai
53. Patna	54. Shimla (non- MICR)	55. Aurangabad	56. Amritsar
57. Thiruvananthapuram	58. Tirupur	59. Mysore	60. Haldia (non- MICR)
61. Baroda	62. Burdwan (non-MICR)	63. Erode	64. Vijaywada
65. Dehradun	66. Durgapur (non- MICR)	67. Udaipur	68. Bhilwara

This would be subject to availability of complete Bank Account Details including MICR code wherever applicable from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 68 centres as mentioned in SEBI circular no. **SEBI/ CFD/DILDIP / 29 / 2008 /01/02** dated **February 1, 2008** named herein above, except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

II. **NEFT**

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

III. **Direct Credit**

Applicants applying through the web / internet whose service providers opt to have the refund amounts for such applicants being by way of direct disbursement by the service provider through their internal networks, the refund amounts payable to such applicants will be directly handled by the service providers and credited to bank account particulars as registered by the applicant in the demat account being maintained with the service provider. The service provider, based on the information provided by the Registrar, shall carry out the disbursement of the refund amounts to the applicants.

IV. **RTGS**

Applicants having a bank account at any of the 68 centres where such facility has been made available and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

Only or all the other applicants except for whom payment of refund is possible through I, II, III and IV, the refund orders would be despatched "Under Certificate of Posting" for refund orders less than Rs. 1,500/- and through Speed Post/Registered Post for refund orders exceeding Rs. 1,500/-. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole / first applicant and payable at par.

For shareholders opting for allotment in physical mode, bank account details as mentioned in the CAF shall be considered for electronic credit or printing of refund orders, as the case may be. Refund orders will be made by cheques, pay orders or demand drafts drawn on the Refund Bank(s) and payable at par at places where the applications were received and will be marked account payee and will be drawn in the name of Sole / First Applicant. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Refund payment to Non-Resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Delhi (as otherwise specified in this section titled "Terms of the Issue"), refunds will be made in convertible foreign exchange equivalent to Indian rupees to be refunded. Indian rupees will be converted into foreign exchange at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE / FCNR / NRO cheques, refunds will be credited to NRE / FCNR / NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF. Export of letters of allotment (if any) / share certificates / demat credit to non-resident allottees will be subject to the approval of RBI.

Shareholder's Depository Account and Bank details

Shareholder's applying for shares in Demat mode should note that on the basis of the name of the shareholder(s), Depository Participant's Name, Depository Participant's Identification Number and Beneficiary Account Number provided by them in the CAF, the Registrars to the Issue will obtain from the Depository the demographic details including the address, Shareholders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These bank account details would be used for giving refunds to the shareholder(s). Hence, the shareholder(s) are requested to immediately update their bank account details as appearing in the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch / credit of refunds to the shareholder(s) at the shareholder(s) sole risk and neither the Lead Manager's or the Registrars or the Refund Bankers nor our Company shall have any responsibility and undertake any liability for the same. Hence, applicants should carefully fill their Depository Account details in the Composite Application Form.

These demographic details would be used for all correspondences with the shareholder(s) including mailing of Allotment advice and printing of bank particulars on the refund order or for refunds through electronic transfer of funds, as applicable. By signing the Composite Application Form the shareholder(s) would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available in its records.

In case of shareholder(s) receiving refunds through electronic transfer of funds, delivery of refund orders / allocation advice gets delayed if the same once sent to the address obtained from the depositories are returned undelivered.

Option to receive Equity Shares in Dematerialized Form

Applicants to the Equity Shares of our Company issued through this Issue shall be allotted the securities in dematerialised (electronic) form at the option of the applicant. Our Company has signed agreements dated November 26, 1999 and January 24, 2000, with NSDL and CDSL respectively, which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialised form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a depository participant. The CAF shall contain space for indicating number of shares applied for in demat and physical form or both. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No Separate applications for securities in physical and /or dematerialized form should be made. Separate applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, will be allotted in physical shares.

The Equity Shares of our Company will be listed on the BSE and NSE

Procedure for availing the facility for allotment of Equity Shares in this Issue in the electronic form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Equity Shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.

2. For Equity Shareholders already holding Equity Shares of our Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of our Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of our Company.

Responsibility for correctness of information (including applicant's age and other details) filled in the CAF *vis-à-vis* such information with the applicant's depository participant, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF or where the investor does not opt to receive the Rights Equity shares in dematerialized form, the applicant will get Equity Shares in physical form.

Applicants must necessarily fill in the details (including the beneficiary account number or client ID number) appearing in the CAF under the heading 'Request for shares in Electronic Form'.

Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.

The Rights Equity Shares pursuant to this Issue allotted to investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for allotment of securities in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

Renouncees can also exercise the option to receive Equity Shares in the demat form by indicating in the relevant column in the CAF and providing the necessary details about their beneficiary account. It may be noted that Equity Share arising out of this Issue can be received in demat form even if the existing Equity Shares are held in physical form. Nonetheless, it should be ensured that the depository participant account is in the name of the Applicant(s) in the same order as per specimen signatures appearing in the records of the depository participant / Company. It may be noted that shares in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL.

Dividend or other benefits with respect to the Equity Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the depository participant to our Company as on the Record Date.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

III. General Instruction

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through Stockinvest would not be accepted in this Issue

Underwriting

The present Issue is not underwritten.

Issue Period

Issue Opens on	Monday , November 24, 2008
Last date for receiving request for Split Application Forms	Saturday ,November 29, 2008
Issue Closes on	Monday ,December 08, 2008

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of this Issue on the date of closure of the Issue, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of this Issue. If there is a delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount (i.e. 15 days after closure of this Issue), our Company shall pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of section 73 of the Companies Act 1956.

Under-subscription in the Issue will be determined after considering the number of shares applied as per the entitlement plus additional shares applied by existing shareholders and the renouncees. The undersubscribed portion can be applied for only after the close of the Issue. Our Promoters, FMHL and FMG, have confirmed that that they would subscribe to the full extent of their entitlement in the proposed Rights Issue, either by themselves or through one or more Promoter Group Entities, whether within or outside India, and either singly or jointly amongst any of them. The undersubscribed portion can be applied for only after the close of the Issue. Our Promoter, FMHL, has undertaken to subscribe to the unsubscribed portion in this Issue, if any, such that the post-Issue holding of Promoters and Promoter Group doers not exceed 75% of the post-Issue capital of our Company, except to achieve the minimum subscription in compliance with applicable laws and regulations. Subscription by our Promoters to the extent of their entitlement in the Issue and acquisition of additional Equity Shares in case of under-subscription, if any, will not result in a change in control of the management of our Company and shall be in compliance with the proviso to Regulation 3(1) (b) (ii) of the Takeover Code and will be exempt from the applicability of Regulations 11 and 12 of Takeover Code.

In case the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchange, the Issuer shall forthwith repay without interest, all monies received from the applicants in pursuance of the Letter of Offer and if such money is not repaid within eight days after the day from which the Issuer is liable to repay it, the Issuer shall pay interest as prescribed under section 73(2) / 73(2A) of the Companies Act, 1956.

Arrangement for odd lot Equity Shares

Our Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. Our Company will issue a consolidated certificate for the number of shares allotted to the Equity Shareholder.

Allotment Schedule

1. Our Company agrees that as far as possible allotment of securities offered to the shareholders shall be made within 15 days from the date of the closure of the Issue.

2. Our Company further agrees that it shall pay interest @ 15% per annum for the delayed period if the allotment has not been made and/or allotment letters / the refund orders have not been despatched to the applicants/ refund instruction beyond 8 days from the date specified above.

Disposal of applications and application money

No separate receipt will be issued for application money received. However, the collection centres as listed in the CAF, will acknowledge its receipt by stamping and returning the acknowledgement slip at the bottom of each CAF. In the event of shares not being allotted in full, the excess amount paid on application will be refunded to the applicant or the refund instructions will be given within 2 working days from the date of finalisation of basis of allotment.

The Board reserves its full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason therefore. In case an application is rejected in full the whole of the application money received will be refunded to the applicant. Where an application is rejected in part, the excess application money, if any will be refunded to the applicant.

For further instruction, please read the Composite Application Form (CAF) carefully.

Unsubscribed Equity Shares

The unsubscribed portion, if any of the Equity Shares offered to the shareholders, after considering the application for Rights / Renunciation and additional Equity Shares, as above, shall be disposed by the Board of our Company or Committee of Directors authorised in this behalf by the Board of our Company at their full discretion and absolute authority, in such manner as they think most beneficial to our Company and the decision of the Board of our Company or Committee of Directors in this regard shall be final and binding. In case the Company issues Letter(s) of Allotment,the despatch of share certificates/ refund orders and demat credit will be completed and the allotment and listing documents will be submitted to the stock exchanges within two working days from the date of allotment.

General instructions for applicants

(a) Please read the instructions printed on the enclosed CAF carefully.

(b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head "Application on Plain Paper" and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, father's / husband's name must be filled in block letters.

(c) Payments should be made in cash /cheque /demand draft drawn on any bank which is situated at and is a member of sub-member of the banker's clearing house located at the centre where application is accepted. Outstation cheques / demand drafts will not be accepted and application(s) accompanied by such cheques /demand drafts will be rejected. The Registrar will not accept cash along with CAF

(d) The CAF together with cheque / demand draft should be sent to the Bankers to the Issue / Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Delhi of amount net of bank and postal charges, and send their application forms to the Registrar to the Issue by REGISTERED POST. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.

(e) PAN Number: Whenever the application(s) is / are made, the applicant or in the case of an application in joint names, each of the applicants, should mention his / her Permanent Account Number (PAN) allotted under the IT Act. The copy of the PAN card or PAN allotment letter is not required to be submitted with the CAF. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicant should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground. In terms of SEBI Circular bearing no. MRD/DoP/Cir-20/2008 dated June 30, 2008, certain categories of investors (namely the Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government)) shall be exempted from submitting their PAN, only if such organisations submit sufficient documentary evidence to support the veracity of their claim for such exemption.

(f) Bank Account Details: It is mandatory for applicants to provide information as to their savings / current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected. **Shareholders may please note that for shares held in DEMAT mode, the bank account details shall be obtained from the depositories. Shareholders may ensure that the bank account details are updated with the depositories.**

(g) Payment by cash: The payment against the application should not be effected in cash if the amount to be paid is Rs. 20,000 or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Issue.

(h) Signatures should be either in English or Hindi or in any other language specified in the Eight Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company or depositories.

