

## NOTICE

Notice is hereby given that the 57th 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 Monday, 11th June, 2012 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 2011, 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. K. N. Subramaniam who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mukul Gupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. S. R. Batliboi & Co., Chartered Accountants, the retiring Auditors of the Company and fix their remuneration

### SPECIAL BUSINESS

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

#### (AS ORDINARY RESOLUTION)

"RESOLVED THAT in supersession of the earlier resolution dated July 16, 2002 passed by the Members of the Company in their Extra-Ordinary General Meeting under Section 293 (1) (d) and all other applicable provisions, if any, of the Companies Act, 1956 and such other sanctions and approvals, as may be required, consent of the Company be and is hereby granted to the Board of Directors of the Company or its Committee as may be authorised by the Board of Directors, to borrow for the purpose of the business of the Company from time to time on such terms and conditions and with or without security, as the Board of Directors or its Committee may in its absolute discretion think fit, notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up share capital and free reserves of the Company, i.e. reserves not set apart for any specific purpose, however provided that the total borrowings of the Company at any time including the monies already borrowed, shall not exceed an amount of Rs. 600.00 Crores (Rupees Six Hundred Crores only)

RESOLVED FURTHER THAT pursuant to Section 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, and such other sanctions and approvals, as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company or its Committee as may be authorised by the Board of Directors, for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the movable and / or immovable properties of the Company, wherever situate, present and future, whether presently belonging to the Company or not, in favour of any person including, but not limited to, financial/ investment institution(s), bank(s), corporate body(ies) to the extent of Loan(s) sanctioned/to be sanctioned by them, together with interest thereon at the respective agreed rate(s), compound interest, additional interest, cost(s), charge(s), expense(s) and other monies payable/to be payable by the Company under the Loan Agreement(s) entered into/to be entered into by the Company up to a sum not exceeding Rs. 600.00 Crores (Rupees Six Hundred Crores only).

RESOLVED FURTHER THAT the Board of Directors or such Committee or person(s) as authorised by the Board of Directors be and is hereby authorised to finalise the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such of the immovable and/or movable properties of the Company on such terms and conditions as may be decided by the Board of Directors in consultation with the lenders and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving full effect to this resolution".

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

#### (AS ORDINARY RESOLUTION)

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

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

#### (AS ORDINARY RESOLUTION)

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

8. 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. Sunit Kapur, as the Managing Director of the Company, for a period of five years w.e.f 8th May, 2012 to 7th May, 2017 on the following terms and conditions:

- Base Salary : Salary in the scale of Rs. 33,00,000/- - Rs. 50,00,000/- 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. 30,00,000 p.a. to Rs. 50,00,000 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. Kapur will be entitled to annual MIP bonus subject to a maximum of Rs. 50,00,000/- p.a.
  - Further he will be entitled to uplift 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
  - Superannuation Fund: 15% of Base Salary.
  - Gratuity : 4.8% of Base salary.

Resolved further that notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of appointment of Mr. Sunit Kapur, Managing Director of the Company has no profits or its profits are inadequate, Mr. Kapur, shall be paid the minimum remuneration not exceeding Rs. 19,00,000 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, 1956, 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. Sunit Kapur as 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) The Directors Report, Auditors' Report, Audited Balance Sheet as at 31st December 2011 and the Profit and Loss Account 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 28th May, 2012 to 11th June, 2012 (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, 7870-7877, F- I, 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 : 8th May, 2012  
Place : Gurgaon

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

**Item No. 5**

The Members of the Company in their meeting held on July 16, 2002 had accorded their approval to the Board of Directors of the Company to borrow money on behalf of the Company under Section 293 (1) (d) of the Companies Act, 1956 up to Rs. 300.00 Crores (apart from temporary loans obtained from the company's bankers in the ordinary course of business). Considering the increasing business operations of the Company and in order to meet the capital expenditure and other funds requirement, the Company needs to borrow further sums of money. Accordingly, it is proposed to authorize the Board of Directors or its Committee as may be authorised by the Board of Directors to borrow money on behalf of the Company under Section 293 (1) (d) of the Companies Act, 1956 up to Rs. 600.00 Crores (apart from temporary loans obtained from the company's bankers in the ordinary course of business).

