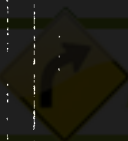




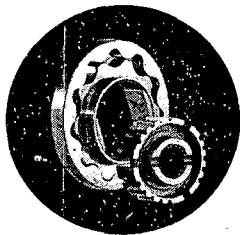
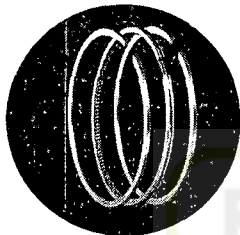
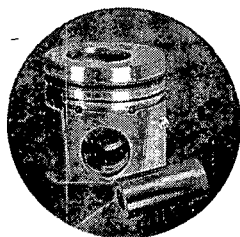
FEDERAL-MOGUL GOETZE (INDIA) LIMITED

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**53rd Annual Report
2007**



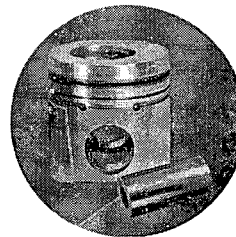
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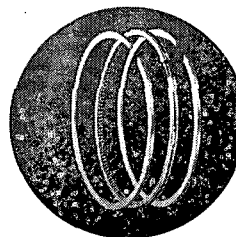
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BOARD OF DIRECTORS as on 24th April 2008
Chairman & Director

Mr. Rainer Jueckstock


Managing Director & CFO

Mr. Rustin Murdock

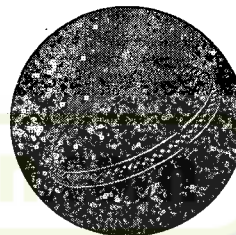

Whole Time Director & President

Mr. Jean de Montlaur

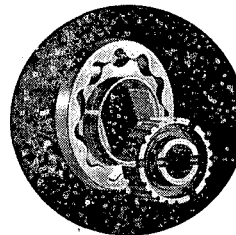
Directors

Mr. Mukul Gupta

Mr. Vishvjeet Kanwarpal


**Financial Controller and
Company Secretary**

Mr. Rajan Luthra


Auditors

M/s. S.R. Batliboi & Co.

**REGISTRAR AND SHARE
TRANSFER AGENTS**

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

REGISTERED OFFICE

A-26/3 Mohan
Co-operative
Industrial Estate,
New Delhi 110 044

WORKS

1. Bahadurgarh, Patiala (Punjab)
2. Yelahanka, Bangalore (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

ABN Amro Bank NV
Centurian Bank of Punjab
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

	2007	2006 (9 months)	2005-06	2004-05	2003-04	2002-03 (9 months)	2001-02 (15 months)	2000-01	1999-2000	(Rs. In Lacs) 1998-99
Total Income	72,028.57	46,809.82	53,291.21	51,990.47	46,963.59	26,407.26	24,684.39	18,653.65	20,499.69	17,656.22
Depreciation	4,292.16	2,819.65	3,417.02	2,674.05	2,401.28	1,464.18	1,815.67	1,282.28	1,189.81	1,089.34
Profit before Tax	(1,782.69)	(561.05)	(4,244.81)	3,251.73	2,405.95	1,319.90	1,317.42	1,000.53	1,006.46	306.53
Taxation (adjmt for excess provision for prev yr written back if any)	79.74	70.30	810.74	1,048.44	852.55	301.17	178.88	-	-	-
Profit after Tax	(1,862.43)	(631.35)	(5,055.55)	2,203.29	1,553.40	1,018.73	1,138.54	1,000.53	1,006.46	306.53
Dividend	-	-	-	1,011.50	782.74	532.87	252.88	632.19	632.19	505.75
Dividend Tax	-	-	-	132.19	100.29	68.27	-	64.48	69.54	55.63
Retained Profit/(Loss)	(1,862.43)	(631.35)	(5,055.55)	1,059.60	670.37	417.59	885.66	303.86	304.73	(254.85)

