

NOTICE

Notice is hereby given that the 59th Annual General Meeting of the Company will be held at Sri Sathya Sai International Centre, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003, on Friday, 23rd May, 2014 at 3.00 P.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December 2013, statement of Profit & Loss for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bernhard Motel who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s. Walker, Chandick & Co, Chartered Accountants, the retiring Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

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

(AS ORDINARY RESOLUTION)

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

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

(AS ORDINARY RESOLUTION)

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

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

(AS SPECIAL RESOLUTION)

Resolved that pursuant to the provisions of Sections 198, 262, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, as amended upto date and any amendments or re-enactments thereto the approval of the Members be and is hereby accorded, subject to the approval of the Central Government, if any, subject to the maximum permissible limits of 5% and 10% of the net profits of the Company, as the case may be as laid down in sub-section (3) of Section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profits as laid down in sub-section (1) of Section 198 of the Companies Act, 1956, Section 310, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, as amended upto date, any amendments or re-enactments thereto and any other acts, rules or other statutes, to appoint Mr. Sachin Selot, as the Whole Time Finance Director & CFO of the Company, for a period of three years w.e.f 06th November, 2013 to 05th November, 2016 on the following terms and conditions:

Base Salary : Salary in the scale of Rs. 33,00,000/- to Rs. 45,00,000/- per annum subject to annual review by the Board/Remuneration Committee.

Perquisites : HRA: 50% of the base salary p.a.

- **Special Allowance:** In the scale of Rs. 16,87,000/- p.a. to Rs. 25,00,000/- p.a. subject to annual review by the Board/Remuneration Committee.
- **LTA :** As per the rules of the Company from time to time;
- **Medical Reimbursement:** As per the rules of the Company from time to time;
- **Bonus:** Mr. Selot will be entitled to annual MIP bonus subject to a maximum of Rs. 25,00,000/- p.a.
- **Car Allowance:** As per Company's policy from time to time.
- **Petrol & Maintenance reimbursement:** On the basis of actual expense.
- **Driver Reimbursement:** As per Company's policy from time to time.
- **Provident Fund Contribution:** 12% of Base Salary
- **Contribution to Superannuation Fund :** 15% of Base Salary
- **Gratuity :** 4.81% of Base salary.

Resolved further that where in any financial year during the tenure of appointment of Mr. Sachin Selot, Whole Time Finance Director, the Company has no profits or its profits are inadequate, Mr. Selot, shall be paid the minimum remuneration of Rs. 11,00,000/- per month, subject to the approval of the Central Government, if required, and/ or upon compliance of the applicable requirements of Schedule XIII to the Companies Act, as existing or as amended from time to time.

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

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

(AS SPECIAL RESOLUTION)

Resolved that pursuant to the provisions of Sections 198, 262, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, as amended upto date and any amendments or re-enactments thereto the approval of the Members be and is hereby accorded, subject to the approval of the Central Government, if any, subject to the maximum permissible limits of 5% and 10% of the net profits of the Company, as the case may be as laid down in sub-section (3) of Section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profits as laid down in sub-section (1) of Section 198 of the Companies Act, 1956, Section 310, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, as amended upto date, any amendments or re-enactments thereto and any other acts, rules or other statutes, to appoint Mr. Andreas Kolf, as the Whole Time Managing Director of the Company, for a period of three years w.e.f 06th November, 2013 to 05th November, 2016 on the following terms and conditions:

Base Salary : Salary in the scale of Euro 2,00,000/- to Euro 2,40,000/- per annum subject to annual review by the Board/Remuneration Committee. The Base Salary will be paid by Federal Mogul Corporation (FMC) to Mr. Kolf and the Company shall reimburse such payments to FMC. Payments to FMC would be converted into Indian Rupees as per exchange rates applicable as on date of remittance to FMC.

Perquisites : • **Residential premises:** The Company will provide to Mr. Kolf furnished residential accommodation including payment of electricity and water charges subject to a maximum of Rs. 25,00,000/- per annum.;

• **Bonus :** Mr. Kolf will be entitled to a bonus from FMC targeted at Euro 90,000/- per annum, which will be reimbursed by the Company to FMC (to be converted into Indian Rupees as per exchange rates applicable as on date of remittance to FMC);

• **Hardship Premium :** 15% of base salary per annum, subject to a maximum of Euro 36,000/- per annum which will be paid by FMC and reimbursed by the Company to FMC;

• **Shipment of personal effects :** all reasonable expenses incurred for insuring and shipping a limited amount of Mr. Kolf's personal effects to his home country at the time of his repatriation;

• **Home Leave :** Mr. Kolf and his accompanying dependents will be eligible for reimbursement of actual costs for business class round trip airfare between India and the home country plus the cost of all reasonable enroute expenses;

• **R&R trip:** annual reimbursement of up to Euro 2500/- per adult and Euro 1250/- per child (to be converted into Indian Rupees as per exchange rates applicable as on the date of travel) for family members on assignment with him relating to one-week "R&R" trip, subject to a maximum of Rs. 7,50,000/- per annum;

• **Conveyance:** Car facility with driver for official use as per the Company's rules, policies, procedures and practices;

• **Employee Benefit Plan:** Mr. Kolf and his family will participate in all employee benefit plans of FMC which will be paid by FMC and reimbursed by the Company to FMC;

• **Employees and Employer's Contribution towards Provident Fund:** at the rate prescribed by the Government.

• **Business expenses :** Reimbursement of reasonable and necessary expenses incurred in performance of services, inclusive but not limited to travel, entertainment professional dues, subscription and dues, fees and expenses associated with membership in various professional, business or civic associations where Mr. Kolf's participation is in the best interest of the Company; and

• **Vacation :** In accordance with the Company's rules, policies, procedures and practices.

• **Payment towards the Income tax liability of the appointee,** subject to a maximum of Rs. 75,00,000/-.

Resolved further that where in any financial year during the tenure of appointment of Mr. Andreas Kolf, Whole Time Managing Director, the Company has no profits or its profits are inadequate, Mr. Kolf, shall be paid the minimum remuneration of Rs. 37,50,000/- per month, subject to the approval of the Central Government, if required, and/ or upon compliance of the applicable requirements of Schedule XIII to the Companies Act, as existing or as amended from time to time.

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

Notes

- i) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAY BE SENT IN THE FORM ENCLOSED AND IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE MEETING.**
- ii) Annexed to the Report of the Board of Directors. The Directors Report, Auditors' Report, Audited Balance Sheet as at 31st December 2013 and the statement of Profit and Loss for the year ended on that date are enclosed.
- iii) The Register of Members and Share Transfer Books of the Company shall remain closed from 8th May, 2014 to 23rd May, 2014 (both days inclusive) for the purpose of AGM.
- iv) Members holding shares in physical mode are requested to notify change in their address, transfer/transmission requests/ queries, if any to the Registrar & Transfer Agent (RTA) of the Company, "Alankit Assignments Limited", quoting Folio number and those holding shares in Demat mode must inform the change of address to their respective Depository Participants.
- v) Members holding shares in physical mode and who have multiple accounts in identical names or joint accounts in same order are requested to send all their relevant share certificate(s) to the RTA for consolidation of all such shareholdings into one account to facilitate better service.
- vi) Members / Proxies are requested to bring their copy of the Annual Report and Admission Slip sent herewith duly filled in for attending the meeting to avoid inconvenience and delay at the time of registration. Copies of Annual Report and admission slip will NOT be available for distribution at the venue of the meeting.

- vii) In terms of notification issued by SEBI, the Equity Shares of the Company are under compulsory demat trading for all Investors from 24th July 2000. Shareholders are advised to hold their shares in Demat mode and to send their Share Certificates along with Dematerialisation request to the RTA through their Depository Participants.
- viii) Under Section 109A of the Companies Act, 1956 the shareholder(s) can nominate a person to whom his shares in the Company shall vest in the event of his/their death. Where the shares are held in joint names, such nomination has to be made jointly. The nominee shall, on the death of the shareholder or all joint holders, as the case may be, become entitled to all rights in the shares to the exclusion of all other persons unless the nomination is varied or cancelled by the shareholder(s) in the prescribed manner. Shareholder(s) desirous of nominating a person may write to the Company for obtaining the prescribed Nomination form.
- ix) All the Shareholders can communicate with the RTA for requests/ queries relating to transfer, transmission, demat, remat, endorsement as fully paid up, split, consolidation, change of address, issue of duplicate share certificates at the address "Alankit Assignments Limited, 2E/21, Jhandewalan Extension, New Delhi 110055". For all other queries, please contact the Company either at the Registered Office of the Company, G-4, J.R Complex, Gate No.-4, Mandoli Delhi - 110093 or by email to investor.grievance@federalmogul.com

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

Date : 28th February, 2014
 Place : Gurgaon

EXPLANATORY STATEMENT Pursuant to Section 102 of the Companies Act, 2013.

Item No. 4 & 6

In the meeting of the Board of Directors held on 06th November, 2013, Mr. Sachin Selot was appointed as an Additional Director. Accordingly, Mr. Sachin Selot holds the office as Director upto the date of the forthcoming Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with requisite deposit has been received from a member of the Company signifying the intention to propose the candidature of Mr. Sachin Selot as Director.

As already informed to the Members vide circular dated Mr. Sachin Selot was also appointed as Whole Time Finance Director & CFO of the Company effective November 6, 2013 subject to the approval of the shareholders in the general meeting and Central Government, if required.

Mr. Selot, aged 45 years, is a Chartered Accountant from the Institute of Chartered Accountants of India as well as a Management Accountant from the Chartered Institute of Management Accountants. Mr. Selot has 21 years of rich experience at senior level positions in the field of Business Finance, including Accounting, Treasury, Tax, Internal Control, Corporate Finance, Risk Management, Strategic Business Planning, Corporate Financial Planning, Project Financing & Appraisals. Prior to joining the Company, Mr. Selot was Chief Financial Officer & Vice President (Finance) of Timex Group India Limited.

The remuneration payable to Mr. Sachin Selot as specified in the resolution vide Item No. 6 was fixed keeping in view the remuneration policy of the parent Company applicable for similar level of executives, Indian Industries trend, qualification, experience etc.

No Director, Manager, Key managerial personnel (KMP) and relative of any Director, Manager and KMP except Mr. Sachin Selot may deem to be concerned or interested in the above resolution.

Your Directors recommend the above resolutions for your approval.

Item No. 5 & 7

In the meeting of the Board of Directors held on 06th November, 2013, Mr. Andreas Kolf was appointed as an Additional Director. Accordingly, Mr. Andreas Kolf holds the office as Director upto the date of the forthcoming Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with requisite deposit has been received from a member of the Company signifying the intention to propose the candidature of Mr. Andreas Kolf as Director.

As already informed to the Members vide circular dated Mr. Andreas Kolf was also appointed as Whole Time Managing Director of the Company effective November 6, 2013 subject to the approval of the shareholders in the general meeting and Central Government, if required.

Mr. Kolf, aged 51 years, cleared his first law exam from Westfälische Wilhelms University, Munster, Germany and his second law exam from Landesjustizprüfungsamt Nordrhein, Westfalen, Germany. Mr. Kolf has a vast experience of over 20 years in various managerial capacities. Prior to joining our company, Mr. Kolf was holding the position of Global Sales Director Engine Bearings Federal-Mogul GmbH in Wiesbaden, Germany. The remuneration payable to Mr. Andreas Kolf as specified in the resolution vide Item No. 7 was fixed keeping in view the remuneration policy of the parent Company applicable for similar level of executives, Indian Industries trend, qualification, experience etc.

No Director, Manager, Key managerial personnel (KMP) and relative of any Director, Manager and KMP except Mr. Andreas Kolf may deem to be concerned or interested in the above resolution.

Your Directors recommend the above resolutions for your approval.

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

Date : 28th February, 2014
 Place : Gurgaon

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

I. General Information

- | | |
|---|--|
| 1) Nature of Industry | Manufacturer of Piston Rings, Pistons, Piston pins, Sintered Products etc. for all types of Automotive & Industrial engines. |
| 2) Date or expected date of Commencement of commercial Production | Not applicable as the Company is in Commercial production. |

- | | | |
|----|---|--|
| 3) | In case of new companies, Expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus | Not applicable |
| 4) | Financial performance based on Given indicators | As given under "Ten Years' Financial Review" of the Annual Report |
| 5) | Export performance and net Foreign exchange earned | As Given in Directors' Report of the Annual Report |
| 6) | Foreign investments or collaborators, If any | Federal Mogul Corporation, USA holds 74.98% of the paid up Equity Capital of the Company through Federal Mogul GmbH, Germany & Federal Mogul Holding Limited, Mauritius. |

II) Information about the appointee

1) Background details

Mr. Sachin Selot

Mr. Selot, aged 45 years, is a Chartered Accountant from the Institute of Chartered Accountants of India as well as a Management Accountant from the Chartered Institute of Management Accountants. Mr. Selot has 21 years of rich experience at senior level positions in the field of Business Finance, including Accounting, Treasury, Tax, Internal Control, Corporate Finance, Risk Management, Strategic Business Planning, Corporate Financial Planning, Project Financing & Appraisals. Prior to joining the Company, Mr. Selot was Chief Financial Officer & Vice President (Finance) of Timex Group India Limited.

Mr. Andreas Kolf

Mr. Kolf, aged 51 years, cleared his first law exam from Westfälische Wilhelms University, Münster, Germany and his second law exam from Landesjustizprüfungsamt Nordrhein, Westfalen, Germany. Mr. Kolf has a vast experience of over 20 years in various managerial capacities. Prior to joining our company, Mr. Kolf was holding the position of Global Sales Director Engine Bearings Federal-Mogul GmbH in Wiesbaden, Germany.

2) Job profile and his suitability

Mr. Sachin Selot is taking care of overall costs, financial functions and financial planning of the Company. He is responsible for overall financial policies and other management policies and decision making of the Company subject to the direction and control of the Board of Directors. He plays a significant role in financial planning of the Company. In addition, he also performs such other significant functions and exercises such powers as entrusted by the Board of Directors of the Company.

Mr. Andreas Kolf is overall responsible for all the operations of the Company. He is responsible for overall financial policies and other management policies and decision making of the Company subject to the direction and control of the Board of Directors. He plays a significant role in financial planning of the Company. In addition, he also performs such other significant functions and exercises such powers as entrusted by the Board of Directors of the Company.

3) Remuneration proposed

As per details given at item No. 6 of the notice

As per details given at item No.7 of the notice

4) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person

The proposed remuneration is in tune with the current remuneration packages of similar managerial personnel of Companies belonging to the similar industry, size and with effective capital comparative to the Company. Further, it is commensurate with the qualification & experience of the appointee and in accordance with the highly competitive business scenario requiring recognition & reward of performance & achievement for retention of the best talent and motivation towards meeting the objectives of the Company.

5) Pecuniary relationship directly or Indirectly with the Company, or relationship with the managerial personnel, if any.

Only to the extent of his entitlement to the remuneration as a managerial personnel.

Only to the extent of his entitlement to the remuneration as a managerial personnel.

III Other information :

1) Reasons of loss or inadequate profits

Due to slowdown in the economy and the automobile sector, the profits of the Company are inadequate as reported in the annual report.

2) Steps taken or proposed to be taken for improvement

The Management is taking necessary and adequate steps to improve the profitability of the Company. Continuous review of activities in different areas of operations has been an integral part of the Company's philosophy to maximize gains and reduce costs, in order to meet the market realities.

3) Expected increase in productivity and profits in measurable terms

The performance of the Auto component Sector is linked to the automobile sector. The growth of the automobile sector is dependent on the performance of the economy. Considering the measures taken by your Company and further plans and strategies, the Company is expected to perform better.

IV Disclosures

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

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

Khalid Khan
Company Secretary

Date : 28th February, 2014

Place : Gurgaon

PS : Pl. note that business may be transacted through electronic voting system and the company has provided facility for voting by electronic means. Members are requested to refer attendance slip regarding the process and manner for voting by electronic means annexed to the notice.

FEDERAL-MOGUL GOETZE (INDIA) LIMITED

CIN : L74899DL1954PLC002452

Regd.Office : G-4, J.R Complex Gate No.-4, Mandoli Delhi – 110093

Phones : +91.11.30781090; Fax : +91.11.30781091

E-mail : investor.grievance@federalmogul.com; www.federalmogulgoetze.com

PROXY FORM

I/We being the member(s) ofshares of the above named Company hereby appoint:

(1) Name: Address:
E-mail Id:.....Signature.....or failing him;(2) Name: Address:
E-mail Id:.....Signature.....or failing him;(3) Name: Address:
E-mail Id:.....Signature.....or failing him;as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 59th Annual General Meeting of the company, to be held on Friday, the 23rd day of May, 2014 At 3:00 p.m. at Sri Sathya Sai International Center, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS
Ordinary Business	
1)	Adoption of Financial Statement for the year ended 31st December,2013
2)	Re-appointment of Mr. Bernhard Motel , Director, who retires by rotation.
3)	Re-Appointment of M/s Walker, Chandio & Co , Chartered Accountants, the retiring Auditors of the Company and fix their remuneration.
Special Business	
4)	Appointment of Mr. Sachin Selot as the Director of the Company
5)	Appointment of Mr.Andreas Kolf as the director of the Comapny
6)	Appointment of Mr.Sachin Selot as the Whole Time Finance Director & CFO .
7)	Appointment of Mr. Andreas Kolf as the Whole Time Managing Director .

Signed this.....day of.....2014

Signature of shareholder.....

Signature of Proxy holder(s)

Affix
Revenue
Stamp not
less than
Re 0.15

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

FEDERAL-MOGUL GOETZE (INDIA) LIMITED

CIN : L74899DL1954PLC002452

Regd. Office : G-4, J.R Complex Gate No.-4, Mandoli Delhi – 110093

Phones : +91.11.30781090; Fax : +91.11.30781091

E-mail: investor.grievance@federalmogul.com; www.federalmogulgoetze.com

--	--

I/We hereby record my presence at the 59th Annual General Meeting of Federal-Mogul Goetze (India) Limited being held at **SRI SATHYA SAI INTERNATIONAL CENTRE**, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003 on Friday, the 23rd May, 2014 at 3:00 PM.

Member's Folio/DP ID-Client ID No.	Member's /Proxy's name in Block Letters	Member's/Proxy's Signature
------------------------------------	---	----------------------------

Note :

1. Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the meeting hall.
2. Electronic copy of the Annual Report for 2013 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2013 and Notice of the Annual General Meeting alongwith Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

✂

FEDERAL-MOGUL GOETZE (INDIA) LIMITED

CIN : L74899DL1954PLC002452

Regd. Office : G-4, J.R Complex Gate No.-4, Mandoli Delhi – 110093

Phones : +91.11.30781090; Fax : +91.11.30781091

E : investor.grievance@federalmogul.com; www.federalmogulgoetze.com

E-VOTING PARTICULARS

ELECTRONIC VOTING PARTICULARS

EVSN (E-Voting Sequence Number)	USER ID	PASSWORD/PIN

NOTE : Please read instructions given at back side of the Attendance Slip of 59th Annual General Meeting carefully before voting electronically.

Electronic Voting Process

Section 108 of Companies Act 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 provides for the mandatory electronic voting facility to all the members of the Company to exercise their right to vote at the general meetings through electronic means.

The Company in compliance of the provisions is providing the electronic voting facility to all the members at the record date for transacting the businesses at the Annual General Meeting through CDSL. A member may exercise his right to vote at the Annual General Meeting by electronic means by following the e-voting process:

Login to e-Voting website

- a. Launch the Internet Browser and type the following URL in the address bar www.eVotingindia.com and click on "Enter". The Home screen will be displayed then click on shareholders icon in the homepage.
- b. Select the "Electronic Voting Sequence Number" (EVSN*) along with "Federal Mogul Goetze (India) Limited" from the drop down menu and click "SUBMIT".
- c. Login with the following details in the appropriate boxes:
 - (i) For Members holding shares in Demat Form
User ID- For CDSL Account holders 16 digit BOID & for NSDL Account holder 8 Character DP ID + 8 digit Client ID.
Password- The unique Password has been printed on AGM Notice/e-mail forwarding electronic notice. However, the members who have been allotted their Password earlier by CDSL & have changed it, may use the same. In case they do not remember such Password, they may go to the option "Forget Password" and proceed.
PAN-Enter your 10 digit alphanumeric Permanent Account Number issued by Income Tax Department.
 - (ii) For Members holding shares in Physical Form
User ID- Registered Folio Number of the member with the Company.
Password- The unique Password has been printed on AGM Notice/e-mail forwarding electronic notice.
PAN- Enter your 10 digit alphanumeric Permanent Account Number issued by Income Tax Department or Enter the Default Number (ABCDE1234F) in case the PAN is not updated with the Company/RTA or in the Demat Account.

Process of Electronic Voting

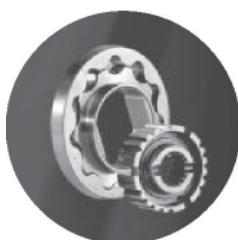
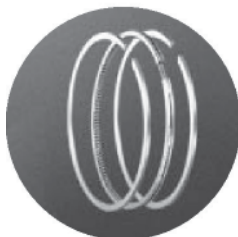
- a. After logging in the details of "User id, Password, PAN or Default Number", the Members holding shares in physical form & Members holding shares in demat form (who had changed their password in the past) will reach directly to the voting screen.
- b. Shareholders holding shares in demat, who log in for first time, will be required to mandatorily change their password in the new password field and will also have option to enter their demographic details i.e. date of birth, mobile number and e-mail id. The shareholders are advised to remember the new password. The new password can be used for voting on future e-voting resolution(s) for Federal-Mogul Goetze (India) Limited or any other company in India
- c. Click on the **Resolution File Link** if the member wishes to view the complete Notice.
- d. Enter the **number of shares** (which represents no. of votes) under each of the headings of the resolution, if member want to vote YES/ NO, but not exceeding your total holding.

- e. Select the resolution available for voting and cast your vote by choosing the ("YES"/ "NO") or any other appropriate option as may be available. Option 'YES' implies assent to the resolution and 'NO' implies dissent to the resolution.
- a. Check the details and click 'SUBMIT'. On completion of e-voting, a confirmation box will appear. If member wish to confirm his vote, click 'OK', else to change his vote, click 'CANCEL' and accordingly modify the vote. Once the vote on a resolution is casted by the member, he shall not be allowed to change or modify it subsequently;

Notes

- b. The electronic voting period commences on May 17, 2014 and ends on May 19, 2014. The electronic voting facility will be disabled by CDSL for voting thereafter;
- c. Every member of the Company holding shares either in physical form or in dematerialized form, as on record date is entitled to vote only during the period the electronic voting facility is open;
- d. Members may cast their votes separately for each business to be transacted in the Annual General Meeting. For example, a member may cast his vote in favour of some resolution and may cast not in favour/ against some resolution. A member may also elect not to vote on some resolution;
- e. Once the vote on a resolution is casted by the member, he shall not be allowed to change or modify it subsequently;
- f. Every member having a registered email address with the Company shall be provided with the Login ID/User ID and password details at the registered email address;
- g. Member can log in any number of times till he has voted on all the resolutions or till the end of the voting period (i.e. till the last date of receipt of Postal Ballots), whichever is earlier.
- h. In case of joint holders, Login ID/User ID and password details shall be sent to the first holder of the shares. Accordingly, the vote casted using the User ID and password sent to first holder is recognized on behalf of all the joint holders, as the shareholder who casts the vote through the e-Voting services of CSDL is doing so on behalf of all joint holders. First holder shall mean the holder of the shares, whose name is first registered against the shares held;
- i. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail on sanjaygrover7@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com. The file containing the said documents should be named as "Member's name_(EVSN)", e.g., in case of shareholder company XYZ Ltd., the file containing the authorization documents should be named as "XYZ Ltd._(EVSN)". The documents can be sent before/immediately after casting the vote. However, in case the same do not reach Scrutinizer/ CDSL before closure of voting, the vote so exercised will be rejected in the system.
- j. In case the member is already registered with CDSL, he/she can use his existing User ID and Password for casting his vote.
- k. Mr. Sanjay Grover, Practicing Company Secretary has been appointed as the scrutinizer to the electronic voting process, who shall prepare and submit its report of the votes cast in favour or not in favour/ against, to the Chairman of the Annual General Meeting within 3 business days from the date of conclusion of the electronic voting period;
- l. The results declared along with the scrutinizer's report shall be placed on the website of the Company and on the website of CDSL within 2 business days of the decision on the resolution at the Annual General Meeting;
- m. Subject to receipt of the sufficient votes, the resolution shall be deemed to be passed on the date of the Annual General Meeting;
- n. In case of any query, shareholders may refer frequently asked questions for shareholders and user manual available at eVotingindia.com or may write to helpdesk.evoting@cdslindia.com.
- o. Notice of the meeting is also displayed at www.federalmogulgoetze.com
- p. User Manual for electronic voting is available at <https://www.cdslindia.com>.

