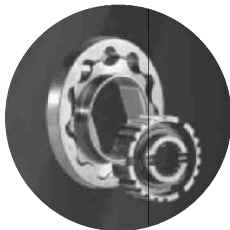
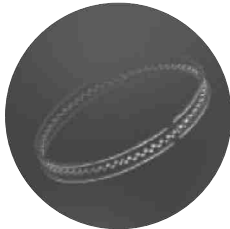
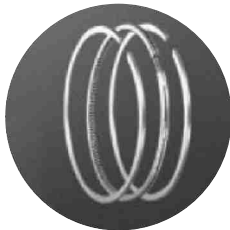


# FEDERAL-MOGUL GOETZE (INDIA) LIMITED



**63<sup>RD</sup> Abridged Annual Report - 2017-18**

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**BOARD OF DIRECTORS**

**Chairman & Director**

Mr. K. N. Subramanian

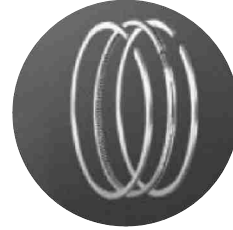


**Whole Time Managing Director**

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

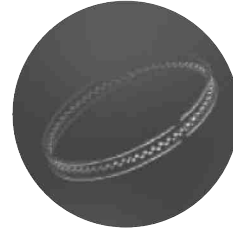
Mr. Rajesh Sihna

Ms. Janice Ruskey Maiden

Mr. Mahendra Kumar Goyal

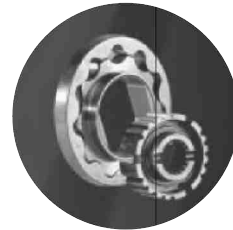
Mr. Mukul Gupta

Mr. K C Sundareshan Pillai



**Auditors**

M/s. Walker, Chandio & Co. LLP



**REGISTRAR AND SHARE  
TRANSFER AGENTS**

Alankit Assignments Limited  
Corporate Office, 'Alankit Heights'  
3E/7, Jhandewalan Extn.  
New Delhi 110 055  
Ph. No. 011-23541234, 42541956  
Fax No. 011-42541201  
Email: rta@alankit.com

**REGISTERED OFFICE**

DLF Prime Towers,  
10 Ground Floor,  
F-79 & 80, Okhla Phase - I,  
New Delhi - 110020

**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

## TEN YEAR'S FINANCIAL REVIEW

(Rs. in lacs)

	March 2018	March 2017	March 2016	December 2015 (15 months)	December 2013	December 2012	December 2011	December 2010	December 2009	December 2008
Total Income (gross)	<b>136,221.30</b>	141,345.50	150,128.05	170,452.08	126,832.80	131,370.48	126,312.25	102,405.62	84,041.87	79,762.07
Depreciation	<b>7,343.32</b>	7,643.33	7,517.68	8,937.31	6,613.55	6,193.52	5,365.89	4,822.46	4,949.23	4,634.14
Profit before Tax	<b>13,643.81</b>	10,974.58	7,180.15	4,745.73	3,035.85	(1,383.93)	4,864.01	4,569.31	5,067.48	(517.00)
Taxation (adjmt for excess provision for prev.yr. written back if any)	<b>5,109.62</b>	3,780.76	2,779.51	1,610.19	977.29	251.82	1,117.84	1,130.39	457.87	172.23
Profit after Tax	<b>8,534.19</b>	7,193.82	4,400.64	3,135.54	2,058.56	(1,635.74)	3,746.17	3,438.92	4,609.61	(689.23)
Dividend	-	-	-	-	-	-	-	-	-	-
Dividend Tax	-	-	-	-	-	-	-	-	-	-
Retained Profit/(Loss)	<b>8,534.19</b>	7,193.82	4,400.64	3,135.54	2,058.56	(1,635.74)	3,746.17	3,438.92	4,609.61	(689.23)

### Assets Liabilities & Net Worth

	March 2018	March 2017	March 2016	December 2015	December 2013	December 2012	December 2011	December 2010	December 2009	December 2008
Fixed Assets	<b>54,712.22</b>	54,088.36	55,247.43	52,409.45	50,710.79	49,557.25	46,346.75	39,043.60	38,348.16	40,062.06
Investments	<b>513.25</b>	513.25	510.00	510.00	510.00	510.00	2,092.34	2,092.34	2,092.34	2,092.34
Indebtedness	<b>6,812.67</b>	11,593.22	20,132.59	21,975.54	20,244.13	19,021.30	15,384.40	8,648.74	10,113.80	16,213.62
Share Capital	<b>5,563.21</b>	5,563.21	5,563.21	5,563.21	5,563.21	5,563.21	5,563.21	5,563.21	5,563.21	5,563.21
Reserves	<b>59,222.58</b>	50,688.39	43,494.57	39,514.26	36,378.72	34,320.16	35,955.90	32,209.74	28,770.82	24,150.79
Net Worth	<b>64,785.79</b>	56,251.60	49,057.78	45,077.47	41,941.93	39,883.37	41,519.11	37,772.95	34,334.03	29,714.00

### Significant Ratios

	March 2018	March 2017	March 2016	December 2015	December 2013	December 2012	December 2011	December 2010	December 2009	December 2008
<b>A. Measurement of Investment</b>										
Percentage of Return on Investment (annualised)	<b>19.57</b>	16.02	10.54	7.34	5.01	(2.40)	9.41	10.06	11.21	(1.11)
Percentage of Return on Equity(annualised)	<b>22.54</b>	20.84	15.25	10.91	7.42	(3.40)	12.27	12.67	15.82	(2.18)
Dividend Cover (Ratio)	-	-	-	-	-	-	-	-	-	-
<b>B. Measurement of Performance</b>										
Percentage of Profit before Tax to sales	<b>10.20</b>	7.91	4.91	2.85	2.44	(1.06)	4.05	4.72	6.32	(0.68)
Percentage of Profit after Tax to sales	<b>6.38</b>	5.19	3.01	1.88	1.65	(1.26)	3.12	3.55	5.75	(0.91)
<b>C. Measurement of Financial Status</b>										
Percentage of term Loans to Tangible Net Worth	-	0.08	0.23	0.20	0.18	0.10	1.93	3.18	7.28	13.00
Current Ratio	<b>1.39</b>	1.20	0.98	0.93	0.90	0.83	1.04	1.12	0.99	0.73
<b>D. General</b>										
Dividend per Equity Share (Rs.)	-	-	-	-	-	-	-	-	-	-
Earnings per Equity Share (Rs.) (annualised)	<b>14.91</b>	13.33	7.91	5.64	3.70	(2.94)	6.73	6.18	8.29	(2.05)
Book Value per Equity Share (Rs.)	<b>116.45</b>	101.11	88.18	81.03	75.39	71.69	74.63	67.90	61.72	88.36

## Corporate Social Responsibility Activities

Federal-Mogul is dedicated towards fuelling the development of the society through its CSR initiatives. The company undertakes judiciously chosen and meaningful welfare projects with main focus on healthcare, education of under-privileged children, women empowerment, employment to under-privileged youth and skill development.

### GURUGRAM

#### (i) Support to Ghar Angna School

Values formed at a nascent stage play a huge part later in our lives as adults, leading to shaping the society, in which we live. We continue our support to the Ghar Angna School, where we educate children from Nursery to class 3 and engage them to understand the importance of education, thus enabling them to emerge as significant contributors to India's growth story.



#### (ii) Technical Training Programme in association with SNSF Foundation



Federal Mogul - SNSF Two Wheelers Engine Training Practical Lab

We have given training to around 180 youth since 2015 with almost 80% securing jobs in automotive industry. The training focuses on market aligned Skill Development Programme, thereby assisting employment of under-privileged youth by giving them opportunity to develop technical, interpersonal and leadership skills to make them employment ready.

#### (iii) Our Association with NGO Vidya - Adult Literacy Programme, Open School at IIT Delhi and Silai Centre at Gurugram

We work with the most vulnerable segments of the society in the domain of education, skill development and empowerment at an individual and personalised level at Vidya Centres at IIT Delhi and Gurugram.

The National Institute of Open Schooling (NIOS) programme enables many youngsters to complete their education upto class X & XII. In combination with interventions like the Youth Forum, Computer Literacy Program and the Beyond School Program, we prepare our

students to be job-ready. Activities such as open debates, group discussions, workshops on topical issues, team games, counselling, art, drama, music and dance help the students explore their talents, become self-aware and learn values, which go a long way in increasing their confidence level.

The Beyond School Program is an intervention to support children from low-income backgrounds who are at-risk from dropping out of school. It aims at providing academic coaching to children

(6-12 years) with a focus on English, Maths, Science, computer-aided learning and life skills

The Vidya Deep project aims to provide basic computer, literacy, life skills and spoken english skills to the employed youth of the community to help them scale up their capabilities thereby aiming for better employment opportunities. Three batches of 20 students each have already completed the course successfully. The sessions for the 4th batch commenced in March 2018 and have 22 students enrolled.



The Bridge Course Project at Gurugram and IIT Delhi follow the National Institute of Open Schooling (NIOS) program. NIOS program gives youth who have dropped out of school, a second chance at completing their high school. Over 100 youth are currently enrolled. Besides regular classes, students participate in extra curricular activities like sports, dance, drama, computer basics, English speaking and awareness programs. Students are provided guidance in their

career development through admissions in vocational training programs, such as hospitality and retail, which leads to many getting jobs in renowned hotels.

Additionally, in partnership with the IIT Delhi and National Social Service (NSS), children from slum communities surrounding the IIT campus are offered remedial education, along with adult literacy for youth and women.

**Silai Centre at Gurugram** – We have seen that educating a mother or a girl

child impacts the entire family and at times the entire community. So, the goal of empowering women is not just humanist, but also an incredible practical intervention for creating real social change. At our Silai Centre at Gurugram, women not only get an opportunity to enthusiastically explore their learning abilities but also get a superior environment where they can freely express themselves.

#### (iv) Medical Camps

Federal-Mogul strongly believes in playing a positive role in development of the local community where it operates its manufacturing facilities. We had organised Health Camps in slums at various locations around Gurugram. The primary objective of the Camps was to reach out to the village community and to deliver free consultation and provide health awareness to the local population by experienced doctors. The village community welcomed this initiative in a big way and appreciated the continuing efforts of Federal-Mogul to take an active interest in developing the area.



**(v) Association with Uday Society for Development, Faridabad and Delhi**

The Uday Society for Development (Uday) continues to address the most challenging issue and concern to provide literacy to the under-privileged children from the slums of Faridabad and Delhi with its Non Formal Education centres. During this period 114 children were engaged with the Centre based in the slums of Parvatiya Colony, Sanjay Colony & Gopi Colony (Faridabad). The aim is to encourage each and every child enrolled with Uday Non Formal Education Centres to motivate We propose them to move to regular classes.

Uday continued to provide income generation support to women & girls in slum areas to improve their economic and social conditions and make them empowered to come forward and take part in their own development and decision making process. During the FY 2017-18, Uday has been providing skills to 92 women and young girls. Regular courses related to income generation activities like Beautician Course, Sewing Training and Handicraft Training enable women to be financially independent and contributing to their family income.



**PATIALA**



**i) Upgrading ITI Patiala :** Federal-Mogul is committed towards upgrading quality of education at ITI Training Centre at Patiala, thereby aiming towards removal of disconnect between demand and supply of skilled manpower. It is our intention to provide such training to the students so as to reduce the skill gap, between what is being taught at the institute level and what is required by the industry, to make the students more employable through skill development.

An MOU was signed with ITI Patiala to upgrade their Machine and Turner Shop with an aim to strengthen the practical skills of the

students to enhance their employability. Their workshops were completely renovated in terms of Civil, Mechanical, Safety and Visuals.

It is further intended to recommend changes in their syllabus as per emerging requirements, suggesting new trades as per demands of industry and arranging training for students and faculty in emerging technological development.

The workshop was inaugurated by the senior dignitaries from Technical Education Board, Govt. of Punjab on 12th Jan, 2018.

## Providing Uniform to children at Deaf and Blind School

Keeping up with our tradition, winter school uniforms were distributed to children of Patiala school for Deaf and Blind.

Patiala School for the Deaf-blind is a special school for children with multiple disabilities. It was started in 1967 and has a chequered history of 45 years. What started on an experimental basis is now one of the premier Schools for providing special education to Deaf boys and girls in India.



## Federal-Mogul sponsors one Family Home at SOS Children's Village, Rajpura

The problem of needy children in India is gigantic. There is need to establish SOS Children's Villages in every part of the country to reach out to more and more children who are in need of long-term care.



## Construction of Shed at Circle Office of DSP Rural & Women Counselling Cell at Patiala

This Rural Circle Office is mainly visited by public from surrounding rustic areas. There was no arrangement for sitting of the suppliants. Federal-Mogul, under the Rural Development Project, took initiative to construct the shed for:-

- Holding counseling/ education sessions for the purpose of women empowerment.
- Counseling of women/children/affected families/senior citizen in case of domestic violence.
- Facilitating complainants from extreme weather conditions.



## BENGALURU

We are in the process of setting up 2 Training Centres in the premises of Remand Home run by Govt. of Karnataka, wherein they keep orphaned youth. Government of Karnataka has allocated us 2 halls (one each in boys and girls hostel) to conduct certification course:



2-wheeler Engine Maintenance Course in Boys Hostel



FM visited Government Home



## NOTICE

Notice is hereby given that the 63rd Annual General Meeting of the Company will be held on Thursday, 20th September, 2018 at 11:00 AM at Hotel Mapple Emerald, Crystal Hall, National Highway-8, Rajokri, New Delhi-110038 to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended 31st March, 2018 and Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Sunit Kapur (DIN: 03435110) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vinod Kumar Hans (DIN: 03328309) who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

4. **TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTIONS AS ORDINARY RESOLUTION:**

#### **Ratification of Remuneration to Cost Auditor for the financial year 2018-19**

“**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s Sanjay Gupta & Associates, Cost Accountants having Firm Registration No. 00212 appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2018-19, amounting to Rs. 4,50,000/- (Rupees four lakhs fifty thousand only) as audit fee plus applicable tax(es) plus out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified, confirmed and approved.”

5. **TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTIONS AS SPECIAL RESOLUTION:**

#### **Re-Appointment of Dr. Khalid Iqbal Khan (DIN : 05253556) as Whole-time Director-Legal & Company Secretary, of the Company**

“**Resolved that** pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and read with rules framed thereunder, 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, and the overall limit of 11% of the net profits as laid down in Section 197 of the Companies Act, 2013, and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, as amended upto date, any amendments or re-enactments thereto and any other acts, rules or other statutes, to re-appoint Dr. Khalid Iqbal Khan, as the Whole Time Director -Legal & Company Secretary, of the Company, for a period of three years w.e.f 22nd May 2018 to 21st May, 2021 on the following terms and conditions:

Base Salary	:	Salary in the scale of Rs. 24,30,000/- to Rs. 30,00,000/- per annum subject to review by the Board/Nomination & Remuneration Committee.
Perquisites	:	<ul style="list-style-type: none"> <li>- HRA: 50% of the base salary p.a.</li> <li>- Special Allowance: In the scale of Rs. 19,12,560/- p.a. to Rs. 25,00,000/- p.a. subject to annual review by the Board/Nomination Remuneration Committee.</li> <li>- LTA: As per the rules of the Company from time to time;</li> <li>- Medical Reimbursement: As per the rules of the Company from time to time;</li> <li>- Bonus: Dr. Khalid will be entitled to annual MIP bonus subject to a maximum of Rs. 22,00,000/- p.a.</li> <li>- Car Allowance: As per Company's policy from time to time.</li> <li>- Petrol &amp; Maintenance reimbursement: On the basis of actual expense.</li> <li>- Driver Reimbursement: As per Company's policy from time to time.</li> <li>- Provident Fund Contribution: 12% of Base Salary</li> <li>- Gratuity: 4.81% of Base salary.</li> </ul>

**Resolved further** that where in any financial year during the tenure of appointment of Dr. Khalid Iqbal Khan, Whole Time Director - Legal & Company Secretary, of the Company has no profits or its profits are inadequate, Dr. Khan, shall be paid the above remuneration as the minimum remuneration, subject to the approval of the Central Government, if required, and/ or upon compliance of the applicable requirements of Schedule V to the Companies Act, as existing or as amended from time to time.

**Resolved further** that the Nomination & 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 Dr. Khan as Whole Time Director-Legal & Company Secretary, of the Company, including the payment of remuneration to him within the maximum permissible limits under Schedule V to the Companies Act or within the scale as may be approved by the Central Government."

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

**Sd/-  
Dr. Khalid Iqbal Khan  
Whole-time Director-Legal &  
Company Secretary  
Membership No. F5993  
Address: 2136, Mir Bukhari Street,  
Turkman Gate, Delhi-11000**

Date : 29<sup>th</sup> May 2018  
Place : Gurugram

**Notes:**

- i) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING OF THE COMPANY 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. THE INSTRUMENT APPOINTING PROXY IN ORDER TO BE EFFECTIVE MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE MEETING.**
- ii) **A person can act as a proxy on behalf of the members not exceeding 50 and holding in aggregate not more than ten percent of the total paid up share capital of the Company carrying voting rights. A member holding more than 10 percent of the total share capital carrying voting rights may appoint a single person a proxy and such person shall not act as proxy for any other person or shareholder.**
- iii) **The relative explanatory statements, pursuant to section 102 of the Companies Act 2013, in respect of Item No. 4 and 5 of the accompanying Notice are annexed hereto.**
- iv) **A statement giving the relevant details of the directors seeking re-appointment under Item No. 2 & 3 of the accompanying Notice, as required by Secretarial Standards-2 and Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith.**
- v) The Directors' Report, Auditors' Report, Audited Financial Statements for the financial year ended 31st March 2018 are enclosed.
- vi) The Register of Members and Share Transfer Books of the Company shall remain closed from 14th September, 2018 to 20th September, 2018 (both days inclusive) for the purpose of Annual General Meeting.
- vii) The Notice of the Annual General Meeting alongwith the Attendance slip, Proxy Form and E-voting Instructions is being sent by electronic mode to all members whose email addresses are registered with the Company/ Depository Participant(s) unless a member has requested for a hard copy of the same. For the members who have not registered their email address, physical copy of the notice is being sent by the permitted mode.
- viii) The Company is pleased to provide e-voting facility to the shareholders of the Company through National Securities Depository Services India Limited (NSDL), to transact the business through e-voting.
- ix) 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.
- x) 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.
- xi) The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the 62nd Annual General Meeting held on 25th September, 2017.
- xii) 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.
- xiii) In case of joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote at the meeting.
- xiv) Corporate members intending to send their authorised representative(s) to attend the meeting pursuant to section 113 of the Companies Act 2013 are requested to send to the Company a certified copy of the Board Resolution together with their specimen signatures authorising their representative(s) to attend and vote on their behalf at the meeting.
- xv) 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.  
  
Under Section 72 of the Companies Act, 2013 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.
- xvi) 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 registered address "Alankit Assignments Limited, Alankit Heights, 1E/13, Jhandewalan Extension, New Delhi - 110055". For all other queries, please contact the Company either at the Registered Office of the Company, DLF Prime Towers, 10 Ground Floor, F-79 & 80, Okhla Phase - I, New Delhi - 110020 or by email to [investor.grievance@federalmogul.com](mailto:investor.grievance@federalmogul.com)

- xvii) The facility for voting through polling paper shall be available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
- xviii) The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested and documents referred to in the notice and explanatory statement, are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) upto the date of Annual General Meeting and will also be available for inspection at the meeting.
- xix) To support the 'Green Initiative' in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards greener environment and to receive all documents, notices, including Annual Reports and other communications of the Company, investors are requested to register their email addresses with Alankit Assignments Limited if shares are held in physical mode or with their DP, if the holding is in electronic mode. In case a member holding shares in Dematerialized mode wants to obtain the copy of Annual Report in physical mode, he is requested to request the Company or RTA in writing, for the same.

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

**Sd/-**

**Dr. Khalid Iqbal Khan  
Whole-time Director-Legal &  
Company Secretary  
Membership No. F5993**

**Address: 2136, Mir Bukhari Street,  
Turkman Gate, Delhi-110006**

Date : 29<sup>th</sup> May 2018  
Place : Gurugram

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No. 4**

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified and approved by the Members of the Company. The Board of Directors of the Company on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. Sanjay Gupta & Associates, Cost Accountants, to conduct the audit of the cost records of the Company for the financial year 2018-19 at a remuneration of Rs. 4,50,000/- as audit fee plus applicable tax(es) plus out of pocket expenses. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year 2018-19 as set out in Item No. 4 for the aforesaid services to be rendered by them.

None of the Directors, Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested in the said Resolution. The Board of Directors recommend to pass the resolution as set out in Item No.4 as an Ordinary Resolution.

### **Item No. 5**

In the meeting of Board of Directors held on 29th May 2018, Dr. Khalid Iqbal Khan (05253556), was re-appointed as Whole-time Director - Legal & Company Secretary of the Company.

Dr. Khalid Khan, aged 50 years, is a Company Secretary from the Institute of Company Secretaries of India, Chartered Secretary from the Institute of Chartered Secretaries and Administrators, UK and a Law graduate. He has also done PhD in Corporate Governance. Dr. Khan has 26 years of rich experience at senior level positions in the legal field. He has also completed Mahler Leadership Course.

Dr. Khan has been associated with the Company since November, 2009 as Director – Corporate & Legal Affairs & Company Secretary. Prior to joining the Company, he was Company Secretary of Goodyear India Limited.

Save and except Dr. Khan as mentioned above, none of the other directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in item no. 5.

Dr. Khan is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to be appointed as a Director.

The relevant documents relating to appointment of Dr. Khalid Iqbal Khan are available for inspection by members at the Registered Office of the Company.

The Board considers that his continued association would be of immense benefit to the Company. Accordingly the Board recommends appointment of Dr. Khan, as Director liable to retire by rotation and propose to pass the resolution set out in Item no. 5 of the notice as a Special Resolution.

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

**Sd/-**

**Dr. Khalid Iqbal Khan  
Whole-time Director-Legal &  
Company Secretary  
Membership No. F5993**

**Address: 2136, Mir Bukhari Street,  
Turkman Gate, Delhi-110006**

Date : 29<sup>th</sup> May 2018  
Place : Gurugram

**DETAILS OF THE DIRECTORS (IN PURSUANCE OF SECRETARIAL STANDARD-2 AND REGULATION 36 (3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)**

<b>Name of Director</b>	Mr. Sunit Kapur
<b>Original Date of Appointment</b>	08th May, 2012
<b>Age</b>	43 Years
<b>Expertise in specific functional areas</b>	Mr. Sunit Kapur, 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 24 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 24 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. Mr. Sunit Kapur was Managing Director of the Company during the year 2012-13. Presently, he is Vice President and General Manager - Global Ignition in Federal Mogul LLC.
<b>Qualifications</b>	Mechanical Engineer and General Management Programme at CEDEP (INSEAD)
<b>Directorships held in other companies (excluding foreign companies)</b>	Federal-Mogul Ignition Products India Limited
<b>Committee position held in other companies</b>	Nil
<b>No. of Board meetings attended during the year</b>	01
<b>No. of shares held</b>	Nil

**DETAILS OF THE DIRECTORS (IN PURSUANCE OF SECRETARIAL STANDARD-2 AND REGULATION 36 (3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)**

<b>Name of Director</b>	Mr. Vinod Kumar Hans
<b>Original Date of Appointment</b>	01st January, 2016
<b>Age</b>	52 Years
<b>Expertise in specific functional areas</b>	<p>Mr. Vinod Kumar Hans, has done graduation in Mechanical Engineering from REC Allahabad and post graduation in Business Management from Birla Institute of Management Technology, New Delhi. He has also undertaken one-year leadership and Executive Management Development program with University of Cranefield UK and Cedep, University of Insead, France, respectively. Mr. Hans has 31 years of rich experience at various positions in the field of Sales, Engineering and Program Management for OE customers, Aftermarket, Corporate Projects, Product Development and Business Process restructuring.</p> <p>Mr. Hans has been associated with the Company since July, 2008 as Director-Sales and presently holding the position of Whole-Time Managing Director. Prior to joining the Company, he was Head of Customer Relation Management in GKN Driveline India Limited and responsible for Sales, Engineering and Performance Management for all OE customers, aftermarket and exports from India.</p>
<b>Qualifications</b>	Graduation in Mechanical Engineering from REC Allahabad and post graduation in Business Management from Birla Institute of Management Technology, New Delhi
<b>Directorships held in other companies (excluding foreign companies)</b>	<ol style="list-style-type: none"> <li>1. Federal-Mogul Ignition Products India Limited</li> <li>2. Federal-Mogul Motorparts (India) Limited</li> <li>3. Federal-Mogul Anand Bearings India Limited</li> <li>4. Federal-Mogul TPR (India) Limited</li> <li>5. Federal-Mogul Anand Sealings India Limited</li> </ol>
<b>Committee position held in other companies</b>	<ol style="list-style-type: none"> <li>1. <b>Federal-Mogul Ignition Products India Limited</b> <ul style="list-style-type: none"> <li>- Audit Committee, Chairman</li> <li>- Nomination &amp; Remuneration Committee, Member</li> <li>- Corporate Social Responsibility Committee, Chairman</li> </ul> </li> <li>2. <b>Federal-Mogul Motorparts (India) Limited</b> <ul style="list-style-type: none"> <li>- Audit Committee, Chairman</li> <li>- Nomination &amp; Remuneration Committee, Member</li> </ul> </li> <li>3. <b>Federal-Mogul Anand Bearings India Limited</b> <ul style="list-style-type: none"> <li>- Audit Committee, Member</li> <li>- Stakeholders' Relationship Committee, Chairman</li> <li>- Corporate Social Responsibility Committee, Chairman</li> </ul> </li> </ol>

**4. Federal-Mogul TPR (India) Limited**

- Corporate Social Responsibility Committee, Chairman

**5. Federal-Mogul Anand Sealings India Limited**

- Audit Committee, Member
- Stakeholders' Relationship Committee, Member
- Share Transfer Committee, Member

**No. of Board meetings attended during the year** 04

**No. of shares held** Nil



**DETAILS OF THE DIRECTORS (IN PURSUANCE OF SECRETARIAL STANDARD-2 AND REGULATION 36 (3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)**

<b>Name of Director</b>	Dr. Khalid Iqbal Khan
<b>Original Date of Appointment</b>	22nd May 2015
<b>Age</b>	50 Years (Approx.)
<b>Expertise in specific functional areas</b>	<p>Dr. Khalid Iqbal Khan, is a Company Secretary from the Institute of Company Secretaries of India, Chartered Secretary from the Institute of Chartered Secretaries and Administrators, UK and a Law graduate. He has also done PhD in Corporate Governance. Dr. Khan has approximately 26 years of rich experience at senior level positions in the legal field. He has also completed Mahler Leadership Course.</p> <p>Dr. Khan has been associated with the Company since November, 2009 and presently holding the position of Whole-time Director- Legal &amp; Company Secretary. Prior to joining the Company, he was Company Secretary of Goodyear India Limited.</p>
<b>Qualifications</b>	Company Secretary from Institute of Company Secretaries of India, Chartered Secretary from UK, Bachelor of Law and PhD in Corporate Governance
<b>Directorships held in other companies (excluding foreign companies)</b>	<ol style="list-style-type: none"> <li>1. Federal-Mogul Ignition Products India Limited</li> <li>2. Federal-Mogul Motorparts (India) Limited</li> <li>3. Federal-Mogul TPR (India) Limited</li> </ol>
<b>Committee position held in other companies</b>	<ol style="list-style-type: none"> <li>1. <b>Federal-Mogul Ignition Products India Limited</b> <ul style="list-style-type: none"> <li>- Audit Committee, Member</li> <li>- Nomination &amp; Remuneration Committee, Chairman</li> <li>- Corporate Social Responsibility Committee, Member</li> </ul> </li> <li>2. <b>Federal-Mogul Motorparts (India) Limited</b> <ul style="list-style-type: none"> <li>- Audit Committee, Member</li> <li>- Nomination &amp; Remuneration Committee, Chairman</li> </ul> </li> <li>3. <b>Federal-Mogul TPR (India) Limited</b> <ul style="list-style-type: none"> <li>- Corporate Social Responsibility Committee, Member</li> </ul> </li> </ol>
<b>No. of Board meetings attended during the year</b>	04
<b>No. of shares held</b>	05 equity shares

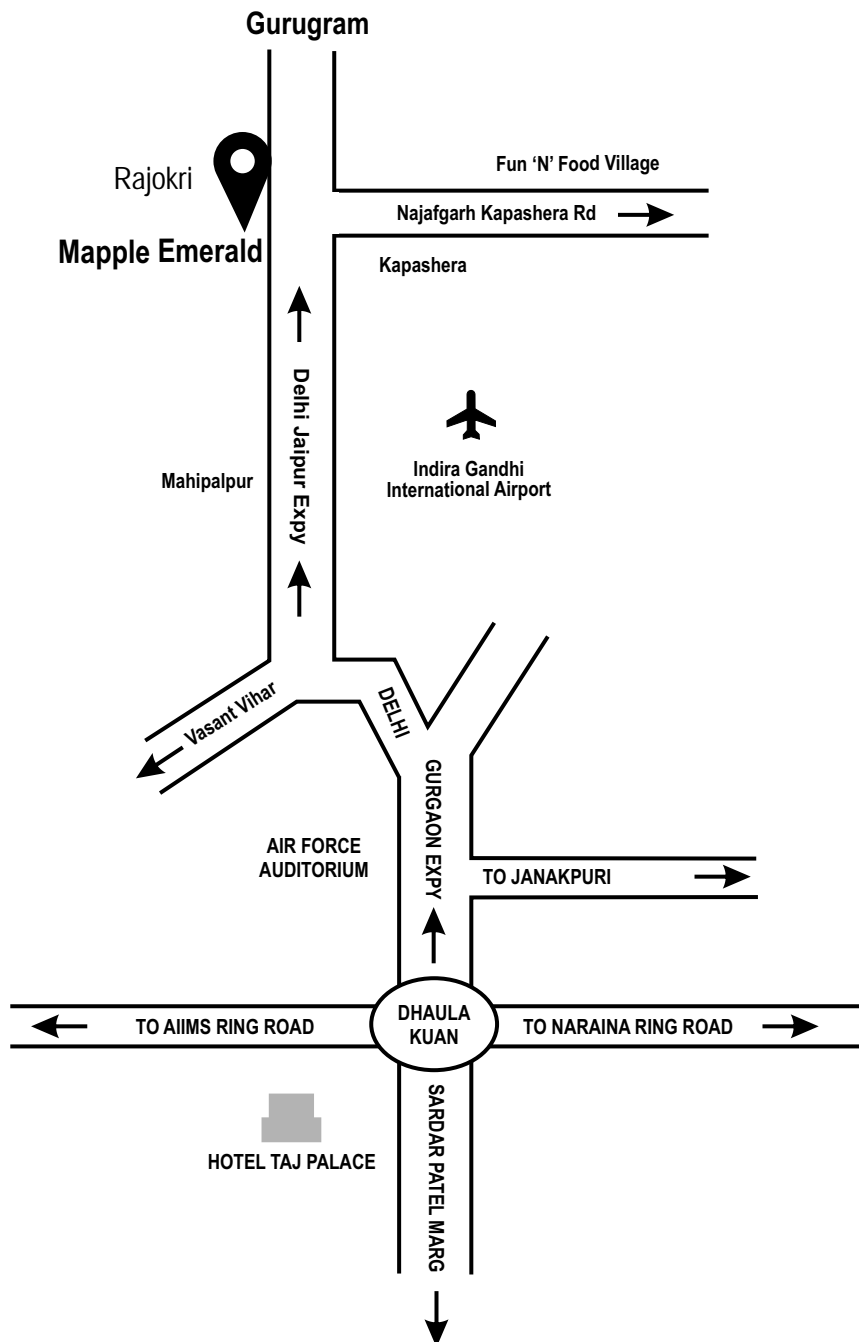
**By Order of the Board,  
For Federal-Mogul Goetze (India) Limited,**

**Sd/-  
Dr. Khalid Iqbal Khan  
Whole-time Director-Legal &  
Company Secretary  
Membership No. F5993**

**Address: 2136, Mir Bukhari Street,  
Turkman Gate, Delhi-110006**

Date : 29<sup>th</sup> May 2018  
Place : Gurugram

## Route Map to the venue of the 63<sup>rd</sup> AGM of Federal-Mogul Goetze (India) Limited



Venue: Hotel Mapple Emerald, Crystal Hall, National Highway-8, Rajokri, New Delhi-110038  
Landmark: Bharat Petroleum, Petrol Pump

## DIRECTORS' REPORT

Your Directors are pleased to present the 63<sup>rd</sup> Annual Report and Audited Financial Statement of Accounts for the financial year ending 31<sup>st</sup> March, 2018.