Assets Liabilities & Net Worth

	2007	2006	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99
Fixed Assets	38,038.79	35,436.36	32,873.58	33,833.21	31,389.59	30,809.13	18,792.29	18,852.30	16,937.42	17,640.85
Investments	2,093.90	2,135.18	2,243.40	2,925.26	3,547.75	3,594.43	3,613.65	2,653.96	4,462.16	4,542.24
Indebtedness	29,236.92	36,444.05	38,960.71	30,167.68	28,113.39	27,579.74	17,754.11	13,377.01	10,183.33	11,740.73
Share Capital	3,262.09	2,528.75	2,528.75	2,528.75	2,528.75	3,528.75	2,528.75	2,528.75	2,528.75	2,528.75
Reserves	13,402.60	6,497.10	7,592.65	13,328.14	12,393.68	11,867.08	11,528.19	13,108.78	13,955.20	13,818.65
Net Worth	16,664.69	9,025.85	9,657.20	15,856.89	14,922.43	15,395.83	14,056.94	15,637.53	16,483.95	16,347.40

Significant Ratios

	2007	2006	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99
A. Measurement of Investment										
Percentage of Return on Investment (annualised)	(3.90)	(1.59)	(2.14)	13.28	12.92	12.99	10.77	10.70	9.96	6.27
Percentage of Return on Equity (annualised)	(13.88)	(8.00)	(33.27)	21.13	15.87	11.95	7.10	6.23	6.13	1.85
Dividend Cover (Ratio)	-	-	-	2.18	1.98	1.91	4.50	1.58	1.59	0.61
B. Measurement of Performance										
Percentage of Profit before Tax to Sales	(2.61)	(1.25)	(8.28)	6.49	5.33	5.23	5.56	5.58	5.06	1.81
Percentage of Profit after Tax to Sales	(2.72)	(1.40)	(9.87)	4.40	3.44	4.03	4.81	5.58	5.06	1.81
C. Measurement of Financial Status										
Percentage of Term Loans to Tangible Net Worth	58.72	219.29	206.63	160.85	122.41	102.16	56.92	39.53	27.58	34.34
Current Ratio	0.87	0.87	0.84	0.85	0.82	1.01	1.40	1.16	1.19	1.70
D. General										
Dividend per Equity Share (Rs.)	-	-	-	4.00	3.00	2.00	1.00	2.50	2.50	2.00
Earnings per Equity Share (Rs.) (annualised)	(7.22)	(3.33)	(19.99)	8.71	6.04	5.21	3.60	3.96	3.98	1.21
Book Value per Equity Share (Rs.)	51.09	35.69	38.19	62.71	59.01	56.93	55.59	61.84	65.19	64.65

DIRECTORS' REPORT

The Directors submit their 53rd Annual Report for the financial year ended 31st December, 2007.

FINANCIAL RESULTS

(Rs. in Million)

	For the year ended December 31, 2007	For the period ended December 31, 2006
Total Income:		
Gross Sales	6839.47	4500.24
Deduct: Excise Duty	879.32	626.13
	5960.15	3874.11
Business and other Income	363.38	180.75
	6323.53	4054.86
Profit before Depreciation, Amortisation, Financial expenses and Prior Period Items	662.99	487.19
Deduct:		
Depreciation and Amortisation	429.21	281.97
Finance Charges	405.73	261.33
Profit/(Loss) before Tax and Prior Period Items	(171.95)	(56.11)
Provision for tax		
- Current	—	—
- Deferred	—	—
- Fringe Benefit	10.57	6.10
Provision of Income tax for previous years	(2.60)	0.93
Net Profit/(Loss) after Tax	(179.92)	(63.14)
Prior Period Items	6.32	—
Surplus brought forward	(109.56)	(46.42)
	(295.80)	(109.56)
Appropriations :		
Proposed Dividend		
- Equity	—	—
Tax on Dividend	—	—
(Loss)/Surplus carried to balance sheet	(295.80)	(109.56)

Operations

During the financial year ending on 31.12.2007, the Gross Turnover of the company was Rs. 6839.47 million as against Rs. 4500.24 million for a period of nine months ending 31.12.06, showing a growth of 14% on an annualized basis. The Company, however, reported a loss after tax of Rs. 186.25 million in the year under review as against loss of Rs. 63.14 million in the nine months ending on 31.12.2006. The company is taking necessary steps to reduce its cost, improve productivity and expects to achieve profits in future.

In view of the losses, it is proposed not to pay any dividend on the equity shares.

Auditors' Comments

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

1. The Company has paid Director's remuneration to whole time directors, which is in excess of permissible limit for remuneration under Schedule XIII of the Companies Act, 1956.