Contents



Board of Directors	2
Ten Year's Financial Review	3
Director's Report	4
Annexure to Directors' Report	7
Corporate Governance Report	8
Auditor's Report	17
Balance Sheet	20
Profit & Loss Account	21
Schedules 1 to 49 forming part of Balance Sheet and Profit & Loss Account	22
Cash Flow Statement	46
Statement regarding subsidiary companies pursuant to Section 212 of the Companies Act, 1956	47
SUBSIDIARY	
Federal-Mogul TPR (India) Limited	48
CONSOLIDATED FINANCIAL STATEMENTS	
	66

BOARD OF DIRECTORS

Chairman & Director

Mr. K.N. Subramaniam

Managing Director

Mr. Andreas Kolf

Whole Time Finance Director & CFO

Mr. Sachin Selot

Directors

Mr. Sunit Kapur

Mr. Bernhard Motel

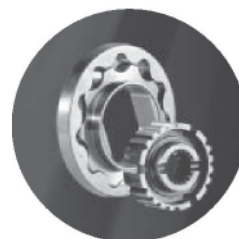
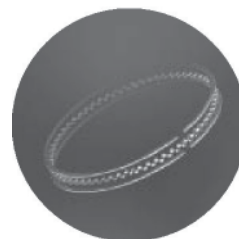
Mr. Mukul Gupta

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

G-4, J.R Complex, Gate No.-4,
Mandoli Delhi - 110093.
Phone : +91-11-30781090
Fax : +91-11-30781091

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005-06	2004-05
						(9 months)				
Total Income	1,26,832.80	1,31,370.48	1,26,312.25	1,02,405.62	84,041.87	79,762.07	72,028.57	46,809.82	53,291.21	51,990.47
Depreciation	6,613.55	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
Profit before Tax	3,035.85	(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
Taxation (adjmt for excess provision for prev.yr. written back if any)	977.29	251.82	1,117.84	1,130.39	457.87	172.23	79.74	70.30	810.74	1,048.44
Profit after Tax	2,058.56	(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
Dividend	-	-	-	-	-	-	-	-	-	1,011.50
Dividend Tax	-	-	-	-	-	-	-	-	-	132.19
Retained Profit/(Loss)	2,058.56	(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

Assets Liabilities & Net Worth

	2013	2012	2011	2010	2009	2008	2007	2006	2005-06	2004-05
Fixed Assets	50,710.79	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
Investments	510.00	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
Indebtedness	20,244.13	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
Share Capital	5,563.21	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
Reserves	36,378.50	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
Net Worth	41,941.71	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

Significant Ratios Revised

	2013	2012	2011	2010	2009	2008	2007	2006	2005-06	2004-05
A. Measurement of Investment										
Percentage of Return on Investment (annualised)	5.01	(2.40)	9.41	10.06	11.21	(1.11)	(3.86)	(1.59)	(1.19)	13.28
Percentage of Return on Equity (annualised)	7.42	(3.40)	12.27	12.67	15.82	(2.18)	(13.38)	(8.01)	(29.69)	21.13
Dividend Cover (Ratio)			-	-	-	-	-	-	-	2.18
B. Measurement of Performance										
Percentage of Profit before Tax to Sales	2.44	(1.06)	4.05	4.72	6.32	(0.68)	(2.61)	(1.25)	(7.39)	6.49
Percentage of Profit after Tax to Sales	1.65	(1.26)	3.12	3.55	5.75	(0.91)	(2.72)	(1.40)	(9.87)	4.40
C. Measurement of Financial Status										
Percentage of Term Loans to Tangible Net Worth	0.18	0.10	1.93	3.18	7.28	13.00	55.52	219.20	260.63	160.85
Current Ratio	0.90	0.83	1.04	1.12	0.99	0.73	0.83	0.88	1.18	0.85
D. General										
Dividend per Equity Share (Rs.)	-	-	-	-	-	-	-	-	-	4.00
Earnings per Equity Share (Rs.) (annualised)	3.70	(2.94)	6.73	6.18	8.29	(2.05)	(7.22)	(3.33)	(19.99)	8.71
Book Value per Equity Share (Rs.)	75.39	71.69	74.63	67.90	61.72	88.36	68.34	35.69	38.19	62.71

DIRECTORS' REPORT

Your Directors are pleased to present the 59th Annual Report and Audited Statement of Accounts for the financial year ended 31st December, 2013.

FINANCIAL RESULTS

[Rs. in million]

	For the year ended 31.12.2013	For the year ended 31.12.2012
Total Income:		
Gross Sales	11,592.78	12,072.59
Deduct : Excise Duty	1,087.87	1,129.79
	10,504.91	10,942.80
Business and other Income	1,090.50	1,064.45
Profit before Depreciation, Finance Charges, Tax & Prior Period Items	1,232.75	842.34
Deduct :		
Depreciation and Amortization	661.35	619.35
Finance Charges	267.82	298.80
Profit /(Loss) before Tax and Prior Period Items	303.58	(75.81)
Exceptional items	-	62.58
Provision for Tax	88.45	28.02
- Current	-	-
- Fringe Benefit	9.28	(2.84)
- Deferred Tax (Credit)		
Net Profit/(Loss) after Tax	205.85	(163.57)
Prior Period Items	-	-
Balance brought forward	651.17	814.74
Surplus/(Loss) carried to balance sheet	857.02	651.17

Operations

The Net income of the Company during the year ended 31st December 2013 was Rs. 11,595.4 million as against Rs. 12,007.26 million for the year ended 31st December 2012.

During the year under review, the Company made a Net profit after Tax of Rs. 205.85 million as against the Net loss after Tax of Rs. 163.57 million in the last year.

In 2013, the automobile component industry in the country remained flat in terms of business growth. Through the first half of 2013, globally, the automotive industry has provided mixed signals, with significant investments in some markets being countered by ongoing cuts in others. January

As demand fell in the domestic auto sector, most auto companies slashed the production, which adversely impacted auto component makers. Beginning from heavy commercial vehicles, the slowdown has impacted utility vehicles and even two-wheelers more recently.

In view of requirement of funds for the operations of the Company, no dividend is recommended for the year ended 31st December 2013.

Auditors' Comments

The Auditors have made certain observations in the annexure to their report, concerning the Accounts of the Company. The Management puts forth its explanations as below:

With regard to Auditors' observation on certain delays in depositing tax and other dues, the management is taking necessary remedial actions.

With regard to the Auditors' observation on the utilization of short term borrowings for long term purposes, the management is taking necessary remedial actions.

MANAGEMENT DISCUSSION AND ANALYSIS:

(a) Industry structures and developments

Indian auto component makers are facing the heat of a global auto slowdown. Due to the slipping growth in commercial vehicle and passenger car segments, the supplies of component makers' fell too. The drop is a combination of falling exports and low domestic demand.

Indian auto components industry treads a difficult path through an uncertain near term future. Operational excellence, scenario planning and risk management are poised to become the key arsenal for success. The auto component industry, globally has witnessed economic restructuring whose macro and micro-economic implications on nations and regions has been profound.

The collapse of sales in several markets in the auto component industry was a short-term challenge, but loss of market share to increasing competition in the domestic markets was another key challenge for automakers over the long term.

A host of domestic factors in the form of increase in fuel prices, weakening of rupee and prolonged high interest rates led to rising vehicle financing costs, thus leading to a slowdown in the demand for cars. The depressing mood in the auto sector, riddled with poor sales, has affected component makers. Stretched working capital needs, albeit mitigated by efficient inventory management, could also be a tad higher for another year until sales pick up and interest rates cool off.

The global economic uncertainties and domestic monetary tightening measures have built up a near term negative sentiment for the Indian auto component industry. However the long term prospects of the industry are definitely perceived as a huge opportunity area.

DIRECTORS' REPORT (Contd.)

(b) Opportunities and Threats

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. 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. A progressive leadership has given direction to the establishment.

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 competes with many independent manufacturers and distributors of component parts. Management continues to develop and execute initiatives to meet the challenges of the industry and to achieve its strategy for sustainable global profitable growth.

There are a limited sets of customers in our business, that is, the automobile manufacturers. Competition is intense, as we compete with suppliers both in the organized and unorganized segments. Technical edge, Specialization, innovation and networking will determine the success of the Company in this competitive environment.

Looking ahead, revenue is expected to improve, if Company is able to pursue its strategies. The Company is employing the best practices to proactively map the impact of its activities on its performance and profitability from economic environment and social perspectives.

(c) Segment wise or product wise performance

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

(d) Outlook

It has always been wafer thin margin rates and it might not get any thicker until the first half, with increased competition, weak sales and heavy discounts doled out by manufacturers to attract buyers. The second half of 2014 may hold the key to success for many auto component manufacturers in India, with new launches coming up. It would be a mixed

year for the auto component industry ahead. The auto component companies need to achieve significant productivity improvements in order to position themselves in the industry.

The future is fairly unpredictable. Market sentiments are unpleasant. The industry may take some time to bounce back.

The Company will endeavor to revitalize in near future as consumers regain confidence and vehicle demand increases. To remain competitive in the challenging and demanding environment, the benchmark has to be high in anticipation of the stated and unstated need of the customers and markets.

(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/7/2011 dated October 5, 2011 in line with the green initiative of Ministry of Corporate Affairs vide their circular dated April 29, 2011, the Board of directors has decided to circulate the abridged annual report containing salient features of the balance sheet and profit and loss account to the shareholders for the financial year 2013. 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 2013 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, 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 Six (6) Directors consisting of Mr. K.N. Subramaniam, Chairman and Non-executive Independent Director, Mr. Andreas Kolf, Managing Director, Mr. Sachin Selot, Whole Time Finance Director & CFO, Mr. Mukul Gupta, Non-executive Independent Director Mr. Sunit Kapur, Non-Executive Director and Mr. Bernhard Motel, Non-Executive Director.

Mr. Vikrant Sinha, Whole Time Finance Director and CFO of the Company passed away on 31.03.2013. The Board conveyed its deep condolences and grief on the sad demise of Mr. Vikrant Sinha and placed on record its sincere appreciation of the valuable contribution provided by Mr. Sinha during his association with the Company.

In the Board Meeting held on 6th November, 2013, Mr. Sunit Kapur resigned from the position of Whole Time Managing Director of the Company. However, he would continue to be a non Whole Time Director of the Company effective 6th November, 2013.

In the same Board Meeting, Mr. Andreas Kolf and Mr. Sachin Selot were appointed as Additional Director. The Board also appointed Mr. Andreas Kolf as Whole Time Managing Director and Mr. Sachin Selot as Whole Time Finance Director & CFO of the Company for a period of 5 Years, effective 6th November, 2013.

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

Public Deposits

As at 31st December, 2013, your company had no unclaimed Fixed Deposits. No fresh/renewed deposits were accepted during the financial year.

Auditors

M/s. Walker, Chandio & Co., Chartered Accountants, New Delhi (Firm Registration No. 001076N), retire as Auditors of the Company at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment for the year 2014. They have furnished a certificate to the effect that the re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

Human Resources

The employee relations have remained cordial throughout the year and industrial harmony was maintained. Measures for the safety, training and development of the employees, continued to receive top priority. The total number of salaried and hourly paid employees, as at December 31, 2013, stood at 4213.

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 continues to sponsor a program in SOS Children's Village of India for the education of 171 girls at Bangaluru and Rajpura. The main objective of the program is to ensure the regular education and sustainable academic performance.

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

Andreas Kolf
Whole Time
Managing Director

Sachin Selot
Whole time
Finance Director & CFO

Place: Gurgaon

Date: February 28, 2014

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
- Installation of LED lights in place of Fluorescent lights in some areas of Piston m/c shop and ring m/c shop
- Reduction in compressed air in air blowing application by reducing pressure from 6 bar to 3 bar
- Implementation of energy efficient motors
- Use of sun light in sealed quench furnace area by installation of transparent sheets
- Introduction of solar lighting and solar water heater in canteen.
- Introduction of required temperature alarming system on ABP induction furnace.
- Optimum use of continuous running of furnaces in foundries.
- Saving Hydraulic oil through dehydration and filtration
- Reduction in thermal loss in holding furnaces of piston export foundry by installation of covers.

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

- Replacement of old fluorescent lamps with new LED lights
- Use of energy efficient motors and lighting system.
- Replacement of reciprocating compressor with rotary screw compressor
- Installation of thyristor control on holding furnaces
- Use of PNG in place of HSD in Piston foundry furnace results saving in cost and environment
- Replacement of very old inefficient reciprocating air compressors
- Arresting of compressed air in the plant
- Installation of Energy management system.
- Solar Energy System for lightening.
- Energy audit of the Plant.
- Plugging of compressed air leakages by replacing structure.
- Installation of air dryer in compressor room.

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
- 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
- Introduction of ID and OD Inspection Sensing machine in Rings
- Introduction of the Casting simulation Software for casting optimization
- Introduction of Knock off Runner and Riser design in Piston casting
- Raw material testing and development.
- Low friction ring pack introduced for major diesel applications to improve fuel efficiency
- 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 Magma for casting simulation.

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
- Low Cost Automation
- Low Cost Autogauging for Inspection
- Installation of facilities for thin rings with Napier rings with serrations on OD
- Implementation of bushing technology for High end diesel applications
- Introducing premium surface technologies for pistons and rings
- To work upon better friction reduction ring packs.
- To work on coating for piston rings

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

Capital: 9.79 million
Recurring: Rs. 37.50 million
Total: Rs. 47.29 million
Total R & D Expenditure as a percentage of total turnover: 0.42%

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.
- 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
- Started casting simulation of Pistons with the Casting simulation software i.e MAGMA

2. Benefits derived as a result of above efforts;

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

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	Implemented
Ring Peripheral Coating	2011	Implemented
Horizontal Casting of Pistons	2011	Implemented
Gallery cooled pistons manufacturing	2011	Implemented
New Surface coating materials AV13D	2011	Implemented
Robotic casting technology	2011	Implemented
Raised Cooling gallery piston	2012	Implemented
Sintered saltcore	2012	Implemented
Casting Simulation using magma	2013	Implemented
AV 19 coating	2013	Under Trials
DLC coating for pins	2013	Under Trials

Foreign Exchange Earnings & Outgo

1. Exports: The Company made exports worth Rs.1,224.77 million for the year under review as compared to Rs. 771.11 million for the corresponding previous year.
2. Foreign exchange earned : Rs 1224.77 million
Foreign exchange utilized Rs. 260.52 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 6 Directors on its Board, out of which 4 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 2013 to 31st December, 2013

Date of Meeting	Board Strength	No. of Directors Present in person
28th February, 2013	5	5
9th May, 2013	4	3
31st July, 2013	4	3
6th November, 2013	4	3

*At the start of the meeting the Board Strength was 4 Directors. However, 2 Directors had been appointed during the meeting making the Board Strength as 6 Directors out of which 5 Directors were present in person.

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 in respect of Directors being re-appointed is as under :

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

Mr. Bernhard Motel holds Master Degree in Engineering from Berlin, Germany. He has more than 16 years experience in the industry. He has held several senior management positions in Federal-Mogul. Presently, he is Vice President Pistons Global, Federal-Mogul.

In the Board Meeting held on 6th November, 2013, Mr. Sunit Kapur resigned from the position of Whole Time Managing Director of the Company. However, he would continue as non Whole Time Director of the Company effective 6th November, 2013.

In the same Board Meeting, Mr. Andreas Kolf was appointed as an Additional Director. The Board also appointed him as Managing Director of the Company for a period of 5 Years, effective 6th November, 2013. Mr. Kolf, aged 51 years, cleared his first law exam from Westfälische Wilhelms University, Münster, Germany and his second law exam from Landesjustizprüfungsamt Nordrhein, Westfalen, Germany. Mr. Kolf has a vast experience of over 20 years in various managerial capacities.

In the same Board Meeting, Mr. Sachin Selot, was appointed as an Additional Director, effective 6th November, 2013. The Board also appointed him as Whole Time Finance Director & CFO of the Company for a period of 5 Years, effective 6th November, 2013. Mr. Selot, aged 45 years, is a Chartered Accountant from the Institute of Chartered Accountants of India as well as a Management Accountant from the Chartered Institute of Management Accountants. Mr. Selot has 21 years of rich experience at senior level positions in the field of Business Finance, including Accounting, Treasury, Tax, Internal Control, Corporate Finance, Risk Management, Strategic Business Planning, Corporate Financial Planning, Project Financing & Appraisals.

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 2013 to 31st December, 2013 Attendance at		As on 31st December, 2013		
		Board Meeting (Total Meetings held - 4)	Last AGM 10th May 2013	Number of Directorships of other Indian Public Limited Companies (Note1)	Committee Memberships of other Indian Public Limited Companies (Note-2)	
					Member	Chairman
Mr. Sunit Kapur	MD (till 5th Nov, 2013) NED (w.e.f 6th Nov, 2013)	4	Yes	1	0	0
Mr. Andreas Kolf (appointed w.e.f 6th Nov, 2013)	WTMD	1	No	3	2	1
Mr. Sachin Selot (appointed w.e.f 6th Nov, 2013)	WTFD & CFO	1	No	2	2	2
Mr. Bernhard Motel	NED	1	No	Nil	0	Nil
Mr. Mukul Gupta	NEID	4	Yes	Nil	0	0
Mr. K.N. Subramaniam	CNEID	4	Yes	Nil	0	Nil
Mr. Vikrant Sinha (Passed away on 31.03.2013)	WTFD & CFO	1	No	N.A.	N.A.	N.A.

CNEID : Chairman and Non-Executive Independent Director

NEID : Non Executive Independent Director

MD : Managing Director

WTMD : Whole Time Managing Director

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 programmed, review of financial reporting systems, internal control systems, ensuring compliance with statutory and regulatory provisions, discussions on quarterly, half yearly and annual financial results, interaction with senior management, statutory and internal auditors, recommendation for re-appointment of statutory auditors etc.

b) Meetings and Attendance

Details of Audit Committee Meetings held during the year 1st January 2013 to 31st December, 2013

Date of Meeting	Strength of Committee	No. of Members present in person
28th February, 2013	3	3
9th May, 2013	3	2
31st July, 2013	3	2
6th November, 2013	3	2

Audit Committee Members Attendance during the Accounting year 2013

Name	Total Meetings held	No. of meetings attended in person
Mr. Mukul Gupta (Chairman)	4	4
Mr. K.N. Subramaniam	4	4
Mr. Bernhard Motel	4	1

The Audit Committee meeting was also held on 28th February, 2014 to, inter-alia, consider the reappointment of Walker, Chandio & Co, Chartered Accountants (Firm Registration No. 001076N), as Statutory Auditors of the Company for the Year 2014, review of the audited financial results and Annual Accounts for the year ended 31st December 2013 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, 2013 to 31st December, 2013

Date of Meeting	Strength of Committee	No. of Members present in person	No. of Members Present through conference call
28th February, 2013	3	3	Nil
6th November, 2013	3	2	Nil

b) Remuneration Committee Members Attendance during the year, 2013

Name	Total Meetings held	No. of meetings attended in person	No. of meetings attended through Conference Call
Mr. K.N. Subramaniam (Chairman)	2	2	Nil
Mr. Mukul Gupta	2	2	Nil
Mr. Bernhard Motel	2	1	Nil

Details of Remuneration to Directors for the year ended 31st December, 2013

Name of Executive Directors	Remuneration for the year ended 2013	Amount	Service contract
Andreas Kolf	- Salaries - Contribution to Provident & Other funds - Other Perquisites Total	3,300,000 - 134,042 3,434,042	6th November, 2013 to 5th November, 2018
Mr. Dan Brugger	- Salaries - Contribution to Provident & Other funds - Other Perquisites Total	2,078,584 73,356 340,957 2,492,897	Resigned w.e.f. 28.02.2013
Mr Sachin Selot	- Salaries - Contribution to Provident & Other funds - Other Perquisites Total	1,167,569 60,500 - 1,228,069	6th November, 2013 to 5th November, 2018
Mr. Sunit Kapur	- Salaries - Contribution to Provident & Other funds - Other Perquisites	14,968,663 812,700 153,000 15,934,363	Resigned w.e.f 6th November, 2013

- Notes:
- 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.
 - 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. Andreas Kolf (appointed w.e.f 6th November, 2013)	Member	Whole Time Managing Director
Mr. Sachin Selot (appointed w.e.f 6th November, 2013)	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 2013 to 31st December, 2013

Date of Meeting	Strength of Committee	No. of Members Present in person
28th February, 2013	5	5
9th May, 2013	4	3
31st July, 2013	4	3
6th November, 2013	5	4

B) Shareholders'/Investors' Grievance Committee Members Attendance during the year 2013

Name	Total Meetings held	No. of Meetings attended in person	No. of Meetings attended through Conference Call
Mr. Bernhard Motel (Chairman)	4	1	Nil
Mr. Mukul Gupta	4	4	Nil
Mr. K.N. Subramaniam	4	4	Nil
Mr. Sunit Kapur (resigned from the membership w.e.f 6th November, 2013)	4	4	Nil
Mr. Andreas Kolf (appointed w.e.f 6th November, 2013)	4	0	Nil
Mr. Sachin Selot (appointed w.e.f 6th November, 2013)	4	0	Nil

- Details of number of investor complaints for the year ended December 31, 2013 are : Beginning 0 , Received 2, Disposed off 2, 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.

6. ANNUAL GENERAL MEETINGS

Year	Location	Date & Time	Whether any special resolution passed
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
58th AGM (2012)	Sri Sathya Sai International Centre, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003	10th May, 2013 3.00 P.M.	No

Postal Ballot:

No resolutions have been passed by the Company's shareholders during the year ended 31st December 2013. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

7. DISCLOSURES

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

8. MEANS OF COMMUNICATION

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. 59th Annual General Meeting

- Date and Time
- Venue

23rd May, 2014 at 3.00 P.M.
Sri Sathya Sai International Centre
Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003
January 1 to December 31

b. Financial Year

c. Financial Calendar (Tentative)

- Results for the quarter ending March 31, 2014
- Results for the quarter/half year ending June 30, 2014
- Results for the quarter/period ending September 30, 2014
- Results for the quarter/year ending 31 December, 2014
- Annual General Meeting for the year ending 31 December, 2014

Last week of April 2014
Last week of July 2014
Last week of October 2014
Last week of February, 2015
Last week of June 2015
8th May, 2014 to 23rd May, 2014 (both days inclusive)

d. Book Closure date

e. Listing on Stock Exchanges

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

f. Stock Code

ISIN No.-NSDL
- CDSL

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

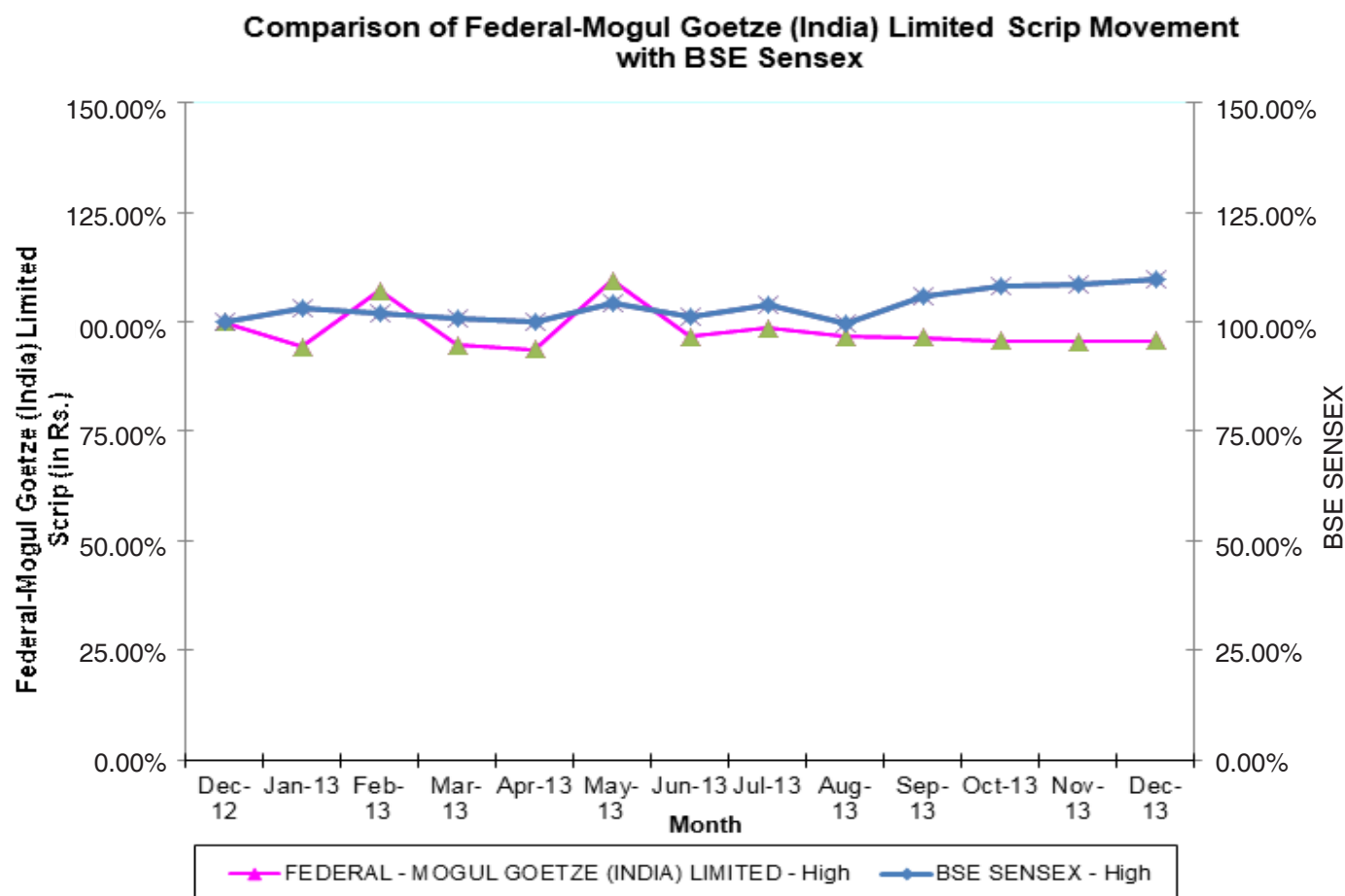
Note: Listing Fees for the year 2013-2014 has been paid to both, Bombay Stock Exchange Limited and National Stock Exchange. Annual custodian charges of Depository have also been paid to NSDL and CDSL.

g. Stock Market Data*

Month	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	
	High	Low	High	Low	High	Low	High	Low
Dec-12	219.50	194.00	19612.18	19149.03	216.00	193.00	5965.15	5823.15
Jan-13	206.85	181.10	20203.66	19508.93	208.00	180.00	6111.80	5935.20
Feb-13	235.00	192.25	19966.69	18793.97	221.55	192.00	6052.95	5671.90
Mar-13	207.65	190.00	19754.66	18568.43	202.75	192.10	5971.20	5604.85
Apr-13	205.85	195.00	19622.68	18144.22	205.00	194.15	5962.30	5477.20
May-13	240.00	195.00	20443.62	19451.26	234.40	193.60	6229.45	5910.95
Jun-13	212.00	200.00	19860.19	18467.16	209.95	199.00	6011.00	5566.25
Jul-13	216.40	195.10	20351.06	19126.82	220.50	198.00	6093.35	5675.75
Aug-13	212.00	193.35	19569.20	17448.71	223.75	182.80	5808.50	5118.85
Sep-13	211.75	166.20	20739.69	18166.17	234.80	193.25	6142.50	5318.90
Oct-13	209.95	190.00	21205.44	19264.72	205.95	192.00	6309.05	5700.95
Nov-13	209.70	190.05	21321.53	20137.67	206.00	190.00	6342.95	5972.45
Dec-13	209.90	192.00	21483.74	20568.70	214.95	192.00	6415.25	6129.95

* 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. Sachin Selot, Chairman, Mr. Mukul Gupta, Mr. K.N. Subramaniam and Mr. Andreas Kolf 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 35 times during the year 2013 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.