### FINANCIAL RESULTS

[Rs. in lacs]

Particulars	1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018	1 <sup>st</sup> April 2016 to 31 <sup>st</sup> March 2017
Gross Sales (including other operating income)	133,733.31	138,710.60
Less : Excise Duty	(3,346.37)	(13,122.08)
Income from operations	130,386.94	125,588.52
Other income	2,487.99	2,634.90
<b>Total Income</b>	<b>132,874.93</b>	<b>128,223.42</b>
<b>Operating profit before finance charges, depreciation and exceptional item</b>	<b>21,641.33</b>	20,947.43
Finance Charges	1,020.06	1,993.42
Depreciation	7,343.32	7,643.33
Exceptional items	-	-
<b>Net Profit before tax</b>	<b>13,277.95</b>	<b>11,310.68</b>
Less: Provision for the Taxation:		
Current Tax	4,650.00	3,750.00
Deferred Tax	332.99	147.07
<b>Profit after tax before other comprehensive income</b>	<b>8,294.96</b>	<b>7,413.61</b>
Other comprehensive income (net of taxes)	239.23	(219.79)
<b>Total comprehensive income</b>	<b>8,534.19</b>	<b>7,193.82</b>
Profit brought forward from last year	22,881.10	15,687.28
<b>Surplus / (loss) carried forward to Balance sheet</b>	<b>31,415.29</b>	<b>22,881.10</b>

### OPERATIONS

During the financial year, the Gross sale of the Company was Rs 133,733.31 lakhs as against Rs.138,710.60 lakhs for the financial year ended 31<sup>st</sup> March 2017. The Total income of the Company was Rs.132,874.93 lakhs as against Rs.128,223.42 lakhs for the financial year ended 31<sup>st</sup> March 2017.

During the year under review, the Company made a net profit after tax of Rs. 8,534.19 lakhs as against the net profit after tax of Rs.7,193.82 lakhs for the financial year ended 31<sup>st</sup> March 2017.

No amount is proposed to be transferred to general reserves. An amount of Rs. 8,534.19 lakhs 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 31<sup>st</sup> March, 2018.

### 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 as **Annexure-1**.

### 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:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) 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 31<sup>st</sup> March 2018 and of the profit and loss of the Company for the financial year ended 31<sup>st</sup> March 2018;

(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) and 25 (8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **NOMINATION & REMUNERATION POLICY**

In view of the amendment in the Companies Act, 2013 due to enactment of the Companies (Amendment) Act, 2017, and thereafter, notification of SEBI (listing Obligations and Disclosure Requirements)(Amendment) Regulations, 2018, the Board of your Company had approved a revised policy at its meeting held on 29th May, 2018. The revised Nomination & Remuneration Policy is also available on website of the Company at <http://www.federalmogulgoetzeindia.net/web/index.html>. The statement containing salient features of Nomination & Remuneration Policy is attached as **Annexure-2**.

#### **EXPLANATIONS OR COMMENTS ON AUDITOR'S 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**

During the Financial Year ended 31st March, 2018, no Loan, Investment and Guarantee u/s 186 of the Companies Act, 2013 was made by the Company.

#### **CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the financial year 2017-18, the Company has entered into 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 2017-18, there were no transactions with related parties which qualified as material transactions in accordance with the Company's Policy under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and accordingly, the disclosure of Related Party Transactions in Form AOC-2 is not applicable. Pursuant to Regulation 33 (3)(g) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosure of Related Party Transactions will be uploaded on the website of your Company ([www.federalmogulgoetzeindia.net](http://www.federalmogulgoetzeindia.net)) on half yearly basis.

#### **SECRETARIAL STANDARDS**

The Company complies with the applicable secretarial standards.

#### **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.

#### **DIVIDEND DISTRIBUTION POLICY**

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 the Company in its Board Meeting held on 29<sup>th</sup> July 2016 had approved the Dividend Distribution Policy. The Dividend Distribution Policy of the Company is attached herewith as **Annexure-4** to this Report.

#### **CORPORATE SOCIAL RESPONSIBILITY**

The Board of Directors at its meeting held on 09th 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. K C Sundareshan Pillai, Member

The Corporate Social Responsibility Committee is required to 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. 155.11 lakhs 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 2017-18 on 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 - 5 & 6** to this Report.

In accordance with the provisions of section 135 of the Companies Act, 2013,

the Board has approved an amount of Rs. 212.35 lakhs for spending on CSR activities during the financial year 2018-19.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Presently, the Board consists of ten (10) 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 Director; Mr. Mukul Gupta, Non-executive Independent Director; Mr. Sunit Kapur, Non-Executive Director; Mr. Mahendra Kumar Goyal, Non-executive Independent Director; Ms. Janice Ruskey Maiden, Non-Executive Director and Mr. K C Sundareshan Pillai, Non-executive Independent Director. In the Board Meeting held on 29th May, 2018, Dr. Khalid Iqbal Khan was appointed as Whole-time Director – Legal & Company Secretary for a period of three years.

In accordance with Article 109 of the Articles of Association of the Company, Mr. Vinod Kumar Hans and Mr. Sunit Kapur are retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

#### **SUBSIDIARY AND ASSOCIATE COMPANY**

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts of Companies) Rules, 2014, a statement containing salient features of financial statement of subsidiary i.e. Federal-Mogul TPR (India) Limited forms part of the consolidated financial statements attached as **Annexure-7**. The financial statements of the subsidiary company and related information are available for inspection at the Registered Office of the subsidiary company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting (AGM) as required under Section 136 of the Companies Act, 2013. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered

Office of the Company. The financial statements including the consolidated financial statements, financial statements of subsidiary and all other documents required to be attached to this report have been uploaded on the website of your Company ([www.federalmogulgoetzeindia.net](http://www.federalmogulgoetzeindia.net)).

The performance and financial position of the subsidiary company i.e. Federal-Mogul TPR (India) Limited has been explained in its Board Report, which forms part of annual report.

#### **PUBLIC DEPOSITS**

As at 31<sup>st</sup> March, 2018, your Company had no unclaimed fixed deposits. No fresh/ renewed deposits were invited or accepted during the financial year.

#### **SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL**

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

#### **FORMAL ANNUAL EVALUATION BY BOARD**

In terms of provisions of the Companies Act, 2013 read with Rules made thereunder and regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors had evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended 31<sup>st</sup> March, 2018. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Meetings, Knowledge and skills, understanding of their roles and responsibilities, business of the Company along with the ethics and integrity. The evaluation of the Board and committees was inter alia based on the aspects like Structure of the Board or Committee, processes being followed to achieve the objectives, effectiveness, fulfillment of roles and responsibilities, efficiency and direction etc.

#### **DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS**

The Company has an audit committee

headed by a Non-executive Independent Director, inter-alia, to oversee the Company's financial reporting process, disclosure of financial information, performance of statutory and internal auditors, functions, internal control systems, related party transactions, investigation relating to suspected fraud or failure of internal audit control, to name a few, as well as other areas requiring mandatory review as per regulation 18(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The powers of the Audit Committee, inter-alia, include seeking information from any employee, directing the Company's internal Audit function, obtaining outside legal or other professional advice and investigating any activity of the Company within the Committee's terms of reference.

The Company has a well-defined internal control system, which aims at protection of Company's resources, efficiency of operations, compliances with the legal obligations and Company's policies and procedures.

#### **MANAGEMENT DISCUSSION AND ANALYSIS:**

##### **(a) Industry structures and developments**

Automotive Industry, globally, as well as in India, is one of the key sectors of the economy. Demographically and economically, India's automotive industry is well-positioned for growth, servicing both domestic demand and, increasingly, export opportunities. 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 competitive, consisting of organized as well as unorganized sectors 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 saving hold the key to success to meet the expectations of the exigent competitive circumstances. The Indian auto component industry has been navigating

through a period of challenges.

During the financial year 2017-18, the industry produced a total of 29,075,605 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycle in April-March 2018 as against 25,330,967 in April-March 2017, registering a growth of 14.78 percent over the same period last year.

The domestic sale of Passenger Vehicles grew by 7.89 percent in April-March 2018 over the same period last year. The overall Commercial Vehicles segment grew by 19.94 percent in April-March 2018 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 12.48 percent and Light Commercial Vehicles grew by 25.42 percent in April-March 2018 over the same period last year.

Three Wheelers sales grew by 24.19 percent in April- March 2018 over the same period last year. Within the Three Wheelers, Passenger Carrier & Goods Carrier sales registered a growth of 28.65 percent and 7.83 percent respectively in April-March 2018 over April-March 2017.

Two Wheelers sales registered a growth at 14.80 percent in April-March 2018 over April-March 2017. Within the Two Wheelers segment, Scooters and Motorcycles grew by 19.90 percent and 13.69 percent respectively, while Mopeds declined by (-) 3.48 percent in April-March 2018 over April-March 2017.

In April-March 2018, overall automobile exports increased by 16.12 percent. Two and Three Wheelers Segments registered a growth of 20.29 percent and 40.13 percent respectively, while Passenger Vehicles and Commercial Vehicles declined by 1.51 percent and 10.53 percent respectively in April-March 2018 over the same period last year.

The combination of factors like inflation lower than previous year, low interest rates, 7th pay commission release pay/pension for 10 millions civil servants and good monsoon, rising rural income coupled with the new launches of passenger vehicles pushed the automobile industry on the path of growth. Further, the Government's clear vision of making India an automobile hub along with initiatives like 'Make in India', 'Automotive Mission Plan 2026, Ease of

doing Business, "Start up India" "Smart Cities," " Skill India," " Digital India," etc. are poised to give a huge boost to the sector. A predicted increase in India's working-age population is likely to help stimulate the burgeoning market for private vehicles. Rising prosperity, easier access to finance and increasing affordability are expected to see four-wheelers gaining volumes, although two wheelers will remain the primary choice for the majority of purchasers, buoyed by greater appetite from rural areas, the youth market and women.

**(b) Opportunities and Threats**

The parent company continues to support the Company with its technical expertise. With widely recognized brands, superior technology, strong distribution network and a committed team of employees, the Company is well positioned to take advantage of the opportunities and withstand the market challenges. The Company strives to create sustainable profitable growth by using superior technology and maintaining product quality and offering wide range of products at competitive prices, which will give it a competitive edge in the market.

Major regulatory interventions, such as the accelerated transition from BS IV to BS VI, adoption of electric vehicles, safety rules and stringent vehicle standards are leading to a shift in vehicle technology, This is creating significant challenges and your Company perceives these challenges as potential opportunities.

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

There are limited sets of customers in our business, that is, the automobile manufacturers. Competition is intense, as we compete with suppliers both in the organized and unorganized segments. Technical edge, specialization, innovation and networking will determine the success of the Company in this competitive environment. Further, the policies of the Government play a key role in the development of the automobile sector. Your Company has been employing the practices to proactively map the impact of

its activities on its performance and profitability from economic environment and social perspectives.

**(c) Segment wise or product wise performance**

The Company deals principally in only one segment i.e. automotive components. Therefore, segment-wise performance is not applicable. The Company is inter alia engaged in the manufacturing and sale of Pistons, Piston rings, Pins, valve seats and guides the performance whereof is as under :

	Rs. In lacs	
Details of finished goods sold	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Pistons, Piston rings and pistons pins*	116,112.22	113,622.20
Valve seats & guide and Structural components	10,685.79	8,768.30

**(d) Outlook**

The Management expects a moderate growth in the automobile industry during the year 2018-19. The Indian Meteorological Department has forecasted normal monsoon, which is a critical factor for the overall economic growth, including the automobile sector. Focus of the Government on the investment in infrastructure sector and its development and low interest rates are expected to give boost to the automobile sector. However, the increased cost of technology, increasing fuel prices and increasing raw material prices are likely to impact the growth of the automobile sector. Therefore, it's going to be a mixed year for the auto component industry ahead.

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

**(e) Risks and concern**

The Company operates in an environment, which is affected by various risks, some of which are controllable while some are outside the control of the

Company. However, the Company has been taking appropriate measures to mitigate these risks on a continuous basis. Some of the risks that are potentially significant in nature and need careful monitoring are listed hereunder:

**Raw material prices:** Our profitability and cost effectiveness may be affected due to change in the prices of raw materials and other inputs.

**Foreign Currency Risks:** Exchange rate fluctuations may have an adverse impact on the Company.

**Technical Intensive Industry:** The automobile industry is a technical intensive industry and thus faced with a constant demand for new designs, knowledge of nascent technology to meet market requirements.

**Increasing competition:** Increasing competition in the auto equipment sector, may put some pressure on the market share.

**Excess/ short capacity:** Estimation of optimal manufacturing capacities for our products is critical to our operations. Should we for any reason, not invest in capacity expansion in near future could result in stagnation in our sales. Conversely, in the event we over-estimate the future demand or due to general lowering of the customer demand due to recession, we may have excessive capacity, resulting in underutilization of assets and/or sale of surplus products at lower margin, which could have material adverse effect on the financial results of the company.

**(f) Adequacy of Internal Control Systems**

The Company has an Audit Committee headed by a non-executive independent director, inter-alia, to oversee the Company's financial reporting process, disclosure of financial information, performance of statutory and internal auditors, functions, internal control systems, related party transactions, investigation relating to suspected fraud or failure of internal audit control, to name a few, as well as other areas requiring mandatory review as per provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with the stock exchanges. The

powers of the Audit Committee, inter-alia, include seeking information from any employee, directing the Company's internal Audit function, obtaining outside legal or other professional advice and investigating any activity of the Company within the Committee's terms of reference.

The Company has a well-defined internal control system, which aims at protection of Company's resources, efficiency of operations, compliances with the legal obligations and Company's policies and procedures.

**(g) Discussion on financial performance with respect to operational performance.**

The required information forms part of in the Board's Report and the members may refer the same.

**(h) Material developments in Human Resources / Industrial Relations front, including number of people employed**

The company remained focused on building people capability across levels. Several interventions in the form of leadership development and building a plant manager pipeline were initiated through collaborations with reputed institutes like IIMs and MDI. Functional skill development remained a priority with plants launching programs in the areas of Supply Chain Management, HR and Operations. Several Cross Functional Teams were also institutionalised to promote team culture and innovation. Further, the Company had entered into a settlement with the Labour Union of Bhiwadi plant. The relations between labour and Management remained cordial during the year under review.

The total number of salaried and hourly employees (permanent) as at March 31, 2018 stood at 3737.

**CONSOLIDATED ACCOUNTS**

The Consolidated Financial Statements of the Company for the financial year 2017-18, are prepared in compliance with applicable provisions of the Companies Act, 2013, Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values and the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015. The Consolidated Financial Statements have been prepared on the basis of Audited Financial Statements of the Company and its subsidiary company, as approved by their respective Board of Directors.

**ABRIDGED FINANCIAL STATEMENTS**

In terms of the provisions of regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and section 136 of the Companies Act, 2013, the Board of directors has decided to circulate the abridged annual report containing the salient features of the balance sheet and statement of profit and loss account to the shareholders for the financial year ending on March 31, 2018. Full version of the annual report will be available on Company's website [www.federalmogulgoetzeindia.net](http://www.federalmogulgoetzeindia.net) and will also be made available to investors upon request.

In support of the green initiative of the Ministry of Corporate Affairs, the Company has also decided to send all future communications, including the annual report through email to those shareholders, who have registered their e-mail id with their depository participant/Company's registrar and share transfer agent. In case any shareholder wishes to receive a printed copy of such communications, he/she may send a request to the Company, which will send a printed copy of the communication to the shareholder.

**AUDITORS AND AUDITORS' REPORT**

At the 62<sup>nd</sup> AGM of the Company, M/s. Walker Chandiook & Co., LLP, Chartered Accountants, (Firm Registration No. 001076N/N500013), New Delhi were appointed as the Statutory Auditors' as per section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, to hold office till the conclusion of the 67th AGM of the Company to be held in the calendar year 2022.

The written consent to such appointment and a certificate from M/s Walker, Chandiook & Co., LLP, Chartered Accountants, (Firm Registration No. 001076N/N500013), have been received to the effect that the appointment

is in accordance with the conditions prescribed under Rule 4 of the Companies (Audit and Auditors) Rules, 2014 and they satisfy the criteria specified under Section 141 of the Companies Act, 2013 read with Rule 4 of Companies (Audit & Auditors) Rules 2014.

The Board has duly examined the Statutory Auditors' Report to the accounts, which is self-explanatory.

#### **COST AUDITORS**

The Board, on the recommendation of the Audit Committee has approved the appointment of M/s. Sanjay Gupta & Associates, Cost Accountants, as Cost Auditor, for the financial year ending March 31, 2019. The Cost Auditors will submit their report for the financial year ending 31st March 2018 on or before the due date.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with rules made thereunder, since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders, the Board recommends the same for approval by shareholders at the forthcoming AGM.

#### **SECRETARIAL AUDITORS**

The Company had appointed M/s. Deepika Gera, Company Secretaries, New Delhi, to conduct its Secretarial Audit for the financial year ended March 31, 2018. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of applicable corporate laws. The Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed as **Annexure-8** to this report. The Board has reappointed M/s. Deepika Gera, Company Secretaries, New Delhi, as Secretarial Auditor of the Company for FY 2018-19.

#### **CORPORATE GOVERNANCE REPORT**

The Company is committed to good corporate governance practices. The Board endeavors to adhere to the standards set out by the Securities and Exchange Board of India (SEBI), corporate governance practices and, accordingly, has implemented all the major stipulations prescribed.

A detailed Corporate Governance Report

in line with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the corporate governance practices followed by the Company and a certificate of compliance from Mr. Surinder Vashishtha, Proprietor of Surinder Vashishtha & Associates, Company Secretary, forms part of this Report as **Annexure-9**

#### **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return in form MGT-9 as per section 134(3)(a) of the Companies Act, 2013 read with rule 12 of the Companies (Management & Administration) Rules, 2014 is attached as **Annexure-10** to this report.

#### **COMMITTEES OF DIRECTORS**

The Company has following committees of Directors:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders' Relationship Committee;
4. Corporate Social Responsibility Committee;
5. Share Transfer Committee

The composition of Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee has been disclosed in corporate governance report forming the part of this report.

#### **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITOR'S UNDER SECTION 143 (12) OF THE COMPANIES ACT, 2013**

Pursuant to Section 134(3)(ca), no incident of fraud has been reported by the Auditors of the Company under section 143(12) of the Companies Act, 2013.

#### **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

The Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015. The policy provides for a framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them.

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an anti sexual harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress the complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under the policy. The following is a summary of sexual harassment complaints received and disposed off during the year 2017-18.

No. of complaints received : Nil

No. of complaints disposed off : Nil

During the year, the Company carried out awareness programmes on prevention of sexual harassment at work place.

#### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

Directors place on record their deep appreciation for the contribution made by the employees of the Company at all levels. Our industrial relations continue to be cordial.

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/ employees of your Company is set out in **Annexure – 11 & 12** to this Report.



#### **HUMAN RESOURCES**

The employee relations have remained cordial throughout the year and industrial harmony was maintained. Measures for the safety, training and development of the employees, continued to receive top priority. The total number of permanent salaried and hourly paid employees, as at March 31, 2018, stood at 3737.

#### **SAFETY, HEALTH AND ENVIRONMENT PROTECTION**

The Company sustained its initiatives to

maintain a pollution free environment by reduction/ elimination of waste, optimum utilization of power and preventive maintenance of equipment's and machineries to keep them in good condition. Safety and health of the people working in and around the manufacturing facilities is the top priority of the Company and we are committed to improve this performance year after year.

#### **ACKNOWLEDGEMENT**

Your Directors acknowledge with sincere

gratitude the co-operation and assistance extended by the Bank(s), Customers, Dealers, Vendors, promoters, shareholders, Government Authorities and all the other business associates during the year under review. The Directors also wish to place on record their deep sense of gratitude for the committed services of the Executives, staff and workers of the Company.

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

Date: 29<sup>th</sup> May 2018  
Place: Gurugram

**Vinod Kumar Hans**  
Whole Time Managing Director  
DIN : 03328309

**Khalid Iqbal Khan**  
Whole Time Director- Legal & Company Secretary  
DIN : 05253556

**CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2018**

**1. PHILOSOPHY**

Federal-Mogul Goetze (India) Limited defines Corporate Governance as a process directing the affairs of the Company with integrity, transparency and fairness, so as to optimize its performance and maximize the long term shareholder value in legal and ethical manner, ensuring justice, courtesy and dignity in all transactions of the Company. Your Company is committed to good Corporate Governance in all its activities and processes.

The Board of Directors always endeavors to create an environment of fairness, equity and transparency in transactions with the underlying objective of securing long term shareholder value, while, at the same time, respecting the rights of all the stakeholders.

**2. BOARD OF DIRECTORS**

**a) Composition:** The Board of Directors of the Company has an optimum combination of Executive, Non-executive and Independent Directors having rich knowledge and experience in the industry and related sectors for providing strategic guidance and direction to the Company. Presently, the Company has 10 Directors on its Board, out of which 06 are Non-Executive Directors, including 01 Woman Director and 04 are Executive Directors. Moreover, 04 Non-Executive Directors are Independent Directors. The Chairman of the Board is a Non-Executive Independent Director. The Non-executive Independent Directors bring a wide range of expertise and experience to the Board.

During the year, there was no pecuniary relationship or business transaction by the Company with any Non-Executive Director, other than the sitting fee for attending the Board/ Committee meetings.

The Directors have no inter-se relationship with any director of the Company.

**b) Details of Board Meetings held during the year 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018:**

During the year, four Board meetings were held as follows: -

Date of Meeting	Board Strength	No. of Directors Present in Person
19 <sup>th</sup> May 2017	10	08
08 <sup>th</sup> September 2017	10	08
08 <sup>th</sup> December 2017	10	08
07 <sup>th</sup> February 2018	10	07*

\*Includes presence of Ms. Janice Ruskey Maiden who attended the meeting through audio visual means.

**Information placed before the Board:**

Apart from the items that are required to be placed before the Board for its approval under the statutes, the following are also tabled for Board’s Periodic Review/ Information, to the extent applicable:

- Annual operating plans and budgets and any updates;
- Capital budgets and any updates;
- Quarterly/Half Yearly/Yearly results for the Company and its operating divisions or business segments;
- Minutes of meetings of Audit Committee and other committees of the board of directors;
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary;
- Show cause, demand, prosecution notices and penalty notices which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc;
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

**c) Information in respect of Directors being appointed/re-appointed is as under:**

Mr. Sunit Kapur, Director and Mr. Vinod Kumar Hans, Whole-time Managing Director are liable to retire by rotation in the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. Items regarding their re-appointment has been included in the notice of the ensuing Annual General Meeting.

(i) Mr. Sunit Kapur, aged about 44 years is a Mechanical Engineer from the Punjab University and has also done General Management Programme at CEDEP (INSEAD). He has around 24 years of rich experience in Manufacturing, Engineering, Projects, TPM, Operation, Supply Chain Management and General Management. Mr. Kapur has been associated with the Company since 1994. His professional skills and abilities accumulated through intensive On the Job and Off the Job trainings from eminent Global Management and Technical Experts. Mr. Sunit Kapur was Managing Director of the Company during the year 2012-13. Presently, he is Vice President and General Manager - Global Ignition in Federal Mogul Corporation.

(ii) Mr. Vinod Kumar Hans, aged about 52 years, has done graduation in Mechanical Engineering from REC Allahabad and post graduation in Business Management from Birla Institute of Management Technology, New Delhi. He has also undertaken one-year leadership and Executive Management Development program with University of Cranefield UK and Cedep, University of Insead, France, respectively.

Mr. Hans has 31 years of rich experience at various positions in the field of Sales, Engineering and Program Management for OE customers, Aftermarket, Corporate Projects, Product Development and Business Process restructuring.

(iii) Dr. Khalid Iqbal Khan, aged about 50 years, is a Company Secretary from the Institute of Company Secretaries of India, Chartered Secretary from the Institute of Chartered Secretaries and Administrators, UK and a Law graduate. He has also done Ph.D in Corporate Governance. Dr. Khan has about 26 years of rich experience at senior level positions in the legal field. He has also completed Mahler Leadership Course.

Dr. Khan has been associated with the Company since November, 2009 and presently holds the position of Whole-time Director – Legal & Company Secretary. Prior to joining the Company, he was Company Secretary of Goodyear India Limited.

**d) Attendance at Board Meetings and last Annual General Meeting and details of memberships of Directors in other Boards and Board Committees:**

Name of the Director	Category	For the year from 1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018 Attendance at		As on 31 <sup>st</sup> March, 2018		
				Number of Directorships of other Indian Companies (Note-1)	Committee Memberships of other Indian Companies (Note-2)	
					Member	Chairman
Mr. Krishnamurthy Naga Subramaniam	CNEID	04	Yes	02	01	00
Mr. Vinod Kumar Hans	WTMD	04	Yes	05	03	03
Dr. Khalid Iqbal Khan	WTDL & CS	04	Yes	03	02	00
Mr. Manish Chadha	CFO & FD	04	Yes	03	02	00
Mr. Rajesh Sinha	WTD	04	Yes	01	00	00
Mr. Sunit Kapur	NED	02	No	01	00	00
Mr. K.C. Sundareshan Pillai	NEID	03	Yes	00	00	00
Ms. Janice Ruskey Maiden	NED	01	No	00	00	00
Mr. Mukul Gupta	NEID	04	Yes	02	00	00
Mr. Mahendra Kumar Goyal	NEID	02	No	08	05	04

CNEID: Chairman and Non-Executive Independent Director

NEID: Non-Executive Independent Director

WTMD: Whole-time Managing Director

CFO & FD: Chief Financial Officer & Finance Director

NED: Non-Executive Director

WTDL & CS: Whole-time Director-Legal & Company Secretary

WTFD: Whole-time Finance Director

Note-1: The above excludes Foreign Companies.

Note-2: The committee membership and chairmanship include Audit and Stakeholders' Relationship Committee in all Public Limited Companies.

### 3. AUDIT COMMITTEE

#### a) Terms of Reference

The current terms of reference of the Audit Committee fully conform to the requirements of regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013. These include review 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) Composition, name of members and Chairperson

Presently, the Audit Committee comprises three Non-Executive Independent Directors and one Non-Executive Director viz. Mr. Mukul Gupta, Chairman (Non-Executive Independent Director), Mr. Krishnamurthy Naga Subramaniam, Member (Non-Executive Independent Director), Mr. K.C. Sundareshan Pillai, Member (Non-Executive Independent Director) and Mr. Sunit Kapur, Member (Non- Executive Director).