The Company is in the process of applying for Central Government's approval for the Managerial Remuneration and both the Directors have given written confirmations to the Company that in case the Company is not able to obtain the approvals then the Directors will reimburse the Company of all the remuneration paid, which is in excess of the prescribed limits.

2. There are certain items of Plant and Machinery and certain items of furniture at one of the facilities of the Company where the records of fixed assets are maintained for group of similar assets and not for each individual asset.

The Company had acquired those assets from Escorts Limited around 20 years back and therefore no separate records are available for the same. However the cost record of the block of those assets is available and has already been seen by the auditors.

3. Interest free loan of Rs. 180.14 millions has been given to a Company, which in the opinion of the Auditors is prejudicial to the interests of the Company.

The Company has given the said loan to Satara Rubbers and Chemicals Limited, the wholly owned subsidiary of the Company, in respect of the property owned by Satara which is used by the Company as its office premises. Therefore, the Management is of the view that such loan is not prejudicial to the interests of the Company.

Other comments of the Auditors are self-explanatory in their report and are further elaborated in the Notes to Accounts. The Directors' Report should be read in conjunction with the Auditors' report and Notes to Accounts annexed hereinafter.

MANAGEMENT DISCUSSION AND ANALYSIS:

(a) Industry structures and developments

The performance of the Automobile industry, which is our primary market is dependent on various factors like economic and industrial activity, road

infrastructure, income levels, availability of vehicle finance & lending rates, oil and fuel prices impact the performance of the automobile industry along with various norms and regulations. Changes in these norms and regulations also have an impact on component manufacturers like us who have to modify their products to be line with the revised regulations.

(b) Opportunities

Competitive cost benefit for design and manufacture of auto components in India induces OEMs to source auto components from India for world markets. The growth of domestic market in line with economic growth and increased investment in infrastructure is an excellent sign for the auto industry in India.

The company is focusing on expanding exports market in close co-ordination of with its Promoter, Federal Mogul Corporation, and to increase its market share by providing wide range of cost competitive quality products. The company is committed to sustain its domestic market share by offering wide range of products at competitive prices.

Federal Mogul supports the Company in the new product development with manufacturing Technology and also supports manufacturing operations with its technical expertise.

(c) Threats

We have a limited set of customers for whose business, all pistons and piston ring manufacturers compete. As a result, we face intense competition and failure to retain our market share at profitable margins

DIRECTORS' REPORT (Contd.)

can result in further erosion of margins and impact the results of our operations.

(d) Segment wise or product wise performance

OEM business continues to form a significant portion of our business where as in aftermarket business; we face intense competition from the unorganized sector, including cheaper imports.

(e) Outlook

The trends show that the industry should remain buoyant for at least next few years. With the reduction of excise duty for two wheelers and small cars in the recent budget, we expect that the growth will again pick up which has slowed down during the previous year due to hardening of interest rates.

(f) Risks and concern

The Company is exposed to the following risks however the Company has been taking appropriate measures to mitigate these risks on a continuous basis.

(i) **Foreign Currency Risk:** The volatility in global financial markets may have an adverse impact on our business since our business involves both the imports and exports of goods. Any increase in the exchange rate of the rupees vis-à-vis the foreign currency will impact the results of the company.

(ii) **Raw Material Prices:** Being in manufacturing industry, our profitability and cost competitiveness are directly linked to the cost of our raw materials and other inputs as well as our ability to manage procurement at the optimum prices.

(iii) **Availability of capital for capital expenditure:** Ours is a capital intensive business and we need to constantly upgrade our plants and equipment to continue to meet the demands of our customers. Thus investment in research and development and the ability to modify products to meet the changing needs of customers is essential for survival and growth in the industry.

(g) Adequacy of Internal Control System

Your company believes that internal control is principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances. The company has well defined internal control system which aims at the protection of Company's resources, efficiency of operations, checking cost structure, compliance with the legal obligations and company's policies and procedures. The internal audit is a comprehensive function, which covers the review of internal control system in all the plants and depots of the company in a phased manner.

Rights Issue

During the year under review, your company has raised Rs. 106.33 Million by allotment of 7333389 Equity Shares of Rs. 10/- each on right basis at a premium of Rs. 135/- per share to all the existing Equity Shareholders. These shares were listed on both Bombay Stock Exchange and National Stock Exchange of India Limited.