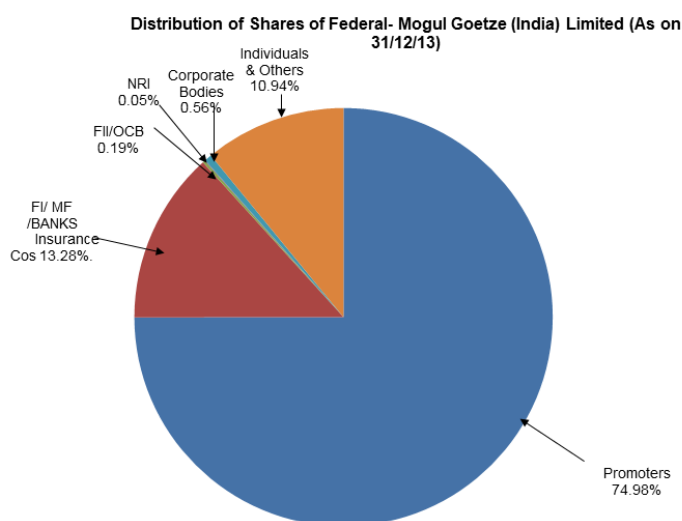
j. Distribution Schedule as on 31/12/2013

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	18216	99.67	2284089	4.11
5001 - 10000	29	0.15	210506	0.38
10001 - 20000	10	0.05	136672	0.25
20001 - 30000	1	0.01	21675	0.04
30001 - 40000	1	0.01	37574	0.07
40001 - 50000	1	0.01	44044	0.08
50001 - 100000	2	0.01	130439	0.23
ABOVE 100000	16	0.09	52767131	94.85
TOTAL	18276	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	17842	97.63	6078424	10.93
CORPORATE BODIES	269	1.47	310252	0.56
FINANCIAL INSTITUTIONS / MUTUAL FUNDS/ BANKS/ INSURANCE COMPANIES	26	0.14	7390181	13.28
NON-RESIDENT INDIANS	120	0.66	27087	0.05
FOREIGN INSTITUTIONAL INVESTORS/ OVERSEAS CORPORATE BODIES	11	0.06	104719	0.19
PROMOTERS (NON-RESIDENT COMPANY)	2	0.01	41715454	74.98%
OTHERS	6	0.03	6063	0.01%
TOTAL	18276	100.00	55632130	100.00



k. Dematerialization of shares and Liquidity

As on 31st December 2013, 99.00% 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:

G-4, J.R Complex, Gate No.-4, Mandoli Delhi - 110093.
Tel No: +91 11 30781090 / Fax No.: +91 11 30781091
email: investor.grievance@federalmogulgoetze.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

Andreas Kolf

Whole Time Managing Director

Sachin Selot

Whole Time Finance Director & CFO

Date : February 28, 2014.

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, 2013.

Date : February 28, 2014.

Place : Gurgaon

Andreas Kolf

Whole Time 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, 2013 as stipulated in clause 49 of the Listing Agreement of the 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, 2013, 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/Investors Grievances 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 17, 2014

DEEPIKA GERA
C.P. No. : 7487

AUDITORS' REPORT

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

Report on the Financial Statements

1. We have audited the accompanying financial statements of Federal-Mogul Goetze (India) Limited, ("the Company"), which comprise the Balance Sheet as at 31 December 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2013;
 - ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, 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 purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ; and
 - e. on the basis of written representations received from the directors, as on 31 December 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

Place : New Delhi
Date : February 28, 2014

Membership
No.: 98113

Annexure to the Independent Auditors' Report of even date to the members of Federal-Mogul Goetze (India) Limited, on the financial statements for the year ended 31 December 2013

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 year, 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 between physical inventory and book records 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 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 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) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-
- b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess on account of any dispute, are as follows:

tax, wealth tax, service tax, custom duty, excise duty, cess have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been significant. 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:

Undisputed amounts payable in respect thereof, which were 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. in lacs)	Period to which the amount relates	Due Date	Date of Payment
Finance Act, 1994 (Service Tax)	Service tax on royalty, business auxiliary services, consultancy services and manpower recruitment agency's services	361.26	October 2007 to 31 December 2012	Various dates from October 2007 to 31 December 2012	Not yet paid

Name of the statute	Nature of dues	Amount (Rs. Lacs)	Amount Paid Under Protest (Rs in 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, Bengaluru
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	189.48		2001 - 2006	Central Excise and Service Tax Appellate Tribunal, Chandigarh
The Central Excise Act, 1944	Cenvat credit availed twice	5.04		2005-2007	Central Excise and Service Tax Appellate Tribunal, Bengaluru
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, Bengaluru
The Central Excise Act, 1944	Excise duty on capital goods	3.19		2010-2011	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	4.38		1995-96, 1997-98, 2003-2004	1995-1996, 1997-1998, 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		2000-2001	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	Assistant Commissioner, Bhiwadi, Rajasthan
Finance Act, 1994 (Service Tax)	Input tax credit on various expenses	695.23		2008-2011	Central Excise and Service Tax Appellate Tribunal, Bengaluru
Finance Act, 1994 (Service Tax)	Input tax credit on various expenses	153.84		2011	Commissioner of Central Excise, Bengaluru
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)	Service tax on royalty and technical know how	39.95		1999-2003, 2004-2005	Joint Commissioner of Central Excise, Patiala, Punjab
Finance Act, 1994 (Service Tax)	Availment of Cenvat on Job work charges	152.21		2011	Commissioner Central Excise, Bengaluru
Finance Act, 1994 (Service Tax)	Disallowance of service tax credit on various services	76.54		2011-2012	Honorable High Court of Karnataka
Karnataka VAT Act, 2003	Difference in VAT rates (classification issue)	442.92	140.81	1996-97 to 2001-02	Honorable High Court of Karnataka
Karnataka VAT Act, 2003	Difference in VAT rates (classification issue)	278.51	55	2005-2006	Honorable High Court of Karnataka
Income tax Act, 1961	Disallowance of expenditure in relation to exempt income	3.05		2000-2001	Honorable High Court, Delhi
Income tax Act, 1961	Disallowance of expenditure in relation to exempt income	8.59		2001-2002	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Interest free loan to subsidiary	72.68		2007-2008	Income tax appellate tribunal
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	8.02		2001-2002	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		2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Provision for expenses disallowed	85.17		1997-1998	Honorable High Court, Delhi
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		2005-2006	Income Tax Appellate Tribunal
Income tax Act, 1961	Distribution of gift coupons to shareholders at AGM	16.54		1995-1996 & 1996-1997	Honorable High Court, Delhi

Name of the statute	Nature of dues	Amount (Rs. Lacs)	Amount Paid Under Protest (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Disallowance of exemption on dividend	66.55		1998-1999	Supreme Court
Income tax Act, 1961	Addition of Revaluation Reserves to book profits	16.71		1998-1999	Supreme Court
Income tax Act, 1961	Apportionment of common administrative costs	1.52		1997-1998	Honorable High Court, Delhi
Income tax Act, 1961	Disallowance of lease rent expenses	345.80		1997-1998	Honorable High Court, Delhi
Income tax Act, 1961	Applicability of interest u/s 234D	0.51		2000-2001	Honorable High Court, Delhi
Income tax Act, 1961	Disallowance of expenditure in relation to exempt income	21.21		1999-2000	Honorable High Court, Delhi
Income tax Act, 1961	Addition to Revaluation Reserves to book profits	17.65		1999-2000	Honorable High Court, Delhi
Income tax Act, 1961	Loss in relation to diminution in value of shares disallowed	19.23			
2004-2005	Commissioner Income Tax (Appeals)				
UP VAT	Difference in VAT rates (classification issue)	82.78	10.291	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	40.76		2009-2010	Honorable Supreme Court
Karnataka Tax on Entry of Goods Act, 1979	Entry tax on import of capital goods	48.38		2010-2011	Honorable Supreme Court
Finance Act, 1994 (Service Tax)	Denial of Cenvat credit of excise duty/ service tax paid on common inputs/ input services,	393.78		2012-2013	Commissioner & Commissioner Appeal
Finance Act, 1994 (Service Tax)	CENVAT credit taken in respect of the said inputs or capital goods"	5.81		2012-2013	Commissioner of Central Excise
Finance Act, 1994 (Service Tax)	Denial of Cenvat credit of excise duty/ service tax paid on common inputs/ input services,	472.94		2012-2013	Commissioner & Commissioner Appeal
Finance Act, 1994 (Service Tax)	Payment of Service Tax under GTA on inwards/Outwards freight	7.09		2012-2013	Commissioner (Appeals)
Finance Act, 1994 (Service Tax)	Payment of Service Tax under GTA on inwards/Outwards freight	13.81		2009-2012	Commissioner(Appeals)
Finance Act, 1994 (Service Tax)	Payment of Service Tax under GTA on inwards/Outwards freight	18.13		2012-2013	Joint Commissioner (Appeals)
Finance Act, 1994 (Service Tax)	Service tax credit on security & advertising services	6.42		2011-2013	Joint Commissioner (Appeals)
VAT	Cenvat credit of excess paid Service Tax on royalty	35.12		2012-2013	Additional Commissioner
VAT	Non submission of C- Forms	134.40		2011-2012	Asstt. Commissioner, Bhiwadi
VAT	VAT on Sale of FA payable	613.93		2007-2008	Delhi - Commissioner
VAT	Non submission of C form and F forms	73.44		2008-2009	Delhi - Commissioner
VAT	non submission of Sales Invoices & Form F	25.66	16.5	2005-2006	ITAT
VAT	F Form Disallowed	9.20		2000-2001	ITAT
VAT	Disallowance of sales return	1.76		2006-2007	Commissioner(Appeals)
VAT	Disallowance of Pre-fitment warranty materials	1.18		2006-2007	Commissioner(Appeals)
VAT	Disallowance of F form	1.87		2004-2005	Commissioner(Appeals)
VAT	Dispute in sales of gross turnover & stock transfer	1.56		2001-2002	Commissioner(Appeals)
The Central Excise Act,1944	Demand in respect of Modvat credits on Input and Capital goods	1.76		1997-1999	Asstt. Commissioner
Finance Act, 1994 (Service Tax)	Input tax credit on various expenses	86.44	25	2006-2007	Commissioner Appeals
Finance Act, 1994 (Service Tax)	Input tax credit on various expenses	113.70		May 2005 to July 2005	CESTAT
Income tax Act, 1961	Disallowance of expenditure in relation to exempt income	1.99		2004-2005	Commissioner Income Tax (Appeals)
Wealth tax act, 1957	Disallowance of debt relating to taxable wealth	3.90		2006-2007	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Default notices on account of short term deduction/ short payment of tax deduction at source	7.51		2006-2007	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Interest free loan to subsidiary	32.80		2006-2007	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of expenditure in relation to exempt income	3.56		2008-2009	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Interest free loan to subsidiary	70.68		2008-2009	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of prior period expenses	14.45		2008-2009	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of proportionate royalty expense	73.29		2008-2009	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of Club Expenses	1.63		2008-2009	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Default notices on account of short deduction/ short payment of tax deduction at Source	19.71		2012-2013	Income tax Officer
Next Appellate Auth.	Sale made on concessional form.	1.36		2007-2008	Asstt. Commissioner
Sales tax demand	Non Submission of Statutory Form on the concessional sale	1.00		2007-2008	Asstt. commissioner, Bhiwadi
Sales tax demand	Non Submission of Statutory Form on the concessional sale	2.14		2008-2009	Asstt. commissioner, Bhiwadi
Sales tax demand	Non submission of Statutory Form on the concessional sale & Export Forms at the time of Assessment.	9.44		2009-2010	Asstt. commissioner, Bhiwadi
Sales tax demand	Non - submission of Concessional form on the concessional sale at the time of audit.	339.10		2011-2012	Asstt. commissioner, Bhiwadi
Sales tax demand	VAT Demand on the stock transfer - not allowed and tax on the stock transfer	32.11		2012-2013	Commissioner, UP
Sales tax demand	Demand issued for non - submission of Stock Transfer forms in the audit.	30.19		2008-2009	Pune, Dy Commissioner,
Service Tax	Service tax credit disallowed on the health service	134.00		2006-2011	Commissioner

- | | | |
|--|---|--|
| <p>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.</p> <p>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.</p> <p>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.</p> <p>xiii. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.</p> | <p>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.</p> <p>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.</p> <p>xvi. In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.</p> <p>xvii. <i>In our opinion, the Company has used funds raised on short-term basis for long-term investment.</i></p> <p>xviii. During the year, the Company has not made any preferential allotment of shares to parties /and 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.</p> | <p>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.</p> <p>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.</p> <p>xxi. No fraud on or by the Company has been noticed or reported during the period covered by our audit.</p> |
|--|---|--|

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

per David Jones
Partner
 Membership No.: 98113

Place : New Delhi
 Date : February 28, 2014

Balance sheet and profit and loss account
Balance Sheet as at 31 December, 2013

	Schedules	As at 31 December, 2013 Rs (in lacs)	As at 31 December, 2012 Rs (in lacs)
Equity and Liabilities			
Shareholders' Funds			
Share capital	3	5,563.21	5,563.21
Reserves and surplus	4	36,378.72	34,320.16
		41,941.93	39,883.37
Non-current liabilities			
Long-term borrowings	5	1,555.56	-
Deferred tax liabilities (net)	6	1,523.79	1,430.99
Other long term liabilities	7	278.38	245.17
Long-term provisions	8	6,165.62	5,612.27
		9,523.35	7,288.43
CURRENT LIABILITIES			
Short-term borrowings	9	18,688.57	19,021.30
Trade payables	10	17,553.22	17,108.46
Other current liabilities	11	2,521.53	1,984.78
Short-term provisions	8	143.83	320.50
		38,907.15	38,435.04
TOTAL		90,372.43	85,606.84
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	47,391.67	45,934.39
Intangible assets	12.1	-	15.59
Capital work-in-progress		3,319.35	3,607.26
Non-current investments	13	510.00	510.00
Long-term loans and advances	14	4,145.95	3,710.14
		55,366.97	53,777.38
Current assets			
Current investments	15	-	-
Inventories	16	14,845.27	13,346.05
Trade receivables	17	14,664.50	15,047.19
Cash and bank balances	18	592.80	185.22
Short-term loans and advances	19	4,502.54	2,866.17
Other current assets	20	400.35	384.83
		35,005.46	31,829.46
TOTAL		90,372.43	85,606.84

Note 1 to 49 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

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

Andreas Kolf
Managing Director
DIN : 00519780

Sachin Selot
Whole Time Finance Director & CFO
DIN : 06700360

Place: Gurgaon
Date: February 28, 2014

Khalid Khan
Company Secretary

ANNUAL REPORT 2013

Balance sheet and profit and loss account
Statement of Profit and Loss for the year ended 31 December 2013

	Schedules	For the year ended 31 December, 2013 Rs (in lacs)	For the year ended 31 December, 2012 Rs (in lacs)
REVENUE			
Revenue from operations(gross)		1,24,575.91	1,29,182.50
Less: Excise duty		(10,878.74)	(11,297.93)
Revenue from operations(net)	21	1,13,697.17	1,17,884.57
Other income	22	2,256.90	2,187.97
Total Revenue		1,15,954.07	1,20,072.54
EXPENSES			
Cost of raw material and components consumed	23	39,483.52	43,199.75
(Increase)/ decrease in inventories	24	(2,055.04)	(1,107.82)
Purchase of traded goods	25	3,776.98	3,600.36
Employee benefit expense	26	23,615.72	23,510.94
Depreciation and amortisation expenses	28	6,613.55	6,193.52
Finance cost	29	2,678.17	2,988.00
Other expenses	27	38,805.32	42,445.91
Total Expenses		1,12,918.22	1,20,830.66
Profit/ (loss) before exceptional items and tax		3,035.85	(758.12)
Exceptional items		-	(625.81)
Profit/ (loss) before tax		3,035.85	(1,383.93)
Tax expense			
Current tax		884.50	289.46
Minimum alternate tax credit entitlement		-	(9.29)
Deferred tax		92.79	(28.36)
Total tax expenses		977.29	251.81
Profit/ (loss) for the year		2,058.56	(1,635.74)
Earnings per equity share (Rs.)	30	3.70	(2.94)

Basic and diluted [Nominal value of shares Rs. 10]

Note 1 to 49 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 Goetze (India) Limited

Andreas Kolf
 Managing Director
 DIN : 00519780

Sachin Selot
 Whole Time Finance Director & CFO
 DIN : 06700360

 Place: Gurgaon
 Date: February 28, 2014

Khalid Khan
 Company Secretary

Notes to financial statements for the year ended 31st December, 2013

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 and Bombay Stock Exchange of India.

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 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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 or taxes recoverable or otherwise adjustable 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 assets costing 5000/- or below is charged @ 100% per annum 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 drawing, Patents and Trade-marks are amortised 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 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 and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the 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 inclusive of excise duty and net of 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:

Dividend income is recognised in the period in which right to receive such payment is established.

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.

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 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, 1972 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.
- (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.

Minimum Alternate Tax ("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 (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 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) Segment Reporting

Segments have been identified in accordance with Accounting Standard on Segment Reporting (AS-17) taking into account the organization structure as well as differential risks and returns of these segments.

Balance sheet and profit and loss account
Notes to Accounts
3 : Share Capital

Rs (in lacs)

	As at 31 December 2013	As at 31 December 2012
Authorized shares		
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/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 payment of all liabilities. 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 2013		31 December 2012	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid				
Federal Mogul Holding Limited, Mauritius, the Holding company	3,34,08,581	60.05%	3,34,08,581	60.05%
Federal Mogul Vermögensverwaltungs 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 2013		31 December 2012	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid				
Federal Mogul Holding Limited, Mauritius, the Holding company	3,34,08,581	60.05%	3,34,08,581	60.05%
Federal Mogul Vermögensverwaltungs 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, 2013	As at 31 December, 2012
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	6,511.75	8,147.48
Add: (Loss)/Profit for the year	2,058.56	(1,635.74)
Closing balance	8,570.31	6,511.75
Total	36,378.72	34,320.16

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

5. Long-term borrowings
Term loans (refer note (a))

Indian rupee loan from banks (secured)

1,555.56

-

1,555.56

-

"Note (a): Indian rupee loans amounting to Rs. 2,000 lacs from Yes Bank in two tranches of Rs 1,000 lacs each taken on 31 May 2013 and 28 June 2013 respectively, carries interest @ 12.20% p.a. Both tranches are repayable in 36 equal monthly installments of Rs. 27.77 lacs each along with interest, after a moratorium period of 12 months from the date of disbursement of loan i.e. 31 May 2014 and 28 June 2014 respectively. The loan is secured by first parri passu charge on moveable assets of the Company including plant and machinery, spares, tools and accessories, furniture and fixtures and other moveable assets of the Company, excluding vehicles." "Current maturities of long term borrowings amounting to Rs. 444.44 lacs (Previous year: Rs. 400 lacs) are included under the head 'Other current liabilities (refer note 11)."

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

4,036.24

3,919.95

4,036.24

3,919.95

Deferred tax assets

Impact of expenditure charged to the Statement of profit and loss in the current year but allowed for tax purposes

Provision for employee benefits

1,454.98

1,272.48

Royalty expenses

183.44

359.68

Others

845.12

825.62

Provision for doubtful debts

28.91

31.18

2,512.45

2,488.96

Deferred tax liabilities (net)

1,523.79

1,430.99

7. Other long-term liabilities

Trade deposits from dealers (refer note (a))

278.38

245.17

278.38

245.17

Note:

(a) Deposits from dealers are considered as long term in view of long term business relationships.

8. Provisions
Long term
31 December,
2013

31 December,
2012

Short Term
31 December,
2013

31 December,
2012

Provision for employee benefits

Provision for gratuity (refer Note no. 37)

4,300.68

3,921.96

Provision for leave encashment

651.63

591.25

Provision for bonus

-

-

98.76

86.90

45.07

47.38

4,952.31

4,513.21

143.83

134.28

Other provisions

Provision for non fulfilment of export obligations

(refer Note no. (a))

1,213.31

1,099.06

Provision for regulatory matters (refer note (b))

-

-

-

186.22

-

-

1,213.31

1,099.06

-

186.22

6,165.62

5,612.27

143.83

320.50

Note (a)
Provision for non fulfilment of export obligations (refer note 44)

Opening balance

186.22

214.88

Provision made during the year

8.97

29.36

Utilised during the year

-

-

Reversed during the year

(195.19)

(58.02)

Closing Balance

-

186.22

Note (b)
Provision for regulatory matters (refer note 45)

Opening balance

1,099.06

943.26

Provision made during the year

994.53

1,241.29

Utilised during the year

(880.28)

(1,085.49)

Closing Balance

1,213.31

1,099.06

ANNUAL REPORT 2013

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

9. Short-term borrowings

Secured

Working capital loans (refer note (a))

5,500.00

4,000.00

Cash credit facilities from banks (refer note (a))

2,633.63

6,001.30

8,133.63

10,001.30

Unsecured

Inter-corporate deposit (refer note (b))

9,655.00

9,020.00

Working capital loan (refer note (c))

838.94

-

Deposits from others (refer note (d))

61.00

-

10,554.94

9,020.00

Total

18,688.57

19,021.30

Note (a) :

i. Indian rupees working capital loans and cash credit facilities are secured against hypothecation of current assets of the Company, both present and future with HDFC, Yes Bank, ING Vysya Bank, State Bank of India and Deutsche Bank. Cash credit facilities carries interest rate within the range of 11.5% to 13.5%. Details of working capital loans is as follows:

ii. Detail of working capital loans

Name of the bank	Amount of loan	Date of repayment	Interest rate
ING Vysya	3,000.00	26-Jan-14	10.90%
State Bank of India	1,000.00	28-Feb-14	11.70%
HDFC	1,000.00	23-Jan-14	10.50%
HDFC	500.00	28-Feb-14	10.50%
	5,500.00		

Note (b) : Inter-corporate deposits are repayable on demand and carry rate of interest ranging between 9.35 % to 10.50 % p.a.

Note (c) : Indian rupees working capital loan amounting to Rs. 838.94 lacs taken from Bank of America is at interest rate of 10.5% p.a. Loan is repayable as follows:

Name of the bank	Amount of loan	Date of repayment	Interest rate
Bank of America	425.22	01-Jan-14	10.50%
	258.56	04-Feb-14	
	155.16	14-Feb-14	
	838.94		

Note (d) : Indian rupees loan amounting to Rs 61 lacs taken from Goetze India employee welfare trust is at interest rate of 8% p.a. Entire loan is repayable on 31 March 2014.

10. Trade payables

Dues to micro and small enterprises

(refer Note no.42 for details of dues to micro and small enterprises)

131.87

159.39

Due to others (including acceptances)

16,136.72

15,832.78

Related party payables (refer note no. 34 for details)

1,284.63

1,116.29

17,553.22

17,108.46

11. Other current liabilities

Current maturities of long-term borrowings (refer note no.5)

444.44

400.00

Interest accrued and due on term borrowings

20.72

5.32

Interest accrued and due on inter corporate deposits

80.88

76.84

Interest accrued but not due on borrowings

88.60

86.98

Trade/security deposits received

47.21

57.91

Statutory liabilities

1,839.68

1,357.73

2,521.53

1,984.78

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

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 2012	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	1,436.85
At 31 December 2012	1,485.16	362.87	8,744.98	1,432.15	77,004.22	372.06	89,401.44
Additions	-	-	953.96	95.38	7,235.82	13.47	8,298.63
Disposals	-	-	21.92	25.22	1,150.36	103.96	1,301.46
At 31 December 2013	1,485.16	362.87	9,677.02	1,502.31	83,089.68	281.57	96,398.62
Accumulated depreciation							
At 1 January 2012	-	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	43,467.05
Charge for the year	-	-	306.42	70.83	6,196.26	24.45	6,597.96
Disposals	-	-	10.51	15.19	935.03	97.33	1,058.06
At 31 December 2013	-	27.85	3,581.73	849.10	44,366.47	181.80	49,006.95
Net Block							
At 31 December 2012	1,485.16	335.02	5,459.16	638.69	37,898.98	117.38	45,934.39
At 31 December 2013	1,485.16	335.02	6,095.29	653.21	38,723.21	99.77	47,391.67

12.1. Intangible assets

Particulars	Designs & Drawings and Patents & Trademarks	Total Intangible Assets
Cost		
At 1 January 2012	712.11	712.11
Additions	-	-
Disposals	-	-
At 31 December 2012	712.11	712.11
Additions	-	-
Disposals	-	-
At 31 December 2013	712.11	712.11
Depreciation		
At 1 January 2012	683.02	683.02
Charge for the year	13.50	13.50
Disposals	-	-
At 31 December 2012	696.52	696.52
Charge for the year	15.59	15.59
Disposals	-	-
At 31 December 2013	712.11	712.11
Net Block		
At 31 December 2012	15.59	15.59
At 31 December 2013	-	-

	As at 31 December, 2013	As at 31 December, 2012
13. Non-current investments		
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
(i) Government securities*		
National savings certificates	1.32	1.32
Less: Provision for diminution in value of investment	(1.32)	(1.32)
	-	-
(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	510.00
Aggregate amount of unquoted investment	510.00	510.00
14. Long-term loans and advances		
Minimum alternate tax credit entitlement	1,320.60	1,818.40
Capital advances (Unsecured, considered good)	557.51	298.67
Security deposits (Unsecured, considered good)	1,087.09	716.51
Other loans and advances		
Prepaid expenses	22.59	14.59
Advance tax (net of provision of Rs. 2,548.47 lacs (previous year: Rs. 1,762.59 lacs)	1,158.16	861.97
	4,145.95	3,710.14
15. 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)
	-	-
	-	-

	As at 31 December, 2013	As at 31 December, 2012
Rs. in Lacs		
16. Inventories (Valued at lower of cost and net realizable value)		
Raw materials and components (including stock in transit Rs. 247.48 lacs (Previous Year: Rs. 316.03 lacs))	1,796.51	2,146.70
Work-in-progress	4,485.99	4,231.52
Finished goods	6,897.75	5,363.09
Traded goods	886.32	620.38
Stores and spares (including stock in transit Rs. 38.73 lacs (Previous Year: Rs. 4.53 lacs))	778.70	953.74
Loose tools	-	30.62
Total	14,845.27	13,346.05
17. Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured considered good	-	-
Unsecured considered doubtful	36.08	38.36
	36.08	38.36
Less: Provision for doubtful debts	(36.08)	(38.36)
	-	-
Outstanding for a period less than six months from the date they are due for payment		
Secured considered good	278.38	245.23
Unsecured, considered good	14,386.12	14,801.96
Unsecured, considered doubtful	53.34	57.74
	14,717.84	15,104.93
Less: Provision for doubtful debts	(53.34)	(57.74)
	14,664.50	15,047.19
	14,664.50	15,047.19
18. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cheques on hand	9.33	0.02
Balances with bank held as margin money - with original maturity upto 3 months (pledged with government authorities)	15.09	
Balances with scheduled banks: - in current accounts	155.83	12.72
	180.25	12.74
Other Bank Balances		
Balances with bank held as margin money with maturity more than 3 months but less than 12 months (Pledged with Government authorities)	412.30	160.70
with maturity more than 3 months but less than 12 months	0.25	11.78
	412.55	172.48
	592.80	185.22