Representatives of the Management, Finance Department, Company Secretary, Statutory Auditors and Internal Auditors are invitees to the meetings of the Audit Committee

#### c) Meetings and Attendance

##### Details of Audit Committee Meetings held during the financial year 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018

Date of Meeting	Strength of Committee	No. of Members Present in person
19 <sup>th</sup> May, 2017	04	03
08 <sup>th</sup> September, 2017	04	04
06 <sup>th</sup> December, 2017	04	04*
08 <sup>th</sup> December, 2017	04	03
07 <sup>th</sup> February, 2018	04	02

##### Audit Committee Members Attendance during the financial year 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018

Name	Total Meetings held	No. of meetings Attended in person
Mr. Mukul Gupta (Chairman)	05	05
Mr. Krishnamurthy Naga Subramaniam	05	05
Mr. K.C. Sundareshan Pillai	05	04
Mr. Sunit Kapur	05	02*

\* Includes one meeting attended by Mr. Sunit Kapur through audio visual means.

### 4. NOMINATION AND REMUNERATION COMMITTEE

At present, the Nomination and Remuneration Committee of the Company comprises Mr. K.C. Sundareshan Pillai as the Chairman (Non-executive Independent Director), Mr. Krishnamurthy Naga Subramaniam (Non-executive Independent Director) and Mr. Sunit Kapur (Non-executive Director) as Members.

The Nomination and Remuneration Committee has been constituted for identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, carry out evaluation of every director's performance, laying down the criteria for performance evaluation of Independent Directors, determining qualifications, positive attributes and independence of a director and reviewing the remuneration of the Directors, Key Managerial Personnel and other senior management personnel. The Nomination and Remuneration policy is in consonance with the existing industry practice.

#### a) Terms of reference

The current terms of reference of the Nomination and Remuneration Committee fully conform to the requirements of regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 178 of the Companies Act, 2013. These broadly include:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management and key managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the auto ancillary industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel & Functional Heads
- To provide them reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

## b) Meetings and Attendance

Details of Nomination and Remuneration Committee Meetings held during the financial year 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018

Date of Meeting	Strength of Committee	No. of Members Present in person	No. of Members Present through conference call
19 <sup>th</sup> May, 2017	03	02	00
08 <sup>th</sup> December, 2017	03	02	00

Name	Total Meetings held	No. of meetings Attended in person
Mr. K.C. Sundareshan Pillai	02	02
Mr. Krishnamurthy Naga Subramaniam	02	02
Mr. Sunit Kapur	02	00

## Performance Evaluation criteria for Independent Directors

The Company has formulated the Nomination & Remuneration Policy. The criteria forevaluation of Independent Directors is as follows:

- Preparation for Board and Committee Meetings;
- Devotion of time and efforts to understand the business of the Company;
- Chairman's performance and behavior in the Board and Committee meetings;
- Relationship with Board members and senior management;
- Understanding of requirements of governance, regulatory, financial, fiduciary and ethical requirements of the Board/Committee;
- Updation of knowledge and skills with latest developments in the areas such as corporate governance framework, financial reporting and the industry and market condition;
- Standard of ethics and integrity;

The Board of Directors evaluated the performance of the Independent Directors, in its meeting held on 29th May, 2018.

## 5. DETAILS OF REMUNERATION TO DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

Rs. in lacs

Name of Executive Directors	Particulars	Amount
Mr. Vinod Kumar Hans	- Salaries and Allowances	110.13
	- Company's Contribution to PF & Superannuation	10.16
	- Perquisites	-
	- Management Incentive Plan	37.62
	<b>Total</b>	<b>157.91</b>
Mr. Rajesh Kumar Sinha	- Salaries and Allowances	76.49
	- Company's Contribution to PF & Superannuation	6.52
	- Perquisites	-
	- Management Incentive Plan	14.10
	<b>Total</b>	<b>97.11</b>
Mr. Manish Chadha	- Salaries and Allowances	59.76
	- Company's Contribution to PF & Superannuation	5.73
	- Perquisites	-
	- Management Incentive Plan*	11.79
	<b>Total</b>	<b>77.28</b>
Dr. Khalid Iqbal Khan	- Salaries and Allowances	61.66
	- Company's Contribution to PF & Superannuation	2.69
	- Perquisites	-
	- Management Incentive Plan	11.86
	<b>Total</b>	<b>76.20</b>

Name of Non -Executive Independent Directors	Particulars	Amount
Mr. Mahendra Kumar Goyal	- Sitting Fee	40,000
Mr. Krishnamurthy Naga Subramaniam	- Sitting Fee	9,80,000
Mr. Mukul Gupta	- Sitting Fee	7,80,000
Mr. K.C. Sundareshan Pillai	-Sitting Fee	2,80,000

- Notes:**
- The Company did not pay remuneration to Non-Executive Directors, except sitting fees to Non-executive Independent Directors, during the year. There are no other pecuniary relationships or transactions with the Company.
  - The Company does not have any stock option scheme.
  - The Non-executive directors do not have any pecuniary relationship or transactions among themselves.

#### 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

- The Stakeholders' Relationship Committee has been constituted to look into the redressal of stakeholders' and investors' complaints like transfer/ transmission/demat/remat/ consolidation of shares, issue of duplicate share certificates; loss of share certificates; change of address; non-receipt of Annual Report; Dividend Warrants etc.
- Currently, the composition of the Committee is as under:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Krishnamurthy Naga Subramaniam	Chairman	Non-Executive Independent Director
Mr. Vinod Kumar Hans	Member	Whole-time Managing Director
Mr. Sunit Kapur	Member	Non- Executive Director
Dr. Khalid Iqbal Khan	Member	Whole Time Director- Legal & Company Secretary*
Mr. K.C. Sundareshan Pillai	Member	Non- Executive Independent Director

\*Dr. Khalid Iqbal Khan, Company Secretary of the Company, has been nominated as the Compliance officer for this purpose.

- Shareholders' Complaints:**

Number of shareholders' complaints received	Number of shareholders' complaints not solved to the satisfaction of shareholders	Number of pending complaints
00	00	Nil

**Note:** The letters received from shareholders for routine matters such as requests for revalidation of dividend warrants; non-receipt of Annual Report, Dividend warrants etc. were redressed/resolved/replied promptly in usual and proper manner to the entire satisfaction of the shareholders.

#### SEPARATE MEETING OF INDEPENDENT DIRECTORS

A separate meeting of Independent Directors of the Company was held on 07th February, 2018, to interalia:

- review the performance of non-independent directors and Board as a whole;
- review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- assess the quality, quantity and timeliness of flow of information between the Company management and Board that is necessary for the Board to effectively and reasonably perform their duties.

**Mr. Mahendra Kumar Goyal participated in the meeting through audio-visual means and leave of absence was granted to Mr. Mukul Gupta and Mr. KC Sundareshan Pillai on their request.**

## 7. ANNUAL GENERAL MEETINGS

Year	Location	Date & Time	Whether any special resolution passed
60 <sup>th</sup> Annual General Meeting	Hotel Mapple Emerald, Crystal Hall, National Highway-8, Rajokri, New Delhi-110038	11 <sup>th</sup> August 2015 11:00 AM	<ul style="list-style-type: none"> <li>- Borrowing powers of the Board and creation of charge /mortgage on the moveable and/or immoveable properties of the company, both present and future in favour of lenders</li> <li>- To consider and approve the appointment &amp; terms of appointment of Dr. Khalid Iqbal Khan as Whole-time Director-Legal &amp; Company Secretary, of the Company</li> </ul>
61 <sup>st</sup> Annual General Meeting	Hotel Mapple Emerald, Crystal Hall, National Highway-8, Rajokri, New Delhi-110038	26 <sup>th</sup> August 2016 11:00 AM	<ul style="list-style-type: none"> <li>- Appointment of Mr. Vinod Kumar Hans (DIN: 03328309) as Whole-Time Managing Director of the Company</li> <li>- Appointment of Mr. Rajesh Sinha (DIN: 07358567) as Whole-Time Director of the Company</li> <li>- Appointment of Mr. Manish Chadha (DIN: 07195652) as CFO &amp; Finance Director of the Company</li> </ul>
62 <sup>nd</sup> Annual General Meeting	Hotel Mapple Emerald, Crystal Hall, National Highway-8, Rajokri, New Delhi-110038	25 <sup>th</sup> September 2017 11:00 AM	<ul style="list-style-type: none"> <li>- Appointment of Mr. K. C. Sundareshan Pillai (DIN: 06846949) as an Independent Director</li> </ul>

**Postal Ballot:** No resolution has been passed as special resolution through postal ballot during the financial year ended 31st March, 2018. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

## 8. MEANS OF COMMUNICATION

Results	Quarterly/Half-Yearly/Yearly Financial Results of the Company were considered and approved by the Directors and the same were communicated to Stock Exchanges. During the year under review, these results were generally published in one English Daily i.e. Financial Express (all edition) and one Hindi Daily i.e. Jansatta, Delhi. The news releases, if any, were communicated to the stock exchange in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.  The results are available on the Company's website at <a href="http://www.federalmogulgoetzeindia.net">www.federalmogulgoetzeindia.net</a> . All the official news releases are made available at the website.
Whether presentations were made to Institutional Investors or to the analysts ?	No.

## 9. GENERAL SHAREHOLDER INFORMATION

a. 62 <sup>nd</sup> Annual General Meeting - Date and Time - Venue	25 <sup>th</sup> September, 2017 at 11.00 A.M. Mapple Emerald, Crystal Hall, National Highway-8, Rajokri, New Delhi-110038
b. Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
c. Financial Calendar (Tentative) - Results for the quarter ending June 30, 2018 - Results for the quarter/half year ending September 30, 2018 - Results for the quarter/period ending December 31, 2018 - Results for the quarter/year ending March 31, 2019 - Annual General Meeting for the financial year ending March 31, 2018	Second week of September 2018 Second week of December 2018 Second week of February, 2019 Last week of May 2019 20 <sup>th</sup> September, 2018
d. Book Closure date	14 <sup>th</sup> September 2018 to 20 <sup>th</sup> September 2018 (both days inclusive)
e. Listing on Stock Exchanges	- <b>BSE Limited</b> Phiroze JeeJee Bhoy Towers, Dalal Street, Mumbai-400001  - <b>The National Stock Exchange of India Ltd.</b> Exchange Plaza, 5 <sup>th</sup> Floor Plot No. C/1, G Block, Bandra-Kurla Complex Bandra (East), Mumbai 400051 <b>(See Note)</b>
f. Stock Code  ISIN No.-NSDL - CDSL	Bombay Stock Exchange – 505744 National Stock Exchange - FMGOETZE INE 529A01010 INE 529A01010

Note: Listing Fees for the year 2017-2018 and 2018-19 has been paid to both, BSE Limited and NSE Limited. Annual custodian charges of Depository have also been paid to both NSDL and CDSL.

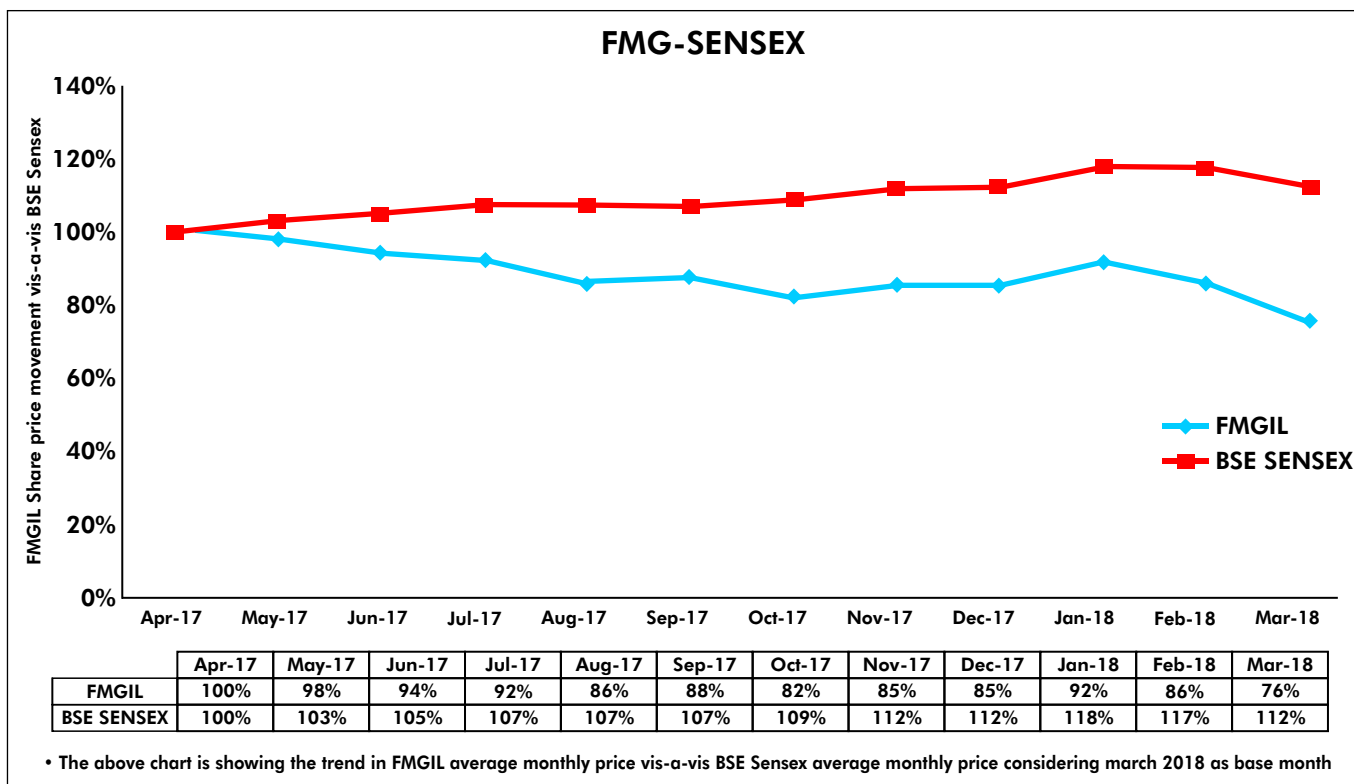


**g. Stock Market Data\***

Month	Bombay Stock Exchange, Mumbai				National Stock Exchange, Mumbai			
	Federal-Mogul Goetze (India) Limited's Share Price		Sensex		Federal-Mogul Goetze (India) Limited's Share Price		CNX Nifty	
	(Rs.)		(Rs.)		(Rs.)		(Rs.)	
	High	Low	High	Low	High	Low	High	Low
Apr-17	650.80	554.00	30184.22	29241.48	651.00	553.95	9367.15	9075.15
May-17	625.00	555.00	31255.28	29804.12	625.10	550.00	9649.60	9269.90
Jun-17	595.00	540.00	31522.87	30680.66	596.00	532.00	9709.30	9448.75
Jul-17	577.45	536.00	32672.66	31017.11	578.40	534.85	10085.90	9543.55
Aug-17	555.50	481.00	32686.48	31128.02	547.00	478.00	10137.85	9685.55
Sep-17	574.85	479.90	32524.11	31081.83	575.00	480.00	10178.95	9714.40
Oct-17	522.45	469.25	33340.17	31440.48	523.70	475.00	10384.50	9831.05
Nov-17	553.60	475.10	33865.95	32683.59	555.00	480.40	10490.45	10094.00
Dec-17	549.00	480.00	34137.97	32565.16	548.00	481.85	10552.40	10033.35
Jan-18	594.40	512.35	36443.98	33703.37	591.90	516.60	11171.55	10404.65
Feb-18	550.00	483.95	36256.83	33482.81	554.00	452.15	11117.35	10276.30
Mar-18	500.50	410.00	34278.63	32483.84	500.45	409.00	10525.50	9951.90

\* Source : www.bseindia.com; www.nseindia.com

**h. Comparison of Federal-Mogul Goetze (India) Limited Scrip movement with BSE Sensex (Month High)**  
Comparison of Federal- Mogul Goetze (India) Limited scrip movement with BSE Sensex



### i. Share Transfer System

Alankit Assignments Limited, RTA Division, 'Alankit Heights' 1E/13, Jhandewalan Extension, New Delhi 110055 is acting as the Registrar and Transfer Agent for the Equity Shares of the Company, w.e.f. 1st May 2005 to provide services in both Physical and Electronic Mode.

- The authority relating to share transfers, transmission, subdivision, consolidation, renewal, exchanges, issuance of duplicates has been delegated to the Share Transfer Committee. Presently, the Share Transfer Committee comprises Dr. Khalid Iqbal Khan, Chairman, Mr. Mukul Gupta and Mr. Krishnamurthy Naga Subramaniam as Members.

- Valid share transfers in physical form and complete in all respects are normally approved and registered generally within a period of a fortnight by the Share Transfer Committee. Valid demat requests are cleared twice in a week. The committee met 31 times during the financial year 2017-18 for approving transfers, transmission etc.

- Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate for the half year ended 30th September, 2017 and 31st March, 2018, has been issued by the Company Secretary in practice for due compliance of share transfer formalities by the Company has been submitted with the Stock Exchanges. Further, a compliance certificate duly signed by the Compliance Officer of the Company and the authorized representative of the share transfer agent for the half year ended 30th September, 2017 and 31st March, 2018, pursuant to regulation 7(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has also been submitted to the Stock exchanges certifying that all the activities in relation to both physical and electronic share transfer facility are maintained by share transfer agent registered with the Board.

### j. Distribution Schedule as on 31/03/2018

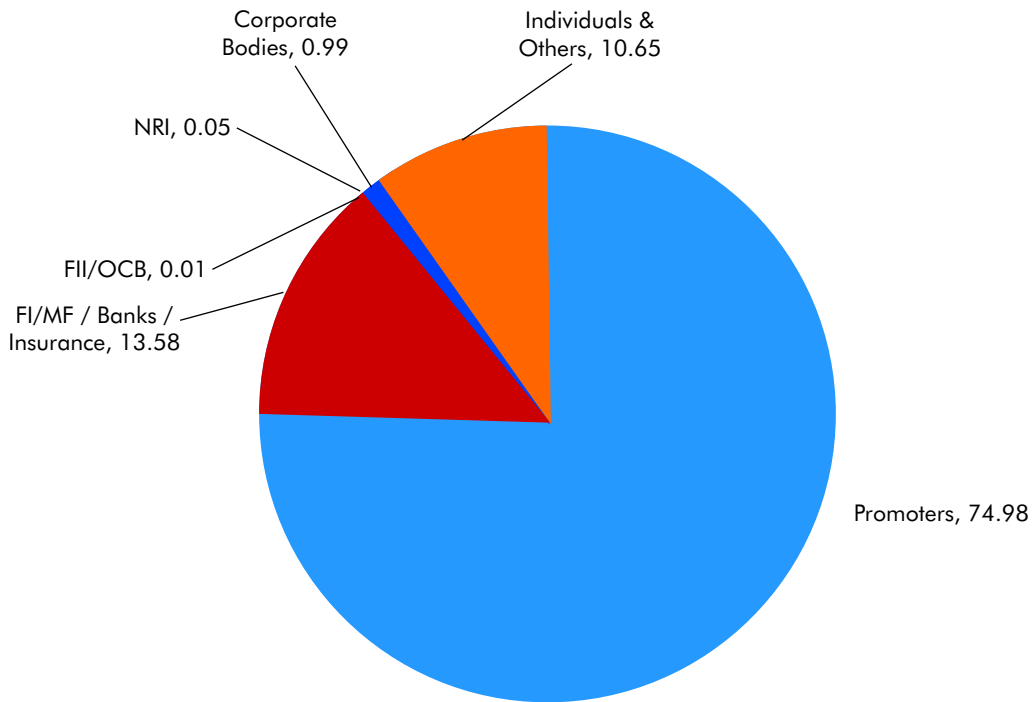
#### A] On the basis of shares held

No. of shares	No. of share holders	Percentage to total Shareholders	No. of shares held	Percentage to total shares held
UPTO 5000	18530	99.629	2377907	4.27
5001 – 10000	25	0.134	179000	0.322
10001 – 20000	12	0.065	180499	0.324
20001 – 30000	7	0.038	186580	0.335
30001 – 40000	1	0.005	36000	0.065
40001 – 50000	1	0.005	47705	0.086
50001 -100000	4	0.022	344588	0.619
Above 100000	20	0.108	52379851	94.154
<b>TOTAL</b>	<b>18600</b>	<b>100.00</b>	<b>55732130</b>	<b>100.00</b>

#### B] On the basis of Category

Category	No. of Share holders	Percentage to total shareholders	No. of shares held	Percentage to total shares held
Individuals	16986	95.36	5491844	9.88
Corporate Bodies	271	1.52	553376	0.99
Financial Institutions /Mutual Funds/ Banks/ Insurance Companies	24	0.13	7544355	13.56
Non-resident Indians	167	0.94	28867	0.05
Foreign Institutional Investors/ Overseas Corporate Bodies	2	0.01	1050	0.01
Promoters (Non-resident Company)	2	0.01	41715454	74.98
Others	360	2.03	297184	0.53
<b>TOTAL</b>	<b>17812</b>	<b>100.00</b>	<b>55632130</b>	<b>100.00</b>

**Distribution of Shares of Federal- Mogul Goetze (India) Limited  
(As on 31/03/2018)**



**k. Dematerialization of shares and Liquidity**

As on 31<sup>st</sup> March 2018, 99.17% of the Equity Capital of the Company have been dematerialized. The shares of the company are traded on BSE Limited, Mumbai and the NSE Limited, Mumbai and have good liquidity.

**l. Outstanding GDR's / ADR's / Warrants Or any convertible instruments, conversion date and likely impact on equity**

**None**

**m. Disclosure on Commodity price risks or Foreign Exchange risk and hedging activities**

**Not Applicable**

**n. Plant Locations:**

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)
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**o. Corporate office:**

10<sup>th</sup> Floor, Tower B, Paras Twin Towers,  
Sector-54, Golf Course Road,  
Gurugram, Haryana – 122002, India.  
Fax No. : +91 124 4292840  
Tel No: +91 124 478 4530

**Registered office:**

DLF Prime Towers, 10 Ground Floor,  
F-79 & 80, Okhla Phase - I, New Delhi - 110020  
Tel No: +91 11 4905 7597  
e-mail: investor.grievance@federalmogul.com  
Website: [www.federalmogulgoetzeindia.net](http://www.federalmogulgoetzeindia.net)

**p. Registrar and Share Transfer Agent**

Alankit Assignments Limited  
 'Alankit Heights'  
 1E/13, Jhandewalan Extension,  
 New Delhi-110055  
 Tel No: 011-23541234, 42541234,  
 Fax No.: 011-23552001/42541201

**q. Compliance Officer:** Dr. Khalid Iqbal Khan, Whole-time Director-Legal & Company Secretary

**r. Contact information of Designated Official for assisting and handling Investor Grievances:**

Dr. Khalid Iqbal Khan  
 Tel : +91 124 4784530  
 E-mail ID -: khalid.khan@federalmogul.com  
 Address : 10<sup>th</sup> floor, Paras Twin Towers, Tower-B,  
 Golf Course Road, Sector-54, Gurugram-122002

**s. Grievance Redressal:** Mr. Anand Kumar Sahoo

Email ID - anand.sahoo@federalmogul.com  
 Address : 10<sup>th</sup> floor, Paras Twin Towers, Tower-B,  
 Golf Course Road, Sector-54, Gurugram-122002

## 10. DISCLOSURES

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• 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</li> </ul> | <p>No materially significant related party transaction 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 was entered during the financial year ended 31<sup>st</sup> March 2018.</p>  |
| <ul style="list-style-type: none"> <li>• Details of number of Shares &amp; Convertible Instruments held by Non-Executive Directors</li> </ul>  | <p>As on date, no Non-Executive Director holds any share in the Company.</p>   |
| <ul style="list-style-type: none"> <li>• Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the past three years.</li> </ul>  | <p>None.</p>   |
| <ul style="list-style-type: none"> <li>• Details of establishment of Vigil mechanism/ Whistle blower policy, and affirmation that no personnel have been denied access to the Audit Committee.</li> </ul>  | <p>The Company has established the Vigil mechanism/ Whistle blower policy. The policy is also available on the website (<a href="http://www.federalmogulgoetzeindia.net">www.federalmogulgoetzeindia.net</a>) of the Company. Further, no person was denied access to the Audit Committee.</p>   |
| <ul style="list-style-type: none"> <li>• Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements</li> </ul>   | <p>As on date, the Company is in full compliance with the mandatory requirements of SEBI (Listing Obligations &amp; Disclosure Requirements) Regulations, 2015. Further, following Non-mandatory requirements are also adopted by the Company:</p> <ol style="list-style-type: none"> <li>1. At present, the Chairman of the Board is a Non-executive Independent Director, who is entitled to receive sitting fee only for the Board and Committee Meetings held during the year.</li> <li>2. Separate posts of Chairman and CEO: The Company has appointed Non-Executive Independent Directors as Chairman.</li> <li>3. Reporting of Internal Auditors: The internal auditors report to the Audit Committee directly.</li> </ol> |

- Details of Familiarization programme for Independent Directors <http://federalmogulgoetzeindia.net/web/index.html>
- Policy on Related Party Transaction <http://federalmogulgoetzeindia.net/web/index.html>
- Policy for determining 'material' subsidiaries <http://federalmogulgoetzeindia.net/web/index.html>
- Disclosure on Commodity price risks or Foreign Exchange risk and hedging activities Not Applicable

**11.** The Company has complied with all the applicable corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Corporate Governance Report of the Company for the financial year ended on 31st March, 2018 is in compliance with the requirements of Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable.

#### **Code of Conduct**

We at Federal-Mogul Goetze (India) Limited have laid down a code of conduct for all Board members and senior management of the Company. The code of conduct is available on the website of the Company i.e. [www.federalmogulgoetzeindia.net](http://www.federalmogulgoetzeindia.net). The code has been circulated to all the members of the Board and senior management and they have affirmed compliance with the code of conduct. A declaration signed by the Whole-time Managing Director to this effect is attached to the Annual Report.

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

**Vinod Kumar Hans**  
Whole-time Managing Director  
DIN: 03328309  
Place: Gurugram  
Date: 29<sup>th</sup> May, 2018

**Khalid Iqbal Khan**  
Whole-time Director-Legal & Company Secretary  
DIN : 05253556

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#### **DECLARATION OF WHOLE-TIME MANAGING DIRECTOR**

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copy of same is posted on the website of the Company viz. [www.federalmogulgoetzeindia.net](http://www.federalmogulgoetzeindia.net). Further certified that the Members of the Board and Senior Management Personnel have affirmed their compliance with the Code for the year ended 31<sup>st</sup> March, 2018.

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

**Vinod Kumar Hans**  
Whole-time Managing Director  
DIN: 03328309

Place: Gurugram  
Date: 29<sup>th</sup> May, 2018

## Features of Nomination and Remuneration Policy of The Company

## ANNEXURE-2

The policy lays down the criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.

- The policy determines remuneration of Directors, KMP and other employees, based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the auto ancillary industry.
- The policy specifies the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance so as to provide them reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- The policy aims to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- The policy ensures diversity of the Board so that Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy.
- Further, the Nomination and Remuneration Policy is available on the website of the Company at <http://www.federalmogulgoetzeindia.net/web/index.html>.

**Details Regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings sand outgo FMGIL**

Pursuant to clause (m) of sub-section (3) of section 134 of the Act and Companies (Accounts) Rules, 2014

**A. CONSERVATION OF ENERGY**

**a) The following energy conservation measures were taken:**

- Installed highly efficient technology upgraded and energy efficient air screw compressors by replacing the old outdated reciprocating compressor.
- Installation of air to air boosters at the user end for those machines requiring higher pressure to avoid larger generation at increased power at the source.
- Making arrangements for low capacity mobile compressors to cater to few machines during holidays and when demand is less.
- Installation of additional refrigerant air driers to meet the generating capacity thereby further improvement of compressed air quality resulting in better productivity.
- Effective execution of periodical preventive maintenance activities to sustain the optimum efficiency of compressed air generation / operations.
- Auto Switching off/on the compressors during lunch time and shift changeover time.
- Shutting off the air supply to equipments not in use for more than 10 mins.
- Replacement of 36 watts conventional fluorescent tube light fittings with 18 watts LED tube fittings in some areas.
- Replacement of 250 / 400 watts conventional mercury vapour lamp fittings with 90 / 140 watts LED lamp fittings.
- Retrofitting transparent polycarbonate sheets to induce more of natural light thereby switching off the lights as and when not required.
- Effective monitoring of heat losses in the furnaces and timely corrective actions to optimize body skin temperature through better insulation.
- Continuously improving the process parameters in heat treatment not compromising the product quality.
- Switching off the motors when not in use
- Continuous improvement activities to optimize the melting and heat treatment furnace efficiency.
- Replacement of old main frequency Furnace with energy efficient medium frequency induction furnace in piston Foundry.
- Installation of Variable Frequency Drives on Compressors, cooling towers and Air coolant units
- Replacement of old MS compressed air pipes in compressor Room and Distribution Header with energy efficient Aluminum pipes to reduce pressure drop and leakages
- Installation of Automatic capacitor panel on Compressors for power factor improvement and reduction in power losses
- Replacement of old distribution Transformers with Energy efficient transformers
- Installation of Thyristor drives on Furnaces in Piston Foundry
- Replacement of old oil circuit breakers with Vacuum Circuit breakers thus reduction in losses.
- Regular audit of compressed air leakages points, implementation and monitoring.
- Conducting in-house thermography test of hot spots for reduction in losses,
- Replacement of old high rating motors with energy efficient motors.
- Removing of extra valves , pipes and bends in compressed air line for saving in reduction of pressure.
- Electrical Power system improvement which results reduction in breakdown and less working of DG thus saving in HSD cost.
- Reduction in heat loss by covering of holding furnaces.
- Installation of VFD and automation on dedusting units big size motors.
- Replacement of centralized AC system with individual AC system.
- Replacement of old AC with Five star rating AC.