Subsidiary Companies

Federal- Mogul Goetze TPR [India] Limited

During the year ending on 31st December, 2007, the Gross Turnover of the company was Rs. 745.30 million as against Rs. 488.34 million for the period of nine months ending 31.12.2006 showing an increase of 14.40 % on an annualized basis.

Satara Rubbers and Chemicals Limited

The Company showed a total loss of Rs. 4.27 million for the year ending on 31.12.2007 as compared to Rs. 8.24 million for the period of nine months ending 31.12.2006. Steps are being taken to reduce these losses.

Statement pursuant to Section 212 of the Companies Act, 1956 as also the annual accounts of the subsidiaries form a part of the Company's Annual Report.

Consolidated Financial Statements

In compliance with Clause 32 and Clause 50 of the Listing Agreements with the Stock Exchanges, and as per the Accounting Standard on Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements along with the Auditors' Report have been annexed with this report.

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 2007 and of the loss of the Company for the year ended on that date;
- The Directors have taken proper and sufficient care for the maintenance of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts of the Company on a going concern basis.

Directors

Presently your Board constitutes of six (6) Directors comprising of Mr. Charles B. Grant as Non-executive Chairman, Mr. Rainer Jueckstock, Non-Executive Director Mr. Jean de Montlaur as Whole Time Director & President, Mr. Rustin Murdock, as Managing Director & CFO, along with Mr. Vishjeet Kanwarpal and Mr. Mukul Gupta being the Non-executive Independent Directors.

Mr. Arun Anand resigned from the position of Vice-Chairman, Managing Director and CEO of the company on 24th September, 2007. The Board took on record their deep appreciation and gratitude for the valuable services rendered by Mr. Arun Anand during their long association with the company.

Mr. Rustin Murdock was inducted on the Board as Managing Director and CFO of the Company on 24th September, 2007 due to the casual vacancy caused by the resignation of Mr. Arun Anand. Mr. Rustin Murdock holds a bachelors degree in accounting from McNeese State University and has done masters in business administration from Michigan State University. He has worked with Deloitte & Touche CPA, as a senior associate and subsequently, he became the controller for Olympia Arena Inc. and was then promoted to the position of Director, finance.

Mr. Jean de Montlaur is appointed as additional whole time Director and President w.e.f. 3rd March, 2008. Mr. Jean de Montlaur holds a bachelor's degree in engineering from the Ecole Centrale de Paris, France, and master degree in applied mathematics from University of Paris VII and has done masters in business administration from Institute Français de Gestion in Paris.

Mr. Charles Polzin has resigned from the Board on 11th January, 2008. Mr. Charles Polzin was on the Board of the company as a Director since May 2006 and played a significant role in the company by providing his guidance and making use of his experience and knowledge in legal affairs.

In accordance with Article 109 of the Articles of Association of the company, Mr. Rainer Jueckstock and Mr. Vishjeet Kanwarpal are retiring by rotation in the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Public Deposits

As at 31st December, 2007 your company had unclaimed Fixed Deposits of Rupees 0.865 million. No fresh/ renewed deposits were accepted during the financial year. There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of your Company's Schemes.

Auditors

M/s. S.R. Batliboi & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment for the year 2008. 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

Cordial industrial relations continued to prevail at all the three production facilities of the Company during the year under review.

Safety, Health and Environment Protection

The Company continues to maintain and accelerate its initiatives to maintain a pollution free environment by 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 main focus of the Company.

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

The particulars of employees, as required under Section 217(2A) of the Companies Act, 1956 are given as an Annexure to this report.

For and on behalf of the Board

Rustin Murdock
Managing Director & CFO

Jean de Montlaur
Whole Time
Director & President

Place : New Delhi
Date : March 3, 2008

ANNEXURE TO THE DIRECTORS' REPORT

Particulars required under the companies (Disclosure of Particulars in the report of the Board of Directors)

A. CONSERVATION OF ENERGY

Continued efforts were made to effect improvement to production process resulting in reduced energy consumption.

Following are few among them:-

- 1) Implementation of auto lid mechanism.
- 2) Re-rating of motor horse power based on output requirements.
- 3) Capacitor bank & regulating their operation.
- 4) Redesigning of charge baskets & increasing weight of charge.

