FEDERAL MOGUL
GOETZE INDIA

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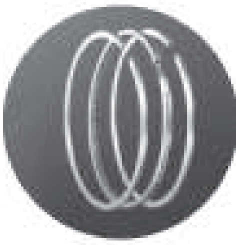


BOARD OF DIRECTORS

Chairman & Director

Mr. K.N. Subramaniam

Managing Director

Mr. Sunit Kapur

Directors

Mr. Bernhard Motel

Mr. Mukul Gupta

Company Secretary

Mr. Khalid Khan

Auditors

M/s. Walker, Chandiok & Co.

REGISTRAR AND SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

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

WORKS

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

BANKERS

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

TEN YEARS' FINANCIAL REVIEW

(Rs. in Lacs)

	2012	2011	2010	2009	2008 (9 months)	2007	2006	2005-06	2004-05	2003-04 (9 months)
Total Income	**1,31,370.48**	126,312.25	102,405.62	84,041.87	79,762.07	72,028.57	46,809.82	53,291.21	51,990.47	46,963.59
Depreciation	**6,193.52**	5,365.89	4,822.46	4,949.23	4,634.14	4,292.16	2,819.65	3,417.02	2,674.05	2,401.28
Profit before Tax	**(1,383.93)**	4,864.01	4,569.31	5,067.48	(517.00)	(1,782.69)	(561.05)	(4,244.81)	3,251.73	2,405.95
Taxation (adjmt for excess provision for prev yr. written back if any)	**251.82**	1,117.84	1,130.39	457.87	172.23	79.74	70.30	810.74	1,048.44	852.55
Profit after Tax	**(1,635.74)**	3,746.17	3,438.92	4,609.61	(689.23)	(1,862.43)	(631.35)	(5,055.55)	2,203.29	1,553.40
Dividend	**-**	-	-	-	-	-	-	-	1,011.50	782.74
Dividend Tax	**-**	-	-	-	-	-	-	-	132.19	100.29
Retained Profit/(Loss)	**(1,635.74)**	3,746.17	3,438.92	4,609.61	(689.23)	(1,862.43)	(631.35)	(5,055.55)	1,059.60	670.37

Assets Liabilities & Net Worth

	2012	2011	2010	2009	2008	2007	2006	2005-06	2004-05	2003-04
Fixed Assets	**49,557.25**	46,346.75	39,043.60	38,348.16	40,062.06	38,038.79	35,436.36	32,873.58	33,833.21	31,389.59
Investments	**510.00**	2,092.34	2,092.34	2,092.34	2,092.34	2,093.90	2,135.18	2,243.40	2,925.26	3,547.75
Indebtedness	**19,021.30**	15,384.40	8,648.74	10,113.80	16,213.62	29,236.92	36,444.05	38,960.71	30,167.68	28,113.39
Share Capital	**5,563.21**	5,563.21	5,563.21	5,563.21	5,563.21	3,262.09	2,528.75	2,528.75	2,528.75	2,528.75
Reserves	**34,320.16**	35,955.90	32,209.74	28,770.82	24,150.79	14,362.21	6,497.10	7,128.45	13,328.14	12,393.68
Net Worth	**39,883.37**	41,519.11	37,772.95	34,334.03	29,714.00	17,624.30	9,025.85	9,657.20	15,856.89	14,922.43

Significant Ratios Revised

	2012	2011	2010	2009	2008	2007	2006	2005-06	2004-05	2003-04
A. Measurement of Investment										
Percentage of Return on Investment (annualised)	**(2.40)**	9.41	10.06	11.21	(1.11)	(3.86)	(1.59)	(1.19)	13.28	12.92
Percentage of Return on Equity (annualised)	**(3.40)**	12.27	12.67	15.82	(2.18)	(13.38)	(8.01)	(29.69)	21.13	15.87
Dividend Cover (Ratio)		-	-	-	-	-	-	-	2.18	1.98
B. Measurement of Performance										
Percentage of Profit before Tax to Sales	**(1.06)**	4.05	4.72	6.32	(0.68)	(2.61)	(1.25)	(7.39)	6.49	5.33
Percentage of Profit after Tax to Sales	**(1.26)**	3.12	3.55	5.75	(0.91)	(2.72)	(1.40)	(9.87)	4.40	3.44
C. Measurement of Financial Status										
Percentage of Term Loans to Tangible Net Worth	**0.10**	1.93	3.18	7.28	13.00	55.52	219.29	260.63	160.85	122.41
Current Ratio	**0.88**	1.04	1.12	0.99	0.73	0.83	0.88	1.18	0.85	0.82
D. General										
Dividend per Equity Share (Rs.)	**-**	-	-	-	-	-	-	-	4.00	3.00
Earnings per Equity Share (Rs.) (annualised)	**(2.94)**	6.73	6.18	8.29	(2.05)	(7.22)	(3.33)	(19.99)	8.71	6.04
Book Value per Equity Share (Rs.)	**71.69**	74.63	67.90	61.72	88.36	68.34	35.69	38.19	62.71	59.01

DIRECTORS' REPORT

Your Directors are pleased to present the 58th Annual Report and Audited Statement of Accounts for the financial year ended 31st December, 2012.

FINANCIAL RESULTS [Rs. in million]

	For the year ended 31.12.2012	For the year ended 31.12.2011
Total Income:		
Gross Sales	**12,072.59**	11,544.43
Deduct : Excise Duty	**1,129.79**	939.85
	10,942.80	10,604.58
Business and other Income	**1,064.45**	1,086.79
Profit before Depreciation, Finance Charges, Tax & Prior Period Items	**842.34**	1,253.29
Deduct :		
Depreciation and Amortization	**619.35**	536.59
Finance Charges	**298.80**	248.56
Profit /(Loss) before Tax, Exceptional items and Prior Period Items	**(75.81)**	468.14
Exceptional items	**62.58**	-
Provision for Tax		
- Current	**28.02**	123.40
- Fringe Benefit	**-**	-
- Deferred Tax (Credit)	**(2.84)**	(11.61)
Net Profit/(Loss) after Tax	**(163.57)**	356.35
Prior Period Items	**-**	(18.27)
Balance brought forward	**814.74**	440.13
Surplus/(Loss) carried to balance sheet	**651.17**	814.75

Operations

The Net income of the Company during the year ended 31st December 2012 was Rs. 12,007.26 million as against Rs. 11,691.37 million for the year ended 31st December 2011.

During the year under review, the Company made a Net loss after Tax of Rs. 163.57 million as against the Net Profit after Tax of Rs. 374.61 million in the last year.

The year under review witnessed a slowdown in demand in the auto sector, resulting in excess capacities with auto component sector. Weak macroeconomic sentiment coupled with subdued consumer confidence pulled down sales, particularly in the latter half of the year.

In view of requirement of funds for the operations of the Company, no dividend is recommended for the year ended 31st December 2012.

Auditors' Comments

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

With regard to Auditor's comments in their report on the provision for sales tax, the management has undertaken review on becoming aware of certain discrepancies regarding sales tax matters at one of its factories. Based on the information available at this stage of the ongoing evaluation, the Company has paid/ provided an amount of Rs. 6.26 crores towards tax and related liabilities pertaining to earlier years.

MANAGEMENT DISCUSSION AND ANALYSIS:

(a) Industry structures and developments

The automotive industry in India has been witnessing a slowdown. Ambiguity in the fuel price regime, high cost of capital, high interest rates, food inflation and slowing down of investment in infrastructure are adversely impacting the growth of the automotive industry.

The Indian auto component industry is ancillary to the automobile industry. The performance of automotive component industry is directly linked with the performance of Automobile Industry, which in turn is dependent on the performance of the economy.

However, the auto component industry appears to cope up with the downturn in the industry and is raring to explore new opportunities and growth.

DIRECTORS' REPORT (Contd.)

(b) Opportunities and Threats

The Company enjoys an unstinted confidence from its valued customers for providing superior quality products. Federal-Mogul continues to support the Company with its technical expertise. With widely recognized brands, superior technology, strong distribution network and a committed team of employees, the Company is well positioned to take advantage of the opportunities and withstand the market challenges.

We believe our proactive steps and consistent implementation of our plans will allow us to prepare the company for growth as consumers regain confidence in the industry and vehicle demand increases. The Company strives to create sustainable profitable growth by using superior technology and maintaining product quality and offering wide range of products at competitive prices which will give us a competitive edge in the market.

There are limited customers in the OE market as a result of which there is stiff competition in the market place. The Company also faces stiff competition with the players in the un-organized sector. To sustain profitability, it is imperative that Company evaluate additional ways of capturing value, including expanding service networks, developing branded generic parts, forward integrating and building scale.

Looking ahead, revenue will improve if Company is able to pursue its strategies. Expansion and diversification will help break into new markets. Technical edge, Specialization, innovation and networking will determine the success of the Company in this globally competitive environment.

(c) Segment wise or product wise performance

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

(d) Outlook

The outlook for the domestic auto industry this year is stable. Low demand in 2013 coupled with a capacity overhang (particularly in passenger vehicles) and intensifying competition is likely to reduce industry operating margins.

Industry expects moderate demand growth during 2013, borne out by the continued slow economic growth and weak signs of recovery in markets. Besides, firm commodity prices would stress cash flows.

The long term prospects for the industry remain strong in line with the outlook for the OEM segment; the industry faces strong challenges in the form of threat of low cost imports, currency volatility and ability to invest on product development to be able to move up the value chain. In terms of customer base, segment mix, product portfolio and geographical footprint - remains a desirable metric as it enhances a company's ability to overcome cash flow variability across business cycles and makes it better equipped to endure cyclical shocks.

(e) Risks and concern

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

1. Raw material prices:

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

2. Foreign Currency Risks:

Exchange rate fluctuations may have an adverse impact on the Company

3. Technical Intensive Industry:

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

4. Cyclical nature of the Industry:

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

5. Increasing competition :

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

6. Excess/ short capacity:

Estimation of optimal manufacturing capacities for our products is critical to our operations. Should we for any reason, not invest in capacity expansion in near future could result in stagnation in our sales. Conversely, in the event we over-estimate the future demand or due to general lowering of the customer demand due to recession, we may have excessive capacity, resulting in under utilization of assets and/or sale of surplus products at lower margin, which could have material adverse effect on the financial results of the company.

(f) Adequacy of Internal Control Systems

The Company has an Audit Committee headed by a non-executive independent director, inter-alia, to oversee the Company's financial reporting process, disclosure of financial information, performance of statutory and internal auditors, functions, internal control systems, related party transactions, investigation relating to suspected fraud or failure of internal audit control, to name a few, as well as other areas requiring mandatory review per Clause 49 of the Listing Agreement with the stock exchanges. The powers of the Audit Committee, inter-alia, include seeking information from any employee, directing the Company's internal Audit function, obtaining outside legal or other professional advice and investigating any activity of the Company within the Committee's terms of reference.

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

Subsidiary Companies

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

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

Abridged Financial Statements

In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 read with clause 32 of Listing Agreement as modified by SEBI circular no. CIR/CFD/DIL/7/ 2011dated October 5, 2011 in line with the green initiative of Ministry of Corporate Affairs vide their circular dated April 29, 2011, the Board of directors has decided to circulate the abridged annual report containing salient features of the balance sheet and profit and loss account to the shareholders for the financial year 2012. Full version of the annual report will be available on Company's website www.federalmogulgoetze.com and will also be made available to investors upon request.

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

Directors' Responsibility Statement

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

- In the preparation of annual accounts the applicable accounting standards have been followed and that there have been no material departures;
- The Directors have selected such accounting policies and applied them consistently, except to the extent of deviations required for the better presentation of the accounts and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December 2012 and of the profit of the Company for the year ended on that date;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts of the Company on a going concern basis.

Directors

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

Mr. Dan Brugger has resigned as Whole Time Finance Director of the Company w.e.f 28th February, 2013. The Board records its sincere appreciation for the valuable contribution made by Mr. Dan Brugger during his tenure with the Company. In the Board meeting held on 28th February, 2013, the Board appointed Mr. Vikrant Sinha as Whole Time Finance Director & CFO of the Company.

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

Public Deposits

As at 31st December, 2012, your company had no unclaimed Fixed Deposits. No fresh/ renewed deposits were accepted during the financial year. There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of your Company's Schemes.

Auditors

M/s. S.R. Batliboi & Co., Chartered Accountants, Statutory Auditors have resigned w.e.f October 5, 2012. M/s Walker, Chandiok & Co., Chartered Accountants, New Delhi (Firm Registration No. 001076N) have been appointed (w.e.f November 12, 2012) as Auditors of the Company, by postal ballot, to fill the casual vacancy caused by the resignation of former Statutory Auditors to hold office till the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment for the year 2013. They have furnished a certificate to the effect that the re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

Human Resources

The employee relations have remained cordial throughout the year and industrial harmony was maintained. Measures for the safety, training and development of the employees, continued to receive top priority. The total number of salaried and hourly paid employees, as at 31 December, 2012, stood at 4535.

Safety, Health and Environment Protection

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

Corporate Social Responsibility

As part of the Corporate Social Responsibility, your Company sponsored a program in SOS Children's Village of India for the education of 171 girls at Bengaluru and Rajpura. The main objective of the program is to ensure the regular education and sustainable academic performance. Accordingly, during the year 2012, your Company contributed an amount of Rs. 20,52,000/- to SOS Children's Village.

Cautionary Statement

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

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

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

Particulars of Employees

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

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

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

Acknowledgement

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

For and on behalf of the Board

Bernhard Motel — Director
Sunit Kapur — Managing Director

Place: Gurgaon

Date: February 28, 2013

ANNEXURE TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- Efficiency improvement of air compressors through arresting of air leakages and relay out of pipe lines from underground to over head.
- Installation of refrigerant type air driers.
- Replacement of inefficient reciprocating compressors with screw compressors
- Improvement in water line used for die cooling process.
- Implementation of energy efficient Silicon Crucible.
- Introduction of medium frequency Induction furnace.
- Improved Power factor through installation of additional capacitors.
- Conventional type heating system replaced with Fibrothal heating system
- Optimum use of Continuous running of sealed quench furnace

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

- Replacement of very old inefficient reciprocating air compressors in Piston group.
- Installation of Refrigerant type air drier of 1000 cfm at Piston.
- Energy management system.
- Solar Energy System for lightening.
- Energy audit of the Plant.
- Use of energy efficient motors and lighting system.

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

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

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

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

- Product development for engines with alternate fuels such as CNG & LPG
- Product development to meet the Emission regulations
- Product development for friction reduction, reduction in lube oil consumption and improving specific fuel consumption
- Product development for reduced piston weight(Elasto oval 2)
- Introduction of different materials and coatings
- Design Optimization through FE analysis
  a. New material models tested for LVD, HD and gasoline pistons
  b. New contact formulations tested to reduce cycle time and to improve pin bore results.
  c. New flexible liner methodology to improve skirt results
  d. Pin fatigue analysis
- Introduction of ID & OD machining technology for rings
- Implementing horizontal Die casting technology for Light Vehicle Diesel pistons
- Implementation of High Strength alloy for light vehicle diesel and gasoline pistons
- Galley cooled pistons production to meet BSIV & BSV emission norms
- Implementation of new coatings for friction & wear protection for pistons
- New ring configurations to meet lower fuel and lube oil consumptions

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

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

3. Future plan of action

- To develop parts for the engines meeting improved performance in terms of fuel consumption, friction and lube oil consumption.
- To work upon better skirt coating materials (AV19 under trials).
- To develop parts for the engines meeting the emission regulations.
- To continue development of new products in a cost efficient manner.
- To upgrade the technology
- Implementation of Magma for casting simulation
- To develop parts for the engines meeting improved performance in terms of fuel consumption, friction and lube oil consumption.
- Low Cost Automation
- Installation of facilities for thin rings with Napier rings with serrations on OD
- To increase capacity for Chrome Ceramic Rings

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

Capital:	Nil
Recurring:	Rs. 36.32 million
Total	Rs. 36.32 million

Total R & D Expenditure as a percentage of total turnover: 0.30%

Technology absorption, adaptation and innovation

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

- The Company has successfully absorbed the technology for the manufacture of piston assembly conforming to Euro II, III, IV and E V standards for Gasoline/Diesel/CNG applications.
- Development of low Cost Anodising Process
- Installation of efficient Plating process for Piston Rings
- Installation of robotic Casting Machines i.e MLDB and Fata
- Implementation of High Strength Alloys for diesel and gasoline pistons

2. Benefits derived as a result of above efforts;

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

3. Import of Technology

Technology for	Year of Import	Status
Fata die design / Manufacture	2009	Implemented
Hard anodizing of ring grooves	2009	Implemented
Development of high strength piston material	2010	Implemented
Thin Napier Ring with serrations on OD	2010	Implemented
AV11D coating for pistons	2010	Implemented
Saltcore cleaning equipment	2010	Implemented
Automatic circlip, pin and laser marking	2010	Implemented
Crater Bond Checking Instrument	2010	Implemented
Salt Core Manufacturing	2011	Implemented
Introduction of ID & OD machining technology for rings	2011	Implemented
Development of Tapered contact land oil rings	2011	Trial Successful
Ring Peripheral Coating	2011	In Production
Horizontal Casting of Pistons	2011	In Production
Gallery cooled pistons manufacturing	2011	In Production
New Surface coating materials AV13D	2011	In Production
Robotic casting technology	2011	In Production
Raised Cooling gallery piston	2012	Implemented
Sintered saltcore	2012	Under Trials

Foreign Exchange Earnings & Outgo

1. Exports: The Company made exports worth Rs.771.12 million for the year under review as compared to Rs. 838.94 million for the corresponding previous year.
2. Foreign exchange earned : Rs 771.12 million
   Foreign exchange utilized Rs. 235.60 million

CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY

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

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

2. BOARD OF DIRECTORS

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

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

b) **Details of Board Meetings held during the year 1st January 2012 to 31st December, 2012**

Date of Meeting	Board Strength	No. of Directors Present in person	No. of Directors Present through conference call
29th Febuary,2012	5	4	1
8th May,2012	4	3	Nil
8th May,2012	5	4	1
9th August,2012	5	5	Nil
5th October,2012	5	4	Nil
14th November,2012	5	3	Nil

Information placed before the Board :

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

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

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

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

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

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

In the Board Meeting held on 28th February, 2013 Mr. Vikrant Sinha was appointed as an Additional Director, effective 28th February, 2013. The Board also appointed him as Whole Time Finance Director & CFO of the Company for a period of 5 years, effective 28th February, 2013.

Mr. Vikrant Sinha aged 52 years is a Management Accountant from the Institute of Cost Accountants of India and has also done MBA from Manchester Business School, Manchester, UK. Mr. Vikrant Sinha has around 28 years of rich experience in the filed of Business Finance, including Accounting, Controlling, Treasury, Tax, Internal Control and Corporate Finance, M&A, Business Restructuring, and Risk Management. He has international exposure covering several countries and cross-functional experience in various areas. Mr. Vikrant Sinha began his career in Tata Steel in 1984 and joined Federal Mogul group in 1995. He has been instrumental in bringing about significant process improvements in accounting and management reporting.

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

Name of the Director	Category	For the year from 1st January 2012 to 31st December, 2012 Attendance at		As on 31st December, 2012		
		Board Meeting (Total Meetings held - 6)	Last AGM 11th June 2012	Number of Directorships of other Indian Public Limited Companies (Note1)	Committee Memberships (Note 2)	
					Member	Chairman
Mr. Jean de Montlaur (resigned w.e.f 23rd April, 2012)	MD&P	1	No	-	-	-
Mr. Sunit Kapur (appointed w.e.f 8th May, 2012)	MD	4	Yes	3	2	1
Mr. Dan Brugger (resigned w.e.f 28th Feb., 2013)	WTFD & CFO	5	Yes	2	1	1
Mr. Rainer Jueckstock (resigned w.e.f 8th May,2012)	NED	1	No	-	-	-
Mr. Bernhard Motel (appointed w.e.f 8th May,2012)	NED	2	No	Nil	2	Nil
Mr. Mukul Gupta	NEID	6	Yes	Nil	1	1
Mr. K.N. Subramaniam	CNEID	6	Yes	Nil	2	Nil

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

Code of Conduct

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

3. AUDIT COMMITTEE

a) Composition and Terms of Reference

Presently, the Audit Committee comprises of two Non-Executive Independent Directors and one Non-Executive Director viz. Mr. Mukul Gupta, Chairman (Non-Executive Independent Director), Mr. K.N. Subramaniam, Member (Non-Executive Independent Director) and Mr. Bernhard Motel, Member.

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

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

b) Meetings and Attendance

Details of Audit Committee Meetings held during the year 1st January 2012 to 31st December, 2012

Date of Meeting	Strength of Committee	No. of Members present in person	No. of Members Present through conference call
29th February , 2012	3	2	1
8th May, 2012	3	2	Nil
9th August, 2012	3	3	Nil
5th October, 2012	3	2	Nil
14th November,2012	3	2	Nil

Audit Committee Members Attendance during the Accounting year 2012

Name	Total Meetings held	No. of meetings attended in person	No. of meetings attended through Conference Call
Mr. Mukul Gupta (Chairman)	5	5	Nil
Mr. K.N. Subramaniam	5	5	Nil
Mr. Rainer Jueckstock (resigned w.e.f 8th May, 2012)	5	Nil	1
Mr. Bernhard Motel (appointed w.e.f 8th May,2012)	5	1	Nil

The Audit Committee meeting was also held on 28th February, 2013 to, inter-alia, consider the reappointment of Walker, Chandiok & Co, Chartered Accountants (Firm Registration No. 001076N), as Statutory Auditors of the Company for the Year 2013, review of the audited financial results and Annual Accounts for the year ended 31st December 2012 with the statutory auditors and recommend the same to the Board for approval.

4. REMUNERATION COMMITTEE

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

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

a) Meetings and Attendance

Details of Remuneration Committee Meetings held during the year 1st January, 2012 to 31st December, 2012

Date of Meeting	Strength of Committee	No. of Members present in person	No. of Members Present through conference call
8th May,2012	3	2	Nil

b) Remuneration Committee Members Attendance during the year,2012

Name	Total Meetings held	No. of meetings attended in person	No. of meetings attended through Conference Call
Mr. K.N. Subramaniam (Chairman)	1	1	Nil
Mr. Mukul Gupta	1	1	Nil
Mr. Bernhard Motel (appointed w.e.f 8th May, 2012)	1	Nil	Nil

Details of Remuneration to Directors for the year ended 31st December, 2012

Name of Executive Directors	Remuneration for the year ended 2012	(Rs. In lacs)	Service contract
Mr. Jean de Montlaur	- Salaries	387.49	Resigned w.e.f. 23.04.2012
	- Contribution to Provident & Other funds	8.88	
	-Other Perquisites	61.75	
		458.11	
Mr. Dan Brugger	- Salaries	148.53	Resigned w.e.f. 28.02.2013
	- Contribution to Provident & Other funds	8.14	
	- Other Perquisites	19.24	
		175.91	
Mr. Sunit Kapur	- Salaries	87.61	08.05.2012 to 07.05.2017
	- Contribution to Provident & Other funds	2.75	
	- Other Perquisites	1.17	
		91.52	

Notes:
1. During the period under review, the Non-Executive Independent Directors received sitting fees of Rs. 20,000/- each for the meetings of the Board, Audit Committee, Shareholders' / Investors' Grievance Committee, Remuneration Committee, and Rs. 15,000/- each for Share Transfer Committee meetings attended by them. There are no other pecuniary relationships or transactions with the Company.
2. The Company does not have any stock option scheme.

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

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

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

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

- Mr. Khalid Khan, Company Secretary of the Company has been nominated as the compliance officer for this purpose.

A) Meetings and Attendance

Details of Shareholders'/ Investors' Grievance Meetings held during the year 1st January 2012 to 31st December, 2012

Date of Meeting	Strength of Committee	No. of Members Present in person	No. of Members Present through conference call
29th February, 2012	5	4	Nil
8th May, 2012	5	3	Nil
9th August 2012	5	5	Nil
14th November, 2012	5	4	Nil

B) Shareholders'/Investors' Grievance Committee Members Attendance during the year 2012

Name	Total Meetings held	No. of Meetings attended in person	No. of Meetings attended through Conference Call
Mr. Rainer Jueckstock (Chairman) (resigned w.e.f 8th May, 2012)	4	Nil	Nil
Mr. Bernhard Motel (Chairman) (appointed w.e.f 8th May,2012)	4	1	Nil
Mr. Mukul Gupta	4	3	Nil
Mr. K.N. Subramaniam	4	3	Nil
Mr. Jean de Montlaur (resigned w.e.f 23rd April, 2012)	4	1	Nil
Mr. Dan Brugger (resigned w.e.f 28th February, 2013)	4	3	Nil
Mr. Sunit Kapur (appointed w.e.f 8th May,2012)	4	1	Nil

- Details of number of investor complaints for the year ended 31 December, 2012 are : Beginning 0 , Received 0, Disposed off 0, Pending 0.
- The letters received from shareholders for routine matters such as requests for revalidation of dividend warrants; non-receipt of Annual Report, Dividend warrants were redressed/resolved/replied promptly in usual and proper manner to the entire satisfaction of the shareholders.
- There were no requests pending for Share Transfer or Transmission as on 31st December, 2012. Further, there were no request pending for demat as on 31st December, 2012.
- The Company has transferred the matured deposits, interest thereon remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund set up by the Central Government pursuant to the provisions of Section 205A, read with Section 205C of the Companies Act, 1956. During the year ended 31 December, 2012 the Company has credited a sum of Rs. 12,05,005/- to the Investor Education and Protection Fund pursuant to the said provisions.

7. ANNUAL GENERAL MEETINGS

Year	Location	Date & Time	Whether any special resolution passed
55th AGM (2009)	Sri Sathya Sai International Centre, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003	25th June, 2010 10.00 A.M.	1. To consider and approve the waiver of refund of the excess remuneration paid to Mr. Arun Anand, erstwhile Vice Chairman, Managing Director & CEO, for the period from 1st April 2006 to 31st December, 2006.
56th AGM (2010)	Sri Sathya Sai International Centre, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003	9th May 2011 3.00 P.M.	No
57th AGM (2011)	Sri Sathya Sai International Centre, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003	11th June, 2012 3.00 P.M.	1. To consider and approve the appointment and terms of appointment of Mr. Sunit Kapur as the Managing Director of the Company

Postal Ballot:

During the year 2012, the Company sought approval from its shareholders for passing Ordinary Resolution through the process of Postal Ballot in accordance with the provisions of Section 192A of the Act read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011.

The Company had appointed Mr. Sanjay Grover, Practicing Company Secretary as the Scrutinizer for conducting the entire Postal Ballot process in a fair and transparent manner.

The declared results of the Postal Ballot were announced through newspapers and were also displayed on the website of the Company, www.federalmogulgoetze.com . Details of the same are given below:

Resolutions passed on 12th November, 2012 (Notice dated 5th October, 2012) Particulars Details/Dates

RESULT OF POSTAL BALLOT

Pursuant to the Postal Ballot Notice dated 5th October, 2012 result of Postal Ballot was declared on 12th November, 2012 at the registered office of the company at 1600 Hours. Result of the Postal Ballot, declared on the basis of scrutinizer's report is summarized as follows:

- **Particulars:** Approval of the appointment of M/s Walker, Chandiok & Co. Chartered Accountants (Firm Registration No. 001076N), New Delhi as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of the former Statutory Auditors M/s S.R. Batliboi & Co. Chartered Accountants (Firm Registration No. 301003E).
- **Resolution required:** Ordinary
- **Mode of voting:** Postal Ballot/ E-voting

Promoter/ Public	No. of Shares held (1)	No. of vote polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)] *100	No. of Votes - in favour (4)	No. of Votes against (5)	% of Votes in favour of votes polled (6)=[(4)/(2)]*100	% of Votes in against on vote polled (7)=[(5)/ (2)]*100
Promoter and Promoter Group	4,17,15,454	4,17,15,454	100%	4,17,15,454	0	100%	0%
Public- Institutional holders	74,69,737	1,02,332	1.36%	94,202	0	92.05%	0%
Public - Others	64,46,939	6,054	0.09%	5,460	185	90.18%	3.05%
Total	5,56,32,130	4,18,23,840	75.17%	4,18,15,116	185	99.97%	0%

Accordingly, the Ordinary Resolution as set out in the Postal Ballot Notice has been approved by the Shareholders with requisite majority.