Section 293(1) (d) of the Companies Act, 1956 provides, inter alia, that the Board of Directors shall not without the consent of the Members in General Meeting borrow money, that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves i.e., reserves not set apart for any specific purpose.

Further, Section 293 (1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors shall not without the consent of the Members in a General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. The banks and financial institutions etc. extend financial assistance subject to creation of security on the movable and/ or immovable properties of the Company. This creation of securities by way of charge and/or mortgage would require your approval under the provisions of Sections 293(1)(a) of the Companies Act, 1956. Accordingly, the Board recommends the above resolution for your approval.

None of the Directors may be deemed to be concerned or interested in the above resolutions.

Your Directors recommend the above resolution for your approval.

**ITEM NO. 6**

Mr. Bernhard Motel was appointed as an Additional Director on the Board of the Company on 8th May, 2012. As such, in terms of the provisions of Section 260 he holds office only upto the date of this 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 his intention to propose the candidature of Mr. Bernhard Motel, who being eligible offers himself for re-appointment.

None of the Directors of the Company except Mr. Bernhard Motel may be deemed to be concerned or interested in the above resolution.

Your Directors recommend the above resolution for your approval.

**ITEM NO. 7 & 8**

In the meeting of the Board of Directors held on 8th May, 2012, Mr. Sunit Kapur was appointed as an Additional Director. Accordingly, Mr. Sunit Kapur 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. Sunit Kapur as Director. In the same Board Meeting, Mr. Sunit Kapur was also appointed as Managing Director of the Company for a period of 5 Years, effective 8th May, 2012 subject to the approval of the shareholders in the general meeting and Central Government, if required.

Mr. Sunit Kapur, aged about 38 years, is a Mechanical Engineer from the Punjab University and has also done General Management Programme at CEDEP (INSEAD).

Mr. Kapur has been associated with the Company since 1994. He has around 18 years of rich experience in Manufacturing, Engineering, Projects, TPM, Operation, Supply Chain Management and General Management. He began his career as Production Manager at the Patiala Plant of the Company and has been instrumental in introduction of various new processes and changes over his tenure of 18 years with the Company. His professional skills and abilities accumulated through intensive On the Job and Off the Job trainings from eminent Global Management and Technical Experts. Prior to his appointment as Managing Director, Mr. Sunit Kapur was holding the position of Executive Director Operations.

The remuneration payable to Mr. Sunit Kapur as specified in the resolution vide Item No. 8 was fixed keeping in view the remuneration policy of the parent Company applicable for similar level of executives, Indian Industries trend, qualification, experience etc.

The above may also be treated as an Abstract under Section 302 of the Companies Act, 1956.

None of the Directors except Mr. Sunit Kapur to the extent of his appointment & remuneration may be deemed to be concerned or interested in the above resolutions.

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 : May 8, 2012  
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   | <b>Mr. Sunit Kapur</b><br>Mr. Sunit Kapur 38 years is a Mechanical Engineer from the Punjab University and has also done General Management Programme at CEDEP (INSEAD). Mr. Kapur has been associated with Federal-Mogul since 1994. He has around 18 years of rich experience in Manufacturing Engineering, Projects, TPM, Operation, Supply Chain Management and General Management. Sunit began his career as Production Manager at the Patiala Plant and has been instrumental in introduction of various new processes and changes over his tenure of 18 years with the Company. His professional skills and abilities accumulated through intensive on the job and off the job training from eminent Global Management and Technical Experts. Prior to his appointment as Managing Director, Mr. Sunit Kapur was holding the position of Executive Director Operations. |
| 2) Job profile and his suitability  | Mr. Sunit Kapur is overall responsible for all the operations of the Company. He is responsible for all the management policies and decision making of the company subject to the direction and control of the Board of Directors. He also performs such other significant functions and exercises such powers as entrusted by the Board of Directors  |
| 3) Remuneration proposed  | As per details given at item No. 8 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.   |