Additional investment and proposal for reduction in energy consumption

- 1) Optimisation of Air compressors.
- 2) Installation of additional capacitors & power factor controller

Impact of the above measures

The above proposals will result in conservation energy.

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

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

- Development of low cost piston assemblies.

- Low cost coatings.

- Reduction in oil consumption by improving piston assembly.

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

- Reduction in the product launch time
- Low cost engine piston assemblies will reduce the cost of automobiles.
- Cost reduction in the product development by using low cost material but ensuring satisfactory product performance

3. Future plan of action

- To continue development of new products at lower cost.

4. Expenditure on R & D

- Capital Rs. 0.36 million

- Recurring Rs. 9.29 million.

Total Rs. 9.65 million

Total R&D Expenditure as a percentage of total turnover 0.17%

Technology absorption, adaptation and innovation

1. Technology absorption measures taken by the Company and benefits there from:

The Company has successfully absorbed the technology for the development of low cost coating for gasoline and diesel engine pistons and for better machinability of products.

2. Import of Technology

Technology for: Technical support for the manufacture of Pistons, Rings and Sintered Products

Imported from: Teikoku Piston Ring Co. Ltd., Japan for Steel Piston Rings and Federal Mogul for all other products

Period: 1st January, 2007 to 31st December, 2007

Technology absorption: Flow of technology and absorption is on a continuous basis in the form of technological upgrades and for development of new products.

C. FOREIGN EXCHANGE EARNING AND OUTGO

1. **Exports:** The Company made exports worth Rs. 496.54 Million for the year under review as compared to Rs. 154.75 million for the nine months ending on 31st December, 2006.

2. Foreign Exchange earned Rs. 496.54 million
Foreign Exchange utilised Rs. 1103.98 million

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st December, 2007.

Sr. No.	Name of Employee	Age (Years)	Qualifications	Experience (Years)	Date of Employment	Designation/ Nature of Duties	Gross Remuneration (Rupees)	Last employment Held
A.	Employed throughout the year and in receipt of remuneration not less than Rs. 24,00,000 per annum.							
1.	Mr. Murdock Ray Rustin	48	Bachelor Degree in Accounting and Master Degree in Business Administration	16	01.07.2006	Managing Director* & CFO Overall management of the Company	1,86,76,377	Olympia Arena Inc
2.	Mr. Kolf Wilhelm Andreas	45	First Law Exam and Second Law Exam	12	12.06.2006	Executive Director- Operations	2,08,02,504	Federal Mogul GmbH, Germany
3.	Mr. Anand Rakesh	56	Bachelor of Technology in Mechanical Engineering	37	01.04.1975	Director- Projects	30,57,033	Punjab Anand Batteries Ltd.
4.	Mr. Ahuja Ashok	56	Mechanical Engineering	36	01.10.1992	Director-Procurement	35,33,286	Kone Elevators (I) Ltd.
5.	Mr. Luthra Rajan	46	Company Secretary, Cost & work Accountant & Post Graduate Diploma in Personnel Management	27	28.04.1997	Financial Controller & Company Secretary	37,15,088	Talbro Automotive Components Ltd.
6.	Mr. Narayanan Mohan	57	BSc. & MBA	35	22.08.2006	Executive Director-Application Engineering & Sales***	75,35,634	Federal-Mogul TPR (India) Limited [Formerly known as Goetze TP (India) Limited]
B.	Employed for a part of the year and in receipt of remuneration not less than Rs. 200,000/- per month.							
1.	Mr. Anand Arun	51	B.A. Eco. (Hons) & Chartered Accountant	30	26.04.1982	Vice Chairman,** Managing Director & CEO Director-Manufacturing	1,40,03,547	Escorts Limited Senior Divisional Manager Hindustan Lever Ltd.
2.	Mr. Bhalla Avinash	44	Bachelor Degree in Mechanical Engineering	19	25.06.2007	Director-Manufacturing	18,39,020	Hindustan Lever Ltd.
3.	Mr. Kallol Chakraborty	44	LLB, Post Graduate Diploma in Personnel Management, BA	17	12.02.2007	Director - HR & IR	22,95,835	Hindustan Lever Ltd.

* Mr. Rustin Murdock designated as Managing director & CFO w.e.f. 24th September, 2007.

** Mr. Arun Anand voluntarily resigned from the position of Vice Chairman, Managing Director & CFO w.e.f. 24th September, 2007.