No further resolutions have been passed by the Company's shareholders during the year ended 31st December 2012. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

7. DISCLOSURES

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

8. MEANS OF COMMUNICATION

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

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

9. GENERAL SHAREHOLDERS INFORMATION

a. 58th Annual General Meeting	
- Date and Time	10th May, 2013 at 3.00 P.M.
- Venue	Sri Sathya Sai International Centre Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003
b. Financial Year	January 1 to December 31
c. Financial Calendar (Tentative)	
- Results for the quarter ending March 31, 2013	Last week of April 2013
- Results for the quarter/half year ending June 30, 2013	Last week of July 2013
- Results for the quarter/period ending September 30, 2013	Last week of October 2013
- Results for the quarter/year ending 31 December, 2013	Last week of February, 2014
- Annual General Meeting for the year ending 31 December, 2013	Last week of June 2014
d. Book Closure date	29th April, 2013 to 10th May, 2013 (both days inclusive)
e. Listing on Stock Exchanges	**- Bombay Stock Exchange Limited** Phiroze JeeJee Bhoy Towers, Dalal Street, Mumbai-400001 **- The National Stock Exchange of India Ltd.,** Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai. **(See Note)**
f. Stock Code	Mumbai Stock Exchange-505744 National Stock Exchange-FMGOETZE
ISIN No.-NSDL	INE 529A01010
- CDSL	INE 529A01010

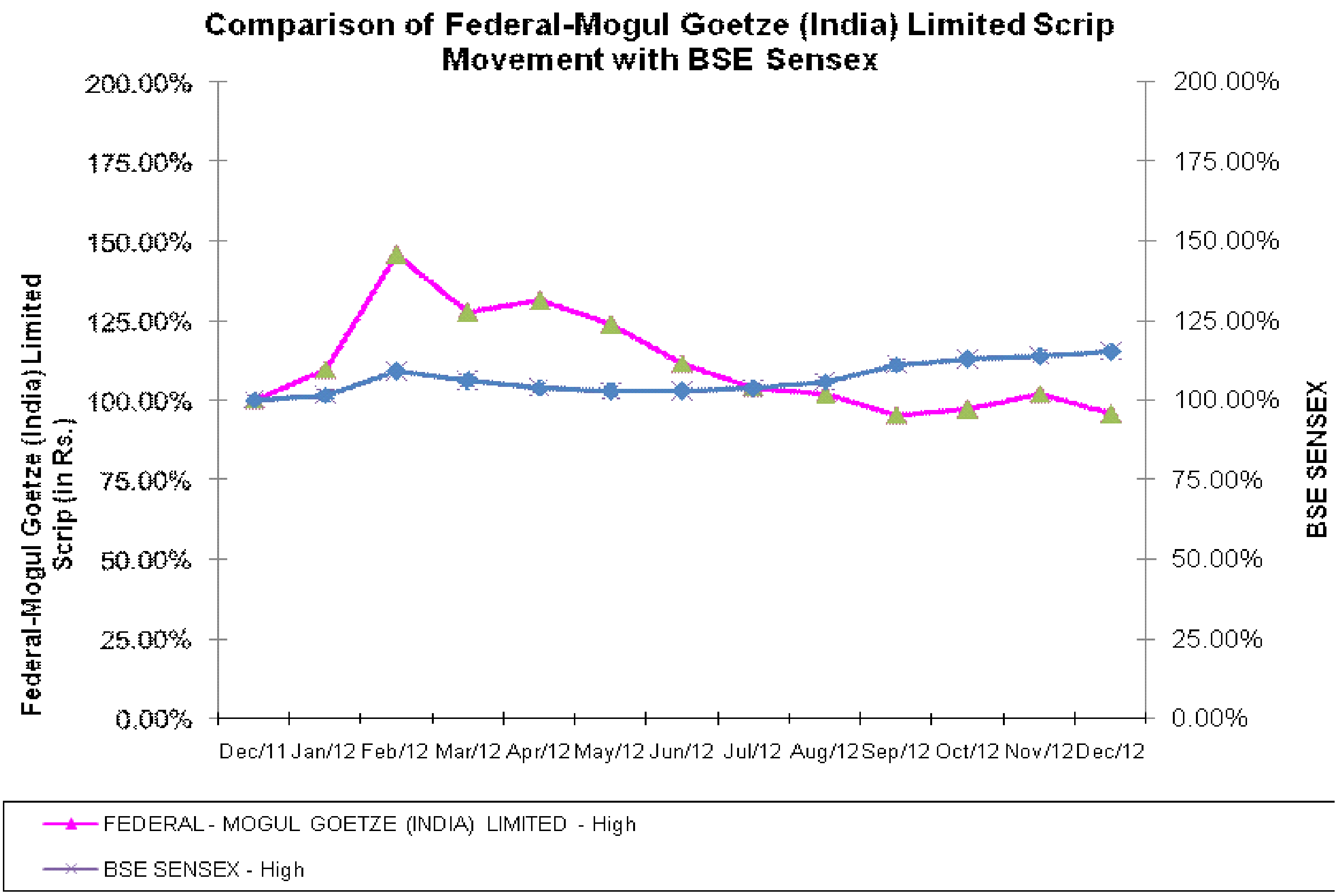
Note: Listing Fees for the year 2012-2013 has been paid to both, Bombay Stock Exchange Limited and National Stock Exchange. Annual custodian charges of Depository have also been paid to NSDL and CDSL.

g. Stock Market Data*

	Bombay Stock Exchange, Mumbai				National Stock Exchange, Mumbai			
	Federal-Mogul Goetze (India) Limited's Share Price (Rs.)		Sensex		Federal-Mogul Goetze (India) Limited's Share Price (Rs.)		S&P CNX Nifty	
Month	High	Low	High	Low	High	Low	High	Low
Dec 2011	230.00	193.80	17003.71	15135.86	231.60	193.30	5099.25	4531.15
Jan 2012	252.00	190.45	17258.97	15358.02	251.00	196.95	5217	4588.05
Feb 2012	335.00	249.60	18523.78	17061.55	335.00	242.35	5629.95	5159
Mar 2012	292.90	252.50	18040.69	16920.61	298.90	250.25	5499.4	5135.95
April 2012	302.00	255.00	17664.10	17010.16	302.95	266.30	5378.75	5154.3
May 2012	284.40	251.00	17432.33	15809.71	288.00	226.00	5279.6	4788.95
June 2012	256.50	216.20	17448.48	15748.98	261.65	215.90	5286.25	4770.35
July 2012	239.00	202.10	17631.19	16598.48	235.00	202.00	5348.55	5032.4
Aug. 2012	234.00	193.25	17972.54	17026.97	234.00	206.25	5448.6	5164.65
Sept. 2012	219.03	200.50	18869.94	17250.80	218.30	202.30	5735.15	5215.7
Oct. 2012	223.30	195.05	19137.29	18393.42	210.75	194.50	5815.35	4888.2
Nov 2012	234.40	192.50	19372.70	19149.03	219.25	191.60	5885.25	5548.35
Dec. 2012	219.50	194.00	19612.18	19149.03	216.00	193.00	5965.15	5823.15

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

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



i. Share Transfer System

- Alankit Assignments Limited, RTA Division, 2E/21, Jhandewalan Extension, New Delhi 110055 is acting as the Registrar and Transfer Agent for the Equity Shares of the Company, w.e.f 1st May 2005 to provide services in both Physical and Electronic Mode.
- The authority relating to share transfer has been delegated to the Share Transfer Committee. Presently, the Share Transfer Committee comprises of Mr. Vikrant Sinha, Chairman, Mr. Mukul Gupta, Mr. K.N. Subramaniam and Mr. Sunit Kapur as Members.
- Valid share transfers in physical form and complete in all respects are normally approved and registered generally within a period of a fortnight by the Share Transfer Committee. Valid demat requests are cleared twice in a week. The committee met 20 times during the year 2012 for approving transfers, transmission etc.
- Pursuant to clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis, have been issued by the Company Secretary in practice for due compliance of share transfer formalities by the Company.

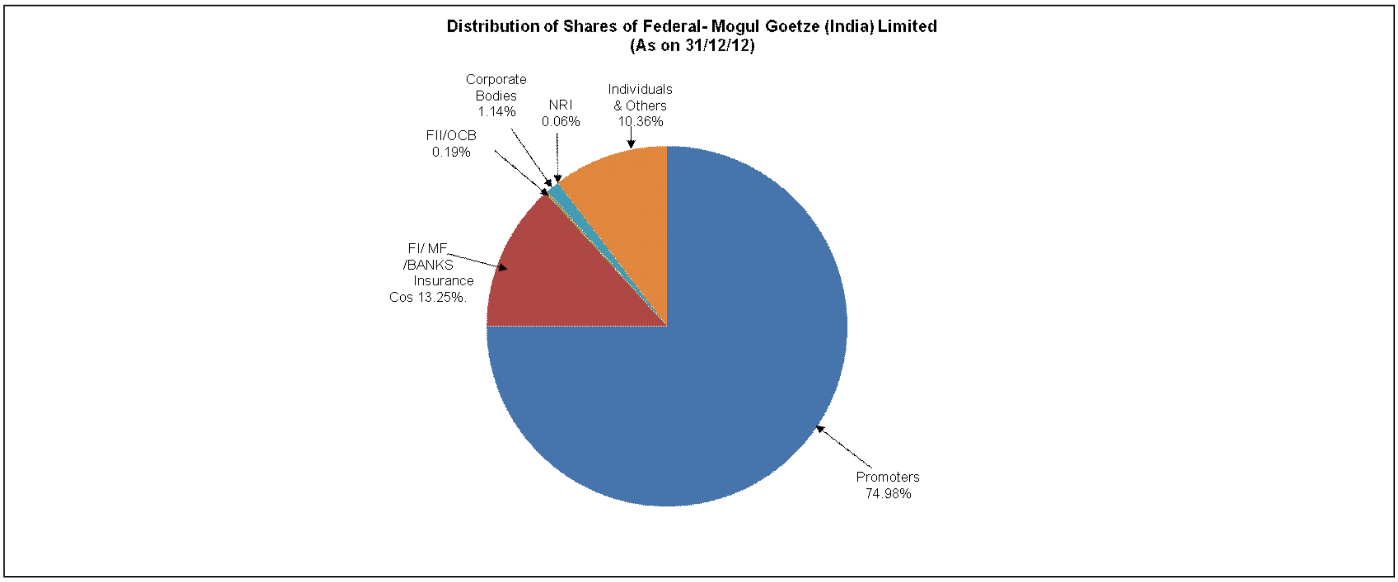
j. Distribution Schedule as on 31/12/2012

A] On the basis of shares held

No. of shares	No. of Shareholders	Percentage to total Shareholders	No. of shares held	Percentage to total shares held
UPTO 5000	19309	99.60	2525248	4.54
5001 - 10000	37	0.19	268248	0.48
10001 - 20000	13	0.07	181599	0.33
20001 - 30000	4	0.02	102484	0.18
30001 - 40000	3	0.02	105317	0.19
40001 - 50000	2	0.01	90718	0.16
50001 -100000	2	0.01	130439	0.24
ABOVE 100000	16	0.08	52228077	93.88
TOTAL	**19386**	**100.00**	**55632130**	**100.00**

B] On the basis of Category

Category	No. of Shareholders	Percentage to total Shareholders	No. of shares held	Percentage to total shares held
INDIVIDUALS	18861	97.29	5760207	10.35%
CORPORATE BODIES	352	1.82	633799	1.14%
FINANCIAL INSTITUTIONS / MUTUAL FUNDS/ BANKS/ INSURANCE COMPANIES	24	0.12	7372749	13.25%
NON-RESIDENT INDIANS	130	0.67	35825	0.06%
FOREIGN INSTITUTIONAL INVESTORS/ OVERSEAS CORPORATE BODIES	11	0.06	108033	0.19%
PROMOTERS (NON-RESIDENT COMPANY)	2	0.01	41715454	74.98%
OTHERS	6	0.03	6063	0.01%
TOTAL	**19386**	**100.00**	**55632130**	**100.00**



k. Dematerialization of shares and Liquidity

As on 31st December 2012, 98.96% of the Equity Capital of the Company has been dematerialized .The shares of the company are traded on Bombay Stock Exchange Limited Mumbai and the National Stock Exchange of India Limited, Mumbai and have good liquidity.

l. Outstanding GDR's / ADR's / Warrants Or any convertible instruments, conversion date and likely impact on equity. None

m. Plant Locations :

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

n. Corporate office:

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

Registered office:

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

o. Registrar and Share Transfer Agent

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

p. Compliance Officer :

Mr. Khalid Khan, Company Secretary

For and on behalf of the Board

Sunit Kapur
Managing Director

Bernhard Motel
Director

Date : February 28, 2013.
Place : Gurgaon

DECLARATION OF MD

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copy of same is posted on the website of the Company viz. www.federalmogulgoetze.com. Further certified that the Members of the Board and Senior Management Personnel have affirmed their compliance with the Code for the year ended 31st December, 2012.

Date : February 28, 2013
Place : Gurgaon

Sunit Kapur
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

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

We have examined the compliance of conditions of Corporate Governance of Federal-Mogul Goetze (India) Limited for the year ended 31st December, 2012 as stipulated in Clause 49 of the Listing Agreement of Company with the Stock Exchange in India.

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

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

We state that in respect of Investors grievances received during the year ended 31st December 2012, no investor grievances were pending against the Company for a period exceeding one month as per the records maintained by the Company which were presented to the shareholders/Investor Grievance Committee. All the investor grievances against the Company were resolved amicably.

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

For DEEPIKA GERA,
COMPANY SECRETARIES

Place : New Delhi
Date : February 28, 2013

DEEPIKA GERA
C.P. No. : 7487

AUDITOR'S REPORT

To

The Members of Federal-Mogul Goetze (India) Limited

1. We have audited the attached Balance Sheet of Federal-Mogul Goetze (India) Limited ('the Company'), as at 31 December 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act') , we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. *As detailed in note 47 of the accompanying financial statements, the Company is pursuing a matter regarding certain discrepancies noted in availing sales tax benefits. The matter is currently pending with the appropriate authorities, management based on certain internal assessment has accrued a provision to an extent of Rs. 625.81 lacs (including estimated interest and penalties) to meet future tax obligations. Out of this provision, the Company has deposited Rs 398.03 lacs with the appropriate authorities during the year. However, the extent of exact future liabilities that may arise is presently not determinable. Accordingly, we are unable to comment upon the adequacy of provision recorded in this respect and the consequential impact of the outcome of the proceedings.*

5. We report that: -

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The financial statements dealt with by this report are in agreement with the books of account;

   (d) On the basis of written representations received from the directors, as on 31 December 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (e) *Subject to our comments in Para 4 above,* in our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

   (i) the Balance Sheet, of the state of affairs of the Company as at 31 December 2012;

   (ii) the Statement of Profit and Loss, of the loss for the year ended on that date; and

   (iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For Walker, Chandiok & Co
Chartered Accountants
Firm Registration No. 001076N

per David Jones
Partner
Membership No.: 98113

Place : New Delhi
Date : February 28, 2013

Annexure to the Auditors' Report of even date to the members of Federal-Mogul Goetze (India) Limited, on the financial statements for the year ended 31 December 2012

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

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

   (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

   (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

iii. (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii)(d) of the Order are not applicable.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

iv. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

v. (a) The Company has not entered into any contracts or arrangements referred to in Section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.

vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not done a detailed examination of the cost records with a view to determine whether they are accurate or complete.

ix. a) 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, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, *except in case of Undisputed amounts payable in respect of Central Sales Tax, which is outstanding at the year-end for a period of more than six months from the date they became payable are as follows:*

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Due Date	Date of Payment
Central Sales Tax	Liability related to CST	236.78 lacs	FY 2005-06 to FY 2008-09	-	-

b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	**Nature of dues**	**Amount (Rs. Lacs)**	**Period to which the amount relates**	**Forum where dispute is pending**
The Central Excise Act,1944	Trade discount	33.74	2000 - 2004	Joint Commissioner of Central Excise, Banguluru
The Central Excise Act,1944	Excise duty on turnover discount	42.71	2000 - 2003	Central Excise and Service Tax Appellate Tribunal, Chennai
The Central Excise Act,1944	Excise duty on turnover discount	214.50	2001 - 2006	Central Excise and Service Tax Appellate Tribunal, Chandigarh
The Central Excise Act,1944	Cenvat credit availed twice	5.04	2005-07	Central Excise and Service Tax Appellate Tribunal, Banguluru
The Central Excise Act,1944	Demand on removal of non-saleable stock removed from RG-1	8.57	July 2005 to December 2005	Central Excise and Service Tax Appellate Tribunal, Banguluru
The Central Excise Act,1944	Excise duty on capital goods	3.19	2010-11	Assistant Commissioner (Central Excise), Bhiwadi, Rajasthan
The Central Excise Act,1944	Classification of Light metal cylinder casting	6.97	1998-1999	Joint Commissioner of Central Excise, Patiala Punjab
The Central Excise Act,1944	Demand on sale of various types of scrap	3.33	2001.2002	Joint Commissioner of Central Excise, Patiala Punjab
The Central Excise Act,1944	Demand in respect of Modvat credits on Input and Capital goods	6.17	1995-1996,1997-1998, 1998-1999,2003-2004	Joint Commissioner of Central Excise, Patiala Punjab
The Central Excise Act,1944	Modvat credit on grinding wheels, stones, honing sticks	9.34	1987-1990	Honorable High Court of Punjab and Haryana
The Central Excise Act,1944	Interest on reversal of SAD	14.02	2000-2001	Central Excise & Service Tax Appellate Tribunal, Chandigarh
The Central Excise Act,1944	Conversion of Aluminum Scrap into Ingots from Colts department	15.14	2000-2002	Honorable Supreme Court
Finance Act, 1994 (Service Tax)	Input tax credit on various expenses	0.09	2008-2009	Commissioner (Appeals), Jaipur, Rajasthan
Finance Act, 1994 (Service Tax)	Input tax credit on various expenses	79.02	2009-2010 to 2011-2012	Superintendent, Bhiwadi, Rajasthan
Finance Act, 1994 (Service Tax)	Input tax credit on various expenses	895.38	2005-2011	Central Excise and Service Tax Appellate Tribunal, Banguluru
Finance Act, 1994 (Service Tax)	Input tax credit on various expenses	153.84	2010-12	Commissioner of Central Excise, Banguluru
Finance Act, 1994 (Service Tax)	Disallowance of service tax credit on various services	96.11	2005-2011	Joint Commissioner of Central Excise, Patiala, Punjab
Finance Act, 1994 (Service Tax)	Disallowance of service tax credit on various services	19.18	2006-2007	Central Excise and Service Tax Appellate Tribunal, Chandigarh
Finance Act, 1994 (Service Tax)	Input credit on various services	5.09	2008-09	Superintendent Audit, Patiala, Punjab
Finance Act, 1994 (Service Tax)	Service tax on royalty and technical know how	39.95	1999-2005	Joint Commissioner of Central Excise, Patiala, Punjab
Finance Act, 1994 (Service Tax)	Payment of Service Tax under GTA on inwards/outwards freight	67.02	2005-2008	Joint Commissioner of Central Excise, Patiala, Punjab
Finance Act, 1994 (Service Tax)	Availment of Cenvat on Job work charges	152.21	2011-2012	Commissioner Central Excise, Banguluru
Finance Act, 1994 (Service Tax)	Payment of Service Tax under GTA	78.14	2009-2012	Superintendent
Finance Act, 1994 (Service Tax)	Input tax credit on various expenses	4.28	2011-2012	Superintendent
Karnataka VAT Act, 2003	Difference in VAT rates (classification issue)	301.38	1998-1999 to 2001-2002 and 2007-08	Honorable High Court of Karnataka
Karnataka VAT Act, 2003	Difference in VAT rates (classification issue)	278.51	2005-06	Honorable High Court of Karnataka

Name of the statute	Nature of dues	Amount (Rs. Lacs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Disallowance of expenditure in relation to exempt income	3.05	2000-2001	Honorable High Court
Income tax Act, 1961	Disallowance of expenditure in relation to exempt income	10.59	2001-2002 & 2004-05	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Interest free loan to subsidiary	105.48	2006-07 & 2007-2008	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of development expenditure treated as capital in nature	68.45	2001-2002	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of development expenditure treated as capital in nature	11.61	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of prior period expenses	92.64	2001-2002 & 2007-2008	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of prior period expenses	57.57	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Depreciation not allowed on assets of inactive Vegetable Oil Division	10.17	2001-2002	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Depreciation not allowed on assets of inactive Vegetable Oil Division	9.53	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Loss in relation to diminution in value of shares disallowed	12.39	2001-2002	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of Commission and brokerage expenses for facilitating loan funds	6.52	2001-2002	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of Commission and brokerage expenses for facilitating loan funds	37.76	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of loan processing fees paid to bank	33.99	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of foreign exchange fluctuation loss	5.04	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Brought forward losses of the amalgamating company denied	5,674.45	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of filing fees for increasing authorized share capital of the Company	2.21	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance for amalgamating expenses	0.69	2002-03	Income Tax Appellate Tribunal
Income tax Act, 1961	Provision for expenses disallowed	85.17	1997-1998	Honorable High Court
Income tax Act, 1961	Provision for expenses disallowed	57.64	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of proportionate royalty expense	39.52	2003-2004 & 2005-2006	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of proportionate royalty expense	103.47	2004-2005 & 2007-2008	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Distribution of gift coupons to shareholders at Annual General Meeting	16.54	1995-1996 & 1996-1997	Honorable High Court
Income tax Act, 1961	Disallowance of exemption on dividend	66.55	1998-1999	Honorable High Court
Income tax Act, 1961	Addition of Revaluation Reserves to book profits	16.71	1998-1999	Honorable High Court
Income tax Act, 1961	Provision for diminution in the value asset added to book profits	38.75	2005-2006	Income Tax Appellate Tribunal
Income tax Act, 1961	Apportionment of common administrative costs	1.52	1997-1998	Honorable High Court
Income tax Act, 1961	Disallowance of lease rent expenses	345.80	1997-1998	Honorable High Court
Income tax Act, 1961	Applicability of interest u/s 234D	0.51	2000-2001	Honorable High Court
Income tax Act, 1961	Disallowance of expenditure in relation to exempt income	21.21	1999-2000	Honorable High Court
Income tax Act, 1961	Addition to Revaluation Reserves to book profits	17.65	1999-2000	Honorable High Court
Income tax Act, 1961	Loss in relation to diminution in value of shares disallowed	19.23	2004-2005	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of Club expenses	2.80	2007-2008	Commissioner Income Tax (Appeals)
Delhi VAT	VAT on assets transaferred to Anil Nanda	64.98	2007-2008	Commissioner (Appeals), Delhi
UP VAT	Difference in VAT rates (classification issue)	82.78	2007-2008	Commissioner (Appeals), Ghaziabad
Karnataka Tax on Entry of Goods Act, 1979	Entry tax on import of capital goods	147.67	2006-2007	Honorable Supreme Court
Karnataka Tax on Entry of Goods Act, 1979	Entry tax on import of capital goods	116.52	2007-2008	Honorable Supreme Court
Karnataka Tax on Entry of Goods Act, 1979	Entry tax on import of capital goods	118.00	2008-2009	Honorable Supreme Court
Karnataka Tax on Entry of Goods Act, 1979	Entry tax on import of capital goods	12.43	2009-2010	Honorable Supreme Court
Karnataka Tax on Entry of Goods Act, 1979	Entry tax on import of capital goods	16.03	2010-2011	Honorable Supreme Court

x. In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

xi. The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.

xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

xiii. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

xiv. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

xv. In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, *prima facie*, prejudicial to the interest of the Company.

xvi. In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

xvii. *In our opinion, the Company has used funds raised on short-term basis for long-term investment. The Company has accepted short term borrowings amounting to Rs 5242.21 which are both repayable on demand or within one year and such funds have been invested for acquiring non-current assets of the Company.*

xviii. During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

xix. The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

xxi. According to the information and explanations given to us and as described in note 44 to the financial statements, there were certain discrepancies in respect of availing sales tax benefits at one of the units of the Company which, at present, are being further investigated by management. No fraud on or by the Company has been noticed or reported during the period covered by our audit other than the matter mentioned above.

For Walker, Chandiok & Co.
Chartered Accountants
Firm Registration No.: 001076N

per David Jones
Partner
Membership No.: 98113

Place : New Delhi
Date : February 28, 2013

FEDERAL MOGUL
GOETZE INDIA

Balance sheet and profit and loss account

Balance Sheet as at 31 December, 2012

	Schedules	As at 31 December, 2012 Rs (in lacs)	As at 31 December, 2011 Rs (in lacs)
Equity and Liabilities			
Shareholders' Funds			
Share capital	3	**5,563.21**	5,563.21
Reserves and surplus	4	**34,320.16**	35,955.90
		39,883.37	41,519.11
Non-current liabilities			
Long-term borrowings	5	-	400.00
Deferred tax liabilities (net)	6	**1,430.99**	1,459.35
Other long term liabilities	7	**245.17**	253.96
Long-term provisions	8	**5,612.27**	4,253.26
		7,288.43	6,366.57
CURRENT LIABILITIES			
Short-term borrowings	9	**19,021.30**	14,479.80
Trade payables	10	**17,108.46**	20,863.34
Other current liabilities	11	**1,984.78**	2,113.48
Short-term provisions	8	**320.50**	355.11
		38,435.04	37,811.73
TOTAL		**85,606.84**	85,697.41
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	**45,934.39**	42,434.09
Intangible assets	12.1	**15.59**	29.09
Capital work-in-progress		**3,607.26**	3,673.11
Non-current investments	13	**510.00**	1,021.42
Long-term loans and advances	14	**1,891.74**	1,495.09
Other non-current assets	15	**11.78**	50.97
		51,970.76	48,703.77
Current assets			
Current investments	16	-	1,070.92
Inventories	17	**13,346.05**	13,920.16
Trade receivables	18	**15,047.19**	15,069.79
Cash and bank balances	19	**177.09**	211.96
Short-term loans and advances	20	**4,684.57**	5,899.48
Other current assets	21	**381.18**	821.32
		33,636.08	36,993.64
TOTAL		**85,606.84**	85,697.41

Note 1 to 50 form an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date

For Walker, Chandiok & Co
Chartered Accountants

per David Jones
Partner

Place: Gurgaon
Date: February 28, 2013

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

Sunit Kapur
Managing Director

Bernhard Motel
Director

Khalid Khan
Company Secretary

Balance sheet and profit and loss account

Statement of Profit and Loss for the year ended 31 December 2012

	Schedules	For the year ended 31 December, 2012 Rs (in lacs)	For the year ended 31 December, 2011 Rs (in lacs)
REVENUE			
Revenue from operations(gross)		**1,29,961.57**	1,24,610.41
Less: Excise duty		**11,297.93**	9,398.49
Revenue from operations(net)	22	**1,18,663.64**	1,15,211.92
Other income	23	**1,408.90**	1,701.85
Total Revenue		**1,20,072.54**	1,16,913.77
EXPENSES			
Cost of raw material and components consumed	24	**43,199.75**	42,819.00
(Increase)/Decrease in Inventories	25	**(1,107.82)**	(2,441.14)
Purchase of traded goods	26	**3,600.36**	3,656.35
Employee benefit expense	27	**23,510.94**	21,331.51
Depreciation and amortization expenses	29	**6,193.52**	5,365.89
Finance cost	30	**2,988.00**	2,485.66
Other expenses	28	**42,445.91**	39,015.14
Total Expenses		**1,20,830.66**	1,12,232.41
(Loss) / Profit before exceptional items, tax and prior period items		**(758.12)**	4,681.36
Exceptional items (refer Note no.47)		**(625.81)**	-
(Loss) / Profit before tax and prior period items		**(1,383.93)**	4,681.36
Tax expense			
Current tax		**289.46**	1,626.89
MAT credit entitlement		**(9.29)**	(392.87)
Deferred tax		**(28.36)**	(116.18)
Total tax expenses		**251.81**	1,117.84
(Loss) / Profit after tax but before prior period items		**(1,635.74)**	3,563.52
Prior period income (net of tax Rs. Nil, Previous year: Rs. 103.79 lacs)	31	-	182.65
(Loss) / Profit for the year		**(1,635.74)**	3,746.17
Earnings per equity share (Rs.)	32	**(2.94)**	6.73
Basic and diluted [Nominal value of shares Rs. 10]			

Note 1 to 50 form an integral part of these financial statements.
This is the Statement of Profit & Loss referred to in our report of even date

For Walker, Chandiok & Co
Chartered Accountants

per David Jones
Partner

Place: Gurgaon
Date: February 28, 2013

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

Sunit Kapur
Managing Director

Bernhard Motel
Director

Khalid Khan
Company Secretary

Notes to financial statements for the year ended 31st December, 2012

1. a) Corporate Information

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

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

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

b) Basis of Preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

During the year ended 31 December 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year

2. Statement of Significant Accounting Policies

a) Use of estimates

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

b) Tangible fixed assets and Capital work-in-progress

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

c) Depreciation on tangible fixed assets

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

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

i) Plant and Machinery also includes self constructed machinery

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

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

d) Impairment of tangible and intangible assets

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

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

e) Intangible Assets

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

Design and drawings- over a period of 5 years on straight line basis.

f) Leases

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

g) Investments

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

h) Inventories

Inventories are valued as follows:

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

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

i) Revenue Recognition

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

i) Sale of Goods:

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

ii) Job Work:

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

iii) Interest:

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

iv) Dividends:

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date

v) Commission:

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

vi) Export Benefits/Incentives:

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

vii) Management support charges:

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

viii) Lease Income

Lease rental in respect of asset given under operating leases are recognized in the statement of profit and loss as and when they are due to be received.

j) Borrowing Costs

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

k) Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

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

l) Retirement and Other Employee Benefits

(i) Provident fund contributions are charged to profit and loss account, when contributions paid/payable are due to "Goetze India Limited Provident Fund Trust", administered by the trustees and to the Regional Provident Fund Commissioners. The Company accrues for the deficit in the Provident Fund trust as per the books of accounts of the Trust.