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

19. Short-term loans and advances

Advances recoverable in cash or kind

- Unsecured, considered good	986.72	383.17
- Unsecured, considered doubtful	171.21	167.02

Less: Provision for doubtful advances **(171.21)** (167.02)

986.72 383.17

Security deposit

Unsecured, considered good

19.30 12.80

Other loans and advances

Balance with statutory/government authorities

2,830.51 1,937.79

Prepaid expenses

666.01 532.41

3,496.52 2,470.20

4,502.54 2,866.17

20. Other current assets**Unsecured considered good unless stated otherwise**

Earnest money deposit **3.69** 3.65

Fixed assets held for disposal (at lower of net book value and estimated net realisable value) **55.64** 59.87

Interest accrued but not due on deposits **33.21** 8.50

Exports benefits receivable **302.22** 312.81

Insurance claim receivable **5.59** -

400.35 384.83

21. Revenue from operations

Sale of products

Finished goods **1,15,927.83** 1,20,725.96

Traded goods **4,743.23** 4,749.84

Other operating revenue

Job work income **1,266.86** 1,161.04

Export incentives **440.06** 139.93

Scrap sales **2,197.93** 2,405.75

Revenue from operations (gross) **1,24,575.91** 1,29,182.52

Less: Excise duty **(10,878.74)** (11,297.93)

Revenue from operations (net) **1,13,697.17** 1,17,884.59

Details of finished goods sold

Piston rings **36,259.69** 40,221.37

Pistons **69,734.58** 73,103.76

Pins **2,195.63** -

Valve train **7,005.80** 6,619.42

Structural components **731.89** 733.51

Miscellaneous **0.24** 47.91

Total **1,15,927.83** 1,20,725.96

Details of traded goods sold

Brake pads **53.26** 60.47

Heavy duty **322.10** 349.55

Engine bearings **858.32** 1,028.04

Coolant **199.95** 167.68

Spark plugs **2,183.22** 2,419.46

Liners **581.41** 591.45

Engine valves **96.35** 51.93

Wipers **47.51** 60.00

CV Lining **401.11** -

Others - 21.26

Total **4,743.23** 4,749.84

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

22. Other income

Interest income on		
Fixed deposits with banks	27.00	10.86
Others	67.81	19.19
Management support income	737.41	779.07
Dividend income on		
Investment in subsidiaries	357.00	29.01
Commission income	444.87	444.86
Foreign exchange fluctuation (net)	-	94.00
Excess liabilities written back	269.07	451.75
Miscellaneous Income	353.74	359.23
	2,256.90	2,187.97

23. Cost of raw material and components consumed

Pig iron	1,262.45	1,178.85
Alloys	793.23	814.25
Chromic acid	299.12	130.99
Aluminium	11,023.95	9,420.77
Steel strips	285.75	167.99
Pin steel	2,550.40	3,104.11
Silicon	1,693.56	1,958.52
Magnesium	205.04	220.26
Nickel	1,633.74	2,431.41
Iron powder	2,029.31	449.27
Steel powder	24.62	1,322.88
Copper powder	477.56	396.66
Distalloys	-	129.80
Bought out rings	7,813.77	124.90
Others	9,391.02	21,349.09
	39,483.52	43,199.75

24. (Increase)/Decrease in Inventories

31 December,
2013

31 December,
2012

(Increase) /
Decrease

Opening stock

Work-in-progress	4,231.52	4,381.63	150.11
Finished products	5,363.09	4,235.23	(1,127.86)
Trading goods	620.38	490.31	(130.07)
	10,214.99	9,107.17	(1,107.82)

Less: Closing Stock

Work-in-progress	4,485.99	4,231.52	(254.47)
Finished products	6,897.75	5,363.09	(1,534.66)
Trading goods	886.29	620.38	(265.91)
	12,270.03	10,214.99	(2,055.04)
	(2,055.04)	(1,107.82)	

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

25. Purchase of traded goods

Brake pads	39.34	38.13
Heavy duty	191.93	228.73
CB	2.06	78.76
Engine bearings	707.36	800.16
Coolant	140.46	115.21
Spark plugs	1,762.39	1,898.48
Liners	454.15	347.47
Engine valves	44.37	61.70
Wipers	15.19	28.10
CV lining	419.01	-
Others	0.72	3.62

3,776.98 3,600.36

26. Employee benefit expenses

Salaries, wages and bonus	19,332.82	19,054.45
Contribution to provident and other funds	1,281.34	1,252.20
Contribution to superannuation fund	140.27	135.52
Gratuity expense (refer note no. 37)	589.42	1,326.22
Staff welfare expenses	2,271.87	1,742.55

23,615.72 23,510.94

27. Other expenses

Consumption of stores and spares	12,399.69	15,451.81
Sub-contracting expenses	2,141.70	2,160.19
Increase in excise duty on inventory	167.91	232.17
Power and fuel	7,506.84	7,413.07
Freight and forwarding charges	2,588.85	2,462.50
Rent (refer Note no.35)	371.69	415.66
Rates and taxes	1,287.14	826.32
Insurance	149.99	136.13
Repairs and maintenance		
Plant and machinery	383.63	284.30
Buildings	217.63	223.20
Others	447.91	507.36
Advertising and sales promotion	4,945.96	5,466.65
Management support charges (refer Note no.46)	631.51	556.81
Royalty	1,298.89	1,392.22
Provision for warranties (net of reversals)	83.68	73.97
Travelling and conveyance	698.40	624.23
Communication costs	156.14	156.66
Printing and stationery	86.75	104.27
Legal and professional fees	632.91	695.66
Cash discounts (net)	105.69	92.22
Auditors remuneration (Refer note (a))	59.09	55.19
Foreign exchange fluctuation (net)	283.63	-
Bad debts / advances written off	155.26	26.33
Provision for doubtful debts and advances	2.70	131.72
Provision for diminution in the value of investments	-	1,072.24
Loss on sale of fixed assets (net)	196.38	262.48
Environmental maintenance and remediation	807.85	705.83
Miscellaneous expenses	997.50	916.72

38,805.32 42,445.91

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

Note (a) : Auditors remuneration

-Statutory audit fee	22.38	22.38
-Limited reviews	13.50	13.50
-Tax audit fee	9.25	9.25
-Others	1.00	4.50
-Reimbursement of expenses	12.96	5.56
	59.09	55.19

28. Depreciation and amortization expense

Depreciation of tangible assets	6,597.96	6,180.02
Amortisation of intangible assets	15.59	13.50
	6,613.55	6,193.52

29. Finance cost

Interest		
-to banks	1,114.56	1,190.30
-to others	1,439.96	1,678.95
Bank charges	123.65	118.75
	2,678.17	2,988.00

30. Earnings per share

Profit/(Loss) for the year as per Statement of profit and loss (Rs. in lacs)	2,058.56	(1,635.74)
Weighted average number of equity shares	5,56,32,130	5,56,32,130
Nominal value of shares (Rs.)	10	10
Earning/(Loss) per share - basic and diluted	3.70	(2.94)

31. 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	97,544.62	1,06,233.09
Other countries	12,247.70	7,944.79
	1,09,792.32	1,14,177.88

Carrying amount of segment debtors by geographical market (Net of provision, if any)

India	12,212.40	13,387.74
Other countries	2,452.11	1,659.45
	14,664.51	15,047.19

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.

32. Capital and other commitments

Total estimated amount of contracts, remaining to be executed on capital account and not provided for as at 31 December 2013 is Rs. 1,093.67 lacs (Previous year Rs. 982.57 lacs)

33. Contingent liabilities

(a) Bank guarantees	554.54	1,378.66
(b) Claims/notices contested by the Company		
(i) Excise duty and service tax #	687.20	217.70
(ii) Sales tax #	1,781.70	579.88
(iii) Employee related cases	242.99	201.36
(iv) Electricity demand	52.24	52.24
(v) Income tax demands #	609.55	629.95

The management is of the opinion that the appeals will be allowed in favour of the Company and hence no provision is required for the above.

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

- i) Matters pending with Joint Commissioner, Central Excise , Bangaluru in respect of four show cause notice amounting to Rs.33.73 lacs. in which excise duty was demanded on the differential discount which was given to stockist for the period from FY 2000 to 2004.
- ii) Matter is pending with CESTAT, Bangaluru in respect of notice issued towards disallowing the Cenvat Credit taken twice on the invoices for the period FY 2006-2007 amounting to Rs. 5.03 lacs.
- iii) Matter is pending with CESTAT, Bangaluru in respect of show cause notice amounting to Rs. 8.57 lacs issued for non-payment of excise duty on the removal of obsolete items (piston) without payment of duty and permission for the period FY 2005-06.
- iv) Matter is pending with CESTAT, Bangaluru in respect of show cause notice issued for turn over discount amounting to Rs. 42.71 lacs.
- v) Matter is pending with CESTAT, Delhi in respect two show cause notices received at Patiala plant amounting to Rs. 14.02 lacs for the interest amount on the reversal of SAD taken wrongly for the period FY 2000-2001.
- vi) Matter is pending with Joint Commissioner, Excise in respect of show cause notice received for the excise duty amounting to Rs. 6.96 lacs for the period FY 1998-99.
- vii) Matter is pending with the High Court, in respect of a show cause notice amounting to Rs. 9.34 lacs on disallowance of excise credit on the ground that credit does not fall in the category of input category for the period from FY 1987 to 1990.
- viii) Matter is pending with the Supreme Court in the valuation case where two notices were issued to Patiala plant where department alleged on the job work valuation for an amount of Rs.15.13 lacs.

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

- i) Matter is pending with CESTAT, Bangaluru in respect of notice for the period FY 2006-2007 amounting to Rs. 86.44 lacs wherein disallowed the service tax credit taken on Input Service Distributor invoices received from Gurgaon.
- ii) Matter is pending with CESTAT, Bangaluru in respect of notice for the period FY 2005-2006 amounting to Rs. 113.70 lacs wherein service tax credit was disallowed for on account of non-availability of service invoices.
- iii) Matter is pending with Joint Commissioner, Service Tax, in respect of seven show cause notices at Patiala plant for disallowance of service tax credit on various services for the period from FY 2005 to 2011 amounting to Rs.96.11 Lacs.
- iv) Matter is pending with the Commissioner (Appeal), Central Excise, Chandigarh for a show cause notice for demanding the service tax credit taken on the inward and outward freight received for the period from FY 2005 to 2008 amounting to Rs.7.09 Lacs.
- v) Matters are pending with Joint Commissioner & Additional Commissioner, Service Tax, Jaipur for seven show cause notices received for the disallowance of service tax credit amounting to Rs. 79.02 lacs for the period from FY 2009 to 2012.
- vi) Matter is pending on the show cause notice received from Commissioner Gurgaon office for service tax demand for the period from FY 2005 to 2011 amounting to Rs.134.18 Lacs
- vii) Matter is pending Additional Commissioner, in respect of a show cause notice for disallowing service tax credit of Rs.35.12 Lacs taken on the service tax payment on the royalty remittances made to overseas for the period 2008-2012.

- 2) In relation of b (ii) above, sales tax cases contested by the Company comprise of :
- Matter is pending with Hon'ble Karnataka High Court where sales tax demand amounting to Rs. 442.92 lacs was raised on the classification issue/ rates difference on product "Groove Insert Casting" for Sales tax matter is pending for assessment year 1996-97 to 2001-02.
 - Matter is pending with the Hon'ble High Court , Karnataka on sales tax demand notice for the period FY 2005-06 for the sales tax rate difference charged on the Piston amounting to Rs. 278.50 lacs. The company so far has made an under protest payment of Rs.55 Lacs in this matter.
 - Matters are pending on the five sales tax demand order issued by Rajasthan Sales tax Department for amounting Rs.486.35 Lacs on account of non-submission of statutory form in the last five assessment of 2007-2012. Company has made a provision of Rs.17 Lacs for the forms and other issue where tax liability may arise.
 - Matter is pending with Joint Commissioner, Ghaziabad for the sales tax demand of Rs.82.78 Lacs for the financial year 2007-08 on account of several issues like rate differences, disallowance of central sales, stock transfer and best judgment sales. Company has deposited Rs.47.54 Lacs in this case. Hearing awaited and company expect that tax demand may get reduce further after submission of documents.
 - Matter is pending with Joint Commissioner, Sales / Commercial Tax, Ghaziabad for the sales tax demand on the disallowance of stock transfer of Rs. 32.11 Lacs for the FY 2012-13.
 - Matter is pending with Additional Commissioner, Delhi for the sales tax demand of Rs. 613.92 Lacs on the four notices issued on best judgment basis for various reasons including disallowance of stock transfer, Central sale and penalty on the above. One issue is related to sale of fixed assets where sales tax demand would be Rs.171 lacs out of total tax demand. Company made a provision of Rs. 171 lacs. The case is pending with hearing and related to financial year 2007-08.
 - Matter is pending with Additional Commissioner, Delhi for the FY 2008-09 which issue demand notice amounting Rs. 73.44 lacs on the basis of best judgment.
 - Matter is pending with Sales tax, Patna for the sales tax demand of Rs.25.66 Lacs on account of non-availabilities of few documents.
 - Matter is pending with Kolkata sales tax authorities on various reason for period from FY 2001-02,2004-05 & 2006-07 for the sales tax demand of Rs.6.37 Lacs on account of disallowance of sale returns, warranty material and stock transfer forms.
 - Matter is pending with Maharashtra Sales tax in respect of Tax demand notice received amounting to Rs.30.19 Lacs on non-submission of forms F and matter is pending with next appellate authorities.
 - Matters are pending before the Karnataka VAT on the entry tax payment on the capital assets where tax authorities demanding entry tax along with interest amount. Similar case is pending before the Supreme Court for decision. In this case, company started paying entry tax and only interest liability is remaining. Company made a provision in the books for the interest liability of Rs.227 lacs.
- 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 favorable decision. Amount involved is Rs. 242.99 Lacs. (Previous year Rs. 201.36 Lacs)
- 4) In relation to b (iv) above, electricity demand comprise of in respect of a demand raised by Punjab State Electricity Board (PSEB) for various years in relation to avilment of additional load. The Company has done an analysis and is of the opinion that it has fair chance of a favorable decision. Amount involved is Rs. 52.24 Lacs (Previous year Rs. 52.24 Lacs).
- 5) In relation to b (v) above, income tax cases disputed by the Company comprise of:
- The matter is pending with High court in respect of Assessment Year 1998-99, certain additions were made on normal as well as on book profits. The amount involved is Rs 86.69 Lacs (Previous year Rs 86.69 Lacs).
 - The matter is pending with Commissioner Income Tax (Appeals) in respect of Assessment Year 2002-03, certain additions were made on normal income as well as on book profits. The amount for contingent liability for the year is Rs. 23.13 Lacs. (Previous year Rs. 23.13 Lacs).
 - The matter is pending with Income Tax Appellate Tribunal in respect of Assessment Year 2003-04, disallowance was made for carry forward losses as well as certain disallowances. The amount involved is Rs.158.01 Lacs. (Previous year Rs. 158.01 Lacs).
 - The matter is pending with Income Tax Appellate Tribunal in respect of Assessment Year 2005-06, certain additions were made on normal as well as on book profit. The amount for contingent liability for the year is Rs. 2.00 Lacs (Previous year Rs. 38.42 Lacs).
 - The matter is pending with Income Tax Appellate Tribunal in respect of Assessment Year 2006-07, certain additions were made on normal as well as on book profit. The amount for contingent liability for the year is Rs. 39.52 Lacs (Previous year Rs. 39.52 Lacs)
 - The matter is pending with Commissioner Income Tax (Appeals) in respect of Assessment Year 2007-08, certain additions were made on normal profits. The amount involved is Rs 32.79 Lacs (Previous Year Rs 32.79 Lacs).
 - The matter is pending with Income Tax Appellate Tribunal in respect of Assessment Year 2007-08, under Wealth tax assessment, debts relating to certain taxable assets were disallowed. The amount involved is Rs 3.90 Lacs (Previous Year Rs NIL Lacs).
 - The matter is pending with Income Tax Appellate Tribunal in respect of Assessment Year 2008-09, certain additions were made on normal profits. The amount involved is Rs 72.68 Lacs. (Previous Year Rs. 227.13 Lacs).
 - The matter is pending with Commissioner Income Tax (Appeals) in respect of Assessment Year 2009-10, certain additions were made on normal profits. The amount involved is Rs 163.61 Lacs. (Previous Year Rs NIL).

- x) In respect of Assessment Year 2007-08, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The company believes that defaults should have arisen due to some technical and clerical errors and could be corrected by filing of revised return. The amount involved is Rs. 7.51 Lacs.
- xi) In respect of Assessment Year 2013-14, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The company believes that defaults should have arisen due to some technical and clerical errors and could be corrected by filing of revised return. The amount involved is Rs. 19.71 Lacs.
- xii) In respect of Assessment Year 2000-01, certain additions were made on normal as well as on book profits. The matter is pending with Honorable High Court is Rs. Nil (Previous year Rs. 21.21 Lacs).
- xiii) In respect of Assessment Year 2001-02, certain additions were made on normal as well as on book profit. The matter is pending with Honorable High Court is Rs. Nil (Previous year Rs. 3.05 Lacs).

34. Related Party Disclosures

- (i) 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 & President (Till 5 November 2013)
- Mr. Dan Brugger, Whole Time Director & CFO (Till 28 February 2013)
- Mr. Vikrant Sinha, Whole time Director & CFO (w.e.f. 28 February 2013 till 31 March 2013)
- Mr. Andreas Kolf, Managing Director (w.e.f. 6 November 2013)
- Mr. Sachin Selot, Whole time Director & CFO (w.e.f. 6 November 2013)

(c) Fellow subsidiaries

- Federal Mogul Burscheid GMBH, Germany
- Federal Mogul Nurnberg, GMBH (Germany)
- Federal Mogul Holding Deutschland (Germany)
- Federal Mogul Financial Services FRANCTNL (France)
- Federal Mogul Gorzyce, S.A. (Poland)
- Federal Mogul Sintered Products Ltd. (U.K.)
- Federal Mogul Friction Products Ltd (Thailand)
- Federal Mogul Bearings India Ltd (India)
- Federal-Mogul Automotive Products India Ltd (India)
- Federal-Mogul VSP India Ltd. (India)
- Federal-Mogul PTSB India Pvt. Ltd. (India)

(d) Associates

- GTZ Securities Limited

(ii) Summary of Related Party Transactions

Rs. in lacs

Ultimate Holding Company		
Particulars	Federal Mogul Corporation (USA)	
	31.12.13	31.12.12
Sales	(6,478.95)	(4,140.66)
Purchase/(sale) of fixed assets	57.75	-
Purchase of raw material, intermediaries and finished goods	281.85	933.63
Reimbursement of expenses paid	274.34	238.30
Reimbursement of expenses (received)	(233.33)	(157.41)
Balance outstanding as at the end of the year (payable)	(1,428.28)	(662.70)

Rs. in lacs

Particulars	Fellow Subsidiaries									
	Federal Mogul Holding Deutschland (Germany)		Federal Mogul Burscheid GMBH, Germany		Federal Mogul Gorzyee S.A (Poland)		Federal Mogul Dongshuh Piston Co. Ltd.		Federal Mogul Nurnberg, GMBH (Germany)	
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12
Sales	-	-	-	-	-	-	-	-	(8.03)	(0.11)
Purchase of raw material, intermediaries and finished goods	-	-	3,136.18	5,250.13	0.75	158.39	-	-	89.22	192.66
Purchase/(sale) of fixed assets	-	-	1,998.72	721.25	-	-	-	-	255.86	2,577.60
Reimbursement of expenses paid	-	-	-	-	-	33.49	-	-	-	20.48
Management support charges paid	631.51	556.81	-	-	-	-	-	-	-	-
Reimbursement of expenses (received)	-	-	-	-	-	-	(167.28)	(140.77)	-	-
Royalty expense	-	-	238.37	409.14	-	-	-	-	768.65	656.70
Balance outstanding as at the end of the year receivables	-	-	-	-	-	(11.31)	(38.23)	(63.95)	-	-
Balance outstanding as at the end of the year (payable)	-	-	(415.55)	(1,272.34)	(0.00)	-	-	-	(357.77)	(625.64)

Rs. in lacs

Fellow Subsidiaries									
Particulars	Federal Mogul Financial Services FRANCHISE (France)		Federal Mogul Sintered Products Limited, (U.K)		Federal Mogul Friction Products Ltd.		Other Fellow Subsidiaries		Total
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	
Sales	-	-	-	-	927.08	-	(50.06)	(5.51)	868.98
Purchase of raw material, intermediaries and finished goods	-	-	29.48	24.92	5.81	53.73	785.26	414.94	4,046.70
Purchase/(sale) of fixed assets	-	-	-	-	-	-	42.80	502.85	3,801.70
Interest expenses	-	-	-	-	-	-	-	-	20.47
Reimbursement of expenses paid	21.91	265.75	-	-	-	-	7.12	59.57	379.28
Reimbursement of expenses (received)	-	-	-	-	-	-	-	-	0.01
Management support charges	-	-	-	-	-	-	-	-	556.81
Reimbursement of expenses (received)	-	-	-	-	-	-	-	(1.27)	(158.71)
Royalty expense	-	-	259.58	265.91	-	-	-	-	1,331.74
Balance outstanding as at the end of the year receivables	-	-	-	-	83.04	-	-	-	(75.27)
Balance outstanding as at the end of the year (payable)	-	-	(130.27)	(129.42)	-	-	(118.95)	641.72	(1,385.68)

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
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	
Sales	-	-	-	-	-	-	-	-	-
Purchase of raw material, intermediaries and finished goods	720.31	866.04	1,737.96	2,136.06	-	-	-	-	3,002.10
Reimbursement of expenses paid	-	-	23.75	3.44	-	-	-	-	3.44
Reimbursement of expenses (recd.)	(161.74)	(196.43)	-	-	(433.85)	(294.16)	(47.04)	(198.28)	(688.88)
Inter-corporate deposit (ICD) taken	-	-	375.00	1,415.00	(75.00)	1,300.00	705.00	4,590.00	7,305.00
Inter-corporate deposit (ICD) repaid	-	-	(900.00)	-	(75.00)	(1,675.00)	(320.00)	(95.00)	(1,770.00)
Interest on the above ICD	-	-	291.67	242.83	0.74	73.56	481.33	-	316.40
Balance outstanding as at the end of the year receivables	-	-	-	-	17.74	52.53	34.45	3.39	55.92
Balance outstanding as at the end of the year (payable) (Refer Note 1)	(43.13)	(64.07)	(2,082.10)	(2,634.92)	(13.45)	(75.94)	(4,884.92)	(4,530.98)	(7,305.91)

Note 1 :

- (a) FM Automotive payables includes Rs. 1,925 lacs (previous year Rs. 2,450 lacs) payable against ICD taken and 20.80 lacs (previous year 20.45 lacs) payable against interest on the same.
(b) FM Bearings payables includes Rs. NIL (previous year Rs. 75 lacs) payable against ICD taken and Nil (previous year 0.94 lacs) payable against interest on the same.
(c) FM PTSB payables includes Rs. 4,880 lacs (previous year Rs. 4,495 lacs) payable against ICD taken and 39.38 lacs (previous year 35.98 lacs) payable against interest on the same.

Rs. in lacs

Particulars	Subsidiaries	
	Federal-Mogul TPR (India) Limited, (India)	
	31.12.13	31.12.12
Sales	(1,470.64)	(1,466.62)
Purchase of raw material, intermediaries and finished goods	5,321.17	5,497.62
Dividend Received	(357.00)	(416.61)
Management Fee Received	(737.41)	(779.07)
Job work income	(1,266.86)	(1,161.03)
Rent expense	(78.00)	(78.00)
Sole selling commission received	(444.87)	(444.86)
Inter-corporate deposit (ICD) taken	850.00	-
Inter-corporate deposit (ICD) repaid	-	(1,500.00)
Interest on the above ICD	227.30	320.79
Investment as at year end	510.00	510.00
Balance outstanding as at the end of the year (payable)	(4155.33)*	(3116.29)*

Director remuneration

Rs. in lacs

Particulars	Transaction during the year		Balance outstanding as at the end of the year (payable)
	31.12.13	31.12.12	
Jean de Monlaur	-	458.11	-
Sunit Kapur	159.34	91.52	-
Dan Brugger	189.88	175.91	-
Andreas Kolf	34.34	-	-
Sachin Selot	10.94	-	-
Vikrant Sinha	7.60	-	-

35. 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 5% to 10% per annum

Period	31 December 2013 Amount	31 December 2012 Amount
1. Lease payments for the year	371.69	415.66
2. Minimum lease payments		
a. Not later than one year	346.85	166.07
b. Later than one year and not later than five years	182.87	4.08
b) Assets given under operating lease		
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	312.00	312.00
c. Later than five years	78.00	156.00

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

Particulars	Currency	As At December 31, 2013 Amount Rs. (in lacs)	As At December 31, 2013 Amount (Foreign currency in lacs)	Year ended Dec. 31, 2013 (Rates, 1 Unit of Foreign Currency) equivalent INR)	As at December 31, 2012 Amount Rs.(in lacs)	As at December 31, 2012 Amount (Foreign currency in lacs)	As at December 31, 2012 (Rates, 1 Unit of) Foreign currency equivalent INR)
Creditors	CHF	4.02	0.06	71.15	4.22	0.07	61.24
Creditors	EUR	1,927.61	22.14	87.08	3,730.23	50.50	73.87
Creditors	GBP	340.76	3.27	104.06	148.62	1.65	90.33
Creditors	JPY	162.16	269.33	0.60	161.31	247.98	0.65
Creditors	SEK	29.85	3.01	9.92	24.19	2.79	8.67
Creditors	USD	775.44	12.29	63.09	830.36	14.86	55.87
Debtors	EUR	529.93	6.34	83.58	540.02	7.62	70.90
Debtors	GBP	-	-	-	1.17	0.01	86.69
Debtors	USD	1,884.81	31.08	60.65	1,408.85	26.23	53.71
Advances to creditors	CHF	3.04	0.04	68.21	3.70	0.06	61.24
Advances to creditors	EUR	912.75	10.92	83.58	698.47	9.46	73.87
Advances to creditors	GBP	293.87	2.94	99.87	83.90	0.93	90.33
Advances to creditors	JPY	130.86	226.48	0.58	163.10	250.73	0.65
Advances to creditors	SEK	27.70	2.96	9.35	15.10	1.74	8.67
Advances to creditors	USD	284.51	4.69	60.65	368.56	6.60	55.87

37. 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 favorable 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 2013	31 December 2012
Current service cost	346.29	297.20
Interest cost on benefit obligation	570.07	521.16
Expected return on planned assets	(300.11)	(306.97)
Net actuarial (gain) / loss recognized in the year	(26.84)	814.83
Previous years actuarial gains recognised during the year	-	-
Net benefit expense	589.41	1,326.22
Actual return on plan assets	328.26	348.35

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

Balance Sheet
Details of provision for gratuity

Defined benefit obligation	7,754.72	7,680.61
Less: Fair value of plan assets	(3,454.04)	(3,758.65)
Plan liability	4,300.68	3,921.96

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

Opening defined benefit obligation	7,680.61	6,545.91
Interest cost	570.07	521.16
Current service cost	346.29	297.20
Benefits paid directly by the company	(33.69)	(37.56)
Benefits paid from the fund	(809.88)	(502.33)
Actuarial (gains) / losses on obligation	1.31	856.22
Closing defined benefit obligation	7,754.71	7,680.60

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

Opening fair value of plan assets	3,758.65	3,812.62
Expected return	300.11	306.97
Contributions by employer	177.00	100.00
Benefits paid	(809.88)	(502.33)
Actuarial gains / (losses)	28.15	41.38
Closing fair value of plan assets	3,454.03	3,758.64

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 principal assumptions used in determining gratuity for the Company's plan is shown below:

Particulars	31 December, 2013	31 December, 2012
Discount rate	9.1% p.a.	9.0% p.a.
Expected rate of return on plan assets (refer note (a))	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.