**b) The steps taken by the company for utilizing alternative source of energy:**

- Alternator Source of Fuel PNG on RR melting Furnace , Sealed quench furnace and in other areas . LPG is phased out .
- HSD Furnaces converted on PNG.
- Installation of Solar water heater for canteen.
- Green building concept by installing day sky lights in shop floor.

**c) Capital investment on energy conservation equipments: Rs. 11.85 Lakhs**

**d) Impact of the above measures:**

The above measures resulted in reduction in energy consumption, saving in power cost, productivity improvement and reduction in environmental load.

**B. TECHNOLOGY ABSORPTION**

**(i) Efforts made towards technology absorption:**

- The Company has successfully absorbed the technology for the manufacture of piston assembly conforming to Euro IV & VI standards for Gasoline/Diesel/CNG applications.
- Installation of efficient Plating process for Piston Rings.
- Installation of robotic Casting Machines i.e MLDB and IKA cell
- Implementation of High Strength Alloys for diesel and gasoline pistons
- Started casting simulation of Pistons with the Casting simulation software i.e MAGMA
- Implementation of premium friction coatings for diesel & gasoline pistons

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:**

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

**(iii) In case of imported technology, (imported during the last three years reckoned from the beginning of the financial year)-**

Details of Technology imported	Year of Import	Technology absorption status
Technology for Chip Melting plant	2015	Implemented
Technology for RR Furnace	2015	Implemented
Technology for Stereo microscope	2015	Implemented
Technology for Practical analyser	2015	Implemented
Technology for Oil jet testing machine	2015	Implemented
Technology for Rapid ink -Vision measuring machine (indigenously developed )	2015	Implemented
Technology for Auto gaging for inspection - PMS Domestic (indigenously developed)	2015	Implemented
GDC – for rings	2015	Implemented
Technology for New forge cell (indigenously developed )	2016	Implemented
LKR – for rings	2016	Implemented
D-Lite – for pistons	2017	Under Implementation
Elastoval II – for pistons	2017	Under Implementation

**(iv) The expenditure incurred on Research and Development (R&D):- Rs. 144.52 Lakhs**

**C. FOREIGN EXCHANGE EARNINGS & OUTGO**

1. Foreign exchange earned: Rs. 14,569.88 lacs
2. Foreign exchange utilized: Rs. 5464.45 lacs



**1. DEFINITIONS**

- i. **'Act'** means Companies Act, 2013, including any re-enactments thereof and amendments thereto;
- ii. **'AGM'** means Annual General Meeting of the Company, including adjourned Annual General Meeting;
- iii. **'AoA'** means the Articles of Association of Federal-Mogul Goetze (India) Limited;
- iv. **'Board'** means the Board of Directors of Federal-Mogul Goetze (India) Limited;
- v. **'Company'** means Federal-Mogul Goetze (India) Limited;
- vi. **'Distributable Profit'** means the profits of the Company for the year, for which dividend is being declared, arrived at after providing for depreciation and/or the profits of the Company for any previous financial years arrived at after providing for depreciation;
- vii. **'Dividend'** means a part of the Company's net profit distributed among shareholders in proportion to the amount of paid up share capital held by them and refers to interim dividend or final dividend;
- viii. **'Investor Education and Protection Fund'** means the fund established by the Central Government in terms of the provisions of the Companies Act, 1956, including and re-enactments thereof;
- ix. **'Policy'** means this Dividend Policy of Federal-Mogul Goetze (India) Limited;
- x. **'Record Date'** means the date to be fixed by the Company for closure of books of accounts for a particular financial year;
- xi. **'Unpaid Dividend Account'** means a special bank account opened by Federal-Mogul Goetze (India) Limited with a scheduled bank for depositing unpaid and unclaimed dividend.

**2. INTRODUCTION**

The Company's primary requirement is to maintain sufficient resources and flexibility to meet its financial and operational requirements. At the same time, the Company consistently seeks methods to create and enhance the value of its shareholders through both its commercial and financial strategies.

This policy aims at addressing the issues relating to the determination and payment of Dividend by the Company to its shareholders.

**3. OBJECTIVE OF THE POLICY**

The objective of this policy is to clearly define the Company's strategy on the distribution and utilization of its net profit for the purpose of distribution to the shareholders. The Policy intends to:

- 3.1 create a transparent method of payment of Dividend with adherence to the terms contained herein;
- 3.2 define the procedures to be followed by the Company in relation to the calculation, declaration and settlement of Dividend and for determining the manner and time period within which Dividend is to be paid;

**4. DETERMINING FACTORS**

In determining the Company's Dividend payout, the Board shall take into consideration a variety of financial and other parameters, which inter-alia shall include the following:

- i. macroeconomic factors and level of competitiveness in market;
- ii. cash flow from operations;
- iii. the outlook for Company's growth;
- iv. capital expenditure requirements;
- v. potential opportunities and expansion plans of the Company;
- vi. Company's overall debt obligations

**5. TERMS OF DECLARING DIVIDEND**

Decision to declare Dividends is not an obligation on the part of the Company and the payment of Dividend, if to be made, shall be made in conformity with the following terms:

- a) The AoA authorizes the Company to pay Dividend to its shareholders in proportion to the amount paid-up on the shares held by the shareholders.
- b) Dividend for a particular financial year may be declared or paid by the Company out of the Distributable Profits and shall be allocated among shareholders on a pro rata basis according to the number of shares held.
- c) The Dividend shall be recommended by the Board and paid to the shareholders who are registered on the Record Date.
- d) The Dividend shall be paid only in cash by cheque or warrant or any other prescribed mode.
- e) In conformity with the provisions of the Act and rules made thereunder, the decision on Dividends shall be proposed by the Board and is to be confirmed thereafter by the shareholders of the Company at an AGM.

- f) The Board may propose/ recommend payment of dividend by passing a resolution in a board meeting, which shall be subject to the confirmation / approval by the shareholders in an AGM.  
The Board Report or Directors' report to be laid before the shareholders of the company in the general meeting shall include the amount which has been recommended by the Board to be paid by way of Dividend.
- g) The Shareholders shall be entitled to pass a resolution for payment of Dividend recommended by the Board, in case the Company's condition as on the date of AGM is such that the Dividend the payouts will not harm its business and affect implementation of its development programs or strategies. However, the amount of Dividend to be approved for payment by the shareholders shall not exceed the amount recommended by the Board.
- h) The Shareholders shall be entitled to disagree with any recommendation of the Board on the Dividend amount and may pass a resolution for payout with a lesser amount than that recommended by the Board.
- i) Notwithstanding anything contained in this Dividend Policy, the Board or the Company may not declare any Dividend and the shareholders may not expect dividend in the following cases:
- i. There are reasonable grounds for believing that the Company is or would be, after a Dividend payment, unable to pay its liabilities or discharge its debt obligations as and when they become due;
  - ii. Profits are required to be retained for capital expenditure; technology upgradation; repayment of debts, including interest; and operations of the Company etc.
  - iii. There is any other situation set forth by the Act or any other law for the time being in force.
- j) No interest shall accrue on unclaimed Dividends.
- k) If the shares are jointly held/ owned, the Dividend shall be distributed and paid to the first named shareholder.
- l) The bonus shares shall not be issued in lieu of Dividend.

## 6. PROCEDURE FOR DIVIDEND PAYMENT

- a. The amount of the Dividend, including interim Dividend, shall be deposited in a scheduled bank in a separate account within five days from the date of declaration of such Dividend.
- b. Dividend shall be paid within 30 (Thirty) days of declaration of dividend in the AGM.
- c. Dividends shall be paid to shareholders after deduction of applicable tax at the applicable tax rate prevailing as on the date of payment.
- d. The shareholders of the Company shall be solely responsible for making due submission with the Company of any information and changes thereto so as to enable the Company to make necessary changes in the shareholders' register, contact information, bank account details, communication address etc as may be required by the Company for the purpose of payment of Dividend.
- e. If the Dividend, after being declared, is not paid or remains claimed within 30 (Thirty) days of declaration in the AGM, then such amount of Dividend shall be transferred to the Unclaimed Dividend Account within 7 (Seven) days from the date of expiry of the said period of 30 (Thirty) days.
- f. An amount which remains unclaimed and unpaid for a period of 7 (Seven) years from the date they became due for payment will be transferred by the Company to the Investor Education and Protection Fund.

## 7. INTERNAL AND EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND

### Internal Factors :

- 1) Profits of the Company
- 2) Future Investment plans
- 3) Technical Upgradation
- 4) Capital Expenditure
- 5) Working Capital requirements

### External Factors :

- 1) Cost of debt
- 2) Technological requirements due to change in Government policy
- 3) Changes in law
- 4) Market scenario like Recession, boom or depression etc.

#### **8. UTILISATION OF RETAINED EARNINGS**

The retained earnings shall, inter-alia, be utilized for the following purposes:

- 1) Operations of the Company;
- 2) Meeting the capital expenditure requirements;
- 3) Technology upgradation;
- 4) Repayment of debt, including interest; and
- 5) Such other purposes as may be determined by the Board, from time to time.

#### **9. MISCELLANEOUS**

Where there is an inconsistency between the clauses of this Policy and the Company's AoA with respect to the payment of Dividends, the provisions set forth in the Company's AoA must be adhered to. Further, if there is any change in the law, the provisions of law shall always prevail over the provisions of the policy.

This Policy may be amended in whole or in part by the Board at any time.

**Adopted by the Board of Federal-Mogul Goetze (India) Limited on 29th July, 2016.**

## ANNEXURE-5 THE COMPANY CSR POLICY

Effective: April 1, 2014

### 1. SHORT TITLE & APPLICABILITY:

- 1.1 The Corporate Social Responsibility policy of the Company encompasses its philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. The Corporate Social Responsibility policy of the Company is titled as the 'THE COMPANY CSR Policy'.
- 1.2 This policy shall apply to all CSR initiatives and activities taken up by THE COMPANY for the benefit of different segments of the society, specifically the deprived, and underprivileged section of the society.

### 2. THE COMPANY'S APPROACH TOWARDS CORPORATE SOCIAL RESPONSIBILITY

The approach of the Company towards Corporate Social Responsibility would be oriented to identify the activities in response to felt societal needs in diverse areas and to implement them with full involvement and commitment in a time bound manner. The Company will provide financial assistance in the form of grant-in-aid assistance and corpus fund support etc. to support, supplement and improve the quality of life of different segments of the society, specifically the deprived, and underprivileged section of the society.

#### 2.1 AIMS AND OBJECTIVES

As a responsible corporate entity, the Company will consistently strive for opportunities to meet the expectation of its stake holders by pursuing the concept of sustainable development with focus on the following social welfare activities:-

1. Promotion of rural enterprise and livelihood including skill development and training.
2. Making sustained efforts for environmental preservation.
3. Undertaking relevant community development programmes.
4. Supporting initiatives of vocational, technical and higher education to the most disadvantaged and marginalized section of the society.
5. Eradicating extreme hunger and poverty.
6. Promoting gender equality and empowering women.
7. To be a part of national/local initiatives to provide relief / rehabilitation in times of natural disaster/ calamities.

### 3. ACTIVITIES UNDER CORPORATE SOCIAL RESPONSIBILITY

The Company would endeavor to adopt an integrated approach to address the community, societal & environmental concerns by taking up a range of the following activities, which shall be taken up strategically,, in a focused manner to the extent possible and allowed as per Section 135 of the Companies Act, 2013 and the applicable rules and regulations as may be prescribed in this regard, including any modification (s) thereof.

#### 3.1 CSR ACTIVITIES: CSR activities will be undertaken within India.

CSR activities will include the following activities relating to:—

- (i) Eradicating hunger, poverty, malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.
- (ii) Promotion of education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the different abled and livelihood enhancement projects.
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- (iv) Measures for the benefit of armed forces veterans, war widows and their dependants.
- (v) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.
- (vi) Ensuring environmental sustainability, ecological balance protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.
- (vii) Protection of national heritage, art and culture including restoration of buildings and sites of historically importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.
- (viii) Contributions or funds provided to technology incubators located within academic institutions which are approved by Central Government.

- (ix) Rural development projects.
- (x) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
- (xi) Such other matters as may be prescribed by the Central Government and approved by the Board of Directors/ CSR Committee, as the case may be.

#### **4. PROHIBITED ACTIVITIES UNDER CSR**

The Corporation will abstain from carrying out the following activities under CSR that may create dissatisfaction in any section of the Society:-

- I. Activities concerned with religion like construction of temple/mosque etc.
- II. Activities disturbing social harmony in any manner.
- III. Activities exclusively for the benefit of employees of the company or their family members.
- IV. Such other activities as may be prohibited by Central Government.

#### **5. IMPLEMENTATION MECHANISM**

The Company would consider the following broad parameters while identifying/selecting the schemes/projects:

- 5.1 The assistance under CSR activities may be in the form of donation, so as to create social impact and visibility.
- 5.2 While implementing the identified activities, time frames and milestones may be predefined.
- 5.3 The CSR projects may be based on fundamentals of sustainable development.
- 5.4 In line with the Companies Act, 2013, donation based assistance/ grants, should not be less than limits as may be prescribed by the Central Government/ Ministry of Corporate Affairs from time to time.
- 5.5 Proper screening, checks and balances shall be ensured while sanctioning the CSR proposals.

#### **6. PLANNING AND COORDINATION**

- 6.1 Subject to the above, the Company will prepare an annual plan for CSR activities for each year within the budgetary provisions and will place the same before the CSR Committee / the Board of Directors for approval, as the case may be.
- 6.2 The focus of benefits will be in line with the activities mentioned in this document and as per programs, projects and schemes approved.

#### **7. MONITORING AND EVALUATION**

Regular update on the CSR initiatives undertaken and/ or to be undertaken shall be given to the CSR Committee. The Company may also depute one or more employees who shall monitor the CSR initiatives of the Company and report the same to the CSR Committee. The impact of the CSR activities may be quantified to the extent possible. The Chairman of CSR Committee shall draw a time frame from the date of initiation. In case of any delay noticed while monitoring the CSR initiatives, remedial measures shall be taken for timely completion of the Project.

#### **8. ALLOCATION OF FUNDS**

A total allocation of amount as prescribed by the Companies Act, 2013 and approved by the Board will be earmarked every year for implementation of CSR programmes.

#### **9. REPORTING**

An annual report of the activities undertaken under the CSR initiatives will be prepared, mentioning the activities identified, benefits accrued as a result thereof and the number of people benefited there from. The said report shall be submitted to the Board of Directors.

#### **10. GENERAL**

- 10.1. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of the Company.
- 10.2. In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to the CSR Committee. In all such matters, the decision of the CSR Committee shall be final.
- 10.3. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Companies Act, 2013, rules and regulations as may be prescribed by the Central Government, from time to time.
- 10.4. The Company reserves the right to modify, cancel, add, or amend any of these Rules.

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES 2017-18

### 1. A brief outline of the Company’s CSR policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

The Corporate Social Responsibility Policy of the Company encompasses its philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. The policy applies to all CSR initiatives and activities taken up by the Company for the benefit of different segments of the society, specifically the deprived and underprivileged section of the society.

The Company shall endeavour to create footprints in the nation building efforts of the Government by significantly contributing on national mission.

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** – Promoting quality education amongst less privileged children, especially girl child, to bring about a social change.
- **Preventive Health care** – To directly and indirectly improve the health of fellow citizens, especially the socially and economically marginalized groups by working actively in the areas of preventive health and sanitation and making available safe drinking water.
- **Rural Development Project** – To contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large by supporting local schools & hospitals i.e. community development
- **Employment Enhancing Vocational Skills** – In order to enhance the skill Development of unemployed youth, we plan to associate ourselves with ITI’s and launch a series of programmes to provide technical and vocational training with an ultimate aim of creating world class skilled work force and making the potential employees ‘Job Ready’ before they embark upon their professional career.
- **Women Empowerment** – To equip women, with skills and resources to build a better future for themselves.

The CSR policy and details of the programs are available on the website of the Company, <http://federalmogulgoetzeindia.com/web/index.html>

### 2. Composition of the CSR Committee:

Presently, the CSR committee comprises the following members :-

- 1) Mr. Vinod Kumar Hans (Chairman)
- 2) Mr. K.N. Subramaniam
- 3) Dr. Khalid Iqbal Khan
- 4) Mr. KC Sundareshan Pillai

### 3. Average net profit of the Company for the last three financial years: INR 77.55 crores

### 4. Prescribed CSR Expenditure (two percent, of the amount as in item 3 above): INR 1.55 crores

### 5. Details of CSR spent during the financial year:

- a) Total amount to be spent for the financial year : **Rs. 1.55 crores**
- b) Amount Unspent, if any : **Nil**

The manner in which the amount has been spent during the financial year is detailed below:

**Rs. in lacs**

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local Area (2) Specify the State and district where projects were undertaken	Amount Outlay (budget) or programs wise	Amount spent on project (1) Direct expenditure on project (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
1	Education to Under-privileged children	Promotion of Education	Gurgaon		22.74	50.72	Agency - GharAngna (EkPyaraSapna)
2	Providing school uniform & furniture for Deaf and Blind School	Promotion of Education	Patiala		7.88		Agency - Society for Welfare of the Handicapped
3	AWIM National Olympics 2017-SAE	Promotion of Education	Pune		1		Agency - SAE
4	Sponsoring education and all expense for one unit (having 9	Promotion of Education	Patiala		11.6		Agency- SOS Childrens Village

Rs. in lacs

	children & 1 mother)						
5	Remedial Coaching at Baroti School	Promotion of Education	Parwanoo		5		Agency - SNS Foundation
6	Remedial Coaching and women empowerment programmes	Promotion of Education	Faridabad		2.5		Agency - Uday Society
7	MJSA Project for water conservation	Rural Development Project			1.84	2.35	Direct Govt. Project
8	Construction of shed at Circle Office-DSP - Rural	Rural Development	Patiala		0.51		Direct
9	Upgrading ITI, Patiala	Employment Enhancing Vocational Skills	Patiala		22.2	34.03	Agency - Khushii
10	Training Mechanic programme	Employment Enhancing Vocational Skills	Gurgaon		1.5		Agency - SNS Foundation
11	Setting up of Motorparts Training Workshop & Silai Centre at Remand House	Employment Enhancing Vocational Skills	Bengaluru		10.33		Agency - Manav Charities
12	Providing of safe drinking water to communities	Preventive Health Care	Bangalore		4.46	54.46	Direct
13	Fly Killers	Preventive Health Care	Bangalore		0.38		Direct
14	Providing shelter for abandoned senior citizens and mentally disabled people	Preventive Health Care	Gurgaon		34.04		Agency - The Earth Saviours Foundation
15	Renovating Kitchen for abandoned senior citizens and mentally disabled people	Preventive Health Care	Gurgaon		10.86		Agency - The Earth Saviours Foundation
16	Providing bed sheets for old Age Home	Preventive Health Care	Gurgaon		1.15		Agency - The Earth Saviours Foundation
17	Organizing Medical Camps in Slums	Preventive Health Care	Gurgaon		3.57		Agency - Medihelp Foundation
18	Campaign on International Women Day - Education of girl child	Women Empowerment	Faridabad		5.2	5.3	Agency - Khushii
19	Stitching work through Silai Centre for NO Polythene Campaign	Women Empowerment	Gurgaon		0.1		Direct
20	Expense related to employee involved in CSR	Administrative Expense	Gurgaon		6.38	8.25	Direct
21	Payment to Audit Firm	Administrative Expense	Gurgaon		1.32		Direct
22	Annual Report Printing	Administrative Expense	Gurgaon		0.55		Direct
	<b>TOTAL</b>				<b>155.11</b>	<b>155.11</b>	

#### 6. Details of implementing Agencies are as under :-

- a. **Ghar Angna (Ek Pyara Sapna) Welfare Society**, a NGO is in the field of education for under-privileged children from Nursery to Class -2. It has been in existence since the year 2009.
- b. **Society for the Welfare of the Handicapped** – This NGO is a pioneer in North India in the field of education for Children with special needs. Society was established on 16th April 1967. In 2014, they were adjudged as best NGO of Punjab State. The President of India presented the Award in Rashtripati Bhawan in person to Col. Karaminder Singh.
- c. **SNS Foundation** - The SNS Foundation is the CSR wing of Anand established in the 70's and operates around the various manufacturing bases of Anand spread across the country. The Vision of the Foundation is a development process that creates a socially just and equitable, economically progressive, and environmentally sustainable society.
- d. **SOS Children's Village** - SOS Children's Villages of India is an independent, non-governmental, social development organisation that provides family-based care for parentless or abandoned children in India. The organization is over 50 years old in India and it advocates the concerns, rights and needs of children in need of care and protection. In India, they are present in 22 states, have 32 SOS Children's Villages and over 25, 000 beneficiaries.
- e. **The Earth Saviours Foundation** - Founded in 2008, is an Internationally recognized NGO, situated in Gurgaon, Haryana, India. The Foundation is dedicated to serve less privileged people and is making every possible effort to protect the environment. They are Recipient of Sardar Vallabhbhai Patel International Prestigious Award for Excellence in Humanitarian Services.
- f. **Uday Society for Development**, an NGO working for the upliftment of under-privileged with an aim to largely work on development of the deprived community, to enable them live with dignity and self esteem, by supporting them to achieve good health, proper education and economic growth and is based at faridabad.
- g. **SAE** – The activities under AWIM (A World In Motion) undertaken by SAW Western India Group are covered under Schedule VII of Section 135 of Companies Act 2013, being in the nature of promoting education. AWIM National Olympics is scheduled yearly to join together school teachers, students and industry volunteers in an exploration of physical science while addressing essential mathematic and scientific concepts & skills of the secondary school students. Industry volunteers play an essential role in motivating the next generation to pursue careers in science, technology & engineering by bringing their everyday experiences into an AWIM classroom.
- h. **MJSA** – Water Conservation Project - Mukhyamantri Jal Swavlamban Abhiyan (MJSA) Rajasthan's CM Vasundhara Raje's most ambitious scheme to conserve and harvest rain water and make villages self-reliant even during drought periods. The scheme is created with the idea of natural resource management with hydrological unit as a base to develop water, forest and land in Rajasthan.
- i. **Khushii** - Khushii is a charitable organization that has been in the public domain for almost 12 years now, headed by the legendary Kapil Dev. Khushii is a philanthropic initiative of the eminent social personalities of the country working on alternatives leading to socio economic development of the under privileged segment of the society.
- j. **Manav Charities**, a vibrant charitable NGO started in 1999 and working towards economic, social and educational development and upliftment of people in Karnataka and other parts of the country. It is registered under Karnataka Societies Act 1960, having its office at #66, 14th Main, Kammagondanahalli, Jalahalli West, Bangalore – 560 015.
- k. **Medihelp Foundation** - Medihelp Foundation was setup in 2011, is a not for profit organisation registered under the Trust Registration Act of 1882. They conduct free medical check up camps, eye-operation camps, dialysis assistance schemes, HIV/AIDS awareness programmes, health promotion events, etc. They promote and participate in government health drives and schemes as regards polio vaccination, malnutrition, safe motherhood, child care, and if required in private campaigns promising better health awareness and alleviation of conditions in the field of health and hygiene.

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

**Vinod Kumar Hans**

Whole-time Managing Director & Chairman of CSR Committee

DIN: 03328309

Place: Gurgaon

Date: 29<sup>th</sup> May 2018



## ANNEXURE – 7 TO THE DIRECTORS’ REPORT

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part “A”: Subsidiaries

(Rs. in lacs)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Federal-Mogul TPR (India) Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company’s reporting period	1st April 2017 to 31st March 2018
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4.	Share capital	Authorised Sh. Cap. - 2000.00 Issued Sh. Cap. - 1000.00
5.	Reserves & surplus	12,040.75
6.	Total assets	13,321.77
7.	Total Liabilities	13,321.77
8.	Investments	Nil
9.	Turnover (Net of Excise/GST)	10,631.99
10.	Profit before taxation	2,400.23
11.	Provision for taxation	797.58
12.	Profit after taxation	1,611.61
13.	% of shareholding	51%

#### Part “B”: Associates and Joint Ventures

### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

: There is no associate and joint venture company as on 31<sup>st</sup> March 2018.

## ANNEXURE – 8 TO THE DIRECTORS’ REPORT

### Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Federal Mogul Goetze (India) Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Federal Mogul Goetze (India) Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering (1st April, 2017-31st March, 2018) the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by “the Company” for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

Few suggestions were advised to the Company during the audit which were diligently carried out by the Company under the review period itself.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no instances of:

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations

**For DEEPIKA GERA, Company Secretaries**

DEEPIKA GERA

FCS No. 3531

CPNo : 7487

Place : NEW DELHI

Date: 29-05-2018

**DISCLAIMER NOTE :** We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**ANNEXURE-9 TO DIRECTORS' REPORT**  
**CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
**Federal-Mogul Goetze (India) Limited**

We have examined the compliance of conditions of Corporate Governance of Federal-Mogul Goetze (India) Limited for the year ended 31st March, 2018 as stipulated in regulations Part E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. The examination was limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of the information provided and according to the explanations given, it is certified that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Regulations.

We state that in respect of Investors grievances received during the year ended 31st March, 2018, no investor grievances were pending against the Company for a period exceeding thirty days as per the records maintained by the Company which were presented to the shareholders/Investor Grievance Committee. All the investor grievances against the Company were resolved amicably.

We further state that such certification as to compliance is neither an assurance of the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Surinder Vashishtha & Associates**  
**Company Secretaries**

**Surinder Vashishtha**  
**C.P. No. : 12313**

Place: Gurugram  
Date: 29<sup>th</sup> May 2018

## ANNEXURE-10 TO DIRECTORS' REPORT

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

<b>CIN</b>	L74899DL1954PLC002452
<b>Registration Date</b>	26 <sup>th</sup> November, 1954
<b>Name of the Company</b>	Federal-Mogul Goetze (India) Limited
<b>Category / Sub-Category of the Company</b>	Company limited by shares
<b>Address of the Registered office and contact details</b>	<p><b>Registered Office:</b> DLF Prime Towers, 10 Ground Floor, F- 79 &amp; 80, Okhla Phase-I, New Delhi- 110020 Contact details: Ph. No.: +91 11 4905 7597</p> <p><b>Corporate Office:</b> Paras Twin Towers, 10th Floor, Tower B, Sector-54, Golf Course Road, Gurugram -122002</p> <p><b>Contact details:</b> Ph. No.: +91 124 4784530; Fax : +91 124 4292840 Email: investor.grievance@federalmogul.com Website: www.federalmogulgoetzeindia.net</p>
<b>Whether listed company</b>	Yes
<b>Name, Address and Contact details of Registrar and Transfer Agent</b>	<p>Alankit Assignments Limited Alankit House, 3E/7, Jhandewalan Extension, New Delhi- 110055 Ph. No.: +91 11 42541234; +91 11 23541234 Fax : +91-11- 42541201 Email: rta@alankit.com</p>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Pistons, Piston Pins & Piston rings	2811	100 %

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl.	Name and Address of The company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Federal-Mogul Holdings Limited	Not Applicable	Holding	60.053 %	2(46)
2	Federal-Mogul TPR (India) Limited	U34300DL1997PLC087410	Subsidiary	51%	2(87)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>(1) Indian</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub – total (A)(1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	41715454	-	41715454	74.984	41715454	-	41715454	74.984	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	41715454	-	41715454	74.984	41715454	-	41715454	74.984	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	41715454	-	41715454	74.984	41715454	-	41715454	74.984	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	5595598	1850	5597448	10.062	5667693	1850	5669543	10.191	0.192
b) Banks / FI	3710	1722	5432	0.010	3958	1772	5730	0.010	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	1869766	100	1869866	3.361	1869032	50	1869082	3.360	(0.001)
g) FIs	27000	1050	28050	0.050	-	1050	1050	0.002	(0.048)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify -FPI's)	137144	-	137144	0.247	185235	-	185235	0.333	(0.086)
<b>Sub-total (B)(1):-</b>	<b>7633218</b>	<b>4722</b>	<b>7637940</b>	<b>13.730</b>	<b>7725918</b>	<b>4722</b>	<b>7730640</b>	<b>13.896</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	580996	6143	587139	1.055	554856	6141	560997	1.014	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
l) Individual shareholders holding nominal share capital up to Rs. 1 lakh	1755730	471980	2227710	4.004	1846147	448460	2294607	4.125	0.121
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	3427913	-	3427913	6.162	3288807	-	3288807	5.912	(0.25)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)-									
Trust	3745	-	3745	0.006	3985	-	3985	0.170	-
NRI	29642	1587	31229	0.056	27280	1587	28867	0.060	-
Clearing Member	-	-	-	-	8773	-	8773	0.016	-
HUF	-	-	-	-	91570	-	91570	0.165	-
Sub-total (B)(2):	5799026	479710	6278736	11.284	5821418	456188	6276019	11.462	-
<b>Total Public Shareholding (B) = (B)(1)+ (B)(2)</b>	13432244	484432	13916676	25.016	13547336	460910	4006659	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>55147698</b>	<b>484432</b>	<b>55632130</b>	<b>100.00</b>	-	-	-	-	-

ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	
1	Federal-Mogul Holdings Limited	33408581	60.053	-	33408581	60.053	-	-
2	Federal-Mogul Vermögensverwaltungs-GMBH	8306873	14.932	-	8306873	14.932	-	-
<b>Total</b>		<b>41715454</b>	<b>74.984</b>	<b>-</b>	<b>41715454</b>	<b>74.984</b>	<b>-</b>	<b>-</b>

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares shares of	% of total the company	No. of shares	% of total shares of the company
1.	<b>Federal-Mogul Holdings Limited</b>				
	At the beginning of the year	33408581	60.053	33408581	60.053
	Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year	33408581	60.053	33408581	60.053
2.	<b>Federal-Mogul Vermögensverwaltungs-GMBH</b>				
	At the beginning of the year	8306873	14.932	8306873	14.932