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

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

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

(v) **Superannuation Benefit**

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

m) Income Taxes

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

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

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

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

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

n) Earnings per Share

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

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

o) Provisions, contingent liability and contingent asset

A provision is recognized when an enterprise has a present obligation as a result of past event; 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.

Contingent Liabilities are usually not provided for, unless it is probable that the future outcome may be materially detrimental to the Company. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefits is remote.

Contingent assets are not recognized in the financial statement.

p) Cash and Cash Equivalents

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

q) Miscellaneous Expenditure

Miscellaneous expenditure representing impact of transitional provisions on adoption of notified Accounting Standard 15 (revised) and is written off over a period of 5 years.

r) Segment Reporting Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Balance sheet and profit and loss account

Notes to Accounts

3 : Share Capital

Rs (in lacs)

	As at 31 December 2012	As at 31 December 2011
Authorised		
80,000,000 (Previous Year: 80,000,000) equity shares of Rs. 10/- each.	**8,000.00**	8,000.00
	8,000.00	8,000.00
Issued, subscribed and fully paid-up shares		
55,632,130 (Previous Year: 55,632,130) equity shares of Rs.10/- each	**5,563.21**	5,563.21
	5,563.21	5,563.21

(a) There is no movement in equity share capital during the current year and previous year.

(b) Right/preferences/restriction attached to equity shares.
The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) List of shareholders holding more than 5% of the equity share capital of the Company at the beginning and at the end of the reporting year.

Name of the shareholder*	31 December 2012 No.	31 December 2012 % holding	31 December 2011 No.	31 December 2011 % holding
Equity shares of Rs 10 each fully paid				
Federal Mogul Holding Limited, Mauritius, the Parent company	**3,34,08,581**	**60.05%**	3,34,08,581	60.05%
Federal Mogul Vemogensuverwaltungs GMBH, a Fellow subsidiary company	**83,06,873**	**14.93%**	83,06,873	14.93%

*The above information is furnished as per the shareholder register at the year end.

(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Name of the shareholder*	31 December 2012 No.	31 December 2012 % holding	31 December 2011 No.	31 December 2011 % holding
Equity shares of Rs 10 each fully paid				
Federal Mogul Holding Limited, Mauritius, the Parent company	**3,34,08,581**	**60.05%**	3,34,08,581	60.05%
Federal Mogul Vemogensuverwaltungs GMBH, a Fellow subsidiary company	**83,06,873**	**14.93%**	83,06,873	14.93%

(e) The Company has not issued any equity shares pursuant to any contract without payment being received in cash, allotted as fully paid up by way of bonus issues and bought back during the last five years

4 : Reserves and Surplus

		As at 31 December, 2012		As at 31 December, 2011
Capital redemption reserve		**1,000.00**		1,000.00
Capital reserve		**56.55**		56.55
Capital subsidy		**1.12**		1.12
Securities premium account		**26,750.74**		26,750.74
Surplus in the Statement of Profit and Loss				
Opening balance	8,147.48		4,401.32	
Add: (Loss)/Profit for the year	(1,635.74)		3,746.17	
Closing balance		**6,511.75**		8,147.49
Total		**34,320.16**		35,955.90

Rs. in Lacs

	As at 31 December, 2012	As at 31 December, 2011
5. Long-term borrowings		
Term loans		
Indian rupee loan from banks (secured)	**-**	400.00
	-	400.00

1. Indian rupee loan from banks carries interest @ 15.70% p.a. The loan is repayable in monthly instalments of Rs. 33.33 lacs each along with interest, from the date of the loan, viz., December 15, 2009. The loan is secured by first parri passu charge on entire fixed assets of the Company including land and building and whole of moveable assets of the Company including plant & machinery, spares, tools and accessories, furniture & fixtures and other moveable assets of the Company.
2. Current maturities of long term borrowings amounting to Rs. 400 lacs (Previous year: Rs. 400 lacs) are included under the head ('Other current liabilities').

	As at 31 December, 2012	As at 31 December, 2011
6. Deferred tax liabilities (net)		
Deferred tax liabilities		
Impact of difference between depreciation as per tax books and depreciation and amortization charged for the financial reporting	**3,919.95**	3,438.68
	3,919.95	3,438.68
Deferred tax assets		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis		
Provision for gratuity	**1,272.48**	941.86
Royalty expenses	**359.68**	432.92
Others	**825.62**	585.76
Provision for doubtful debts	**31.18**	18.79
	2,488.96	1,979.33
Deferred tax liabilities (net)	**1,430.99**	1,459.35
7. Other long-term liabilities		
Trade deposits from dealers	**245.17**	253.96
	245.17	253.96

8. Provisions	**Long term**		**Short Term**	
	31 December, 2012	31 December, 2011	**31 December, 2012**	31 December, 2011
Provision for employee benefits				
Provision for gratuity (refer Note no. 39)	**3,921.96**	2,733.29	-	-
Provision for leave encashment	**591.25**	576.71	**86.90**	95.41
Provision for bonus	-	-	**47.38**	44.81
	4,513.21	3,310.00	**134.28**	140.22
Other provisions				
Provision for non fulfilment of export obligations (refer Note no. 46)	-	-	**186.22**	214.89
Provision for regulatory matters	**1,099.06**	943.26	-	-
	1,099.06	943.26	**186.22**	214.89
	5,612.27	4,253.26	**320.50**	355.11

	As at 31 December, 2012	As at 31 December, 2011
9. Short-term borrowings		
Secured		
Short term loans	**4,000.00**	2,400.00
Cash credit facilities from banks	**6,001.30**	6,180.61
	10,001.30	8,580.61

Rs. in Lacs

	As at 31 December, 2012	As at 31 December, 2011
Unsecured		
Inter-corporate deposit repayable on demand	**9,020.00**	5,835.00
Deposits from others	**-**	61.00
Unclaimed fixed deposits	**-**	3.19
Total	**19,021.30**	14,479.80

1. Short term loans and cash credit facilities are secured against hypothecation of current assets of the Company, both present and future. Short term loans are repayable by 31 December 2013 and cash credit facilities are repayable on demand. Secured short term borrowings carry rate of interest ranging between 10.07 % to 14.84% p.a.
2. Inter-corporate deposits are repayable on demand and carry rate of interest ranging between 9.35 % to 10.50 % p.a.

10. Trade payables

Trade payables (including acceptances) (refer Note no.44 for details of dues to micro and small enterprises)	**15,992.17**	20,528.88
Due to Subsidiary company (refer Note no.36 for details of dues to related parties)	**1,116.29**	334.46
	17,108.46	20,863.33

11. Other current liabilities

Current maturities of long-term borrowings (refer note no.5)	**400.00**	400.00
Interest accrued and due on term loans	**5.32**	10.67
Interest accrued and due on Inter corporate deposits	**76.84**	93.93
Interest accrued but not due on loans	**86.98**	38.70
Amounts due to Investor education and protection fund		
-Unclaimed dividend	**-**	8.60
Trade/Security deposits received	**57.91**	42.96
Statutory liabilities	**1,357.73**	1,518.62
	1,984.78	2,113.47

12. Tangible Assets

Particulars	Freehold Land	Leasehold Land	Building	Furniture & Fittings and Office Equipment	Plant and Machinery	Vehicles	Total Tangible Assets
Cost							
At 1 January 2011	1,485.16	362.87	8,245.73	1,391.75	56,731.10	444.08	68,660.69
Additions			471.84	18.99	12,307.03	36.89	12,834.75
Disposals				2.72	827.08	37.04	866.84
At 31 December 2011	1,485.16	362.87	8,717.57	1,408.02	68,211.05	443.93	80,628.60
Additions	-	-	35.47	73.65	10,012.31	88.26	10,209.69
Disposals	-	-	8.06	49.52	1,219.14	160.13	1,436.84
At 31 December 2012	**1,485.16**	**362.87**	**8,744.98**	**1,432.15**	**77,004.22**	**372.06**	**89,401.45**
Depreciation							
At 1 January 2010	-	18.90	2,728.46	708.00	29,565.79	284.48	33,305.63
Charge for the year	-	7.24	278.34	71.89	4,867.72	57.51	5,282.70
Disposals	-			1.24	376.31	16.27	393.82
At 31 December 2011	-	26.14	3,006.80	778.65	34,057.20	325.72	38,194.51
Charge for the year	-	1.71	287.08	64.33	5,793.83	33.07	6,180.02
Disposals	-	-	8.06	49.52	745.79	104.11	907.48
At 31 December 2012	**-**	**27.85**	**3,285.82**	**793.46**	**39,105.24**	**254.68**	**43,467.04**
Net Block							-
At 31 December 2011	1,485.16	336.73	5,710.77	629.37	34,153.85	118.21	42,434.09
At 31 December 2012	**1,485.16**	**335.02**	**5,459.16**	**638.69**	**37,898.99**	**117.37**	**45,934.39**

Rs. in Lacs

	As at 31 December, 2012	As at 31 December, 2011

12.1. Intangible assets

Particulars	Designs & Drawings and Patents & Trademarks	Total Intangible Assets
Cost		
At 1 January 2010	712.11	712.11
Additions	-	-
Disposals	-	-
At 31 December 2011	712.11	712.11
Additions	-	-
Disposals	-	-
At 31 December 2012	**712.11**	**712.11**
Depreciation		
At 1 January 2010	599.83	599.83
Charge for the year	83.19	83.19
Disposals	-	-
At 31 December 2011	683.02	683.02
Charge for the year	13.50	13.50
Disposals	-	-
At 31 December 2012	**696.52**	**696.52**
Net Block		-
At 31 December 2011	29.09	29.09
At 31 December 2012	**15.59**	**15.59**

13. Non-current investments

	As at 31 December, 2012	As at 31 December, 2011
Trade investments unquoted (valued at cost unless stated otherwise)		
Investment in Subsidiary		
(i) Equity shares		
5,100,000 (Previous Year : 5,100,000) equity shares of Rs. 10/- each in Federal-Mogul TPR (India) Ltd	**510.00**	510.00
(ii) Preference shares		
510,000 (Previous Year : 510,000) 6% redeemable cumulative preference shares of Rs. 100/- each in Federal-Mogul TPR (India) Ltd	**-**	510.00
Non-trade investments unquoted (valued at cost unless stated otherwise)		
(i) Government securities*		
National savings certificates	**1.32**	1.42
Less: Provision for diminution in value of investment	**(1.32)**	-
	-	1.42
(ii) Equity shares		
923,000 (Previous Year: 923,000) equity shares of Rs 5 each fully paid in GTZ Securities Limited	**46.15**	46.15
Less: Provision for diminution in value of investment	**(46.15)**	(46.15)
	-	-
(iii) Preference shares		
1,00,000 (Previous Year : 100,000) 6% redeemable cumulative preference shares in Nanz Food Products Limited of Rs. 10/-each	**10.00**	10.00
Less: Provision for diminution in value of investment	**(10.00)**	(10.00)
	-	-
	510.00	1,021.42
Aggregate amount of unquoted investment	**510.00**	1,020.00
*Deposited with government authority	**-**	1.42

Rs. in Lacs

		As at 31 December, 2012	As at 31 December, 2011
14.	**Long-term loans and advances**		
	Capital advances (Unsecured, considered good)	**298.67**	210.46
	Security deposits (Unsecured, considered good)	**716.51**	609.21
	Other loans and advances		
	Prepaid expenses	**14.59**	6.74
	Advance tax (net of provision of Rs. 1,762.59 lacs (Previous Year: Rs. 2,995.99 lacs)	**861.97**	668.68
		1,891.74	1,495.09
15.	**Other non-current assets**		
	Margin money with banks	**11.78**	50.97
		11.78	50.97
16.	**Current investments**		
	At lower of cost and fair value, unless stated otherwise		
	Unquoted equity shares		
	3,889,600 (Previous Year: 3,889,600) equity shares of Rs 5 each, fully paid in GI Power Corporation Limited	**194.48**	194.48
	Less: Provision for diminution in the value of investment	**(194.48)**	-
		-	194.48
	Preference shares		
	17,528,800 (Previous Year: 17,528,800) 8% cumulative convertible redeemable preference shares of Rs 5 each, fully paid in GI Power Corporation Limited	**876.44**	876.44
	Less: Provision for diminution in the value of investment	**(876.44)**	-
		-	876.44
		-	1,070.92
17.	**Inventories** (Valued at lower of cost and net realizable value)		
	Raw materials and components	**2,146.70**	2,843.30
	(including Stock in transit Rs. 316.03 lacs (Previous Year: Rs. 695.23 lacs))		
	Work-in-progress	**4,207.99**	4,358.62
	Finished goods	**5,363.09**	4,235.23
	Traded goods	**620.38**	490.31
	Stores and spares	**953.74**	1,384.16
	(including Stock in transit Rs. 4.53 lacs (Previous Year: Rs. 12.45 lacs))		
	Loose tools	**30.62**	585.53
	Reusable scrap	**23.53**	23.01
	Total	**13,346.05**	13,920.16
	DETAILS OF INVENTORY		
	Raw material and components		
	Pig iron	**20.63**	48.41
	Alloys	**51.15**	36.32
	Chromic acid	**9.64**	-
	Aluminium	**42.92**	33.00
	Steel strips	**84.75**	119.15
	Pin steel	**625.84**	563.57
	Silicon	**180.89**	91.32
	Magnesium	**7.92**	3.96
	Nickel	**13.72**	19.21
	Iron powder	**15.61**	31.47
	Steel powder	**91.02**	92.69
	Copper powder	**30.93**	173.99
	Distalloys	**6.95**	31.46
	Bought out rings	**4.95**	3.38
	Others	**959.78**	1,595.37
		2,146.70	2,843.30

Rs. in Lacs

	As at 31 December, 2012	As at 31 December, 2011
Work-in progress		
Piston rings	**1,348.12**	1,139.78
Pistons	**2,299.32**	2,738.40
Pins	**60.82**	130.93
Valve train	**261.01**	301.84
Structural components	**29.59**	45.23
Miscellaneous	**209.13**	2.44
	4,207.99	4,358.62
Finished goods		
Piston rings	**1,935.48**	1,795.09
Pistons	**2,730.84**	1,709.09
Pins	**202.54**	347.02
Valve train	**62.89**	188.67
Structural components	**25.30**	24.11
Miscellaneous	**406.04**	171.25
	5,363.09	4,235.23
Traded Goods		
Brake pads	**15.15**	18.83
Heavy duty	**66.60**	56.05
CB	**5.43**	-
Engine bearings	**205.40**	206.08
Coolant	**10.25**	10.30
Spark plugs	**131.00**	51.27
Liners	**76.19**	98.46
Engine valves	**28.30**	-
Wipers	**15.41**	27.50
Pistons	**63.75**	-
Miscellaneous	**2.90**	21.82
	620.38	490.31
18. Trade Receivables		
Debts outstanding for a period exceeding six months from the date they are due for payment		
Unsecured considered good	**-**	70.67
Unsecured considered doubtful	**38.36**	57.90
	38.36	128.57
Less: Provision for doubtful debts	**(38.36)**	(57.90)
	-	70.67
Debts outstanding for a period less than six months from the date they are due for payment		
Secured considered good	**245.23**	232.85
Unsecured, considered good	**14,801.96**	14,766.27
Unsecured, considered doubtful	**57.74**	-
	15,104.93	14,999.12
Less: Provision for doubtful debts	**(57.74)**	-
	15,047.19	14,999.12
	15,047.19	15,069.79
19. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	**0.02**	0.02
Balances with scheduled banks:		
Current accounts	**12.72**	203.34
	12.74	203.36

Rs. in Lacs

		As at 31 December, 2012	As at 31 December, 2011
	Earmarked balances with bank		
	unclaimed dividend accounts	**-**	8.60
		-	8.60
	Other Bank Balances		
	Margin money with banks	**164.35**	-
		164.35	-
		177.09	211.96
20.	**Short-term loans and advances**		
	Advances recoverable in cash or kind		
	Unsecured	**550.19**	1,145.45
	Less: Provision for doubtful advances	**(167.02)**	(58.90)
		383.17	1,086.55
	Security deposit		
	Unsecured, considered good	**12.80**	108.05
	Other loans and advances		
	Balance with statutory/government authorities	**1,937.79**	2,593.66
	Prepaid expenses	**532.41**	280.41
	MAT credit entitlement	**1,818.40**	1,830.82
		4,288.60	4,704.89
		4,684.57	5,899.48
21.	**Other current assets**		
	Unsecured considered good unless stated otherwise		
	Fixed assets held for disposal		
	(at lower of net book value and estimated net realisable value)	**59.87**	105.78
	Interest accrued but not due on deposits	**8.50**	8.47
	DEPB benefits receivable	**312.81**	695.94
	Insurance claim receivable	**-**	11.13
		381.18	821.32
22.	**Revenue from operations (Net)**		
	Sale of products		
	Finished goods	**1,20,725.96**	1,15,444.35
	Traded goods	**4,749.84**	4,724.00
	Other operating revenue		
	Management support income	**779.07**	765.02
	Job work income	**1,161.04**	1,136.23
	Export incentives	**139.93**	352.28
	Scrap sales	**2,405.75**	2,188.53
	Revenue from operations (gross)	**1,29,961.59**	1,24,610.41
	Less: Excise duty	**(11,297.93)**	(9,398.49)
	Revenue from operations (net)	**1,18,663.66**	1,15,211.92
	Details of finished goods sold		
	Piston rings	**40,221.37**	40,387.14
	Pistons	**73,103.76**	68,390.14
	Valve train	**6,619.42**	5,904.82
	Structural components	**733.51**	762.25
	Miscellaneous	**47.91**	-
	Total	**1,20,725.96**	1,15,444.35

Rs. in Lacs

		As at 31 December, 2012	As at 31 December, 2011
	Details of traded goods sold		
	Brake pads	**60.47**	44.05
	Heavy duty	**349.55**	345.62
	CB	**-**	72.28
	Engine bearings	**1,028.04**	956.26
	Coolant	**167.68**	154.36
	Spark plugs	**2,419.46**	2,476.79
	Liners	**591.45**	489.98
	Engine valves	**51.93**	
	Wipers	**60.00**	80.20
	Others	**21.26**	104.46
	Total	**4,749.84**	4,724.00
23.	**Other income**		
	Interest income on		
	Fixed deposits with banks	**10.86**	1.78
	Others	**19.19**	21.54
	Dividend income on		
	Investment in subsidiaries	**29.01**	759.90
	Commission income	**444.86**	464.28
	Foreign exchange fluctuation (net)	**94.00**	-
	Excess liabilities written back	**451.75**	168.58
	Miscellaneous Income	**359.23**	285.77
		1,408.90	1,701.85
24.	**Cost of raw material and components consumed**		
	Inventory at the beginning of the year	**2,843.30**	2,097.07
	Add: Purchases made during the year	**42,503.15**	43,565.23
		45,346.45	45,662.30
	Less: Inventory at the end of the year	**2,146.70**	2,843.30
	Cost of raw material and components consumed	**43,199.75**	42,819.00
	Details of raw material and components consumed		
	Pig iron	**1,178.85**	1,065.30
	Alloys	**814.25**	875.93
	Chromic acid	**130.99**	94.65
	Aluminium	**9,420.77**	9,323.21
	Steel strips	**167.99**	238.95
	Pin steel	**3,104.11**	3,075.64
	Silicon	**1,958.52**	2,126.35
	Magnesium	**220.26**	187.56
	Nickel	**2,431.41**	4,118.04
	Iron powder	**449.27**	485.50
	Steel powder	**1,322.88**	990.60
	Copper powder	**396.66**	388.56
	Distalloys	**129.80**	157.14
	Bought out rings	**124.90**	527.08
	Others	**21,349.09**	19,164.49
		43,199.75	42,819.00

Rs. in Lacs

		As at 31 December, 2012	As at 31 December, 2011	
25.	**(Increase)/Decrease in Inventories**	**31 December, 2012**	31 December, 2011	(Increase) / Decrease
	Opening stock			
	Work-in-progress	**4,358.62**	3,385.97	(972.65)
	Finished products	**4,235.23**	2,952.17	(1,283.06)
	Trading goods	**490.31**	297.89	(192.42)
	Reusable scrap	**23.01**	30.00	6.99
		9,107.17	6,666.03	(2,441.14)
	Less: Closing stock			
	Work-in-progress	**4,207.99**	4,358.62	150.63
	Finished products	**5,363.09**	4,235.23	(1,127.86)
	Trading goods	**620.38**	490.31	(130.07)
	Reusable scrap	**23.53**	23.01	(0.53)
		10,214.99	9,107.17	(1,107.82)
		(1,107.82)	(2,441.14)	

		As at 31 December, 2012	As at 31 December, 2011
26.	**Purchase of traded goods**		
	Brake pads	**38.13**	43.09
	Heavy duty	**228.73**	244.43
	CB	**78.76**	75.72
	Engine bearings	**800.16**	761.87
	Coolant	**115.21**	104.50
	Spark plugs	**1,898.48**	1,909.43
	Liners	**347.47**	382.59
	Engine valves	**61.70**	0.00
	Wipers	**28.10**	57.70
	Others	**3.62**	77.02
		3,600.36	3,656.35
27.	**Employee benefit expenses**		
	Salaries, wages and bonus	**19,054.45**	18,250.93
	Contribution to provident and other funds	**1,252.20**	1,133.00
	Contribution to superannuation fund	**135.52**	106.25
	Gratuity expense (refer note no. 39)	**1,326.22**	235.01
	Staff welfare expenses	**1,742.55**	1,606.32
		23,510.94	21,331.51

Rs. in Lacs

	As at 31 December, 2012	As at 31 December, 2011
28. Other expenses		
Consumption of stores and spares	**15,451.81**	13,259.48
Sub-contracting expenses	**2,160.19**	2,146.37
Increase in excise duty on inventory	**232.17**	170.40
Power and fuel	**7,413.07**	6,709.13
Freight and forwarding charges	**2,462.50**	2,706.53
Rent (refer Note no.37)	**415.66**	396.85
Rates and taxes	**826.32**	759.07
Insurance	**136.13**	143.45
Repairs and maintenance		
Plant and machinery	**284.30**	278.93
Buildings	**223.20**	255.40
Others	**507.36**	637.55
Advertising and sales promotion	**5,466.65**	5,045.41
Management support charges (refer Note no.48)	**556.81**	498.52
Royalty	**1,392.22**	1,289.83
Provision for warranties (net of reversals)	**73.97**	64.82
Travelling and conveyance	**624.23**	556.98
Communication costs	**156.66**	153.39
Printing and stationery	**104.27**	102.51
Legal and professional fees	**695.66**	509.48
Cash discounts (net)	**92.22**	241.22
Auditors remuneration (Refer details below)*	**55.19**	69.59
Foreign exchange fluctuation (net)	**-**	1,170.18
Bad debts / advances written off	**26.33**	198.17
Provision for doubtful debts and advances	**131.72**	58.90
Provision for dimunition in the value of investments	**1,072.24**	-
Loss on sale of fixed assets (net)	**262.48**	216.01
Environmental maintenance and remediation	**705.83**	374.59
Provision for regulatory matters	**-**	133.15
Miscellaneous expenses	**916.72**	869.23
	42,445.91	39,015.14
Auditors remuneration*		
-Statutory audit fee	**22.38**	29.50
-Limited reviews	**13.50**	8.50
-Tax audit fee	**9.25**	23.00
-Others	**4.50**	2.00
-Reimbursement of expenses	**5.56**	6.59
	55.19	69.59
29. Depreciation and amortization expense		
Depreciation of tangible assets	**6,180.02**	5,282.70
Amortisation of intangible assets	**13.50**	83.19
	6,193.52	5,365.89
30. Finance cost		
Interest		
-to banks	**1,190.30**	1,145.91
-to others	**1,678.95**	1,260.51
Bank charges	**118.75**	79.24
	2,988.00	2,485.66
31. Prior period income		
Prior period income		
- Excess provision for EPCG Liability	**-**	(130.67)
- Excess provision for TDS recoverable	**-**	(76.95)
- Raw material consumption	**-**	(112.28)
Less: Tax on Prior period income	**-**	103.79
		(216.11)
Prior period expense		
- Depreciation and amortisation	**-**	18.12
- Salaries, wages and bonus	**-**	15.34
	-	(182.65)

Rs. in Lacs

	As at 31 December, 2012	As at 31 December, 2011
32. Earnings per share		
The following reflects the profit and share data used in the basic and diluted EPS computations		
(Loss)/Profit for the year as per Statement of Profit and Loss (Rs.)	**(1,635.74)**	3,746.17
Weighted average number of equity shares	**5,56,32,130**	5,56,32,130
Nominal value of shares (Rs.)	**10**	10
(Loss)/earning per share - basic and diluted	**(2.94)**	6.73

33. Segment Information

Based on the guiding principles given in AS-17 'Segmental Reporting' notified under Companies (Accounting Standard) Rules, 2006, the Company's primary business segment is manufacturing of auto components. Considering the nature of Company's business and operations, there are no separate reportable business segment, as there is only one business segment and hence, there are no additional disclosures required to be provided other than those already been provided in the financial statements.

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

Geographical segment

Net sales revenue (including trading sales but excluding excise duty) by geographical market		
India	**1,06,233.09**	1,02,203.50
Other countries	**7,944.79**	8,566.36
	1,14,177.88	1,10,769.86
Carrying amount of segment debtors by geographical market		
India	**13,387.74**	14,754.71
Other countries	**1,659.45**	315.08
	15,047.19	15,069.79

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

34. Capital and other commitments

Total estimated amount of contracts, remaining to be executed on capital account and not provided for as at 31 December 2012 is Rs: 982.57 lacs (Previous year Rs: 4,359.65 lacs)

35. Contingent liabilities

(a) Bank guarantees	**1,378.66**	949.88
(b) Claims/notices contested by the Company		
(i) Excise duty	**217.70**	155.27
(ii) Sales tax	**579.88**	405.91
(iii) Employee related cases	**201.36**	136.18
(iv) Electricity demand	**52.24**	52.24
(v) Income tax demands	**629.95**	648.13

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

i) The deputy commissioner of Central Excise, Banguluru, confirming the demand in respect of excess availment of Cenvat credit during the FY 2005-06.The Company has not filed an appeal against this decision and paid the demand. Since, the amount of demand is already paid, contingency existing as on date is NIL (Previous year Rs. 0.93 lacs)

ii) Matter was pending with Central Excise & Service Tax Appellate Tribunal, Chandigarh in respect of service tax on transport services for the period 2007-08 and which was favourably decided in Company's favour. Contingency existing as on date is NIL (Previous year Rs.2.92 lacs).

iii) Matters pending with Central Excise & Service Tax Appellate Tribunal in respect of interest on reversal of special additional duty (SAD) for 2000-01. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. Amount involved is Rs. 14.02 lacs. (Previous year Rs. 14.02 lacs).

iv) Miscellaneous service tax cases with respect to disallowance of Cenvat credit claimed on various input services are pending with Cestat Banguluru/ Joint Commissioner Jaipur/ Joint Commissioner Patiala for the period 2005-06 to 2010-11. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. Amount involved is Rs. 203.68 lacs (Previous year Rs. 137.40 lacs).