(i) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

(j) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint applicants who are renouncees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

(k) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or PIO/NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

(l) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in the Issue quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to Registrar to our Company: Alankit Assignments Limited, Alankit House, 2E / 21, Jhandewalan Extension, New Delhi-110055, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

(m) Split Application Forms cannot be re-split.

(n) Only the person or persons to whom Equity Shares have been offered and not renouncee(s) shall be entitled to obtain split forms.

(o) Applicants must write their CAF number at the back of the cheque / demand draft.

(p) Only one mode of payment per application should be used. The payment must be either in cash or by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(q) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)

(r) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

1 CAFs, which are not completed or are not accompanied with the application money payable, are liable to be rejected;

2 Amount paid does not tally with the amount payable for;

3 In case of physical shareholders, bank account details (for refund) are not given;

4 Age of first applicant not given;

5 PAN allotted under the IT Act has not been mentioned by the applicant;

6 In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;

7 If the signature of the existing shareholder does not match with the one given on the Application Form and for renouncees if the signature does not match with the records available with their depositories;

8 If the Applicant desires to receive Equity Shares in electronic form, but the CAF does not have the Applicant’s depository account details;

9 CAF are not submitted by the Applicants within the time prescribed as per the CAF and the Letter of Offer;

10 Applications not duly signed by the sole/joint Applicants;

11 Applications by OCBs unless approved by RBI;

12 Applications accompanied by Stockinvest;

13 In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depositary Participant’s identity (DP ID) and the beneficiary’s identity;

14 Applications by ineligible Non-residents on account of restriction or prohibition under applicable local laws.

15 Multiple applications

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within fifteen days from the close of the Issue. The despatch of share certificates/ refund orders and demat credit will be completed and the allotment and listing documents will be submitted to the stock exchanges within two working days from the date of allotment..

For further instruction, please refer to the paragraph titled "Options available to the Equity Shareholders" beginning on page 349 of the Letter of Offer.

Utilisation of Issue Proceeds

The Board of Directors declares that:

(i) The funds received against this Issue will be transferred to a separate bank account other than the bank account referred to sub-section (3) of section 73 of the Companies Act, 1956.

(ii) Details of all moneys utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such moneys has been utilised.

(iii) Details of all such unutilised moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised moneys have been invested.

The funds received against this Issue will be kept in a separate bank account and our Company will not have any access to such funds unless it satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% of this Issue has been received by our Company.

Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders

Our Company will issue and dispatch letters of allotment/ share certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of fifteen days from the date of closure of the Issue. The despatch of share certificates/ refund orders and demat credit will be completed and the allotment and listing documents will be submitted to the stock exchanges within two working days from the date of allotment..If such money is not repaid within 8 days from the day our Company becomes liable to pay it, our Company shall pay that money with interest at the rate of 15% per annum as stipulated under section 73 of the Act, 1956.

Our Company agrees that as far as possible the allotment of the Equity Shares shall be made within 15 days of the closure of Issue.

Undertakings by our Company

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the securities are to be listed will be taken within seven working days of finalization of basis of allotment.

3. The funds required for dispatch of refund orders/ allotment letters/ certificates by registered post or any other mode disclosed in the Letter of Offer shall be made available to the Registrar to the Issue.

4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the investors within 15 days of closure of the Issue giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund.

5. The certificates of the securities/ refund orders to the valid applicants shall be dispatched within the specified time.

6. Except as mentioned in the chapter titled "*Capital Structure*" beginning on page 28 of the Letter of Offer, no further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through the Issue are listed or till the application moneys are refunded on account of non-listing, under-subscription etc.

7. Our Company accepts full responsibility for the accuracy of information given in the Letter of Offer and confirms that to best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

8. All information shall be made available by the Lead Manager and the Issuer to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

Important

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying Composite Application Form (CAF) are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

2. All enquiries in connection with the Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed **"FMGIL Rights Issue"** on the envelope) to the Registrar to the Issue at the following address:
   Alankit Assignments Limited
   Alankit House,
   2E / 21, Jhandewalan Extension,
   New Delhi-110055

3. It is to be specifically noted that this Issue of Equity Shares is subject to the section titled "Risk Factors" beginning on page viii of the Letter of Offer

4. Our Company will not be liable for any postal delays and applications received through mail after the closure of the Issue, are liable to be rejected and returned to the applicants.

5. The Issue will not be kept open for more than 15 days unless extended, in which case it will be kept open for a maximum of 30 days.

SECTION VIII - MAIN PROVISIONS OF OUR ARTICLES OF ASSOCIATION

Stated herein below are the rights of our members regarding voting, dividend, lien on shares, the process of modification of rights, forfeiture of shares and other important provisions of our Articles of Association.

SHARES

Division of shares

Article 4 provides that
The share capital of the Company is Rs.80 crores (Rupees eighty crores only) divided into 8,00,00,000 Equity shares of Rs.10/- each with power to increase, reduce or re-classify the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Companies Act, 1956 and of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by these regulations.

Allotment of shares

Article 5 provides that
Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times, either at par or at a premium and for such consideration as the Board thinks fit. Provided that an option or right to call on shares shall not be given to any person except with the sanction of the Company in General meeting and any further issue of Capital shall be governed by the provisions of Section 81 (1A) of the Act.

Return of allotment:

Article 6 provides that
As regards allotments made from time to time the Company shall duly comply with Section 75 of the Act.

Restriction on allotment

Article 7 provides that
If the Company shall offer any of its shares to the public for subscription such offer shall be made in accordance with the provisions of subsections (I) & (2) of Section 69 of the Act and the company shall duly comply with the provisions of sub-section (4) of section 69 of the Act, or any statutory modification thereof.

Company not to purchase its own shares

Article 3 provides that
Save as permitted by Section 77 of the Act, and Article 58A hereunder the funds of the Company shall not be employed in the purchase of, or lent on the security of shares of the Company and the company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, for the purpose of or in connection with any purchase of or subscription for shares in the Company or any Company of which it may, for the time being be a subsidiary. This Article shall not be deemed to affect the powers of the Board of the Company to enforce repayment of loans to members or exercise a lien as provided by Article 33.

Certificate

Right to a certificate

Article 15 provides that
Every member shall be entitled, without payment, to one certificate for all the shares of each class registered in his name, or, if the Board so approves, to several certificates each for one or more of such shares. Unless the conditions of issue of any shares otherwise provide, the Company shall within three months after the date of allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against

letters of acceptance or of renunciation or in case of issue of bonus shares), or within two months after receipt of the application for registration of the transfer of any of its shares, as the case may be, complete and have ready for delivery the certificates of such shares. Every certificate of share shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amounts paid up thereon. Particulars of every certificate issued shall be entered in the Register of Members maintained in the form set out in the Act, or in a form as near thereto as circumstances admit, against the name of the person to whom it has been issued, indicating the date of issue. In respect of any share registered in the joint names of several members, the company shall not be bound to issue more than one certificate, and delivery of a certificate to one of several members registered jointly in respect thereof shall be sufficient delivery to all such members.

New certificates

Article 16 provides that
Subject to the provisions of Section 84 of the Act, if any certificate becomes defaced, torn or old, decrepit, worn out or where the pages on its reverse side for recording transfers have been duly utilised, then upon surrender thereof to the Company, the Board may order the same to be cancelled and may issue a new certificate in lieu thereof; and if any certificate be lost or destroyed, then, upon proof of such loss or destruction to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given, and after such publicity at the cost of the person applying, as the Board may direct, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate. The Company shall not charge any fee of registration of transfer of shares and debentures; for subdivision and consolidation of share and debenture certificates and for subdivision of Letters of allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations corresponding to the market units of trading, for subdivision of renounceable Letters of Right; for issue of new certificates in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfers have been fully utilised; for registration of any Power of Attorney, Probate, Letters of Administration or similar other documents. The Company will charge such fees as may be decided by the Board for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed, for subdivision and consolidation of Share & debenture certificates and for subdivision of allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading. The Board may in its discretion forgo recovery of any fee chargeable under this Article.

Calls

Article 18 provides that
The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call is passed at a meeting of the Board.

Restriction on the power to make calls

Article 19 provides that
Not less than thirty days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

Interest on call or installment

Article 20 provides that
If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the member for the time being, in respect of the share for which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate as shall, from time to time, be fixed by the Board, from the day appointed for the payment thereof to the time to the actual payment. The Board shall be at liberty to waive payment of any such interest either wholly or in part.

Amount payable at fixed or payable by installment as call

Article 21 provides that
If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium, every such amount shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of call shall relate to such amount or installment accordingly.

Evidence in actions by Company against members

Article 22 provides that
On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover any debt or claim any money due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register as a member or one of the members in respect of the shares for which such claim in made, and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of matters, aforesaid shall be conclusive evidence of the debt.

Payment of Calls in advance

Article 23 provides that
The Board may if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the money so paid in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been paid, the Company may pay interest at such rate not exceeding 15 per cent per annum as the member paying such sum in advance and the Board may agree upon. Money so paid in excess of the amount of calls shall not rank for dividends or to participate in profits. The Boards may at any time repay the amount so advanced upon giving to such member not less than 3 month's notice in writing. But it shall not be the right of the member making such payment in advance of call to seek or to claim a refund or prepayment thereof.

Revocation or postponement of calls

Article 24 provides that
A call may be revoked or postponed at the discretion of the Board. The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members, but no member shall be entitled to such extension save as a matter of grace and favour.

Forfeiture

Notice for payment of call or installment

Article 25 provides that
If any member fails to pay any sum payable in respect of any call or any installment on or before that appointed day for payment thereof, the Board may at any time thereafter during such time as the said sum or any installment remains unpaid, serve a notice on such member requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the company by reason of such non-payment.

Form of Notice

Article 26 provides that
The notice shall name a day, not being earlier than thirty days from date of the notice, and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time, and at the place appointed, the shares in respect of which such call or installment was payable shall be liable to forfeiture.

Forfeiture of Shares

Article 27 provides that
If the requirement of any such notice as aforesaid be not compiled with, any share in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect.

Notice after forfeiture

Article 28 provides that
When any shares shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall in any manner be invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited share to become property of the Company

Article 29 provides that
Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.

Power to annual forfeiture

Article 30 provides that
The Board, may at any time before any share so forfeited shall have been sold, reallotted or otherwise disposed of, annul the forfeiture thereof, upon such conditions as it thinks fit.