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares shares of	% of total the company	No. of shares	% of total shares of the company
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	Nil	Nil	Nil	Nil
		8306873	14.932	8306873	14.932

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date of change in Share holding	Increase/ Decrease in Share holding	Reason for Increase/ Decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company				No. of shares	% of total shares of the company
1	Reliance Capital Trustee Company Limited A/C	5395561	9.70	01/04/2017	-	-	5395561	9.70
	Reliance Capital Trustee Company Limited A/C			28/04/2017	-331	Transfer	5395230	9.70
	Reliance Capital Trustee Company Limited A/C			12/05/2017	7944	Transfer	5403174	9.71
	Reliance Capital Trustee Company Limited A/C			26/05/2017	9000	Transfer	5412174	9.72
	Reliance Capital Trustee Company Limited A/C			02/06/2017	7469	Transfer	5419643	9.74
	Reliance Capital Trustee Company Limited A/C			09/06/2017	80	Transfer	5419723	9.74
	Reliance Capital Trustee Company Limited A/C			23/06/2017	2000	Transfer	5421723	9.74
	Reliance Capital Trustee Company Limited A/C			30/06/2017	7991	Transfer	5429714	9.76
	Reliance Capital Trustee Company Limited A/C			07/07/2017	1800	Transfer	5431514	9.76
	Reliance Capital Trustee Company Limited A/C			21/07/2017	2000	Transfer	5433514	9.76
	Reliance Capital Trustee Company Limited A/C			18/08/2017	17474	Transfer	5450988	9.79
	Reliance Capital Trustee Company Limited A/C			22/09/2017	-1315	Transfer	5449673	9.79
	Reliance Capital Trustee Company Limited A/C			29/09/2017	287	Transfer	5449960	9.79
	Reliance Capital Trustee Company Limited A/C			20/10/2017	-1682	Transfer	5448278	9.79
	Reliance Capital Trustee Company Limited A/C			27/10/2017	-376	Transfer	5447902	9.79
	Reliance Capital Trustee Company Limited A/C			31/10/2017	-2328	Transfer	5445574	9.78
	Reliance Capital Trustee Company Limited A/C			01/12/2017	-150	Transfer	5445424	9.78
	Reliance Capital Trustee Company Limited A/C			08/12/2017	-1270	Transfer	5444154	9.78
	Reliance Capital Trustee Company Limited A/C			12/01/2018	-35403	Transfer	5408751	9.72
	Reliance Capital Trustee Company Limited A/C			19/01/2018	22500	Transfer	5431251	9.76
	Reliance Capital Trustee Company Limited A/C	26/01/2018	18000	Transfer	5449251	9.79		
	Reliance Capital Trustee Company Limited A/C	16/02/2018	7605	Transfer	5456856	9.80		
	Reliance Capital Trustee Company Limited A/C	23/02/2018	1800	Transfer	5458656	9.81		
	Reliance Capital Trustee Company Limited A/C	02/03/2018	8315	Transfer	5466971	9.82		
	Reliance Capital Trustee Company Limited A/C	09/03/2018	685	Transfer	5467656	9.82		
2	Life Insurance Corporation of India	1129741	2.03	31/03/2018	-	-	1129741	2.03
3	Bhavook Tripathi	1102928	1.98	01/04/2017	-	-	1102928	1.98
	Bhavook Tripathi			07/04/2017	-24142	Transfer	1078786	1.93
	Bhavook Tripathi			14/04/2017	-12778	Transfer	1066008	1.91
	Bhavook Tripathi			21/04/2017	-25750	Transfer	1040258	1.86
	Bhavook Tripathi			28/04/2017	-1375	Transfer	1038883	1.86
	Bhavook Tripathi			05/05/2017	-96	Transfer	1038787	1.86
	Bhavook Tripathi			10/11/2017	2159	Transfer	1040946	1.87
	Bhavook Tripathi			17/11/2017	7888	Transfer	1048834	1.88
	Bhavook Tripathi			24/11/2017	1980	Transfer	1050814	1.88
	Bhavook Tripathi			15/12/2017	-1376	Transfer	1049438	1.88
	Bhavook Tripathi			22/12/2017	5614	Transfer	1055052	1.89
	Bhavook Tripathi			09/02/2018	90	Transfer	1055142	1.89
	Bhavook Tripathi			23/02/2018	2000	Transfer	1057142	1.90

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date of change in Share holding	Increase/Decrease in Share holding	Reason for Increase/Decrease	Cumulative Shareholding during the year					
		No. of shares	% of total Shares of the company				No. of shares	% of total shares of the company				
4	Bhavook Tripathi	751500	1.35	09/03/2018	7469	Transfer	1064611	1.91				
	Bhavook Tripathi			16/03/2018	2571	Transfer	1067362	1.91				
	Bhavook Tripathi			30/03/2018	2100	Transfer	1069462	1.92				
	K Mohan			01/04/2017	-	-	751500	1.35				
				07/04/2017	-1500	Transfer	750000	1.35				
				14/04/2017	-1500	Transfer	748500	1.34				
				21/04/2017	-4500	Transfer	744000	1.34				
				09/06/2017	-706	Transfer	743294	1.34				
				16/06/2017	-1006	Transfer	742288	1.33				
				23/06/2017	-688	Transfer	741600	1.33				
				07/07/2017	-410	Transfer	741190	1.33				
				14/07/2017	-485	Transfer	740705	1.33				
				21/07/2017	-100	Transfer	740605	1.33				
				11/08/2017	-1246	Transfer	739359	1.33				
5	Vanaja Sundar Iyer	572239	1.03	18/08/2017	-1100	Transfer	738259	1.33				
				08/09/2017	-51	Transfer	738208	1.33				
				18/09/2017	-208	Transfer	738000	1.33				
				31/10/2017	1000	Transfer	739000	1.33				
				10/11/2017	-1000	Transfer	738000	1.33				
				08/12/2017	-896	Transfer	737104	1.32				
				15/12/2017	-2767	Transfer	734337	1.32				
				12/01/2018	-1337	Transfer	733000	1.32				
				31/03/2018	-	-	572239	1.03				
				6	The New India Assurance Company Limited	539775	0.97	01/04/2017	-	-	539775	0.97
								23/03/2018	-734	Transfer	539041	0.96
				7	Madhuri Kela	215000	0.39	31/03/2018	-	-	215000	0.39
				8	General Insurance Corporation of India	200250	0.36	31/03/2018	-	-	200250	0.36
				9	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life MNC Fund	200000	0.36	31/03/2018	-	-	200000	0.36
10	India Infoline Limited	173549	0.31					01/04/2017	-	-	173549	0.31
				07/04/2017	-2964	Transfer	170855	0.31				
				14/04/2017	45	Transfer	170900	0.31				
				21/04/2017	-168051	Transfer	2849	0.00				
				28/04/2017	168036	Transfer	170885	0.31				
				05/05/2017	-30	Transfer	170855	0.31				
				12/05/2017	100	Transfer	170955	0.31				
				19/05/2017	-169001	Transfer	1954	0.00				
				26/05/2017	168900	Transfer	170854	0.31				
				02/06/2017	1610	Transfer	172464	0.31				
				23/06/2017	-123	Transfer	172341	0.31				
				30/06/2017	-585	Transfer	171756	0.31				
				07/07/2017	-25	Transfer	171731	0.31				
				21/07/2017	-171721	Transfer	10	0.00				
				28/07/2017	171720	Transfer	171730	0.31				
				04/08/2017	-23	Transfer	171707	0.31				
				11/08/2017	20	Transfer	171727	0.31				
				18/08/2017	-110	Transfer	171617	0.31				
				25/08/2017	-50	Transfer	171567	0.31				
				01/09/2017	174	Transfer	171741	0.31				
				08/09/2017	145	Transfer	171886	0.31				
				18/09/2017	-287	Transfer	171599	0.31				
				22/09/2017	1300	Transfer	171899	0.31				
				29/09/2017	-1958	Transfer	170941	0.31				
30/09/2017	-180	Transfer	170761	0.31								



Sl. No. For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date of change in Share holding	Increase/Decrease in Share holding	Reason for Increase/Decrease	Cumulative Shareholding during the year	
	No. of shares	% of total Shares of the company				No. of shares	% of total shares of the company
India Infoline Limited			20/10/2017	25	Transfer	170786	0.31
India Infoline Limited			27/10/2017	-25	Transfer	170761	0.31
India Infoline Limited			31/10/2017	1827	Transfer	172588	0.31
India Infoline Limited			03/11/2017	-172588	Transfer	-	-
India Infoline Limited			10/11/2017	171995	Transfer	171995	0.31
India Infoline Limited			24/11/2017	65	Transfer	172060	0.31
India Infoline Limited			01/12/2017	666	Transfer	172726	0.31
India Infoline Limited			08/12/2017	-503	Transfer	172223	0.31
India Infoline Limited			15/12/2017	-22	Transfer	172201	0.31
India Infoline Limited			22/12/2017	472	Transfer	172673	0.31
India Infoline Limited			29/12/2017	2332	Transfer	175005	0.31
India Infoline Limited			30/12/2017	28677	Transfer	203682	0.37
India Infoline Limited			12/01/2018	-50	Transfer	203632	0.37
India Infoline Limited			19/01/2018	100	Transfer	203732	0.37
India Infoline Limited			26/01/2018	-100	Transfer	203632	0.37
India Infoline Limited			02/02/2018	15	Transfer	203647	0.37
India Infoline Limited			09/02/2018	31	Transfer	203678	0.37
India Infoline Limited			16/02/2018	-133	Transfer	203545	0.36
India Infoline Limited			23/02/2018	83	Transfer	203628	0.37
India Infoline Limited			02/03/2018	-100	Transfer	203528	0.36
India Infoline Limited			09/03/2018	-253	Transfer	203275	0.36
India Infoline Limited			16/03/2018	1	Transfer	203275	0.36
India Infoline Limited			23/03/2018	-1	Transfer	203275	0.36
India Infoline Limited			30/03/2018	196	Transfer	203471	0.36

**v. Shareholding of Directors and Key Managerial Personnel:**

Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Dr. Khalid Iqbal Khan</b>				
At the beginning of the year	5	0.00	5	0.00
Transactions (Purchase/Sale) during the year:	-	-	-	-
At the end of the year	5	0.00	5	0.00

**Note:** Mr. Vinod Kumar Hans, Mr. Krishnamurthy Naga Subramaniam, Mr. Manish Chadha, Mr. Rajesh Sinha, Mr. Sunit Kapur, Ms. Janice Maiden Ruskey, Mr. KC Sundareshan Pillai, Mr. Mukul Gupta and Mr. Mahendra Kumar Goyal did not hold any shares during the year 2017-18.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in lacs)

	Secured Long Term Loans excluding deposits	Secured short Term Loans excluding deposits	Unsecured Loans	Inter-corporate Deposit	Depo-sits	Total Indebtedness
Indebtedness at the beginning of the financial year						
l) Principal Amount	3722.21	1176.26	1979.75	4714.99	-	-
ii) Interest due but not paid	Nil	Nil	Nil	Nil	-	-
iii) Interest accrued but not due	34.28	35.48	0.27	36.58	-	-
<b>Total (i+ii+iii)</b>	<b>3756.49</b>	<b>1211.74</b>	<b>1980.02</b>	<b>4751.57</b>	-	-
Change in Indebtedness during the financial year						
• Addition	Nil	151.05	21.61	4000	-	-
• Reduction	(3722.21)	(1176.26)	(1979.75)	(2075)	-	-
<b>Net Change</b>	<b>(3722.21)</b>	<b>(1025.21)</b>	<b>(1958.14)</b>	<b>1925</b>	-	-
Indebtedness at the end of the financial year						
i) Principal Amount	Nil	151.05	21.61	6639.99	-	-
ii) Interest due but not paid	Nil	Nil	Nil	Nil	-	-
iii) Interest accrued but not due	Nil	Nil	Nil	43.99	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>151.05</b>	<b>21.61</b>	<b>6683.98</b>	-	-

## REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director (Whole-time Directors and/or Manager):

(Rs. in lacs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total
		Vinod Kumar Hans	Manish Chadha	Khalid Iqbal Khan	Rajesh Sinha	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	110.13	59.76	61.66	76.49	308.04
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10.16	11.79	11.86	14.10	47.91
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, (Commission)	-	-	-	-	-
5	Others, (Company's contribution to PF & Superannuation, wherever applicable)	10.16	5.73	2.69	6.52	25.1
	<b>Total (A)</b>	<b>157.91</b>	<b>77.28</b>	<b>76.20</b>	<b>97.11</b>	<b>408.5</b>
	Ceiling as per the Act	Being 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013				

**B. Remuneration to other directors:**

(Rs. in lacs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total
		K. N. Subramaniam	Mukul Gupta	Mahendra Goyal	S.K.C. Pillai	
<b>For Independent Directors</b>						
	Fee for attending Board / Committee meetings	9,80,000	7,80,000	40,000	2,80,000	2080000
	Commission	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>9,80,000</b>	<b>7,80,000</b>	<b>40,000</b>	<b>2,80,000</b>	<b>20,80,000</b>
<b>Other Non-Executive Directors</b>						
		<b>Sunit Kapur</b>	<b>Janice Ruskey Maiden</b>			
	Fee for attending Board / Committee meetings	Nil	Nil			
	Commission	Nil	Nil			
	Others, please specify	Nil	Nil			
	<b>Total (2)</b>	Nil	Nil			
	<b>Total (1+2)</b>	<b>9,80,000</b>	<b>7,80,000</b>	<b>40,000</b>	<b>2,80,000</b>	<b>20,80,000</b>
	<b>Total Managerial Remuneration</b>	-	-	-	-	-
	Overall Ceiling as per the Act	Being 11% of the net Profits of the Company calculated as per Section 198 of the Companies Act, 2013				

**Notes:**

- Total remuneration to Chairman & Managing Director, Whole Time Directors and other Directors (being the total of A and B)

**C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD** – The remuneration details of Dr. Khalid Iqbal Khan, Whole-time Director-Legal & Company Secretary and Mr. Manish Chadha, CFO & Finance Director have been provided in column B.

**VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences under any sections of the Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during the year.

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

**Vinod Kumar Hans**

 Whole Time Managing Director  
 DIN : 03328309

**Manish Chadha**

 Chief Finance Officer & Finance Director  
 DIN : 07195652

Place: Gurugram

 Date: 29<sup>th</sup> May 2018

## ANNEXURE-11 TO DIRECTORS' REPORT

### Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year :

Sl. No.	Name of Director	Designation	Ratio to median remuneration of the employees
1	Mr. Vinod Kumar Hans	Whole-time Managing Director	37.19
2	Dr. Khalid Iqbal Khan	Whole-time Director - Legal & Company Secretary	17.87
3	Mr. Manish Chadha	CFO & Finance Director	19.20
4	Mr. Rajesh Sinha	Whole-time Director	22.02

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Sl. No.	Name of Director	Designation	% increase in remuneration
1	Mr. Vinod Kumar Hans	Whole-time Managing Director	5%
2	Dr. Khalid Iqbal Khan	Whole-time Director - Legal & Company Secretary	8%
3	Mr. Manish Chadha	CFO & Finance Director	12%
4	Mr. Rajesh Sinha	Whole-time Director	10%

- (iii) The percentage increase in the median remuneration of employees in the financial year – 10.57%

- (iv) The number of permanent employees on the rolls of Company – 3737

- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration - The average percentile increase was 10.57% in the salaries of employees other than the Managerial Personnel. The percentile increase in the managerial remuneration is 8.15%. Remuneration of Managerial Personnel is also based on individual's contribution in meeting targets of the Company as well as various other factors such as competitive market practices, inflation etc.

- (v) It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

**ANNEXURE-12 TO DIRECTORS' REPORT**  
**Statement containing the particulars of employees in accordance with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sr. No.	Name of Employee	Designation	Remuneration received	Nature of Employment (Contractual or otherwise)	Qualifications	Experience	Date of commencement Employment	Age (Years)	Last employment held before joining the Company	the percentage of equity shares held in the Company	whether a relative of any director or manager of the Company
<b>A. Employed throughout the year and in receipt of remuneration not less than Rs. 1,02,00,000 per annum</b>											
1.	Mr. Vinod Kumar Hans	Whole-time Managing Director	17200722	Contractual	B.E(Mech), PGDBM	31	1-Jul-08	52	GKN Driveline (India) Ltd.	Nil	No
2.	Mr. Sreenivasan N V	Information System director-India	11525010	Contractual	DEE, B.Tech, Fast Track Business Management Program	28	11-Jul-11	48	Areva T & D India Ltd.	Nil	No
<b>B. Employed for a part of the year and in receipt of remuneration not less than Rs. 8,50,000 per month</b>											
NIL											

**Notes:**

- Remuneration includes Basic salary, HRA, Special Allowance, Car Allowance, Leave Travel Allowance, Medical reimbursement, Leave Pay, actual expenditure on rent free accommodation and benefits and amenities, contribution to provident fund, gratuity fund and contribution to superannuation fund (if applicable).
- All the above Appointments are contractual.

<b>Name of TOP 10 employees of the Company in terms of remuneration drawn as on 31<sup>st</sup> March 2018</b>	
<b>Sl. No.</b>	<b>Name of Employee</b>
	<b>Total Gross remuneration as on 31<sup>st</sup> March 2018</b>
1	Vinod Kumar Hans
2	Sreenivasan N V
3	Rajesh Sinha
4	Manish Chadha
5	Mritunjay Nath Sahu
6	Khalid Iqbal Khan
7	Sanjeev Sharma
8	Naveen Sahnii
9	Jasbir Singh
10	Mathesh Joshi

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Federal-Mogul Goetze (India) Limited Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Federal-Mogul Goetze (India) Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Other matter paragraph

9. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 19 May 2017 and 13 May 2016, respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter

#### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the standalone financial statements dealt with by this report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 29 May 2018 as per annexure II expressed an unqualified opinion; and

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Company, as detailed in Note 39 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

#### For Walker Chandio & Co LLP Chartered Accountants

Firm's Registration No.:

**001076N/N500013**

per **Anamitra Das**

Partner

**Membership No.:062191**

Place: Gurugram

Date: 29<sup>th</sup> May, 2018

**Annexure I to the Independent Auditor's Report of even date to the members of Federal Mogul Goetze (India) Limited, on the standalone financial statements for the year ended 31 March 2018**

**Annexure I**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of

inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion the, Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees, and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost

records under clause Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Amount paid under protest (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	94.67	-	2002-2003	Commissioner of Income tax (Appeal)
Income tax Act, 1961	Income tax	41.34	-	2014-2015	Commissioner of Income Tax (Appeal)
Income tax Act, 1961	Income tax	16.54	-	1995-1996 and 1996-1997	Honorable High Court, Delhi
Income tax Act, 1961	Income tax	432.49	-	1997-1998	Honorable High Court, Delhi
Income tax Act, 1961	Income tax	83.26	-	1998-1999	Honorable Supreme Court, Delhi
Income tax Act, 1961	Income tax	59.68	-	1999-2000	Commissioner Income Tax (Appeal)
Income tax Act, 1961	Income tax	38.86	-	1999-2000	Honorable Supreme Court, Delhi
Income tax Act, 1961	Income tax	20.84	-	2000-2001	Honorable Supreme Court, Delhi
Income tax Act, 1961	Income tax	80.84	-	2001-2002	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income tax	13.81	-	2002-2003	Income Tax Appellate Tribunal
Income tax Act, 1961	Income tax	42.44	-	2004-2005	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income tax	3.94	-	2005-2006	Assessing Officer for Appeal Effect
Income tax Act, 1961	Income tax	74.24	-	2008-2009	Income Tax Appellate Tribunal

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Amount paid under protest (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	217.36	-	2010-2011	Income Tax Appellate Tribunal
Income tax Act, 1961	Income tax	343.34	-	2011-2012	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income tax	318.31	-	2012-2013	Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944	Excise Duty	9.34	-	1987-1990	Honorable High Court of Punjab and Haryana
The Central Excise Act, 1944	Excise Duty	1.18	-	1995-1996	Joint Commissioner of Central Excise
The Central Excise Act, 1944	Excise Duty	1.36	-	2003-2004	Joint Commissioner of Central Excise, Patiala, Punjab
The Central Excise Act, 1944	Excise Duty	1.76	-	1997-1999	Assistant Commissioner of Central Excise, Patiala, Punjab
The Central Excise Act, 1944	Excise Duty	1.86	-	1997-1998	Joint Commissioner of Central Excise, Patiala, Punjab
The Central Excise Act, 1944	Excise Duty	6.96	-	1998-1999	Joint Commissioner of Central Excise
The Central Excise Act, 1944	Excise Duty	15.13	-	2000-2001 and 2001-2002	Honorable Supreme Court
The Central Excise Act, 1944	Excise Duty	44.12	1.33	2004 - 2005	Central Excise and Service Tax Appellate Tribunal.
The Central Excise Act, 1944	Excise Duty	104.54	-	2001-2004	Additional Commissioner
The Central Excise Act, 1944	Excise Duty	3.32	-	2001-2002	Additional Commissioner of Central Excise
The Central Excise Act, 1944	Excise Duty	29.45	29.45	2010-2014	Commissioner, Gurgaon
Finance Act, 1994 (Service Tax)	Service tax	96.11	-	2005-2011	Joint Commissioner of Central Excise, Patiala, Punjab
Finance Act, 1994 (Service Tax)	Service tax	86.44	25	2006-2007	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax)	Service tax	7.10	-	Jan 2009 – August 2009	Assistant Commissioner, Bhiwadi, Rajasthan
Finance Act, 1994 (Service Tax)	Service tax	55.28	-	2006-2012	Joint Commissioner, Jaipur, Rajasthan
Finance Act, 1994 (Service Tax)	Service tax	310.40	330	2008-2012	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax)	Service tax	16.61	-	2009-2010	Joint Commissioner, Jaipur, Rajasthan
Finance Act, 1994 (Service Tax)	Service tax	13.81	-	2009-2012	Commissioner (Appeals)
Finance Act, 1994 (Service Tax)	Service tax	10.70	-	2011-2013	Deputy Commissioner (Appeals)
Finance Act, 1994 (Service Tax)	Service tax	5.81	0.58	2012-2013	Commissioner of Central Excise
Finance Act, 1994 (Service Tax)	Service tax	18.12	-	2012-2013	Deputy Commissioner (Appeals)
Finance Act, 1994 (Service Tax)	Service tax	8.34	-	2013-2014	Commissioner of Central Excise
Finance Act, 1994 (Service Tax)	Service tax	113.70	4.60	May 2005 to July 2005	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax)	Service tax	194.00	14.60	Oct 2008 to March 2013	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax)	Service tax	5.90	-	2014	Deputy Commissioner
Finance Act, 1994 (Service Tax)	Service tax	19.11	-	2013-2014	Additional Commissioner
Karnataka VAT Act, 2003	Value added tax	97.00	163.57	1996-2002	Honorable High court of Karnataka
West Bengal VAT Act, 2003	Value added tax	1.56	-	2001-2002	Assistant Commissioner, Kolkata
West Bengal VAT Act, 2003	Value added tax	1.87	-	2004-2005	Assistant Commissioner, Kolkata
Bihar VAT Act, 2005	Value added tax	25.66	25.67	2005-2006	Additional Commissioner, Patna



Name of the statute	Nature of dues	Amount (Rs. in lacs)	Amount paid under protest (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Karnataka VAT Act, 2003	Value Added Tax	278.50	55.00	2005-2006	Honorable High Court of Karnataka
West Bengal VAT Act, 2003	Value added tax	1.76	-	2006-2007	Assistant Commissioner, Kolkata
West Bengal VAT Act, 2003	Value added tax	1.18	-	2006-2007	Assistant Commissioner, Kolkata
Delhi VAT Act, 2004	Value added tax	613.93	-	2007-2008	Delhi – Commissioner
Karnataka VAT Act, 2003	Value Added tax	1.36	1.38	2007-2008	Assistant. Commissioner, Bangalore
Karnataka VAT Act, 2003	Value Added tax	410.00	-	2007-2011	ACCT, Audit Bangalore,
Karnataka VAT Act, 2003	Value added tax	13.38	3.41	2008-2009	Joint Commissioner Appeal
Uttaranchal VAT Act, 2005	Value Added Tax	33.38	33.39	2010-2011	Joint Commissioner, Uttaranchal
Rajasthan VAT Act, 2003	Value added tax	50.64	-	2012-2013	Assistant Commissioner, Bhiwadi, Rajasthan
Andhra Pradesh VAT Act, 2005	Value Added Tax	11.41	1.43	2012-2013	Special Commissioner Objection Hearing, Telangana
Maharashtra VAT Demand Act, 2002	Value Added Tax	23.88	2.50	2012-2013	Special Commissioner Objection Hearing, Maharashtra
Gujarat VAT Demand Act, 2003	Value Added Tax	568.25	56.83	2012-2013	Special Commissioner Objection Hearing, Gujarat
Gujarat CST Demand	Value Added Tax	39.28	3.93	2012-2013	Special Commissioner Objection Hearing, Gujarat
Andhra Pradesh VAT Act, 2005	Value added tax	35.00	5.48	2013-2014	Deputy Commissioner, Appeal, Telangana
Rajasthan VAT Act, 2003	Value Added Tax	544.24	-	2013-2014	Assistant Commissioner, Bhiwadi, Rajasthan
Maharashtra VAT Demand Act, 2002	Value Added Tax	5.29	-	2013-2014	Commissioner of sales tax, Maharashtra
Income tax Act, 1961	Wealth Tax	4.00	-	2005-2006	Income Tax Appellate Tribunal

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and in our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- (xii) In our opinion, the Company is not a chit fund or a Nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements etc., as required by the applicable IND AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Firm's Registration No.: **001076N/N500013**

per **Anamitra Das**  
Partner

**Membership No.: 062191**

Place: Gurugram

Date: 29<sup>th</sup> May 2018

**Annexure II to the Independent Auditor's Report of even date to the members of Federal-Mogul Goetze (India) Limited, on the standalone financial statements for the year ended 31<sup>st</sup> March 2018**

**Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the standalone financial statements of **Federal Mogul (Goetze) India Limited** ('the Company') as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as at that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and

perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Walker Chandniok & Co LLP  
Chartered Accountants**

Firm's Registration No.:  
**001076N/N500013**

per **Anamitra Das**  
Partner

**Membership No.:062191**

Place: Gurugram  
Date: 29<sup>th</sup> May 2018

**Federal-Mogul Goetze (India) Limited**  
**Abridged Standalone Balance Sheet as at 31 March 2018**

(Statement containing the salient features of Balance Sheet as per first proviso to sub-section 1 of Section 136 of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014)

	<b>Rs. in lacs</b>		
	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>	<b>As at 01 April 2016</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
Property, plant and equipment	51,342.55	51,650.18	52,055.52
Capital work-in-progress	3,308.51	2,387.08	3,191.91
Intangible assets	61.16	51.10	-
Financial assets			
- Investments	513.25	513.25	510.00
- Loans	1,411.40	1,165.59	1,184.45
- Other financial assets	567.24	477.14	623.79
Current tax assets (net)	284.04	529.46	707.45
Other non-current assets	1,582.34	1,918.97	2,048.24
	<b>59,070.49</b>	<b>58,692.77</b>	<b>60,321.36</b>
<b>(2) Current assets</b>			
Inventories	18,201.90	18,186.86	19,635.00
Financial assets			
- Investments	-	-	-
- Trade receivables	20,808.64	18,466.07	17,610.68
- Cash and cash equivalents	436.53	951.98	3,753.66
- Loans	70.77	86.90	43.91
- Other financial assets	1,110.15	676.59	651.29
Other current assets	2,196.99	3,242.29	3,739.54
	<b>42,824.98</b>	<b>41,610.69</b>	<b>45,434.08</b>
<b>Total of (1) to (2)</b>	<b>101,895.47</b>	<b>100,303.46</b>	<b>105,755.44</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(3) Equity</b>			
a) Equity share capital	5,563.21	5,563.21	5,563.21
b) Other equity			
i. Capital reserve	56.55	56.55	56.55
ii. Capital redemption reserve	1,000.00	1,000.00	1,000.00
iii. Securities premium account	26,750.74	26,750.74	26,750.74
iv. Retained earnings	31,415.29	22,881.10	15,687.28
	<b>64,785.79</b>	<b>56,251.60</b>	<b>49,057.78</b>
<b>Liabilities</b>			
<b>(4) Non-current liabilities</b>			
Financial liabilities			
- Borrowings	-	2,333.33	3,722.22
Provisions	4,997.47	6,041.23	5,791.98
Deferred tax liabilities (net)	1,412.39	952.77	922.01
	<b>6,409.86</b>	<b>9,327.33</b>	<b>10,436.21</b>
<b>(5) Current liabilities</b>			
Financial liabilities			
- Borrowings	6,812.67	7,871.00	15,410.37
- Trade payables	17,753.43	18,466.55	24,308.78
- Other financial liabilities	930.79	2,442.15	1,849.93
Other current liabilities	2,254.71	2,521.48	2,065.52
Provisions	2,417.74	2,377.93	2,260.14
Current tax liabilities (net)	530.48	1,045.42	366.71
	<b>30,699.82</b>	<b>34,724.53</b>	<b>46,261.45</b>
<b>Total of (3) to (5)</b>	<b>101,895.47</b>	<b>100,303.46</b>	<b>105,755.44</b>

 The above balance sheet should be read in conjunction with the accompanying notes  
 This is the Balance Sheet referred to in our report of even date.

