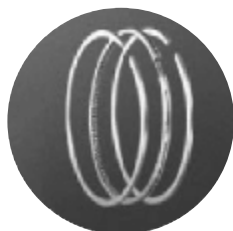


FEDERAL-MOGUL GOETZE (INDIA) LIMITED



61ST Annual Report - 2015-16

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BOARD OF DIRECTORS

Chairman & Director

Mr. K. N. Subramanian

Whole Time Managing Director

Mr. Vinod Kumar Hans

Whole Time Director - Legal & Company Secretary

Dr. Khalid Iqbal Khan

Chief Finance Officer & Finance Director

Mr. Manish Chadha

Directors

Mr. Sunit Kapur

Mr. Rajesh Sihna

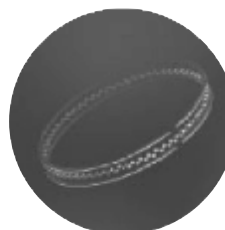
Ms. Janice Ruskey Maiden

Mr. Mahendra Kumar Goyal

Mr. Mukul Gupta

Auditors

M/s. Walker, Chandiok & Co. LLP



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REGISTRAR AND SHARE TRANSFER AGENTS

Alankit Assignments Limited
Corporate Office, 'Alankit Heights'
1E/13, Jhandewalan Extn.
New Delhi 110 055
Ph. No. 011-23541234, 42541956
Fax No. 011-42541201
Email: rta@alankit.com

REGISTERED OFFICE

G-4, J.R Complex, Gate No.-4,
Mandoli Delhi - 110093.
Phone : +91-11-71745745

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)

KEY BANKERS

Deutsche Bank AG
HDFC Bank Ltd.
Kotak Mahindra Bank Ltd.
State Bank of India
Yes Bank Limited

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TEN YEAR'S FINANCIAL REVIEW

(Rs. in lacs)

	March 2016	March 2015 (15 months)	Dec. 2013	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006 (9 months)
Total Income (gross)	149,841.23	170,452.08	126,832.80	131,370.48	126,312.25	102,405.62	84,041.87	79,762.07	72,028.57	46,809.82
Depreciation	7,517.68	8,937.31	6,613.55	6,193.52	5,365.89	4,822.46	4,949.23	4,634.14	4,292.16	2,819.65
Profit before Tax	7,180.15	4,745.73	3,035.85	(1,383.93)	4,864.01	4,569.31	5,067.48	(517.00)	(1,782.69)	(561.05)
Taxation (adjmt for excess provision for prev.yr. written back if any)	2,779.51	1,610.19	977.29	251.82	1,117.84	1,130.39	457.87	172.23	79.74	70.30
Profit after Tax	4,400.64	3,135.54	2,058.56	(1,635.74)	3,746.17	3,438.92	4,609.61	(689.23)	(1,862.43)	(631.35)
Dividend	-	-	-	-	-	-	-	-	-	-
Dividend Tax	-	-	-	-	-	-	-	-	-	-
Retained Profit/(Loss)	4,400.64	3,135.54	2,058.56	(1,635.74)	3,746.17	3,438.92	4,609.61	(689.23)	(1,862.43)	(631.35)

Assets, Liabilities & Net Worth

	March 2016	March 2015	Dec. 2013	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006
Fixed Assets	55,247.43	52,409.45	50,710.79	49,557.25	46,346.75	39,043.60	38,348.16	40,062.06	38,038.79	35,436.36
Investments	510.00	510.00	510.00	510.00	2,092.34	2,092.34	2,092.34	2,092.34	2,093.90	2,135.18
Indebtedness	19,132.59	21,975.54	20,244.13	19,021.30	15,384.40	8,648.74	10,113.80	16,213.62	29,236.92	36,444.05
Share Capital	5,563.21	5,563.21	5,563.21	5,563.21	5,563.21	5,563.21	5,563.21	5,563.21	3,262.09	2,528.75
Reserves	43,477.39	39,514.26	36,378.72	34,320.16	35,955.90	32,209.74	28,770.82	24,150.79	14,362.21	6,497.10
Net Worth	49,040.60	45,077.47	41,941.93	39,883.37	41,519.11	37,772.95	34,334.03	29,714.00	17,624.30	9,025.85