Liability on forfeiture

Article 31 provides that
A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall not withstanding such forfeiture, remain liable to pay and shall forthwith pay to the Company all calls or installments, interest and expenses owing upon or in respect of such share at the time of the forfeiture, together with interest thereon from the time of forfeiture until payment, at such rate not exceeding 15 per cent as the Board shall think fit, and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

Evidence of Forfeiture

Article 32 provides that
A duly verified declaration in writing that the declarant is a Director or the Secretary of the Company, and that certain shares in the Company, have been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any given for the share on any sale or other disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or otherwise disposed of, and such person shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

Lien

Company's lien on shares

Article 33 provides that
The Company shall have a first and paramount lien upon every share not being fully paid up, registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share, and no equitable interest in any share shall be created except upon the footing and condition that Article 12 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in

respect of such share. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien, if any, on such share.

Enforcement of lien by shares

Article 34 provides that
For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served, on such member, his executor or administrator or other legal representative as the case may be, and default shall have been made by him or them in payment of the moneys called or payable at a fixed time in respect of such share for seven days after the date of such notice.

Application of proceeds of sales

Article 35 provides that
The net proceeds of any such sale shall, after payment of the cost of such sale, be applied towards satisfaction of the amount in respect of which the lien exist and the residue, if any, shall be paid to the person entitled to the share at the date of the sale.

Validity of sales in exercise of lien and after forfeiture

Article 36 provides that
Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the register in respect of the share sold and the purchaser shall not be bound to see to the regularity of the proceedings, nor to application of the purchase money, and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person on any ground whatsoever, and the remedy of any person aggrieved by such sale shall be in damages only and against the Company exclusively.

Board May Issue new certificates

Article 37 provides that
Where any share has been sold by the Board pursuant to these Articles and the certificate in respect thereof has not been delivered to the Company by the former holder of such share, the Board may issue a new certificate for such share, distinguishing it in such manner as it may think fit from the certificate not so delivered. Where in any such case the certificate in respect of the share forfeited and/or sold is not delivered, and a new certificate for such share has been issued, the original certificate shall be treated as cancelled and no claim or title based on such certificate shall be binding on the Company.

Transfer And Transmission

Execution of transfer, etc.

Article 38 provides that
Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transfer and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the letter of allotment of the share. The instrument of transfer of any share shall specify the name, address and occupation, if any, of the transferee, and the transferee's Father's/husband's name, and the transferor shall be deemed to remain a member in respect of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness, who shall add his address and occupation. Where it is proved to the satisfaction of Directors that an instrument of transfer signed by or on behalf of transferor and by or on behalf of the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer, register the transfer on such terms as to indemnity as the Board may think fit.

Application for registration of transfer

Article 39 provides that
Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application of the transferee in the manner prescribed by Section 110 of the Act, and subject to provisions of these Articles, the Company shall, unless objection is made by the transferee, within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of transfer was made by the transferee.

Form of Transfer

Article 40 provides that
The instrument of transfer of any shares shall be in such form, as may from time to time, be prescribed by the Act or by any regulation made thereunder and the instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, and of any statutory modifications thereof for the time being shall be duly compelled with in respect of all transfers and of the registration thereof.

Directors may refuse to register transfer

Article 41 provides that
The Board may, subject to the right of appeal conferred by section 111 decline to register:
(a) the transfer of a share not being a fully paid share to a person of whom they do not approve, or;
(b) any transfer of shares on which the Company has a lien.
Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any person or persons indebted to the Company on any account whatsoever except a lien on the shares.

No transfer in some cases

Article 42 provides that
No transfer shall be made to or registered in the name of a person of unsound mind or a partnership.

Instrument of transfer to be left at office

Article 43 provides that
Every instrument of transfer shall be left at the office of the Company for registration, accompanied by the certificate of the share, being the subject of the instrument of transfer or, if no such certificate is in existence, by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title or the transferor or this right to transfer the shares. Every instrument of the transfer which shall be registered shall be returned by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.

Notice of refusal to register transfer

Article 44 provides that
If the Board refuses, whether in pursuance of Article 41 or otherwise, to register the transfer of, or the transmission by operation of law of the right to any share, the Company shall, within two months from the date on which the instrument of transfer or the intimation of such transmission as the case may be was lodged with the company send to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, notice of such refusal.

Fees on Registration on transfer

Article 45 provides that
No fee shall be payable to the Company in respect of the transfer or transmission of any shares in the Company.

Certificate from Controller of Estate Duty, when required

Article 46 provides that
If any member of the company dies, and the Company, through any of its Principal Officers, within the meaning of Section 84 of the Estate Duty Act, 1953, has knowledge of the death, it shall not be lawful for the company to register the transfer of any shares standing in the name of the deceased member unless the Company satisfied that the transferee has acquired such transfer for valuable consideration or there is produced to it a certificate from the Controller, Deputy controller or Assistant Controller of Estate Duty that either the estate duty in respect thereof or the money due as the case may be had been paid or will be paid. Where the

Company has come to know through any of its Principal Officers of the death of any member, the Company shall within a month of the receipt of such knowledge, furnish to the Assistant Controller, or Deputy Controller of Estate Duly, when is exercising the functions of the Income Tax Officer in the case of the Company such particulars as may be prescribed by the Estate duty Rules, 1953.

Person entitled to shares by transaction

Article 47 provides that
In the case of the death of a member, the survivor or survivors where the was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognized by the company, as having any title to his interest in the shares; but nothing herein contained shall release the estate of deceased joint holder from any liability in respect of any share which had been jointly held by him with other person.

Title to share of deceased member

Article 48 provides that
The Executors or Administrators of or Holders of a succession certificate or the legal representatives of a deceased member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares recognize such executors or administrators or holders of a succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained Probate or Letters of Administrations or Succession Certificate, upon such terms as to the indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 50 registered the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member as a member.

Transfer of shares, of insane minor deceased or bankrupt member

Article 49 provides that
Any committee or guardian of a lunatic or minor member or any person becoming entitled to or to transfer any share in c0nsequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposed to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board, be registered as a member/members in respect of such share or may subject to the regulations as to transfer hereinbefore contained, transfer such share. This Article hereinafter referred to as "The Transmission Article".

Election under the Transmission Article

Article 50 provides that
(1) If the person becoming entitled under the Transmission Article shall elect to be registered as a member in respect of the share himself he shall give the Company notice in writing signed by him stating that he so elects.
(2) if the person aforesaid shall elect to transfer the share, he shall testify this election by executing an instrument of transfer of the share.
(3) All the limitations, restrictions and provisions of these Articles pertaining to the right to transfer and the registration of instruments of transfer of shares, shall be applicable to such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice or transfer was a transfer signed by that member.

Transmission Article

Article 51 provides that
A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the member shall, subject to the provisions of Article 63 and of Section 109 of the Act, be entitled to the same dividends and other advantages to which he would be entitled if he were the member in respect of the share. Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the shares, and if the notice is not complied with within 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Rights of person entitled to shares under the Company not liable for disregard of a notice purporting to prohibit registration of transfer

Article 52 provides that
The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice purporting to prohibit registration to such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company.

*Keeping in abeyance di*vide*nd rights shares, bonus shares pending transfer*

Article 52A provides that

Not withstanding anything contained in any other provisions of the Articles of Association, where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, the provisions of Section 206A of the Act regarding dividend, any offer of Rights Shares and any issue of fully paid-up Bonus Shares in relation to such shares shall apply.

Increase And Reduction Of Share Capital

Power to increase capital Issue of preference shares

Article 53 provides that
The Company in General meeting may from time to time alter the conditions of its Memorandum of Association to increase its capital by the creation of new shares and of such amount as the resolution shall prescribe.

Issue of preference shares

Article 54 provides that
In the event of the Company creating and/or issuing further Preference Shares in future ranking in all respects pari passu with the Preference Shares first issued, it would do so only with the consent in writing of the holders of not less than 3/4th of the Preference Shares then outstanding or in accordance with a special resolution passed at a General Meeting of such Shareholders specially convened for the purpose.

Further issue of Capital

Article 55 provides that
Section 81 of the Act shall apply to all further issues of capital.

Provision relating to the issue
Article 56 provides that

Before the issue of any new shares, the Company in General Meeting may make provision as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium, Or subject to the provisions of Section 79 of the Act, at a discount. In default of any such provision or so far as the Act shall permit, the new shares may be issued in conformity with the provisions of Article 5.

New shares to rank equally with existing shares

Article 57 provides that
Except so far as is otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to all the provisions herein contained in respect of payment of call and installments, transfer and transmission, forfeiture, lien and otherwise.

Inequality in number of new shares

Article 58 provides that
If, owing to any inequality in the number of new shares to be issued and the number of shares held by member entitle to have the offer of such shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution crating the shares be determine by the Board.

Buy back of securities

Article 58A provides that
Subject to the provisions of the Act and any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force, the Company shall have the power to buy back such number of its issued and subscribed Equity Shares or other securities having any underlying voting rights, whether or not they are fully paid-up or redeemable, subject to such limits, terms and conditions, price and approvals as may be stipulated under the Act.

Reduction of Capital

Article 59 provides that
The Company may, from time to time, by special resolution reduce its capital and any Capital Redemption Reserve Account or share premium Account in any manner for the time being authorised by law. The share Premium Account may, subject to the provision of Section 78 of the Act, be applied by the company:

a) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares:
(b) in writing off the preliminary expenses of the Company:
(c) in writing off the expenses, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
(d) in providing for the premium payable on the redemption of any redeemable Preference Shares or of any Debentures of the Company.
(e) for buy back of securities

Alteration of Share Capital

*Power to subd*ivide *and consolidate shares*

Article 60. provides that
The Company in General Meeting may alter the conditions of its Memorandum of Association for the following purposes:

(a) to consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
(b) to subdivide its existing shares or any of them into shares of smaller amounts than is fixed by the Memorandum, subject to the provisions of Section 94[1] [d] of the Act;
(c) to cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled.

Rights in respect of shares on subdivision

Article 61 provides that
Where any share capital is subdivided, the provisions of Section 85, 87, 88 and 106 of the Act, shall be given full effect.

Surrender of shares

Article 62 provides that
Subject to the provisions of Section 100 to 105 inclusive of the Act, the Board may accept from any member the surrender, on such terms and conditions as shall be agreed, of all or any of his shares.