Note (a) : 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.

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

Particulars	31 December 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Defined benefit obligation	7,754.72	7,680.61	6,545.91	6,192.34	5,535.76
Cumulative unrecognised actuarial gains	-	-	-	239.91	-
Plan assets	3,454.04	3,758.65	3,812.62	3,882.44	3,471.23
Deficit	4,300.68	3,921.96	2,733.29	2,549.81	2,064.53
Experience adjustments on plan liabilities	489.61	375.67	511.34	205.76	280.10
Experience adjustments on plan assets	328.26	348.35	180.08	489.37	(210.74)

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

38. Earning in foreign currency (on accrual basis)

FOB value of exports	12,247.70	7,711.17
Total	12,247.70	7,711.17

39. Expenditure in foreign currency (on accrual basis)

(a) Travelling expenses	50.20	15.00
(b) Commission on sales	29.45	14.88
(c) Communication expenses	40.00	35.65
(d) Royalty	1,922.45	1,158.54
(e) Professional expenses	391.85	540.10
(f) Management support charges	631.51	556.81
(g) Others	171.32	35.02
Total	3,236.78	2,356.00

40. Value of imports calculated on CIF basis during the year in respect of :-

Raw materials	10,674.67	14,448.42
Stores and spares	1,847.47	1,900.74
Capital goods	4,336.76	5,731.50
Total	16,858.90	22,080.66

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

	31 December 2013		31 December 2012	
	% of total consumption	Value Amount	% of total consumption	Value Amount
Raw material and components				
Imported	22.35%	8,826.01	39.01%	16,851.04
Indigenous	77.65%	30,657.51	60.99%	26,348.71
	100.00%	39,483.52	100.0%	43,199.75
Stores and spares				
Imported	5.28%	654.10	9.01%	1,392.01
Indigenous	94.72%	11,745.60	90.99%	14,059.80
	100.00%	12,399.70	100.00%	15,451.81

42. 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 2013	31 December 2012
The principal amount remaining unpaid as at the end of year	131.87	159.39
Interest due on above principal and remaining unpaid as at the end of the year	1.26	0.45
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.	18.33	30.13
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	22.10	30.52
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	-	-

43. Expenses capitalised

The Company has capitalized various expenses incurred in the course of construction of self generated assets in accordance with AS10 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 2013	Year Ended 31 December 2012
Salaries, wages and bonus	30.46	44.01
Consumption of stores and spares	45.69	66.02
Total	76.15	110.03

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

The Company had obtained certain licenses under Export Promotion Capital Goods scheme against which the Company has fulfilled the entire export obligation (levied in lieu of permission to import fixed assets at a concessional rate of import duty). Accordingly, provision created in the books for shortfall in export obligation if any, (included as 'Provision for non fulfilment of export obligation' in provisions under note 8) has been reversed in August 2013.

45. Provision for regulatory matters

The Company had commenced an evaluation process for various regulatory matters at its factories in December 2010. Based on more accurate information discovered, a provision, towards costs to be incurred to remediate these matters, of Rs. 370.80 lacs is included under note no. 8 for provisions which are net of amounts utilized of Rs. 539.15 lacs during the year towards remediation.

In addition to the above, the provision for regulatory matters includes a provision of Rs.842.51 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.

46. Management support charges and other transactions with associated entities

In December 2013, the Company has paid management support charges to its group companies of Rs 631.51 lacs in respect of certain application engineering services provided to the Company. The Company has also purchased/supplied goods/services to other group entities. 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 1 April 2013 to 31 March 2014, the process of updation is ongoing and management is confident of completing the same and is of the view that no additional tax provision is required to be recorded in this regard.

47. 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). Since the Company is not confident that it would be able to recover the entire carrying value of these investments a provision of Rs. 1070.92 lacs (representing the full cost of these investments) had been created during the previous year. The Company has been assessing various options for liquidating these investments as these are not related to the core business of the Company.

48. Per transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company has appointed independent consultants for conducting a Transfer Pricing Study (the 'Study') to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". Management is of the opinion that the Company's international transactions are at arm's length and that the results of the on-going study will not have any impact on the financial statements and the independent consultants appointed have also preliminarily confirmed that they do not expect any transfer pricing adjustments.

49. Previous year number has been regrouped/reclassified wherever considered necessary.

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

For Walker, Chandiok & Co
Chartered Accountants

per **David Jones**
Partner

Place: Gurgaon
Date: February 28, 2014

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

Andreas Kolf
Managing Director

Khalid Khan
Company Secretary

Sachin Selot
Whole Time Finance Director &
Chief Financial Officer

Cash flow statement for the year ended 31 December, 2013

	For the year ended 31 December, 2013 Rs (in lacs)	For the year ended 31 December, 2012 Rs (in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	3,035.85	(1,383.93)
<u>Adjustments for:</u>		
Depreciation and amortisation	6,613.55	6,193.52
Loss on sale / discard of fixed assets (net)	196.37	262.48
Provision for doubtful debts	-	52.73
Provision for diminution in the value of investments	-	1,072.24
Provision for doubtful debts written back	(6.68)	-
Advances written off	155.26	26.33
Provision for loans and advances	9.39	78.99
Interest income	(94.81)	(30.05)
Dividend income	(357.00)	(29.01)
Interest expense	2,678.17	2,869.25
Excess provision written back	(269.07)	(451.72)
Unrealised forex (gain)/loss (net)	283.63	249.43
Operating profit before working capital changes	12,244.66	8,910.28
Movements in working capital:		
Decrease / (Increase) in trade/other receivables	(2,064.95)	1,303.80
Decrease / (Increase) in inventories	(1,499.18)	574.11
Increase / (Decrease) in trade/other payables	1,596.60	(2,391.46)
Cash generated from operations	10,277.13	8,396.73
Direct taxes paid (net of refunds)	(682.90)	(461.04)
Net cash from operating activities	9,594.23	7,935.69
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets/ intangibles assets	(8,269.33)	(9,911.72)
Proceeds from sale of fixed assets	47.03	34.77
Movement in restricted cash	(255.16)	(116.56)
Proceeds from sale of investments	-	510.10
Interest received	70.10	30.02
Dividends received	357.00	29.01
Net cash used in investing activities	(8,050.36)	(9,424.38)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term borrowings taken/(repaid)	1,600.00	(400.00)
Movement in borrowings(Short-term)	(332.73)	4,541.49
Interest paid	(2,658.73)	(2,843.41)
Net cash from/(used in) financing activities	(1,391.46)	1,298.08
Net decrease in cash and cash equivalents (A + B + C)	152.42	(190.61)
Cash and cash equivalents at the beginning of the year	12.74	203.36
Cash and cash equivalents at the end of the year	165.16	12.74
Components of cash and cash equivalents (Refer note-18)		
Cash and cheques on hand	9.33	0.02
With banks- on current account	155.83	12.72
	165.16	12.74

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, 2014

ANNUAL REPORT 2013

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

Andreas Kolf
Managing Director
DIN : 00519780

Khalid Khan
Company Secretary

Sachin Selot
Whole Time Finance Director & CFO
DIN : 06700360

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 2013
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. 940.57 Lacs
	ii) for previous financial years of subsidiary since it became subsidiary of Federal-Mogul Goetze (India) Ltd.	Rs. 1999.49 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

Andreas Kolf
Managing Director

Sachin Selot
Whole Time Finance Director & CFO

Khalid Khan
Company Secretary

Place: Gurgaon
Date: February 28, 2014



FEDERAL-MOGUL TPR (INDIA) LIMITED

DIRECTOR'S REPORT

The Directors are pleased to present the seventeenth Annual Report and Audited Statement of Accounts for the financial year ended 31st December, 2013.

Financial Results

[Rs. in Million]

	For the year ended 31.12.2013	For the year ended 31.12.2012
Total Income:		
Gross Sales	1153.02	1144.14
Deduct: Excise Duty	136.88	128.75
	1016.14	1015.39
Other Income	28.96	40.44
	1045.10	1055.83
Profit before Depreciation and Finance Charges	316.15	313.36
Deduct:		
Depreciation	29.13	30.14
Interest & Finance Charges	0.76	1.10
Net Profit before Tax	286.26	282.10
Provision for Tax		
- Current	92.90	99.05
- Deferred tax credit	8.93	.21
Profit after Tax	184.43	183.28
Prior period items	-	-
Profit brought forward	392.06	415.34
Net profit available for appropriation	576.48	598.62
Appropriations :		
Transfer to general reserve	22.20	18.60
Redemption of preference shares	-	100.00
Dividend-		
Preference @ 6%	-	5.69
Tax and cess on dividend - Preference	-	0.92
Equity Shares	70.00	70.00
Tax and cess on dividend - Equity	11.90	11.36
Surplus carried to Balance Sheet	472.38	392.05

Financial Performance

The total income of the Company as at 31st December 2013 was Rs. 1045.10 million as against Rs. 1055.83 million for the year ended 31st December 2012.

During the year under review, the Company made a Net Profit after Tax of Rs. 184.43 million as against the Net Profit after Tax of Rs. 183.28 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

India's auto component market observes 2013, as one of its challenging years with continued fall in sales. With rising fuel prices and sticky inflation, which keeps borrowing costs high, the industry doesn't see any signs of an immediate recovery.

A drive through a long endless dark tunnel best describes the journey of India's auto sector in 2013, during which the industry witnessed record spell of decline in sales due to adverse exchange rates, after the rupee went on a downward spiral against dollar; higher input costs and fuel prices. These circumstances

are forcing companies to plan operations effectively and produce quality components at lower costs.

In a way, it is ironical that the Indian auto industry is on the one hand witnessing new OEMs (original equipment manufacturers/ vehicle makers) increasing investments and new car launches and on the other hand experiencing a decline in sales of both automobile and auto component industry. This year turned out to be a difficult year for the industry.

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

Dividend

For the Financial Year 2013, the Board has recommended a dividend @ 70% on Equity shares for the year ended 31st December, 2013, aggregating to Rs. 70,000,000 (excluding Dividend Tax of Rs. 11,896,500).

The total outflow on account of dividend, if approved, will be Rs. 81,896,500 [including dividend tax of Rs. 11,896,500].

Personnel

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

Directors

Mr. Vikrant Sinha Director of the Company passed away on 31.03.2013. The Board conveyed its deep condolences and grief on the sad demise of Mr. Vikrant Sinha and placed on record its sincere appreciation of the valuable contribution provided by Mr. Sinha during his association with the Company.

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. Andreas Kolf and Mr. Sachin Selot were appointed as Additional Directors on the Board of the Company w.e.f 25th October, 2013. They are holding office as Directors upto the date of forthcoming Annual General Meeting and are proposed to be appointed.



FEDERAL-MOGUL TPR (INDIA) LIMITED

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. Sachin Selot as Chairman, Mr. Hiroshi Takano, Mr. Andreas Kolf and Mr. Vinod Kumar Hans as Members.

Auditors

M/s. Walker, Chandio & Co., Chartered Accountants, New Delhi (Firm Registration No. 001076N), retire as Auditors of the Company at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment for the year 2014. 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

Andreas Kolf
Chairman & Director

Date : February 26, 2014

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.
- Replacing very old inefficient reciprocating compressors with screw compressors
- Installation of refrigerant type air driers.
- Effective utilization of common utilities on sundays / holidays.

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

- Installation of Refrigerant type air drier of 2 x 1000 cfm

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
- Product development for reduced LOC (LKZ oil rings)
- Introduction of different materials and coatings
- Top Ring process modified to Oval coiling route to reduce cycle time and improve efficiency
- Gap end Sharp edge removal process introduced to remove sharp edges and prevent microwelding
- Low friction ring pack introduced for major diesel applications to improve fuel efficiency.

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

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 friction reduction ring packs.
- 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
- To work on coating for piston rings

4. Expenditure on R&D

During the year 2013, expenditure incurred on R&D is Rs. Nil as against Rs. 24.65 lacs during the year 2012.

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.

2. Benefits derived as a result of above efforts;

- Better performance in terms of emission outputs, fuel consumption and lube oil consumption.
- Customer Satisfaction.

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	Implemented
Gap Sizing (Larger)	TPR JAPAN	2011-2012	Implemented
Oval Coiling M/c Tech	TPR JAPAN	2011-2012	Implemented
Oval Coiling Rings	JAPAN	2013	Implemented
Gap End Sharp Edge Removal	JAPAN	2013	Implemented

ENVIRONMENT & SAFETY

The following measures were taken to reduce the pollution levels.

- Construction of New safety gallery
- Marking of all fire extinguishers locations
- Impervious lining (tank in tank concept) to waste water collection pit
- Improvement of chemical storage area
- Introduction of new Personal Protective Equipments (PPEs)

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange earnings- Nil

Foreign exchange outgo - Rs. 62,011,596



FEDERAL-MOGUL TPR (INDIA) LIMITED

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

1. We have audited the accompanying financial statements of Federal-Mogul TPR (India) Limited, ("the Company"), which comprise the Balance Sheet as at 31 December 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2013;
- in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

8. As required by Section 227(3) of the Act, we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- the financial statements dealt with by this report are in agreement with the books of account;
- in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
- on the basis of written representations received from

the directors, as on 31 December 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Walker, Chandio & Co.

Chartered Accountants

Firm Registration No.: 001076N

per David Jones

Partner

Place : Gurgaon

Date : February 26, 2014

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 2013

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:

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - 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.
 - In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management.
 - 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.
 - The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- 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.
 - 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.
- 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, 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.
- 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.
- 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.
- In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products 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.
- The Company is regular in depositing 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.
 - The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, custom duty, 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 availed on Job work	34,485,636	2010-13	Commissioner of Central Excise
Central Excise Act 1944	Central Excise on trade discount	242,426	2000-04	Commissioner of Central Excise
Central Excise Act 1944	CENVAT credit availed on Job work	18,053,327	2005-07	Central Excise and Service Tax Appellate Tribunal
Central Excise Act 1944	Service Tax on management fees and sole selling commission	2,435,525	2006-07	Central Excise and Service Tax Appellate Tribunal
Central Excise Act 1944	Service Tax on supplementary bills for price reduction	11,936,332	2007-08	Central Excise and Service Tax Appellate Tribunal
Central Excise Act 1944	CENVAT credit availed on Job work	30,683,233	2008-10	Central Excise and Service Tax Appellate Tribunal
Central Excise Act 1944	Service Tax credit on sole selling agent	22,437,249	2005-13	Joint Commissioner of Central Excise
Central Excise Act 1944	Service tax demand on management fees	7,376,990	2008-09	Central Excise and Service Tax Appellate Tribunal
KVAT Act,	VAT demand for VAT rate issue	44,684,865	2007-08	Joint Commissioner of Commercial tax
Sales tax act	Cenvat credit 210,059 availed on industrial laminates Glass epoxy	24,713,194	2011-12	Deputy Commissioner Central Excise, Bangalore
Income tax act 1961	Disallowance of proportionate royalty expense	659,302	2003-04, 2004-05	Income Tax Appellate Tribunal
Income tax act 1961	Disallowance of upfront processing fees paid to bank	1,846,011	2003-04	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowance of Out of Advance Written off	252,843	2009-10	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Disallowance of out of technical training fee	116,564	2009-10	Commissioner Income Tax (Appeals)
Income tax Act, 1961	Default notices on account of short deduction/ short payment of tax deduction at Source.	82,340	2009-10	Income tax Officer
Income tax Act, 1961	Default notices on account of short deduction/ short payment of tax deduction at Source.	246,780	2010-11	Income tax Officer
Income tax Act, 1961	Default notices on account of short deduction/ short payment of tax deduction at Source.	166,600	2012-13	Income tax Officer
Income tax Act, 1961	Default notices on account of short deduction/ short payment of tax deduction at Source.	70,030	2013-14	Income tax Officer
Central Excise Act 1944	Payment of service tax on services rendered by foreign service provider.	1,974,000	2004 to 2006	Commissioner of Service Tax (Appeal), Bangalore
Central Excise Act 1944	Cenvat credit availed on job work	8,566,414	2010-11	CESTAT, Bangalore
Central Excise Act 1944	Service tax availed towards outward freight	197,352	2012-13	Commissioner of Central Excise
Central Excise Act 1944	Non production of Service Tax Records at the time of Audit	1,235,005	2005	Commissioner of Central Excise

- 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.
- 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(xii) of the Order are not applicable.
- 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(xiii) of the Order are not applicable.
- In our opinion, the Company is not a chit fund or a mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- 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.
- 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.
- The Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable.
- In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- During the year, the Company has not made any preferential allotment of shares to parties and 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.
- 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.
- 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.
- No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker, Chandio & Co.

Chartered Accountants

Firm registration number: 001076N

per David Jones

Partner

Membership No.: 98113

Place : Gurgaon

Date : February 26, 2014



FEDERAL-MOGUL TPR (INDIA) LIMITED

BALANCE SHEET AS AT 31 DECEMBER, 2013

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

	Schedules	As at 31 December, 2013 Amount in Rs.	As at 31 December, 2012 Amount in Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	10,00,00,000	10,00,00,000
Reserves and surplus	4	66,32,86,801	56,07,57,096
		76,32,86,801	66,07,57,096
Non-current liabilities			
Deferred tax liabilities (net)	5	1,35,09,789	45,80,075
Long-term provisions	6	50,51,164	45,70,019
		1,85,60,953	91,50,094
CURRENT LIABILITIES			
Trade payables	7	6,20,12,681	6,69,04,119
Other current liabilities	8	1,11,26,729	66,44,489
Short-term provisions	6	8,22,54,144	8,25,60,974
		15,53,93,554	15,61,09,582
Total		93,72,41,308	82,60,16,772
Assets, Non-current assets, Fixed Assets			
Tangible assets	9	22,12,70,108	14,42,87,979
Capital work-in-progress		10,94,705	1,85,69,425
Long-term loans and advances	10	4,58,55,353	7,36,41,668
Other non-current assets	12	-	2,27,13,194
(A)		26,82,20,166	25,92,12,266
Current Assets			
Inventories	13	8,11,53,606	8,62,88,162
Trade receivables	14	20,02,71,343	17,95,75,181
Cash and bank balances	15	7,94,87,948	8,20,58,968
Short-term loans and advances	11	30,60,38,676	21,48,96,892
Other current assets	12	20,69,569	39,85,303
(B)		66,90,21,142	56,68,04,506
TOTAL		93,72,41,308	82,60,16,772

Notes 1 to 36 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

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

Sachin Selot
Director
DIN : 06700360

Vinod Kumar Hans
Director
DIN : 03328309

Shifali Chawla
Company Secretary

Place: Gurgaon
Date: February 26, 2014



FEDERAL-MOGUL TPR (INDIA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 2013

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

	Schedules	For the year ended 31 December, 2013 Amount in Rs.	For the year ended 31 December, 2012 Amount in Rs.
REVENUE			
Revenue from operations (gross)		1,15,30,18,998	1,14,41,37,552
Less: Excise duty		13,68,77,072	12,87,47,694
Revenue from operations (net)	16	1,01,61,41,926	1,01,53,89,858
Other income	17	2,89,57,936	4,04,44,659
TOTAL		1,04,50,99,862	1,05,58,34,517
EXPENSES			
Cost of materials consumed	18	26,99,63,248	28,23,34,258
Decrease/ (increase) in inventories of finished goods and work-in-progress	19	39,47,708	(51,15,648)
Employee benefits expenses	20	4,58,10,921	4,14,42,320
Finance cost	21	18,38,011	22,74,988
Depreciation and amortisation expense	9	2,91,27,098	3,01,44,000
Other expenses	22	40,81,52,610	42,26,32,623
TOTAL		75,88,39,596	77,37,12,541
Profit before taxation		28,62,60,266	28,21,21,976
Tax expense			
Current tax		9,29,04,347	9,90,53,139
Deferred tax		89,29,714	(2,13,449)
Total tax expenses		10,18,34,061	9,88,39,690
Profit for the year		18,44,26,205	18,32,82,286
Earnings per equity share	23		
Basic and diluted		18.44	17.67

Notes 1 to 36 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

Sachin Selot
Director
DIN : 06700360

Vinod Kumar Hans
Director
DIN : 03328309

Shifali Chawla
Company Secretary

Place: Gurgaon
Date: February 26, 2014



FEDERAL-MOGUL TPR (INDIA) LIMITED

Notes to the financial statements for the year ended 31 December 2013

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 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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) Depreciation on assets costing 5000/- or below is charged @ 100% per annum in the year of purchase.

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

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



FEDERAL-MOGUL TPR (INDIA) LIMITED

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 benefits in the form of Provident Fund and Employee State Insurance Scheme are defined contribution plans and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. 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 the basis 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, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will not 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.



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

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

3 : Share Capital

	As at 31 December, 2013	As at 31 December, 2012
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
Total issued, subscribed and fully paid-up share capital	100,000,000	100,000,000

(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, 2013		31 December, 2012	
	Number	Amount	Number	Amount
Balance at the beginning of the year				
Redeemable Cumulative Preference Shares	-	-	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	-	-	-	-

(c) 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, 2013, the amount of per share dividend recognized as distributions to equity shareholders is Rs. 7 (31 December 2012: 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 payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholder	31 December, 2013		31 December, 2012	
	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%

(e) Shares held by holding company

Name of the shareholder	31 December, 2013		31 December, 2012	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of Rs 10 each				
Federal-Mogul Goetze (India) Limited, India	51,00,000	51.00%	51,00,000	51.00%

(f) 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.



FEDERAL-MOGUL TPR (INDIA) LIMITED

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

	As at 31 December, 2013	As at 31 December, 2012
4 : Reserves and Surplus		
Capital redemption reserve		
Balance as per last financial statements	10,00,00,000	-
Add: Transferred from statement of profit and loss pursuant to redemption of preference shares	-	100,00,000
Closing balance	100,00,000	100,00,000
General Reserve		
Balance at the beginning of the year	6,87,00,000	5,01,00,000
Add: Transferred from the balance in statement of profit and loss	2,22,00,000	1,86,00,000
Closing balance	9,09,00,000	6,87,00,000
Surplus in the statement of profit and loss		
Balance at the beginning of the year	39,20,57,096	41,53,41,906
Add: Transferred from statement of profit and loss	18,44,26,205	18,32,82,286
Less: Appropriations:		
Transfer to capital redemption reserve	-	10,00,00,000
Proposed dividends on equity shares	7,00,00,000	7,00,00,000
Tax on proposed dividend - equity shares	1,18,96,500	1,13,55,750
Final dividend on redemption of 6% redeemable cumulative preference shares	-	56,88,525
Tax on final dividend - preference shares	-	9,22,821
Transfer to general reserve	2,22,00,000	1,86,00,000
Total appropriations	10,40,96,500	20,65,67,096
Net surplus in the statement of profit and loss	47,23,86,801	39,20,57,096
Total reserves and surplus	66,32,86,801	56,07,57,096
5 : Deferred tax liability (net)		
Deferred tax liabilities		
Impact of difference between depreciation as per tax books and depreciation and amortization charged for the financial reporting	1,91,53,440	1,24,45,325
Gross deferred tax liabilities	1,91,53,440	1,24,45,325
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 employee benefits	18,38,453	15,74,368
Royalty expenses	27,05,317	54,98,440
Others	10,72,230	7,36,574
Provision for doubtful debts and advances	27,651	55,868
Gross deferred tax assets	56,43,651	78,65,250
Deferred tax Liabilities (net)	1,35,09,789	45,80,075

6. Long-term provisions and short term provisions

	Non-current		Current	
	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012
Provision for employee benefits	39,51,996	35,49,776	2,71,195	2,10,369
Provision for gratuity (Refer note 31)	10,99,166	10,20,243	86,449	72,034
Provision for leave encashment	50,51,162	45,70,019	3,57,644	2,82,403
Other provisions	-	-	7,00,00,000	7,00,00,000
Proposed dividend	-	-	1,18,96,500	1,22,78,571
Tax on proposed dividend	-	-	8,18,96,500	8,22,78,571
	50,51,162	45,70,019	8,22,54,144	8,25,60,974



FEDERAL-MOGUL TPR (INDIA) LIMITED

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

	As at 31 December, 2013	As at 31 December, 2012
7. Trade payables		
Trade payables (including acceptances)		
- Due to micro, small and medium enterprises (refer note 30)	8,38,805	19,13,767
- Total outstanding dues to units other than Micro, Small & Medium Enterprises	6,11,73,876	6,49,90,352
	6,20,12,681	6,69,04,119
8. Other current liabilities		
Advance from customers	6,26,724	2,92,521
Other payables		
Statutory liabilities	19,02,160	59,52,300
Other liabilities	85,97,845	3,99,668
	1,11,26,729	66,44,489

9. Tangible Assets

Particulars	Plant and Machinery	Furniture and Fixtures	Vehicle	Total Tangible Assets
Gross block				
Balance as at 1 January 2012	47,31,54,981	16,11,026	31,710	47,47,97,717
Additions	22,29,178	-	-	22,29,178
Disposals	(72,34,614)	-	-	(72,34,614)
Balance as at 31 December 2012	46,81,49,545	16,11,026	31,710	46,97,92,281
Additions	10,71,26,189	-	-	10,71,26,189
Disposals	(43,21,062)	(3,62,654)	-	(46,83,716)
Balance as at 31 December 2013	57,09,54,672	12,48,372	31,710	57,22,34,754
Accumulated depreciation and amortisation				-
Balance as at 1 January 2012	30,08,10,461	12,15,405	20,850	30,20,46,716
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	32,55,04,301
Depreciation charge	2,90,94,000	30,086	3,012	2,91,27,098
Adjusted on disposal of assets	(33,30,700)	(3,36,053)	-	(36,66,753)
Balance as at 31 December 2013	34,99,93,118	9,44,653	26,876	35,09,64,646
Net Block				-
Balance as at 31 December 2012	14,39,19,727	3,60,406	7,847	14,42,87,979
Balance as at 31 December 2013	22,09,61,555	3,03,719	4,834	22,12,70,108