#### III Other information :

- |  |  |
|--|--|
| 1) Reasons of loss or inadequate profits                             | Not applicable as the Company is having profits and for the year ended 31st December, 2011, as reported in the annual report enclosed.   |
| 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 : 8th May, 2012  
Place : Gurgaon

**ADMISSION SLIP**

FOLIO NO./CLIENT ID NO.	D.P.ID. NO.	NO. OF SHARES HELD	FATHER'S/HUSBAND'S NAME

I hereby record my presence at the 57th 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 Monday the 11th June, 2012 at 3:00 PM.

Name of Proxy, if applicable (IN BLOCK LETTERS)

Signature of Member / Proxy

**ALL PARTICULARS MUST BE CORRECTLY FILLED UP IN THE BOXES PROVIDED ABOVE BEFORE SIGNING AND SURRENDERING THIS ADMISSION SLIP AT THE REGISTRATION COUNTER FOR VERIFICATION.**

**PROXY**

FOLIO NO./CLIENT ID NO.	D.P.ID. NO.	NO. OF SHARES HELD

I/we \_\_\_\_\_ being member(s) of Federal-Mogul Goetze (India) Limited

hereby appoint Mr./Ms. \_\_\_\_\_ Address \_\_\_\_\_

or failing him/her, Mr./Ms. \_\_\_\_\_ Address \_\_\_\_\_

as my/our proxy to attend and vote on my/our behalf at the 57th Annual General Meeting of the Company to be held at SRI SATHYA SAI INTERNATIONAL CENTRE, Institutional Area, Pragati Vihar, Lodhi Road, New Delhi-110003 on Monday the 11th June, 2012 at 3:00 PM. or at any adjournment thereof.

Date \_\_\_\_\_

Signature .....

Affix  
Revenue  
Stamp

1. The Proxy need Not be a member.
2. The Form signed across revenue stamp should reach the Company's Registered Office at least 48 hours before the scheduled time of the meeting.
3. **ALL PARTICULARS MUST BE CORRECTLY FILLED UP IN THE SPACES PROVIDED ABOVE TO ENABLE VERIFICATION, PROXIES WITH INCOMPLETE AND/OR INCORRECT PARTICULARS ARE LIABLE TO BE REJECTED.**
4. Proxy cannot speak at the meeting or vote on the show of hands.

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

**57<sup>th</sup>**

**Annual Report - 2011**

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## BOARD OF DIRECTORS

### Chairman & Director

Mr. K.N. Subramaniam

### Managing Director

Mr. Sunit Kapur

### Whole Time Finance Director & CFO

Mr. Dan Brugger

### Directors

Mr. Bernhard Motel

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

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

	2011	2010	2009	2008	2007	2006	2005-06	2004-05	2003-04	(Rs. in Lacs) 2002-03
					(9 months)				(9 months)	
Total Income	<b>126,312.25</b>	102,405.62	84,041.87	79,762.07	72,028.57	46,809.82	53,291.21	51,990.47	46,963.59	26,407.26
Depreciation	<b>5,365.89</b>	4,822.46	4,949.23	4,634.14	4,292.16	2,819.65	3,417.02	2,674.05	2,401.28	1,464.18
Profit before Tax	<b>4,864.01</b>	4,569.31	5,067.48	(517.00)	(1,782.69)	(561.05)	(4,244.81)	3,251.73	2,405.95	1,319.90
Taxation (adjmt for excess provision for prev yr. written back if any)	<b>1,117.84</b>	1,130.39	457.87	172.23	79.74	70.30	810.74	1,048.44	852.55	301.17
Profit after Tax	<b>3,746.17</b>	3,438.92	4,609.61	(689.23)	(1,862.43)	(631.35)	(5,055.55)	2,203.29	1,553.40	1,018.73
Dividend	-	-	-	-	-	-	-	1,011.50	782.74	532.87
Dividend Tax	-	-	-	-	-	-	-	132.19	100.29	68.27
Retained Profit/(Loss)	<b>3,746.17</b>	3,438.92	4,609.61	(689.23)	(1,862.43)	(631.35)	(5,055.55)	1,059.60	670.37	417.59