**For Walker Chandio & Co LLP**  
**Chartered Accountants**
**Anamitra Das**  
 Partner

 Place: Gurugram  
 Date: 29<sup>th</sup> May 2018

**For and on behalf of the Board of Directors of**  
**Federal-Mogul Goetze (India) Limited**
**Vinod Kumar Hans**  
 Whole Time Managing Director  
 DIN : 03328309

**Khalid Iqbal Khan**  
 Whole Time Director- Legal & Company Secretary  
 DIN : 05253556

**Manish Chadha**  
 Chief Finance Officer & Finance Director  
 DIN : 07195652

**Federal-Mogul Goetze (India) Limited**  
**Abridged Standalone Statement of Profit and Loss for the year ended 31 March 2018**

(Statement containing the salient features of Balance Sheet as per first proviso to sub-section 1 of Section 136 of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014)

	<b>Rs. in lacs</b>	
	<b>31 March 2018</b>	31 March 2017
	<b>Year ended</b>	Year ended
<b>INCOME</b>		
<b>Sale of products</b>	<b>130,144.38</b>	135,470.72
<b>Other operating revenue</b>		
Job work income	1,586.58	1,469.73
Export incentives	488.99	517.76
Scrap sales	1,513.36	1,252.38
<b>I. Revenue from operations</b>	<b>133,733.31</b>	138,710.60
<b>II. Other income</b>	<b>2,487.99</b>	2,634.90
<b>III. Total Income (I +II)</b>	<b>136,221.30</b>	<b>141,345.50</b>
<b>IV. Expenditure</b>		
(a) Cost of materials consumed	40,604.34	38,187.14
(b) Excise duty	3,346.37	13,122.08
(c) Purchases of stock-in-trade	1,377.18	3,379.45
(d) Changes in inventories of finished goods, work- in-progress and stock-in-trade	848.67	809.91
(e) Employee benefit expense	28,632.54	27,384.08
(f) Finance cost	1,020.06	1,993.42
(g) Depreciation and amortisation expense	7,343.32	7,643.33
(h) Other expenses	39,770.87	37,515.41
<b>Total expenses (a to h)</b>	<b>122,943.35</b>	<b>130,034.82</b>
<b>V. Profit before tax</b>	<b>13,277.95</b>	11,310.68
<b>VI. Tax expense</b>		
1. Current tax	4,650.00	3,750.00
2. Deferred tax expense	332.99	147.07
<b>Total tax expense</b>	<b>4,982.99</b>	<b>3,897.07</b>
<b>VII. Profit/(Loss) for the year (V- VI)</b>	<b>8,294.96</b>	<b>7,413.61</b>
<b>VIII. Other Comprehensive Income</b>		
A (i) Items that will not be reclassified to profit or loss		
Remeasurements of the post employment defined benefit plans (gain)/loss	(365.86)	336.10
(ii) Income tax relating to items that will not be reclassified to profit or loss	126.63	(116.31)
<b>Total Other Comprehensive (Income) / Expense</b>	<b>(239.23)</b>	<b>219.79</b>
<b>IX. Total Comprehensive Income</b>	<b>8,534.19</b>	<b>7,193.82</b>
Earnings per equity share (of Rs. 10/- each)		
Basic (Rs)	14.91	13.33
Diluted (Rs)	14.91	13.33

The above statement of profit and loss should be read in conjunction with the accompanying notes. This is the Statement of Profit and Loss referred to in our report of even date.

**For Walker Chandniok & Co LLP**  
Chartered Accountants

**Anamitra Das**  
Partner

Place: Gurugram  
Date: 29<sup>th</sup> May 2018

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

**Vinod Kumar Hans**  
Whole Time Managing Director  
DIN : 03328309

**Khalid Iqbal Khan**  
Whole Time Director- Legal & Company Secretary  
DIN : 05253556

**Manish Chadha**  
Chief Finance Officer & Finance Director  
DIN : 07195652

**Federal-Mogul Goetze (India) Limited**  
**Abridged Cash flow statement for the year ended 31 March 2018**

	<b>Rs. in lacs</b>	
	<b>31 March 2018 Year ended</b>	31 March 2017 Year ended
1. Cash flow from operating activities	<b>12,955.03</b>	13,427.83
2. Cash used in investing activities	<b>(7,576.22)</b>	(5,694.37)
3. Cash used in financing activities	<b>(5,869.05)</b>	(10,025.94)
4. Net increase in cash and cash equivalents (1+2+3)	<b>(490.24)</b>	<b>(2,292.48)</b>
5. Cash and cash equivalents at the beginning of the year	<b>775.72</b>	3,068.20
6. Cash and cash equivalents at the end of the year	<b>285.48</b>	<b>775.72</b>

Notes:

- The above Abridged Cash Flow Statement has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS) 7 on "Cash Flow Statement" notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Company (Accounts) Rules 2014.
- Figures in brackets indicate cash outflow.
- Cash and cash equivalents includes cash and cheques on hand and bank balances.
- The notes referred to in the Abridged Balance Sheet and Abridged Statement of Profit and Loss forms an integral part of the Abridged Cash Flow Statement.
- Previous period figures have been regrouped and recasted, wherever necessary, to conform to the current year's classification.

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

**For Walker Chandiook & Co LLP**  
**Chartered Accountants**

**Anamitra Das**  
 Partner

Place: Gurugram  
 Date: 29<sup>th</sup> May 2018

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

**Vinod Kumar Hans**  
 Whole Time Managing Director  
 DIN : 03328309

**Khalid Iqbal Khan**  
 Whole Time Director- Legal & Company Secretary  
 DIN : 05253556

**Manish Chadha**  
 Chief Finance Officer & Finance Director  
 DIN : 07195652

**Federal-Mogul Goetze (India) Limited**  
**Statement of changes in equity as at 31 March 2018**

Rs. in lacs

Particulars	Balance as at 01 April 2016	Change in equity share capital during the year	Balance at 31 March 2017	Change in equity share capital during the year	Balance as at 31 March 2018
<b>A) Equity share capital</b>	<b>5,563.21</b>	-	<b>5,563.21</b>	-	<b>5,563.21</b>
<b>B) Other equity</b>	<b>Reserves and surplus</b>				
Particulars	Capital reserve	Capital redemption reserve	Securities premium account	Retained earnings	Total
<b>Balance as at 01 April 2016</b>	<b>56.55</b>	<b>1,000.00</b>	<b>26,750.74</b>	<b>15,687.28</b>	<b>43,494.57</b>
Additions during the year: -					
Profit for the year	-	-	-	7,413.61	7,413.61
Items of Other Comprehensive Income for the year, net of tax	-	-	-	(219.79)	(219.79)
<b>Balance as at 31 March 2017</b>	<b>56.55</b>	<b>1,000.00</b>	<b>26,750.74</b>	<b>22,881.10</b>	<b>50,688.39</b>
Additions during the year:					
Profit for the year	-	-	-	8,294.96	8,294.96
Items of Other Comprehensive Income for the year, net of tax	-	-	-	239.23	239.23
<b>Balance as at 31 March 2018</b>	<b>56.55</b>	<b>1,000.00</b>	<b>26,750.74</b>	<b>31,415.29</b>	<b>59,222.58</b>

This is the Statement of changes in equity referred to in our report of even date.

**For Walker Chandiook & Co LLP**  
**Chartered Accountants**
**Anamitra Das**  
 Partner

 Place: Gurugram  
 Date: 29<sup>th</sup> May 2018

**For and on behalf of the Board of Directors of**  
**Federal-Mogul Goetze (India) Limited**
**Vinod Kumar Hans**  
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 DIN : 05253556

**Manish Chadha**  
 Chief Finance Officer & Finance Director  
 DIN : 07195652

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

### Corporate information

Federal-Mogul Goetze (India) Limited ('FMGIL' or 'the Company'), is inter-alia engaged mainly in the manufacture, supply and distribution of 'automotive components' used in two/three/four wheeler automobiles.

The principal facilities of the Company are located at Patiala (Punjab), Bengaluru (Karnataka) and Bhiwadi (Rajasthan), with its registered office in Delhi. The Company is listed at National Stock Exchange of India Limited and Bombay Stock Exchange.

Federal Mogul Holdings Limited, Mauritius, is the immediate parent company and ultimate parent company is Federal Mogul LLC, USA.

### 1. Statement of significant accounting policies

#### 1.1 Statement of compliance with Ind AS

These financial statements ('financial statements') of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented.

For all periods up to and including the year ended 31 March 2017, the Company had prepared its financial statements in accordance with accounting standards notified under section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements for the year ended 31 March 2018 are the first financial statements which the Company has prepared in accordance with Ind AS (see Note no. 3 for explanation for transition to Ind AS). For the purpose of comparatives, financial statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016 are also prepared as per Ind AS.

The financial statements for the year ended 31 March 2018 were authorized and approved for issue by the Board of Directors on 29th May 2018.

#### 1.2 Recent accounting pronouncement

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

**Ind AS 115- Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.



## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

### 2. Summary of Significant Accounting Policies

#### a) Overall consideration

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS as summarised in Note no 3.

#### Basis of preparation

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies.

#### b) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, as the case may be.

#### c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized in the current and future periods.

#### d) Property, plant and equipment

##### Recognition and initial measurement

Property plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

##### Subsequent measurement (depreciation and useful lives)

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on a straight-line basis, computed on the basis of useful lives (as set out below) prescribed in Schedule II to the Companies Act, 2013:

Asset Class	Estimated useful life (in years)
Plant & Machinery	5 to 21 years
Furniture and fixtures	3 to 10 years
Vehicles	8 to 10 years
Building	20 to 30 years
Leasehold land	99 years

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**Summary of significant accounting policies and other explanatory information for the year ended  
31 March 2018**

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

**De-recognition**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2016 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

**e) Intangible assets****Recognition and initial measurement****Internally developed intangible assets:**

Expenditure on the research phase of projects is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Company can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Development costs not meeting these criteria for capitalisation are expensed as incurred. Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs.

**Subsequent measurement (amortisation)**

The cost of capitalised software is amortised over a period in the range of 5 years from the date of its acquisition. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2016 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of intangible assets.

**Summary of significant accounting policies and other explanatory information for the year ended  
31 March 2018**

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**f) Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**g) Investment in subsidiary**

Investments in subsidiaries and associate are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associate, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

**h) Financial instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below:

**Non-derivative financial assets**

**Subsequent measurement**

i. Financial assets carried at amortised cost – a financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

**ii. Financial assets carried at fair value**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

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**Summary of significant accounting policies and other explanatory information for the year ended  
31 March 2018****De-recognition of financial assets**

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

**Non-derivative financial liabilities****Subsequent measurement**

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

**De-recognition of financial liabilities**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**i) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between present value of contractual cash flows that are due to the Company in accordance with the contract and present value of cash flows that the Company expects to receive, discounted at the original effective interest rate. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**Trade receivables**

In respect of trade receivables, the Company applies the simplified approach as per Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

**Other financial assets**

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

**Summary of significant accounting policies and other explanatory information for the year ended  
31 March 2018**

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**i) Fair Value of financial instrument**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

in the principal market for the asset or liability, or in the absence of a principal Market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

**k) Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases.

Where the Company is a lessee, lease rental are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensates the lessor for expected inflationary costs. Associated costs, such as maintenance and insurance, are expensed as incurred.

Where the Company is a lessor, the respective leased assets are included in the balance sheet based on their nature. Rental income is recognised on straight line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

**l) Inventories**

**Inventories are valued as follows:**

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Stores and spares cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- In case of work in progress-at raw material cost plus conversion costs depending upon the stage of completion.
- In case of finished goods-cost includes cost of direct material, labour, other direct cost and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs.

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**Summary of significant accounting policies and other explanatory information for the year ended  
31 March 2018**

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

**m) Revenue Recognition**

Revenue is recognised at fair value of consideration received or receivable net of related rebates, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**i) Sale of Goods:**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of sales tax, trade discount and other incentives passed on to the customer though gross of excise duty.

**ii) Job Work:**

Income from job work is accrued when right of revenue is established, which relates to effort completed.

**iii) Interest:**

Interest income is recorded on accrual basis using the effective interest rate (EIR) method

**iv) Dividends:**

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

**v) Commission:**

Commission income is accrued when due, as per the agreed terms.

**vi) Export Benefits/Incentives:**

Export entitlements under the Duty Entitlement Pass Book (DEPB) Scheme/ Duty Drawback scheme and Merchandise Exports from India Scheme are recognized in the profit and loss account when the right to receive credit as per the terms of the scheme is established in respect of exports made.

**vii) Management support charges:**

Income from management support charges is recognized as per the terms of the agreement based upon the services completed.

**viii) Lease income:**

Rental income is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises and where scheduled increase in rent compensates the lessor for expected inflationary costs.

**n) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

**Summary of significant accounting policies and other explanatory information for the year ended  
31 March 2018**

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A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary interruption.

**o) Foreign Currency Transactions**

**Functional and presentation currency**

The financial statements are presented in Indian Rupee ('INR') which is also the functional and presentation currency of the Company.

**Transactions and balances**

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on such conversion and settlement at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

**p) Retirement and other employee benefits**

(i) Provident fund contributions are charged to profit and loss account, when contributions paid/payable are due to "Goetze India Limited Provident Fund Trust", administered by the trustees and to the Regional Provident Fund Commissioners. The Company accrues for the deficit in the Provident Fund trust as per the books of accounts of the Trust.

(ii) Gratuity liability under the Payment of Gratuity Act is accrued on the basis of an actuarial valuation made at the end of each financial year. The actuarial valuation is done as per projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to other comprehensive income in the year in which such gains or losses are determined.

(iii) Short term compensated absences are provided for based on estimates. Long term compensation liability for leave encashment is determined in accordance with company policy and is measured on the basis of valuation by an independent actuary at the end of the financial year. The actuarial valuation is done as per projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

(iv) Superannuation Benefit and Contribution to NPS

The Company has superannuation obligation administered with Life Insurance Corporation of India (LIC) and contributes to the National Pension Scheme of the Government of India. Contributions to the defined contribution scheme are charged to profit and loss account when contributions paid/ payable are due to such fund. There are no other obligations other than the contribution payable to the respective trusts. .

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**Summary of significant accounting policies and other explanatory information for the year ended  
31 March 2018****q) Income Taxes**

Tax expense recognised in the statement of profit and loss comprises of deferred tax and current tax not recognised in Other Comprehensive Income (OCI) or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India.

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits (including Minimum Alternate Tax ('MAT') credit entitlement) or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax expense relating to items recognised in OCI or directly in equity is recognised outside profit or loss (in OCI or equity).

**r) Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**s) Provisions, contingent liabilities and contingent assets**

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises when there is a presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In cases where the outflow of economic resources as a result of present obligations is considered improbable or remote, no provision is recognised.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

**t) Cash and Cash Equivalents**

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



**Summary of significant accounting policies and other explanatory information for the year ended  
31 March 2018**

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**u) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors assess the financial performance and position of the Company, and makes strategic decisions and therefore the board would be the chief operating decision maker. The Company's primary business segment is manufacturing and trading of auto components. Considering the nature of Company's business and operations, there is only one reportable business segment.

**v) Significant management judgement in applying accounting policies and estimation uncertainty**

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

**Significant management judgements**

**Recognition of deferred tax assets** – Recognition of deferred tax assets is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. The recognition of deferred tax assets and reversal thereof is also dependent upon management decision relating to timing of availment of tax holiday benefits available under the Income Tax Act, 1961 which in turn is based on estimates of future taxable profits.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Impairment of financial assets** – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

**Contingent Liabilities** - The Company is the subject of certain legal proceedings which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

**Provision for warranties** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgement.

**Significant estimation uncertainties**

**Recoverability of advances/receivables** - At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

### 3. First Time Adoption of Ind AS

#### Transition to Ind AS

These standalone financial statements, for the year ended March 31, 2018, are the first financial statements the Company has prepared in accordance with Ind AS. For the periods upto March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Amendment thereof ('Indian GAAP' or 'previous GAAP').

Accordingly, the Company has prepared standalone financial statements which comply with Ind AS applicable for the year ended March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

#### A. Exemptions and exceptions applied

Ind AS 101 allows first-time adopters certain optional exemptions and mandatory exceptions from the retrospective application of certain requirements under Ind AS.

##### Ind AS optional exemptions

###### A.1.1 Deemed cost- Previous GAAP carrying amount: (Property, plant and equipments and Intangible Assets)

The Company has elected to avail exemption under Ind AS 101 to use Previous GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the balance sheet prepared in accordance with previous GAAP.

###### A.1.2 Investment in Subsidiary

In separate financial statements, a first-time adopter that subsequently measures an investment in a subsidiary at cost, may measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous GAAP carrying amount) in its separate opening Ind AS balance sheet.

The Company has elected to apply previous GAAP carrying amount of its investment in subsidiary for investment in equity shares of one of its subsidiary as at April 1, 2016 as deemed cost on the date of transition to Ind AS

##### Ind AS mandatory exceptions

###### A.1.3 Estimates

The estimates as at April 1, 2016 and as at March 31, 2017 are consistent with those made for the same dates in accordance with Indian GAAP apart from the Impairment of financial assets based on Expected Credit Loss (ECL) model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at April 1, 2016 the date of transition to Ind AS, and as of March 31, 2017

###### A.1.4 Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

#### B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

Rs. in lacs

**1. Reconciliation of Equity as at 31st March, 2017 and 1st April, 2016**

Nature of Adjustments	Notes	As at 31 March 2017	As at 01 April 2016
<b>Total equity (shareholder's funds) as per previous GAAP</b>		<b>56,239.16</b>	<b>49,040.60</b>
<b>Adjustments:</b>			
Adjustment for discounting of provisions to their present value	1	23.32	26.27
Amortisation on leasehold land	2	(4.28)	-
Deferred tax impact on above adjustments	3	(6.60)	(9.09)
<b>Total equity as per Ind AS</b>		<b>56,251.60</b>	<b>49,057.78</b>

**2. Reconciliation of total comprehensive income for the year ended 31st March 2017**

Nature of Adjustments	Notes	As at 31 March 2017
<b>Profit after tax as per previous GAAP</b>		<b>7,198.56</b>
<b>Adjustments:</b>		
Adjustment for discounting of provisions to their present value	1	(2.95)
Amortisation on leasehold land	2	(4.28)
Remeasurement of defined benefit obligations	4	336.10
Deferred tax impact on above adjustments	3	(113.82)
<b>Profit after tax as per Ind AS</b>		<b>7,413.61</b>
Other comprehensive income:		
Remeasurement of defined benefit obligations	4	(336.10)
Deferred tax adjustments	3	116.31
<b>Total comprehensive income as per Ind AS</b>		<b>7,193.82</b>

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

### Note-1. Environment health safety provision

Under IND-AS, non current provision for Environment, health and Safety are recorded amortised cost. The amount of a provision is discounted to present value based on the interest cost determined by management equal to its interest cost of borrowing of the Company.

### Note-2. Depreciation on leasehold land

Under Ind AS, amortisation of leasehold land has been recorded over the period of lease.

### Note-3. Deferred tax impact on adjustments

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through profit and loss account or other comprehensive income.

### Note-4. Other comprehensive income

Items of income and expense that are not recognised in profit and loss are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

### Note-5. Cash flow statement

The transition from previous GAAP to Ind AS has no material impact on the standalone cash flow of the Company.

## 4. Fair value disclosures

### i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are classified into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Company has only one investment carried at fair value through profit and loss account. The fair value of investment in GI Power Corporation Limited is determined to be zero. There are no other financial assets or liabilities carried at fair value.

### (iii) Fair value of instruments measured at amortised cost

The management assessed that cash and cash equivalents, trade receivables, other receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of loans, security deposits, borrowings and other financial assets and liabilities are considered to be the same as their fair values, as there is an immaterial change in the lending rates.

## Notes to the Standalone Financial Statements for the year ended 31 March 2018

### 5. Financial risk management

Rs. in lacs

#### i) Financial instruments by category

Particulars	As at 31 March 2018			As at 31 March 2017			As at 01 April 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>									
Investments*	**	-	-	-	-	-	-	-	-
Trade receivables	-	-	<b>20,808.64</b>	-	-	18,466.07	-	-	17,610.68
Cash and cash equivalents	-	-	<b>436.53</b>	-	-	951.98	-	-	3,753.66
Other financial assets	-	-	<b>1,677.39</b>	-	-	1,153.73	-	-	1,275.07
<b>Total</b>	-	-	<b>22,922.56</b>	-	-	<b>20,571.78</b>	-	-	<b>22,639.41</b>
<b>Financial liabilities</b>									
Borrowings	-	-	<b>6,879.12</b>	-	-	11,699.83	-	-	20,278.89
Trade payable	-	-	<b>17,753.43</b>	-	-	18,466.55	-	-	24,308.78
Other financial liabilities	-	-	<b>864.34</b>	-	-	946.65	-	-	703.63
<b>Total</b>	-	-	<b>25,496.89</b>	-	-	<b>31,113.03</b>	-	-	<b>45,291.30</b>

\*Investment in equity instrument of subsidiary has been accounted at cost in accordance with Ind AS 27, therefore not within scope of Ind AS 109, hence, not included here.

\*\* The company has an investment in GI Power Corporation Limited which is carried at fair value which is equivalent to zero.

#### ii) Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

##### A. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks

##### a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the company, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

## Notes to the Standalone Financial Statements for the year ended 31 March 2018

Assets under credit risk –				Rs. in lacs
Credit rating	Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
A: Low	Cash and cash equivalents	436.53	951.98	3,753.66
	Other financial assets	1,677.39	1,153.73	1,275.07
	Trade receivables	20,808.64	18,466.07	17,610.68
C: High	Trade receivables	211.93	167.38	121.63

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

### Trade receivables

The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become six months past due.

### Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

### b) Expected credit losses

The Company provides for expected credit losses based on the following:

The company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by 'analysing historical trend of default based on the criteria defined above. And such provision percentage determined have been 'considered to recognise life time expected credit losses on trade receivables.

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	>365 Days	0 - 365 Days	>365 Days	0 - 365 Days	>365 Days	0 - 365 Days
Gross amount of trade receivables where no default (as defined above) has occurred	61.10	20,959.47	62.41	18,571.04	72.25	17,660.06
Expected loss rate (in %)	100%	0.72%	100%	0.57%	100%	0.28%
Expected credit loss (loss allowance provision)	61.10	150.83	62.41	104.97	72.25	49.38

## Notes to the Standalone Financial Statements for the year ended 31 March 2018

Rs. in lacs

### Reconciliation of loss provision – lifetime expected credit losses

Reconciliation of loss allowance	Trade receivable
<b>Loss allowance as on 1 April 2016</b>	<b>121.63</b>
Impairment loss recognised during the year	45.75
Amounts written off	-
<b>Loss allowance on 31 March 2017</b>	<b>167.38</b>
Impairment loss recognised/reversed during the year	44.55
Amounts written off	-
<b>Loss allowance on 31 March 2018</b>	<b>211.93</b>

### B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

#### Maturities of financial liabilities

The tables below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. For balances due within 12 months amounts equal their carrying values as the impact of discounting is not significant.

31 March 2018	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Long term borrowings (including interest)	-	-	-	-	-
Short term borrowings	6,879.12	-	-	-	<b>6,879.12</b>
Trade payable	17,753.43	-	-	-	<b>17,753.43</b>
Other financial liabilities	864.34	-	-	-	<b>864.34</b>
<b>Total</b>	<b>25,496.89</b>	-	-	-	<b>25,496.89</b>

31 March 2017	Less than 1 year	1-2 year	2-3year	More than 3 years	Total
Long term borrowings (including interest)	1,175.74	1,533.23	1,047.53	-	<b>3,756.50</b>
Short term borrowings	7,943.33	-	-	-	<b>7,943.33</b>
Trade payable	18,466.55	-	-	-	<b>18,466.55</b>
Other financial liabilities	946.65	-	-	-	<b>946.65</b>
<b>Total</b>	<b>28,532.27</b>	<b>1,533.23</b>	<b>1,047.53</b>	-	<b>31,113.03</b>

## Notes to the Standalone Financial Statements for the year ended 31 March 2018

Rs. in lacs

1 April 2016	Less than 1 year	1-2 year	2-3 year	More than 3years	Total
Long term borrowings (including interest)	439.23	1,745.27	1,533.23	1,047.53	<b>4,765.26</b>
Short term borrowings	15,513.63	-	-	-	<b>15,513.63</b>
Trade payable	24,308.78	-	-	-	<b>24,308.78</b>
Other financial liabilities	703.63	-	-	-	<b>703.63</b>
<b>Total</b>	<b>40,965.27</b>	<b>1,745.27</b>	<b>1,533.23</b>	<b>1,047.53</b>	<b>45,291.30</b>

### C) Market Risk

#### a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Euro and Japanese Yen. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Company. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited and the Company hence does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes.

#### (i) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rs., are as follows:-

Particulars	FC	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Financial liabilities</b>				
<b>- Creditors</b>	CHF	<b>2.05</b>	(0.01)	0.56
	EUR	<b>2,036.99</b>	1,071.93	1,581.91
	GBP	<b>184.82</b>	196.87	324.58
	JPY	<b>161.36</b>	34.37	176.88
	SEK	<b>2.47</b>	-	-
	USD	<b>434.27</b>	654.69	1,049.05
		<b>2,821.96</b>	<b>1,957.85</b>	<b>3,132.98</b>
<b>Financial assets</b>				
<b>- Debtors</b>	EUR	351.52	684.82	1,030.98
	USD	3,146.99	2,471.61	2,396.68
		<b>3,498.51</b>	<b>3,156.43</b>	<b>3,427.66</b>
<b>Net exposure to foreign currency risk (assets)</b>		<b>676.56</b>	<b>1,198.58</b>	<b>294.68</b>



**Notes to the Standalone Financial Statements for the year ended 31 March 2018**

**Rs. in lacs**

**Sensitivity**

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

<b>Particulars</b>	<b>As at 31 March 2018</b>	As at 31 March 2017	As at 1 April 2016
<b>USD sensitivity</b>			
INR/USD- increase by 500 bp (1 April 2016 500 bp)*	<b>135.64</b>	(90.85)	(67.38)
INR/USD- decrease by 500 bp (1 April 2016 500 bp)*	<b>(135.64)</b>	90.85	67.38
<b>EUR sensitivity</b>			
INR/EUR- increase by 500 bp (1 April 2016 500 bp)*	<b>(84.27)</b>	(19.36)	(27.55)
INR/EUR- decrease by 500 bp (1 April 2016 500 bp)*	<b>84.27</b>	19.36	27.55
<b>GBP sensitivity</b>			
INR/GBP- increase by 500 bp (1 April 2016 500 bp)*	<b>(9.24)</b>	(9.84)	(16.23)
INR/GBP- decrease by 500 bp (1 April 2016 500 bp)*	<b>9.24</b>	9.84	16.23
<b>JPY sensitivity</b>			
INR/JPY- increase by 500 bp (1 April 2016 500 bp)*	<b>(8.07)</b>	(1.72)	(8.84)
INR/JPY- decrease by 500 bp (1 April 2016 500 bp)*	<b>8.07</b>	1.72	8.84
<b>SEK sensitivity</b>			
INR/SEK- increase by 500 bp (1 April 2016 500 bp)*	<b>(0.12)</b>	-	-
INR/SEK- decrease by 500 bp (1 April 2016 500 bp)*	<b>0.12</b>	-	-
<b>CHF sensitivity</b>			
INR/CHF- increase by 500 bp (1 April 2016 500 bp)*	<b>(0.10)</b>	0.00	(0.03)
INR/CHF- decrease by 500 bp (1 April 2016 500 bp)*	<b>0.10</b>	(0.00)	0.03

\* Holding all other variables constant

## Notes to the Standalone Financial Statements for the year ended 31 March 2018

Rs. in lacs

### b) Interest rate risk

#### i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31 March 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits pay fixed interest rates.

#### Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Variable rate borrowing	151.05	176.26	685.46
Fixed rate borrowing	6,728.07	11,523.58	19,593.43
<b>Total borrowings</b>	<b>6,879.12</b>	<b>11,699.84</b>	<b>20,278.89</b>

#### Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Interest sensitivity*</b>			
Interest rates – increase by 50 bp basis points	(0.76)	(0.88)	(3.43)
Interest rates – decrease by 50 bp basis points	0.76	0.88	3.43

\* Holding all other variables constant

#### ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

#### c) Price risk

The Company does not have any significant investments in equity instruments which create an exposure to price risk.

## Notes to the Standalone Financial Statements for the year ended 31 March 2018

Rs. in lacs

### 6. Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total debt	<b>6,879.12</b>	11,699.84	20,278.89
Less: Cash and bank balances	<b>436.53</b>	951.98	3,753.66
Net debt	<b>6,442.59</b>	10,747.86	16,525.23
Total equity (as shown on the face of balance sheet)	<b>64,785.79</b>	56,251.60	49,057.78
<b>Net debt to equity ratio (in %)</b>	<b>9%</b>	<b>16%</b>	<b>25%</b>

The Company has not declared dividend in current year or previous year.

### 7. Capital commitments

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Property, plant and equipment (net of advances paid)	<b>2,375.90</b>	1,206.51	1,392.81
	<b>2,375.90</b>	<b>1,206.51</b>	<b>1,392.81</b>

## Notes to the Standalone Financial Statements for the year ended 31 March 2018

Rs. in lacs

### 8. Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Current assets</b>			
Inventories, cash and cash equivalents and trade receivables	39,447.07	37,604.90	40,999.34
<b>Total current assets pledged as security</b>	<b>39,447.07</b>	<b>37,604.90</b>	<b>40,999.34</b>
<b>Non-current</b>			
Plant and machinery, spares, tools and accessories, furniture and fixtures and other moveable assets	-	16,000.00	16,000.00
<b>Total non-currents assets pledged as security</b>	<b>-</b>	<b>16,000.00</b>	<b>16,000.00</b>
<b>Total assets pledged as security</b>	<b>39,447.07</b>	<b>53,604.90</b>	<b>56,999.34</b>

### 9. Segment information

As the Company's business activities fall within a single primary business segment viz. auto components for automobile industry, the disclosure requirement of Indian Accounting Standard (Ind AS-108), Operating Segments is not applicable.

