



FEDERAL-MOGUL GOETZE (INDIA) LIMITED

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**55th Annual Report
2009**



FEDERAL-MOGUL GOETZE (INDIA) LIMITED

Registered Office:

7870-7877, F-I, Roshanara Plaza Building,
Roshanara Road, Delhi- 110007

NOTICE

Notice is hereby given that the 55th 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, 25th June, 2010 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December 2009, Profit & Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rainer Jueckstock who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s. S. R. Batliboi & 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 SPECIAL RESOLUTION)

Resolved that pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956, as amended upto date, any amendments or re-enactments thereto and any other acts, rules or other statutes applicable and subject to the approval of the Central Government, consent be and is hereby accorded for waiver of refund of the excess remuneration paid to Mr. Arun Anand, erstwhile Vice Chairman, Managing Director & CEO, for a period from 1st April 2006 to 31st December, 2006 for an amount not exceeding Rs. 1,19,85,781/-.

Resolved further that all the applications, undertakings, forms and other documents already filed by the Company and/ or all the acts, deeds, things already initiated by the Company for the above mentioned purpose be and are hereby ratified.

Resolved further that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be required or considered necessary or incidental thereto.



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

(AS ORDINARY RESOLUTION)

Resolved that pursuant to the provisions of Section 61 of Companies Act, 1956 and other applicable provisions of the laws, rules and regulations for the time being in force, the consent of the Members be and is hereby accorded to the Company for making variation in the Objects of the Issue mentioned in the Letter of offer dated 5th November 2008 (LOI), to enable the Company to utilise the balance unspent amount of Rs. 1,148.77 Lacs, as detailed below:

- a) Rs. 1138.42 Lacs for the purchase of machineries other than those specified in the LOI under the category "Payment to Suppliers for the purchase of machineries (including interest)".
- b) Rs. 10.35 Lacs inter-se to the object category of "General Corporate Purposes" from the "Issue Expenses" category.

Resolved further that the revised utilisation schedule as per the following details be and is hereby approved.

Rs. in Lacs

Sl. No.	Particulars	Total funding requirement as per the Letter of Offer dated November 5, 2008 (1)	Funding actually received from the Rights Issue proceeds as per Letter of Offer (2)	Amount actually utilised till December 31, 2009 (3)	Balance unutilised amount (4)=(2-3)	Revised Utilization schedule (5)
A.	Repayment of existing debt on their respective due dates	3040.67	3040.67	3040.67	Nil	Nil
B.	Payment to suppliers for purchase of machineries (including interest)	9296.61	9296.61	8158.19	1138.42	1138.42
C.	General corporate purposes	515.11	431.30	431.30	Nil	10.35
D.	Issue expenses	117.69	117.69	107.34	10.35	Nil
	Total	12,970.08	12,886.27	11,737.50	1,148.77	1,148.77

Resolved further that the Board of Directors thereof be and is hereby authorized to do all such acts, deeds and things as may be deemed necessary to give effect to aforesaid resolution.

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) Effective 27th February, 2010, the registered office of the Company has been shifted from A-26/3, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110044 to 7870-7877, F-1 Roshanara Plaza Building, Roshanara Road, Delhi -110007.
- iii) The Directors Report, Auditors' Report, Audited Balance Sheet as at 31st December 2009 and the Profit and Loss Account for the year ended on that date are enclosed.
- iv) The Register of Members and Share Transfer Books of the Company shall remain closed from 11th June 2010 to 25th June 2010 (both days inclusive) for the purpose of AGM.
- v) 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.
- vi) 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.
- vii) 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.
- viii) 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.
- ix) 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.
- x) 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, 7870-7877, F-1 Roshanara Plaza Building, Roshanara Road, Delhi-110007 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 : April 30, 2010
Place: Gurgaon



EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 4

As members are aware, Mr. Arun Anand was holding the position of Vice Chairman, Managing Director & CEO of the Company upto 24th September 2007. The remuneration paid to Mr. Anand as Vice Chairman, Managing Director & CEO of the Company during the period from 1st April, 2006 to 31st December 2006 was in excess of the limits laid down under Schedule XIII read with Section 309 (3) of the Companies Act, 1956. For obtaining approval of the Central Government for payment of the said remuneration, the Company had made an application in the year 2007 to the Central Government u/s 310, 198/309(3) of the Companies Act, 1956. However, after about two years, the Central Government rejected the said application, advising the Company to file a fresh application for seeking their permission u/s 309(5B) of the Companies Act, 1956 for waiver of the amount of remuneration paid to Mr. Arun Anand for the period from 01.04.2006 to 31.12.2006 for an amount not exceeding Rs. 1,19,85,781/-.

Your Company has filed an application to the Central Government for the waiver of the said remuneration paid to Mr. Anand.