## Assets Liabilities & Net Worth

	2011	2010	2009	2008	2007	2006	2005-06	2004-05	2003-04	2002-03
Fixed Assets	46,346.75	39,043.60	38,348.16	40,062.06	38,038.79	35,436.36	32,873.58	33,833.21	31,389.59	30,809.13
Investments	2,092.34	2,092.34	2,092.34	2,092.34	2,093.90	2,135.18	2,243.40	2,925.26	3,547.75	3,594.43
Indebtedness	15,384.40	8,648.74	10,113.80	16,213.62	29,236.92	36,444.05	38,960.71	30,167.68	28,113.39	27,579.74
Share Capital	5,563.21	5,563.21	5,563.21	5,563.21	3,262.09	2,528.75	2,528.75	2,528.75	2,528.75	3,528.75
Reserves	35,955.90	32,209.74	28,770.82	24,150.79	14,362.21	6,497.10	7,128.45	13,328.14	12,393.68	11,867.08
Net Worth	41,519.11	37,772.95	34,334.03	29,714.00	17,624.30	9,025.85	9,657.20	15,856.89	14,922.43	15,395.83

## Significant Ratios

### Revised

	2011	2010	2009	2008	2007	2006	2005-06	2004-05	2003-04	2002-03
<b>A. Measurement of Investment</b>										
Percentage of Return on Investment (annualised)	<b>9.41</b>	10.06	11.21	(1.11)	(3.86)	(1.59)	(1.19)	13.28	12.92	12.99
Percentage of Return on Equity (annualised)	<b>12.27</b>	12.67	15.82	(2.18)	(13.38)	(8.01)	(29.69)	21.13	15.87	11.95
Dividend Cover (Ratio)	-	-	-	-	-	-	-	2.18	1.98	1.91
<b>B. Measurement of Performance</b>										
Percentage of Profit before Tax to Sales	<b>4.05</b>	4.72	6.32	(0.68)	(2.61)	(1.25)	(7.39)	6.49	5.33	5.23
Percentage of Profit after Tax to Sales	<b>3.12</b>	3.55	5.75	(0.91)	(2.72)	(1.40)	(9.87)	4.40	3.44	4.03
<b>C. Measurement of Financial Status</b>										
Percentage of Term Loans to Tangible Net Worth	<b>1.93</b>	3.18	7.28	13.00	55.52	219.29	260.63	160.85	122.41	102.16
Current Ratio	<b>1.04</b>	1.12	0.99	0.73	0.83	0.88	1.18	0.85	0.82	1.01
<b>D. General</b>										
Dividend per Equity Share (Rs.)	-	-	-	-	-	-	-	4.00	3.00	2.00
Earnings per Equity Share (Rs.) (annualised)	<b>6.73</b>	6.18	8.29	(2.05)	(7.22)	(3.33)	(19.99)	8.71	6.04	5.21
Book Value per Equity Share (Rs.)	<b>74.63</b>	67.90	61.72	88.36	68.34	35.69	38.19	62.71	59.01	56.93

## DIRECTORS' REPORT

Your Directors are pleased to present the 57th Annual Report and Audited Statement of Accounts for the financial year ended 31st December, 2011.