2) In relation of b (ii) above, sales tax cases contested by the Company comprise of:

i) In respect of Assessment Year 1996-97 to 2001-02, the department raised a demand on account of differences in sales tax rates. The matter is pending with Karnataka Honourable Hight Court. The Company has taken legal opinion in this regard and is confident of success. Amount involved is Rs. 301.38 lacs. (Previous year Rs. 315.21 lacs). The Company has so far made an 'under protest payment' of Rs. 215.87 lacs in this matter.

ii) In respect of Assessment Year 2005-06, the department raised a demand on account of differences in sales tax rates. The Honourable Hight Court has favourably decided this matter in Company's favour, but later the department filed writ appeal against said order and this matter is pending with Karnataka Honourable Hight Court. The Company has taken legal opinion in this regard and is confident of favourable outcome. Amount involved is Rs.278.50 lacs. (Previous year Rs. 90.70 lacs). The Company so far has made an 'under protest payment' of Rs.55 lacs in this matter.

3) In relation of b (iii) above, employee related cases comprise of:

Claims against the Company not acknowledged as debt, in respect of demands raised by the workers. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. Amount involved is Rs.201.36 lacs. (Previous year Rs. 136.18 lacs)

4) In relation to b (iv) above, electricity demand comprise of:"In respect of a demand raised by Punjab Electricity Board (PSEB) for various years in relation to availment of additional load. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. Amount involved is Rs. 52.24 lacs (Previous year Rs. 52.24 lacs).

5) In relation to b (v) above, income tax cases disputed by the Company comprise of:

i) In respect of Assessment Year 1998-99, certain additions were made on normal as well as on book profits. The matter is pending with Honourable Hight Court. The Company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 86.69 Lacs (Previous year Rs 86.69 Lacs).

ii) In respect of Assessment Year 2000-01, certain additions were made on normal as well as on book profits. The matter is pending with Honourable Hight Court. The Company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 21.21 Lacs (Previous year Rs 21.21 Lacs).

iii) In respect of Assessment Year 2001-02, certain additions were made on normal as well as on book profit. The matter is pending with Honourable Hight Court. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. The amount for contingent liability for the year is Rs. 3.05 lacs (Previous year Rs. 8.14 lacs).

iv) In respect of Assessment Year 2002-03, certain additions were made on normal income as well as on book profits. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. The amount for contingent liability for the year is Rs. 23.13 lacs. (Previous year Rs. 23.13 lacs).

v) In respect of Assessment Year 2003-04, disallowance was made for carry forward losses as well as certain disallowances. The matter is pending with Income Tax Appellate Tribunal. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. The amount involved is Rs.158.01 lacs. (Previous year Rs. 158.01 lacs).

vi) In respect of Assessment Year 2004-05, certain additions were made on normal income. The Income Tax Appellate Tribunal has decided the matter in Company's favour. The amount of contingency for the year is Rs. NIL. (Previous year Rs. 13.05 lacs)

vii) In respect of Assessment Year 2005-06, certain additions were made on normal as well as on book profit. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. The amount for contingent liability for the year is Rs. 38.42 lacs (Previous year Rs. 38.42 lacs).

viii) In respect of Assessment Year 2006-07, certain additions were made on normal as well as on book profit. The matter is pending with Income Tax Appellate Tribunal. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. The amount for contingent liability for the year is Rs. 39.52 lacs (Previous year Rs. 39.52 lacs).

ix) In respect of Assessment Year 2007-08, certain additions were made on normal profits. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 32.79 Lacs (Previous Year Rs 32.79 Lacs).

x) In respect of Assessment Year 2008-09, certain additions were made on normal profits. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 227.13 Lacs. (Previous Year Rs 227.13 lacs).

36. In accordance with the requirement of Accounting Standard (AS - 18) on related party disclosures where control exist and description of the relationship are as follows:

(a) Name of Parties where Control Exists

i) Holding Company

Federal Mogul Holdings Limited (Mauritius)

ii) Subsidiary

Federal-Mogul TPR (India) Limited

iii) Ultimate Holding Company

Federal Mogul Corporation, USA

(b) Key managerial personnel*

Mr. Sunit Kapur, Managing Director

Mr. Dan Brugger, Whole Time Director & CFO

(c) Fellow subsidiaries

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

(d) Associates

GTZ Securities Limited

*Mr. Dan Brugger. Whole Time Director and CFO has resigned w.e.f 28 February 2013 and Mr. Vikrant Sinha has been appointed as Whole Time Director and CFO of the Company w.e.f 28 February 2013.

Those transactions along with related balances as at 31 December 2012 and 31 December 2011 and for the years then ended are presented in the following table:

Rs. in lacs

Ultimate Holding Company		
Particulars	**Federal Mogul Corporation (USA)**	
	31.12.12	31.12.11
Sales	**(4,140.66)**	(5,487.77)
Purchase of raw material, intermediaries and finished goods	**933.63**	382.72
Reimbursement of expenses paid	**238.30**	474.57
Reimbursement of expenses (received)	**(157.41)**	(170.59)
Balance outstanding as at the end of the year (Payable)	**(662.70)**	(298.97)

Rs. in lacs

Fellow Subsidiaries								
Particulars	**Federal Mogul do Brasil Ltd.**		**Federal Mogul Burscheid GMBH, Germany**		**Federal Mogul Gorzyce S.A. (Poland)**		**Federal Mogul Dongsuh Piston Co. Ltd.**	
	31.12.12	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11
Sales	-	-	-	-	**-**	(10.10)	-	-
Purchase of raw material, intermediaries and finished goods	-	-	**5,250.13**	6,620.15	**158.39**	797.54	-	-
Purchase/(Sale) of Fixed Assets	-	(121.83)	**721.25**	3,198.47	-	-	-	-
Reimbursement of expenses paid	-	-	-	-	33.49	-	-	-
Reimbursement of expenses (received)	-	-	-	-	-	-	**(140.77)**	(122.74)
Royalty Expense	-	-	**409.14**	359.21	-	-	-	-
Balance outstanding as at the end of the year Receivables	-	-	-	-	**(11.31)**	(214.65)	**(63.95)**	(16.50)
Balance outstanding as at the end of the year (Payable)	-	(253.33)	**(1,272.34)**	(2,166.13)	-	-	-	-

Rs. in lacs

Fellow Subsidiaries				
Particulars	**Federal Mogul Nurnberg, GMBH (Germany)**		**Federal Mogul Holding Deutschland (Germany)**	
	31.12.11	31.12.10	**31.12.11**	31.12.10
Sales	**(0.11)**	(7.22)	-	-
Purchase of raw material, intermediaries and finished goods	**192.66**	2,693.49	-	-
Purchase/(Sale) of Fixed Assets	**2,577.60**	2,894.08	-	-
Reimbursement of expenses paid	**20.48**	-	-	81.49
Reimbursement of expenses (received)	-	-	-	-
Mnagement Support charges paid		-	**555.46**	498.52
Royalty Expense	**656.70**	560.55	-	-
Balance outstanding as at the end of the year Receivables	-	-	-	-
Balance outstanding as at the end of the year (Payable)	**(625.64)**	(1,208.05)	-	(498.52)

Rs. in lacs

Fellow Subsidiaries

Particulars	Federal Mogul Financial Services FRANCTNL (France)		Federal Mogul Sintered Products Limited, (U.K)		FEDERAL MOGUL FRICTION PRODUCTS LTD.		Other Fellow Subsidiaries		Total From Table 1 to Table 3	
	31.12.12	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11
Sales	-	-	-	-	-	(593.47)	**(5.51)**	(2.50)	**(5.63)**	(613.29)
Purchase of raw material, intermediaries and finished goods	-	-	**24.92**	121.11	**53.73**	-	**(414.94)**	219.47	**5,264.88**	8,059.45
Purchase/(Sale) of Fixed Assets	-	-	-	-	-	-	**502.85**	-	**3,801.72**	5,970.70
Interest expenses	-	-	-	0.20	-		-	-	**20.49**	81.48
Reimbursement of expenses paid	**265.75**	351.34	-	0.20	-		**59.57**	57.95	**379.29**	490.77
Reimbursement of expenses (received)	-	-	-	-	-	(16.68)	-	-	**-**	(16.67)
Management Support Charges					-	-			**555.46**	498.52
Reimbursement of expenses (received)	-	-	-	-	-	-	**(1.27)**	-	**(142.05)**	(122.74)
Royalty Expense	-	-	**265.91**	228.12	-	-	-	-	**1,331.74**	1,147.87
Balance outstanding as at the end of the year Receivables	-	-	-	-	-	(535.21)	-	-	**(75.27)**	(766.36)
Balance outstanding as at the end of the year (Payable)	-	(49.49)	**(129.42)**	(129.99)	-	-	**(641.72)**	(120.76)	**(2,668.78)**	(4,172.94)

Rs. in lacs

Fellow Subsidiaries

Particulars	Federal Mogul Bearings India Limited (India)		Federal Mogul Automotive Products (India) Private Limited, (India)		Federal-Mogul VSP India Limited, (India)		Federal Mogul PTSB India Private Limited, (India)		Total	
	31.12.12	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11
Purchase of raw material, intermediaries and finished goods	**866.04**	695.86	**2,136.06**	2,922.11	-	-	-	-	**3,002.11**	3,617.97
Reimbursement of expenses paid	-	-	**3.44**	324.42	-	-	-	-	**3.44**	324.42
Reimbursement of expenses (received)	**(196.43)**	(420.55)	-	-	**(294.16)**	(54.07)	**(198.28)**	(86.63)	**(688.88)**	(561.24)
Inter-corporate deposit (ICD) Taken	-	-	**1,415.00**	1,235.00	**1,300.00**	3,875.00	**4,590.00**	-	**7,305.00**	5,110.00
Inter-corporate deposit (ICD) repaid	-	(600.00)	-	-	**(1,675.00)**	(3,405.00)	**(95.00)**	-	**(1,770.00)**	(4,005.00)
Interest on the above ICD	-	-	**242.83**	146.97	**73.56**	102.98	-	-	**316.40**	249.96
Balance outstanding as at the end of the year Receivables	-	-	-	-	**52.53**	-	**3.39**	11.10	**9.93**	11.10
Balance outstanding as at the end of the year (Payable)	**(64.07)**	(45.25)	**(2634.92)***	(2,158.19)	**(75.94)****	(453.43)	**(4530.98)*****	-	**(2,203.44)**	(2,656.87)

*Includes Rs 2450 lacs (Previous year Rs 1885 lacs) payable against ICD taken and 20.45 lacs (Previous year 16.19 lacs) payable against interest on the same.
**Includes Rs 75 lacs (Previous year Rs 450 lacs) payable against ICD taken and 0.94 lacs (Previous year 4.78 lacs) payable against interest on the same.
**Includes Rs 4495 lacs (Previous year Rs NIL lacs) payable against ICD taken and 35.98 lacs (Previous year NIL lacs) payable against interest on the same.

Rs. in lacs

Particulars	Subsidiaries: Federal-Mogul TPR (India) Limited, (India)	
	31.12.12	31.12.11
Sales	**(1,466.62)**	(1,169.43)
Purchase of raw material, intermediaries and finished goods	**5,497.62**	5,907.42
Dividend received	**(416.61)**	(372.30)
Management fee received	**(779.07)**	(765.02)
Job work income	**(1,161.03)**	(1,136.23)
Rent income	**(78.00)**	(78.00)
Sole selling commission received	**(444.86)**	(464.28)
Inter-corporate deposit (ICD) Taken	**-**	1,400.00
Inter-corporate deposit (ICD) re paid	**(1,500.00)**	(200.00)
Interest on the above ICD	**320.79**	212.16
Investment as at year end	**510.00**	1,020.00
Balance outstanding as at the end of the year (Payable)	**(3116.29)***	(3,896.09)

* Includes Rs. 1116.29 lacs for Sundry creditors, Rs. 2,000 lacs for Inter-Corporate Deposit.

Rs. in lacs

Key Managerial Personnel and their relatives								
Particulars	**Mr. Jean de Montlaur**		**Mr. Sunit Kapur**		**Mr. Dan Brugger**		**Total**	
	31.12.12	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11
Remuneration	**458.11**	426.32	91.52	-	**175.91**	168.66	**725.55**	594.98

37. Operating lease Rs. in Lacs

a) Assets taken under operating lease

The Company has taken office and residential facilities under cancellable and non-cancellable operating leases, which are renewable on a periodic basis and have escalations ranging from 10 to 20% per annum

	Period	**31 December 2012 Amount**	31 December 2011 Amount
1.	Lease payments for the year	**415.66**	396.85
2.	Minimum lease payments		
a.	Not later than one year	**166.07**	169.09
b.	Later than one year and not later than five years	**4.08**	697.98
c.	Later than five years	**-**	154.57

b) Assets given under operating lease

The Company has leased out certain premises on operating lease. The lease term is for 5 years and are renewable thereafter. There are no restrictions imposed by lease arrangements.

1.	Uncollectible minimum lease payments receivable at the Balance sheet date	**-**	-
2.	Future minimum lease payments receivable:		
a.	Not later than one year	**78.00**	78.00
b.	Later than one year and not later than five years	**78.00**	156.00
c.	Later than five years	**-**	-

38. Particulars of unhedged foreign currency exposure as at the balance sheet date

Particulars	Currency	**As At December 31, 2012 Amount Rs. (in lacs)**	**As At December 31, 2012 Amount (Foreign currency in lacs)**	**Year ended Dec. 31, 2012 (Rates, 1 Unit of Foreign Currency) equivalent INR)**	As at December 31, 2011 Amount Rs.(in lacs)	As at December 31, 2011 Amount (Foreign currency in lacs)	As at December 31, 2011 (Rates,1 Unit of) Foreign currency equivalent INR)
Trade payables	USD	**830.36**	**14.86**	**55.87**	936.18	17.26	54.24
Trade payables	JPY	**161.31**	**247.98**	**0.6505**	59.08	84.35	0.7
Trade payables	CHF	**4.22**	**0.07**	**61.24**	5.2	0.09	57.73
Trade payables	SEK	**24.19**	**2.79**	**8.67**	49.25	6.21	7.93
Trade payables	EURO	**3,730.23**	**50.50**	**73.87**	5246.27	74.68	70.25
Trade payables	GBP	**148.62**	**1.65**	**90.33**	116.3	1.39	83.67
Trade payables	CAD	**-**	**-**	**-**	4.26	0.08	53.25
Trade payables	THB	**-**	**-**	**-**	0.25	0.15	1.67
Advance to creditors	EUR	**698.47**	**9.46**	**73.87**	833.87	11.87	70.25
Advance from customers	USD	**-**	**-**	**-**	1952.64	36.00	54.24
Advance to suppliers	USD	**368.56**	**6.60**	**55.87**	699.33	13.41	52.15
Advance to suppliers	GBP	**83.90**	**0.93**	**90.33**	48.99	0.61	80.31
Advance to suppliers	JPY	**163.10**	**250.73**	**0.6505**	99.8	148.49	0.67
Advance to suppliers	SEK	**15.10**	**1.74**	**8.67**	53.41	7.14	7.48
Advance to suppliers	CHF	**3.70**	**0.06**	**61.24**	9.41	0.17	55.34
Advance to suppliers	CAD	**-**	**-**	**-**	4.09	0.08	51.08
Trade receivables	USD	**1,408.85**	**26.23**	**53.71**	2,211.68	42.41	52.15
Trade receivables	EURO	**540.02**	**7.62**	**70.90**	532.7	7.9	67.43
Trade receivables	GBP	**1.17**	**0.01**	**86.69**	2.41	0.03	80.31

39. Disclosures in accordance with AS-15 on "Employee Benefits"

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of services, gets a gratuity on departure at 15 days basic salary (last drawn) for each completed year of service on terms not less favourable than the provisions of the payment of Gratuity Act, 1972. The scheme is funded with an insurance company in the form of a qualifying insurance policy."The following tables summaries the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for the plan."

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee cost) [AS15 Revised (c) (i) to (x)]

Particulars	**31 December 2012**	31 December 2011
Current service cost	**297.20**	288.66
Interest cost on benefit obligation	**521.16**	467.90
Expected return on planned assets	**(306.97)**	(319.39)
Net actuarial (gain) / loss recognized in the year	**814.83**	37.74
Previous years actuarial gains recognised during the year	**-**	(239.90)
Net benefit expense	**1,326.22**	235.01
Actual return on plan assets	**348.35**	180.08

Rs. in Lacs

	As at 31 December, 2012	As at 31 December, 2011
Balance Sheet		
Details of provision for gratuity		
Defined benefit obligation	**7,680.61**	6,545.91
Less: Fair value of plan assets	**(3,758.65)**	(3,812.62)
Plan liability	**3,921.96**	2,733.29
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**6,545.91**	6,192.34
Interest cost	**521.16**	467.89
Current service cost	**297.20**	288.66
Benefits paid directly by the company	**(37.56)**	
Benefits paid from the fund	**(502.33)**	(304.90)
Transfer from group Company	**-**	3.48
Actuarial (gains) / losses on obligation	**856.22**	(101.56)
Closing defined benefit obligation	**7,680.60**	6,545.91
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	**3,812.62**	3,882.44
Expected return	**306.97**	319.38
Contributions by employer	**100.00**	55.00
Benefits paid	**(502.33)**	(304.90)
Actuarial gains / (losses)	**41.38**	(139.31)
Closing fair value of plan assets	**3,758.64**	3,812.61

The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid during the annual period beginning after the balance sheet date as required by para 120(o) of the accounting standard 15(revised) on employee benefits has not been disclosed.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:-[AS15 Revised Para 120 (h)]

	%	%
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 plan is shown below:

Particulars	31 December, 2012	31 December, 2011
Discount rate	**8.0% p.a.**	8.5% p.a.
Expected rate of return on plan assets	**8.5% p.a.**	8.5% p.a.
Normal retirement age	**58 years**	58 years
Employee turnover	**5.0% p.a.**	5.0% p.a.

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

Amount for the current year and previous four years are as follows:

Particulars	31 December 2012 Amount (Rs.)	31 December 2011 Amount (Rs.)	31 December 2010 Amount (Rs.)	31 December 2009 Amount (Rs.)	31 December 2008 Amount (Rs.)
Defined benefit obligation	**7,680.61**	6,545.91	6,192.34	5,535.76	5,404.64
Cumulative unrecognised actuarial gains		-	239.91		
Plan assets	**3,758.65**	3,812.62	3,882.44	3,471.23	3,352.83
Deficit	**3,921.96**	2,733.29	2,549.81	2,064.53	2,051.81
Experience adjustments on plan liabilities	**375.67**	511.34	205.76	280.10	-
Experience adjustments on plan assets	**348.35**	180.08	489.37	(210.74)	-

40. Earning in foreign currency (on accrual basis)

	As at 31 December, 2012	As at 31 December, 2011
Sale - FOB value of exports	**7,711.17**	8,389.40
Total	**7,711.17**	8,389.40

Rs. in Lacs

		As at 31 December, 2012	As at 31 December, 2011
41.	**Expenditure in foreign currency** (on accrual basis)		
	(a) Travelling expenses	**15.00**	32.22
	(b) Commission on sales	**14.88**	-
	(c) Communication expenses	**35.65**	69.56
	(d) Royalty	**1,158.54**	944.02
	(e) Professional expenses	**540.10**	231.96
	(f) Management support charges	**556.81**	498.52
	(g) Others	**35.02**	10.51
	Total	**2,356.00**	1,786.79
42.	**Value of imports calculated on CIF basis during the year in respect of :-**		
	Raw materials	**10,072.45**	11,978.85
	Stores and spares	**6,276.70**	6,872.75
	Capital goods	**5,731.50**	9,573.91
	Total	**22,080.65**	28,425.51

43. Value of imported and indigenous raw material, components and stores and spares consumed

	31 December 2012		31 December 2011	
	% of total consumption	**Value Amount**	% of total consumption	Value Amount
Raw material and components				
Imported	**39.01%**	**16,851.04**	38.36%	16,426.29
Indigenous	**60.99%**	**26,348.71**	61.64%	26,392.71
	100.00%	**43,199.75**	100.0%	42,819.00
Stores and spares				
Imported	**93.01%**	**14,059.80**	92.20%	12,225.48
Indigenous	**6.99%**	**1,392.01**	7.80%	1,034.00
	100.00%	**15,451.81**	100.00%	13,259.48

44. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

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

Particulars	31 December 2012	31 December 2011
The principal amount remaining unpaid as at the end of year	**159.39**	173.27
Interest due on above principal and remaining unpaid as at the end of the year	**0.45**	1.59
The amount of interest paid by the buyer in terms of section 16, of the micro, small and medium enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**0.11**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under micro, small and medium enterprise development Act, 2006.	**30.13**	12.83
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**30.52**	14.42
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	**-**	34.9

45. Expenses capitalised

The Company has capitalized various expenses incurred in the course of construction of self generated assets in accordance with AS 10 -Accounting for Fixed Assets, the details of expenses capitalized for the purpose of construction of self generated assets are as follows:

Particulars	Year Ended 31 December 2012	Year Ended 31 December 2011
Salaries, wages and bonus	**44.01**	177.53
Consumption of stores and spares	**66.02**	266.30
Total	**110.04**	443.83

46. Non fulfilment of export obligation under Export promotion Capital Goods (EPCG) Licenses

The Company has identified some licenses obtained under Export Promotion Capital Goods scheme, which have expired and against which the Company has partially fulfilled the export obligation (levied in lieu of permission to import fixed assets at a concessional rate of import duty). In view of partial shortfall in fulfilling export obligation, the management has decided, on prudent basis, to make a provision aggregating to Rs. 186.22 lacs (Previous Year Rs. 214.89 lacs) in these financial statements which in view of the management, is adequate to cover any liability on this account at all its facilities' and is included as 'Provision for non fulfilment of export obligation' in Provisions under Note 8.

47. Provision for regulatory matters

During the year ended 31 December 2010, the Company had commenced an evaluation process for various regulatory matters at its factories. Based on more accurate information discovered, a provision, towards costs to be incurred to remediate these matters, of Rs. 383.60 lacs is included under Note no. 8 for provisions which are net of amounts utilized of Rs. 610.53 lacs during the year towards remediation.

During the year, the Company became aware of certain discrepancies regarding sales tax matters at one of its factories. It thereafter undertook a review and based on the information available at this stage of the ongoing evaluation, has paid / provided an amount of Rs. 625.81 lacs [included under Note no. 8 under the head provision for regulatory matters net of payments made of Rs. 398.03 lacs. Provision created during the year relating to this has been disclosed as an exceptional item in the Statement of Profit and Loss.

In addition to the above, the provision for regulatory matters include a provision of Rs.487.68 lacs (Previous Year Rs. 654.96 lacs) towards certain other regulatory matters.

The Company is actively seeking to resolve these actual and potential statutory, taxation, regulatory and contractual obligations. In accordance with requirements of Accounting Standard 29 on 'Provisions, Contingent liability and Contingent assets' issued by the Institute of Chartered Accountants of India, although difficult to quantify based on the complexity of the issues, the Company has accrued amounts corresponding to its best estimate of the costs associated with such regulatory and contractual obligations on the basis of available information and best professional judgment of experts appointed for this exercise.

Based on consultations obtained from the experts in respect of the said matters, in management's view, no further costs are expected to be incurred for which a provision would be required at this stage and considers the provisions made to be adequate.

48. Management support charges

In December 2012, the Company has paid management support charges to its group companies of Rs 556.81 lacs in respect of certain application engineering services provided to the Company. The Company carries out its transfer pricing study annually for the tax period of April-March and updates its documentation, choice of methods and benchmarks to ascertain adequacy and compliance with the "arms length" principles prescribed under Income Tax Act. For the year April 1, 2012 to March 31, 2013, the process of updation is ongoing and management is confident of completing the same. The provision for current tax has been made accordingly considering the said amounts of Rs. 556.8 lacs as "allowable expenditure".

49. Change in accounting policy

Till the year ended 31 December 2011, the Company, in accordance with the pre-revised schedule VI requirement, was recognizing dividend declared by subsidiary company after the reporting date in the current year's Statement of Profit and Loss if such dividend pertained to the period ending on or before the reporting date. The revised schedule VI, applicable for financial years commencing on or after 1 April 2011, does not contain this requirement. Hence, to comply with AS 9 Revenue Recognition, the company has changed its accounting policy for recognition of dividend income from subsidiary companies. In accordance with the revised policy, the company recognized dividend as income only when the right to receive the same is established by the reporting date. Pursuant to this change, loss for the year ended 31 December, 2012 is higher by Rs. 357 lacs

50. Investments in G.I. Power Corporation Limited

The Company is holding an investment of Rs. 1,070.92 lacs (Equity Shares: Rs. 194.48 lacs and Preference Shares: Rs. 876.44 lacs) in GI Power Corporation Limited (GIPCL). During the year ended 31 December 2011, the Company's shareholding in GIPCL has reduced from 26.00% to 6.60% due to conversion of the preference shares held by other investors into equity shares. Accordingly GIPCL has discontinued to be an 'Associate' of the Company in the previous year.

In addition to the above, the Company had changed the classification of the investment in GIPCL from long term investment to current investment in the previous year, as the Company had started assessing various options for liquidating these investments as these are not related to the core business of the Company. The recoverability of these Investments is being consistently evaluated and based on current assessment, the Company is not confident that it would be able to recover the entire carrying value of these investments and accordingly a provision of Rs. 1072.25 lacs (representing the full cost of these investments) has been created during the year.

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

Sunit Kapur
Managing Director

Bernhard Motel
Director

Khalid Khan
Company Secretary

Cash flow statement for the year ended 31 December, 2012

		For the year ended 31 December, 2012 Rs (in lacs)	For the year ended 31 December, 2011 Rs (in lacs)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax and after prior period	**(1,383.93)**	4,864.01
	Adjustments for:		
	Depreciation and amortisation	**6,193.52**	5,365.89
	Loss on sale / discard of fixed assets (net)	**262.48**	216.01
	Provision for doubtful debts	**52.73**	
	Provision for dimunition in the value of investments	**1,072.24**	
	Provision for doubtful debts written back	**-**	(33.64)
	Advances written off	**26.33**	198.17
	Provision for loans and advances	**78.99**	58.90
	Interest income	**(30.05)**	(23.32)
	Dividend income	**(29.01)**	(759.90)
	Interest expense	**2,869.25**	2,406.62
	Provision for impairment of assets held for sale		
	Excess provision written back	**(451.75)**	(134.94)
	Unrealised forex (gain)/loss (net)	**249.43**	168.42
	Miscellaneous expenditure written off	**-**	239.91
	Operating profit before working capital changes	**8,910.23**	12,565.93
	Movements in working capital:		
	Decrease / (Increase) in trade/other receivables	**1,303.84**	(4,494.57)
	Decrease / (Increase) in inventories	**574.11**	(3,356.11)
	Increase / (Decrease) in trade/other payables	**(2,391.46)**	4,606.90
	Cash generated from operations	**8,396.72**	9,322.15
	Direct taxes paid (net of refunds)	**(461.04)**	(1,149.31)
	Net cash from operating activities	**7,935.68**	8,172.84
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets/ Intangibles Assets	**(9,911.72)**	(13,142.07)
	Proceeds from sale of fixed assets	**34.77**	257.01
	Movement in restricted cash	**(116.56)**	6.40
	Proceeds from sale of investments	**510.10**	-
	Interest received	**30.02**	21.81
	Dividends received	**29.01**	372.30
	Net cash used in investing activities	**(9,424.38)**	(12,484.55)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Payment of borrowings (Long term)	**(400.00)**	(400.00)
	Movement in borrowings(Short term)	**4,541.49**	7,067.41
	Interest paid	**(2,843.41)**	(2,369.87)
	Share issue expenses	**-**	-
	Net cash from financing activities	**1,298.08**	4,297.54
	Net decrease in cash and cash equivalents (A + B + C)	**(190.62)**	(14.17)
	Cash and cash equivalents at the beginning of the year	**203.36**	217.53
	Cash and cash equivalents at the end of the year	**12.74**	203.36
	Components of cash and cash equivalents as at	**31 December, 2012 Rs (in lacs)**	31 December, 2011 Rs (in lacs)
	Cash and cheques on hand	**0.02**	0.02
	With banks - on current account	**12.72**	203.34
		12.74	203.36

This is the Cash Flow Statement referred to in our report of even date

For Walker, Chandiok & Co
Chartered Accountants

per David Jones
Partner

Place: Gurgaon
Date: February 28, 2013

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

Sunit Kapur
Managing Director

Bernhard Motel
Director

Khalid Khan
Company Secretary

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

1.	Name of the Subsidiary Companies	Federal-Mogul TPR (India) Limited
2.	Financial Year of the Subsidiary Companies ended on	31st December 2012
3.	Holding Company's Interest	Holders of 51,00,000 Equity Shares out of the Subscribed and Paid up Capital of the 1,00,00,000 Equity shares of Rs.10/- each (51%)
4.	Net Aggregate amount of Profit Less Losses of the subsidiary Companies so far as it concerns the Members of Federal-Mogul Goetze (India) Ltd	
	a] Not dealt with in the Accounts of Federal-Mogul Goetze (India) Ltd.	
	i) for the subsidiary's financial year above referred	Rs. 934.74 Lacs
	ii) for previous financial years of subsidiary since it became subsidiary of Federal-Mogul Goetze (India) Ltd.	Rs. 2118.24 Lacs
	b] Dealt with the Accounts of Federal-Mogul Goetze (India) Ltd.	
	i) for the subsidiary's financial year above referred	Nil
	ii) for previous financial years of subsidiary since it became subsidiary of Federal-Mogul Goetze (India) Ltd.	Nil

Sunit Kapur	**Bernhard Motel**	**Khalid Khan**
Managing Director	Director	Company Secretary

Place: Gurgaon
Date: February 28, 2013

DIRECTOR' S REPORT

The Directors are pleased to present the sixteenth Annual Report and Audited Statement of Accounts for the financial year ended 31st December, 2012.