This also requires the approval of Members by way of special resolution.

None of your directors may be deemed to be concerned or interested in passing the above resolution.

Your Directors therefore, recommend the above resolution for your approval.

Item No. 5

The Company had raised an amount of Rs. 1,288,626,752 by allotment of 23011192 shares on rights basis to the existing shareholders vide Letter of Offer dated 5th November 2008 (LOI). In terms of the LOI an amount of Rs 9296.61 Lacs was earmarked for utilisation against purchase of specific machineries as listed therein, under the Category "Payment to Suppliers for the purchase of machineries (including interest)". However, as on December 31, 2009, the actual amount utilised by the Company against the said purchase of machineries was Rs. 8,158.19 Lacs only. Further, an amount of Rs. 107.34 Lacs only was utilised towards "Issue Expenses" as against the allocated amount of Rs. 117.69 Lacs for the said category.

The balance amount against the said objects, amounting to Rs. 1,148.77 Lacs could not be utilised as per the objects of the issue for the following reasons:

1. Due to change of technology, certain machineries as listed in the LOI are no longer required to be purchased by the Company.
2. The actual expenses incurred as issue expenses amounting to Rs. 107.34 Lacs, were less than the projected issue expenses mentioned in the LOI.

The unutilised portion of Rs. 1,138.42 Lacs under the category "Payment to Suppliers for the purchase of machineries (including interest)" is proposed to be utilised for purchase of machineries other than those specified in the LOI, under the same category i.e. "Payment to Suppliers for the purchase of machineries (including interest)", based on the current business estimates.

With regard to the unutilised amount of Rs. 10.35 Lacs under the category "Issue Expenses", it is proposed to utilise the same inter-se to the object category of "General Corporate Purposes".

This variation in the Objects of the Issue stated in the LOI requires the approval of Members by way of Ordinary Resolution. Hence the resolution vide Item No. 5 of the Notice.

None of your directors may be deemed to be concerned or interested in passing the above resolution.

Your Directors therefore, recommend the above resolution for your approval.

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

Date : April 30, 2010
 Place : Gurgaon

**FEDERAL-MOGUL GOETZE (INDIA) LIMITED**

Registered Office:
7870-7877, F-I, Roshanara Plaza Building,
Roshanara Road, Delhi- 110007

Dear Shareholder,

We would like to bring to your attention that you hold shares in Federal-Mogul Goetze (India) Limited in a physical form i.e. in the form of a share certificate. We wish to inform you that as per the directives of the stock exchanges the shares of your Company can now be traded only in dematerialized form.

In view of above notification any shareholder holding shares in physical form needs to compulsorily convert them into demat by opening a demat account with a Depository to enable him/her to trade in the shares. Holding shares in physical form is very risky as there could be theft, forgery, mutilation, loss etc. Even there are no ready buyers for shares held in physical form.

Therefore through this communication, we would like to request you to convert your physical holding into electronic form.

The procedure for conversion of physical shares into demat is as follows:-

- Contact any Depository like Stock Holding Corporation, Saraswat Co-Op Bank, HSBC Bank, CITI Bank etc. and open a Demat account with them completing the procedure.
- Give the details of your share holding and certificates for demat.
- You would get the electronic credit in 30-45 days of your submission of shares.

When you demat your share, it offers many advantages :

- At the time of selling your shares there is no chance of a bad delivery as there is no signature mismatch.
- There is always safety in holding of shares electronically, as there is no risk due to loss on account of fire, theft or mutilation.
- At the time of sale there is no stamp duty payable (as against 0.25 % payable on physical shares).
- Increased liquidity of securities due to immediate Transfers Registration.
- Less Brokerage charges as against physical for trading in dematerialized shares.
- Bonus /Rights shares allotted to the investor will be immediately credited into his account.
- Share transactions like sale or purchase and transfer/transmission etc. can be effected in a much simpler and faster way.

Once the account is opened all the shares of other Companies as well can be credited in your demat account.

We are proud to inform you that 98.80% of the issued capital of your Company has been dematerialized till date. Only 1.20% of the issued capital of the Company is held by shareholders in physical form. We request you to help us in making the issued capital of the Company 100% dematerialized.

Trust you would immediately open a demat account to convert your physical holding into electronic form and communicate the necessary details to our Registrar & Share Transfer Agents, ALANKIT ASSIGNMENTS LIMITED, Alankit House, 2E/ 21, Jhandewalan Extension, New Delhi - 110055.