*** Mr. Mohan Narayanan and Mr. Kallol Chakraborty resigned w.e.f. 21st January, 2008 and 13th November, 2007 respectively.

Notes:

1. Remuneration including salary, leave pay, commission/performance bonus, actual expenditure on rent free accommodation and benefits and amenities, contribution to provident fund, gratuity fund and contribution to superannuation fund.
2. The Company will make application to the Central Government for the approval of the Managerial Remuneration paid to Mr. Arun Anand for the period from 1st January, 2007 to 24th September, 2007 and Mr. Rustin Murdock for the period from 24th September, 2007 to 30th June, 2011 under section 198, 309 and Schedule XIII of the Companies Act, 1956.
3. *** Mr. Andreas Wilhelm Kolf and Mr. Rustin Ray Murdock have been deputed to the Company on secondment basis and their remuneration includes the remuneration received by them from their respective overseas Companies.
4. All appointments are contractual.

CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY

Philosophy of Federal-Mogul Goetze continues to have an unwavering commitment to upholding sound Corporate Governance and sound business conduct. Corporate Governance aims the attainment of the high level of transparency, integrity, accountability and fairness through building trust with shareholders, employees, customers, suppliers and other stakeholders.

Your company has established system and procedure to ensure that its Board of Directors are well-informed and well-equipped to fulfill its overall responsibilities and to provide the management strategic direction. The composition of the Board of the Company is an appropriate mix of executive and independent directors with a rich experience in related sectors for providing strategic guidance to the Company. The Board ensures good corporate governance in practice and spirit.

2. BOARD OF DIRECTORS

a) **Composition:** The Board of Directors of the Company presently comprises of 6 Directors, which consists of 4 Non Executive Directors. Moreover 2 of the Non Executive Directors are Independent Directors. The Chairman of the Company is Non-Executive and one third of the Board comprises of Independent Directors.

b) **Details of Board Meetings held during the year 1st January to 31st December, 2007**

Date of Meeting	Board Strength	No. of Directors present	No. of Directors Present through conference call
22 nd January, 2007	6	2	3
22 nd January, 2007	6	3	3
23 rd March, 2007	6	4	2
30 th April, 2007	6	3	2
31 st July, 2007	6	6	Nil
14 th August, 2007	6	3	2
27 th August, 2007	6	3	2
24 th September, 2007	6	6	Nil
11 th October, 2007	6	3	3
26 th October, 2007	6	5	Nil
7 th December, 2007	6	3	Nil

c) **Information as required under clause 49(vi) of the Listing Agreement in respect of Directors being re-appointed forms part of the Notice of the ensuing Annual General Meeting.**

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 2007 to 31st December, 2007		(As on 03.03.2008)		
		Attendance at		Number of Directorships of other Indian Public Limited Companies (Note 1)	Committee Memberships (Note 2)	
		Board Meeting	Last AGM 27th June 2007		Member	Chairman
Mr. Jean Humbert Louis de VILLARDI de MONTLAUR \$ (From 03.03.08)	WTD & P	NA	NA	1	Nil	Nil
Mr. Rustin Murdock @ (From 24.09.07)	MD & CFO	3	NA	2	1	Nil
Mr. Arun Anand @ (upto 24.09.07)	VC, MD & CEO	8	Yes	NA	NA	NA
Mr. Rainer Jueckstock	NED	4	No	Nil	Nil	Nil
Mr. Charles Polzin (upto 11.01.08)	NED	2	No	NA	NA	NA
Mr. Charles B. Grant	CNED	3	No	Nil	1	1
Mr. Mukul Gupta	NEID	11	Yes	1	1	1
Mr. Vishvjeet Kanwarpal (From 22.01.07)	NEID	10	Yes	NA	2	Nil

\$ Mr. Jean Humbert Louis de VILLARDI de MONTLAUR has been appointed as Additional Director and Whole Time Director & President of the Company w.e.f. 3rd March 2008.

@ Mr. Arun Anand voluntary resigned from the position of Vice Chairman, MD & CEO and Director w.e.f 24th September, 2007 and Mr. Rustin Murdock has been appointed as Managing Director & CFO in the casual vacancy caused due to the resignation of Mr. Arun Anand.