Variation of Shareholders' Rights

Power to vary right

Article 63 provides that
If at any time the share capital is divided into different classes of shares the rights attached to each class, unless otherwise provided by the terms of issue of the shares of that class, may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class, in accordance with Section 106 of the Act. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall apply, but so that necessary quorum shall be members at least holding or representing by proxy three fourths of the issued shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll shall have one vote for each share of the class of which he is the holder. This Article is not by implication to curtail the power of modification which the Company would have if this Article was omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution together with a copy of the statement of material facts annexed under section 173 of the notice of the meeting in which such resolution has been passed, to the Registrar.

Borrowing Power

Broad power to borrow

Article 64 provides that
Subject to and in compliance with the provisions of Section 292 & 293 of the Act, the Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members, either in advance of calls or otherwise, and generally rise or borrow either from the Directors or any other person or secure the payment of any sum or sums of money for the purposes of the Company provided, however, where the moneys to be borrowed together with moneys already borrowed [apart from temporary loans obtained from the Company's bankers in the ordinary course of business] exceed the aggregate paid-up capital of the Company any its free reserves, not being reserves set apart for any specific purpose, the Board shall not borrow such moneys without the consent of the Company in General Meeting .

Board to determine conditions on which money may be borrowed

Article 65 provides that
The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company [both present and future] and including uncalled capital for the time being, and debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Issue of debenture etc. at discount or with special privilege

Article 66 provides that
Any debenture, debenture, stock, bonds or other securities may be issued at discount, premium or otherwise and with any special privileges as to redemption, surrender and drawing, appointment of Directors and otherwise. Debentures with the

right of allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

Instrument of transfer

Article 67 provides that
Save as is provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer, in the same form and on the same terms and conditions as are applicable to the transfer of shares, duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificates of debentures.

Notice of refusal to register transfer

Article 68 provides that
If the Board refuses to register the transfer of any debenture the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.

Execution of charge or mortgage by Board

Article 69 provides that
If any Director or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any of the assets of the Company by way of indemnity to secure the Director or person so becoming liable, as aforesaid from any loss in respect of such liability.

General Meeting of Members

Annual General and Statutory Meeting

Article 70 provides that
In addition to any other meetings, General Meeting of the Company shall be held in each year within such intervals as are specified in Section 166 [l] of the Act, and, subject to the provisions of Section 166 [2] of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called an "Extraordinary General Meeting".

Extra ordinary General Meeting Circulation of Member's Resolution etc.

Article 71 provides that
The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall, on the requisition of such number of member as hold at the date of the deposit of the requisition, not less than one tenth of such of the paid-up capital of the Company as at that date carried the right of voting in regard to the matter to be considered at the meeting, forthwith proceed to call an Extraordinary General Meeting, and in the case of such requisition the following provisions shall apply:

(l) The requisition shall state the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the office. The requisition may consist of several documents in like form each signed by one or more requisitionists.

(2) Where two or more distinct matters are specified in the requisition, the requisition shall be valid only in respect of those matters in regard to which the requisition has been signed by the member or members herein before specified.

(3) If the Board does not, within twenty-one days from the date of deposit of a valid requisition in regard to any matter, proceed to call a meeting on a day not later than 45 days from the date of deposit, the requisitionists or such of them as are able to do by virtue of Section 169[6] [b] of the Act may themselves call the meeting, but any meeting so called shall not be held after three months from the date of such deposit.

(4) Any meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board, but shall be held at the office.

(5) Where two or more persons hold any shares jointly, a requisition or notice calling a meeting signed by one or only some of them shall, for the purpose of this Article, have the same force and effect as if it had been signed by all of them.

(6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly call a meeting shall be repaid to the requistionists by the Company and any sum so repaid shall be deducted by the Company from any sums due or to become due from the Company to such of the Directors as are in default.

Notice of Meeting

Article 72 states that
The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.

Article 73 provides that
Save as is provided in subsection (2) of Section 171 of the Act, not less than twenty one days' notice shall be given of every General Meeting of the Company. Every notice of the meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
Where any such business consists of "special business" as hereinafter defined there shall be annexed to the notice a statement complying with the provisions of Section 173 (2) & (3) of the Act.
Notice of every meeting of the Company shall be given to every member of the Company, to any person entitled to share in consequence of the death or insolvency of a member and to the Auditors of the Company, in the manner hereinafter provided for the giving of notices to such persons.
Provided that where the notice of a General Meeting is given by advertising the same in a newspaper circulating in the neighborhood of the Company under subsection (3) of Section 53 of the Act, the statement of material facts referred to Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement of material facts has been forwarded to the members of the Company.
The accidental omission to give any such notice to or the non-receipt thereof by any member or other person to whom it should be given shall not invalidate the proceeding of the meeting.

Proceedings at General Meetings

Business of meetings

Article 74 provides that
The ordinary business of an Annual General Meeting shall be to receive and consider the profit and loss account, the Balance Sheet and the reports of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation, to appoint auditors and to fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other meeting shall be deemed special business. No General Meeting shall be competent to discuss or transact any special business which has not been specifically stated in the notice of the meeting.

Quorum to be present when business commences

Article 75 provides that
No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as is herein otherwise provided, five members present in person shall be a quorum

Resolutions to be passed by Company in General Meeting

Article 76 provides that
Any act or resolution which, under these articles and the Act is permitted or required to be done or passed by the Company in General Meeting, shall be sufficiently done or passed if effected by an Ordinary Resolution as defined in Section 189 (1) of the Act unless either the Act or the Articles specifically require such act to be done or resolution to be passed by a specific majority or by Special Resolution as defined in Section 189 (2) of the Act.

Chairman of General Meeting

Article 77 provides that
The Chairman of the Board shall be entitled to take the chair at every General Meeting. If there be no such Chairman or if at any meeting the Chairman is not present, within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, then the members present shall choose another Director as Chairman, and if no Director be present, or if all the Director present decline to take the Chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their number being a member entitled to vote, to be Chairman of the meeting.

Dissolution & adjournment of meetings, if quorum not present

Article 78 provides that
If within half an hour from the time appointed for the meeting, a quorum be not present, the meeting, if called upon the requisition of members, shall stand dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum be not present, the members present, not being less than two, shall be a quorum and may transact the business for which the meeting was called.

Votes by show of hands Chairman to have Second Vote

Article 79 provides that
Every question submitted to a meeting shall be decided in the first instance by a show of hands.
In the case of an equality of votes, both on show of hand and on a poll, the Chairman of the meeting shall be entitled to a second or casting vote.

Evide*nce of passing of resolution, demand for poll*

Article 80 provides that
At any General Meeting unless a Poll is demanded, a declaration by the Chairman that the resolution has or has not been carried or has been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour or against the resolution. Before or on the declaration of result of voting of any resolution by show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company:

i) which confer power to vote on the resolution not being less than l/l0th of the total voting power in respect of the resolution, or
ii) On which an aggregate sum of not less than Rs. 50,000/ has been paid-up.

Poll

Article 81 provides that

(1) If a poll be demanded as aforesaid it shall be taken forth with on a question of adjournment or election of a Chairman of the meeting and in any other case at such time, not being later than forty eight hours from the time when the demand was made, at such place as the Chairman may direct.
(2) The demand for a poll may be withdrawn at any time by the person who made the demand.
(3) Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, at least one of whom shall be a member not being an officer or employee of the Company present at the meeting, provided such a member is available and willing to scrutinize the votes.
(4) On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast all his votes in the same way.
(5) The demand for a poll shall not prevent the meeting from transacting any business except the business in respect of which a poll has been demanded.

Power of Chairman to adjourn General Meeting

Article 82 provides that
(1) The Chairman of a General Meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
(2) When a meeting is adjourned, it shall not be necessary to give any notice of adjournment or of the business to be transacted at the adjourned meeting.

Votes of Members

Article 83 provides that
Save as hereinafter provided, on a show of hands every member present in person shall have one vote and every person present either as a Proxy as defined in Article 89] or as a duly authorised representative of a body corporate shall if he is not entitled to vote in his own right, have one vote and upon a poll the voting rights of a member shall be as specified in Section 87 of the Act, provided that no Company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under the provisions of Section 187 of the Act, is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered. The voting rights of members registered in respect of Preference Shares shall be regulated by the provisions of sub section [2] of Section 87 of the Act or any statutory modification thereof.

Votes by and powers of Representatives of member companies

Article 84 provides that
A Company or a body corporate (hereinafter in this Article called "member Company") which is a member of the Company, may vote by proxy or by representative duly appointed in accordance with Section 187 of the Act. As person duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member company shall not by reason of such appointment be deemed to be a proxy, and the lodging with the Company at the office or the production at the meeting of a copy of such resolution duly signed by one Director of such Company and certified by him as being a true copy of the resolution be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents, as that member Company could exercise.

Votes in respect of shares of members deceased etc.

Article 85 provides that
Any person entitled under the Transmission Article to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the member registered in respect of shares, provided that at least 48 hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meetings in respect there of. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or~ on a poll by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

Votes of Joint members

Article 86 provides that
Where there are members registered jointly in respect of any share, any one of such persons may vote at any meeting, either personally or by proxy in respect of such share, as if he were solely entitled thereto; and if more than one of such members be present at any meeting either personally or by proxy, that one of said members so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall, for the purpose of this Article, be deemed to be member registered jointly in respect thereof.

Votes of proxy

Article 87 provides that
On a poll votes may be given either personally or by proxy, or, in the case of a body corporate, by a duly authorised representative.

Instrument appointing proxy to be in writing

Article 88 provides that
The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a body corporate, be under its common seal and the hand of its officer or Attorney duly authorised. A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy.

Special and General Proxy

Article 89 provides that
The instrument appointing a proxy and power of Attorney or either authority; if any, under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the office not less than 48 hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof, and in default the instrument of proxy shall not be treated as valid.

When a vote by proxy valid though authority revoked

Article 90 provides that
A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company not less than forty eight hours before the time for holding the meeting at the office before the vote is given; provided nevertheless, that the Chairman of any meeting shall be entitled to require such evidences as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Form of instrument appointing a special proxy

Article 91 provides that
Every instrument of Proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in the form set out in Schedule IX of the Act.

Restrictions on voting

Article 92 provides that
No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shared registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, or has exercised, any right of lien.

Objection as to qualifications of Voters

Article 93 provides that
No objection shall be raised as to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any objection as to the qualification of any voter, whether on a show of hands or on a poll, shall be determined by the Chairman of the meeting.