Significant Ratios

	March 2016	March 2015	Dec. 2013	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006
A. Measurement of Investment										
Percentage of Return on Investment (annualised)	10.62	7.34	5.01	(2.40)	9.41	10.06	11.21	(1.11)	(3.86)	(1.59)
Percentage of Return on Equity(annualised)	15.26	10.91	7.42	(3.40)	12.27	12.67	15.82	(2.18)	(13.38)	(8.01)
Dividend Cover (Ratio)	-	-	-	-	-	-	-	-	-	-
B. Measurement of Performance										
Percentage of Profit before Tax to sales	4.91	2.85	2.44	(1.06)	4.05	4.72	6.32	(0.68)	(2.61)	(1.25)
Percentage of Profit after Tax to sales	3.01	1.88	1.65	(1.26)	3.12	3.55	5.75	(0.91)	(2.72)	(1.40)
C. Measurement of Financial Status										
Percentage of term Loans to Tangible Net Worth	0.23	0.20	0.18	0.10	1.93	3.18	7.28	13.00	55.52	219.20
Current Ratio	1.08	0.93	0.90	0.83	1.04	1.12	0.99	0.73	0.83	0.88
D. General										
Dividend per Equity Share (Rs.)	-	-	-	-	-	-	-	-	-	-
Earnings per Equity Share (Rs.) (annualised)	7.91	5.64	3.70	(2.94)	6.73	6.18	8.29	(2.05)	(7.22)	(3.33)
Book Value per Equity Share (Rs.)	88.15	81.03	75.39	71.69	74.63	67.90	61.72	88.36	68.34	35.69

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Federal-Mogul Goetze India Ltd. (FMGIL) has planned set of CSR activities taking into consideration the Company's capabilities, expectations of the communities living in and around the areas of its operation. The aim is to play a catalytic role in the sustainable socio-economic development, attempting to create an enabling working environment as well as income generation opportunities for the community, thereby targeting to have a significant positive impact in the long term.

The CSR projects in FMGIL are implemented under the guidance of the CSR Committee on CSR which presently comprises four directors out of which two are Independent directors.

Mr. Vinod Kumar Hans	Chairman
Dr. Khalid Iqbal Khan	Member
Mr. Mukul Gupta	Member
Mr. K.N. Subramaniam	Member

Our social investment programmes focus on five areas where we believe we can add the most value and make a significant and lasting impact.



PROMOTION OF EDUCATION

1. FMGIL has been associated with an NGO **"Ghar Angna (Ek Pyara Sapna)"** for giving free education, books and uniform to under-privileged children, improved infrastructure of the school, which was being run on a pavement outside temple and by giving them proper place and providing all necessary equipments required to run a school
2. Shortlisted Govt. Girls School in village Milakpur Gurjar, Bhiwadi – aiding them with books and stationary besides improving housekeeping / sanitation.
3. Provided School Uniform for Deaf & Blind Students of Patiala Deaf & Blind School.



Preventive Health Care

1. Health Camp organized for the children and their parents in the school premises of **"Ghar Angna"** in collaboration with Paras Hospital, Gurgaon
2. Worked with Govt. Hospital, Bhiwadi – providing them with potable drinking water, racks, coolers and better sanitation.
3. Cold drinking water project for School : There are around 1000 students at Govt. Sr. Secondary school of Boys, Village Sanour, Patiala and we have installed heavy duty water cooler and RO system and tank.



EMPLOYMENT ENHANCING VOCATIONAL SKILLS

1. It has been our dream project to collaborate with ITI's to create a pool of talented manpower, thereby keeping pace with the technological demands of the industry and expanding universe of knowledge to produce world class workforce.
Through this programme, we aim to support the Government's vision to Make India global manufacturing hub by addressing the needs and demand of the industry with practical know-how and relevant industry experience.
We are confident that the skills, students gain through this programme will equip them to find or create job opportunities. We hope many youth will take up this opportunity to gain technical skills alongwith industry exposure.
2. We sponsored 18 children from Economically weaker section for vocational course at SNS Foundation. We are training girls / boys on stitching & tailoring, fashion design, Beauty care and Computers.
3. The Company has joined hands with SNS Foundation and have designed a certification course on our products. We have set up our own lab and are giving technical training on our engine products to youth, who have aspiration to learn.