10. Long-term loans and advances

Capital advances (Unsecured, considered good)	-	3,89,27,838
Advance income-tax (net of provision for taxation)	1,81,81,530	90,49,398
Taxes paid under protest	2,76,73,823	2,56,64,432
	4,58,55,353	7,36,41,668

11. Short-term loans and advance

Unsecured, considered good		
Deposits with excise and other tax authorities	1,54,38,120	72,02,037
Deposits with holding company (Refer Note 26)	28,50,00,000	20,00,00,000
Prepaid expenses	6,96,382	9,21,977
Others advances	49,04,174	67,72,878
	30,60,38,676	21,48,96,892

12. Other Non Current Assets and Other Current Assets

	Non-current		Current	
	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012
Interest accrued on deposits with holding company	-	-	20,69,569	19,47,406
Interest accrued on others	-	-	-	20,37,897
On deposit accounts (pledged with Government authorities)	-	2,27,13,194	-	-
	-	2,27,13,194	20,69,569	39,85,303

ANNUAL REPORT 2013



FEDERAL-MOGUL TPR (INDIA) LIMITED

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

	As at 31 December, 2013	As at 31 December, 2012
13. Inventories (Valued at lower of cost or net realizable value)		
Raw materials and components	4,33,34,529	4,60,97,838
Stores and spares	58,20,252	42,43,791
Work-in-progress	1,78,92,809	1,94,17,889
Finished goods (Includes goods in transit Current Year Rs. 8,992,267 Previous Year Rs. 6,892,657)	1,41,06,016	1,65,28,644
	8,11,53,606	8,62,88,162
	As at 31 December, 2013	As at 31 December, 2012
14. Trade receivables		
Debt outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered doubtful	81,351	84,606
	81,351	84,606
Less Provision for doubtful debts	(81,351)	(84,606)
	-	-
Debts outstanding for a period less than six months for the date they are due for payment		
Secured considered good		
Unsecured, considered good	20,02,71,343	17,95,75,181
Unsecured, considered doubtful	-	87,586
	20,02,71,343	17,96,62,767
Less Provision for doubtful debts	-	(87,586)
	20,02,71,343	17,95,75,181
	20,02,71,343	17,95,75,181
15. Cash & bank balances		
Cash and cash equivalents		
Cash on hand	15,86,731	224
Balances with Scheduled Banks:		
On Current Accounts	3,03,81,038	3,96,53,744
	3,19,67,769	3,96,53,968
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months (pledged with government authorities)	2,66,05,297	4,05,000
Deposits with original maturity for more than 3 months but less than 12 months	2,09,14,882	4,20,00,000
	4,75,20,179	4,24,05,000
	7,94,87,948	8,20,58,968



FEDERAL-MOGUL TPR (INDIA) LIMITED

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

	As at 31 December, 2013	As at 31 December, 2012
16. Revenue from operations (net)		
Revenue from operations		
Sale of products	1,15,13,26,035	1,14,25,15,154
Other operating revenue	16,92,963	16,22,398
Revenue from operations (gross)	1,15,30,18,998	1,14,41,37,552
Less: Excise duty	(13,68,77,072)	(12,87,47,694)
Revenue from operations (net)	1,01,61,41,926	1,01,53,89,858
Details of products sold		
Manufactured goods		
Steel rings	1,15,13,26,035	1,14,25,15,154
Total	1,15,13,26,035	1,14,25,15,154
17. Other income		
Interest income on		
Bank deposits	42,47,495	48,77,696
On Inter-Corporate deposit	2,27,29,892	3,20,78,675
Excess liabilities written back	17,05,545	29,92,262
Miscellaneous income	2,75,004	4,96,026
	2,89,57,936	4,04,44,659
18. Cost of materials consumed		
Steel wire	11,66,73,278	12,71,32,450
Bought out rings	11,70,42,926	12,45,35,824
Others	3,62,47,044	3,06,65,984
	26,99,63,248	28,23,34,258
19. Decrease/ (Increase) in inventories of finished goods and work-in-progress		
Opening 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
Closing stock		
Work-in-process	1,78,92,809	1,94,17,889
Finished products	1,41,06,016	1,65,28,644
	3,19,98,825	3,59,46,533
	39,47,708	(51,15,648)
20. Employee benefits expenses		
Salaries, wages and bonus	4,10,04,842	3,70,60,497
Contribution to provident fund and other funds	27,60,900	25,77,790
Contribution to super annuation	38,647	2,05,885
Gratuity expenses (Refer note 31)	4,63,046	5,05,971
Workmen and staff welfare expenses	15,43,486	10,92,177
	4,58,10,921	4,14,42,320
21. Finance cost		
Interest	7,57,929	10,96,069
Bank charges	10,80,082	11,78,919
	18,38,011	22,74,988



FEDERAL-MOGUL TPR (INDIA) LIMITED

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

	As at 31 December, 2013	As at 31 December, 2012
22. Other expenses		
Consumption of stores and spares	8,23,38,359	10,01,65,764
Sub-contracting expenses	37,72,812	41,32,226
Chrome plating charges	12,66,86,265	11,61,03,391
Increase/(decrease) in excise duty on inventory	7,77,943	(35,911)
Power and fuel	1,03,88,138	98,32,793
Freight and forwarding charges	25,05,476	44,35,865
Rent (Refer note 28)	80,34,002	83,39,970
Rates and taxes	49,79,206	54,73,676
Insurance	6,19,874	7,50,571
Repairs and maintenance		
Plant and machinery	6,65,994	40,86,551
Buildings	22,49,176	6,06,284
Others	41,24,593	28,29,374
Advertising and sales promotion	1,52,39,078	93,17,141
Sole selling commission	4,44,87,026	4,44,85,757
Management support charges	7,37,41,321	7,79,07,309
Royalty	1,53,61,783	1,47,51,461
Product rectification charges	15,233	23,856
Legal and professional fees	41,14,712	35,13,286
Technical training charges	-	6,05,916
Travelling and conveyance	12,54,163	4,89,561
Wealth tax expenses	47,900	-
Printing and stationery	6,93,317	5,62,216
Auditors' remuneration*	6,50,000	6,50,000
Charity and donation	-	13,300
Exchange differences (net)	27,67,431	1,30,44,066
Environmental maintenance and remediation	8,52,325	-
Loss on sale of fixed assets (net)	10,16,964	5,48,200
Miscellaneous expenses	7,69,519	-
	40,81,52,610	42,26,32,623
*Auditors remuneration		
- Audit fee	4,75,000	4,75,000
- Tax audit fee	1,75,000	1,75,000
	6,50,000	6,50,000
23. Earnings per share		
Net profit after tax as per statement of profit & loss (Rs.)	18,44,26,205	18,32,82,286
Less: Preference dividend (including dividend tax Nil, previous year Rs. 922,821)	-	66,11,346
Profit available for equity shareholders	18,44,26,205	17,66,70,941
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.)	18.44	17.67

24. Contingent liabilities :

Particulars	As at 31 December, 2013 (Rs.)	As at 31 December, 2012 (Rs.)
Claims/notices against the company not acknowledged as debt		
a) Excise duty and Service tax #	13,98,33,489	13,51,84,164
b) Sales tax #	4,55,59,359	4,54,26,388
c) Income tax demands #	9,35,177	-

The management is of the opinion that the appeals will be allowed in favour of the Company and hence no provision is required for the above"



FEDERAL-MOGUL TPR (INDIA) LIMITED

Schedules to the Accounts

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, Bangaluru:
 - a) In relation to deduction of Trade Discounts for the period 2000-2002 to 2003-2004. The amount involved is Rs. 242,426 (Previous year Rs. 242,426)
 - b) Company received show cause notice for the excise duty demand of Rs.2.10 Lacs for wrong availment of excise credit for the period 2011-12. In this Case, reply is to be filed before the Deputy Commissioner, Excise Bangaluru.
- ii) Matters pending with Central Excise and Service Tax Appellate Tribunal (CESTAT):
 - a) Matter is pending with Commissioner Appeal for the service tax demand of Rs.19.74 lacs for the period 2004-06 where FM TPR is liable for service tax on the services provided by foreign vendor.
 - b) Matters are pending for show cause notices at different stage on the similar ground with CESTAT , Bangaluru where service tax credit had been disallowed for the different period from 2007 to July 2009 for total service tax demand including penalty for Rs.6,92,39,306. As per revenue, excise duty is not liable to be paid on the job work activities (chrome plating) done by FMG for FMTPR therefore credit taken on FMG's invoice not admissible.
 - c) Matters are pending for nine show cause notices at different stage on the similar ground with CESTAT , Bangaluru where service tax credit had been disallowed for the different period from 2009 to July 2013 for total service tax demand including penalty for Rs. 3,44,85,636. As per revenue, excise duty is not liable to be paid on the job work activities (chrome plating) done by FMG for FMTPR therefore credit taken on FMG's invoice not admissible.
 - d) Matters are pending before CESTAT, Bangaluru & Additional Commissioner, for three show cause notices where service tax credit of Rs.2,24,37,249 (Previous Year 19,164,976) had been disallowed by the tax authorities for the period 2010-11 to 2011-12 saying that the service "sole selling agent" does not fall within the definition of input services.
 - e) In respect of availment of service tax credit in relation to management consultancy service for the period 2006-07 to 2008-09. The amount involved in is Rs.98,12,515 (Previous year Rs.2,435,525).
 - f) Matter is pending with Commissioner Appeal for the service tax demand of Rs.12,35,005 (Previous Year 12,35,005) for the period 2005 where service tax credit had been disallowed on account of non-availability of service tax invoices.
 - g) Matter is pending before Commissioner, Central Excise for service tax demand of Rs. 1,97,352 for the period May, 2012 to March 2013 for service tax availment on the GTA services.
 - 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 Current year Rs. Nil (Previous year Rs. 7,376,990).

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("JCCT"Appeals), Bangaluru:
 - a) Matter is pending before the JCCT, Sales tax Bangaluru for the assessment year 2007-08 wherein differential sales tax / VAT of Rs. 4.46 crore has been demanded on the issue of rate difference. In this case, tax authorities contended that goods should be classified under Automobile Products where rate of tax is 12.5 % where as company is paying tax @ 4 % based on the fact that products is classified under declared goods as per section 4 of KVAT Act 2003 and section 14 of the CST Act. Recently, company received favourable order from the Sales tax Tribunal, Bangaluru wherein case has been decided in the favour of company.
 - b) Matter is pending with Joint Commissioner, Sales tax Ghaziabad where sales tax demand of Rs.9,59,359 was raised for the period 2007-08 on the few issues like disallowance of stock transfer, central sales and rate difference etc.

C) In relation to (c) above, income tax cases disputed by the company comprise of:

- i) The matter is pending at Commissioner Income Tax (Appeals) in respect of Assessment Year 2010-11, disallowances were made on account of certain Advance written-off in books and expenditure incurred on technical training fee. The amount involved is Rs. 3,69,407 (Previous year NIL).
- ii) In respect of Assessment Year 2010-11, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The amount involved is Rs. 82,360 (Previous year NIL).
- iii) In respect of Assessment Year 2011-12, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The amount involved is Rs. 2,46,780 (Previous year NIL).
- iv) In respect of Assessment Year 2013-14, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The amount involved is Rs. 1,66,600 (Previous year NIL).
- v) In respect of Assessment Year 2014-15, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The amount involved is Rs. 70,030 (Previous year NIL).

25.Related party disclosure

- i) List of related parties and relationships:

Name of the Party

Federal-Mogul Corporation
 Federal-Mogul Goetze (India) Limited
 Federal Mogul UK Investments Limited
 Teikoku Piston Ring Co. Ltd., Japan
 Federal Mogul Sistemas
 Mr. B.P. Srikanth (till April 25, 2012)
 Mr. S. Raghavendra (Since April 26, 2012)

Nature of relationship

Ultimate Holding Company
 Holding Company
 Common control with Holding Company
 Common control with Holding Company
 Common control with Holding Company
 Key Management Personnel
 Key Management Personnel



FEDERAL-MOGUL TPR (INDIA) LIMITED

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

ii) Summary of related party transactions

Particulars	Holding Company		Common Control with Holding Company				Key Managerial Personnel				Total	
	Federal Mogul Goetze (India) Ltd.		Federal Mogul Investments Limited		Telitoka Piston Rings Co. Ltd.		Federal Mogul Sistemasi		Mr. B.P. Srilant		Mr. S. Raghavendra	
	December 31, 2013 (Rs.)	December 31, 2012 (Rs.)	December 31, 2013 (Rs.)	December 31, 2012 (Rs.)	December 31, 2013 (Rs.)	December 31, 2012 (Rs.)	December 31, 2013 (Rs.)	December 31, 2012 (Rs.)	December 31, 2013 (Rs.)	December 31, 2012 (Rs.)	December 31, 2013 (Rs.)	December 31, 2012 (Rs.)
Sales	(53,21,17,339)	(54,97,61,544)	-	-	-	-	-	-	-	-	(53,21,17,339)	(54,97,61,544)
Purchase of raw material, intermediaries and finished goods	14,70,63,894	14,66,62,059	-	-	-	-	-	-	-	-	-	-
Dividend Paid / Proposed	3,57,00,000	7,73,61,147	-	-	57,31,392	-	-	-	-	-	15,92,53,315	15,23,93,451
Management fee paid	7,37,41,322	7,79,07,309	1,71,50,000	3,71,63,689	3,71,63,689	-	-	-	-	-	7,00,00,000	15,16,88,525
Job work Expenses	12,66,86,265	11,61,03,391	-	-	-	-	-	-	-	-	7,37,41,322	7,79,07,309
Sole selling commission paid	4,44,87,026	4,44,85,757	-	-	-	-	-	-	-	-	12,66,86,265	11,61,03,391
Remuneration	-	-	-	-	-	-	-	-	18,46,478	8,77,914	4,44,87,026	4,44,85,757
Reimbursement of Expenses paid	-	-	-	-	-	-	4,57,567	-	7,32,362	-	18,46,478	16,10,276
Rent Expense	78,00,000	78,00,000	-	-	-	-	-	-	-	-	-	-
Royalty Expense	-	-	-	-	-	-	-	-	-	-	78,00,000	78,00,000
Inter-Corporate Deposit (ICD) given	8,50,00,000	-	-	-	1,53,61,783	-	-	-	-	-	1,53,61,783	1,47,51,461
Inter-Corporate Deposit (ICD) received back	-	-	-	-	-	-	-	-	-	-	8,50,00,000	-
Interest on ICD	-	(15,00,00,000)	-	-	-	-	-	-	-	-	-	(15,00,00,000)
Redemption of Preference shares	2,27,29,892	3,20,78,675	-	-	-	-	-	-	-	-	2,27,29,892	3,20,78,675
Balance outstanding at the end of the year (Receivable) (Refer note - 1)	-	5,10,00,000	-	2,55,00,000	-	2,55,00,000	-	-	-	-	-	10,20,00,000
Balance outstanding as at the end of the year (Payable)	41,55,32,947	31,16,29,120	-	-	-	-	-	-	-	-	41,55,32,947	31,16,29,120
	-	-	-	-	(86,84,891)	(1,99,12,344)	(4,57,567)	-	-	-	(86,84,891)	(1,99,12,344)

Note 1:

Receivable from Federal-Mogul Goetze (India) Limited include receivable against Inter-corporate deposit given for Rs. 285,000,000 (Previous year Rs. 200,000,000)



FEDERAL-MOGUL TPR (INDIA) LIMITED

26. Segment Information

The Company is primarily engaged in the business of manufacturing of steel 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.

27. Operating Lease

(a) The total of future minimum lease payments under noncancellable operating leases for each of the following periods :

	As at 31 December, 2013	As at 31 December, 2012
(i) not later than one year;	78,00,000	78,00,000
(ii) later than one year and not later than five years;	3,12,00,000	3,12,00,000
(iii) later than five years;	78,00,000	1,56,00,000

(b) The lease payments recognised in the statement of profit and loss for the year is Rs 8,034,002 and for the previous year Rs 8,339,970.

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

Import Creditors	Foreign currency	Rate	Amount
USD			
Current year	1,05,220	63.09	66,38,335
Previous year	67,344	55.87	37,62,524
Euro			
Current year	17,735	87.08	15,44,359
Previous year	17,488	73.87	12,91,827
JPY			
Current year	(86,97,298)	0.60	(52,36,643)
Previous year	(6,54,31,064)	0.65	(4,25,62,907)

Note: Figures in bracket signifies advance to vendors.

Export debtors	Foreign currency	Rate	Amount
RMB			
Current year	72,616	0.14	10,315
Previous year	72,616	0.14	10,315
JPY			
Current year	-	-	-
Previous year	92,650	0.68	62,956

29. 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 2013	31 December 2012
Particulars		
The principal amount remaining unpaid as at the end of year	8,38,805	19,13,764
Interest due on above principal and remaining unpaid as at the end of the year	5,307	15,620
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.	35,592	1,89,031
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	40,899	1,73,411
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	5,30,143	4,89,244

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

The Company has a defined benefit gratuity plan(non funded). 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 favorable than the provisions of the payment of Gratuity Act, 1972. 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 2013	31 December 2012
Statement of profit and loss		
Net employee benefit expense (recognized in Employee cost)		
Current service cost	4,77,414	3,92,221
Interest cost on benefit obligation	2,92,397	3,21,562
Net actuarial gain recognised in the year	(3,06,765)	(2,07,812)
Net benefit expense	4,63,046	5,05,971
Balance Sheet		
Details of Provision for gratuity		
Defined benefit obligation	42,23,191	37,60,145
Plan liability	42,23,191	37,60,145



FEDERAL-MOGUL TPR (INDIA) LIMITED

(Amount in Rs.)

	As at 31 December, 2013	As at 31 December, 2012
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	37,60,145	39,83,857
Interest cost	2,92,397	3,21,562
Current service cost	4,77,414	3,92,221
Benefits paid	-	(7,29,683)
Actuarial (gains) / losses on obligation	(3,06,765)	(2,07,812)
Closing defined benefit obligation	42,23,191	37,60,145

The principal assumptions used in determining gratuity for the Company's plan is shown below:

Discount rate	9%	8.50%
Normal retirement age	58 years	58 years
Employee turnover	5%	5%

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	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2010	Year ended 31 December 2009
Defined benefit obligation	4,223,191	3,760,145	3,983,857	1,684,782	1,291,042
Plan Assets	-	-	-	-	-
Surplus / (deficit)	(4,223,191)	(3,760,145)	(3,983,857)	(1,684,782)	(1,291,042)
Experience adjustments on plan liabilities	160,907	(385,953)	(589,018)	40,438	-

31. Expenditure in foreign currency (on accrual basis)

Royalty	1,53,61,783	1,47,51,461
Technical fees	9,86,372	17,24,214
Total	1,63,48,155	1,64,75,675

32. 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	2013	-	-	-
	2012	(4,90,000)	(2)	(29,40,000)
Equity shares	2013	49,00,000	2	3,43,00,000
	2012	(49,00,000)	(2)	(3,43,00,000)

Note: Figures in bracket pertain to previous year

33. Value of imports calculated on CIF basis (On accrual basis)

Raw materials	12,86,65,114	13,60,90,792
Spare parts and components	4,32,67,230	3,48,82,909
Capital goods	5,97,29,111	34,89,300
Total	23,16,61,455	17,44,63,001

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

Particulars	Year ended 31 December 2013		Year ended 31 December 2012	
	% of total consumption	Value Amount	% of total consumption	Value Amount
Raw materials and components				
Indigenous	51%	13,71,83,008	55%	15,52,01,808
Imported	49%	13,27,80,240	45%	12,71,32,450
	100%	26,99,63,248	100%	28,23,34,258
Stores, spares and tools				
Indigenous	99%	8,11,86,936	98%	9,80,78,954
Imported	1%	11,51,423	2%	20,86,810
	100%	8,23,38,359	100%	10,01,65,764

35. Per transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company has appointed independent consultants for conducting a Transfer Pricing Study (the 'Study') to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". Management is of the opinion that the Company's international transactions are at arm's length and that the results of the on-going study will not have any impact on the financial statements and the independent consultants appointed have also preliminarily confirmed that they do not expect any transfer pricing adjustments.

36. Previous year numbers have been regrouped/ reclassified, wherever considered necessary.

For Walker, Chandiok & Co.
Chartered Accountants
per David Jones
Partner

Place: Gurgaon
Date: February 26, 2014

ANNUAL REPORT 2013

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

Sachin Selot
Director

Vinod Kumar Hans
Director

Shifali Chawla
Company Secretary



FEDERAL-MOGUL TPR (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2013

Amount in Rs.

	For the year ended 31 December, 2013	For the year ended 31 December, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	28,62,60,266	28,21,21,976
Adjustments for:		
Depreciation and amortisation	2,91,27,098	3,01,44,000
Loss on sale / discard of fixed assets (net)	10,16,964	5,48,200
Interest Income	(2,69,77,386)	(3,69,56,371)
Interest expense	7,57,929	10,96,069
Excess provision written back	(17,05,545)	(29,92,262)
Unrealised forex (gain)/loss (net)	32,64,935	1,19,56,276
Operating profit before working capital changes	29,17,44,261	28,59,17,888
Movements in working capital :		
Increase in trade and other receivable	(3,21,12,494)	(9,90,05,266)
Decrease in inventories	51,34,556	22,63,597
Increase / (Decrease) in Trade and other payables	18,52,729	(4,08,80,036)
Cash generated from operations	26,66,19,051	14,82,96,183
Direct taxes paid (net of refunds)	(10,20,36,479)	(10,97,83,169)
Net cash from operating activities	16,45,82,573	3,85,13,014
B. Cash flows from investing activities		
Purchase of fixed assets/ intangibles assets	(5,07,23,631)	(2,06,48,606)
Movement in restricted cash	1,75,98,015	1,48,82,030
Interest received	2,88,93,120	4,00,16,712
(Decrease) / Increase in Inter-corporate deposit	(8,50,00,000)	15,00,00,000
Net cash from/ (used in) investing activities	(8,92,32,496)	18,42,50,136
C. Cash flows from financing activities		
Interest paid	(7,57,929)	(10,96,068)
Redemption of Preference Shares	-	(10,00,00,000)
Dividends paid	(7,00,00,000)	(8,16,88,525)
Tax on dividend paid	(1,22,78,571)	(1,23,29,100)
Net cash used in financing activities	(8,30,36,500)	(19,51,13,693)
Net decrease in cash and cash equivalents (A + B + C)	(76,86,423)	2,76,49,457
Cash and cash equivalents at the beginning of the year	3,96,54,192	1,20,04,735
Cash and cash equivalents at the end of the year	3,19,67,769	3,96,54,192
Components of cash and cash equivalents	31 December, 2013	31 December, 2012
Cash and cheques on hand	15,86,731	224
With banks - on current account	3,03,81,038	3,96,53,968
	3,19,67,769	3,96,54,192

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

For Walker, Chandiok & Co.
Chartered Accountants

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

per David Jones
Partner

Sachin Selot
Director
DIN : 06700360

Vinod Kumar Hans
Director
DIN : 03328309

Shifali Chawla
Company Secretary

Place: Gurgaon
Date: February 26, 2014

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Federal-Mogul Goetze (India) Limited, ("the Company") and its subsidiary (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at 31 December 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 December 2013;
- ii) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii) the case of 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 : Gurgaon

Date : February 28, 2014

Consolidated Balance sheet and profit and loss account
Balance Sheet as at 31 December, 2013

	Schedules	As at 31 December, 2013 Rs (in lacs)	As at 31 December, 2012 Rs (in lacs)
Equity and Liabilities			
Shareholders' funds			
Share capital	3	5,563.21	5,563.21
Reserves and surplus	4	38,177.63	35,566.15
		43,740.84	41,129.36
Minority Interest		5,590.08	4,686.39
Non-current Liabilities			
Long-term borrowings	5	1,555.56	-
Deferred tax liabilities (net)	6	1,658.88	1,476.80
Other long term liabilities	7	278.39	245.17
Long-term provisions	8	6,216.14	5,657.96
		9,708.97	7,379.93
Current liabilities			
Short-term borrowings	9	15,838.57	17,021.30
Trade payables	10	16,888.72	16,661.21
Other current liabilities	11	2,612.10	2,031.76
Short-term provisions	8	609.37	1,146.12
		35,948.76	36,860.39
Total		94,988.65	90,056.07
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	49,604.51	47,377.43
Intangible assets	12.1	-	15.59
Capital work-in-progress		3,330.05	3,792.91
Non-current investments	13	-	-
Long-term loans and advances	14	4,604.50	4,446.55
Other non-current assets	15	-	238.91
		57,539.06	55,871.39
Current assets			
Current investments	16	-	-
Inventories	17	15,565.78	14,043.64
Trade receivables	18	15,382.58	15,726.66
Cash and bank balances	19	1,387.67	994.03
Short-term loans and advances	20	4,713.22	3,015.14
Other Current Assets	21	400.34	405.21
		37,449.59	34,184.68
Total		94,988.65	90,056.07

Note 1 to 44 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, Chandio & Co.
Chartered Accountants

per David Jones
Partner

Place: Gurgaon
Date : February 28, 2014

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

Andreas Kolf
Managing Director
DIN : 00519780

Sachin Selot
Whole Time Finance Director & CFO
DIN : 06700360

Khalid Khan
Company Secretary

Consolidated Balance sheet and profit and loss account
Profit & Loss Account for the year ended 31 December, 2013

	Schedules	For the year ended 31 December, 2013 Rs (in lacs)	For the year ended 31 December, 2012 Rs (in lacs)
INCOME			
Revenue from operations (gross)		1,27,158.11	1,31,778.37
Less: Excise duty		(11,358.18)	(11,865.15)
Revenue from operations (net)	22	1,15,799.93	1,19,913.22
Other income	23	701.89	940.68
Total revenue		1,16,501.82	1,20,853.90
EXPENDITURE			
Cost of raw material and components consumed		35,391.32	39,058.84
Purchase of traded goods		3,776.98	3,600.36
(Increase)/ decrease in inventories of work-in-progress and finished goods	24	(2,089.82)	(1,184.70)
Employee benefits expenses	25	24,073.82	23,925.37
Other expenses	26	40,359.71	44,209.28
Depreciation/ amortisation	27	6,904.82	6,494.96
Finance cost	28	2,469.26	2,689.97
TOTAL EXPENSES		1,10,886.09	1,18,794.08
Profit before exceptional items, tax		5,615.73	2,059.82
Exceptional items		-	(625.81)
Profit before tax		5,615.73	1,434.01
Tax expense			
Current tax		1,813.54	1,279.99
Minimum alternate tax credit entitlement		-	(9.29)
Deferred tax		182.09	(30.49)
Total tax expenses		1,995.63	1,240.21
Profit before minority interest		3,620.10	193.80
Minority interest		903.69	865.69
Profit after minority interest		2,716.41	(671.89)
Earnings per share	29		
Basic and diluted [Nominal value of shares Rs. 10 (Previous year:Rs. 10)]		6.51	0.35

Note 1 to 44 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

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

Andreas Kolf
Managing Director
DIN : 00519780

Sachin Selot
Whole Time Finance Director & CFO
DIN : 06700360

Place: Gurgaon
Date : February 28, 2014

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 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 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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 2013	Percentage of Ownership interest as at 31 December 2012
Federal-Mogul TPR (India) Limited	51%	51%

The audited financial statements of the subsidiary, considered in the consolidated accounts, are drawn upto 31 December 2013.