Directors

Number of Directors

Article 94 provides that
Until otherwise determined by Special Resolution, the number of Directors of the Company shall not be less than three and not more than fifteen.

Power of Directors to add to their numbers

Article 95 provides that
The Board shall have power at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Directors so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for reappointment.

Directors not to hold any qualifying share

Article 96 provides that
Directors shall not be required to acquire any qualification shares but nevertheless shall be entitled to attend and speak at any General Meeting of the Company or at any meeting of the holders of any class of shares in the Company.

Special Directors

Article 97 provides that
Where any investment and finance corporations, such as, Industrial Development Bank of India, Industrial Finance Corporation of India, The Industrial Credit and Investment Corporation of India Limited, Life Insurance Corporation of India, Unit Trust of India, or any other Corporation or Bank or the State or Central (Government of India, obtain shares of the Company, make loans to the Company or give guarantees in connection with the grant of a loan to or the supply of machinery for the Company, or where the Company enters into a contract with any person or persons for borrowing any money or for providing any guarantee or for technical collabouration or assistance or enters into any other arrangement, any such body or persons shall be entitled to appoint a Director or Directors of the Company if that be agreed to as a condition of the grant of a loan or giving of such guarantee or the acquiring of shares or of any other arrangement .
The provisions of these Articles as to retirement of Directors shall not apply to him/ them. The Directors so appointed shall have the same powers and privileges as other Directors of the Company. The said Directors shall hold office at the pleasure of any such corporation or Government or persons which shall have full power to remove any of the Directors appointed by it and to appoint any other persons in place of such Directors.
The nominee Director so appointed shall hold the said office only so long as any money remains owing by the Company or any guarantee given by such person(s) is outstanding or so long as such body or person holds any shares subscribed by virtue of their under writing obligation or so long any other arrangement(s) entered into with such person or body is subsisting and such nominee Director so appointed shall ipso facto vacates that office immediately the money owing by the Company to such body or person is paid off or such person or body ceases to hold any shares in the Company so subscribed pursuant to their underwriting obligation or any, guarantee so given is discharged or such other arrangement so agreed upon is determined.

Debenture Director

Article 98 provides that
If it is provided by any Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate Director of the Company then in the case of any and every issue of such debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is hereinafter referred to as Debenture Director. A Debenture Director may be removed from office any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be subject to retirement by rotation.

Directors fee and expenses

Article 99 provides that
Each Director shall be entitled to receive such sitting fee for every meeting of the Board or Committee thereof attended by him, as may be determined by the Board, not exceeding such sum as may, from time to time be permissible pursuant to Section 310 or other applicable provisions of the Act.

All other remuneration, if any, payable by the company to each Director, whether in respect of his services as a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these articles and of the Act. The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending General Board and Committee meetings and otherwise in the execution of their duties as Director, in accordance with the rules to be framed by the Board in this behalf.

In the case of Directors nominated by Financial Institutions or State or Central Government under Article 97 hereof, the fees and expenses for attending the meeting of the Board or a Committee thereof, if desired by such Financial Institutions or State or Central Government, may be reimbursed to such Financial Institutions or State or Central Government.

Board may act notwithstanding vacancy

Article 100 provides that
If any Director, being willing, shall be called upon to perform extra services or to make any special exertions for any of the purposes of the Company or in giving special attention of the business of the Company or as a member of a Committee of the Board, subject to sections 198, 309, 310 and 314 of the Act, the Board may remunerate the Director so doing, either by the fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.

Vacation of office of Director

Article 101 provides that
The continuing Directors may act notwithstanding any vacancy in their body: but so that if the number falls below the minimum above fixed, the board shall not, except for the purpose of filling vacancies or convening a General Meeting, act so long as the number is below the minimum.

Article 102 provides that
The office of a Director shall ipso facto become vacant if:

1(a) he fails to obtain within the time specified in subsection (I) of Section 270 or at any time thereafter ceases to hold the share qualification if any required by these Articles.
(b) he is found to be of unsound mind by Court of competent jurisdiction; or
(c) he applies to be adjudicated an insolvent; or
(d) he is adjudged an insolvent; or
(e) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
(f) he fails to pay any call in respect of the shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government has, by notification in the official gazette, removed the disqualification incurred by such failures; or
(g) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
(h) he (whether by himself or by any person for his benefit or his account) or any firm of which he is a partner, or any private company of which he is a Director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
(i) he acts in contravention of Section 299 of the Act; or
(j) he becomes disqualified by an order of Court under Section 203 of the Act; or
(k) he is removed from office in pursuance of Section 284 of the Act; or
(l) any office or place of profit under the Company or under any subsidiary of the Company is held in contravention of Section 314 of the Act when by operation of that Section he is deemed to vacate office.
(m) Having been appointed a Director, by virtue of his holding any office or other employment in the Company, he ceases to hold office or any other employment in the Company.

2. Notwithstanding any matter or things in sub-clauses (d), (e) and (j) of subclauses (I) the disqualification referred to in those sub-clauses shall not take effect:

(a) for thirty days from the date of adjudication sentence or order; or

(b) Where an appeal or petition is preferred within the thirty days aforesaid against adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or

(c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed would, result in the removal of the disqualification, until such further appeal or petition is disposed of.

Directors not to hold office of profit under the company or its subsidiary

Article 103 provides that
Save as permitted by section 314 of the Act, no Director of the Company, no partner, or relative of a Director, no firm in which a Director or his relative is a partner, no private company of which such a Director is a Director or member and no director, or manager of such a private company shall without the previous consent of the company accorded by special resolution, hold any office or place of profit carrying a total monthly remuneration of five hundred rupees or more, except as provided in section 314 of the Act, under the Company or under any subsidiary of the Company, unless the remuneration received from such subsidiary in respect of such office or place of profit is paid over to the Company or its holding Company.

Directors may be Directors of companies promoted by the Company

Article 104 provides that
A Director of the Company may be or become a Director of any Company promoted by this Company or in which it may be interested as a vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits received as director or member of such company.

Conditions under which Directors may contract with the Company

Article 105 provides that
Subject to the provisions of Sections 297 of the Act a Director shall not be disqualified from contracting with Company either as vendor, purchaser or otherwise, of goods, materials or services or from underwriting the subscription of any shares, or debentures of the Company, nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director, be void, nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director's holding office or of the fiduciary relation thereby established.

Disclosure of Director's interest

Article 106 provides that
Every Director, who is any way, whether directly or indirectly concerned, or interested in a contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewable in the last month of each financial year of the Company that a Director is a Director or a member of any specified body Corporate or is a partner of any specified firm and is to be regarded as concerned or interested in and, subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made and, after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

Discussion and voting by Director interested

Article 107 provides that
No Director shall, as a Director, take any part in the discussion or vote on any contract or arrangement in which he is in any way, whether directly or indirectly, concerned, or interested, nor shall his presence count for the purpose of forming a quorum at a time of such discussion or vote. This prohibition shall not apply to [a] any contract of indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for the Company; or [b] any contract or arrangement entered into or to be entered into by the Company with a public Company, or with a private company which is a subsidiary of the public company, in which the interest of the Director consists solely in his being Director of such Company and the holder of not more shares in number or value therein that is requisite to qualify him for appointment as a Director there of, he having been nominated as such Director by the Company or in his being a member of the Company holding not more than two per cent of the paid-up share Capital of the Company.

Rotation of Directors

Proportion of Directors to retire by rotation

Article 108 provides for
Not less than two thirds of the total number of Directors shall be persons who are liable to retire by rotation.

Retirement of Directors

Article 109 provides that
At each Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office.

Determination of retirement of Directors

Article 110 provides that
The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those to retire shall in default of and subject to any agreement among themselves, be determined by lot.

Appointment of Directors to be voted on individually

Article 111 provides that
Save as is permitted by Section 263 of the Act, every resolution of a General Meeting for the appointment of a Director shall relate to one named individual only.

Vacancies to be filled at Annual General Meeting

Article 112 provides that
The Company at the Annual General Meeting at which a Director retires by rotation may by resolution, fill the vacant office by appointing the retiring Director or some other person thereto.
If the place of the retiring Director is not so filled and the meeting has not expressly resolved to leave the vacancy unfilled, meeting shall stand adjourned until the same day in the next week, at the same time, and place, or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place. If at the adjourned meeting the place of the retiring Director is still not filled and that meeting has as yet not expressly resolved to leave the said vacancy unfilled, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless:

(a) at the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the vote and lost; or
(b) the retiring Director has by notice in writing addressed to the Company or the Board expressed his unwillingness to be reappointed; or
(c) he is not qualified or is disqualified for appointment; or
(d) a resolution, whether special or ordinary is required for his appointment or reappointment by virtue of any provisions of the Act and has not been passed; or

(e) the proviso to subsection [2] of section 263 of the Act is applicable to the case.

Power to remove Director by ordinary Resolution on special notice.

Article 113 provides that
The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which special notice according to Section 190 of the Act has been given, remove any Director before the expiration of his period of office and may, by ordinary resolution of which special notice has been given, appoint another person in his stead. The person so appointed shall hold office until the date up to which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed, the Board may at any time thereafter fill such vacancy under the provisions of Article 114.

Board may fill Casual vacancies

Article 114 provides that
If any Director appointed by the Company in General Meeting vacates his office as a Director before the expiry of his term of office, the vacancy may be filled by the Board at a meeting of the Board, but any person so appointed shall retain his office only so long as the vacating Director would have retained the same if no vacancy had occurred; provided that the Board may not fill such a vacancy by appointing there to any person who has been removed from the office of Director under Article 113.

When Candidate for office of Director must give notice

Article 115 provides that
No person not being a retiring Director shall be eligible for appointment to the office of Director at any General Meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office as the case may be.

Alternate Directors

Power of Board to appoint alternate Directors

Article 116 provides that
The Board may appoint any person to act as alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate Director, shall be entitled to notice of meeting of the Board and to attend and vote thereat accordingly: but he shall not be required to hold any qualifying shares and shall, ipso facto, vacate office if and when the absent Director returns to the State in which meetings of the Board are ordinarily held or the absent Director vacates office as Director.

Proceedings of the Board

Meeting of the Board

Article 117 provides that
A meeting of the Board of Directors shall be held once in every three months and at least four such meetings shall be held in every year. Notice of every meeting of the Board shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director. Period of notice shall be such as may be fixed by the Board. If no period is thus fixed by the Board reasonable period, having regard to all the circumstances then prevailing howsoever short it may be shall be deemed to be adequate.