CNED: Chairman and Non-Executive Director

NEID: Non Executive Independent Director

VC, MD & CEO : Vice Chairman, Managing Director & Chief Executive Officer

WTD & P: Whole Time Director & President

MD & CFO : Managing Director & Chief Financial Officer

NED: Non Executive Director

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

Note 2: Includes only Audit and Shareholders'/Investors' Grievance committee in all Public Limited Companies.

3. AUDIT COMMITTEE

a) Composition and Terms of Reference

The Audit Committee comprises of two Non-Executive Independent Directors and one Non-Executive Director viz. Mr. Mukul Gupta (Chairman), Mr. Vishvjeet Kanwarpal (Non-Executive Independent Directors) and Mr. Charles B. Grant (Non-Executive Director).

Mr. Charles B. Grant is a Certified Public Accountant and is a member of the Michigan Association of Certified Public Accountants. He has expertise knowledge of financial and accounting, whereas the other members of the Audit Committee also have good exposure to finance as well as general management.

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

b) Meetings and Attendance

The Audit Committee meetings were held 5 times during the year on 22nd January, 2007, 23rd March, 2007, 30th April, 2007, 31st July, 2007 and 26th October, 2007. Representatives of the Management, Finance Department, Company Secretary, Statutory Auditors and Internal Auditors were also present at all the five meetings.

Audit Committee Members Attendance during the year 2007

Total Meetings held	5	No. of meeting attended through Conference Call
Name	No. of meetings attended	
Mr. Mukul Gupta (Chairman)	5	Nil
Mr. Charles B. Grant	2	3
Mr. Vishvjeet Kanwarpal	5	Nil

The Audit Committee meeting was also held on 3rd March, 2008 for considering the reappointment of M/s. S R Batliboi & Co. as Statutory Auditors of the Company for the Year 2008 and reviewed the audited financial results and Annual Accounts for the year ended 31st December 2007 with the statutory auditors and recommended the same for the approval of the Board.

4. REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprised of Mr. Vishvjeet Kanwarpal as Chairman, Mr. Rainer Jueckstock, Mr. Charles B. Grant and Mr. Mukul Gupta, all four being Non-Executive Directors.

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.

During the year under review, the Remuneration Committee met on 23rd March, 2007 and 31st July, 2007, to recommend the Board to take approval from Central Government to make the payment of remuneration to our erstwhile Whole Time Directors, Mr. Anil Nanda and Mr. Arun Anand in excess of the limit prescribed under the Companies Act, 1956 and further revise the remuneration of Mr. Arun Anand, respectively.

Remuneration Committee Members Attendance during the year 2007

Total Meetings held	2	No. of meetings attended through Conference Call
Name	No. of meetings attended	
Mr. Vishvjeet Kanwarpal (Chairman)	2	Nil
Mr. Rainer Jueckstock	2	Nil
Mr. Charles B. Grant	1	1
Mr. Mukul Gupta	2	Nil

Details of Remuneration to Directors for the year ended 31st December, 2007

Name of Executive Directors	Remuneration for the year ended 2007 (Rs. in lacs)*	Service contract	Notice Period	Severance Fees, if any
Mr. Arun Anand	-Salaries 30.82 -Contribution to Provident & Other funds 9.80 -Other Perquisites 43.52 84.14**	01-07-2006 to 30-06-2011 (Refer to Note 1)	As per the Employment Agreement.	As per the Employment Agreement.
Mr. Rustin Murdock***	-Salaries 45.35 -Other Perquisites 0.09 45.44**	24-09-2007 to 30.06.2011	—	As per the Board Resolution dated 24th September, 2007

* In view of the losses incurred for the year ended 31st December, 2007, the Company will apply for obtaining approval of Central Government for the payment of the remuneration to Mr. Arun Anand and Mr. Rustin Murdock as the minimum remuneration to the Managerial Personnel in accordance with Schedule XIII of the Companies Act, 1956.

** For Mr. Arun Anand, remuneration relates to the period 1st January, 2007 to 24th September, 2007 and for Mr. Rustin Murdock, salary relates to the period 24th September, 2007 to 31st December, 2007.

*** The Company will apply for obtaining approval of Central Government for the payment of the remuneration to Mr. Rustin Murdock for his tenure from 24th September, 2007 to 30th June, 2011.