WOMEN EMPOWERMENT AND RURAL DEVELOPMENT
(Projects run by subsidiary co. of FMGIL)

1. We have signed an MOU with NGO – Vidya to promote women drivers and motivate them to take employability into an unconventional field, less travelled and challenging. It is desired to integrate English, Basic Computers, Life Skills, Soft Skills, Yoga, Martial Arts and regular health check-ups along with the driving classes to give an edge over the other drivers and make them suitable and fit for the challenging jobs as a certified cab driver

The CSR Committee of American Chamber of Commerce, under their **Best Practice Visit Series** on – Women Empowerment, showcased our Women Driving Programme to their CSR Committee on **October 16, 2015**.

2. On 9th Feb, 16 we inaugurated Vidya Usha Silai program at Munirka with 25 women. The program is to empower the women through a professional 6 month Training in stitching by USHA , with a certificate by the same at the end which will enable them to get jobs or to start a self help group for supplying uniforms/bags or any saleable items in the market. We will also impart basic literacy and life skills to them- in accordance with Vidya's aim and mission for their holistic growth. Hoping to make a positive difference in the lives of the women through this special training which will change their perspective and give them direction towards a stable life

Federal-Mogul Bangalore, under the CSR initiative has supported the Government Primary School, Kurubarahalli, Doddaballapur by constructing fully equipped rest rooms for boys and girls.



DIRECTORS' REPORT

Your Directors are pleased to present the 61st Annual Report and Audited Financial Statement of Accounts for the financial year ending 31st March, 2016.

FINANCIAL RESULTS

[Rs. in lacs]

Particulars	1st April 2015 to 31st March 2016	15 months period from 1st January 2014 to 31st March 2015
Gross Sales	146,298.06	166,709.55
Less: Excise duty	(13,525.04)	(13,056.65)
Income from operations	132,773.02	153,652.90
Other income	3,543.17	3,742.53
Total Income	136,316.19	157,395.43
Operating profit before finance charges, depreciation and exceptional item	17,539.58	17,379.89
Finance Charges	2,841.75	3,696.85
Depreciation	7,517.68	8,937.31
Exceptional items	-	-
Net Profit before tax	7,180.15	4,745.73
Provision for the Taxation :		
Current Tax	1,876.79	2,500.00
Tax earlier year	198.49	200.00
Less: Deferred Tax	704.23	(1,089.81)
Profit after tax	4,400.64	3,135.54
Profit brought forward from last year	11,705.85	8,570.31
Depreciation charged on transition to Schedule II of the Companies Act, 2013 (Net of deferred tax of Rs.225.29 lacs).	(437.51)	-
Surplus / (loss) carried forward to Balance sheet	15,668.98	11,705.85

OPERATIONS

As reported in the last Annual Report, the last financial year comprised a period of 15 months commencing from 1st January 2014 to 31st March 2015 to fall in line with the requirements of the Companies Act, 2013.

The Net income of the Company during the financial year ended 31st March 2016 was Rs. 136,316.19 lacs as against Rs. 157,395.43 lacs for the period from 1st Jan 2014 to 31st March 2015.

During the year under review, the Company made a net profit after tax of Rs. 4,400.64 lacs as against the net profit after tax of Rs. 3,135.54 lacs for the period from 1st Jan 2014 to 31st March 2015.

No amount is proposed to be transferred to general reserves. An amount of Rs. 3963.13 lacs (net of schedule II impact of revision of useful lives various assets of Rs 437.51 lacs)

is proposed to be retained in the Statement of Profit and Loss.

In view of requirement of funds for the operations of the Company, no dividend is recommended for the financial year ended 31st March, 2016.