Financial Results [Rs. in Million]

		For the year ended 31.12.2012		For the year ended 31.12.2011
Total Income:				
Gross Sales	**1142.52**		1157.79	
Deduct: Excise Duty	**128.75**		113.77	
	1013.77		1044.02	
Other Income	**42.06**	**1055.83**	30.80	1074.82
Profit before Depreciation and Finance Charges		**314.53**		348.05
Deduct:				
Depreciation		**30.14**		32.28
Interest & Finance Charges		**2.27**		3.07
Net Profit before Tax		**283.12**		312.70
Provision for Tax				
- Current		**99.05**		117.40
- Deferred tax credit		**.21**		(7.62)
Profit after Tax		**183.28**		202.92
Prior period items		**-**		15.36
Profit brought forward		**415.34**		334.91
Net profit available for appropriation		**598.62**		522.47
Appropriations :				
Transfer to general reserve		**18.60**		18.80
Redemption of preference shares		**100.00**		-
Dividend-				
Preference @ 6%		**5.69**		6.00
Tax and cess on dividend - Preference		**0.92**		0.97
Equity Shares		**70.00**		70.00
Tax and cess on dividend - Equity		**11.36**		11.36
Surplus carried to Balance Sheet		**392.05**		415.34

Financial Performance

The total income of the Company as at 31st December 2012 was Rs. 1055.83 million as against Rs. 1074.82 million for the year ended 31st December 2011.

During the year under review, the Company made a Net Profit after Tax of Rs. 183.28 million as against the Net Profit after Tax of Rs. 187.56 million in the last year.

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

Operations

The Indian auto components industry has been witnessing a slowdown resulting in decline in margins due to higher overhead costs, increase in raw material & power prices, and sudden depreciation of rupee against major currencies.

The auto component industry also has been exposed to many risks of varying intensity. The global slowdown has worsened economic sentiment across continents, affecting exports. Coupled with steep increase in interest rate, volatility in the prices of raw materials & other inputs, currency fluctuations, stiff competition are the major risks and challenges faced by companies. It is forcing companies to plan operations effectively and produce quality components at lower costs.

In spite of all these risks, overall prospects for the Indian auto component industry appear positive.

Dividend

For the Financial Year 2012, your Directors had declared and paid interim Dividend @ Rs.6/- (Rupees Six only) per share on 10,00,000, 6% Cumulative Redeemable Preference Shares of Rs.100/- each, fully paid up on prorata basis upto 12th December, 2012 (i.e. date of redemption of preference shares) aggregating to Rs.56,88,525 (excluding Dividend Tax of Rs. 9,22,821).

The Board has further recommended a dividend @ 70% on Equity shares for the year ended 31st December, 2012, aggregating to Rs. 70,000,000 (excluding Dividend Tax of Rs. 11,355,750).

The total outflow on account of dividend (including interim dividend), if approved, will be Rs. 87,967,096 [including dividend tax of Rs. 12,278,571].

Redemption

Pursuant to provisions of Section 80 and other applicable provisions, if any, of the Companies Act, 1956 the Company had redeemed 1,000,000 6% Redeemable Cumulative Preference Shares of Rs.100/- each aggregating to Rs. 10 crores on 12th December, 2012 and paid the redemption proceeds to the registered holders, out of the profits of the Company.

Further an amount of Rs. 10 crores, being the sum equal to the nominal amount of the shares so redeemed, had been transferred to the Capital Redemption Reserve Account out of the profits which would otherwise been available for dividend.

Personnel

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

Directors

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

Mr. Vinod Kumar Hans and Mr. Vikrant Sinha were appointed as Additional Directors on the Board of the Company w.e.f 25th October, 2012 and 28th February, 2013 respectively. They are holding office as Directors upto the date of forthcoming Annual General Meeting and are proposed to be appointed.

DIRECTORS' REPORT (Contd.)

Directors' Responsibility Statement

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

- In preparing the Annual Accounts, all applicable accounting standards have been followed and that there have been no material departures;
- The accounting policies are adopted and consistently followed and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of financial year and of the Profit & Loss Account of the Company for the Financial Year;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis.

Audit Committee

The Audit Committee comprises of Mr. Vikrant Sinha as Chairman, Mr. Hiroshi Takano, Mr. Sunit Kapur and Mr. Vinod Kumar Hans as Members.

Auditors

M/s. S.R. Batliboi & Co., Chartered Accountants, Statutory Auditors have resigned w.e.f February 16, 2013. M/s Walker, Chandiok & Co., Chartered Accountants, New Delhi (Firm Registration No. 0010769N) have been appointed (w.e.f February 22, 2013) as Auditors of the Company to fill the casual vacancy caused by the resignation of former Statutory Auditors to hold office till the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment for the year 2013. They have furnished a certificate to the effect that the re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

Public Deposits

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

Safety, Health and Environment Protection

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

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

Industrial Relations

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

Conservation of Energy & Technology Absorption

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

Acknowledgement

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

For and on behalf of the Board

Sunit Kapur
Chairman & Director

Date : February 28, 2013

Annexure to the Directors' Report

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

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- Nitriding Furnaces effective utilization in loading of batches and reduced 20000 units/year
- Hot water rinse baths heater capacity reduced from 3kw to 1.5kw
- Auto cut-off for OD grinding coolant pump when machine in idle condition of beyond 3 minutes

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

- Change of normal tube lights into T5 tube lights in shopfloor area to reduce power consumption - 3 lakhs

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

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

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

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

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

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

New Business with

- Introduction of new products to the market
- Better performance in terms of emission outputs, fuel consumption and lube oil consumption
- Development of new business
- Toyota enquiries

3. Future plan of action

- To develop parts for the engines meeting improved performance in terms of fuel consumption, friction and lube oil consumption
- To develop parts for the engines meeting the emission regulations
- To continue development of new products in a cost efficient manner
- To upgrade the technology

4. Expenditure on R&D

During the year 2012, expenditure incurred on R&D is Rs. 24.65 lacs as against Rs. Nil during the year 2011 .

Technology absorption, adaptation and innovation

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

- Monthly teleconference with TPR team
- Weekly discussion of process failures & scrap reduction projects
- Improvements in Process & bench marking process with help of TPR Engineers.

2. Benefits derived as a result of above efforts;

- New technology & advanced Manufacturing process details & documents
- Reduction in process scraps for high value items

3. Import of Technology

Technology for	Imported from	Year of Import	Status
SR OD Grd Route Tech.	TPR JAPAN	2008-2009	Implemented
2nd Chr. Rings Tech.	TPR JAPAN	2010-2012	Implemented
OD Lapping (Larger)	TPR JAPAN	2011-2012	on going (Compl on Feb'2013)
Gap Sizing (Larger)	TPR JAPAN	2011-2012	on going (Compl on Feb'2013)
Oval Coiling M/c Tech	TPR JAPAN	2011-2012	on going (Compl on Feb'2013)

ENVIRONMENT & SAFETY

The following measures were taken to reduce the pollution levels.

1. Water Soluble Coolant disposal of 4000 lts/month in side grinding & Gap machines is avoided by using Hysol 3505 Semi synthetic coolant.(which gives an Avg life of 1 year)
2. Machine used Hydraulic Oil 32 & 46 re-used for Abrasive - Lapping process.
3. SAM lapping machine Noise level reduced from 90 db to 70 db by design change in machine (Crank modified & Drive gear changed to nylon)

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange earnings- Nil

Foreign exchange outgo - Rs 15,766,313

AUDITOR'S REPORT

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

1. We have audited the attached Balance Sheet of Federal-Mogul TPR (India) Limited ('the Company'), as at 31 December 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act') , we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to above, we report that:

(a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The financial statements dealt with by this report are in agreement with the books of account;

(d) On the basis of written representations received from the directors, as on 31 December 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

(e) In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

(i) the Balance Sheet, of the state of affairs of the Company as at 31 December 2012;

(ii) the Statement of Profit and Loss, of the profit for the year ended on that date; and

(iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For Walker, Chandiok & Co.
Chartered Accountants
Firm Registration No.: 001076N
per David Jones

Place : Gurgaon — Partner
Date : February 28, 2013 — Membership No.: 98113

Annexure to the Auditors' Report of even date to the members of Federal- Mogul TPR (India) Limited on the financial statements for the year ended 31 December 2012

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

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

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, *except goods-in-transit and stocks lying with third parties.*

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii)(d) of the Order are not applicable.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) The Company has not entered into any contracts or arrangements referred to in Section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) (a) The Company is generally regular in depositing the 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, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Central Excise Act 1944	CENVAT credit availment on Job work	76,53,902	2011-12	Comissioner of Central Excise
Central Excise Act 1944	Central Excise on trade discount	242,426	2000-04	Comissioner of Central Excise
Central Excise Act 1944	CENVAT credit availment on Job work	18,053,327	2005-07	Central Excise and Service Tax Appelant Tribunal
Central Excise Act 1944	Service Tax on management fees and sole selling commission	2,435,525	2006-07	Central Excise and Service Tax Appelant Tribunal
Central Excise Act 1944	Service Tax on supplementary bills for price reduction	11,936,332	2007-08	Central Excise and Service Tax Appelant Tribunal
Central Excise Act 1944	CENVAT credit of Service Tax	2,471,010	2005	Central Excise and Service Tax Appelant Tribunal
Central Excise Act 1944	CENVAT credit availment on Job work	30,680,233	2008-10	Central Excise and Service Tax Appelant Tribunal
Central Excise Act 1944	CENVAT credit availment on Job work	16,814,854	2010-11	Comissioner of Central Excise
Central Excise Act 1944	Service Tax credit on sole selling agent	5,649,735	2010-11	Joint Comissioner of Central Excise
Central Excise Act 1944	Service Tax demand on sales comission and freight charges	13,813,503	2008-10	Central Excise and Service Tax Appelant Tribunal
Central Excise Act 1944	Service Tax demand on management fees	7,376,990	2008-09	Central Excise and Service Tax Appelant Tribunal
KVAT Act, 2003	VAT demand for VAT rate issue	45,426,388	2007-08	Joint Comissioner of commercial tax
UP Sales Tax Act	Sales tax demand for tax rate issue	1,679,664	2007-08	Joint Comissioner of commercial tax
Income tax Act, 1961	Disallow-ance of proportionate royalty expense	3,040,148	2003-04 & 2004-05	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallow-ance of upfront processing fee paid to bank	1,846,011	2003-04	Income Tax Appellate Tribunal

(x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

(xi) The Company has no dues payable to a financial institution or a bank or debenture-holders during the year. Accordingly, the provisions of clause 4(xi) of the Order are not applicable.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.

(xvi) The Company did not have any terms loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.

(xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker, Chandiok & Co.
Chartered Accountants
Firm registration number: 001076N
per David Jones

Place : Gurgaon — Partner
Date : February 28, 2013 — Membership No.: 98113

BALANCE SHEET AS AT 31 DECEMBER, 2012

(All amounts in Indian Rs., unless otherwise stated)

	Schedules	As at 31 December, 2012 Amount in Rs.	As at 31 December, 2011 Amount in Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	**100,000,000**	200,000,000
Reserves and surplus	4	**560,757,096**	465,441,906
		660,757,096	665,441,906
Non-current liabilities			
Deferred Tax Liabilities (net)	5	**4,580,075**	4,793,522
Long-term provisions	6	**4,570,019**	4,638,443
		9,150,094	9,431,965
CURRENT LIABILITIES			
Trade payables	7	**66,904,119**	81,180,289
Other current liabilities	8	**6,644,489**	23,973,436
Short-term provisions	6	**82,560,974**	90,534,615
		156,109,582	195,688,340
Total		**826,016,772**	870,562,211
Assets, Non-current assets, Fixed Assets			
Tangible assets	9	**144,287,979**	172,751,001
Capital work-in-progress		**18,569,425**	149,996
Long-term loans and advances	10	**73,641,668**	259,200
Other non-current assets	12	**22,713,194**	-
(A)		**259,212,266**	173,160,197
Current Assets			
Inventories	13	**86,288,162**	88,551,759
Trade receivables	14	**179,575,181**	148,506,266
Cash and bank balances	15	**82,058,968**	92,004,735
Short-term loans and advances	11	**214,896,892**	360,888,610
Other current assets	12	**3,985,303**	7,450,644
(B)		**566,804,506**	697,402,014
TOTAL		**826,016,772**	870,562,211

Notes 1 to 35 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date.

For Walker, Chandiok & Co.
Chartered Accountants

per David Jones
Partner

Place: Gurgaon
Date: February 28, 2013

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

Sunit Kapur
Chairman & Director

Vinod Kumar Hans
Director

Shifali Chawla
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 2012

(All amounts in Indian Rs., unless otherwise stated)

	Schedules	For the year ended 31 December, 2012 Amount in Rs.	For the year ended 31 December, 2011 Amount in Rs.
REVENUE			
Revenue from operations (gross)		**1,144,137,552**	1,159,516,864
Less: Excise duty		**128,747,694**	113,777,927
Revenue from operations (net)	16	**1,015,389,858**	1,045,738,937
Other income	17	**40,444,659**	29,080,728
TOTAL		**1,055,834,517**	1,074,819,665
EXPENSES			
Cost of materials consumed	18	**282,334,258**	290,921,448
"Increase in inventory of finished goods and “work-in-progress"	19	**(5,115,648)**	(14,729,037)
Employee benefits expenses	20	**41,442,320**	33,218,296
Finance cost	21	**2,274,988**	3,073,998
Depreciation and amortisation expense	9	**30,144,000**	32,284,018
Other expenses	22	**422,632,623**	417,352,519
TOTAL		**773,712,541**	762,121,242
Profit before taxation		**282,121,976**	312,698,423
Tax expense			
Current tax		**99,053,139**	117,400,885
Deferred tax		**(213,449)**	(7,624,105)
Total tax expenses		**98,839,690**	109,776,780
Profit after tax		**183,282,286**	202,921,643
Prior period income		-	(15,356,806)
Profit for the year		**183,282,286**	187,564,837
Earnings per equity share	23		
Basic and diluted		**17.67**	19.59

Notes 1 to 35 form an integral part of these financial statements

This is the statement of Profit and Loss referred to in our report of even date.

For Walker, Chandiok & Co.
Chartered Accountants

per David Jones
Partner

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

Sunit Kapur	**Vinod Kumar Hans**	**Shifali Chawla**
Chairman & Director	Director	Company Secretary

Place: Gurgaon
Date: February 28, 2013

Notes to the financial statements for the year ended 31 December 2012

1. Corporate Information

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

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

2. Basis of Preparation and Presentation

"The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. "During the year ended 31 December 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year."

2.1 Summary of significant accounting policies

a) Use of Estimates

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

b) Tangible Fixed Assets and Capital work-in-progress

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

c) Depreciation on tangible fixed assets

Depreciation is provided using the Straight Line Method, as under:

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

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

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

d) 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 Statement of profit and loss on a straight line basis over the lease term.

e) Impairment of tangible and intangible assets

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

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

f) Inventories

Inventories are valued as follows:

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

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

g) Revenue Recognition

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

Sale of Goods

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

Interest

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

h) Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

i) Retirement and other employee benefits

(i) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of profit and loss of the year when contributions are due to "Goetze India Limited Provident Fund Trust", administered by the trustees and to the Regional Provident Fund Commissioners. There are no other obligations other than the contribution payable to the respective trusts.

(ii) Gratuity liability under the Payment of Gratuity Act is defined benefit obligations and is accrued on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

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

(iv) Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

(v) Superannuation Benefit

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

j) Income Taxes

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

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

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

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

k) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

l) Provisions, contingent liabilities and contingent asset

A provision is recognized when an enterprise has a present obligation as a result of past event; 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.

Contingent Liabilities are usually not provided for, unless it is probable that the future outcome may be materially detrimental to the Company. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefits is remote. "Contingent assets are not recognized in the financial statement.

m) Cash and Cash Equivalents

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

Schedules to the Accounts

(All amounts in Indian Rs., unless otherwise stated)

3 : Share Capital

	As at 31 December, 2012	As at 31 December, 2011
Authorized shares		
10,000,000 equity shares of Rs. 10/- each.	**100,000,000**	100,000,000
1,000,000 6% redeemable cumulative Preference Shares of Rs. 100 each	**100,000,000**	100,000,000
	200,000,000	200,000,000
Issued, subscribed and fully paid-up shares		
10,000,000 equity shares of Rs. 10/- each.	**100,000,000**	100,000,000
1,000,000 6% redeemable cumulative Preference Shares of Rs. 100 each	**-**	100,000,000
Total issued, subscribed and fully paid-up share capital	**100,000,000**	200,000,000

(a) There is no movement in equity share capital during the current year and previous year

(b) Reconciliation of Redeemable cumulative preference shares:

	31 December, 2012		31 December, 2011	
	Number	Amount	Number	Amount
Balance at the beginning of the year				
Redeemable Cumulative Preference Shares	**1,000,000**	**100,000,000**	1,000,000	100,000,000
Redeemed during the year (at par value)	**(1,000,000)**	**(100,000,000)**	-	-
Balance at the end of the year	-	-	1,000,000	100,000,000

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 December, 2012, the amount of per share dividend recognized as distributions to equity shareholders is Rs. 7 (31 December, 2011: Rs.7). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the company.

Name of the shareholder	31 December, 2012		31 December, 2011	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of Rs 10 each				
Federal-Mogul Goetze (India) Limited, India	**5,100,000**	**51.00%**	5,100,000	51.00%
Federal Mogul UK Investment Limited, UK	**2,450,000**	**24.50%**	2,450,000	24.50%
TPR Co. Limited, Japan	**2,450,000**	**24.50%**	2,450,000	24.50%
6% redeemable cumulative Preference Shares of Rs. 100 each				
Federal-Mogul Goetze (India) Limited, India	-	-	5,100,000	51.00%
Federal Mogul UK Investment Limited, UK	-	-	2,450,000	24.50%
TPR Co. Limited, Japan	-	-	2,450,000	24.50%

(All amounts in Indian Rs., unless otherwise stated)

	As at 31 December, 2012	As at 31 December, 2011

4 : Reserves and Surplus

	As at 31 December, 2012	As at 31 December, 2011
Capital redemption reserve		
Balance as per last financial statements	**-**	**-**
Add: Transferred from statement of profit and loss pursuant to redemption of Preference shares	**100,000,000**	-
Closing balance	**100,000,000**	-
General Reserve		
Balance at the beginning of the year	**50,100,000**	31,300,000
Add: Transferred from the statement of profit and Loss	**18,600,000**	18,800,000
Closing balance	**68,700,000**	50,100,000
Surplus in the statement of profit and loss		
Balance at the beginning of the year	**415,341,906**	334,906,169
Add: Transferred from statement of profit and loss	**183,282,286**	187,564,837
Less: Appropriations:		
Transfer to capital redemption reserve	**100,000,000**	-
Proposed dividends on equity shares	**70,000,000**	70,000,000
Tax on proposed dividend - equity shares	**11,355,750**	11,355,750
Final dividend on redemption of 6% redeemable cumulative preference shares	**5,688,525**	6,000,000
Tax on final dividend - preference shares	**922,821**	973,350
Transfer to general reserve	**18,600,000**	18,800,000
Net surplus in the statement of profit and loss	**392,057,096**	415,341,906
Total reserves and surplus	**560,757,096**	465,441,906

5 : Deferred tax liability (net)

	As at 31 December, 2012	As at 31 December, 2011
Deferred tax liabilities		
Impact of difference between depreciation as per tax books and depreciation and amortization charged for the financial reporting	**12,445,325**	13,173,140
Gross deferred tax liabilities	**12,445,325**	13,173,140
Deferred tax assets		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	**7,809,382**	8,265,225
Provision for doubtful debts and advances	**55,868**	114,393
Gross deferred tax assets	**7,865,250**	8,379,618
Deferred tax Liabilities (net)	**4,580,075**	4,793,522

6. Long-term provisions and short term provisions

	Non-current		Current	
	As at 31 December 2012	As at 31 December 2011	**As at 31 December 2012**	As at 31 December 2011
Provision for employee benefits				
Provision for gratuity	**3,549,776**	3,582,298	**210,369**	401,559
Provision for leave encashment	**1,020,243**	1,056,145	**72,034**	123,324
	4,570,019	4,638,443	**282,403**	524,883
Other provisions				
Proposed dividend	**-**	**-**	**70,000,000**	76,000,000
Tax on proposed dividend	**-**	**-**	**12,278,571**	12,329,100
Provision for taxation (net of advance tax)	**-**	**-**	-	1,680,632
	-	**-**	**82,278,571**	90,009,732
	4,570,019	4,638,443	**82,560,974**	90,534,615

(All amounts in Indian Rs., unless otherwise stated)

	As at 31 December, 2012	As at 31 December, 2011
7. Trade payables		
Trade payables (including acceptances)		
- Due to Micro, Small & Medium Enterprises (refer note 30)	**19,13,767**	21,56,349
- Total outstanding dues to units other than Micro, Small & Medium Enterprises	**6,49,90,352**	7,90,23,940
	6,69,04,119	8,11,80,289
8. Other current liabilities		
Advance from customers	**2,92,521**	2,65,785
Other payables		
Statutory Liabilities	**59,52,300**	71,55,591
Book overdraft	-	1,61,40,267
Other liabilities	**3,99,668**	4,11,793
	66,44,489	2,39,73,436

9. Tangible Assets

Particulars	Plant and Machinery	Furniture and Fixtures	Vehicle	Total Tangible Assets
Gross block				
Balance as at 1 January 2011	42,77,70,574	16,11,026	31,710	42,94,13,310
Additions	4,57,84,407	-	-	4,57,84,407
Disposals	(4,00,000)	-	-	(4,00,000)
Balance as at 31 December 2011	47,31,54,981	16,11,026	31,710	47,47,97,717
				-
Additions	**22,29,178**	**-**	**-**	**22,29,178**
Disposals	**(72,34,614)**	**-**	**-**	**(72,34,615)**
Balance as at 31 December 2012	**46,81,49,545**	**16,11,026**	**31,710**	**46,97,92,280**
				-
Accumulated depreciation and amortisation				-
Balance as at 1 January 2011	26,85,94,111	11,70,187	17,838	26,97,82,136
Depreciation charge	3,22,35,787	45,218	3,012	3,22,84,018
Adjusted on disposal of assets	(19,437)	-	-	(19,437)
Balance as at 31 December 2011	30,08,10,461	12,15,405	20,850	30,20,46,717
Depreciation charge	**3,01,05,772**	**35,215**	**3,013**	**3,01,44,000**
Adjusted on disposal of assets	**(66,86,415)**	**-**	**-**	**(66,86,415)**
Balance as at 31 December 2012	**32,42,29,818**	**12,50,620**	**23,863**	**32,55,04,302**
Net Block				-
Balance as at 31 December 2011	17,23,44,520	3,95,621	10,859	17,27,51,000
Balance as at 31 December 2012	**14,39,19,726**	**3,60,406**	**7,846**	**14,42,87,978**

10. Long-term loans and advances		
Capital advances	**3,89,27,838**	2,59,200
Advance income-tax (net of provision for taxation)	**90,49,398**	-
Taxes paid under protest	**2,56,64,432**	-
	7,36,41,668	2,59,200
11. Short-term loans and advance		
Unsecured, considered good		
Deposits with excise and other tax authorities	**72,02,037**	79,01,259
Inter-Corporate deposit	**20,00,00,000**	35,00,00,000
Prepaid expenses	**9,21,977**	4,25,695
Others advances	**67,72,878**	25,61,656
	21,48,96,892	36,08,88,610

12. Other Non Current Assets and Other Current Assets **Amount in Rs.**

	Non-current		Current	
	As at 31 December 2012	As at 31 December 2011	**As at 31 December 2012**	As at 31 December 2011
Interest accrued on Inter-Corporate deposit	-	-	**19,47,406**	61,63,152
Interest accrued on others	-	-	**20,37,897**	8,82,492
On deposit accounts (pledged with Government authorities)	**2,27,13,194**	-	**-**	4,05,000
	2,27,13,194	-	**39,85,303**	74,50,644

(All amounts in Indian Rs., unless otherwise stated)

	As at 31 December, 2012	As at 31 December, 2011

13.Inventories (Valued at lower of cost or net realizable value)

	As at 31 December, 2012	As at 31 December, 2011
Raw materials and components	**4,60,97,838**	4,42,60,122
Stores and spares	**42,43,791**	94,84,143
Loose tools	-	39,76,609
Work-in-progress	**1,94,17,889**	1,54,76,955
Finished goods	**1,65,28,644**	1,53,53,930
	8,62,88,162	8,85,51,759
DETAILS OF INVENTORIES		
Raw material and components		
Steel wire	**4,25,42,904**	3,27,72,087
Bought out rings	**15,81,472**	73,26,229
Others	**19,73,462**	41,61,806
	4,60,97,838	4,42,60,122
Work-in progress		
Steel wire	**1,94,17,889**	1,54,76,955
	1,94,17,889	1,54,76,955
Finished goods		
Steel rings	**1,65,28,644**	1,53,53,930
	1,65,28,644	1,53,53,930

(Amount in Rs.)