Yours Sincerely

For Federal-Mogul Goetze (India) Limited

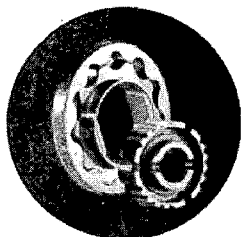
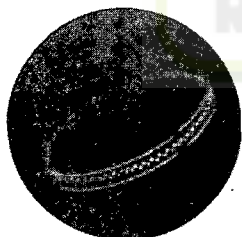
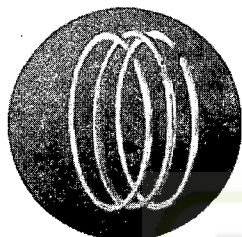
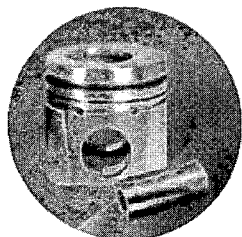
Sd/-

Khalid Khan

Company Secretary



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BOARD OF DIRECTORS

Chairman & Director

Mr. K.N. Subramaniam

Managing Director & President

Mr. Jean Humbert Louis de VILLARDI de Montlaur

Whole Time Director & CFO

Mr. Rustin Murdock

Directors

Mr. Rainer Jueckstock

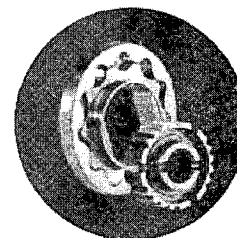
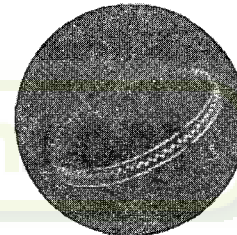
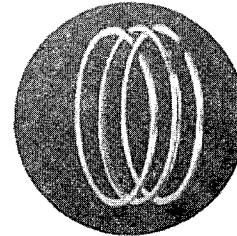
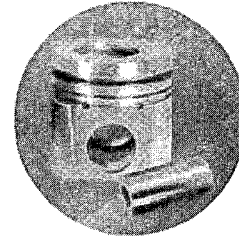
Mr. Mukul Gupta

Company Secretary

Mr. Khalid Khan

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

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

WORKS

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

BANKERS

ABN Amro Bank NV
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

	2009	2008	2007	2006	2005-06	2004-05	2003-04	2002-03	2001-02	(Rs. in Lacs) 2000-01
				(9 months)				(9 months)	(15 months)	
Total Income	84,041.87	79,762.07	72,028.57	46,809.82	53,291.21	51,990.47	46,963.59	26,407.26	24,684.39	18,653.65
Depreciation	4,949.23	4,634.14	4,292.16	2,819.65	3,417.02	2,674.05	2,401.28	1,464.18	1,815.67	1,282.28
Profit before Tax	5,067.48	(517.00)	(1,782.69)	(561.05)	(4,244.81)	3,251.73	2,405.95	1,319.90	1,317.42	1,000.53
Taxation (adjmt for excess provision for prev yr. written back if any)	457.87	172.23	79.74	70.30	810.74	1,048.44	852.55	301.17	178.88	-
Profit after Tax	4,609.61	(689.23)	(1,862.43)	(631.35)	(5,055.55)	2,203.29	1,553.40	1,018.73	1,138.54	1,000.53
Dividend	-	-	-	-	-	1,011.50	782.74	532.87	252.88	632.19
Dividend Tax	-	-	-	-	-	132.19	100.29	68.27	-	64.48
Retained Profit/(Loss)	4,609.61	(689.23)	(1,862.43)	(631.35)	(5,055.55)	1,059.60	670.37	417.59	885.66	303.86

Assets Liabilities & Net Worth

	2009	2008	2007	2006	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Fixed Assets	38,348.16	40,062.06	38,038.79	35,436.36	32,873.58	33,833.21	31,389.59	30,809.13	18,792.29	18,852.30
Investments	2,092.34	2,092.34	2,093.90	2,135.18	2,243.40	2,925.26	3,547.75	3,594.43	3,613.65	2,653.96
Indebtedness	10,123.80	16,213.62	29,236.92	36,444.05	38,960.71	30,167.68	28,113.39	27,579.74	17,754.11	13,377.01
Share Capital	5,563.21	5,563.21	3,262.09	2,528.75	2,528.75	2,528.75	2,528.75	3,528.75	2,528.75	2,528.75
Reserves	28,770.82	24,150.79	14,362.21	6,497.10	7,128.45	13,328.14	12,393.68	11,867.08	11,528.19	13,108.78
Net Worth	34,334.03	29,714.00	17,624.30	9,025.85	9,657.20	15,856.89	14,922.43	15,395.83	14,056.94	15,637.53