- Notes:
1. Mr. Arun Anand was appointed as Managing Director & CEO of the Company in EGM held on 16th June, 06 and his Service Contract as MD & CEO become effective from 1st July, 2006 to 30th June, 2011. He was further appointed as Vice-Chairman in the Board meeting held on 22nd January, 2007. Further he voluntarily resigned from the position of Vice Chairman, MD & CEO and Director w.e.f 24th September, 2007 and Mr. Rustin Murdock has been appointed as Managing Director & CFO in the casual vacancy caused due to the resignation of Mr. Arun Anand.
 2. During the year under review, the Non-Executive Independent Directors received sitting fees of Rs. 20,000/- each for the meetings of the Board and Rs. 10,000/- each for Committee meetings attended by them. There are no other pecuniary relationships or transactions with the Company.
 3. The Company does not have a stock option scheme.

5. RIGHTS ISSUE COMMITTEE

The Rights Issue Committee of the Company during the period January 2007 to September 2007, comprised of Mr. Charles B. Grant as Chairman, Mr. Arun Anand, Mr. Mukul Gupta and Mr. Vishvjeet Kanwarpal as members. At present it comprises of Mr. Charles B. Grant as Chairman, Mr. Rustin Murdock, Mr. Mukul Gupta and Mr. Vishvjeet Kanwarpal as members.

After 2nd March, 2007, the committee met on 6th September, 2007 to fix record date for the purpose of issue of equity shares on rights basis to the existing shareholders of the Company.

During the year under review, your company has raised Rs. 106.33 Million by allotment of 7333389 Equity Shares of Rs. 10/- each on right basis at a premium of Rs. 135/- per share to all the existing Equity Shareholders. The company got these additional shares listed on both Bombay Stock Exchange and National Stock Exchange of India Limited during the year under review.

6. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

- The Shareholders'/Investors' Grievance committee of the Company during the period January 2007 to September 2007, comprised of Mr. Charles B. Grant (Chairman) & Mr. Mukul Gupta and Mr. Vishvjeet Kanwarpal being the Non-Executive Directors and Mr. Arun Anand being the Executive Director.
- At present, it comprises of Mr. Charles B. Grant (Chairman), Mr. Mukul Gupta and Mr. Vishvjeet Kanwarpal being the Non-Executive Directors and Mr. Rustin Murdock being the Executive Director.
- Company Secretary of the Company is the compliance officer nominated for this purpose.
- The Committee looks into the redressal of shareholders'/investors' grievances, if any, like delay in transfer/ transmission/demat of share; loss of share certificates; non-receipt of Annual Report; Dividend Warrants etc. The Committee met 4 times during the year i. e. on 23rd March, 2007, 30th April, 2007, 31st July, 2007 and 26th October, 2007.
- The Company has amicably resolved ten (10) Investors' Complaints received from Stock Exchanges/SEBI in the year. Other than those complaints the Company has received few more complaints from Stock Exchanges/SEBI and a suitable reply has already been sent to the aforesaid authorities.
- 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.
- Pending Share Transfer/Demat Requests: There were no requests pending for Share Transfer or Transmission as on 31st December, 2007. Further, there were 4 requests pending for 253 shares for demat as on 31st December, 2007, which were cleared on 8th January, 2008.
- As per the provisions of Section 205A, read with Section 205C of the Companies Act, 1956 the Company is required to transfer unpaid dividend, matured deposits, interest thereon remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund set up by the Central Government. During the year under review the Company has credited a sum of Rs. 3,48,385/- to Investor Education and Protection Fund pursuant to the said provisions.

7. ANNUAL GENERAL MEETINGS

	Year	Location	Date & Time	Whether any special resolution passed
50 th AGM	(2004-2005)	FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi - 110 001	23 rd September 2005 11.30 A.M.	No
51 st AGM	(2005-2006)	—do—	27 th September 2006 11.30 A.M.	Yes
52 nd AGM	(2006)	—do—	27 th June 2007 10.00 A.M.	Yes

Postal Ballot: During the year ended 31st December 2007, there have been no resolutions passed by the Company's shareholders through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

8. DISCLOSURES

- Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large
 - None of the transactions with any of the related parties were in conflict with the interest of the Company
- Details of number of Shares & Convertible Instruments held by Non-Executive Directors
 - As on date, no Non-Executive Director hold any share in the Company.