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

Revenue from one customer amounts to Rs.13,437.40 lacs (previous year Rs. Nil). No other single customer represents 10% or more to the Group revenue for financial year ended March 31, 2018 and March 31, 2017.

#### Geographical information in respect of revenue from customer is given below:

Particulars	31 March 2018 Year ended	31 March 2017 Year ended
India	115,574.50	119,543.92
Other countries	14,569.88	15,926.80
	<b>130,144.38</b>	<b>135,470.72</b>

#### Carrying amount of segment debtors by geographical market (net of provision)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
India	17,886.70	15,123.35	14,157.62
Other countries	2,921.94	3,342.72	3,453.06
	<b>20,808.64</b>	<b>18,466.07</b>	<b>17,610.68</b>

The Company has common assets for producing goods for India and outside countries. Hence, separate figures for assets/additions to fixed assets cannot be furnished.

## Notes to the Standalone Financial Statements for the year ended 31 March 2018

<b>Rs. in lacs</b>			
<b>Particulars</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
<b>10. Contingent liabilities</b>			
<b>(i) Excise duty</b>			
(a) Cases decided in the Company's favour by Appellate authorities department has filed further appeal and show cause notices/ orders on the same issues for other periods	73.13	213.95	218.63
(b) Cases pending before Appellate authorities in respect of which the Company has filed appeals and show cause notices for other periods	45.89	251.53	149.18
<b>Total</b>	<b>119.02</b>	<b>465.48</b>	<b>367.81</b>
<b>(ii) Service tax</b>			
(a) Cases decided in the Company's favour by Appellate authorities department has filed further appeal and show cause notices/ orders on the same issues for other periods	-	-	-
(b) Cases pending before Appellate authorities in respect of which the Company has filed appeals and show cause notices for other periods	631.06	1,659.10	2,607.00
<b>Total</b>	<b>631.06</b>	<b>1,659.10</b>	<b>2,607.00</b>
<b>(iii) Sales tax</b>			
(a) Cases decided in the Company's favour by Appellate authorities department has filed further appeal and show cause notices/ orders on the same issues for other periods	-	137.29	28.70
(b) Cases pending before Appellate authorities in respect of which the Company has filed appeals and show cause notices for other periods	2,044.67	3,450.93	2,759.45
<b>Total</b>	<b>2,044.67</b>	<b>3,588.22</b>	<b>2,788.15</b>
<b>(iv) Income tax</b>			
(a) Cases decided in the Company's favour by Appellate authorities department has filed further appeal and show cause notices/ orders on the same issues for other periods	532.27	209.47	209.47
(b) Cases pending before Appellate authorities in respect of which the Company has filed appeals and show cause notices for other periods	848.64	1,007.16	566.63
(c) Show cause notices on issues yet to be adjudicated	184.00	283.71	40.28
<b>Total</b>	<b>1,564.91</b>	<b>1,500.34</b>	<b>816.38</b>
<b>(v) Others</b>			
(a) Employee related cases	299.27	316.10	321.14
(b) Electricity demand	52.24	52.24	52.24
<b>Total</b>	<b>351.51</b>	<b>368.34</b>	<b>373.38</b>

## 11. Related Party Transactions

(i) In accordance with the requirement of Indian Accounting Standard (Ind AS - 24) on related party disclosures where control exist and description of the relationship are as follows:

### (a) Name of Parties where control exists

- i) Holding Company
  - Federal Mogul Holdings Limited (Mauritius)
- ii) Subsidiary Company
  - Federal-Mogul TPR (India) Limited
- iii) Ultimate Holding Company
  - Federal Mogul LLC, USA

### (b) Key managerial personnel

- Mr. Vinod Kumar Hans, Whole Time Managing Director
- Mr. Manish Chadha, Chief Finance Officer & Finance Director
- Mr. Rajesh Sinha, Additional Director
- Mr. Khalid Iqbal Khan, Whole Time Director- Legal and Company Secretary
- Mr. Krishnamurthy Naga Subramaniam, Non-executive Director
- Mr. Mukul Gupta, Non-executive Director
- Mr. Sundareshan Kanakku Chembakaraman Pillai, Non-executive Director (appointed w.e.f 16th Dec 2016)
- Mr. Mahendra Kumar Goyal, Non-executive Director

### (c) Fellow and step fellow subsidiaries

- Federal Mogul Burscheid GMBH, Germany
- Federal Mogul Nurnberg, GMBH (Germany)
- Federal Mogul Holding Deutschland (Germany)
- Federal Mogul Limited (U.K.)
- Federal Mogul Financial Services FRANCTNL (France)
- Federal Mogul Gorzyce, S.A. (Poland)
- Federal Mogul Friedberg, GMBH (Germany)
- Federal Mogul Sintered Products Limited. (U.K.)
- Federal Mogul Friction Products Limited (Thailand)
- Federal Mogul Thailand Manufacturina Ayutthaya, (Thailand)
- Federal Mogul France, S.A. (France)
- Federal Mogul Corporation, Garennes (France)
- Federal Mogul (Shanghai)
- Federal Mogul Friction Products Limited
- Federal Mogul Worldwide Aftermarket
- Federal Mogul Sistemas Brazil
- Federal Mogul Dongsuh Piston Co. Limited. (China)
- Federal Mogul Bradford Limited.
- Federal Mogul Powertrain Spara, MII
- Federal Mogul KK Yokohama
- Federal Mogul Powertrain Inc, Southbend
- Federal Mogul Chasseneuil
- Federal Mogul Kontich
- Federal Mogul Anand Bearings India Limited (India)
- Federal-Mogul Ignition Products India Limited (India)
- Federal-Mogul Motorparts Limited. (India)
- Federal-Mogul Powertrain Solutions India Private Limited (India)
- Federal Mogul Anand Sealing India Limited (India)
- Motocare India Private Limited (India)

**Notes to the Standalone Financial Statements for the year ended 31 March 2018**

Rs. in lacs

(ii) Those transactions along with related balances as at 31 March 2018, 31 March 2017 and as at 01 April, 2016 are presented in the following table:

Particulars	Ultimate Holding Company Federal Mogul LLC (USA)	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Sales	5,026.29	6,293.78
Purchase of raw material	9.87	40.02
Expenses incurred on Company's behalf	4.46	8.68
Expenses incurred by Company	291.58	148.93
Balance outstanding as at the end of the year (payables)	45.12	(42.64)
Balance outstanding as at the end of the year receivables	2,058.67	1,491.13
Balance outstanding as at the end of the year (payables) as on 01.04.2016	-	(19.36)
Balance outstanding as at the end of the year receivables as on 01.04.2016	-	1,602.15

Particulars	Fellow Subsidiaries							
	Federal-Mogul Bradford Limited (Germany)		Federal-Mogul Burscheid GMBH, (Germany)		Federal-Mogul Gorzeye S.A (Poland)		Federal-Mogul Dongsuh Piston Co. Ltd. (China)	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Sales	-	-	101.86	10.63	-	-	-	-
Purchase of raw material	980.86	899.96	403.10	1,133.51	59.70	9.05	-	-
Purchase of fixed assets	-	-	450.80	201.71	-	-	-	-
Expenses incurred on Company's behalf	-	-	-	-	-	-	-	-
Expenses incurred by Company	-	1.31	-	19.37	-	0.80	-	-
Service Income	-	-	-	-	-	-	-	-
Royalty Expenses	-	-	792.15	647.08	-	-	-	-
Balance outstanding as at the end of the year (payables)	(162.41)	(180.63)	(597.25)	(650.01)	-	-	-	-
Balance outstanding as at the end of the year receivables	-	-	88.86	49.96	-	-	-	218.61
Balance outstanding as at the end of the year (payables) as on 01.04.2016	-	(314.38)	-	(1,230.76)	-	(17.34)	-	-
Balance outstanding as at the end of the year receivables as on 01.04.2016	-	-	-	54.96	-	-	-	238.58

Notes to the Standalone Financial Statements for the year ended 31 March 2018

Rs. in lacs

Particulars	Fellow Subsidiaries							
	Federal-Mogul Nurnberg, GMBH (Germany)		Federal-Mogul Thailand Manufacturing Ayutthaya (Thailand)		Federal-Mogul Holding Deutschland (Germany)		Federal-Mogul Friction Products Ltd. (Thailand)	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Sales	10.35	14.06	3,762.17	1,708.30	-	-	-	-
Purchase of raw material	70.19	65.01	-	-	-	-	-	-
Purchase / (Sale) of Fixed Assets	36.28	-	-	-	-	-	-	-
Management Support charges paid	-	-	-	-	3,016.57	577.18	-	-
Expenses incurred on Company's behalf	-	3.14	40.17	-	-	-	-	6.89
Expenses incurred by Company	(3.14)	-	-	-	-	-	-	-
Royalty Expense	895.17	807.86	-	-	-	-	-	-
Balance outstanding as at the end of the year (payable)	(528.18)	(248.04)	-	-	-	(319.24)	-	(6.89)
Balance outstanding as at the end of the year receivables	9.34	-	161.48	378.07	-	-	-	-
Balance outstanding as at the end of the year (payable) as on 01.04.2016	-	(714.47)	-	-	-	(348.41)	-	(1.80)
Balance outstanding as at the end of the year receivables as on 01.04.2016	-	-	-	60.93	-	-	-	-



**Notes to the Standalone Financial Statements for the year ended 31 March 2018**

Rs. in lacs

Particulars	Fellow subsidiaries			
	Federal Mogul Sintered Products Limited, (U.K)		Other fellow subsidiaries	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Sales	-	1.58	<b>440.52</b>	411.73
Purchase of raw material	<b>135.78</b>	32.15	<b>19.48</b>	48.49
Purchase / (Sale) of Fixed Assets	-	-	-	-
Trade Mark & license fees	-	-	<b>154.99</b>	142.34
Expenses incurred on Company's behalf	-	1.28	<b>1.79</b>	2.36
Expenses incurred by Company	-	-	<b>0.13</b>	5.99
Royalty Expense	<b>222.84</b>	305.83	-	-
Balance outstanding as at the end of the year (payable)	<b>(93.66)</b>	(98.14)	<b>(101.93)</b>	(40.81)
Balance outstanding as at the end of the year receivables	-	-	<b>24.31</b>	284.19
Balance outstanding as at the end of the year (payable) as on 01.04.2016	-	(92.41)	-	(54.31)
Balance outstanding as at the end of the year receivables as on 01.04.2016	-	-	-	82.48

Notes to the Standalone Financial Statements for the year ended 31 March 2018

Rs. in lacs

Particulars	Fellow subsidiaries											
	Federal Mogul Anand Bearings India Ltd. (India)		Federal Mogul Ignition Products India Ltd. (India)*		Federal Mogul Motorparts India Ltd. (India)		Federal Mogul Powertrain Solutions India Private Ltd. (India)**		Motocare India Private Ltd. (India)		Federal Mogul Anand Sealing India Limited	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Sales	-	-	-	-	-	-	-	-	-	2,899.74	1,326.64	-
Purchase of raw material, intermediaries and finished goods	(6.16)	410.77	59.78	489.92	2.41	149.79	-	-	35.87	50.11	(57.74)	927.69
Rent income	-	-	-	-	-	-	11.07	11.07	-	-	-	-
Expenses incurred on Company's behalf	13.41	8.74	5.84	31.99	31.19	5.54	235.77	40.16	371.21	145.21	53.41	8.98
Expenses incurred by Company	326.96	49.46	40.82	90.30	15.95	16.52	1,287.44	611.81	825.78	4.99	625.67	85.84
Inter-corporate deposit (ICD) Taken	-	-	700.00	1,400.00	-	-	1,600.00	950.00	-	-	-	-
Inter-corporate deposit (ICD) repaid	-	-	475.00	-	-	-	1,000.00	300.00	-	-	-	-
Interest on ICD	-	-	17.16	127.66	-	-	129.25	82.38	-	-	-	-
Balance outstanding as at the end of the year (payable)	1.30	(41.75)	357.17	(191.08)	-	(18.52)	1,942.54	(1,339.65)	-	-	71.68	(27.81)
Balance outstanding as at the end of the year receivables	15.15	-	-	-	-	-	7.73	28.34	818.55	1,072.96	-	-
Balance outstanding as at the end of the year (payable) as on 01.04.2016	-	(155.63)	-	(1,609.83)	-	(34.40)	-	(681.40)	-	(40.85)	-	(236.30)
Balance outstanding as at the end of the year receivables as on 01.04.2016	-	-	-	-	-	-	-	52.02	-	60.11	-	-

\* Federal Mogul Ignition Products India Limited (India), payables includes Rs. 350 lacs (31.03.2017 Rs 125 lacs , 01.04.2016 Rs 1,525 lacs) payable against Inter corporate deposits taken and Rs. 3.12 lacs (31.03.2017 Rs 0.91 lacs , 01.04.2016 Rs 12.24 lacs) payable against the interest on the same.

\*\* Federal Mogul Powertrain Solutions India Private Ltd, payables includes Rs. 1,930.00 lacs (31.03.2017 Rs 1,330.00 lacs, 01.04.2016 Rs 679.99 lacs) payable against Inter corporate deposits taken and Rs. 12.54 lacs (31.03.2017 Rs 9.66 lacs , 01.04.2016 Rs 1.41 lacs) payable against the interest on the same.

**Notes to the Standalone Financial Statements for the year ended 31 March 2018**

**Rs. in lacs**

Particulars	Subsidiary Federal-Mogul TPR India Limited	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Sales	<b>1,279.78</b>	1,135.90
Purchase of raw material	<b>5,618.50</b>	4,564.55
Dividend received	<b>249.90</b>	285.60
Management fee received	<b>662.88</b>	740.89
Job work income	<b>1,586.58</b>	1,469.73
Rent income	<b>83.37</b>	78.39
Sole selling commission received	<b>475.14</b>	479.00
Inter-corporate deposit (ICD) Taken	<b>1,700.00</b>	2,850.00
Inter-corporate deposit (ICD) re paid	<b>600.00</b>	1,600.00
Interest on ICD	<b>356.03</b>	366.64
Loan Outstanding	<b>4,360.00</b>	3,260.00
Interest (payable) / receivable	<b>(28.33)</b>	(26.02)
Balance outstanding as at the end of the year (payable)	<b>(1,371.78)</b>	(211.81)
Balance outstanding as at the end of the year (payable) as on 01.04.2016	-	(2,907.21)

## Notes to the Standalone Financial Statements for the year ended 31 March 2018

Key Managerial Personnel*						Rs in lacs		
Particulars	Mr Vinod Kumar Hans		Mr Manish Chadha		Mr Khalid Iqbal Khan		Mr Rajesh Sinha	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Remuneration	157.91	128.55	77.28	62.44	76.20	73.25	97.11	87.86
<b>Total</b>							408.51	352.11

### Non-executive directors\*

Particulars	Mr Krishnamurthy Naga Subramaniam		Mr Mukul Gupta		Sundarshan Kanakku Chembakaraman Pillai		Mahendra Kumar Goyal	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Director's sitting fee	9.80	11.20	7.80	10.03	2.80	0.40	0.40	1.00
<b>Total</b>							20.80	22.63

\*Key Managerial Personnel who are under the employment of the Company are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

## Notes to the Standalone Financial Statements for the year ended 31 March 2018

Rs. in lacs

### 12. Operating lease

#### a) Assets taken under operating lease

Office premises taken by the company are on operating leases. The company enter into certain cancellable and non cancellable operating leases arrangement towards office premises.

The details disclosure required by Ind AS-17, Leases is given below:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
1. Lease payments for the year	<b>203.87</b>	203.56
2. Minimum lease payments		
a. Not later than one year	<b>184.42</b>	105.94
b. Later than one year and not later than five years	<b>289.32</b>	0.75
c. Later than five years	-	-
<b>b) Assets given under operating lease</b>		
1. Uncollectible minimum lease payments receivable at the Balance sheet date		
2. Future minimum lease payments receivable:		
a. Not later than one year	<b>99.00</b>	78.00
b. Later than one year and not later than five years	<b>173.25</b>	136.50
c. Later than five years	-	-

c) The lease payment recognise in the Statement of Profit and Loss for the year is **Rs. 203.87 lacs** (Previous year Rs. 203.56 lacs).

### 13. Employee benefit obligations

#### Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of services, gets a gratuity on departure at 15 days basic salary (last drawn) for each completed year of service on terms not less favourable than the provisions of the payment of Gratuity Act, 1972. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for the plan.

#### Disclosure of gratuity

##### (i) Amount recognised in the statement of profit and loss is as under:

Description	31 March 2018 Year ended	31 March 2017 Year ended
Current service cost	<b>449.75</b>	411.89
Past service cost	<b>61.26</b>	-
Interest cost	<b>611.98</b>	645.66
Expected Return on plan assets	<b>(326.50)</b>	(338.60)
<b>Amount recognised in the statement of profit and loss</b>	<b>796.49</b>	<b>718.95</b>

##### Remeasurement (gains) / loss recognised in other comprehensive income

Description	31 March 2018 Year ended	31 March 2017 Year ended
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	<b>(51.60)</b>	(83.11)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	<b>(331.94)</b>	483.01
<b>Remeasurements of the post employment defined benefit plans (gain) / loss</b>	<b>(383.54)</b>	399.90
Return on plan assets (greater)/ less than discount rate	<b>17.68</b>	(63.80)
<b>Remeasurements of the post employment defined benefit plans (gain) / loss recognised in OCI</b>	<b>(365.86)</b>	<b>336.10</b>

**Notes to the Standalone Financial Statements for the year ended 31 March 2018**

**Movement in the liability recognised in the balance sheet is as under:** Rs. in lacs

Description	31 March 2018 Year ended	31 March 2017 Year ended
Present value of defined benefit obligation as at the beginning of the year	9,789.58	9,311.51
Current service cost	449.75	411.89
Past service cost	61.26	-
Interest cost	611.97	645.66
Remeasurements of the post employment defined benefit plans (gain) / loss	(383.54)	399.88
Benefits paid directly by the company	(1.40)	(171.47)
Benefits paid from the fund	(959.71)	(807.89)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>9,567.91</b>	<b>9,789.58</b>

**Movement in the plan assets recognised in the balance sheet is as under:**

Description	31 March 2018 Year ended	31 March 2017 Year ended
Fair Value of plan assets at beginning of year	4,873.07	4,558.56
Expected Return on plan assets	326.50	338.60
Contributions by employer	1,481.39	720.00
Benefits paid	(961.10)	(807.89)
Remeasurements of the post employment defined benefit plans (gain) / loss	(17.68)	63.80
<b>Fair Value of plan Assets at the end of the year</b>	<b>5,702.18</b>	<b>4,873.07</b>

Description	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Defined benefit obligation	9,567.91	9,789.58	9,311.51
Fair valuation of plan assets	5,702.18	4,873.07	4,558.56
<b>Plan (assets)/ liability</b>	<b>3,865.73</b>	<b>4,916.51</b>	<b>4,752.95</b>

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows**

Description	31 March 2018 Year ended	31 March 2017 Year ended
Insurance company products	100%	100%

**Notes to the Standalone Financial Statements for the year ended 31 March 2018**

			Rs. in lacs
Actuarial assumptions			
Description	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Discount rate	<b>7.35% p.a.</b>	6.70% p.a.	7.75% p.a.
Normal retirement age*	<b>58 years</b>	58 years	58 years
Employee turnover	<b>5.0% p.a.</b>	5.0% p.a.	5.0% p.a.
Expected rate of return on Plan Assets	<b>7.35% p.a.</b>	6.70% p.a.	8.50% p.a.

\* For patiala unit its 60 and others its 58 years. The estimates of seniority, future salary increases, considered in actuarial valuation, take account of price inflation, promotions and other relevant factors, such as supply and demand in the employment market.

**A quantitative sensitivity analysis for significant assumptions as on 31st March 2018:**

Description	As at 31 March 2018	As at 31 March 2017
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	<b>9,567.91</b>	9,789.58
- Impact due to increase of 0.50 %	<b>9,322.28</b>	9,525.74
- Impact due to decrease of 0.50 %	<b>9,825.82</b>	10,066.96
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	<b>9,567.91</b>	9,789.58
- Impact due to increase of 0.50 %	<b>9,799.75</b>	10,035.84
- Impact due to decrease of 0.50 %	<b>9,343.74</b>	9,551.73

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

**The following payouts are expected in future years:**

Description	As at 31 March 2018
March 31, 2019	1,401.15
March 31, 2020	1,218.66
March 31, 2021	1,200.00
March 31, 2022	1,126.16
March 31, 2023	1,422.54
March 31, 2024 to March 31, 2028	6,855.97

**Notes to the Standalone Financial Statements for the year ended 31 March 2018**
**Rs. in lacs**
**14. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

Description	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
a The principal amount remaining unpaid as at the end of year	<b>512.44</b>	289.63	310.35
b Interest due on above principal and remaining unpaid as at the end of the year	<b>1.53</b>	1.50	2.13
c The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
d The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	<b>30.02</b>	29.54	21.64
e The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
f The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-	1.39

**15. Expense capitalisation**

The Company has capitalized various expenses incurred in the course of construction of self generated assets in accordance with Ind AS 16 - Property, plant and equipments, the details of expenses capitalized for the purpose of construction of self generated assets are as follows:

Description	31 March 2018 Year ended	31 March 2017 Year ended
Salaries, wages and bonus	<b>17.88</b>	20.90
Others expense	<b>11.23</b>	22.57
<b>Total</b>	<b>29.11</b>	<b>43.47</b>



**Notes to the Standalone Financial Statements for the year ended 31 March 2018**
**16. Provision for regulatory matters**
**Rs. in lacs**

The Company is continuously evaluating processes for regulatory matters at its factories based on more accurate evidences available, a provision, towards costs to be incurred to remediate these matters, of Rs. 367.33 lacs is included under Note no. 15 for provisions which are net of amounts utilized of Rs. 247.38 lacs during the year towards remediation.

In addition to the above, the provision for regulatory matters includes a provision of Rs.1,959.19 lacs towards certain other regulatory matters.

The Company is actively seeking to resolve these actual and potential statutory, taxation, regulatory and contractual obligations. In accordance with requirements of Indian Accounting Standard (Ind AS) 37 on 'Provisions, Contingent liability and Contingent assets' issued by the Institute of Chartered Accountants of India, although difficult to quantify based on the complexity of the issues, the Company has accrued amounts corresponding to its best estimate of the costs associated with such regulatory and contractual obligations on the basis of available information and best professional judgment of experts appointed for this exercise.

Based on consultations obtained from the experts in respect of the said matters, in management's view, no further costs are expected to be incurred for which a provision would be required at this stage and considers the provisions made to be adequate

**17. Management support charges**

During the financial year 2017-18, the Audit committee in its meeting held on December 6, 2017, had approved increase in management support charges under Cost Allocation Agreement with Federal Mogul Holding Deutschland GmbH to Rs. 3,776.35 lacs (approx.) per annum, effective July 1, 2017 against the earlier charge of Rs. 580.06 lacs per annum for financial year 2016-17. The proportionate charge for the full financial year 2017-18 is Rs. 3,016.57 lacs (Previous year 2016-17 Rs.580.06 lacs).

These charges are avilment of centralised services pertaining to all the products of the company and, inter-alia, include Technical Support, Operations Management, Applications Engineering, Global Executive Management Services, Purchasing, Key Accounts Sales Management. This charge is based on actual services received by the company on cost basis without any mark up and is at an arm's length basis.

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

**19. Corporate social responsibility**

a) Gross amount required to be spent by the Company during the year in compliance with section 135 of the Act is

**Rs. 155.11 lacs.**

b) Amount spent during the year on :-

Particulars	31 March 2018 Year ended			31 March 2017 Year ended		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
(i) Construction / acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above						
a. Education related expenses	<b>50.72</b>	-	<b>50.72</b>	51.10	-	51.10
b. Health related expenses	<b>54.46</b>	-	<b>54.46</b>	14.40	-	14.40
c. Social activities	<b>41.68</b>	-	<b>41.68</b>	33.07	-	33.07
d. Others	<b>8.25</b>	-	<b>8.25</b>	8.08	-	8.08
	<b>155.11</b>	-	<b>155.11</b>	<b>106.65</b>	-	<b>106.65</b>

**Notes to the Standalone Financial Statements for the year ended 31 March 2018**

**Rs. in lacs**

- 20.** With the implementation of Goods and service tax Act, 2017 (GST), w.e.f 1st July 2017, Revenue from operations for the year ended 31 March 2018 is reported net of GST (from 01 July 2017 till 31 March 2018) and gross of excise duty (from 01 April 2017 till 30 June 2017). However, revenue from operations for the year ended 31 March 2017 is presented in the financial gross of excise duty. Had previously reported revenues were shown net of excise duty, the comparative revenue of the company would have been as follows:

Description	31 March 2018 Year ended	31 March 2017 Year ended
Revenue from operations	<b>130,386.94</b>	125,588.52

**For Walker Chandniok & Co. LLP**  
**Chartered Accountants**

per **Anamitra Das**  
Partner

Place: Gurugram  
Date: 29<sup>th</sup> May 2018

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

**Vinod Kumar Hans**  
Whole Time Managing Director  
DIN : 03328309

**Manish Chadha**  
Chief Finance Officer & Finance Director  
DIN : 07195652

**Khalid Iqbal Khan**  
Whole Time Director - Legal & Company Secretary  
DIN : 05253556

## Independent Auditors' Report

### To the Members of Federal-Mogul Goetze (India) Limited

#### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Federal Mogul Goetze (India) Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. The respective Board of Directors/management of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the

preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us is sufficient and

appropriate to provide a basis for our audit opinion on these consolidated financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

#### Other matter

9. The company had prepared separate sets of consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated 19 May 2017 and 13 May 2016 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report on separate financial statements and other financial information of the subsidiary, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law relating to

preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary company covered under the Act, none of the directors of the Group

company covered under the Act, are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary company, covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure I';

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the

Group, as detailed in Note no. 39 to the consolidated financial statements.

(ii) the Group, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company covered under the Act during the year ended 31 March 2018;

(iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co. LLP**  
**Chartered Accountants**

Firm's Registration No.: **001076N/N500013**

per **Anamitra Das**  
Partner

**Membership No.: 062191**

Place: Gurugram  
Date: 29<sup>th</sup> May 2018

**Annexure- I to the Independent Auditor's Report of even date to the members of Federal-Mogul Goetze (India) Limited, on the consolidated financial statements for the year ended 31 March 2018**

**Annexure I**

**Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the consolidated financial statements of **Federal Mogul Goetze India Limited** ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its subsidiary company, which are companies covered under the Act, as at that date.