	As at 31 December, 2012	As at 31 December, 2011
14.Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	1,70,370
Unsecured, considered doubtful	**84,606**	3,52,578
	84,606	5,22,948
Less Provision for doubtful receivables	**(84,606)**	(3,52,578)
	-	1,70,370
Debts outstaning for a period less than six months for the date they are due for payment		
Unsecured, considered good	**17,95,75,181**	14,83,35,896
Unsecured, considered doubtful	**87,586**	-
	17,96,62,767	14,83,35,896
Less Provision for doubtful receivables	**(87,586)**	-
	17,95,75,181	14,83,35,896
	17,95,75,181	14,85,06,266
15.Cash & bank balances		
Cash and cash equivalents		
Cash on hand	**224**	224
Balances with Scheduled Banks:		
On Current Accounts	**3,96,53,744**	1,20,04,511
On deposit accounts (pledged with Government authorities)	**4,05,000**	-
	4,00,58,968	1,20,04,735
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	**4,20,00,000**	8,00,00,000
	4,20,00,000	8,00,00,000
	8,20,58,968	9,20,04,735

(All amounts in Indian Rs., unless otherwise stated)

	As at 31 December, 2012	As at 31 December, 2011
16. Revenue from operations (net)		
Revenue from operations		
Sale of products	**1,14,25,15,154**	1,15,77,98,046
Other operating revenue	**16,22,398**	17,18,818
Revenue from operations (gross)	**1,14,41,37,552**	1,15,95,16,864
Less: Excise duty	**(12,87,47,694)**	(11,37,77,927)
Revenue from operations (net)	**1,01,53,89,858**	1,04,57,38,937
Details of products sold		
Manufactured goods		
Steel rings	**1,14,25,15,154**	1,15,77,98,046
Total	**1,14,25,15,154**	1,15,77,98,046
17. Other income		
Interest income on		
Bank deposits	**48,77,696**	17,95,485
On Inter-Corporate deposit	**3,20,78,675**	2,12,16,424
Excess liabilities written back	**29,92,262**	44,19,848
Miscellaneous income	**4,96,026**	16,48,971
	4,04,44,659	2,90,80,728
18. Cost of raw material and components consumed		
Inventory at the beginning of the year	**4,42,60,122**	2,83,84,554
Add: Purchases	**28,41,71,974**	30,67,97,016
	32,84,32,096	33,51,81,570
Less: inventory at the end of the year	**4,60,97,838**	4,42,60,122
Cost of raw material and components consumed	**28,23,34,258**	29,09,21,448
Details of raw material and components consumed		
Steel wire	**12,71,32,450**	10,79,65,041
Bought out rings	**12,45,35,824**	11,45,31,074
Others	**3,06,65,984**	6,84,25,333
	28,23,34,258	29,09,21,448
19. Increase in inventory of finished goods and work-in-progress		
Opening stock		
Work-in-process	**1,54,76,955**	80,01,379
Finished products	**1,53,53,930**	81,00,469
	3,08,30,885	1,61,01,848
Closing stock		
Work-in-process	**1,94,17,889**	1,54,76,955
Finished products	**1,65,28,644**	1,53,53,930
	3,59,46,533	3,08,30,885
	(51,15,648)	(1,47,29,037)
20. Employee benefits expenses		
Salaries, wages and bonus	**3,70,60,497**	2,94,21,947
Contribution to provident fund and other funds	**25,77,790**	18,30,930
Contribution to super annuation	**2,05,885**	3,70,489
Gratuity expenses	**5,05,971**	12,89,982
Workmen and staff welfare expenses	**10,92,177**	3,04,948
	4,14,42,320	3,32,18,296

(All amounts in Indian Rs., unless otherwise stated)

	As at 31 December, 2012	As at 31 December, 2011
21. Finance cost		
Interest	**10,96,069**	19,47,555
Bank charges	**11,78,919**	11,26,443
	22,74,988	30,73,998
22. Other expenses		
Consumption of stores and spares	**10,01,65,764**	10,21,96,624
Sub-contracting expenses	**41,32,226**	41,60,569
Chrome plating charges	**11,61,03,391**	11,36,23,057
(Decrease)/Increase in excise duty on inventory	**(35,911)**	15,33,092
Power and fuel	**98,32,793**	1,01,95,436
Freight and forwarding charges	**44,35,865**	35,90,777
Rent	**83,39,970**	79,64,999
Rates and taxes	**54,73,676**	66,68,132
Insurance	**7,50,571**	9,08,496
Repairs and maintenance		
Plant and machinery	**40,86,551**	5,31,317
Buildings	**6,06,284**	4,06,934
Others	**28,29,374**	6,82,067
Advertising and sales promotion	**93,17,141**	1,02,40,660
Sole selling commission	**4,44,85,757**	4,64,27,549
Management support charges (including expense of Rs. 72,719,828 reimbursed (Previous year Rs 71,314,846)	**7,79,07,309**	7,65,02,326
Royalty	**1,47,51,461**	1,93,37,069
Product rectification charges	**23,856**	11,585
Legal and professional fees	**35,13,286**	22,13,512
Technical training charges	**6,05,916**	7,14,801
Travelling and conveyance	**4,89,561**	15,63,673
Printing and stationery	**5,62,216**	3,72,058
Auditors' remuneration*	**6,50,000**	6,56,279
Charity and donation	**13,300**	-
Exchange differences (net)	**1,30,44,066**	52,07,096
Loss on sale of fixed assets (net)	**5,48,200**	3,80,563
Miscellaneous expenses	-	12,63,848
	42,26,32,623	41,73,52,519
***Auditors remuneration**		
- Audit fee	**4,75,000**	4,25,000
- Tax audit fee	**1,75,000**	1,25,000
- Others	-	50,000
-Out of Pocket expenses	-	56,279
	6,50,000	6,56,279
23. Earnings per share		
Net profit after tax as per statement of profit & loss (Rs.)	**18,32,82,286**	20,29,21,643
Less: Preference dividend (including dividend tax Rs. 922,821, previous year Rs. 973,350)	**66,11,346**	69,73,350
Profit available for equity shareholders	**17,66,70,940**	19,59,48,293
Weighted average number of equity shares outstanding during the year	**1,00,00,000**	1,00,00,000
Basic and Diluted Earnings per share (Rs.)	**17.67**	19.59

24. Capital and other Commitments

Total estimated amount of contracts, (net of advances) remaining to be executed on capital account and not provided for as at 31 December 2012 is Rs: Nil (previous Year Rs: 100,800)

Schedules to the Accounts

25. Contingent liabilities :

Particulars	As at 31 December, 2012 (Rs.)	As at 31 December, 2011 (Rs.)
Claims/notices contested by the Company		
a) Excise duty and Service tax	**13,51,84,164**	12,75,27,262
b) Sales tax	**4,54,26,388**	4,54,26,388

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

i) Matter pending with Commissioner/ Joint Commissioner/ Deputy Commissioner of Central Excise, Banguluru:

a) In relation to deduction of Trade Discounts for the period 2000-2002 to 2003-2004. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 242,426 (Previous year Rs. 242,426)

ii) Matters pending with Central Excise and Service Tax Appellate Tribunal (CESTAT):

a) Company has received demand notice for the period 2008-09, which is on account of demand for service tax on supplementary bills on job work charges for price reduction passed on by one of the supplier. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved including interest & penalties is Rs. 11,936,332 (Previous year Rs. 11,936,332).

b) In respect of irregular availment of cenvat credit on certain products obtained on job work basis for the period 2005- 2007. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 36,106,654 (Previous year Rs. 36,106,654) including interest and penalties of Rs. 18,053,327 (Previous year Rs. 18,053,327).

c) In respect of notice received for the period 2009-10 on account of Cenvat credit of service tax on job work charges. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. A stay was also granted to the Company in the month of February 2012 in this matter. The amount involved is Rs. 30,680,233 (Previous year Rs. 30,680,233)

d) In respect of irregular availment of cenvat credit in respect to certain product obtained on job work basis for the period 2010. The company has done an analysis and if of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 8,566,414 (Previous year Rs. 8,566,414).

e) Company has received demand Notice for the period 2010 which on account of Service Tax credit availed on sole selling commission. The company had done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 5,649,735 (Previous year Rs. 5,649,735).

f) In respect of availment of cenvat credit (service tax) in relation to management consultancy service and sole selling commission for the period 2004-2005 to 2006-2007. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 2,435,525 (Previous year Rs. 2,435,525).

g) In respect of availment of cenvat credit (service tax) in relation to sales commission and freight charges for the period January 2008 to April 2010. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 13,813,503 (Previous year Rs. 13,813,503).

h) In respect of availment of cenvat credit (service tax) in relation to management consultancy and freight charges for the period September 2008 to November 2009. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 7,376,990 (Previous year Rs. 7,376,990).

(iii) Matters pending with Commissioner of Central Excise (Appeals), Banguluru.

a) Company has received demand notice for the period 2005 which is on account of non production of service tax document. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 2,471,010 (Previous year Rs. 2,471,010).

(iv) Matter pending with Commissioner/ Joint Commissioner/ Deputy Commissioner of Central Excise, Banguluru

a) Company has received demand Notice for the period 2011 on account of Service Tax credit availed on job work charges. The company had done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 8,248,440 (Previous year Rs. 8,248,440).

b) Company has received demand notice for the period October 2011 to April 2012 on account of service tax credit availed on job work charges. The company had done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 76,53,902 (Previous year NIL)

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

i) The matter is pending before the Joint Commissioner of Commercial taxes (Appeals), Banguluru:

a) Company has received demand notice for the period 2007-08 which is on account of applicability of higher tax rate on goods cleared local goods. The company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 45,426,388 (Previous year Rs. 45,426,388).

26. Related party disclosure

i) List of related parties and relationships:

Name of the Party	**Nature of relationship**
Federal-Mogul Corporation	Ultimate Holding Company
Federal-Mogul Goetze (India) Limited	Holding Company
Federal Mogul UK Investments Limited	Common control with Holding Company
Teikoku Piston Ring Co. Ltd., Japan	Common control with Holding Company
Mr. B.P. Srikanth (till April 25, 2012)	Key Management Personnel
Mr. S. Raghavendra (Since April 26, 2012)	Key Management Personnel

(All amounts in Indian Rs., unless otherwise stated)

Particulars	Holding Company		Common Control with Holding Company				Key Managerial Personnel and their relatives				Total	
	Federal Mogul Goetze (India) Ltd.		Federal Mogul UK Investments Limited		Teikoku Piston Rings Co. Ltd.		Mr. B.P. Srikant		Mr. S Raghavendra			
	December 31, 2012 (Rs.)	December 31, 2011 (Rs.)	**December 31, 2012 (Rs.)**	December 31, 2011 (Rs.)	**December 31, 2012 (Rs.)**	December 31, 2011 (Rs.)	**December 31, 2012 (Rs.)**	December 31, 2011 (Rs.)	**December 31, 2012 (Rs.)**	December 31, 2011 (Rs.)	**December 31, 2012 (Rs.)**	December 31, 2011 (Rs.)
A. Transactions during the year												
Sales	**(54,97,61,544)**	(59,07,42,441)	-	-	-	-	-	-	-	-	**(54,97,61,544)**	(59,07,42,441)
Purchase of raw material, intermediaries and finished goods	**14,66,62,059**	11,69,42,845	-	-	**57,31,392**	17,29,688	-	-	-	-	**15,23,93,451**	11,86,72,533
Dividend Paid / Proposed	**7,73,61,147**	7,59,90,000	**3,71,63,689**	3,65,05,000	**3,71,63,689**	3,65,05,000	-	-	-	-	**15,16,88,525**	14,90,00,000
Management fee paid	**7,79,07,309**	7,65,02,326	-	-	-	-	-	-	-	-	**7,79,07,309**	7,65,02,326
Job work Expences	11,61,03,391	11,36,23,057	-	-		-	-	-	-	-	**11,61,03,391**	11,36,23,057
Sole selling commission paid	**4,44,85,757**	4,64,27,549	-	-	-	-	-	-	-	-	**4,44,85,757**	4,64,27,549
Remuneriation	-	-	-	-	-	-	**7,32,362**	15,07,567	**8,77,914**	-	**16,10,276**	15,07,567
Rent expense	**78,00,000**	78,00,000	-	-	-	-	-	-	-	-	**78,00,000**	78,00,000
Royalty Expense	-	-	-	-	**6,06,284**	1,79,39,045	-	-	-	-	**6,06,284**	1,79,39,045
Inter-Corporate Deposit (ICD) given	-	14,00,00,000	-	-	-	-	-	-	-	-	-	14,00,00,000
Inter-Corporate Deposit (ICD) received back	**(15,00,00,000)**	(2,00,00,000)	-	-	-	-	-	-	-	-	**(15,00,00,000)**	(2,00,00,000)
Interest on ICD	**3,20,78,675**	2,12,16,424	-	-	-	-	-	-	-	-	**3,20,78,675**	2,12,16,424
Redumption of Prefrence shares	**5,10,00,000**	-	**2,55,00,000**	-	**2,55,00,000**	-	-	-	-	-	**10,20,00,000**	-
B. Outstanding balances:												
Balance outstanding as at the end of the year (Receivable)	**31,16,29,120**	38,96,09,003	-	-	-	-	-	-	-	-	**31,16,29,120**	38,96,09,003
Balance outstanding as at the end of the year (Payable)	-	-	-	-	**(29,65,388)**	(6,46,081)	-	-	-	-	**(29,65,388)**	(6,46,081)

27. Segment Information

The company is primarily engaged in the business of manufacturing of piston rings. As the company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosure prescribed by Accounting Standard 17, "Segment Reporting", have not been provided in these financial statements.

28. Operating Lease

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

29. Particulars of unhedged foreign currency exposure as at the balance sheet date

Import Creditors	Foreign currency	Rate	Amount
USD			
Current year	67,344	55.87	37,62,524
Previous year	4,14,981	54.24	2,25,08,593
Euro			
Current year	17,488	73.87	12,91,827
Previous year	19,532	70.25	13,72,111
JPY			
Current year	(6,54,31,064)	0.65	(4,25,62,907)
Previous year	54,23,217	0.70	37,98,421

Note: Figures in bracket signifies advance to vendors.

30. Based upon the supplier profile available with the Company, no creditor is covered under Micro, small and Medium Enterprise Development Act, 2006. Consequently, information pursuant to principal amount and interest thereon is not required to be provided.

	31 December 2012	31 December 2011
Particulars		
The principal amount remaining unpaid as at the end of year	**19,13,764**	21,56,349
Interest due on above principal and remaining unpaid as at the end of the year	**15,620**	25,720
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	**1,89,031**	1,25,932
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**1,73,411**	1,51,652
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	**4,89,244**	3,15,833

31. Disclosures in accordance with revised AS-15 on "Employee Benefits"

"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 basic salary (last drawn salary) for each completed year of service."The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet."

	31 December 2012	31 December 2011
Statement of profit and loss		
Net employee benefit expense (recognized in Employee cost)		
Current service cost	**3,92,221**	3,44,841
Interest cost on benefit obligation	**3,21,562**	2,09,834
Expected Return on planned assets	-	-
Net actuarial (gain) / loss recognized in the year	**(2,07,812)**	7,35,307
Net benefit expense*	**5,05,971**	12,89,982
Balance Sheet		
Details of Provision for gratuity		
Defined benefit obligation	**37,60,145**	39,83,857
Less: Fair value of plan assets	-	-
Plan liability	**37,60,145**	39,83,857

(Amount in Rs.)

	As at 31 December, 2012	As at 31 December, 2011
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**39,83,857**	26,93,874
Interest cost	**3,21,562**	2,09,834
Current service cost	**3,92,221**	3,44,841
Benefits paid	**(7,29,683)**	-
Actuarial (gains) / losses on obligation	**(2,07,812)**	7,35,308
Closing defined benefit obligation	**37,60,145**	39,83,857
The principal assumptions used in determining gratuity for the Company's plan is shown below:		
Discount rate	**8%**	8.50%
Normal retirement age	**58 years**	58 years
Employee turnover	**5%**	5%
32. Expenditure in foreign currency (On payment basis)		
Royalty	**1,41,04,865**	68,28,300
Technical fees	**16,61,448**	11,43,851
Total	**1,57,66,313**	79,72,151

33. Remittance in foreign currency on account of dividend:

Particulars	Year to which pertain	No. of shares held	No. of non resident share holders	Amount
Preference shares	2012	**4,90,000**	**2**	**29,40,000**
	2011	4,90,000	2	27,87,378
	2010	(4,90,000)	(2)	(29,40,000)
Equity shares	2011	49,00,000	2	3,43,00,000
	2010	(49,00,000)	(2)	(3,28,30,000)

Note: Figures in bracket pertains to previous year

	As at 31 December, 2012	As at 31 December, 2011
34. Value of imports calculated on CIF basis (On accrual basis)		
Raw materials	**13,60,90,792**	18,73,09,038
Spare parts and components	**3,48,82,909**	3,99,71,649
Capital goods	**34,89,300**	98,42,816
Total	**17,44,63,001**	23,71,23,503

35. Imported and indigenous raw material, components and spare parts consumed

Particulars	Year ended 31 December 2012		Year ended 31 December 2011	
	% of total consumption	**Value Amount**	% of total consumption	Value Amount
Raw materials and components				
Indigenous	**54.97%**	**15,52,01,808**	55.37%	16,10,96,817
Imported	**45.03%**	**12,71,32,450**	44.63%	12,98,24,631
	100%	**28,23,34,258**	100%	29,09,21,448
Stores, spares and tools				
Indigenous	**98%**	**9,80,78,954**	98%	10,02,41,099
Imported	**2%**	**20,86,810**	2%	19,55,525
	100%	**10,01,65,764**	100%	10,21,96,624

For Walker, Chandiok & Co.
Chartered Accountants

per David Jones
Partner

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

Sunit Kapur — Chairman & Director
Vinod Kumar Hans — Director
Shifali Chawla — Company Secretary

Place: Gurgaon
Date: February 28, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2012

Amount in Rs.

	For the year ended 31 December, 2012	For the year ended 31 December, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and after prior period	**28,21,21,976**	29,73,41,617
Adjustments for:		
Depreciation and amortisation	**3,01,44,000**	3,22,84,018
Loss on sale / discard of fixed assets (net)	**5,48,200**	3,80,563
Interest Income	**(3,69,56,371)**	(2,30,11,909)
Interest expense	**10,96,069**	19,47,555
Excess provision written back	**(29,92,262)**	(44,19,848)
Unrealised forex (gain)/loss (net)	**1,19,56,276**	27,82,761
Operating profit before working capital changes	**28,59,17,888**	30,73,04,757
Movements in working capital :		
Decrease / (Increase) in trade and other receivable	**(9,90,05,266)**	8,21,06,564
Decrease / (Increase) in inventories	**22,63,597**	(2,69,75,366)
Increase / (Decrease) in Trade and other payables	**(4,08,80,036)**	3,28,88,019
Cash generated from operations	**14,82,96,183**	39,53,23,974
Direct taxes paid (net of refunds)	**(10,97,83,169)**	(12,38,99,297)
Net cash from operating activities	**3,85,13,014**	27,14,24,677
B. Cash flows from investing activities		
Purchase of fixed assets and capital work in progress	**(2,06,48,606)**	(4,52,04,635)
Movement in restricted cash (Decrease) / Increase in fixed deposit (net)	**1,52,86,806**	(8,00,00,000)
Interest received	**4,00,16,712**	1,96,93,016
(Decrease) / Increase in Inter-corporate deposit	**15,00,00,000**	(12,00,00,000)
Net cash used in investing activities	**18,46,54,912**	(22,55,11,619)
C. Cash flows from financing activities		
Interest paid	**(10,96,068)**	(19,47,555)
Redumption of Preference Shares	**(10,00,00,000)**	-
Dividends paid	**(8,16,88,525)**	(7,30,00,000)
Tax on dividend paid	**(1,23,29,100)**	(1,21,24,388)
Net cash used in financing activities	**(19,51,13,693)**	(8,70,71,943)
Net increase (decrease) in cash and cash equivalents (A + B + C)	**2,80,54,233**	(4,11,58,885)
Cash and cash equivalents at the beginning of the year	**1,20,04,735**	5,31,63,620
Cash and cash equivalents at the end of the year	**4,00,58,968**	1,20,04,735

Components of cash and cash equivalents	**31 December, 2012**	31 December, 2011
Cash and cheques on hand	**224**	224
With banks - on current account	**3,96,53,744**	1,20,04,511
- fixed deposits with banks	**4,05,000**	-
	4,00,58,968	1,20,04,735

As per our report of even date

For Walker, Chandiok & Co.
Chartered Accountants

per David Jones
Partner

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

Sunit Kapur — Chairman & Director
Vinod Kumar Hans — Director
Shifali Chawla — Company Secretary

Place: Gurgaon
Date: February 28, 2013

AUDITOR'S REPORT

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

1. We have audited the attached Consolidated Balance Sheet of Federal Mogul Goetze (India) Limited and its subsidiaries (hereinafter collectively referred to as 'the Group') as at 31 December 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'Consolidated Financial Statements'). These Consolidated Financial Statements are the responsibility of the management of the Group and have been prepared by the Group's management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that -

(a) the Consolidated Financial Statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

(b) *As detailed in note 47 of the accompanying consolidated financial statements, the Company is pursuing a matter regarding certain discrepancies noted in availing sales tax benefits. The matter is currently pending with the appropriate authorities, management based on certain internal assessment has accrued a provision to an extent of Rs. 625.81 lacs (including estimated interest and penalties) to meet future tax obligations. Out of this provision, the Company has deposited Rs 398.03 lacs with the appropriate authorities during the year. However, the extent of exact future liabilities that may arise is presently not determinable. Accordingly, we are unable to comment upon the adequacy of provision recorded in this respect and the consequential impact of the outcome of the proceedings.*

4. Based on our audit, and to the best of our information and according to the explanations given to us, *Subject to our comments in Para 3(b) above*, in our opinion, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India; in case of:

(i) the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 December, 2012;

(ii) the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and

(iii) the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Walker, Chandiok & Co.
Chartered Accountants
Firm Registration No: 001076N

per David Jones
Partner
Membership No: 98113

Place : New Delhi
Date : February 28, 2013

Consolidated Balance sheet and profit and loss account

Balance Sheet as at 31 December, 2012

	Schedules	As at 31 December, 2012 Rs (in lacs)	As at 31 December, 2011 Rs (in lacs)
Equity and Liabilities			
Shareholders' funds			
Share capital	3	**5,563.21**	5,563.21
Reserves and surplus	4	**35,566.15**	37,088.71
		41,129.36	42,651.92
Minority Interest		**4,686.39**	4,310.70
Non-current Liabilities			
Long-term borrowings	5	**-**	400.00
Deferred tax liabilities (net)	6	**1,476.80**	1,507.29
Other long term liabilities	7	**245.17**	253.96
Long-term provisions	8	**5,657.96**	4,299.64
		7,379.93	6,460.89
Current liabilities			
Short-term borrowings	9	**17,021.30**	10,979.80
Trade payables	10	**16,661.21**	21,340.68
Other current liabilities	11	**2,031.76**	2,291.59
Short-term provisions	8	**1,146.12**	856.06
		36,860.39	35,468.13
Total		**90,056.07**	88,891.64
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	**47,377.43**	44,161.75
Intangible assets	12.1	**15.59**	29.09
Capital work-in-progress		**3,792.91**	3,674.58
Non-current investments	13	**-**	1.42
Long-term loans and advances	14	**2,628.15**	1,480.87
Other non-current assets	15	**238.91**	55.02
		54,052.99	49,402.73
Current assets			
Current investments	16	**-**	1,070.92
Inventories	17	**14,043.64**	14,614.67
Trade receivables	18	**15,726.66**	15,832.79
Cash and bank balances	19	**997.68**	1,132.01
Short-term loans and advances	20	**4,833.54**	6,008.37
Other Current Assets	21	**401.56**	830.15
		36,003.08	39,488.91
Total		**90,056.07**	88,891.64

Note 1 to 49 form an integral part of these consolidated financial statements.

This is the consolidated Balance Sheet referred to in our report of even date

For Walker, Chandiok & Co.
Chartered Accountants

per David Jones
Partner

Place: Gurgaon
Date : February 28, 2013

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

Sunit Kapur
Managing Director

Bernhard Motel
Director

Khalid Khan
Company Secretary

Consolidated Balance sheet and profit and loss account

Profit & Loss Account for the year ended 31 December, 2012

	Schedules	For the year ended 31 December, 2012 Rs (in lacs)	For the year ended 31 December, 2011 Rs (in lacs)
REVENUE			
Revenue from operations(gross)		**131,778.37**	126,425.58
Less: Excise duty		**(11,865.15)**	(9,734.39)
Revenue from operations(net)	22	**119,913.22**	116,691.19
Other income	23	**940.68**	478.33
Total revenue		**120,853.90**	117,169.52
EXPENSES			
Cost of raw material and components consumed	24	**39,058.84**	38,651.38
(Increase)/Decrease in Inventories	25	**(1,184.70)**	(2,530.08)
Purchase of traded goods	26	**3,600.36**	3,656.35
Employee benefit expense	27	**23,925.37**	21,663.69
Other expenses	28	**44,209.28**	40,745.14
Depreciation and amortization expenses	29	**6,494.96**	5,688.73
Finance cost	30	**2,689.97**	2,304.24
TOTAL EXPENSES		**118,794.08**	110,179.44
Profit before exceptional items, tax and minority interest/share of profit (loss) in associates		**2,059.82**	6,990.07
Exceptional items (refer Note no. 47)		**625.81**	-
Profit (Loss) in associates		**1,434.01**	6,990.07
Tax expense			
Current tax (including tax for earlier year Rs. Nil (Previous year 297.59 lacs)		**1,279.99**	2,800.90
MAT credit entitlement		**(9.29)**	(392.87)
Deferred tax		**(30.49)**	(192.42)
Total tax expenses		**1,240.21**	2,215.61
Profit before minority interest/share of profit (loss) in associatesand prior period items		**193.80**	4,774.46
Minority interest		**(865.69)**	(884.90)
Share of profit in associate company		**-**	35.39
		(671.89)	3,924.95
(Loss)/Profit after minority interest/share of profit (loss) in associates and before prior period items			
Prior period income (net of tax Rs. Nil, Prvious year Rs. Nil)	31	-	29.06
Net (loss) / Profit for the year		**(671.89)**	3,954.01
(Loss) / Earnings per share Basic and diluted [Nominal value of shares Rs. 10]	32	**(1.27)**	7.05

Summary of significant accounting policies 2

Note 1 to 49 form an integral part of these consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date

For Walker, Chandiok & Co.
Chartered Accountants

per David Jones
Partner

Place: Gurgaon
Date : February 28, 2013

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

Sunit Kapur
Managing Director

Bernhard Motel
Director

Khalid Khan
Company Secretary

Notes to Consolidated financial statements

1. a) Corporate Information

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

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

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

b) Basis of Preparation and Consolidation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

During the year ended 31 December 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) " Consolidated Financial Statements" and Accounting Standard 23 (AS 23) " Accounting for investments in Associates in Consolidated Financial Statements".

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

Name	**Percentage of Ownership interest as at 31 December 2012**	Percentage of Ownership interest as at 31 December 2011
Federal-Mogul TPR (India) Limited	**51%**	51 %

The audited financial statements of the subsidiary, considered in the consolidated accounts, are drawn upto 31 December 2012.

Investments in Associates:

The Federal-Mogul Goetze Group's Associates are:

Name	**Percentage of Ownership interest as at 31 December 2012**	Percentage of Ownership interest as at 31 December 2011
GTZ Securities Limited	**23.67%**	23.67%
GI Power Corporation Limited (up to 31 March'2011)	**6%**	26%

The Company has investment in GTZ Securities Limited which is considered as an associate, whose financial statements were audited for the year ended March 31, 2012 and are available with the Company. However, no financial statements have been prepared by the management of this associate company for the nine months period ended 31 December 2012 resulting in the results of this associate being not consolidated in these financial statements. The Group management is of the view that this non-availability of the financial statements of this associate will not affect the consolidated financial statements as the investment in such associate is fully provided for and it had incurred losses till March 31, 2012 and as informed by the management of the associate, the financial position has not improved since then.

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

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

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

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

The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e. year ended 31 December 2012.

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

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

2. Statement of Significant Accounting Policies

a) Use of estimates

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

b) Tangible fixed assets and Capital work-in-progress

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

c) Depreciation on tangible fixed assets

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

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

i) Plant and Machinery also includes self constructed machinery.

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

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

d) Impairment of tangible and intangible assets

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

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

e) Intangible Assets

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

Design and drawings- over a period of 5 years on straight line basis.

f) Leases

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

g) Investments

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

h) Inventories

Inventories are valued as follows:

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

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

i) Revenue Recognition

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

i) Sale of Goods:

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

ii) Job Work:

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

iii) Interest:

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

iv) Dividends:

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

v) Commission:

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

vi) Export Benefits/Incentives:

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

vii) Management support charges:

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

j) Borrowing Costs

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

k) Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

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

l) Retirement and Other Employee Benefits

(i) Provident fund contributions are charged to Statement of Profit and Loss, when contributions paid/payable are due to "Goetze India Limited Provident Fund Trust", administered by the trustees and to the Regional Provident Fund Commissioners. The Company accrues for the deficit in the Provident Fund trust as per the books of accounts of the Trust.

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

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

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

(v) **Superannuation Benefit**

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

m) Income Taxes

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

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

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

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

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

n) Earnings per Share

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

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

o) Provisions, contingent liability and contingent asset

A provision is recognized when an enterprise has a present obligation as a result of past event; 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.

Contingent Liabilities are usually not provided for, unless it is probable that the future outcome may be materially detrimental to the Company. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefits is remote.