Investments in Associates:

The Federal-Mogul Goetze Group's Associates are:

Name	Percentage of Ownership interest as at 31 December 2013	Percentage of Ownership interest as at 31 December 2012
GTZ Securities Limited	23.67%	23.67%

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, 2013 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 2013 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, 2013 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 2013.

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 and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the 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 unrecognized deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the 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 liabilities and contingent assets

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 2013	As at 31 December 2012
Authorized shares		
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 payment of all liabilities. 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 2013		31 December 2012	
	No.	% holding	No.	% 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 Vermögensverwaltungs 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 2013		31 December 2012	
	No.	% holding	No.	% 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 Vermögensverwaltungs 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, 2013	As at 31 December, 2012
Capital redemption reserve		
Opening Balance	2,000.00	1,000.00
Add: Transferred from surplus balance in the statement of profit and loss	-	1,000.00
Closing Balance	2,000.00	2,000.00
Capital reserve	56.55	56.55
Capital subsidy	1.12	1.12
General reserve		
Opening balance	687.00	501.00
Add: Transferred from surplus balance in the statement of profit and loss	222.00	186.00
Closing balance	909.00	687.00

Rs. in Lacs

	As at 31 December, 2013	As at 31 December, 2012
Securities premium account	26,750.74	26,750.74
Surplus in the statement of profit and loss		
Opening balance	6,070.77	8,779.30
Add: Inter-company dividend	357.00	
Add: Profit/ (loss) for the year	2,716.41	(671.89)
Less: Appropriations		
Transfer to capital redemption reserve	-	1,000.00
Proposed final equity dividend (amount per share Rs. 7 (Previous year Rs.7))	343.00	700.00
Tax on proposed equity dividend	118.96	113.56
Proposed preference dividend	-	27.87
Tax on proposed preference dividend	-	9.23
Transfer to general reserve	222.00	186.00
Total appropriations	683.96	2,036.66
Closing balance	8,460.22	6,070.77
Total reserves and surplus	38,177.63	35,566.18
5. Long-term borrowings		
Term loans		
Indian rupee loan from banks (secured)	1,555.56	-
	1,555.56	-
Note (a): Indian rupee loans amounting to Rs. 2,000 lacs from Yes Bank in two tranches of Rs 1,000 lacs each taken on 31 May 2013 and 28 June 2013 respectively, carries interest @ 12.20% p.a. Both tranches are repayable in 36 equal monthly installments of Rs. 27.77 lacs each along with interest, after a moratorium period of 12 months from the date of disbursement of loan i.e. 31 May 2014 and 28 June 2014 respectively. The loan is secured by first parri passu charge on moveable assets of the Company including plant and machinery, spares, tools and accessories, furniture and fixtures and other moveable assets of the Company, excluding vehicles. Current maturities of long term borrowings amounting to Rs. 444.44 lacs (Previous year: Rs. 400 lacs) are included under the head 'Other current liabilities (refer note 11).		
6. Deferred tax liabilities (net)		
Deferred tax liabilities		
Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	4,227.77	4,044.40
Gross deferred tax liabilities	4,227.77	4,044.40
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes		
Provision for employee benefits	1,511.42	1,284.68
Royalty expenses	183.44	414.65
Provision for doubtful debts	28.91	31.74
Others	845.12	836.53
	2,568.89	2,567.60
Deferred tax liabilities (net)	1,658.88	1,476.80
7. Other long-term liabilities		
Trade deposits from dealers (refer note (a))	278.39	245.17
	278.39	245.17
Note: (a) Deposits from dealers are considered as long term in view of long term business relationships.		
8. Provisions		
	Long term	Short Term
	31 December, 2013	31 December, 2012
Provision for employee benefits		
Provision for gratuity (refer Note no. 36)	4,340.20	3,957.45
Provision for leave encashment	662.63	601.45
Provision for bonus	-	-
	5,002.83	4,558.90
Other provisions		
Provision for non fulfilment of export obligations (refer Note no. (a))	-	-
Proposed dividend	-	343.00
Tax on proposed dividend	-	118.97
Provision for regulatory matters (refer note (b))	1,213.31	1,099.06
	1,213.31	1,099.06
	6,216.14	5,657.96
	609.37	1,146.12

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

Note (a)
Provision for non fulfilment of export obligations (refer note 39)

Opening balance	186.22	214.88
Provision made during the year	8.97	29.36
Utilised during the year	-	-
Reversed during the year	(195.19)	(58.02)
Closing Balance	-	186.22

Note (b)
Provision for regulatory matters (refer note 40)

Opening balance	1,099.06	943.26
Provision made during the year	994.53	1,241.29
Utilised during the year	(880.28)	(1,085.49)
Closing Balance	1,213.31	1,099.06

9. Short-term borrowings
Secured

Working capital loans (refer note (a))	5,500.00	4,000.00
Cash credit facilities from banks (refer note (a))	2,633.63	6,001.30
	8,133.63	10,001.30

Unsecured

Inter-corporate deposit (refer note (b))	6,805.00	7,020.00
Working capital loan (refer note (c))	838.94	-
Deposits from others (refer note (d))	61.00	-

7,704.94 7,020.00

Total

15,838.57 17,021.30

Note (a) :

i. Indian rupees working capital loans and cash credit facilities are secured against hypothecation of current assets of the Company, both present and future with HDFC, Yes Bank, ING Vysya Bank, State Bank of India and Deutsche Bank. Cash credit facilities carries interest rate within the range of 11.5% to 13.5%. Details of working capital loans is as follows:

ii. Detail of working capital loans

Name of the bank	Amount of loan	Date of repayment	Interest rate
ING Vysya	3,000.00	26-Jan-14	10.90%
State Bank of India	1,000.00	28-Feb-14	11.70%
HDFC	1,000.00	23-Jan-14	10.50%
HDFC	500.00	28-Feb-14	10.50%
	5,500.00		

Note (b) : Inter-corporate deposits are repayable on demand and carry rate of interest ranging between 9.35 % to 10.50 % p.a.

Note (c) : Indian rupees working capital loan amounting to Rs. 838.94 lacs taken from Bank of America is at interest rate of 10.5% p.a. Loan is repayable as follows:

Name of the bank	Amount of loan	Date of repayment	Interest rate
Bank of America	425.22	01-Jan-14	10.50%
	258.56	04-Feb-14	
	155.16	14-Feb-14	
	838.94		

Note (d) : Indian rupees loan amounting to Rs 61 lacs taken from Goetze India employee welfare trust is at interest rate of 8% p.a. Entire loan is repayable on 31 March 2014.

10. Trade payables

Dues to micro and small enterprises (refer Note no. 37 for details of dues to micro and small enterprises)	140.26	178.53
Due to others (including acceptances)	16,748.46	16,482.68
	16,888.72	16,661.21

11. Other current liabilities

Current maturities of long-term borrowings (refer note no.5)	444.44	400.00
Interest accrued and due on term loans	20.72	5.32
Interest accrued and due on Inter corporate deposits	60.18	57.37
Interest accrued but not due on loans	88.60	86.98
Advance from customers	6.27	2.93
Trade/ security deposits received	47.21	57.91
Other payables		
Statutory liabilities	1,858.70	1,417.25
Other liabilities	85.98	4.00
	2,612.10	2,031.76

Rs. in Lacs

As at 31 December, 2013					As at 31 December, 2012		
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 2012	1,485.18	362.85	8,717.57	1,424.13	72,942.72	444.25	85,376.70
Additions	-	-	35.47	73.65	10,034.60	88.26	10,231.98
Disposals	-	-	8.06	49.52	1,291.46	160.13	1,509.17
At 31 December 2012	1,485.18	362.85	8,744.98	1,448.26	81,685.86	372.38	94,099.51
Additions	-	-	953.96	95.38	8,307.08	13.47	9,369.89
Disposals	-	-	21.92	25.22	1,193.57	107.59	1,348.30
At 31 December 2013	1,485.18	362.85	9,677.02	1,518.42	88,799.37	278.26	1,02,121.10
Depreciation							
At 1 January 2012	-	26.14	3,006.80	778.86	37,065.30	337.87	41,214.97
Charge for the year	-	1.71	287.08	64.36	6,094.89	33.42	6,481.46
Disposals	-	-	8.06	49.52	812.65	104.11	974.34
At 31 December 2012	-	27.85	3,285.82	793.70	42,347.54	267.18	46,722.09
Charge for the year	-	-	306.42	70.86	6,487.20	24.75	6,889.23
Disposals	-	-	10.51	15.19	968.34	100.69	1,094.72
At 31 December 2013	-	27.85	3,581.74	849.36	47,866.41	191.24	52,516.60
Net Block							-
At 31 December 2012	1,485.18	335.00	5,459.16	654.56	39,338.33	105.20	47,377.43
At 31 December 2013	1,485.18	335.00	6,095.29	669.05	40,932.96	87.03	49,604.51

12.1. Intangible assets

Particulars	Designs & Drawings and Patents & Trademarks	Total Intangible Assets
Cost		
At 1 January 2012	712.11	712.11
Additions	-	-
Disposals	-	-
At 31 December 2012	712.11	712.11
Additions	-	-
Disposals	-	-
At 31 December 2013	712.11	712.11
Amortisation		
At 1 January 2012	683.02	683.02
Charge for the year	13.50	13.50
Disposals	-	-
At 31 December 2012	696.52	696.52
Charge for the year	15.59	15.59
Disposals	-	-
At 31 December 2013	712.11	712.11
Net Block		
At 31 December 2012	15.59	15.59
At 31 December 2013	-	-

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

13. Non-current investments

Trade investments unquoted (valued at cost unless stated otherwise)

(i) Government securities

National savings certificates

1.32

1.32

Less: Provision for diminution in value of investment

(1.32)

(1.32)

-

-

(ii) Equity shares (Unquoted)

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)

-

-

-

-

Aggregate amount of unquoted investment

-

-

14. Long-term loans and advances

Minimum alternate tax credit entitlement

1,320.60

1,818.40

Capital advances (unsecured, considered good)

557.51

687.95

Security deposits (unsecured, considered good)

1,087.09

716.51

Other loans and advances

Prepaid expenses

22.59

14.59

Advance tax (net of provisions)

1,616.71

1,209.10

4,604.50

4,446.55

15. Other non-current assets

On deposit accounts (pledged with Government authorities)

-

238.91

-

238.91

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)

-

-

17. Inventories (Valued at lower of cost and net realizable value)

Raw materials and components

2,229.86

2,607.68

(including stock in transit Rs. 247.48 lacs (Previous year: Rs. 316.03 lacs))

Work-in-progress

4,664.92

4,425.70

Finished goods (includes goods in transit Rs. 89.92 lacs Previous year Rs. 68.92 lacs)

6,947.77

5,363.09

Traded goods

886.32

620.38

Stores and spares

836.91

996.17

(including stock in transit Rs. 38.73 lacs (Previous year: Rs. 4.53 lacs))

Loose tools

-

30.62

Total
15,565.78
14,043.64

	As at 31 December, 2013	As at 31 December, 2012
18. Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured considered good	-	-
Unsecured considered doubtful	36.89	39.20
	36.89	39.20
Less: Provision for doubtful debts	(36.89)	(39.20)
	-	-
Outstanding for a period less than six months from the date they are due for payment		
Secured considered good	278.38	245.23
Unsecured, considered good	15,104.20	15,481.43
Unsecured, considered doubtful	53.34	58.62
	15,435.92	15,785.28
Less: Provision for doubtful debts	(53.34)	(58.62)
	15,382.58	15,726.66
	15,382.58	15,726.66
19. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cheques in hand	25.19	0.02
Balances with bank held as margin money		
- with original maturity upto 3 months (pledged with government authorities)	15.09	-
Balances with scheduled banks:		
- in current accounts	459.64	409.26
	499.92	409.28
Other Bank Balances		
Balances with bank held as margin money		
with maturity more than 3 months but less than 12 months (Pledged with Government authorities)	887.50	164.75
with maturity more than 3 months but less than 12 months	0.25	420.00
	1,387.67	994.03
20. Short-term loans and advances		
Advances recoverable in cash or kind		
- Unsecured, considered good	1,035.74	450.90
- Unsecured, considered doubtful	171.21	167.02
Less: Provision for doubtful advances	(171.21)	(167.02)
	1,035.74	450.90
Security deposit		
Unsecured, considered good	19.30	12.80
Other loans and advances		
Balance with statutory/government authorities	2,984.89	2,009.81
Prepaid expenses	673.29	541.63
	3,658.18	2,551.44
	4,713.22	3,015.14

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

21. Other current assets
Unsecured considered good unless stated otherwise

Earnest money deposit	3.69	3.65
Fixed assets held for disposal (at lower of net book value and estimated net realisable value)	55.64	59.87
Interest accrued but not due on deposits	33.20	28.88
Exports benefits receivable	302.22	312.81
Insurance claim receivable	5.59	-
	400.34	405.21

22. Revenue from operations (Net)

Sale of products		
Finished goods	1,19,759.95	1,24,466.63
Traded goods	4,743.23	4,749.84
Other operating revenue		
Export incentives	440.06	139.93
Scrap sales	2,214.86	2,421.97
Revenue from operations (gross)	1,27,158.10	1,31,778.37
Less: Excise duty	(11,358.18)	(11,865.15)
Revenue from operations (net)	1,15,799.92	1,19,913.22

23. Other income

Interest income on		
Bank deposits	69.47	59.63
Others	67.80	19.19
Foreign exchange rate difference (net)	-	94.00
Excess liabilities written back	286.13	481.67
Miscellaneous Income	278.49	286.19
	701.89	940.68

24. Increase in inventories of work in progress and finished goods

31 December,
2013

31 December,
2012

(Increase) /
Decrease

Opening stock

Work-in-progress	4,425.69	4,536.40	110.71
Finished products	5,363.09	4,197.76	(1,165.33)
Trading goods	620.38	490.31	(130.07)
	10,409.16	9,224.47	(1,184.69)
Less: Closing stock			
Work-in-progress	4,664.92	4,425.70	(239.22)
Finished products	6,947.77	5,363.09	(1,584.68)
Trading goods	886.29	620.38	(265.91)
	12,498.98	10,409.17	(2,089.81)
	(2,089.82)	(1,184.70)	

	As at 31 December, 2013	As at 31 December, 2012
25. Employee benefit expenses		
Salaries, wages and bonus	19,742.86	19,425.06
Contribution to provident and other funds	1,308.95	1,277.98
Contribution to superannuation fund	140.65	137.58
Gratuity expense (refer note no. 36)	594.05	1,331.28
Staff welfare expenses	2,287.31	1,753.47
	24,073.82	23,925.37
26. Other expenses		
Consumption of stores and spares	13,223.57	16,453.61
Sub-contracting expenses	2,179.43	2,201.51
Increase in excise duty on inventory	175.69	231.81
Power and fuel	7,610.72	7,511.40
Freight and forwarding charges	2,613.90	2,506.86
Rent	374.03	421.06
Rates and taxes	1,336.93	881.06
Insurance	156.19	143.64
Repairs and maintenance		
Plant and machinery	390.29	325.17
Buildings	240.12	229.27
Others	489.16	535.65
Advertising and sales promotion	5,098.35	5,559.82
Management support charges	631.51	556.81
Royalty	1,452.51	1,539.74
Provision for warranties (net of reversals)	83.83	74.21
Travelling and conveyance	698.40	629.13
Communication costs	168.68	162.72
Printing and stationery	93.69	109.89
Legal and professional fees	674.05	730.79
Cash discounts (net)	105.69	92.22
Auditors remuneration (refer note (a))	65.59	61.69
Exchange differences (net)	311.30	130.44
Bad debts / advances written off	155.26	26.33
Provision for doubtful debts and advances	2.70	131.72
Provision for diminution in the value of investments	-	1,072.24
Loss on sale of fixed assets (net)	206.55	267.96
Environmental maintenance and remediation	816.38	705.83
Miscellaneous expenses	1,005.19	916.72
	40,359.71	44,209.28
Note (a) : Auditors remuneration		
-Statutory audit fee	27.13	27.13
-Limited reviews	13.50	13.50
-Tax audit fee	11.00	11.00
-Others	1.00	4.50
-Reimbursement of expenses	12.96	5.56
	65.59	61.69

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

27. Depreciation/amortisation expenses

Depreciation of tangible assets	6,889.23	6,481.46
Amortisation of intangible assets	15.59	13.50
	6,904.82	6,494.96

28. Finance cost

Interest		
-to banks	1,122.14	1,201.26
-to others	1,212.66	1,358.17
Bank charges	134.46	130.54
	2,469.26	2,689.97

29. Earnings per share

Profit for the year as per statement of profit and loss (Rs. in lacs)	3,620.10	193.80
Weighted average number of equity shares in calculating basic and diluted EPS	5,56,32,130	5,56,32,130
Nominal value of shares (Rs.)	10	10
Earning/ (loss) per share - basic and diluted	6.51	0.35

30. Segment Information

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

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

Geographical segment

Net sales revenue (including trading sales but excluding excise duty) by geographical market

India	1,05,200.21	1,02,380.46
Other countries	7,944.79	8,389.40
	1,13,145.00	1,10,769.86

Carrying amount of segment debtors by geographical market (Net of provision, if any)

India	14,054.42	14,067.20
Other countries	1,328.15	1,659.45
	15,382.57	15,726.66

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.

31. Capital and other commitments

Total estimated amount of contracts, remaining to be executed on capital account and not provided for as at 31 December 2013 is Rs. 1,093.67 lacs (Previous year Rs. 982.57 lacs)

32. Contingent liabilities

(a) Bank guarantees	554.54	1,378.66
(b) Claims/notices contested by the Company		
(i) Excise duty and service tax	687.20	217.70
(ii) Sales tax	1,781.70	579.88
(iii) Employee related cases	242.99	201.36
(iv) Electricity demand	52.24	52.24
(v) Income tax demands	609.55	629.95
vi) Excise duty and Service tax (Subsidiary:FM-TPR)	1,398.33	1,351.84
vii) Sales tax (subsidiary:FM-TPR)	455.59	454.26
viii) Income tax demands (subsidiary:FM-TPR)	9.35	-

- 1) In relation to b(i) above, Excise duty cases contested by the Company comprise of :
 - i) Matters pending with Joint Commissioner, Central Excise , Bangaluru in respect of four show cause notice amounting to Rs.33.73 lacs. in which excise duty was demanded on the differential discount which was given to stockiest for the period from FY 2000 to 2004.
 - ii) Matter is pending with CESTAT, Bangaluru in respect of notice issued towards disallowing the Cenvat Credit taken twice on the invoices for the period FY 2006-2007 amounting to Rs. 5.03 lacs.
 - iii) Matter is pending with CESTAT, Bangaluru in respect of show cause notice amounting to Rs. 8.57 lacs issued for non-payment of excise duty on the removal of obsolete items (piston) without payment of duty and permission for the period FY 2005-06.
 - iv) Matter is pending with CESTAT, Bangaluru in respect of show cause notice issued for turn over discount amounting to Rs. 42.71 lacs.
 - v) Matter is pending with CESTAT, Delhi in respect two show cause notices received at Patiala plant amounting to Rs. 14.02 lacs for the interest amount on the reversal of SAD taken wrongly for the period FY 2000-2001.
 - vi) Matter is pending with Joint Commissioner, Excise in respect of show cause notice received for the excise duty amounting to Rs. 6.96 lacs for the period FY 1998-99.
 - vii) Matter is pending with the High Court, in respect of a show cause notice amounting to Rs. 9.34 lacs on disallowance of excise credit on the ground that credit does not fall in the category of input category for the peirod from FY 1987 to 1990.
 - viii) Matter is pending with he Supreme Court in the valuation case where two notices were issued to Patiala plant where department alleged on the job work valuation for an amount of Rs.15.13 lacs.
- 1) In relation to b (i) above, Service tax cases contested by the Company comprise of:
 - i) Matter is pending with CESTAT, Bangaluru in respect of notice for the period FY 2006-2007 amounting to Rs. 86.44 lacs wherein disallowed the service tax credit taken on Input Service Distributor invoices received from Gurgaon.
 - ii) Matter is pending CESTAT, Bangaluru in respect of notice for the period FY 2005-06 amounting to Rs. 113.70 lacs wherein service tax credit was disallowed for on account of non-availability of service invoices.
 - iii) Matter is pending with Joint Commissioner, Service Tax, in respect of seven show cause notices at Patiala plants for disallowance of service tax credit on various services for the period from FY 2005 to 2011 amounting to Rs.96.11 Lacs.
 - iv) Matter is pending with the Commissioner (Appeal), Central Excise, Chandigarh for a show cause notice for demanding the service tax credit taken on the inward and outward freight received for the period from FY 2005 to 2008 amounting to Rs.7.09 Lacs.
 - v) Matters are pending with Joint Commissioner & Additional Commissioner, Service Tax, Jaipur for seven show cause notices received for the disallowance of service tax credit amounting to Rs. 79.02 lacs for the period from FY 2009 to 2012.
 - vi) Matter is pending on the show cause notice received from Commissioner Gurgaon office for service tax demand for the period from FY 2005 to 2011 amounting to Rs.134.18 Lacs.
 - vii) Matter is pending Additional Commissioner, in respect of a show cause notice for disallowing service tax credit of Rs.35.12 Lacs taken on the service tax payment on the royalty remittances made to overseas for the period 2008-12.
- 2) In relation of b (ii) above, sales tax cases contested by the Company comprise of:
 - i) Matter is pending with Hon'ble Karnataka High Court where sales tax demand amounting to Rs. 442.92 lacs was raised on the classification issue/ rates difference on product "Groove Insert Casting" for Sales tax matter is pending for assessment year 1996-97 to 2001-02.
 - ii) Matter is pending with the Hon'ble High Court , Karnataka on sales tax demand notice for the period FY 2005-06 for the sales tax rate difference charged on the Piston amounting to Rs. 278.50 lacs. The company so far has made an under protest payment of Rs.55 Lacs in this matter.
 - iii) Matters are pending on the five sales tax demand order issued by Rajasthan Sales tax Department for amounting Rs.486.35 Lacs on account of non-submission of statutory form in the last five assessment of 2007-2012. Company has made a provision of Rs.17 Lacs for the forms and other issue where tax liability may arise.
 - iv) Matter is pending with Joint Commissioner, Ghaziabad for the sales tax demand of Rs.82.78 Lacs for the financial year 2007 -08 on account of several issues like rate differences, disallowance of central sales, stock transfer and best judgment sales. Company has deposited Rs.47.54 Lacs in this case. Hearing awaited and company expect that tax demand may get reduce further after submission of documents.
 - v) Matter is pending with Joint Commissioner, Sale / Commercial Tax, Ghaziabad for the sales tax demand on the disallowance of stock transfer of Rs. 32.11 Lacs for the FY 2012-13.
 - vi) Matter is pending with Additional Commissioner, Delhi for the sales tax demand of Rs. 613.92 Lacs on the four notices issued on best judgment basis for various reasons including disallowance of stock transfer, Central sale and penalty on the above. One issue is related to sale of fixed assets where sales tax demand would be Rs.171 lacs out of total tax demand. Company made a provision of Rs. 171 lacs. The case is pending with hearing and related to financial year 2007-08.
 - vii) Matter is pending with Additional Commissioner, Delhi for the FY 2008-09 which issue demand notice amounting Rs. 73.44 lacs on the basis of best judgment.
 - viii) Matter is pending with Sales tax, Patna for the sales tax demand of Rs.25.66 Lacs on account of non-availabilities of few documents.
 - ix) Matter is pending with Kolkata sales tax authorities on various reason for period from FY 2001-02,2004-05 & 2006 -07 for the sales tax demand of Rs.6.37 Lacs on account of disallowance of sale returns, warranty material and stock transfer forms.
 - x) Matter is pending with Maharashtra Sales tax in respect of Tax demand notice received amounting to Rs.30.19 Lacs on non-submission of forms F and matter is pending with next appellate authorities.
 - xi) Matters are pending before the Karnataka VAT on the entry tax payment on the capital assets where tax authorities demanding entry tax along with interest amount. Similar case is pending before the Supreme Court for decision. In this case, company started paying entry tax and only interest liability is remaining. Company made a provision in the books for the interest liability of Rs.227 lacs.
- 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 favorable decision. Amount involved is Rs. 242.99 Lacs. (Previous year Rs. 201.36 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 favorable 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) The matter is pending with High court in respect of Assessment Year 1998-99, certain additions were made on normal as well as on book profits. The amount involved is Rs 86.69 Lacs (Previous year Rs 86.69 Lacs).
 - ii) The matter is pending with Commissioner Income Tax (Appeals) in respect of Assessment Year 2002-03, certain additions were made on normal income as well as on book profits. The amount for contingent liability for the year is Rs. 23.13 Lacs. (Previous year Rs. 23.13 Lacs).
 - iii) The matter is pending with Income Tax Appellate Tribunal in respect of Assessment Year 2003-04, disallowance was made for carry forward losses as well as certain disallowances. The amount involved is Rs.158.01 Lacs. (Previous year Rs. 158.01 Lacs).
 - iv) The matter is pending with Income Tax Appellate Tribunal in respect of Assessment Year 2005-06, certain additions were made on normal as well as on book profit. The amount for contingent liability for the year is Rs. 2.00 Lacs (Previous year Rs. 38.42 Lacs).
 - v) The matter is pending with Income Tax Appellate Tribunal in respect of Assessment Year 2006-07, certain additions were made on normal as well as on book profit. The amount for contingent liability for the year is Rs. 39.52 Lacs (Previous year Rs. 39.52 Lacs).
 - vi) The matter is pending with Commissioner Income Tax (Appeals) in respect of Assessment Year 2007-08, certain additions were made on normal profits. The amount involved is Rs 32.79 Lacs (Previous Year Rs 32.79 Lacs).
 - vii) The matter is pending with Income Tax Appellate Tribunal in respect of Assessment Year 2007-08, under Wealth tax assessment, debts relating to certain taxable assets were disallowed. The amount involved is Rs 3.90 Lacs (Previous Year Rs NIL Lacs).
 - viii) The matter is pending with Income Tax Appellate Tribunal in respect of Assessment Year 2008-09, certain additions were made on normal profits. The amount involved is Rs 72.68 Lacs. (Previous Year Rs227.13 Lacs).
 - ix) The matter is pending with Commissioner Income Tax (Appeals) in respect of Assessment Year 2009-10, certain additions were made on normal profits. The amount involved is Rs 163.61 Lacs. (Previous Year Rs NIL).
 - x) In respect of Assessment Year 2007-08, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The company believes that defaults should have arisen due to some technical and clerical errors and could be corrected by filing of revised return. The amount involved is Rs. 7.51 Lacs.
 - xi) In respect of Assessment Year 2013-14, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The company believes that defaults should have arisen due to some technical and clerical errors and could be corrected by filing of revised return. The amount involved is Rs. 19.71 Lacs.
 - xii) In respect of Assessment Year 2000-01, certain additions were made on normal as well as on book profits. The matter is pending with Honorable High Court is Rs Nil Lacs (Previous year Rs 21.21 Lacs).
 - xiii) In respect of Assessment Year 2001-02, certain additions were made on normal as well as on book profit. The matter is pending with Honorable High Court is Rs. Nil (Previous year Rs. 3.05 Lacs).
- 6) In relation to b (vi) above, income tax cases comprise of:
 - i) Matter pending with Commissioner/ Joint Commissioner of Central Excise, Bangaluru:
 - a) In relation to deduction of Trade Discounts for the period 2000-2002 to 2003-2004. The amount involved is Rs. 242,426 (Previous year Rs. 242,426)
 - b) Company received show cause notice for the excise duty demand of Rs.2.10 Lacs for wrong avilment of excise credit for the period 2011-12. In this Case, reply is to be filed before the Deputy Commissioner, Excise Bangaluru.
 - ii) Matters pending with Central Excise and Service Tax Appellate Tribunal (CESTAT):
 - a) Matter is pending with Commissioner Appeal for the service tax demand of Rs.19.74 lacs for the period 2004-06 where FM TPR is liable for service tax on the services provided by foreign vendor.
 - b) Matters are pending for show cause notices at different stage on the similar ground with CESTAT , Bangaluru where service tax credit had been disallowed for the different period from 2007 to July 2009 for total service tax demand including penalty for Rs.6,92,39,306. As per revenue, excise duty is not liable to be paid on the job work activities (chrome plating) done by FMG for FMTPR therefore credit taken on FMG's invoice not admissible.
 - c) Matters are pending for nine show cause notices at different stage on the similar ground with CESTAT , Bangaluru where service tax credit had been disallowed for the different period from 2009 to July 2013 for total service tax demand including penalty for Rs.3,44,85,636. As per revenue, excise duty is not liable to be paid on the job work activities (chrome plating) done by FMG for FMTPR therefore credit taken on FMG's invoice not admissible.
 - d) Matters are pending before CESTAT, Bangaluru & Additional Commissioner, for three show cause notices where service tax credit of Rs.2,24,37,249 (Previous Year 19,164,976) had been disallowed by the tax authorities for the period 2010-11 to 2010-12 saying that the service "sole selling agent" does not fall within the definition of input services.
 - e) In respect of avilment of service tax credit in relation to management consultancy service for the period 2006-07 to 2008-09. The amount involved in is Rs.98,12,515 (Previous year Rs.2,435,525).
 - f) Matter is pending with Commissioner Appeal for the service tax demand of Rs.12,35,005 (Previous Year 12,35,005) for the period 2005 where service tax credit had been disallowed on account of non-availability of service tax invoices.
 - g) Matter is pending before Commissioner, Central Excise for service tax demand of Rs. 1,97,352 for the period May, 2012 to March 2013 for service tax avilment on the GTA services.
 - h) In respect of avilment of cenvat credit (service tax) in relation to management consultancy and freight charges for the period September 2008 to November 2009 Current year Rs. Nil (Previous year Rs. 7,376,990).
 - iii) Matters pending with Commissioner of Central Excise (Appeals), Bangaluru.