### FINANCIAL RESULTS

[Rs. in million]

	For the year ended 31.12.2011	For the year ended 31.12.2010
Total Income:		
Gross Sales	<b>11,544.43</b>	9,304.67
Deduct : Excise Duty	<b>939.85</b>	721.81
	<b>10,604.58</b>	8,582.86
Business and other Income	<b>1,086.79</b>	935.88
Profit before Tax, Depreciation, Finance Charges & Prior Period Items	<b>1,253.29</b>	1,102.17
Deduct :		
Depreciation and Amortization	<b>536.59</b>	482.25
Finance Charges	<b>248.56</b>	139.32
Profit /(Loss) before Tax and Prior Period Items	<b>468.14</b>	480.60
Provision for Tax		
- Current	<b>123.40</b>	-
- Fringe Benefit	<b>-</b>	-
- Deferred Tax (Credit)	<b>(11.61)</b>	113.04
Net Profit/(Loss) after Tax	<b>356.35</b>	367.57
Prior Period Items	<b>(18.27)</b>	23.68
Balance brought forward	<b>440.13</b>	96.24
Surplus/(Loss) carried to balance sheet	<b>814.75</b>	440.13

### Operations

The Net income of the Company during the year ended 31st December 2011 was Rs. 11,691.37 million as against Rs. 9,518.74 million for the year ended 31st December 2010.

During the year under review, the Company made a Net Profit after Tax of Rs. 374.61 million as against the Net Profit after Tax of Rs. 343.89 million in the last year.

The year under review witnessed a global slowdown, impacting the Indian economy including the automobile sector. Your Company continued its focus on all round cost reduction in different areas of operations to achieve savings and gains, which significantly contributed to the above performance. Your Company's high quality products enjoy well acceptance in the market place. In line with its philosophy, your Company is committed to provide the highest quality of products to its customers.

In view of requirement of funds for the operations of the Company, no dividend is recommended for the year ended 31st December 2011.

### 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. With regard to Auditor's comments in their report on the recoverability of the Company's

investments in GI Power Corporation Limited, the management is assessing various options for liquidating these investments as these are not related to the core business of the Company. These investments have been carried at Cost in the balance sheet and based on current assessment, the Company is confident that it would be able to recover the entire carrying value of these investments.

2. With regard to the Auditor's comments in their report on the few delays in depositing tax and other dues, the management is taking necessary remedial actions.

3. With regard to the Auditor's comments in their report on the utilization of short term borrowings for long term purposes, the management is taking necessary remedial actions.

4. With regard to the Auditor's comments in their report on physical verification of certain inventories and records thereof, the management is taking necessary remedial actions.

### MANAGEMENT DISCUSSION AND ANALYSIS:

#### (a) Industry structures and developments

Automotive Industry, globally, as well in India, is one of the key sectors of the economy. Due to its deep forward and backward linkages with several key segments of the economy, automotive industry has a strong multiplier effect and acts as one of the drivers of economic growth.

The auto industry is highly comprehensive consisting of organized as well as unorganized sector and is highly fragmented with a significant number of small and medium-sized companies because of which the business rules are changing to meet the tough competition prevailing in the industry. Innovation, technological upgradation and cost pruning hold the key of success to meet the expectations of the exigent competitive circumstances.

The Indian auto component industry has been navigating through a period of challenge. During the year 2011, the growth in the automobiles segment was moderate. Consequently, the growth in production of auto components was also restrained. Global recession has hit the Indian auto industry; impact of recession is evident now on industry as sales & growth of automobile companies has declined. While the industry is going through cyclical hiccups currently, there are expectations that this factor would weaken in the future on account of strong structural tailwinds. As these short term pressures recede, the auto and auto components industry is expected to revert to a healthy growth trajectory supported by several structural positives associated with the Indian economy, including growing replacement demand, rising disposable incomes and demographic advantage. The recent economic crisis provided the impetus for a structural change in the auto industry, setting the stage for growth over the next decade.