Contingent assets are not recognized in the financial statement.

p) Cash and Cash Equivalents

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

q) Miscellaneous Expenditure

Miscellaneous expenditure representing impact of transitional provisions on adoption of notified Accounting Standard 15 and is written off over a period of 5 years.

r) Segment Reporting Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Balance sheet and profit and loss account

Notes to Accounts

3 : Share Capital

Rs (in lacs)

	As at 31 December, 2012	As at 31 December, 2011
Authorised		
80,000,000 (Previous Year: 80,000,000) equity shares of Rs. 10/- each.	**8,000.00**	8,000.00
	8,000.00	8,000.00
Issued, subscribed and fully paid-up shares		
55,632,130 (Previous Year: 55,632,130) equity shares of Rs.10/- each	**5,563.21**	5,563.21
	5,563.21	5,563.21

(a) There is no movement in equity share capital during the current year and previous year.

(b) Right/preferences/restriction attached to equity shares.
The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) List of shareholders holding more than 5% of the equity share capital of the Company at the beginning and at the end of the reporting year.

Name of the shareholder*	31 December 2012 No.	31 December 2012 % holding	31 December 2011 No.	31 December 2011 % holding
Equity shares of Rs 10 each fully paid				
Federal Mogul Holding Limited, Mauritius, the Parent company	**3,34,08,581**	**60.05%**	3,34,08,581	60.05%
Federal Mogul Vemogensuverwaltungs GMBH, a Fellow subsidiary company	**83,06,873**	**14.93%**	83,06,873	14.93%

*The above information is furnished as per the shareholder register at the year end.

(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Name of the shareholder*	31 December 2012 No.	31 December 2012 % holding	31 December 2011 No.	31 December 2011 % holding
Equity shares of Rs 10 each fully paid				
Federal Mogul Holding Limited, Mauritius, the Parent company	**3,34,08,581**	**60.05%**	3,34,08,581	60.05%
Federal Mogul Vemogensuverwaltungs GMBH, a Fellow subsidiary company	**83,06,873**	**14.93%**	83,06,873	14.93%

(e) The Company has not issued any equity shares pursuant to any contract without payment being received in cash, allotted as fully paid up by way of bonus issues and bought back during the last five years

4 : Reserves and Surplus

	As at 31 December, 2012	As at 31 December, 2011
Capital redemption reserve	**1,000.00**	1,000.00
Add :Transfer from statement of Profit & Loss pursuant to redemption of Preference shares	**1,000.00**	-
	2,000.00	1,000.00
Capital reserve	**56.55**	56.55
Capital subsidy	**1.12**	1.12
General reserve	**501.00**	313.00
Add: Transferred from surplus balance in the statement of profit and Loss	**186.00**	188.00
Closing balance	**687.00**	501.00

Rs. in Lacs

		As at 31 December, 2012		As at 31 December, 2011
Securities premium account		**26,750.74**		26,750.74
Surplus in the Statement of Profit and Loss				
Opening balance	**8,779.30**		5,508.98	
Add:Profit for the year	**(671.89)**		3,954.01	
Less: Appropriations				
Transfer to Capital Redemption Reserve	**1,000.00**			
Proposed final equity dividend	**700.00**		343.00	
Tax on proposed equity dividend	**113.56**		113.56	
Proposed preference dividend	**27.88**		29.40	
Tax on proposed preference dividend	**9.23**		9.73	
Transfer to General Reserve	**186.00**		188.00	
Closing balance		**6,070.76**		8,779.30
Total reserves and surplus		**35,566.17**		37,088.72

5. Long-term borrowings

	As at 31 December, 2012	As at 31 December, 2011
Term loans		
Indian rupee loan from banks (secured)	**-**	400.00
	-	400.00

1. Indian rupee loan from banks carries interest @ 15.70% p.a. The loan is repayable in monthly instalments of Rs. 33.33 lacs each along with interest, from the date of the loan, viz., December 15, 2009. The loan is secured by first parri passu charge on entire fixed assets of the Company including land and building and whole of moveable assets of the Company including plant & machinery, spares, tools and accessories, furniture & fixtures and other moveable assets of the Company.
2. Current maturities of long term borrowings amounting to Rs. 400 lacs (Previous year: Rs. 400 lacs) are included under the head ('Other current liabilities').

6. Deferred tax liabilities (net)

Deferred tax liabilities	**As at 31 December, 2012**	As at 31 December, 2011
Impact of difference between depreciation as per tax books and depreciation and amortization charged for the financial reporting	**4,044.40**	3,570.41
	4,044.40	3,570.41
Deferred tax assets		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis		
Provision for gratuity	**1,284.68**	941.86
Royalty expenses	**414.66**	432.92
Others	**836.53**	668.41
Provision for doubtful debts	**31.74**	19.93
	2,567.60	2,063.12
Deferred tax liabilities (net)	**1,476.80**	1,507.29

7. Other long-term liabilities

	As at 31 December, 2012	As at 31 December, 2011
Trade deposits from dealers	**245.17**	253.96
	245.17	253.96

8. Provisions

	Long term		**Short Term**	
	31 December, 2012	31 December, 2011	**31 December, 2012**	31 December, 2011
Provision for employee benefits				
Provision for gratuity (refer Note no. 39)	**3,957.45**	2,769.11	**2.10**	4.02
Provision for leave encashment	**601.45**	587.27	**87.62**	96.65
Provision for bonus	-	-	**47.38**	44.81
	4,558.91	3,356.39	**137.10**	145.47
Other provisions				
Provision for non fulfilment of export obligations	-	-	**186.22**	214.89
Proposed dividend	-	-	**700.00**	372.40
Tax on proposed dividend	-	-	**122.79**	123.29
Provision for regulatory matters	**1,099.06**	943.26	-	-
	1,099.06	943.26	**1,009.01**	710.58
	5,657.97	4,299.65	**1,146.11**	856.06

Rs. in Lacs

		As at 31 December, 2012	As at 31 December, 2011
9.	**Secured**		
	Short term loans	**4,000.00**	2,400.00
	Cash credit facilities from banks	**6,001.30**	6,180.61
		10,001.30	8,580.61
	Unsecured		
	Inter-corporate deposit repayable on demand	**7,020.00**	2,335.00
	Deposit from others	-	61.00
	Unclaimed fixed deposits	-	3.19
	Total	**17,021.30**	10,979.80

1. Short term loans and cash credit facilities are secured against hypothecation of current assets of the Company, both present and future. Short term loans are repayable by 31 December 2013 and cash credit facilities are repayable on demand. Secured short term borrowings carry rate of interest ranging between 10.07 % to 14.84% p.a.
2. Inter-corporate deposits are repayable on demand and carry rate of interest ranging between 9.35 % to 10.50 % p.a.

10.	**Trade payables**		
	Trade payables (including acceptances) (refer Note no.31 for details of dues to micro and small enterprises)	**16,661.21**	21,340.68
		16,661.21	21,340.68
11.	**Other current liabilities**		
	Current maturities of long-term borrowings (refer note no.5)	**400.00**	400.00
	Interest accrued and due on term loans	**5.32**	10.67
	Interest accrued and due on Inter corporate deposits	**57.37**	32.30
	Interest accrued but not due on loans	**86.98**	38.70
	Amounts due to Investor education and protection fund	-	-
	-Unclaimed dividend	-	8.60
	Advance from customers	**2.93**	2.66
	Trade/Security deposits received	**57.91**	42.96
	Other payables		
	Statutory liabilities	**1,417.25**	1,590.18
	Other liabilities	**4.00**	165.52
		2,031.76	2,291.58

12. Tangible Assets

Particulars	Freehold Land	Leasehold Land	Building	Furniture & Fittings and Office Equipment	Plant and Machinery	Vehicles	Total Tangible Assets
Cost							
At 1 January 2011	1,485.18	362.85	8,245.73	1,407.86	61,008.93	444.40	72,954.95
Additions	-	-	471.84	18.99	12,764.87	36.89	13,292.59
Disposals	-	-	-	2.72	831.05	37.04	870.81
At 31 December 2011	1,485.18	362.85	8,717.57	1,424.13	72,942.75	444.25	85,376.73
Additions	-	-	35.47	73.65	10,034.60	88.26	10,231.98
Disposals	-	-	8.06	49.52	1,291.48	160.13	1,509.19
At 31 December 2012	**1,485.18**	**362.85**	**8,744.98**	**1,448.26**	**81,685.87**	**372.37**	**94,099.52**
						-	
Depreciation							-
At 1 January 2011	-	18.90	2,728.47	719.71	32,251.71	284.68	36,003.47
Charge for the year	-	7.24	278.34	72.34	5,190.08	57.54	5,605.54
Disposals	-	-	-	1.24	376.52	16.27	394.03
At 31 December 2011	-	26.14	3,006.81	790.81	37,065.26	325.95	41,214.98
Charge for the year	-	1.71	287.08	64.68	6,094.89	33.10	6,481.46
Disposals	-	-	8.06	49.52	812.66	104.11	974.35
At 31 December 2012	**-**	**27.85**	**3,285.83**	**805.98**	**42,347.31**	**254.94**	**46,721.91**
Net Block							-
At 31 December 2011	1,485.18	336.71	5,710.76	633.32	35,877.49	118.30	44,161.75
At 31 December 2012	**1,485.18**	**335.00**	**5,459.15**	**642.29**	**39,338.37**	**117.44**	**47,377.43**

Rs. in Lacs

	As at 31 December, 2012	As at 31 December, 2011

12.1. Intangible assets

Particulars	Designs & Drawings and Patents & Trademarks	Total Intangible Assets
Cost		
At 1 January 2010	712.11	712.11
Additions	-	-
Disposals	-	-
At 31 December 2011	712.11	712.11
Additions	-	-
Disposals	-	-
At 31 December 2012	**712.11**	**712.11**
Depreciation		
At 1 January 2010	599.83	599.83
Charge for the year	83.19	83.19
Disposals	-	-
At 31 December 2011	683.02	683.02
Charge for the year	13.59	13.59
Disposals		
At 31 December 2012	**696.61**	**696.61**
Net Block		-
At 31 December 2011	29.09	29.09
At 31 December 2012	**15.50**	**15.50**

13. Non-current investments	As at 31 December, 2012	As at 31 December, 2011
Non-trade investments unquoted (valued at cost unless stated otherwise)		
(i) Government securities*		
National savings certificates	**1.32**	1.42
Less: Provision for diminution in value of investment	**(1.32)**	-
	-	1.42
(ii) Equity shares		
923,000 (Previous Year: 923,000) equity shares of Rs 5 each fully paid in GTZ Securities Limited	**46.15**	46.15
Less: Provision for diminution in value of investment	**(46.15)**	(46.15)
	-	-
(iii) Preference shares		
1,00,000 (Previous Year : 100,000) 6% redeemable cumulative preference shares in Nanz Food Products Limited of Rs. 10/-each	**10.00**	10.00
Less: Provision for diminution in value of investment	**(10.00)**	(10.00)
	-	-
	-	1.42
Aggregate amount of unquoted investment	**-**	-
*Deposited with government authority	-	1.42

14. Long-term loans and advances	As at 31 December, 2012	As at 31 December, 2011
Capital advances (Unsecured, considered good)	**687.95**	213.05
Security deposits (Unsecured, considered good)	**716.51**	609.21
Other loans and advances		
Prepaid expenses	**14.59**	6.74
Advance tax (net of provisions)	**1,209.10**	651.87
	2,628.15	1,480.87

Rs. in Lacs

		As at 31 December, 2012	As at 31 December, 2011
15.	**Other non-current assets**		
	Margin money with banks	**238.91**	55.02
		238.91	55.02
16.	**Current investments**		
	At lower of cost and fair value, unless stated otherwise		
	Unquoted equity shares		
	3,889,600 (Previous Year: 3,889,600) equity shares of Rs 5 each, fully paid in GI Power Corporation Limited	**194.48**	194.48
	Less: Provision for diminution in the value of investment	**(194.48)**	-
		-	194.48
	Preference instruments		
	17,528,800 (Previous Year: 17,528,800) 8% cumulative convertible redeemable preference shares of Rs 5 each, fully paid in GI Power Corporation Limited	**876.44**	876.44
	Less: Provision for diminution in the value of investment	**(876.44)**	-
		-	876.44
		-	1,070.92

		As at 31 December, 2012	As at 31 December, 2011
17.	**Inventories** (Valued at lower of cost and net realizable value)	**As at 31 December, 2012**	As at 31 December, 2011
	Raw materials and components (including Stock in transit Rs. 316.03 lacs (Previous Year: Rs. 695.23 lacs))	**2,607.68**	3,285.90
	Work-in-progress	**4,402.16**	4,513.39
	Finished goods	**5,363.09**	4,197.76
	Traded goods	**620.38**	490.31
	Stores and spares (including Stock in transit Rs. 4.53 lacs (Previous Year: Rs. 12.45 lacs))	**996.17**	1,479.01
	Loose tools	**30.62**	625.29
	Reusable scrap	**23.54**	23.01
	Total	**14,043.63**	14,614.67
	DETAILS OF INVENTORY		
	Raw material and components		
	Pig iron	**20.63**	48.41
	Alloys	**51.15**	36.32
	Chromic acid	**9.64**	-
	Aluminium	**42.92**	33.00
	Steel strips	**84.75**	119.15
	Pin steel	**625.84**	563.57
	Silicon	**180.89**	91.32
	Magnesium	**7.92**	3.96
	Nickel	**13.72**	19.21
	Iron powder	**15.61**	31.47
	Steel powder	**91.02**	92.69
	Copper powder	**30.93**	173.99
	Distalloys	**6.95**	31.46
	Bought out rings	**20.77**	76.64
	Steel wire	**425.43**	327.72
	Others	**979.51**	1,636.99
		2,607.68	3,285.90
	Work-in progress		
	Piston rings	**1,348.12**	1,139.78
	Pistons	**2,299.32**	2,738.40
	Pins	**60.82**	130.93
	Valve train	**261.01**	301.84
	Structural components	**29.59**	45.23
	Steel wire	**194.18**	154.77
	Miscellaneous	**209.12**	2.44
		4,402.16	4,513.39

Rs. in Lacs

		As at 31 December, 2012	As at 31 December, 2011
	Finished goods		
	Piston rings	**1,935.48**	1,795.09
	Pistons	**2,730.84**	1,709.09
	Pins	**202.54**	347.02
	Valve train	**62.89**	188.67
	Structural components	**25.30**	24.11
	Miscellaneous	**406.04**	133.78
		5,363.09	4,197.76
	Traded Goods		
	Brake pads	**15.15**	18.83
	Heavy duty	**66.60**	56.05
	CB	**5.43**	-
	Engine bearings	**205.40**	206.08
	Coolant	**10.25**	10.30
	Spark plugs	**131.00**	51.27
	Liners	**76.19**	98.46
	Engine valves	**28.30**	-
	Wipers	**15.41**	27.50
	Pistons	**63.75**	-
	Miscellaneous	**2.90**	21.81
		620.38	490.30
18.	**Trade Receivables**		
	Debts outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured considered good	-	72.37
	Doubtful	**39.20**	61.43
		39.20	133.80
	Less: Provision for doubtful debts	**(39.20)**	(61.43)
		-	72.37
	Debts outstanding for a period less than six months from the date they are due for payment		
	Secured considered good	**245.23**	232.85
	Unsecured, considered good	**15,481.43**	15,527.57
	Unsecured, considered doubtful	**58.62**	-
		15,785.29	15,760.42
	Less: Provision for doubtful debts	**(58.62)**	-
		15,726.67	15,760.42
		15,726.67	15,832.79
19.	**CASH AND BANK BALANCES**		
	Cash and cash equivalents		
	Cash on hand	**0.02**	0.02
	Balances with scheduled banks:		
	Current accounts	**409.26**	323.39
		409.28	323.41
	Earmarked balances with bank		
	unclaimed dividend accounts	-	8.60
		-	8.60
	Other Bank Balances		
	Margin money with banks	**588.40**	800.00
		588.40	800.00
		997.69	1,132.00
20.	**Short-term loans and advances**		
	Advances recoverable in cash or kind		
	Unsecured	**617.92**	1,171.06
	Less: Provision for doubtful advances	**(167.02)**	(58.90)
		450.90	1,112.16
	Security deposit		
	Unsecured	**12.80**	108.05
	Other loans and advances		
	Balance with statutory/government authorities	**2,009.81**	2,672.68
	Prepaid expenses	**541.63**	284.66
	MAT credit entitlement	**1,818.40**	1,830.82
		4,369.84	4,788.14
		4,833.54	6,008.36

Rs. in Lacs

		As at 31 December, 2012	As at 31 December, 2011
21.	**Other current assets**		
	Unsecured considered good unless stated otherwise		
	Fixed assets held for disposal		
	(at lower of net book value and estimated net realisable value)	**59.87**	105.78
	Interest accrued but not due on deposits	**28.88**	17.30
	DEPB benefits receivable	**312.81**	695.94
	Insurance claim receivable	-	11.13
		401.56	830.15
22.	**Revenue from operations (Net)**		
	Sale of products		
	Finished goods	**124,466.62**	119,143.59
	Traded goods	**4,749.84**	4,724.00
	Other operating revenue		
	Export incentives	**139.93**	352.27
	Scrap sales	**2,421.97**	2,205.72
	Revenue from operations (gross)	**131,778.36**	126,425.58
	Less: Excise duty	**(11,865.15)**	(9,734.39)
	Revenue from operations (net)	**119,913.21**	116,691.19
	Details of finished goods sold		
	Piston rings	**40,221.37**	40,387.14
	Pistons	**73,103.76**	68,390.14
	Valve train	**6,619.42**	5,904.82
	Structural components	**733.51**	762.25
	Steel rings	**3,740.66**	3,699.24
	Miscellaneous	**47.91**	-
	Total	**124,466.62**	119,143.59
	Details of traded goods sold		
	Brake pads	**60.47**	44.05
	Heavy duty	**349.55**	345.62
	CB -	**72.28**	
	Engine bearings	**1,028.04**	956.26
	Coolant	**167.68**	154.36
	Spark plugs	**2,419.46**	2,476.79
	Liners	**591.45**	489.98
	Engine valves	**51.93**	-
	Wipers	**60.00**	80.20
	Others	**21.26**	104.46
	Total	**4,749.84**	4,724.00
23.	**Other income**		
	Interest income on		
	Fixed deposits with banks	**59.63**	19.74
	Others	**19.19**	21.55
	Foreign exchange fluctuation (net)	**94.00**	-
	Excess liabilities written back	**481.67**	212.78
	Miscellaneous Income	**286.18**	224.26
		940.67	478.32
24.	**Cost of raw material and components consumed**		
	Inventory at the beginning of the year	**3,285.90**	2,380.92
	Add: Purchases made during the year	**38,380.63**	39,556.35
		41,666.53	41,937.27
	Less: Inventory at the end of the year	**2,607.68**	3,285.90
	Cost of raw material and components consumed	**39,058.85**	38,651.37

Rs. in Lacs

	As at 31 December, 2012	As at 31 December, 2011
Details of raw material and components consumed		
Pig iron	**1,178.85**	1,065.30
Alloys	**814.25**	875.93
Chromic acid	**130.99**	94.65
Aluminium	**9,420.77**	9,323.21
Steel strips	**167.99**	238.95
Pin steel	**3,104.11**	3,075.64
Silicon	**1,958.52**	2,126.35
Magnesium	**220.26**	187.56
Nickel	**2,431.41**	4,118.04
Iron powder	**449.27**	485.50
Steel powder	**1,322.88**	990.60
Copper powder	**396.66**	388.56
Distalloys	**129.80**	157.14
Bought out rings	**1,370.25**	1,672.39
Steel wire	**1,271.32**	1,079.65
Others	**14,691.50**	12,771.89
	39,058.85	38,651.37

25. **(Increase)/Decrease in Inventories**	**31 December, 2012**	31 December, 2011	(Increase) / Decrease
Opening stock			
Work-in-progress	**4,513.39**	3,465.98	(1,047.41)
Finished products	**4,197.76**	2,900.52	(1,297.24)
Trading goods	**490.31**	297.89	(192.42)
Reusable scrap	**23.01**	30.00	6.99
	9,224.47	6,694.39	(2,530.08)
Less: Closing stock			
Work-in-progress	**4,402.16**	4,513.38	111.22
Finished products	**5,363.09**	4,197.76	(1,165.33)
Trading goods	**620.38**	490.31	(130.07)
Reusable scrap	**23.54**	23.01	(0.53)
	10,409.18	9,224.46	(1,184.71)
	(1,184.71)	(2,530.07)	

Rs. in Lacs

	As at 31 December, 2012	As at 31 December, 2011
26. **Purchase of traded goods**		
Brake pads	**38.13**	43.09
Heavy duty	**228.73**	244.43
CB	**78.76**	75.72
Engine bearings	**800.16**	761.87
Coolant	**115.21**	104.50
Spark plugs	**1,898.48**	1,909.43
Liners	**347.47**	382.59
Engine valves	**61.70**	0.00
Wipers	**28.10**	57.70
Others	**3.62**	77.02
	3,600.36	3,656.35
27. **Employee benefit expenses**		
Salaries, wages and bonus	**19,425.06**	18,545.15
Contribution to provident and other funds	**1,277.98**	1,151.31
Contribution to superannuation fund	**137.57**	109.96
Gratuity expense (refer note no. 39)	**1,331.28**	247.91
Staff welfare expenses	**1,753.48**	1,609.36
	23,925.37	21,663.69

Rs. in Lacs

		As at 31 December, 2012	As at 31 December, 2011
28.	**Other expenses**		
	Consumption of stores and spares	**16,453.47**	14,281.45
	Sub-contracting expenses	**2,201.51**	2,187.97
	Increase in excise duty on inventory	**231.81**	185.73
	Power and fuel	**7,511.40**	6,811.09
	Freight and forwarding charges	**2,506.86**	2,742.44
	Rent	**421.06**	398.50
	Rates and taxes	**881.06**	825.75
	Insurance	**143.64**	152.54
	Repairs and maintenance		
	Plant and machinery	**325.17**	284.24
	Buildings	**229.27**	259.46
	Others	**535.65**	644.37
	Advertising and sales promotion	**5,559.82**	5,147.81
	Management support charges (refer note no. 48)	**556.81**	498.52
	Royalty	**1,539.74**	1,483.20
	Provision for warranties (net of reversals)	**74.21**	64.82
	Travelling and conveyance	**629.13**	572.62
	Communication costs	**156.66**	153.39
	Printing and stationery	**109.89**	106.23
	Legal and professional fees	**736.84**	538.75
	Cash discounts (net)	**92.22**	241.22
	Auditors remuneration (Refer details below)*	**61.69**	76.15
	Foreign exchange fluctuation (net)	**130.44**	1,222.25
	Bad debts / advances written off	**26.33**	198.17
	Provision for doubtful debts and advances	**131.72**	58.90
	Provision for dimunition in the value of investments	**1,072.24**	0.12
	Loss on sale of fixed assets (net)	**267.96**	219.82
	Environmental maintenance and remediation	**705.83**	374.59
	Provision for regulatory matters	-	133.15
	Miscellaneous expenses	**916.85**	881.89
		44,209.27	40,745.14
	Auditors remuneration*		
	-Statutory audit fee	**27.13**	33.75
	-Limited reviews	**13.50**	8.50
	-Tax audit fee	**11.00**	24.25
	-Others	**4.50**	2.50
	-Reimbursement of expenses	**5.56**	7.15
		61.69	76.15
29.	**Depreciation and amortization expense**		
	Depreciation of tangible assets	**6,481.37**	5,605.54
	Depreciation of intangible assets	**13.59**	83.19
		6,494.96	5,688.73
30.	**Finance cost**		
	Interest		
	-to banks	**1,201.26**	1,165.38
	-to others	**1,358.17**	1,048.35
	Bank charges	**130.54**	90.51
		2,689.97	2,304.24
31.	**Prior period income**		
	- Excess provision for EPCG Liability	**-**	(130.66)
	- Excess provision for TDS recoverable	**-**	(76.94)
	- Raw material consumption	**-**	(112.28)
	Less: Tax on Prior period income	**-**	103.79
			(216.09)
	Prior period expense		
	- Depreciation/amortisation	**-**	18.12
	- Salaries, wages and bonus	**-**	15.34
	- Rates and taxes	**-**	153.57
		-	(29.06)

Rs. in Lacs

		As at 31 December, 2012	As at 31 December, 2011
32.	**Earnings per share**		
	The following reflects the profit and share data used in the basic and diluted EPS computations		
	(Loss)/Profit for the year as per Statement of Profit and Loss (Rs.)	**(671.89)**	3,954.01
	Less: proposed dividend on preference shares and taxes thereon	**37.11**	34.17
	Net (Loss)/Profit for calculation of EPS	**(709.00)**	3,919.84
	Weighted average number of equity shares	**55,632,130**	55,632,130
	Nominal value of shares (Rs.)	**10**	10
	(Loss)/earning per share - basic and diluted	**(1.27)**	7.05

33. Segment Information

Based on the guiding principles given in AS-17 'Segmental Reporting' notified under Companies (Accounting Standard) Rules, 2006, the Company's primary business segment is manufacturing of auto components. Considering the nature of Company's business and operations, there are no separate reportable business segment, as there is only one business segment and hence, there are no additional disclosures required to be provided other than those already provided in the financial statements.

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

Geographical segment

	As at 31 December, 2012	As at 31 December, 2011
Net sales revenue (including trading sales) by geographical market		
India	**109,406.53**	105,566.84
Other countries	**7,944.79**	8,566.36
	117,351.31	114,133.20
Carrying amount of segment debtors by geographical market		
India	**14,067.20**	15,517.71
Other countries	**1,659.45**	315.08
	15,726.66	15,832.79

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

34. Capital and other commitments

Total estimated amount of contracts, remaining to be executed on capital account and not provided for as at 31 December 31 2012 is Rs: 982.57 lacs (Previous Year Rs. 4,360.66 lacs)

35. Contingent liabilities

		As at 31 December, 2012	As at 31 December, 2011
(a)	Bank guarantees	**1,378.66**	949.88
(b)	Claims/notices contested by the Company		
	(i) Excise duty	**217.70**	155.27
	(ii) Sales tax	**579.88**	405.91
	(iii) Employee related cases	**201.36**	136.18
	(iv) Electricity demand	**52.24**	52.24
	(v) Income tax demands	**629.95**	648.13
	(vi) Excise duty - (subsidiary : FM-TPR)	**1,351.84**	1,275.27
	(vii) Sales tax - (subsidiary : FM-TPR)	**454.26**	454.26

1) In relation to b (i) above, Excise duty cases contested by the Company comprise of:
   i) The deputy commissioner of Central Excise, Banguluru, confirming the demand in respect of excess availment of Cenvat credit during the FY 2005-06.The Company has not filed an appeal against this decision and paid the demand. Since, the amount of demand is already paid, contingency existing as on date is NIL (Previous year Rs. 0.93 lacs)
   ii) Matter was pending with Central Excise & Service Tax Appellate Tribunal, Chandigarh in respect of service tax on transport services for the period 2007-08 and which was favourably decided in Company's favour. Contingency existing as on date is NIL (Previous year Rs.2.92 lacs).
   iii) Matters pending with Central Excise & Service Tax Appellate Tribunal in respect of interest on reversal of special additional duty (SAD) for 2000-01. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. Amount involved is Rs. 14.02 lacs. (Previous year Rs. 14.02 lacs).
   iv) Miscellaneous service tax cases with respect to disallowance of Cenvat credit claimed on various input services are pending with Cestat Banguluru/ Joint Commissioner Jaipur/ Joint Commissioner Patiala for the period 2005-06 to 2010-11. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. Amount involved is Rs. 203.68 lacs (Previous year Rs. 137.40 lacs).
2) In relation of b (ii) above, sales tax cases contested by the Company comprise of:
   i) In respect of Assessment Year 1996-97 to 2001-02, the department raised a demand on account of differences in sales tax rates. The matter is pending with Karnataka Honourable Hight Court. The Company has taken legal opinion in this regard and is confident of success. Amount involved is Rs. 301.38 lacs. (Previous year Rs. 315.21 lacs). The Company has so far made an 'under protest payment' of Rs. 215.87 lacs in this matter.
   ii) In respect of Assessment Year 2005-06, the department raised a demand on account of differences in sales tax rates. The Honourable Hight Court has favourably decided this matter in Company's favour, but later the department filed writ appeal against said order and this matter is pending with Karnataka Honourable Hight Court. The Company has taken legal opinion in this regard and is confident of favourable outcome. Amount involved is Rs.278.50 lacs. (Previous year Rs. 90.70 lacs). The Company so far has made an 'under protest payment' of Rs.55 lacs in this matter.
3) In relation of b (iii) above, employee related cases comprise of:
   Claims against the Company not acknowledged as debt, in respect of demands raised by the workers. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. Amount involved is Rs.201.36 lacs. (Previous year Rs. 136.18 lacs)

4) In relation to b (iv) above, electricity demand comprise of:"In respect of a demand raised by Punjab Electricity Board (PSEB) for various years in relation to availment of additional load. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. Amount involved is Rs. 52.24 lacs (Previous year Rs. 52.24 lacs).