- 7) In relation to (b) above, following are the Sales tax cases contested by the subsidiary company ('FMTPR') comprise of:
- The matter is pending before the Joint Commissioner of Commercial taxes("JCCT" Appeals), Bangaluru:
 - Matter is pending before the JCCT, Sales tax Bangaluru for the Assessment Year 2007-08 wherein differential sales tax / VAT of Rs. 4.46 crore has been demanded on the issue of rate difference. In this case, tax authorities contended that goods should be classified under Automobile Products where rate of tax is 12.5 % where as company is paying tax @ 4 % based on the fact that products is classified under declared goods as per section 4 of KVAT Act 2003 and section 14 of the CST Act. Recently, company received favourable order from the Sales tax Tribunal, Bangaluru wherein case has been decided in the favour of company.
 - Matter is pending with Joint Commissioner, Sales tax Ghaziabad where sales tax demand of Rs.9,59,359 was raised for the period 2007-08 on the few issues like disallowance of stock transfer, central sales and rate difference etc.
- 8) In relation to (c) above, income tax cases disputed by the subsidiary company ('FMTPR') comprise of:
- The matter is pending at Commissioner Income Tax (Appeals) in respect of Assessment Year 2010-11, disallowances were made on account of certain Advance written-off in books and expenditure incurred on technical training fee. The amount involved is Rs. 3,69,407 (Previous year NIL).
 - In respect of Assessment Year 2010-11, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The amount involved is Rs. 82,360 (Previous year NIL).
 - In respect of Assessment Year 2011-12, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The amount involved is Rs. 2,46,780 (Previous year NIL).
 - In respect of Assessment Year 2013-14, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The amount involved is Rs. 1,66,600 (Previous year NIL).
 - In respect of Assessment Year 2014-15, company has received TDS default notices on account of short deduction/ short payment of tax deduction at Source. The amount involved is Rs. 70,030 (Previous year NIL).

33. Related party disclosure

- (i) **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
- Holding Company-
Federal Mogul Holdings Limited (Mauritius)
 - Subsidiary
- Federal-Mogul TPR (India) Limited
 - Ultimate Holding Company
- Federal Mogul Corporation, USA
- (b) Key managerial personnel
- Mr. Sunit Kapur, Managing Director & President (Till 5 November 2013)
 - Mr. Dan Brugger, Whole Time Director & CFO (Till 28 February 2013)
 - Mr. Vikrant Sinha, Whole time Director & CFO (w.e.f. 28 February 2013 till 31 March 2013)
 - Mr. Andreas Kolf, Managing Director (w.e.f. 6 November 2013)
 - Mr. Sachin Selot, Whole time Director & CFO (w.e.f. 6 November 2013)
 - Mr. B.P. Srikanth (till 25 April 2012)
 - Mr. S. Raghavendra (Since 26 April 2012)
- (c) Fellow subsidiaries
- Federal-Mogul Burscheid GMBH, Germany
 - Federal-Mogul Nurnberg, GMBH (Germany)
 - Federal-Mogul Holding Deutschland (Germany)
 - Federal-Mogul Financial Services FRANCHISE (France)
 - Federal-Mogul Gorzyce, S.A. (Poland)
 - Federal-Mogul Sintered Products Ltd. (U.K.)
 - Federal-Mogul Friction Products Ltd (Thailand)
 - Federal-Mogul UK Investment limited
 - Teikoku Piston Ring Co. Ltd., Japan
 - Federal-Mogul Sistemas
 - Federal-Mogul Bearings (India) Limited
 - Federal-Mogul VSP (India) Limited
 - Federal-Mogul Automotive (India) Limited
 - Federal-Mogul PTSB (India) Limited
- (d) Associates
- GTZ Securities Limited

(ii) Summary of related party transactions

Rs. in lacs

Ultimate Holding Company		
Particulars	Federal Mogul Corporation (USA)	
	31.12.13	31.12.12
Sales	(6,478.95)	(4,140.66)
Purchase/ (sale) of fixed assets	57.75	-
Purchase of raw material, intermediaries and finished goods	281.85	933.63
Reimbursement of expenses paid	274.34	238.30
Reimbursement of expenses received	(233.33)	(157.41)
Balance outstanding as at the end of the year (Payable)	(1,428.28)	(662.70)

Table 1

Rs. in lacs

Particulars	Fellow Subsidiaries							
	Federal Mogul Holding Deutschland (Germany)	Federal Mogul Burscheid GmbH, Germany	Federal Mogul Gorzyee S.A (Poland)	Federal Mogul Dongsuh Piston Co. Ltd.	Federal Mogul Nurnberg, GMBH (Germany)			
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12
Sales	-	-	-	-	-	-	(8.03)	(0.11)
Purchase of raw material, intermediaries and finished goods	-	-	3,136.18	5,250.13	0.75	158.39	89.22	192.66
Purchase/ (sale) of fixed assets	-	-	1,998.72	721.25	-	-	255.86	2,577.60
Reimbursement of expenses paid	-	-	-	-	-	33.49	-	20.48
Management support charges paid	631.51	556.81	-	-	-	-	-	-
Reimbursement of expenses (received)	-	-	-	-	(167.28)	(140.77)	-	-
Royalty expense	-	-	238.37	409.14	-	-	768.65	656.70
Balance outstanding as at the end of the year (receivables)	-	-	-	-	-	(11.31)	(38.23)	(63.95)
Balance outstanding as at the end of the year (Payable)	-	-	(415.55)	(1,272.34)	(0.00)	-	(357.77)	(625.64)

Table 2

Rs. in lacs

Particulars	Fellow Subsidiaries										Total From Table 1 and Table 2
	Federal Mogul Financial Services FRANCTNL (France)		Federal Mogul Sintered Products Limited, (U.K)		Federal Mogul Friction Products Ltd.		Other Fellow Subsidiaries		Total		
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12			
Sales	-	-	-	-	927.08	-	(50.06)	(5.51)	868.98	(5.62)	
Purchase of raw material, intermediaries and finished goods	-	-	29.48	24.92	5.81	53.73	785.26	414.94	4,046.70	6,094.76	
Purchase/ (sale) of fixed assets	-	-	-	-	-	-	42.80	502.85	2,297.39	3,801.70	
Reimbursement of expenses paid	21.91	265.75	-	-	-	-	7.12	59.57	29.03	379.28	
Management support charges	-	-	-	-	-	-	-	-	631.51	556.81	
Reimbursement of expenses (received)	-	-	-	-	-	-	-	(1.27)	(167.29)	(142.04)	
Royalty expense	-	-	259.58	265.91	-	-	-	-	1,266.59	1,331.74	
Balance outstanding as at the end of the year (receivables)	-	-	-	-	83.04	-	-	-	44.81	(75.27)	
Balance outstanding as at the end of the year (Payable)	-	-	(130.27)	(129.42)	-	-	(118.95)	641.72	(1,022.21)	(1,385.68)	

Rs. in lacs

Particulars	Fellow Subsidiaries										Total
	Federal Mogul Bearings India Limited (India)		Federal Mogul Automotive Products (India) Private Limited, (India)		Federal-Mogul VSP India Limited, (India)		Federal Mogul PT58 India Private Limited, (India)				
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12			
Purchase of raw material, intermediaries and finished goods	720.31	866.04	1,737.96	2,136.06	-	-	-	-	2,458.28	3,002.10	
Reimbursement of expenses paid	-	-	23.75	3.44			-	-	23.75	3.44	
Reimbursement of expenses (recd.)	(161.74)	(196.43)	-	-	(433.85)	(294.16)	(47.04)	(198.28)	(642.63)	(688.88)	
Inter-corporate deposit (ICD) taken	-	-	375.00	1,415.00	(75.00)	1,300.00	705.00	4,590.00	1,005.00	7,305.00	
Inter-corporate deposit (ICD) repaid	-	-	(900.00)	-	(75.00)	(1,675.00)	(320.00)	(95.00)	(1,295.00)	(1,770.00)	
Interest on the above ICD	-	-	291.67	242.83	0.74	73.56	481.33	-	773.74	316.40	
Balance outstanding as at the end of the year Receivables	-	-	-	-	17.74	52.53	34.45	3.39	52.19	55.92	
Balance outstanding as at the end of the year (Payable) Refer notes below	(43.13)	(64.07)	(2,082.10)	(2,634.92)	(13.45)	(75.94)	(4,884.92)	(4,530.98)	(7,023.61)	(7,305.91)	

Notes :

Federal Mogul Automotive payables includes Rs 192.5 lacs (Previous year Rs 245.0 lacs) payable against ICD taken and 20.80 lacs (Previous year 20.45 lacs) payable against interest on the same.
Federal Mogul Bearings payables includes Rs Nil (Previous year Rs 75 lacs) payable against ICD taken and Nil (Previous year 0.94 lacs) payable against interest on the same.
Federal Mogul PT58 payables includes Rs 4880 lacs (Previous year Rs 4495 lacs) payable against ICD taken and 39.38 lacs (Previous year 35.98 lacs) payable against interest on the same.

Rs. in lacs

Particulars	Common Control with holding Co.					
	Federal Mogul UK Investment Limited		Teikoku Piston Rings		Federal Mogul Sistemas	
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12
Purchase of raw material, intermediaries and finished goods	-	-	121.89	57.31	-	-
Dividend paid / proposed	171.50	371.64	171.50	371.64	-	-
Reimbursement of expenses paid	-	-	-	-	4.58	-
Royalty expense	-	-	153.62	147.51	-	-
Redemption of preference shares	-	255.00	-	255.00	-	-
Balance outstanding as at the end of the year (payable)	-	-	(86.85)	(199.12)	(4.58)	-

Director remuneration

Rs. in lacs

Particulars	Transaction during the year		Balance outstanding as at the end of the year (payable)	
	31.12.13	31.12.12	31.12.13	31.12.12
Jean de Monlaur	-	458.11	-	-
Suniti Kapur	159.34	91.52	-	-
Dan Brugger	189.88	175.91	-	-
Andreas Kolf	34.34	-	-	-
Sachin Selot	10.94	-	-	-
Vikrant Sinha	7.60	-	-	-
B.P. Srikant	-	7.32	-	-
S Raghavendra	18.46	8.78	-	-

34. Operating lease

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 5% to 10% per annum

Period	31 December 2013	31 December 2012
1. Lease payments for the year	371.69	415.66
2. Minimum lease payments		
a. Not later than one year	346.85	166.07
b. Later than one year and not later than five years	182.87	4.08
c. Later than five years	-	-

(b) The lease payments recognised in the statement of profit and loss for the year is Rs 374.03 lacs and for the previous year Rs 421.06 lacs

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

Particulars	Currency	As At December 31, 2013 Amount Rs. (in lacs)	As At December 31, 2013 Amount (Foreign currency in lacs)	Year ended Dec. 31, 2013 (Rates, 1 Unit of Foreign Currency) equivalent INR)	As at December 31, 2012 Amount Rs. (in lacs)	As at December 31, 2012 Amount (Foreign currency in lacs)	As at December 31, 2012 (Rates, 1 Unit of) Foreign currency equivalent INR)
Creditors	CHF	4.02	0.06	71.15	4.22	0.07	61.24
Creditors	EUR	1,943.06	22.31	87.08	3,743.14	50.67	73.87
Creditors	GBP	340.76	3.27	104.06	148.62	1.65	90.33
Creditors	JPY	162.16	269.33	0.60	161.31	247.98	0.65
Creditors	SEK	29.85	3.01	9.92	24.19	2.79	8.67
Creditors	USD	841.82	13.34	63.09	867.98	15.54	55.87
Debtors	EUR	529.93	6.34	83.58	540.02	7.62	70.90
Debtors	GBP	-	-	-	1.17	0.01	86.69
Debtors	USD	1,884.81	31.08	60.65	1,408.85	26.23	53.71
Debtors	RBM	3.04	0.04	68.21	3.70	0.06	61.24
Debtors	JPY	912.75	10.92	83.58	698.47	9.46	73.87
Advances to creditors	CHF	293.87	2.94	99.87	83.90	0.93	90.33
Advances to creditors	EUR	181.11	313.46	0.58	588.73	905.04	0.65
Advances to creditors	GBP	27.70	2.96	9.35	15.10	1.74	8.67
Advances to creditors	JPY	284.51	4.69	60.65	368.56	6.60	55.87
Advances to creditors	SEK	0.10	0.73	0.14	0.10	0.73	0.14
Advances to creditors	USD	-	-	-	0.63	0.93	0.68

36. 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 and who has completed ten years or more of services, gets a gratuity on a departure at 30 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 profit and loss account and the funded status and amounts recognized in the balance sheet for the plan.

	31 December 2013	31 December 2012
Statement of Profit and Loss		
Net employee benefit expense (recognized in Employee cost) [AS15 Revised (c) (i) to (x)]		
Current service cost	351.07	301.12
Interest cost on benefit obligation	573.00	524.37
Expected return on planned assets	(300.11)	(306.97)
Net actuarial (gain) / loss recognized in the year	(29.91)	812.75
Net benefit expense	594.05	1,331.27
Actual return on plan assets	328.26	348.35

Rs. in Lacs

As at 31 December, 2013

As at 31 December, 2012

Balance Sheet

Details of provision for gratuity

Defined benefit obligation

Less: Fair value of plan assets

7,796.95
(3,454.04)

7,718.21

(3,758.65)

Plan liability

4,342.91

3,959.56

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

Opening defined benefit obligation

7,718.21

6,585.75

Interest cost

573.00

524.37

Current service cost

351.07

301.12

Benefits paid directly by the company

(33.69)

(44.85)

Benefits paid from the fund

(809.88)

(502.33)

Actuarial (gains) / losses on obligation

(1.75)

854.14

Closing defined benefit obligation

7,796.96

7,718.20

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

Opening fair value of plan assets

3,758.65

3,812.62

Expected return

300.11

306.97

Contributions by employer

177.00

100.00

Benefits paid

(809.88)

(502.33)

Actuarial gains / (losses)

28.15

41.38

Closing fair value of plan assets
3,454.03

3,758.64

The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by para 120(o) of the accounting standard 15(revised) on employee 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 principal assumptions used in determining gratuity for the Company's plan is shown below:

Discount rate	8.0% p.a.	8.0% p.a.
Normal retirement age	58 years	58 years
Expected rate of return on plan assets (refer note (a))	8.5% p.a.	8.5% p.a.
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.

Note (a) : 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.

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

Rs. in Lacs

Particulars	31 December 13	31 December 12	31 December 11	31 December 10	31 December 09
Defined benefit obligation	7,796.95	7,718.21	6,585.75	6,209.19	5,548.67
Cumulative unrecognised actuarial gains	-	-	-	239.91	-
Plan assets	3,454.04	3,758.65	3,812.62	3,882.44	3,471.23
Surplus / (deficit)	4,342.91	3,959.56	2,773.13	2,566.66	2,077.44
Experience adjustments on plan liabilities	491.22	371.82	505.36	206.16	280.10
Experience adjustments on plan assets	328.26	348.35	180.08	489.37	(210.74)

37. 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 2013	31 December 2012
The principal amount remaining unpaid as at the end of year	140.26	178.53
Interest due on above principal and remaining unpaid as at the end of the year	1.31	0.61
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.	18.69	32.02
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	22.51	32.26
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	5.30	4.89

38. 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 2013	Year Ended 31 December 2012
Salaries, wages and bonus	30.46	44.01
Consumption of stores and spares	45.69	66.02
Total	76.15	110.03

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

The Company had obtained certain licenses under Export Promotion Capital Goods scheme against which the Company has fulfilled the entire export obligation (levied in lieu of permission to import fixed assets at a concessional rate of import duty). Accordingly, provision created in the books for shortfall in export obligation if any, (included as 'Provision for non fulfilment of export obligation' in provisions under note 8) has been reversed in August 2013.

40. Provision for regulatory matters

The Company had commenced an evaluation process for various regulatory matters at its factories in December 2010. Based on more accurate information discovered, a provision, towards costs to be incurred to remediate these matters, of Rs. 370.80 lacs is included under note no. 8 for provisions which are net of amounts utilized of Rs. 539.15 lacs during the year towards remediation.

In addition to the above, the provision for regulatory matters includes a provision of Rs.842.51 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.

41. Management support charges

In December 2013, the Company has paid management support charges to its group companies of Rs 631.51 lacs in respect of certain application engineering services provided to the Company. The Company has also purchased/supplied goods/services to other group entities. 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 1 April 2013 to 31 March 2014, the process of updation is ongoing and management is confident of completing the same and is of the view that no additional tax provision is required to be recorded in this regard.

42. 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). Since the Company is not confident that it would be able to recover the entire carrying value of these investments a provision of Rs. 1070.92 lacs (representing the full cost of these investments) had been created during the previous year. The Company has been assessing various options for liquidating these investments as these are not related to the core business of the Company.

43. Per transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company has appointed independent consultants for conducting a Transfer Pricing Study (the 'Study') to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". Management is of the opinion that the Company's international transactions are at arm's length and that the results of the on-going study will not have any impact on the financial statements and the independent consultants appointed have also preliminarily confirmed that they do not expect any transfer pricing adjustments.

44. Previous year number has been regrouped/reclassified wherever considered necessary.

**For Walker, Chandiok & Co
Chartered Accountants**

**per David Jones
Partner**

Place: Gurgaon
Date: February 28, 2014

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

Andreas Kolf
Managing Director

Khalid Khan
Company Secretary

Sachin Selot
Whole Time Finance Director & CFO

Consolidated Cash flow statement for the year ended 31 December, 2013

Rs in lacs

	For the year ended 31 December, 2013	For the year ended 31 December, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	5,615.73	1,434.01
Adjustments for:		
Depreciation and amortisation	6,904.82	6,494.96
Loss on sale / discard of fixed assets (net)	206.55	267.96
Provision for doubtful debts and advances	2.70	52.73
Provision for diminution in the value of investments	-	1,072.24
Advances written off	155.26	26.33
Provision for loans and advances	-	78.99
Interest income	(137.28)	(78.82)
Interest expense	2,469.26	2,559.42
Excess provision written back	(286.13)	(481.67)
Unrealised forex (gain)/ loss (net)	82.69	369.00
Operating profit before working capital changes	15,013.60	11,795.15
Movements in working capital:		
Decrease / (increase) in trade and other receivable	(1,725.12)	960.61
Decrease / (increase) in inventories	(1,522.15)	571.03
Increase / (decrease) in trade and other payables	1,445.18	(3,582.15)
Cash generated from operations	13,211.51	9,744.64
Direct taxes paid (net of refunds)	(1,723.35)	(1,815.51)
Net cash from operating activities	11,488.16	7,929.13
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets/ intangibles assets	(8,776.56)	(10,118.18)
Proceeds from sale of fixed assets	47.04	34.77
Movement in restricted cash	(303.00)	36.31
	-	0.10
Interest received	132.95	67.24
Net cash used in investing activities	(8,899.57)	(9,979.76)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term borrowing taken/ (repaid)	1,600.00	(400.00)
Redemption of preference shares	-	(490.00)
Movement in borrowings (short term)	(1,182.73)	6,041.49
Interest paid	(2,449.43)	(2,491.42)
Dividend paid on equity shares	(343.00)	(400.28)
Tax on dividend paid on equity shares	(122.79)	(123.29)
Net cash (used in)/ from financing activities	(2,497.95)	2,136.50
Net increase in cash and cash equivalents (A + B + C)	90.64	85.87
Cash and cash equivalents at the beginning of the year	409.28	323.41
Cash and cash equivalents at the end of the year	499.92	409.28

This is the consolidated cash flow statement referred to in our report of even date

For Walker, Chandio & Co
Chartered Accountants
per David Jones
Partner

Place: Gurgaon
Date: February 28, 2014

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

Andreas Kolf
Managing Director
DIN : 00519780

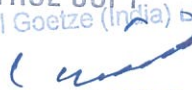
Khalid Khan
Company Secretary

Sachin Selot
Whole time finance director & CFO
DIN : 06700360

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Federal-Mogul Goetze (India) Limited												
2.	Annual financial statements for the year ended	31 December 2013												
3.	Type of Audit observation	Un-qualified The report of statutory auditors contains the following observations on the standalone financial statements Observations in the annexure to the Independent Auditor's Report under the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956: (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 have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been significant. <i>Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:</i> <table border="1"> <thead> <tr> <th>Name of the statute</th><th>Nature of the dues</th><th>Amount (₹ in lacs)</th><th>Period to which the amount relates</th><th>Due Date</th><th>Date of Payment</th></tr> </thead> <tbody> <tr> <td>Finance Act, 1994 (Service Tax)</td><td>Service tax on royalty, business auxiliary services, consultancy services and manpower recruitment agency's services</td><td>361.26</td><td>October 2007 to 31 December 2012</td><td>Various dates from October 2007 to 31 December 2012</td><td>Not yet paid</td></tr> </tbody> </table> (b) <i>The Company has used funds raised on short-term basis for long-term investment.</i>	Name of the statute	Nature of the dues	Amount (₹ in lacs)	Period to which the amount relates	Due Date	Date of Payment	Finance Act, 1994 (Service Tax)	Service tax on royalty, business auxiliary services, consultancy services and manpower recruitment agency's services	361.26	October 2007 to 31 December 2012	Various dates from October 2007 to 31 December 2012	Not yet paid
Name of the statute	Nature of the dues	Amount (₹ in lacs)	Period to which the amount relates	Due Date	Date of Payment									
Finance Act, 1994 (Service Tax)	Service tax on royalty, business auxiliary services, consultancy services and manpower recruitment agency's services	361.26	October 2007 to 31 December 2012	Various dates from October 2007 to 31 December 2012	Not yet paid									
4.	Frequency of observation	Observation (a) is annual Observation (b) has been appearing since December 31, 2011												

CERTIFIED TRUE COPY
 For Federal-Mogul Goetze (India) Ltd.

 Khalid I. Khan
 Company Secretary

5.	Signed by- • Chief Executive Office • Chief Financial Officer • Auditor of the company: For Walker, Chandiok & Co Chartered Accountants Firm Registration No.: 001076N Per David Jones Partner Membership No.: 98113 Place: Gurgaon Date: February 28, 2014 • Audit Committee Chairman	sd/- sd/- sd/- sd/-
----	--	---

CERTIFIED TRUE COPY

For Federal-Mogul Goetze (India) Ltd.

Khalid I. Khan

Khalid I. Khan
Company Secretary