Significant Ratios

	2009	2008	2007	2006	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
A. Measurement of Investment										
Percentage of Return on Investment (annualised)	11.21	(1.11)	(3.86)	(1.59)	(1.19)	13.28	12.92	12.99	10.77	10.70
Percentage of Return on Equity (annualised)	15.82	(2.18)	(13.38)	(8.01)	(29.69)	21.13	15.87	11.95	7.10	6.23
Dividend Cover (Ratio)						2.18	1.98	1.91	4.50	1.58
B. Measurement of Performance										
Percentage of Profit before Tax to Sales	6.32	(0.68)	(2.61)	(1.25)	(7.39)	6.49	5.33	5.23	5.56	5.58
Percentage of Profit after Tax to Sales	0.06	(0.01)	(2.72)	(1.40)	(9.87)	4.40	3.44	4.03	4.81	5.58
C. Measurement of Financial Status										
Percentage of Term Loans to Tangible Net Worth	0.07	0.13	0.56	2.19	260.63	160.85	122.41	102.16	56.92	39.53
Current Ratio	0.99	0.73	0.83	0.88	1.18	0.85	0.82	1.01	1.40	1.16
D. General										
Dividend per Equity Share (Rs.)						4.00	3.00	2.00	1.00	2.50
Earnings per Equity Share (Rs.) (annualised)	8.29	(2.05)	(7.22)	(3.33)	(19.99)	8.71	6.04	5.21	3.60	3.96
Book Value per Equity Share (Rs.)	61.72	88.36	68.34	35.69	38.19	62.71	59.01	56.93	55.59	61.84



DIRECTORS' REPORT

The Directors are pleased to present the 55th Annual Report and Audited Statement of Accounts for the financial year ended 31st December, 2009.

FINANCIAL RESULTS

[Rs. in million]

	For the year ended 31.12.2009	For the year ended 31.12.2008
Total Income:		
Gross Sales	7,750.69	7,544.77
Deduct: Excise Duty	517.57	819.43
	7,233.12	6,725.34
Business and other Income	653.49	431.44
Profit before Tax, Depreciation, Finance Charges & Prior Period Items	1,261.10	725.85
Deduct:		
Depreciation and Amortization	494.92	463.41
Finance Charges	217.05	309.89
Profit /(Loss) before Tax and Prior Period Items	549.13	(47.45)
Provision for Tax		
- Current	(0.37)	6.72
- Fringe Benefit	1.64	10.5
- Deferred Tax	44.51	-
Net Profit/(Loss) after Tax	503.34	(64.67)
Prior Period Items	(42.38)	(4.25)
Balance brought forward	(364.72)	(295.80)
Surplus/(Loss) carried to balance sheet	96.24	(364.72)

Operations

The Net income of the Company during the year ended 31st December 2009 was Rs. 7,886.61 million as against Rs. 7,156.78 million for the year ended 31st December 2008.

During the year under review, the Company made a Net Profit after Tax of Rs. 460.96 million as against a loss of Rs. 68.92 million in the last year.

In view of requirement of funds for the operations of the Company, no dividend is recommended for the year ended 31st December 2009.

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 remuneration to the Managing Director, which is in excess of permissible limit for remuneration under Schedule XIII of the Companies Act, 1956.

The Company has applied for Central Government's approval for the managerial remuneration and the Director has given written confirmation to the Company that to the extent such remuneration is not approved by the Central

Government, he will refund the said amount to the Company.

2. The Company had paid remuneration to erstwhile Managing Director for the periods April 1, 2006 to December 31, 2006 and January 1, 2007 to September 24, 2007 respectively which was in excess of permissible remuneration under Schedule XIII of the Companies Act, 1956. The application for payment of remuneration for the period January 1, 2007 to September 24, 2007 is pending with the Central Government. Further, the Company is in the process of filing an application for waiver of recovery of the remuneration paid for the period April 1, 2006 to December 31, 2006.

3. Interest free loan of Rs. 171.47 million 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 Rubbers and Chemicals Limited which is used by Company as its office premises. Therefore, the Management is of the view that neither such loan nor its terms are prejudicial to the interests of the Company.

4. The Company is regular in depositing the statutory dues but our internal review process identified that there has been slight delay in a few cases. The management is taking necessary remedial steps.

MANAGEMENT DISCUSSION AND ANALYSIS :

(a) Industry structures and developments

The Indian auto component industry is one of the sunrise industries with tremendous growth prospects. The industry has emerged as a significant player in the global automotive supply chain.

The Growth of automotive component Industry is directly linked with the growth of Automobile Industry, which in turn is dependent on the performance of the economy. The measures announced by the Government in the recent budget are expected to further enhance the growth momentum of the economy.

The auto component industry appears to have put the worst behind and is raring to take the escalator as the overall economy shows signs of recovery. Positive sales trends in the year 2009 demonstrate that Indian Auto Component Manufacturers are equipped to address the challenges of a downturn and highlights the strong fundamentals underlying the industry