Directors may summon meeting

Article 118 provides that
A Director may at any time and the Managing Director or the Secretary shall, upon the request of a Director, convene a meeting of the Board.

Chairman and Vice- Chairman

Article 119 provides that
The Board shall appoint one of their number to be the Chairman of the Board and may determine the period for which he will hold office. The Chairman shall have only such duties and responsibilities as are specifically assigned to him from time to time by the Board. In exercising all his powers and responsibilities as the Chairman of the Board, the Chairman will be guided at all times by the Board of the Company. The Directors shall have the power to appoint any one of their number to be the Vice Chairman of the Board of Directors, who shall be entitled to take the Chairman nor the Vice Chairman is present, the Directors present shall choose one of their number to be Chairman for such meetings.

Quorum

Article 120 provides that
Subject to the provisions of Section 287 of the Act, the quorum necessary for the transaction of the business by the Board shall be one-third of its total strength [any fraction contained in that one-third being rounded off as one], or two Directors, which is higher. For the purpose of this Article an alternate director shall be counted in a quorum at a meeting at which the Director for whom he is appointed is not present. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, the meeting shall be adjourned until such date and time as the Chairman of the Board shall appoint. Provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength, the number of remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two shall be the quorum during such time.

Powers of Board Meeting

Article 121 provides that
A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Board.

Questions be decided by majority Vote

Article 122 provides that
Questions arising at any meeting shall be decided by a majority vote and, in case of an equality of votes, the Chairman shall have a second or casting vote.

Committee of the Board

Article123 provides that
Subject to the restrictions contained in section 292 of the Act, the Board may, from time to time, and at any time, delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit and may discharge any such Committee of the Board either wholly or in part, and either as to persons or purposes; but every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment, shall have the like force and effect as if done by the Board.

Regulation of Committee Meetings

Article 124 provides that
The meetings and proceeding any of such Committee consisting of two or more Directors shall be governed by the provisions contained in these Articles regulating the meetings and proceedings of the Board so far the same are applicable thereto and are not superseded by any regulations made by the Board under the last preceding Article 123.

Acts of a Director Valid not withstanding defective appointment

Article 125 provides that
All or any act done by a person as a Director shall be valid, notwithstanding that it may afterwards by discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provision contained in the Act or in these Articles; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

Resolution without Board Meeting

Article 126 provides that
No resolution may be passed by the Board for a Committee thereof, as the case may be other than at a meeting of the Board or such Committee and for removal of all doubts no resolution passed by circulation shall be valid, effectual or binding on the Company.

Minutes

Minutes to be made
127.
(1) The Board shall, in accordance with the provisions of Section 193 of the Act, cause Minutes to be kept by making within thirty days of the conclusion of every meeting of the Board or of every Committee of the Board, entries there of in books kept for the purpose with their pages consecutively numbered, each page of every such book being initialed or signed and last page of the record of proceedings of each meeting in such books being dated and signed, in the case of minutes of proceedings of a meeting of the Board or Committee there of, by the Chairman of the said Meeting or the Chairman of the next succeeding meeting, and, in the case of minutes or proceedings of a General Meeting, by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of the Chairman within that period, by a Director duly authorised by the Board for the purpose, provided that in no case shall the minutes or proceedings of a meeting be attached to such books as aforesaid by pasting or otherwise.
The minutes shall contain particulars:
(a) of the names of the Directors present at each meeting of the Board and of any Committee of the Board and in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring in the resolution;
(b) of all orders made by the Board and Committee of the Board;
(c) of all appointments of officers made at any of the meetings of the Board or Committee of the Board.
The Minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

Provided that no matter need be included in any such Minutes which the Chairman of the meeting, in his absolute discretion, considers to be:
(a) defamatory, or could reasonably be regarded as, defamatory of any person;
(b) irrelevant or immaterial to the proceedings; or
(c) detrimental to the interests of the Company.

(2) Minutes of any meeting of the Board or Committee there of, or of the Company in General meeting, it kept in accordance with the provisions of the Section 193 of the Act, shall be evidence of the proceedings recorded in such Minutes. The Minute Books of General Meetings of the Company shall be kept at the Office and shall be open to inspection by members of any working day between the hours of 10.30 a.m. and 12.30 p .m.

Powers of the Board

General Powers of the company vest in the Board

Article 128 provides that
Subject to the provisions of the Act, the control of the Company shall be vested in the Board, who shall pay all expensed incurred in promoting and registering the Company, and be entitled to exercise all such powers and to all such acts and things as the Company is authorised to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or by any other Statute or by the Memorandum of the

Company or by these Articles or otherwise, to be exercised or done by the Company in General Meetings provided further that in exercising any such power or doing such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Delegation of powers by the Board of Directors to the Directors

Article 129 provides that
Subject to the provisions of the Act and in particular, to the prohibitions and restrictions contained in Section 292 and other applicable provisions, if any, thereof the Board may from time to time, entrust to and confer upon any Director for the time being; such of the powers exercisable under these presents by the Board as it may think fit and may confer such powers for such times, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit; and it may confer such powers either collaterally with, or to the exclusion of and in substitution for all or any of the Powers of the Board in that behalf and may, from time to time revoke, withdraw, alter or vary all or any such powers.

Delegation of powers

Article 130 provides that
Subject to the provisions of the Act, the Board may from time to time, as it may think fit, delegate to such person or persons as it may choose any of the powers hereby conferred upon the Board other than the powers to make calls on members in respect of money unpaid on their shares and to issue debentures.

Board may appoint Managing/ Whole-time/ Director/ Manager

Article 131 provides that
Subject to and compliance with the provisions of Section 268 and 269 of and other provisions of the Act, the Board shall have the powers to appoint from time to time any of its number as Managing Director, Governing Director and/or whole-time Director of the Company upon such terms and conditions as the Board thinks fit and further subject to the terms of any agreement entered into with such Managing, Governing or Whole-time Director, the Board may revoke such appointment. Subject to provisions of Art. 132 the Board may by resolution vest in such Managing, Governing or Whole-time Director such of the powers hereby vested in the Board as it generally thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine. The remuneration of the Managing, Governing or Whole-time Director may be by way of monthly payments or participation in profits or partly in one and partly in other mode not expressly prohibited by the Act.
Subject to the provisions of the Act, the Board may appoint any person as Manager for such terms, on such remuneration and upon such conditions as it may think fit and any person so appointed by the Board may be removed by the Board.

Restrictions on Management

Article 132 provides that
The Managing Director/Governing Director/Whole-time Director as the case may be shall not exercise the powers to :
(a) make calls on share holders in respect of money unpaid on their shares in the company;
(b) Issue debentures.
Except to the extent specified in the resolution passed at the Board meeting under Section 292 of the Act, the Managing Director/Whole-time Directors the case may be, shall also not exercise the powers to:
(c) borrow money;
(d) invest the funds of the Company and
(e) make loans or accept inter-company deposits;
(f) acquire or dispose of any subsidiary, line or business, or material set of assets whether by sales or assets, sale of shares, merger or amalgamation;
(g) enter into any lease pursuant to which the present purchase value of the leased asset(s) exceeds Indian Rupees Two Crores, Twenty-five lakh (2,25,00,000);
(h) execute or amend any employee benefit plan or collective bargaining agreement, Memorandum of Settlement, or other collective agreements with employees;

(i) make any expenditure or series of related expenditures for capital assets in excess of Indian Rupees Two Crores, Twenty-five lakh (2,25,00,000); or
(j) dispose of by sale, license, sub-license or otherwise, any intellectual property right of the Company.

Certain persons not to be appointed Managing Director/ wholetime Director

Article 133 provides that
The Company shall not appoint or employ or continue the appointment or employment of, a person as its Managing or Wholetime Director who :- (a) is an undischarged insolvent, or has at any time been adjudged an insolvent; (b) suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made, a composition with them; or (c) is or has at any time been, convicted by a Court in India of an offence involving moral turpitude.

Special position of Managing Director

Article 134 provides that
A Managing Director, Governing Director and/or wholetime Director shall not while he continues to hold that office be subject to retirement by rotation, unless his terms of appointment specially provided that he would be liable to retire by rotation. If he ceases to hold the office of Director, he shall ipso facto and immediately cease to be a Managing, /Governing or Wholetime Director.

Power of Attorney

Article 135 provides that
The Board may at any time and from time to time by power of Attorney under Seal, appoint any person to be the Attorney of the Company for such purposes and with such powers, authorities and discretions [not exceeding those which may be delegated by the Board under the Act] and for such period and subject to such conditions as the Board may from time to time think fit. Any such appointment may, if the Board thinks fit, be made in favour of any Company or of the members, Directors, nominees, or officers of any Company or firm, or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such Attorney as the Board thinks fit.

Appointment of Secretary

Secretary

Article 136 provides that
The Board shall, from time to time, appoint for such term, at such remuneration and upon such conditions as they think fit, and at their discretion remove, a person [herein after called "the Secretary"] to perform any functions which by the Act or by the Articles for the time being of the Company has to be performed by the Secretary, and to execute any other duties. Which may from time to time be assigned to the Secretary by the Board. When there is no Secretary capable of acting, the Directors may appoint an assistant or deputy Secretary possessing the prescribed qualifications under the Act to perform the duties of the secretary and who shall for the purposes of these Articles be deemed to be a Secretary. The Board may also at any time appoint some person [who need not be the Secretary] to keep any of the registers required to be kept by the company. A Director may be appointed Secretary of the Company.

The Seal

Custody of Seal

Article 137 provides that
The Board shall provide for the safe custody of the Seal. The Seal shall not be affixed to any instrument except by the authority of the Board or of a Committee of the Board authorised by the Board in that behalf and every instrument to which the Seal shall be affixed shall be signed by a Director and the Secretary of the Company or by a second Director or by such other person as the Board may appoint for the purpose.

Annual Return

Annual Returns

Article 138 provides that
The Company shall comply with the provisions of Section 159 and 161 of the Act regarding the preparation and filing of Annual Return.

Reserves

Reserves

Article 139 provides that
The Board shall, subject to Section 205 [2A] of the Act, from time to time, before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends, for repairing, improving or maintaining the plant or any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company.

Investment of Reserves

Article 140 provides that
All moneys carried to the Reserves which shall nevertheless remain profits of the Company, subject due to provisions being made for actual loss or depreciation, for the payment of dividends and all other moneys of the Company, not immediately required for the purposes of the Company, subject to the provisions of section 370 and 372 of the Act, may be invested by the Board in or upon such investment or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time, think proper.