As reported in the last year's Annual Report, the Company had created a provision of Rs. 850 lacs against the refundable security deposit placed with Real Captive Power Pvt. Ltd. ("RCP"). In the month of January 2016, due to delay in the start of power supply, RCP refunded the said security deposit of Rs. 850 lacs. Further, the Company disposed off the 26% equity holding in RCP on 30th March 2016.

NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE

The details of the number of Board and Audit Committee meetings held and attended by

directors/members and composition of audit committee of the Company are set out in the Corporate Governance Report which forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the directors have selected such accounting policies and applied them consistently 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 March

2016 and of the profit and loss of the Company for the financial year ended 31st March 2016;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors have prepared the annual accounts on a going concern basis;

(e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION OF INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors confirming the independence as per the criteria prescribed under section 149(6) of Companies Act, 2013 read with the Schedules and Rules made thereunder as well as regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

NOMINATION & REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee, adopted a policy for selection and appointment (including the criteria for determining qualifications, positive attributes, independence of directors) and remuneration of Directors including Independent Directors, Key Managerial Personnel, Senior Management Personnel and other employees. The Nomination & Remuneration Policy is attached as **Annexure - 1**.

EXPLANATIONS OR COMMENTS ON AUDITORS' QUALIFICATION/ RESERVATION/ ADVERSE REMARKS/ DISCLAIMER

There is no reservation or observation or qualification or adverse remark or disclaimer of Auditors including Secretarial Auditors of the Company in their report.

LOANS AND INVESTMENTS

For the details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with rules made thereunder, please refer Note No. 14, 15 & 19 of full Annual Report forming part of the financial statements.

RELATED PARTY TRANSACTIONS

During the financial year 2015-16, the Company has entered into the related party transactions in terms of the Companies Act, 2013 read with rules made thereunder and regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which were in the ordinary course of business and on arms' length basis.

During the financial year 2015-16, there were no transactions with related parties which qualified as material transactions under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Form AOC- 2 pursuant to Section 134 (3)(h) of the Companies Act, 2013 read with rules made thereunder is set out as **Annexure-2** to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with rules made thereunder, is set out herewith as **Annexure-3** to this Report.

RISK MANAGEMENT POLICY

The Company operates in an environment which is affected by various risks, some of which are controllable while some are outside the control of the Company. Therefore, pursuant to the requirements of the Companies Act, 2013, the Company has developed and implemented the Risk Management Policy covering the process of identifying, assessing, mitigating, reporting and review of critical risks impacting the achievement of Company's objectives or threaten its existence.

There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks which may pose challenges are set out in the Risk Management Policy of the Company.

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors at its meeting held on 9th May, 2014 approved the Corporate Social Responsibility (CSR) Policy for the Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read with rules made thereunder, on the recommendations of the CSR Committee. The Company has constituted Corporate social Responsibility (CSR) Committee. Presently, the committee comprises the following members :-

- 1) Mr. Vinod Kumar Hans : Chairman
- 2) Dr. Khalid Iqbal Khan : Member
- 3) Mr. KN Subramaniam : Member
- 4) Mr. Mukul Gupta : Member

The Corporate Social Responsibility Committee is required institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by Company. Pursuant to the provisions of Companies Act, 2013, the Company is required to spend 2% of the average profits of the Company during the previous 3 financial years. Therefore, the Company has incurred the total allocated budget of Rs. 57.36 lacs on the CSR activities approved by CSR Committee and the Board of Directors.

The activities and initiatives undertaken by the Company during the financial year 2015-16 in CSR activities have been detailed in the Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy on Corporate Social Responsibility and Annual Report on CSR activities are attached herewith as **Annexure- 4 & 5** to this Report.

In accordance with the provisions of section 135 of the Companies Act 2013, the Board has approved an amount of Rs. 106.62 lacs for spending on CSR activities during the financial year 2016-17.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Presently, the Board consists of nine (9) directors comprising of Mr. K.N. Subramaniam, Chairman and Non-executive Independent Director; Mr. Vinod Kumar Hans, Whole-time Managing Director; Dr. Khalid Iqbal Khan, Whole Time Director-Legal & Company Secretary; Mr. Manish Chadha, CFO & Finance Director, Mr. Rajesh Sinha, Whole-time