5) In relation to b (v) above, income tax cases disputed by the Company comprise of:
   i) In respect of Assessment Year 1998-99, certain additions were made on normal as well as on book profits. The matter is pending with Honourable Hight Court. The Company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 86.69 Lacs (Previous year Rs 86.69 Lacs).
   ii) In respect of Assessment Year 2000-01, certain additions were made on normal as well as on book profits. The matter is pending with Honourable Hight Court. The Company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 21.21 Lacs (Previous year Rs 21.21 Lacs).
   iii) In respect of Assessment Year 2001-02, certain additions were made on normal as well as on book profit. The matter is pending with Honourable Hight Court. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. The amount for contingent liability for the year is Rs. 3.05 lacs (Previous year Rs. 8.14 lacs).
   iv) In respect of Assessment Year 2002-03, certain additions were made on normal income as well as on book profits. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. The amount for contingent liability for the year is Rs. 23.13 lacs. (Previous year Rs. 23.13 lacs).
   v) In respect of Assessment Year 2003-04, disallowance was made for carry forward losses as well as certain disallowances. The matter is pending with Income Tax Appellate Tribunal. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. The amount involved is Rs.158.01 lacs. (Previous year Rs. 158.01 lacs).
   vi) In respect of Assessment Year 2004-05, certain additions were made on normal income. The Income Tax Appellate Tribunal has decided the matter in Company's favour. The amount of contingency for the year is Rs. NIL. (Previous year Rs. 13.05 lacs)
   vii) In respect of Assessment Year 2005-06, certain additions were made on normal as well as on book profit. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. The amount for contingent liability for the year is Rs. 38.42 lacs (Previous year Rs. 38.42 lacs).
   viii) In respect of Assessment Year 2006-07, certain additions were made on normal as well as on book profit. The matter is pending with Income Tax Appellate Tribunal. The Company has done an analysis and is of the opinion that it has fair chance of a favourable decision. The amount for contingent liability for the year is Rs. 39.52 lacs (Previous year Rs. 39.52 lacs).
   ix) In respect of Assessment Year 2007-08, certain additions were made on normal profits. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 32.79 Lacs (Previous Year Rs 32.79 Lacs).
   x) In respect of Assessment Year 2008-09, certain additions were made on normal profits. The matter is pending with Commissioner Income Tax (Appeals). The Company has done an analysis and is of the opinion that it has fair chance of favourable decision. The amount involved is Rs 227.13 Lacs. (Previous Year Rs 227.13 lacs).

6) In relation to b (vi) above, Excise duty cases contested by the subsidiary company ('FMTPR') comprise of:
   i) Matter pending with Commissioner/ Joint Commissioner/ Deputy Commissioner of Central Excise, Banguluru:
      a) In relation to deduction of Trade Discounts for the period 2000-2002 to 2003-2004. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 2.42 lacs (Previous year Rs. 2.42 lacs)
   ii) Matters pending with Central Excise and Service Tax Appellate Tribunal (CESTAT):
      a) Company has received demand notice received for the period 2008-09, which is on account of demand for service tax on supplementary bills on job work charges for price reduction passed on by one of the supplier. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved including interest & penalties is Rs.119.36 lacs (Previous year Rs. 119.36 lacs)
      b) In respect of irregular availment of cenvat credit in respect to certain products obtained on job work basis for the period 2005- 2007. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 361.07 lac (Previous year Rs. 361.07 lac) including interest and penalties of Rs.180.53 lacs (Previous year Rs. 180.53 lacs).
      c) In respect of notice received for the period 2009-10 on account of Cenvat credit of service tax on job work charges. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. A stay was also granted to the Company in the month of February 2012 in this matter. The amount involved is Rs. 306.80 lacs (Previous year Rs. 306.80 lacs)
      d) In respect of irregular availment of cenvat credit in respect to certain product obtained on job work basis for the period 2010. The company has done an analysis and if of the opinion that it has fair chance of a favorable decision. The amount involved is Rs.85.66 lacs (Previous year Rs. 85.66 lacs).
      e) Company has received demand Notice for the period 2010 which on account of Service Tax credit availed on sole selling commission. The company had done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs.56.49 lacs (Previous year Rs. 56.49 lacs).
      f) In respect of availment of cenvat credit (service tax) in relation to management consultancy service and sole selling commission for the period 2004-2005 to 2006-2007. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 24.35 lacs (Previous year Rs. 24.35 lacs).
      g) In respect of availment of cenvat credit (service tax) in relation to sales commission and freight charges for the period January 2008 to April 2010. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs.138.13 lacs (Previous year Rs. 138.13 lacs).
      h) In respect of availment of cenvat credit (service tax) in relation to management consultancy and freight charges for the period September 2008 to November 2009. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs.73.77 lacs (Previous year Rs. 73.77 lacs).
   (iii) Matters pending with Commissioner of Central Excise (Appeals), Banguluru.
      a) Company has received demand notice received for the period 2005 which is on account of non production of service tax document. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 24.71 lacs (Previous year Rs. 24.71 lacs).
   (iv) Matter pending with Commissioner/ Joint Commissioner/ Deputy Commissioner of Central Excise, Banguluru
      a) Company has received demand Notice for the period 2011 on account of Service Tax credit availed on job work charges. The company had done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 82.48 lacs (Previous year Rs. 82.48 lacs).

b) Company has received demand notice for the period October 2011 to April 2012 on account of service tax credit availed on job work charges. The company had done an analysis and is of the opinion that it has fair chance of a favorable decision. The amount involved is Rs. 76.54 lacs (Previous year NIL)

i) In relation to (b) (vii) above, sales tax cases contested by the subsidiary company ('FMTPR') comprise of:

i) The matter is pending before the Joint Commissioner of Commercial taxes (Appeals), Banguluru:

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

36. In accordance with the requirement of Accounting Standard (AS - 18) on related party disclosures where control exist and description of the relationship are as follows :

(a) Name of Parties where Control Exists

i) Holding Company

Federal Mogul Holdings Limited (Mauritius)

ii) Ultimate Holding Company

Federal Mogul Corporation, USA

(b) Key managerial personnel

Mr. Sunit Kapur, Managing Director

Mr. Dan Brugger, Whole Time Director & CFO*

(c) Fellow subsidiaries

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

(d) Associates

GTZ Securities Limited

*Mr. Dan Brugger. Whole Time Director and CFO has resigned w.e.f 28 February 2013 and Mr. Vikrant Sinha has been appointed as Whole Time Director and CFO of the Company w.e.f 28 February 2013.

Those transactions along with related balances as at 31 December 2012 and 31 December 2011 and for the years then ended are presented in the following table:

Rs. in lacs

Ultimate Holding Company		
Particulars	**Federal Mogul Corporation (USA)**	
	31.12.12	31.12.11
Sales	**(4,140.66)**	(5,487.77)
Purchase of raw material, intermediaries and finished goods	**933.63**	382.72
Reimbursement of expenses paid	**238.30**	474.57
Reimbursement of expenses (received)	**(157.41)**	(170.59)
Balance outstanding as at the end of the year (Payable)	**(662.70)**	(298.97)

Rs. in lacs

Fellow Subsidiaries								
Particulars	**Federal Mogul do Brasil Ltd.**		**Federal Mogul Burscheid GMBH, Germany**		**Federal Mogul Gorzyce S.A. (Poland)**		**Federal Mogul Dongsuh Piston Co. Ltd.**	
	31.12.12	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11
Sales	-	-	-	-	**-**	(10.10)	-	-
Purchase of raw material, intermediaries and finished goods	-	-	**5,250.13**	6,620.15	**158.39**	797.54	-	-
Purchase/(Sale) of Fixed Assets	-	(121.83)	**721.25**	3,198.47	-	-	-	-
Reimbursement of expenses paid	-	-	-	-	33.49	-	-	-
Reimbursement of expenses (received)	-	-	-	-	-	-	**(140.77)**	(122.74)
Royalty Expense	-	-	**409.14**	359.21	-	-	-	-
Balance outstanding as at the end of the year Receivables	-	-	-	-	**(11.31)**	(214.65)	**(63.95)**	(16.50)
Balance outstanding as at the end of the year (Payable)	-	-	**(1,272.34)**	(2,166.13)	-	-	-	-

Rs. in lacs

Fellow Subsidiaries				
Particulars	**Federal Mogul Nurnberg, GMBH (Germany)**		**Federal Mogul Holding Deutschland (Germany)**	
	31.12.12	31.12.11	**31.12.12**	31.12.11
Sales	**(0.11)**	(7.22)	-	-
Purchase of raw material, intermediaries and finished goods	**192.66**	301.19	-	-
Purchase/(Sale) of Fixed Assets	**2,577.60**	2,894.08	-	-
Reimbursement of expenses paid	**20.48**	-	-	81.49
Reimbursement of expenses (received)	-	-	-	-
Mnagement Support charges paid		-	**555.46**	498.52
Royalty Expense	**656.70**	560.55	-	-
Balance outstanding as at the end of the year Receivables	-	-	-	-
Balance outstanding as at the end of the year (Payable)	**(625.64)**	(1,208.05)	-	(498.52)

Rs. in lacs

Particulars	Fellow Subsidiaries: Federal Mogul Financial Services FRANCTNL (France)		Federal Mogul Sintered Products Limited, (U.K)		FEDERAL MOGUL FRICTION PRODUCTS LTD.		Other Fellow Subsidiaries		Total From Table 1 to Table 3	
	31.12.12	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11
Sales	-	-	-	-	-	(593.47)	**(5.51)**	(2.50)	**(5.63)**	(613.29)
Purchase of raw material, intermediaries and finished goods	-	-	**24.92**	121.11	**53.73**	-	**(414.94)**	219.47	**5,264.88**	8,059.45
Purchase/(Sale) of Fixed Assets	-	-	-	-	-	-	**502.85**	-	**3,801.72**	5,970.70
Interest expenses	-	-	-	-	-		-	-	**20.49**	81.48
Reimbursement of expenses paid	**265.75**	351.34	-	-	-		**59.57**	57.95	**379.29**	490.77
Reimbursement of expenses (received)	-	-	-	-	-	(16.68)	-	-	**-**	(16.68)
Management Support Charges					-	-			**555.46**	498.52
Reimbursement of expenses (received)	-	-	-	-	-	-	**(1.27)**	-	**(142.05)**	(122.74)
Royalty Expense	-	-	**265.91**	228.12	-	-	-	-	**1,331.74**	1,147.87
Balance outstanding as at the end of the year Receivables	-	-	-	-	-	(535.21)	-	-	**(75.27)**	(766.36)
Balance outstanding as at the end of the year (Payable)	-	(49.49)	**(129.42)**	(129.99)	-	-	**(641.72)**	(120.76)	**(2,668.78)**	(4,172.94)

Rs. in lacs

Particulars	Fellow Subsidiaries: Federal Mogul Bearings India Limited (India)		Federal Mogul Automotive Products (India) Private Limited, (India)		Federal-Mogul VSP India Limited, (India)		Federal Mogul PTSB India Private Limited, (India)		Total	
	31.12.12	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11
Sales	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Purchase of raw material, intermediaries and finished goods	**866.04**	695.86	**2,136.06**	2,922.11	-	-	-	-	**3,002.11**	3,617.97
Reimbursement of expenses paid	-	-	**3.44**	324.42	-	-	-	-	**3.44**	324.42
Reimbursement of expenses (received)	**(196.43)**	(420.55)	-	-	**(294.16)**	(54.07)	**(198.28)**	(86.63)	**(688.88)**	(561.24)
Inter-corporate deposit (ICD) Taken	-	-	**1,415.00**	1,235.00	**1,300.00**	3,875.00	**4,590.00**	-	**7,305.00**	5,110.00
Inter-corporate deposit (ICD) repaid	-	(600.00)	-	-	**(1,675.00)**	(3,405.00)	**(95.00)**	-	**(1,770.00)**	(4,005.00)
Interest on the above ICD	-	-	**242.83**	146.97	**73.56**	102.98	-	-	**316.40**	249.96
Balance outstanding as at the end of the year Receivables	-	-	-	-	**52.53**	-	**3.39**	11.10	**9.93**	11.10
Balance outstanding as at the end of the year (Payable)	**(64.07)**	(45.25)	**(2634.92)***	(2,158.19)	**(75.94)****	(453.43)	**(4530.98)*****	-	**(2,203.44)**	(2,656.87)

*Includes Rs 2450 lacs (Previous year Rs 1885 lacs) payable against ICD taken and 20.45 lacs (Previous year 16.19 lacs) payable against interest on the same.
**Includes Rs 75 lacs (Previous year Rs 450 lacs) payable against ICD taken and 0.94 lacs (Previous year 4.78 lacs) payable against interest on the same.
**Includes Rs 4495 lacs (Previous year Rs NIL lacs) payable against ICD taken and 35.98 lacs (Previous year NIL lacs) payable against interest on the same.

Rs. in lacs

Key Managerial Personnel and their relatives								
Particulars	**Mr. Jean de Montlaur**		**Mr. Sunit Kapur**		**Mr. Dan Brugger**		**Total**	
	31.12.12	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11	**31.12.12**	31.12.11
Remuneration	**458.11**	426.32	**91.52**	-	**175.91**	168.66	**725.55**	594.98

FEDERAL MOGUL GOETZE INDIA

37. Operating lease

The Company has taken office and residential facilities under cancellable and non-cancellable operating leases, which are renewable on a periodic basis and have escalations ranging from 10 to 20% per annum

a) Assets taken under operating lease

Rs. in Lacs

	Period	31 December 2012	31 December 2011
1.	Lease payments for the year	**415.66**	396.85
2.	Minimum lease payments		
a.	Not later than one year	**166.07**	169.09
b.	Later than one year and not later than five years	**4.08**	697.98
c.	Later than five years	-	154.57

38. Particulars of unhedged foreign currency exposure as at the balance sheet date

Particulars	Currency	As At December 31, 2012 Amount Rs. (in lacs)	As At December 31, 2012 Amount (Foreign currency in lacs)	Year ended Dec. 31, 2012 (Rates, 1 Unit of Foreign Currency) equivalent INR)	As at December 31, 2011 Amount Rs.(in lacs)	As at December 31, 2011 Amount (Foreign currency in lacs)	As at December 31, 2011 (Rates,1 Unit of) Foreign currency equivalent INR)
Trade payables	USD	**867.99**	**15.54**	**55.87**	1,160.74	21.40	54.24
Trade payables	JPY	**161.31**	**247.98**	**0.65**	97.06	138.58	0.70
Trade payables	CHF	**4.22**	**0.07**	**61.24**	5.20	0.09	57.73
Trade payables	SEK	**24.19**	**2.79**	**8.67**	49.25	6.21	7.93
Trade payables	EURO	**3743.14**	**50.67**	**73.87**	5259.62	74.87	70.25
Trade payables	GBP	**148.62**	**1.65**	**90.33**	116.30	1.39	83.67
Trade payables	CAD	-	-	-	4.26	0.08	53.25
Trade payables	THB	-	-	-	0.25	0.15	1.67
Advance to creditors	EUR	**698.47**	**9.46**	**73.87**	833.87	11.87	70.25
Advance from customers	USD	-	-	-	1952.64	36.00	54.24
Advance to suppliers	USD	**368.56**	**6.60**	**55.87**	699.33	13.41	52.15
Advance to suppliers	GBP	**83.90**	**0.93**	**90.33**	48.99	0.61	80.31
Advance to suppliers	JPY	**588.73**	**905.04**	**0.65**	99.80	148.49	0.67
Advance to suppliers	SEK	**15.10**	**1.74**	**8.67**	53.41	7.14	7.48
Advance to suppliers	CHF	**3.70**	**0.06**	**61.24**	9.41	0.17	55.34
Advance to suppliers	CAD	-	-	-	4.09	0.08	51.08
Trade receivables	USD	**1408.85**	**26.23**	**53.71**	2211.68	42.41	52.15
Trade receivables	EURO	**540.02**	**7.62**	**70.90**	532.70	7.90	67.43
Trade receivables	GBP	**1.17**	**0.01**	**86.69**	2.41	0.03	80.31

39. Disclosures in accordance with AS-15 on "Employee Benefits"

"The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of services, gets a gratuity on departure at 15 days basic salary (last drawn) for each completed year of service on terms not less favourable than the provisions of the payment of Gratuity Act, 1972. The scheme is funded with an insurance company in the form of a qualifying insurance policy."The following tables summaries the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for the plan."

	31 December 2012	31 December 2011
Statement of Profit and Loss		
Net employee benefit expense (recognized in Employee cost) [AS15 Revised (c) (i) to (x)]		
Current service cost	**301.12**	292.11
Interest cost on benefit obligation	**524.37**	470.00
Expected return on planned assets	**(306.97)**	(319.39)
Net actuarial (gain) / loss recognized in the year	**812.76**	45.09
Previous years actuarial gains recognised during the year	**-**	(239.90)
Net benefit expense	**1,331.28**	247.91
Actual return on plan assets	**348.35**	180.08
Balance Sheet		
Details of provision for gratuity		
Defined benefit obligation	**7,718.21**	6,585.75
Less: Fair value of plan assets	**(3,758.65)**	(3,812.62)
Plan liability	**3,959.56**	2,773.13

Rs. in Lacs

	As at 31 December, 2012	As at 31 December, 2011
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**6,585.75**	6,219.28
Interest cost	**524.37**	469.99
Current service cost	**301.12**	292.11
Benefits paid directly by the company	**(44.85)**	-
Benefits paid from the fund	**(502.33)**	(304.90)
Transfer from group Company	**-**	3.48
Actuarial (gains) / losses on obligation	**854.14**	(94.21)
Closing defined benefit obligation	**7,718.21**	6,585.75
Changes in the fair value of plan assets are as follows :		
Opening fair value of plan assets	**3,812.62**	3,882.44
Expected return	**306.97**	319.38
Contributions by employer	**100.00**	55.00
Benefits paid	**(502.33)**	(304.90)
Actuarial gains / (losses)	**41.38**	(139.31)
Closing fair value of plan assets	**3,758.64**	3,812.61

The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid during the annual period beginning after the balance sheet date as required by para 120(o) of the accounting standard 15(revised) on employee benefits has not been disclosed.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:-[AS15 Revised Para 120 (h)]

	%	%
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 plan is shown below:

Discount rate	**8.0% p.a.**	8.5% p.a.
Expected rate of return on plan assets	**8.5% p.a.**	8.5% p.a.
Normal retirement age	**58 years**	58 years
Employee turnover	**5.0% p.a.**	5.0% p.a.

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

Amount for the current year and previous four years are as follows : Rs. in Lacs

Particulars	31 December 12	31 December 11	31 December 10	31 December 09	31 December 08
Defined benefit obligation	**7,718.21**	6,585.75	6,219.28	5,560.97	5,415.42
Cumulative unrecognised actuarial gains	-	-	239.91	-	-
Plan assets	**3,758.65**	3,812.62	3,882.44	3,471.23	3,352.83
Deficit	**(3,959.56)**	(2,773.13)	(2,576.75)	(2,089.74)	(2,062.59)
Experience adjustments on plan liabilities	**375.67**	511.34	205.76	280.10	-
Experience adjustments on plan assets	**348.35**	180.08	489.37	(210.74)	-

		2012	2011
40.	**Earning in foreign currency (on accrual basis)**		
	Sale - FOB value of exports	**7,711.17**	8,389.40
	Total	**7,711.17**	8,389.40
41.	**Expenditure in foreign currency (on accrual basis)**		
	(a) Travelling expenses	**15.00**	32.22
	(b) Commission on sales	**14.88**	-
	(c) Communication expenses	**35.65**	69.56
	(d) Royalty	**1,299.59**	1,012.30
	(e) Professional expenses	**556.72**	243.40
	(f) Management support charges	**556.81**	498.52
	(g) Others	**35.02**	10.51
	Total	**2,513.66**	1,866.51
42.	**Value of imports calculated on CIF basis during the year in respect of:-**		
	Raw materials	**11,433.36**	13,851.94
	Stores and spares	**6,625.53**	7,272.47
	Capital goods	**5,766.40**	9,672.34
	Total	**23,825.28**	30,796.75

43. Value of imported and indigenous raw material, components and stores and spares consumed

	31 December 2012		31 December 2011	
	% of total consumption	Value Amount	% of total consumption	Value Amount
Raw material and components				
Imported	**47.12%**	**18,403.05**	46.47%	18,037.26
Indigenous	**52.88%**	**20,655.80**	53.33%	20,614.11
	100.00%	**39,058.85**	100.0%	38,651.37
Stores and spares				
Imported	**85.45%**	**14,059.80**	92.62%	13,227.89
Indigenous	**14.55%**	**2,393.67**	7.38%	1,053.56
	100.00%	**16,453.47**	100.00%	14,281.45

44. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

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

Particulars	**31 December 2012**	31 December 2011
The principal amount remaining unpaid as at the end of year	**178.53**	194.84
Interest due on above principal and remaining unpaid as at the end of the year	**0.61**	1.85
The amount of interest paid by the buyer in terms of section 16, of the micro, small and medium enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**0.11**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under micro, small and medium enterprise development Act, 2006.	**32.02**	14.09
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**32.26**	15.94
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	4.89	38.06

45. Expenses capitalised

The Company has capitalized various expenses incurred in the course of construction of self generated assets in accordance with AS 10 -Accounting for Fixed Assets, the details of expenses capitalized for the purpose of construction of self generated assets are as follows:

Particulars	**Year Ended 31 December 2012**	Year Ended 31 December 2011
Salaries, wages and bonus	**44.01**	177.53
Consumption of stores and spares	**66.02**	266.30
Total	**110.04**	443.83

46. Non fulfilment of export obligation under Export promotion Capital Goods (EPCG) Licenses

The Company has identified some licenses obtained under Export Promotion Capital Goods scheme, which have expired and against which the Company has partially fulfilled the export obligation (levied in lieu of permission to import fixed assets at a concessional rate of import duty). In view of partial shortfall in fulfilling export obligation, the management has decided, on prudent basis, to make a provision aggregating to Rs. 186.22 lacs (Previous Year Rs. 214.89 lacs) in these financial statements which in view of the management, is adequate to cover any liability on this account at all its facilities' and is included as 'Provision for non fulfilment of export obligation' in Provisions under Note 8.

47. Provision for regulatory matters

During the year ended 31 December, 2010, the Group had commenced an evaluation process for various regulatory matters at its factories. Based on more accurate information discovered, a provision, towards costs to be incurred to remediate these matters, of Rs. 383.60 lacs is included under Note no. 8 which are net of amounts utilized of Rs. 610.53 lacs during the year towards remediation.

During the year, the Group became aware of certain discrepancies regarding sales tax matters at one of its factories. It thereafter undertook a review and based on the information available at this stage of the ongoing evaluation, has paid / provided an amount of Rs. 625.81 lacs [included under Note no. 8 under the head provision for regulatory matters net of payments made of Rs. 398.03 lacs. Provision created during the year relating to this has been disclosed as an exceptional item in the Statement of Profit and Loss.

In addition to the above, the provision for regulatory matters include a provision of Rs. 487.68 lacs (Previous Year Rs. 654.96 lacs) towards certain other regulatory matters.

The Group is actively seeking to resolve these actual and potential statutory, taxation, regulatory and contractual obligations. In accordance with requirements of Accounting Standard 29 on 'Provisions, Contingent liability and Contingent assets' issued by the Institute of Chartered Accountants of India, although difficult to quantify based on the complexity of the issues, the Group has accrued amounts corresponding to its best estimate of the costs associated with such regulatory and contractual obligations on the basis of available information and best professional judgment of experts appointed for this exercise.

Based on consultations obtained from the experts in respect of the said matters, in management's view, no further costs are expected to be incurred for which a provision would be required at this stage and considers the provisions made to be adequate.

48. Management support charges

In December 2012, the Group has paid management support charges to its group companies of Rs 556.81 lacs in respect of certain application engineering services provided to the Group. The Company carries out its transfer pricing study annually for the tax period of April-March and updates its documentation, choice of methods and benchmarks to ascertain adequacy and compliance with the "arms length" principles prescribed under Income Tax Act. For the year April 1, 2011 to March 31, 2013, the process of updation is ongoing and management is confident of completing the same. The provision for current tax has been made accordingly considering the said amounts of Rs. 556.80 lacs as "allowable expenditure".

49. Investments in G.I. Power Corporation Limited

The Group is holding an investment of Rs. 1,070.92 lacs (Equity Shares: Rs. 194.48 lacs and Preference Shares: Rs. 876.44 lacs) in GI Power Corporation Limited (GIPCL). During the year ended 31 December, 2011, the Group's shareholding in GIPCL has reduced from 26.00% to 6.60% due to conversion of the preference shares held by other investors into equity shares. Accordingly GIPCL had discontinued to be an 'Associate' of the Group in the previous year.

In addition to the above, the Group had changed the classification of the investment in GIPCL from long term investment to current investment in the previous year, as the Group had started assessing various options for liquidating these investments as these are not related to the core business of the Group. The recoverability of these Investments is being consistently evaluated and based on current assessment, the Group is not confident that it would be able to recover the entire carrying value of these investments and accordingly a provision of Rs. 1072.25 lacs (representing the full cost of these investments) has been created during the year.

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

Sunit Kapur
Managing Director

Bernhard Motel
Director

Khalid Khan
Company Secretary

Consolidated Cash flow statement for the year ended 31 December, 2012

Rs in lacs

	For the year ended 31 December, 2012	For the year ended 31 December, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and after prior period	**1,434.01**	7,054.52
Adjustments for:		
Depreciation and amortisation	**6,494.96**	5,688.73
Loss on sale / discard of fixed assets (net)	**267.96**	219.82
Provision for doubtful debts	**52.73**	-
Provision for dimunition in the value of investments	**1,072.24**	-
Provision for doubtful debts written back	**-**	(50.11)
Advances written off	**26.33**	198.17
Provision for loans and advances	**78.99**	58.90
Interest income	**(78.82)**	(41.28)
Interest expense	**2,559.42**	2,213.73
Share of loss in associate companies	**-**	(35.39)
Excess provision written back	**(481.67)**	(162.67)
Unrealised forex (gain)/loss (net)	**369.00**	196.25
Miscellaneous expenditure written off	**-**	239.91
Operating profit before working capital changes	**11,795.15**	15,580.58
Movements in working capital:		
Decrease / (Increase) in trade and other receivable	**960.61**	(5,580.40)
Decrease / (Increase) in inventories	**571.03**	(3,567.51)
Increase / (Decrease) in Trade and other payables	**(3,582.15)**	6,257.07
Cash generated from operations	**9,744.64**	12,689.74
Direct taxes paid (net of refunds)	**(1,815.51)**	(2,574.53)
Net cash from operating activities	**7,929.13**	10,132.01
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets/ Intangibles Assets	**(10,118.18)**	(13,594.13)
Proceeds from sale of fixed assets	**34.77**	256.96
Movement in restricted cash	**36.31**	(8.60)
Proceeds from sale of investments	**0.10**	-
Interest received	**67.24**	39.79
Net cash used in investing activities	**(9,979.76)**	(13,305.98)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of borrowings (Long term)	**(400.00)**	(400.00)
Redemption of preference shares	**(490.00)**	-
Movement in borrowings(Short term)	**6,041.49**	5,856.74
Interest paid	**(2,491.42)**	(2,199.70)
Dividend paid	**(400.28)**	(357.70)
Tax on dividend paid	**(123.29)**	(166.13)
Net cash used in financing activities	**2,136.50**	2,733.21
Net increase in cash and cash equivalents (A + B + C)	**85.87**	(425.76)
Cash and cash equivalents at the beginning of the year	**323.41**	749.17
Cash and cash equivalents at the end of the year	**409.28**	323.41
Components of cash and cash equivalents as at	**31 December, 2012**	31 December, 2011
Cash and cheques on hand	**0.02**	0.02
With banks - on current account	**409.26**	323.39
Total	**409.28**	323.41

As per our report of even date
For Walker, Chandiok & Co
Chartered Accountants

per David Jones
Partner

Place: Gurgaon
Date: February 28, 2013

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

Sunit Kapur
Managing Director

Bernhard Motel
Director

Khalid Khan
Company Secretary