Capitalization of Reserves

Article 141 provides that
The Company in General Meeting may, upon the recommendation of the Directors, resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company, standing to the credit of the Reserves or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend or representing premiums received on the issue of share and standing to the credit of the Share Premium Account be capitalized and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the footing that they become entitled there to as capital and that all or any part of such capitalized funds be applied on behalf of such members in paying up in full any unissued shares, debentures or debenture stock of the Company which shall be distributed accordingly or towards payment of the uncalled liability on any issued shared, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalized sum. Provided that any sum standing to the credit of a share Premium Account or a Capital Redemption Reserve Account may for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

Surplus Moneys

Article 142 provides that
The Company in General Meeting may upon the recommendation of the Directors resolve that any surplus money arising from the realization of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to the charge for income tax, be distributed among the members on the footing that they receive the same as capital.

Fractional Certificates

Article 143 provides that
For the purpose of giving effect to any resolution under Article 141, 142, and 152, the Board may settle any difficulties which may arise in regard to the distribution as it thinks expedient and, in particular, it may issue fractional certificates,

fix the value for distribution for any specific assets and determine that cash payments shall be made to the members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalized fund as may seem expedient to the Board. Where required a proper contract shall be filed in accordance with section 75 of the Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund.

Dividends

Division of profits

Article 144 provides that
Subject to the rights of members entitled to shares, if any, with preferential or special rights attached thereto, the profits which the Company from time to time decides to distribute, in respect of any year other period shall be applied in the payment of a dividend on the Equity Shares of the Company, but so that a partly paid-up share shall only entitle the members in respect there of to such proportion of the distribution upon a fully paid-up share as the amount paid there on bears to the nominal amount of such share and where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest, confer a right to participate in profits.

Declaration of Dividend

Article 145 provides that
The Company in general meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may, subject to the provisions of Sections 205 and 207 of the Act, fix the time for payment.

Restrictions on amount of dividends

Article 146 provides that
No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.

Dividends out of profits only and not to carry interest

Article 147 provides that
Subject to the provisions of Section 208 of the Act, no dividend shall be payable except out of the profits of the Company or out of the moneys provided by the Central or State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.

Profits

Article 148 provides that
The declaration of the Board as to the amount of the profits of the Company shall be conclusive.

Interim Dividends

Article 149 provides that
The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.

Debts may be deducted

Article 150 provides that
The Board may deduct from any dividend payable to any member all sums of money, if any presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

Dividend and call

Article 151 provides that
Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each of member shall not exceed the dividend payable to him, and so that the call be made payable at same time as the dividend and the dividend may be set off against the call.

Dividend in cash

Article 152 provides that
No dividend shall be payable except in cash; provided that nothing in this article shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purposes of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on the shared held by the members of the Company.

Effect of transfer

Article 153 provides that
A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.

To whom dividends Payable

Article 154 provides that
No dividend shall be paid in respect of any share except to member registered in respect of such share or to his bankers. But nothing contained in this Article shall be deemed to require the bankers of a member to make a separate application to the Company for the payment of the dividend.

Dividends to members registered jointly

Article 155 provides that
Any one of several persons who are members registered jointly in respect of such share may give effectual receipts for all dividends, bonuses and other payment in respect of such share.

Notice of Dividends

Article 156 provides that
Notice of any dividend, whether interim or otherwise, shall be given to the persons entitled to share therein in the manner hereinafter provided.

Payment by post

Article 157 provides that
Unless otherwise directed in accordance with Section 53 (2) of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through post to the registered address of the member or in case of members registered jointly, to the registered address of the member first named in the Register or to such person and such address as the member or members, as the case may be, may in writing direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

Unclaimed dividends

Article 158 provides that
Any dividends remaining unpaid and unclaimed shall be regulated in accordance with the provisions of sections 205A and 205B of the Act or any statutory modification there of.

Interest Out Of Capital

Interest out of Capital

Article 159 provides that
Where any shares are issued for the purpose for raising funds to defray the expenses of the construction of any works or buildings, or the provisions of any plan, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, at the rate and subject to the conditions and restrictions imposed by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of plant.

Books and Documents

Maintenance of Books of Accounts

Article 160 provides that
The Board shall cause to be kept in accordance with section 209 of the Act proper books of account with respect to:
(a) All sums of money received and expended by the Company and the matters in respect of which the receipts and expenditures take place;
(b) all sales and purchases of goods by the Company; and
(c) the assets and the liabilities of the Company.

Location of Books of Accounts

Article 161 provides that
The books of account shall be kept at the office or at such other place or places in India as the Board may decide, and where the Board so decides, the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place. The books of account shall also be open to inspection by any Director during business hours provided that the books of account shall also be open to inspection by the Registrar or by any officer of Government authorised by the Central Government in this behalf.

Inspection by Member

Article 162 provides that
The Board shall, from time to time, determine whether and to what extent and at what times and places, and under what conditions the books of accounts and books and documents of the Company, other than those referred to in Article 185 or any of them, shall be open to the inspection of the members not being Directors, and no member, not being Director, shall be entitled to require or receive any information concerning the business, nor shall have any right of inspecting any books of account, or document of the Company except as conferred by law or authorised by the Board or by the company in General Meeting; and no member, not being a Director shall be entitled to require or receive any information concerning business, trading or customers of the Company or any trade secret or secret process used by the Company.

Books of Account to be preserved

Article 163 provides that
The books of account of the Company shall be preserved in good order for a period of not less than eight years from the date of incorporation of the Company and, after the said period of eight years, the books of account of the Company relating to a period of not less than eight years immediately preceding the current year shall be preserved in good order.

Balance Sheet and Accounts

Balance Sheet and Profit and Loss Account

Article 164 provides that
At every Annual General Meeting the Board shall lay before the Company a Balance Sheet and Profit and Loss Account made up in accordance with the Provisions of Section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements of Sections 210, 211, 212, 215 and 216 and of Schedule VI of the Act so far

as they are applicable to the Company but, save as aforesaid, the Board shall not be bound to disclose greater details of the result or extent of the trading transactions of the Company than it may deem expedient.

Annual Report of Directors

Article 165 provides that
There shall be attached to every Balance Sheet laid before the Company a report by the Board in accordance with Section 217 of the Act.

Copies to be sent to members and others

Article 166 provides that
A copy of every Balance Sheet including the Profit and Loss Account, the Auditor's Report and every document required by law to be annexed or attached to the Balance Sheet or a statement containing the salient features of such documents in such form as may be prescribed pursuant to Section 219 of the Act, shall be sent to every member of the Company and to every Trustee for the holders of any debentures issued by the Company not less than 21 days before the date of the General Meeting at which such documents are to be laid.

Copies of Balance Sheet etc., to be filed

Article 167 provides that
The Company shall comply with Section 220 of the Act as to filing of copies of the Balance Sheet, Profit and Loss Account and documents required to be to be filed annexed or attached thereto with the Registrar.

Audit

Account to be audited annually

Article 168 provides that
At least once in every year the Books of Account of the Company shall be examined by one or more Auditors.

First Auditors

Article 169 provides that
The first Auditor or Auditors of the Company shall be appointed by the Board within 30 days of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting of the Company provided that (a) the Company may at a general meeting remove any such Auditor or all or any such Auditors and appoint in his or their places any other person or persons who have been nominated for appointment by any member of the Company of whose nomination notice has been given to the members of the Company not less than 14 days before the date of meeting and (b) if the Board fails to exercise its power under this article the Company in general meeting may appoint the first Auditor or Auditors.

Appointment and Remuneration of Auditors

Article 170 provides that
The company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting and shall, within seven days of the appointment, give notice thereof to every Auditors so appointed. The appointment, remuneration, rights and duties of the Auditor or Auditors shall be regulated by Section 224 to 233 of the Act.

Audit of Accounts of Branch office of the Company

Article 171 provides that
Where the Company has a branch office the provisions of Section 228 of the Act shall apply.

Right of Auditor to attend General Meeting

Article 172 provides that
All notice and other communications, relating to any general meeting of the Company, which any member of the Company is entitled to have sent to him, shall also be forwarded to the Auditor of the Company, and the Auditor shall be entitled to attend any general meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.

Auditor's Report to be read

Article 173 provides that
The Auditor's Report (including the Auditors' separate, special or supplementary report, if any) shall be read before the Company in general meeting and shall be open to inspection by every member of the Company.

Conclusiveness of Accounts

Article 174 provides that
Every Balance Sheet and Profit and Loss account when audited and adopted by the Company in general meeting shall be conclusive except as regards any error discovered therein within three months next after the adoption thereof. Whenever any such error is discovered within that period, the account shall forthwith be corrected and henceforth shall be conclusive.

Notice and Documents

Service of Notices on members

Article 175 provides that
(1) A notice or other document may be given by the Company to any member either personally or by sending it by post to him to his registered address or (if he has no registered addressed in India) to the address, if any, (within India) supplied by him to the Company for the giving of notice to him.
(2) Where a notice or other document is sent by post :
(a) Service thereof shall be deemed to have been effected by properly addressing, prepaying postage, and posting a letter containing the notice or document provided that where a member has intimated to the Company in advance that notices or documents should be sent to him under certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice of document shall not be deemed to be effected unless it is sent in the manner as intimated by the member;
(b) such services shall be deemed to have been effected;
  (i) in the case of notice of meeting at the expiration of forty eight hours after the letter containing the same is posted, and
  (ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

Notices to members who have not supplied addresses

Article 176 provides that
A notice or other document advertised in a newspaper circulating in the neighborhood of the office shall be deemed to be duly served, on the day on which the advertisement appears, on every member who has no registered address in India and has not supplied to the Company an address within India for the giving of notice to him. Any such member who has no registered address in India shall, if so required to do by the Company supply the Company with an address in India for the giving of notices to him.

Notices to members registered jointly

Article 177 provides that
A notice or other document may be served by the Company on the members registered jointly in respect of a share by giving the notice to the member named first in the Register in respect of the share.

Notices to persons entitled by transmissions

Article 178 provides that
A notice or other document may be served by the ,Company on the persons entitled to share, in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to the representatives of the deceased member, by name or by title, and to assignee; in the case of the insolvent, at the address in India supplied for the purpose by the person claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

Giving of Notices by advertisements

Article 179 provides that
Any notice required to be given by the Company to the members or any of them, and not expressly provided for by these Articles or by the Act, shall be sufficiently given if given by advertisement.

Advertisement of notice

Article 180 provides that
Any notice required to be, or which may be given by advertisement, shall be advertised once in one or more newspapers circulating in the neighborhood of the Office.

Date on which notice deemed to be served

Article 181 provides that
Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.

Transferee etc., bound by prior notices

Article182 provides that
Every person who. by operation of law, transfer or any other means, shall become entitled to any share be bound by every notice in respect of such shares duly given to the person from whom he derives his title to such share, until such time as his name and address are entered in the Register.

Notice valid though member deceased

Article 183 provides that
Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such members be then deceased and whether or not the Company has notice of his demise, whether registered solely or jointly with other persons, for all purposes of these presents be deemed to be sufficient service of such notice or document on his executors or administrators and all persons, if any, jointly interested with him in any such share.

Service of process in winding-up

Article 184 provides that
In the event of a winding up of the Company, every member of the Company who is not for the time being in the place where the office of the Company is located shall be bound, within eight weeks after the passing of an effective resolution to wind up the Company voluntarily, or the making of an order for the winding up of the Company, to serve notice in writing on the Company, stating the name of some householder residing in the neighborhood of the office upon whom all summons, notices, process, orders and judgments in relation to or under the winding up of the Company may be served, and, in default of such nomination, the Liquidator of the Company shall be at liberty, on behalf of such member, to appoint some such person. and service upon any such appointee whether appointed by the member or the Liquidator shall be deemed to be good personal service on such member for all purposes, and where the Liquidator makes on any such appointment he shall, with all convenient speed, give notice thereof to such member by advertisement in some daily newspaper circulating in the neighborhood of the office or by a registered letter sent by post and address to such member at his address as registered in the register and such notice shall be deemed to be served on the day on which the

advertisement appears or the letter would be delivered in the ordinary course of the post. The provisions of the Article shall not prejudice the right of the Liquidator of the Company to serve any notice or other document in any other manner prescribed by these Articles.

Keeping Of Registers and Inspection

Registers etc., to be maintained by the Company

Article 185 provides that
The Company shall keep and maintain at the office, as required by Act, the following Registers:
(1) A Register of Charges pursuant to Section 143 of the Act.
(2) A Register of Members pursuant to Section 150 and, whenever the Company has more than fifty members, unless such Register of Members is in a form which itself constitutes an index, an index of members pursuant to Section 151 of the Act.
(3) A Register of Debenture holders pursuant to Section 152 and whenever the Company has more than fifty Debenture holders unless such Register of Debenture holders itself constitutes and index of Debenture holders pursuant to Section 152 (2) of the Act.
(4) A Register of Contracts pursuant to Section 301 of the Act.
(5) A Register of Directors, Managing Director, Manager and Secretary pursuant to Section 303 of the Act.
(6) A Register of Directors' Shareholdings pursuant to Section 307 of the Act.
(7) A Register of Loans, etc. made by the Company to companies under the same management pursuant to Section 370 of the Act.
(8) A Register of Investments made by the Company in shares and debentures of bodies corporate in the same group pursuant to section 372 to the Act.
(9) A Register of Investments not held by the Company in its own name pursuant to Section 49 (7) of the Act.
(10) A Register of Renewed and Duplicate certificates pursuant to Rule 7(2) of Companies (issue of share certificates) Rules 1960 or any statutory modification or reenactment thereof, and;
(11) A Register of Minutes of every General Meeting of the Company,
(12) A Register of Deposits under Section 58A of the Act.

Supply of copies of register etc.

Article 186 provides that
The company shall comply with the provisions of Section 39, 118, 163, 196, 219, 301, 302, 304, 307, 370 and 372 or any other provision of the Act as to the supplying of copies of the Registers, deeds, documents, instruments, returns, certificate and books therein mentioned to the person therein specified when so required by such persons, on payment of charges, if any, prescribed by the said sections.

Inspection of registers etc.

Article 187 provides that
When under any provisions of the Act any person, whether a member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the company, the person so entitled to inspection shall be permitted to inspect the same during the hours of 10.30 a.m. to 12.30 p.m. or during such hours as the Directors may from time prescribe on such business day as the Act requires them to be open for inspection.

Closing of Register of members and debenture holders

Article 188 provides that
The Company may, after giving not less than seven days previous notice by advertisement in some newspaper circulating in the district of the office, close the Register of Members or the Register of Debenture holders, as the case may be for any period or periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time.

Reconstruction

Reconstruction

Article 189 provides that
On any sale of the undertaking of the Company the Board or the Liquidators on a winding up may, if authorized by a Special Resolution, accept fully paid or partly paid up shares, debentures or securities of any other company whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidators (in a winding up) may distribute such shares or securities, or any other property of the Company amongst the members without realisations or vest the same in trustees for them, and any special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property, otherwise than in accordance with the strict legal rights of the members or contributors of the Company, and for the valuation of any securities or property at such price in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation so authorised and waive all rights in relation thereto, save only in case the Company in proposed to be or is in the course of being wound up, such statutory rights (if any) under Section 494 of the Acts as are incapable of being varied or excluded by these Articles.

Secrecy

Secrecy

Article 190 provides that
Every Director, Auditor, Manager, Secretary, or Trustee for the Company, its members or debenture holders, members of a committee, officer, servant, agent, accountant or other person employed in or about the business of the Company shall, if so required by the Board or by the Managing Director before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any General meeting or by a court of law and except so for as may be necessary in order to comply with any of the provisions in these Articles contained.

Right of members to enter premises of the Company

Article 191 provides that
No member or other person (not being a Director) shall be entitled to enter upon the property of the Company to inspect or examine the premises or properties of the Company without the permission of the Board.

Winding Up

Distribution of assets

Article 192 provides that
If the Company shall be wound up and the assets available for distribution among the members as such be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up tax excess shall be distributed among the members in proportion to the capital at the commencement of the winding up, paid-up or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of members registered in respect of shares issued upon special terms and conditions.

Distribution of assets in specie

Article 193 provides that
If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may with the sanction of a special Resolution, divide among the members in specie or in kind, the whole or any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the

members, or any of them, as the liquidator, with the like sanction, shall think fit but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

Indemnity

Article 194 provides that

(a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Secretary or other officer of the Company or any person employed by the Company and any person appointed as Auditor, Legal Adviser shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Managing Director, Secretary, Officer, Employee, Auditor or legal Adviser by reason of any contract entered into or act or deed done by him as such.

(b) Subject to the aforesaid every Director, Managing Director, Secretary or other officer or Employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act, in which relief is given to him by the Court.

Directors and Officers, not liable for acts of each other.

Article 195 provides that

Subject to the provisions of Section 201 of the Act no Director, Managing Director, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining in any receipt or other acts for conformity, or for any loss or expense happening to the other Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the money of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted, or deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever-which shall happen in the execution of the duties of his office, or in relation thereto unless the same happens through his own dishonesty.

SECTION IX - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Letter of Offer) which are or may be deemed material have been entered or to be entered into by our Company. Copies of these contracts and the documents may be inspected at the Registered and Corporate Office of our Company situated at A-26/3, Mohan Co-operative Industrial Estate, New Delhi – 110 044, India from 10.00 AM to 4.00 PM on working days from the date of the Letter of Offer until the Issue Closing Date.

Material Contracts to the Issue

1. Engagement Letter dated June 11, 2008, for appointment of Centrum Capital Limited as Lead Manager to the Issue.
2. Memorandum of Understanding dated July 8, 2008, between our Company and Centrum Capital Limited.
3. Memorandum of Understanding dated July 3, 2008, executed by our Company with Registrar to the Issue.

Material Documents

1. Our Memorandum and Articles of Association as amended till date.
2. Resolutions of the Board dated June 9, 2008, in relation to the Issue and other related matters.
3. Resolutions of the Board of Directors for appointment and remuneration of our whole-time Directors.
4. Auditors Report dated October 15, 2008 mentioned in the Letter of Offer and Statement of Tax Benefits from the auditors dated August 1, 2008.
5. Copies of annual reports of our Company for the past five financial years.
6. Letters dated August 21, 2008 from BSE and August 25, 2008 from NSE granting in-principle listing approval
7. Consents of Auditors, Bankers to our Company, Lead Manager, Registrar to the Issue, Banker to the Issue, Legal Advisor, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities
8. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated November 26, 1999.
9. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated January 24, 2000.
10. Due diligence certificate dated July 29, 2008 to SEBI from Centrum Capital Limited.
11. SEBI observation letter dated October 1, 2008 and in-seraitim reply to the same dated October 20, 2008.
12. Shareholders Agreement dated May 8, 2006 between Federal-Mogul Holding Limited, Anil Nanda and Joint Investment Private Limited. Amended and Restated Shareholders Agreement dated September 25, 2006 between Federal-Mogul Holding Limited, Anil Nanda and Joint Investment Private Limited.
13. Securities Purchase Agreement dated May 8, 2006 between Federal-Mogul Holding Limited, Anil Nanda and Joint Investment Private Limited.
14. Form 10-K for the fiscal year ended December 31, 2007, filed with the U.S. Securities and Exchange Commission by Federal-Mogul Corporation.
15. Form 10-Q for the three and six month periods ending June 30, 2008, filed with the U.S. Securities and Exchange Commission by Federal-Mogul Corporation.
16. Schedules 13D filed on February 13, January 7, February 27 and July 3, 2008, with the U.S. Securities and Exchange Commission.
17. Schedules 13G filed on February 8, 2008, with the U.S. Securities and Exchange Commission.

Any of the contracts or documents mentioned in the Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statements made in the Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said Issue as also the guidelines, instructions, etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

Yours faithfully,

For Federal-Mogul Goetze (India) Ltd.

Name: **Vishvjeet Kanwarpal**
Designation: Chairman & Independent Director
Place: New Delhi

Name: **Jean Humbert Louis de VILLARDI de Montlaur**
Designation: Whole time Director and President
Place: New Delhi

Name: **Rustin Murdock**
Designation: Managing Director & Chief Financial Officer
Place: New Delhi

Name: **Mukul Gupta**
Designation: Independent Director
Place: New Delhi

Name: **Rainer Jueckstock**
Designation: Director
Place: Michigan, United States of America

Name: **Rajan Luthra**
Designation: Financial Controller and Company Secretary
Place: New Delhi

Date: November 05, 2008

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