**Management's Responsibility for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be

prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary company, as aforesaid.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with

authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Walker Chandik & Co LLP  
Chartered Accountants**

Firm's Registration No.:  
**001076N/N500013**

per **Anamitra Das**  
Partner

**Membership No.: 062191**

Place: Gurugram  
Date: 29<sup>th</sup> May 2018

**Federal-Mogul Goetze (India) Limited**  
**Abridged Consolidated Balance Sheet as at 31 March 2018**

(Statement containing the salient features of Balance sheet as per first proviso to sub-section 1 of Section 136 of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014)

**Rs. in lacs**

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
Property, plant and equipment	55,335.06	53,305.94	54,002.75
Capital work-in-progress	3,488.87	4,786.71	3,204.67
Intangible assets	61.16	51.10	-
Financial assets			
- Investments	3.25	3.25	-
- Loans	1,411.40	1,165.59	1,184.45
- Other financial assets	567.24	477.14	941.81
Current tax assets (net)	379.34	592.82	720.40
Other non-current assets	1,706.68	2,020.50	2,086.55
	<b>62,953.00</b>	<b>62,403.05</b>	<b>62,140.63</b>
<b>(2) Current assets</b>			
Inventories	19,078.29	19,145.84	20,624.00
Financial assets			
- Investments	-	-	-
- Trade receivables	21,914.97	19,211.57	18,617.73
- Cash and cash equivalents	862.37	1,218.93	4,454.26
- Other bank balances	639.69	1,660.60	970.78
- Loans	70.77	86.90	43.91
- Other financial assets	1,171.54	676.59	652.23
Other current assets	2,214.46	3,601.99	3,834.74
	<b>45,952.09</b>	<b>45,602.42</b>	<b>49,197.65</b>
<b>Total of (1) to (2)</b>	<b>108,905.09</b>	<b>108,005.47</b>	<b>111,338.28</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(3) Equity</b>			
a) Equity share capital	5,563.21	5,563.21	5,563.21
b) Other equity			
i. General reserve	1,295.00	1,295.00	1,144.00
ii. Capital reserve	56.55	56.55	56.55
iii. Capital redemption reserve	2,000.00	2,000.00	2,000.00
iv. Securities premium account	26,750.74	26,750.74	26,750.74
v. Retained earnings	34,721.82	25,648.30	18,292.53
Equity attributable to owners of the company	<b>70,387.32</b>	<b>61,313.80</b>	<b>53,807.03</b>
Non controlling interest	5,899.96	5,399.25	5,085.61
<b>Total equity</b>	<b>76,287.28</b>	<b>66,713.05</b>	<b>58,892.64</b>
<b>Liabilities</b>			
<b>(4) Non-current liabilities</b>			
Financial liabilities			
- Borrowings	-	2,333.33	3,722.22
Provisions	5,103.51	6,145.99	5,875.91
Deferred tax liabilities (net)	1,683.38	989.15	1,011.19
	<b>6,786.89</b>	<b>9,468.47</b>	<b>10,609.32</b>
<b>(5) Current liabilities</b>			
Financial liabilities			
- Borrowings	2,452.67	4,611.00	13,400.37
- Trade payables	17,085.05	18,740.96	21,766.38
- Other financial liabilities	902.46	2,416.14	1,835.37
Other current liabilities	2,433.46	2,623.25	2,175.50
Provisions	2,426.80	2,387.18	2,265.34
Current tax liabilities (net)	530.48	1,045.42	393.36
	<b>25,830.92</b>	<b>31,823.95</b>	<b>41,836.32</b>
<b>Total of (3) to (5)</b>	<b>108,905.09</b>	<b>108,005.47</b>	<b>111,338.28</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes

This is the Consolidated balance Sheet referred to in our report of even date

**For Walker Chandio & Co. LLP**  
**Chartered Accountants**

 per **Anamitra Das**  
 Partner

 Place: Gurugram  
 Date: 29<sup>th</sup> May 2018

**For and on behalf of the Board of Directors of**  
**Federal-Mogul Goetze (India) Limited**
**Vinod Kumar Hans**  
 Whole Time Managing Director  
 DIN : 03328309

**Khalid Iqbal Khan**  
 Whole Time Director - Legal & Company Secretary  
 DIN : 05253556

**Manish Chadha**  
 Chief Finance Officer & Finance Director  
 DIN : 07195652

**Federal-Mogul Goetze (India) Limited**  
**Abridged Consolidated Statement of Profit and Loss for the year ended 31 March 2018**

(Statement containing the salient features of Balance sheet as per first proviso to sub-section 1 of Section 136 of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014)

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>Year ended</b>	<b>Year ended</b>
<b>Rs. in lacs</b>		
<b>INCOME</b>		
<b>Sale of goods</b>	<b>133,968.10</b>	139,832.00
<b>Other operating revenue</b>		
Job work income	-	28.62
Export incentives	<b>488.99</b>	517.76
Scrap sales	<b>1,523.09</b>	1,261.94
<b>I. Revenue from operations</b>	<b>135,980.18</b>	141,640.32
<b>II. Other income</b>	<b>1,155.91</b>	1,199.63
<b>III. Total Income (I +II)</b>	<b>137,136.09</b>	<b>142,839.95</b>
<b>IV. Expenses</b>		
(a) Cost of materials consumed	<b>36,761.19</b>	35,144.74
(b) Excise duty	<b>3,446.09</b>	13,731.63
(c) Purchases of stock-in-trade	<b>1,377.18</b>	3,379.45
(d) Changes in inventories of finished goods, work-in-progress and stock-in-trade ((Increase)/ Decrease)	<b>954.09</b>	916.61
(e) Employee benefit expense	<b>29,287.94</b>	27,967.20
(f) Finance cost	<b>666.67</b>	1,629.96
(g) Depreciation and amortisation expense	<b>7,701.62</b>	7,932.34
(h) Other expenses	<b>41,475.59</b>	39,133.19
<b>Total expenses (a to h)</b>	<b>121,670.37</b>	<b>129,835.12</b>
<b>V. Profit before tax</b>	<b>15,465.72</b>	13,004.83
<b>VI. Tax expense</b>		
1. Current tax	<b>5,280.87</b>	4,534.50
2. Deferred tax expense	<b>565.64</b>	96.21
<b>Total tax expense</b>	<b>5,846.51</b>	4,630.71
<b>VII. Profit for the year (V- VI)</b>	<b>9,619.21</b>	8,374.12
<b>VIII. Other Comprehensive Income</b>		
A (i) Items that will not be reclassified to profit or loss		
a) Remeasurements of the post employment defined benefit plans (gain) / loss	<b>(372.57)</b>	341.71
(ii) Income tax relating to items that will not be reclassified to profit or loss	<b>128.58</b>	(118.26)
<b>Total Other Comprehensive (Income) / expense</b>	<b>(243.99)</b>	<b>223.45</b>
<b>IX. Total Comprehensive Income</b>	<b>9,863.20</b>	<b>8,150.67</b>
Profit and loss for the year	<b>9,619.21</b>	<b>8,374.12</b>
Attributable to		
a) Owner of the company	<b>8,831.85</b>	7,728.42
b) Non controlling interest	<b>787.36</b>	645.70
<b>Other comprehensive income for the year</b>	<b>(243.99)</b>	<b>223.45</b>
Attributable to		
a) Owner of the company	<b>(241.66)</b>	221.65
b) Non controlling interest	<b>(2.33)</b>	1.80
<b>Total comprehensive income for the year</b>	<b>9,863.20</b>	<b>8,150.67</b>
Attributable to		
a) Owner of the company	<b>9,073.52</b>	7,506.77
b) Non controlling interest	<b>789.68</b>	643.90
Earnings per equity share (of Rs 10 each)		
Basic (Rs)	<b>17.29</b>	15.05
Diluted (Rs)	<b>17.29</b>	15.05

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes. This is the consolidated Statement of Profit and Loss referred to in our report of even date.

**For Walker Chandio & Co. LLP**  
Chartered Accountants

per **Anamitra Das**  
Partner

Place: Gurugram  
Date: 29<sup>th</sup> May 2018

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

**Vinod Kumar Hans**                      **Manish Chadha**  
Whole Time Managing Director      Chief Finance Officer & Finance Director  
DIN : 03328309                              DIN : 07195652

**Khalid Iqbal Khan**  
Whole Time Director - Legal & Company Secretary  
DIN : 05253556

**Federal-Mogul Goetze (India) Limited**  
**Abridged Consolidated cash flow statement for the year ended 31 March 2018**

	<b>31 March 2018</b>	<b>Rs. in lacs</b>
	<b>year ended</b>	<b>31 March 2017</b>
		<b>Year ended</b>
1. Cash flow from operating activities	<b>12,764.31</b>	15,931.15
2. Cash used in investing activities	<b>(7,211.82)</b>	(8,632.40)
3. Cash used in financing activities	<b>(5,883.84)</b>	(10,024.88)
4. Net increase in cash and cash equivalents (1 + 2 + 3)	<b>(331.35)</b>	(2,726.12)
5. Cash and cash equivalents at the beginning of the year	<b>1,042.67</b>	3,768.80
6. Cash and cash equivalents at the end of the year	<b>711.32</b>	<b>1,042.68</b>

Accompanying notes form an integral part of these Consolidated financial statements.

**Notes:**

1. The above Abridged Cash Flow Statement has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS) 7 on "Cash Flow Statement" notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Company (Accounts) Rules 2014.
2. Figures in brackets indicate cash outflow.
3. Cash and cash equivalents includes cash and cheques on hand and bank balances.
4. The notes referred to in the Abridged Balance Sheet and Abridged Statement of Profit and Loss forms an integral part of the Abridged Cash Flow Statement.
5. Previous period figures have been regrouped and recasted, wherever necessary, to conform to the current year's classification.

**Note :-** Complete Consolidated Balance sheet, Consolidated Statement of Profit and Loss, other Consolidated statements and Consolidated notes thereto prepared as per the requirements of Schedule III of the Companies Act, 2013 are available at the Company's website [www.federalmogulgoetzeindia.net](http://www.federalmogulgoetzeindia.net).

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

**For Walker Chandio & Co. LLP**  
**Chartered Accountants**

per **Anamitra Das**  
 Partner

Place: Gurugram  
 Date: 29<sup>th</sup> May 2018

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

**Vinod Kumar Hans**  
 Whole Time Managing Director  
 DIN : 03328309

**Manish Chadha**  
 Chief Finance Officer & Finance Director  
 DIN : 07195652

**Khalid Iqbal Khan**  
 Whole Time Director - Legal & Company Secretary  
 DIN : 05253556



**Federal-Mogul Goetze (India) Limited**  
**Consolidated statement of change in equity as at 31 March 2018**

Rs. in lacs

Particulars	Balance as at 01 April 2016	Change in equity share capital during the year	Balance as at 31 March 2017	Change in equity share capital during the year	Balance as at 31 March 2018			
<b>A) Equity share capital</b>	<b>5,563.21</b>	<b>-</b>	<b>5,563.21</b>	<b>-</b>	<b>5,563.21</b>			
<b>B) Other equity</b>	<b>Reserves and surplus</b>							
Particulars	General reserve	Capital reserve	Capital redemption reserve	Securities premium account	Retained earnings	Total other equity	Non controlling interest	Total
<b>Balance as at 01 April 2016</b>	<b>1,144.00</b>	<b>56.55</b>	<b>2,000.00</b>	<b>26,750.74</b>	<b>18,292.53</b>	<b>48,243.82</b>	<b>5,085.61</b>	<b>53,329.43</b>
Additions during the year:								
Profit for the year	-	-	-	-	7,728.42	7,728.42	645.70	8,374.12
Items of Other Comprehensive Income for the year, net of tax	-	-	-	-	(221.65)	(221.65)	(1.80)	(223.45)
Less: Dividend paid during the year	-	-	-	-	-	-	(330.26)	(330.26)
Transfer to general reserve	151.00	-	-	-	(151.00)	-	-	-
<b>Balance as at 31 March 2017</b>	<b>1,295.00</b>	<b>56.55</b>	<b>2,000.00</b>	<b>26,750.74</b>	<b>25,648.30</b>	<b>55,750.59</b>	<b>5,399.25</b>	<b>61,149.84</b>
Additions during the year:								
Profit for the year	-	-	-	-	8,831.86	8,831.86	787.36	9,619.22
Items of Other Comprehensive Income for the year, net of tax	-	-	-	-	241.66	241.66	2.33	243.99
Less: Dividend paid during the year	-	-	-	-	-	-	(288.98)	(288.98)
<b>Balance as at 31 March 2018</b>	<b>1,295.00</b>	<b>56.55</b>	<b>2,000.00</b>	<b>26,750.74</b>	<b>34,721.82</b>	<b>64,824.11</b>	<b>5,899.96</b>	<b>70,724.07</b>

This is the Consolidated statement of change in equity referred to in our report of even date.

**For Walker Chandiook & Co LLP**  
**Chartered Accountants**
**Anamitra Das**  
 Partner

 Place: Gurugram  
 Date: 29<sup>th</sup> May 2018

**For and on behalf of the Board of Directors of**  
**Federal-Mogul Goetze (India) Limited**
**Vinod Kumar Hans**  
 Whole Time Managing Director  
 DIN : 03328309

**Khalid Iqbal Khan**  
 Whole Time Director- Legal & Company Secretary  
 DIN : 05253556

**Manish Chadha**  
 Chief Finance Officer & Finance Director  
 DIN : 07195652

## Summary of significant accounting policies and other explanatory notes to consolidated accounts for the year ended 31 March 2018

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### Corporate information

Federal-Mogul Goetze (India) Limited ('FMGIL' or 'the Company') and its Subsidiary (Group), is inter-alia engaged mainly in the manufacture, supply and distribution of 'automotive components' used in two/three/four wheeler automobiles.

The principal facilities of the Group are located at Patiala (Punjab), Bengaluru (Karnataka) and Bhiwadi (Rajasthan), with its registered office in Delhi. The Company is listed at National Stock Exchange of India Limited and Bombay Stock Exchange.

Federal Mogul Holdings Limited, Mauritius, is the immediate parent company and ultimate parent company is Federal Mogul LLC, USA

### 1. Statement of significant accounting policies

#### 1.1 Statement of compliance with Ind AS

These financial statements ('Consolidated financial statements') of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other relevant provisions of the Act. The Group has uniformly applied the accounting policies during the periods presented.

For all periods up to and including the year ended 31 March 2018, the Group had prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These consolidated financial statements for the year ended 31 March 2018 are the first financial statements which the Group has prepared in accordance with Ind AS (see Note no. 7 for explanation for transition to Ind AS). For the purpose of comparatives, consolidated financial statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016 are also prepared as per Ind AS.

The financial statements for the year ended 31 March 2018 were authorized and approved for issue by the Board of Directors on May 29, 2018

#### 1.2 Recent accounting pronouncement

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

**Ind AS 115- Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

## Summary of significant accounting policies and other explanatory notes to consolidated accounts for the year ended 31 March 2018

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### 1.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and

The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

## 2. Summary of Significant Accounting Policies

### a) Overall consideration

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below. These were used throughout all periods presented in the financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS as summarised in note no 36.

#### Basis of preparation

The consolidated financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies.

### b) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, as the case may be.

### c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at

**Summary of significant accounting policies and other explanatory notes to consolidated accounts for the year ended 31 March 2018**

the date of the financial statements and the results of operations during the year. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized in the current and future periods.

**d) Property, plant and equipment**

*Recognition and initial measurement*

Property plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

*Subsequent measurement (depreciation and useful lives)*

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on a straight-line basis, computed on the basis of useful lives (as set out below) prescribed in Schedule II to the Companies Act, 2013:

<b>Asset Class</b>	<b>Estimated useful life (in years)</b>
Plant & Machinery	5 to 21 years
Furniture and fixtures	3 to 10 years
Vehicles	8 to 10 years
Building	20 to 30 years
Leasehold land	99 years

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

**De-recognition**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

**Transition to Ind AS**

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2016 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

**e) Intangible assets**

**Recognition and initial measurement**

Intangible assets (softwares) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

**Internally developed intangible assets:**

Expenditure on the research phase of projects is recognised as an expense as incurred. Costs that are directly attributable to a project’s development phase are recognised as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.

## Summary of significant accounting policies and other explanatory notes to consolidated accounts for the year ended 31 March 2018

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- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Development costs not meeting these criteria for capitalisation are expensed as incurred. Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs.

### Subsequent measurement (amortisation)

The cost of capitalised software is amortised over a period in the range of 5 years from the date of its acquisition. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

### Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2016 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of intangible assets.

### f) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### g) Financial instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below:

#### Non-derivative financial assets

##### Subsequent measurement

i. **Financial assets carried at amortised cost** – a financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

## Summary of significant accounting policies and other explanatory notes to consolidated accounts for the year ended 31 March 2018

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### ii. Financial assets carried at fair value

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

#### De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

#### Non-derivative financial liabilities

##### Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

##### De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### h) Impairment of financial assets

In accordance with Ind AS 109, the group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between present value of contractual cash flows that are due to the Group in accordance with the contract and present value of cash flows that the Company expects to receive, discounted at the original effective interest rate. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### Trade receivables

In respect of trade receivables, the group applies the simplified approach as per Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

## Summary of significant accounting policies and other explanatory notes to consolidated accounts for the year ended 31 March 2018

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### Other financial assets

In respect of its other financial assets, the group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date

### i) Fair Value of financial instrument

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or in the absence of a principal Market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

### j) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases.

Where the Company is a lessee, lease rental are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs. Associated costs, such as maintenance and insurance, are expensed as incurred.

Where the Company is a lessor, the respective leased assets are included in the balance sheet based on their nature. Rental income is recognised on straight line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

## Summary of significant accounting policies and other explanatory notes to consolidated accounts for the year ended 31 March 2018

### k) Inventories

#### Inventories are valued as follows:

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Stores and spares cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- In case of work in progress-at raw material cost plus conversion costs depending upon the stage of completion.
- In case of finished goods-cost includes cost of direct material, labour, other direct cost and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

### l) Revenue Recognition

Revenue is recognised at fair value of consideration received or receivable net of related rebates, to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

#### i) Sale of Goods:

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of sales tax, trade discount and other incentives passed on to the customer though gross of excise duty.

#### ii) Job Work:

Income from job work is accrued when right of revenue is established, which relates to effort completed.

#### iii) Interest:

Interest income is recorded on accrual basis using the effective interest rate (EIR) method

#### iv) Dividends:

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

#### v) Commission:

Commission income is accrued when due, as per the agreed terms.

#### vi) Export Benefits/Incentives:

Export entitlements under the Duty Entitlement Pass Book (DEPB) Scheme/ Duty Drawback scheme and Merchandise Exports from India Scheme are recognized in the profit and loss account when the right to receive credit as per the terms of the scheme is established in respect of exports made.

#### vii) Management support charges:

Income from management support charges is recognized as per the terms of the agreement based upon the services completed.

#### viii) Lease income:

Rental income is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises and where scheduled increase in rent compensates the lessor for expected inflationary costs.



## Summary of significant accounting policies and other explanatory notes to consolidated accounts for the year ended 31 March 2018

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### m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary interruption.

### n) Foreign Currency Transactions

#### Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR') which is also the functional and presentation currency of the Group.

#### Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on such conversion and settlement at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

### o) Retirement and other employee benefits

(i) Provident fund contributions are charged to profit and loss account, when contributions paid/payable are due to "Goetze India Limited Provident Fund Trust", administered by the trustees and to the Regional Provident Fund Commissioners. The Group accrues for the deficit in the Provident Fund trust as per the books of accounts of the Trust.

(ii) Gratuity liability under the Payment of Gratuity Act is accrued on the basis of an actuarial valuation made at the end of each financial year. The actuarial valuation is done as per projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to other comprehensive income in the year in which such gains or losses are determined.

(iii) Short term compensated absences are provided for based on estimates. Long term compensation liability for leave encashment is determined in accordance with Group policy and is measured on the basis of valuation by an independent actuary at the end of the financial year. The actuarial valuation is done as per projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

(iv) Superannuation Benefit and Contribution to NPS

The Group has superannuation obligation administered with Life Insurance Corporation of India (LIC) and contributes to the National Pension Scheme of the Government of India. Contributions to the defined contribution scheme are charged to profit and loss account when contributions paid/ payable are due to such fund. There are no other obligations other than the contribution payable to the respective trusts.

### p) Income Taxes

Tax expense recognised in the statement of profit and loss comprises of deferred tax and current tax not recognised in Other Comprehensive Income (OCI) or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India.

## Summary of significant accounting policies and other explanatory notes to consolidated accounts for the year ended 31 March 2018

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Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits (including Minimum Alternate Tax ('MAT') credit entitlement) or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax expense relating to items recognised in OCI or directly in equity is recognised outside profit or loss (in OCI or equity).

### q) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### r) Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises when there is a presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In cases where the outflow of economic resources as a result of present obligations is considered improbable or remote, no provision is recognised.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

### s) Cash and Cash Equivalents

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### t) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors assess the financial performance and position of the Company, and makes strategic decisions and therefore the board would be the chief operating decision maker. The Company's primary business segment is manufacturing and trading of auto components. Considering the nature of Company's business and operations, there is only one reportable business segment.

**Summary of significant accounting policies and other explanatory notes to consolidated accounts for the year ended 31 March 2018**

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**u) Significant management judgement in applying accounting policies and estimation uncertainty**

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

**Significant management judgements**

**Recognition of deferred tax assets** – Recognition of deferred tax assets is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. The recognition of deferred tax assets and reversal thereof is also dependent upon management decision relating to timing of availment of tax holiday benefits available under the Income Tax Act, 1961 which in turn is based on estimates of future taxable profits.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Impairment of financial assets** – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

**Contingent Liabilities** - The Company is the subject of certain legal proceedings which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

**Provision for warranties** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgement.

**Significant estimation uncertainties**

**Recoverability of advances/receivables** - At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

### 3. Corporate social responsibility

a) Gross amount required to be spent by the Group during the year (including brought forward from previous year) in compliance with section 135 of the Act is **Rs. 207.76 lacs**.

b) Amount spent during the year on :-

Particulars	31 March 2018 Year ended			31 March 2017 Year ended		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
(i) Construction / acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above						
a. Education related expenses	100.57	-	100.57	115.05	-	115.05
b. Health related expenses	54.46	-	54.46	33.07	-	33.07
c. Social activities	44.48	-	44.48	55.58	-	55.58
d. Others	8.25	-	8.25	8.08	-	8.08
	<b>207.76</b>	-	<b>207.76</b>	<b>211.78</b>	-	<b>211.78</b>

### 4. Fair value disclosures

#### i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are classified into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Company has only one investment carried at fair value through profit and loss account. The fair value of investment in GI Power Corporation Limited is determined to be zero. There are no other financial assets or liabilities carried at fair value.

#### (iii) Fair value of instruments measured at amortised cost

The management assessed that cash and cash equivalents, trade receivables, other receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of loans, security deposits, borrowings and other financial assets and liabilities are considered to be the same as their fair values, as there is an immaterial change in the lending rates.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

### 5. Financial risk management

#### i) Financial instruments by category

Particulars	As at 31 March 2018			As at 31 March 2017			As at 01 April 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>									
Investments*	-	-	3.25	-	-	3.25	-	-	-
Trade receivables	-	-	21,914.97	-	-	19,211.57	-	-	18,617.73
Cash and cash equivalents	-	-	862.37	-	-	1,218.93	-	-	4,454.26
Other bank balances	-	-	639.69	-	-	1,660.60	-	-	970.78
Loans	-	-	1,482.16	-	-	1,252.48	-	-	1,228.35
Other financial assets	-	-	1,738.78	-	-	1,153.73	-	-	1,594.03
<b>Total</b>	-	-	<b>26,641.22</b>	-	-	<b>24,500.56</b>	-	-	<b>26,865.15</b>
<b>Financial liabilities</b>									
Borrowings	-	-	2,490.79	-	-	8,413.82	-	-	18,254.33
Trade payable	-	-	17,085.05	-	-	18,740.96	-	-	21,766.38
Other financial liabilities	-	-	864.34	-	-	946.66	-	-	703.63
<b>Total</b>	-	-	<b>20,440.18</b>	-	-	<b>28,101.44</b>	-	-	<b>40,724.34</b>

#### ii) Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

#### A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks

#### a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the company, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- A: Low
- B: Medium
- C: High

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Assets under Credit risk		Rs. in lacs		
Credit rating	Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
A: Low	Other bank balances	639.69	1,660.60	970.78
	Cash and cash equivalents	862.37	1,218.93	4,454.26
	Other financial assets	1,738.78	1,153.73	1,594.03
	Trade receivables	21,914.98	19,211.57	18,617.73
C: High	Trade receivables	219.87	175.32	129.57

### Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

### Trade receivables

The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become six months past due.

### Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

### b) Expected credit losses

The Company provides for expected credit losses based on the following:

The company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by 'analysing historical trend of default based on the criteria defined above. And such provision percentage determined have been 'considered to recognise life time expected credit losses on trade receivables.

**Notes to the Consolidated Financial Statements for the year ended 31 March 2018**

**Rs. in lacs**

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	>365 Days	0 - 365 Days	>365 Days	0 - 365 Days	>365 Days	0 - 365 Days
Gross amount of trade receivables where no default (as defined above) has occurred	<b>69.04</b>	<b>22,065.80</b>	70.35	19,316.54	80.19	18,667.11
Expected loss rate (in %)	<b>100%</b>	<b>0.68%</b>	100%	0.54%	100%	0.26%
Expected credit loss (loss allowance provision)	<b>69.04</b>	<b>150.83</b>	70.35	104.97	80.19	49.38

**Reconciliation of loss provision – lifetime expected credit losses**

<b>Reconciliation of loss allowance</b>	<b>Trade receivable</b>
<b>Loss allowance as on 1 April 2016</b>	<b>129.57</b>
Impairment loss recognised during the year	45.75
Amounts written off	-
<b>Loss allowance on 31 March 2017</b>	<b>175.32</b>
Impairment loss recognised/reversed during the year	44.55
Amounts written off	-
<b>Loss allowance on 31 March 2018</b>	<b>219.87</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

### B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

#### Maturities of financial liabilities

The tables below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. For balances due within 12 months amounts equal their carrying values as the impact of discounting is not significant.

31 March 2018	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Long term borrowings (including interest)	-	-	-	-	-
Short term borrowings	2,452.67	-	-	-	2,452.67
Trade payable	17,085.05	-	-	-	17,085.05
Other financial liabilities	902.46	-	-	-	902.46
<b>Total</b>	<b>20,440.18</b>	-	-	-	<b>20,440.18</b>

31 March 2017	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Long term borrowings (including interest)	1,175.74	1,533.23	1,047.53	-	3,756.50
Short term borrowings	4,611.00	-	-	-	4,611.00
Trade payable	18,740.96	-	-	-	18,740.96
Other financial liabilities	992.98	-	-	-	992.98
<b>Total</b>	<b>25,520.68</b>	<b>1,533.23</b>	<b>1,047.53</b>	-	<b>28,101.44</b>



## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

1 April 2016	Less than 1 year	1-2 year	2-3 year	More than 35 years	Total
Long term borrowings (including interest)	439.23	1,745.27	1,533.23	1,047.53	4,765.26
Short term borrowings	13,400.37	-	-	-	13,400.37
Trade payable	21,766.38	-	-	-	21,766.38
Other financial liabilities	792.33	-	-	-	792.33
<b>Total</b>	<b>36,398.31</b>	<b>1,745.27</b>	<b>1,533.23</b>	<b>1,047.53</b>	<b>40,724.34</b>

### C) Market Risk

#### a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Euro and Japanese Yen. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Company. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited and the Company hence does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes.

#### (i) Foreign currency risk exposure:

The Companies exposure to foreign currency risk at the end of the reporting period expressed in Rs., are as follows

Particulars	FC	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Financial liabilities</b>				
Creditors	CHF	2.05	(0.01)	0.56
	EUR	2,037.00	1,072.14	1,581.91
	GBP	184.82	196.87	324.58
	JPY	188.56	34.37	176.88
	SEK	2.47	-	-
	USD	434.42	654.69	1,049.05
		<b>2,849.32</b>	<b>1,958.06</b>	<b>3,132.98</b>
<b>Financial assets</b>				
Debtors	EUR	351.52	684.82	1,030.98
	USD	3,146.99	2,471.61	2,396.68
		<b>3,498.51</b>	<b>3,156.43</b>	<b>3,427.66</b>
<b>Net exposure to foreign currency risk (assets)</b>		<b>649.19</b>	<b>1,198.37</b>	<b>294.68</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

### Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>USD sensitivity</b>			
INR/USD- increase by 500 bp (1 April 2016 500 bp)*	135.63	90.85	67.38
INR/USD- decrease by 500 bp (1 April 2016 500 bp)*	(135.63)	(90.85)	(67.38)
<b>EUR sensitivity</b>			
INR/EUR- increase by 500 bp (1 April 2016 500 bp)*	(84.27)	(19.37)	(27.55)
INR/EUR- decrease by 500 bp (1 April 2016 500 bp)*	84.27	19.37	27.55
<b>GBP sensitivity</b>			
INR/GBP- increase by 500 bp (1 April 2016 500 bp)*	(9.24)	(9.84)	(16.23)
INR/GBP- decrease by 500 bp (1 April 2016 500 bp)*	9.24	9.84	16.23
<b>JPY sensitivity</b>			
INR/JPY- increase by 500 bp (1 April 2016 500 bp)*	(9.43)	(1.72)	(8.84)
INR/JPY- decrease by 500 bp (1 April 2016 500 bp)*	9.43	1.72	8.84
<b>SEK sensitivity</b>			
INR/SEK- increase by 500 bp (1 April 2016 500 bp)*	(0.12)	-	-
INR/SEK- decrease by 500 bp (1 April 2016 500 bp)*	0.12	-	-
<b>CHF sensitivity</b>			
INR/CHF- increase by 500 bp (1 April 2016 500 bp)*	(0.10)	0.00	(0.03)
INR/CHF- decrease by 500 bp (1 April 2016 500 bp)*	0.10	(0.00)	0.03

\* Holding all other variables constant

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

### b) Interest rate risk

#### i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31 March 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits pay fixed interest rates.

#### Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Variable rate borrowing	151.05	176.26	685.46
Fixed rate borrowing	2,339.74	8,237.56	17,568.87
<b>Total borrowings</b>	<b>2,490.79</b>	<b>8,413.81</b>	<b>18,254.33</b>

#### Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Interest sensitivity*</b>			
Interest rates – increase by 50 bp basis points	(0.76)	(0.88)	(3.43)
Interest rates – decrease by 50 bp basis points	0.76	0.88	3.43

\* Holding all other variables constant

#### ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

#### c) Price risk

The Company does not have any significant investments in equity instruments which create an exposure to price risk.

### 6. Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	1 April 2016
Total debt	<b>2,490.79</b>	8,413.81	18,254.33
Less: Cash and bank balances	<b>862.37</b>	1,218.93	4,454.26
Net debt	<b>1,628.42</b>	7,194.88	13,800.07
Total equity (as shown on the face of balance sheet)	<b>76,287.28</b>	66,713.05	58,892.64
<b>Net debt to equity ratio (in %)</b>	<b>2%</b>	<b>10%</b>	<b>19%</b>

### 7. First Time Adoption of Ind AS

#### Transition to Ind AS

These standalone financial statements, for the year ended March 31, 2018, are the first financial statements the Company has prepared in accordance with Ind AS. For the periods upto March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Amendment thereof ('Indian GAAP' or 'previous GAAP').

Accordingly, the Company has prepared Consolidated financial statements which comply with Ind AS applicable for the year ended March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

#### A. Exemptions and exceptions applied

Ind AS 101 allows first-time adopters certain optional exemptions and mandatory exceptions from the retrospective application of certain requirements under Ind AS.

##### Ind AS optional exemptions

##### A.1.1 Deemed cost- Previous GAAP carrying amount: (Property, plant and equipments and Intangible Assets)

The Company has elected to avail exemption under Ind AS 101 to use Indian GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the balance sheet prepared in accordance with previous GAAP.

##### A.1.2 Estimates

The estimates as at April 1, 2016 and as at March 31, 2017 are consistent with those made for the same dates in accordance with Indian GAAP apart from the Impairment of financial assets based on Expected Credit Loss (ECL) model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at April 1, 2016 the date of transition to Ind AS, and as of March 31, 2017

##### A.1.3 Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

#### B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

### 1. Reconciliation of Total Equity as at 31st March, 2017 and 1st April, 2016

Nature of Adjustments	Notes	As at	As at
		31 March 2017	01 April 2016
<b>Total equity (including non controlling interest) as per previous GAAP</b>		66,675.89	58,468.99
<b>Adjustments:</b>			
Adjustment for discounting of provisions to their present value	1	23.32	26.27
Amortisation on leasehold land	2	(4.28)	-
Deferred tax impact on above	3	(6.59)	(9.09)
Adjustment of proposed dividend including dividend distribution tax	5	-	388.40
Adjustment of deferred tax on stock reserve	6	24.71	18.08
<b>Total equity as per Ind AS</b>		<b>66,713.05</b>	<b>58,892.64</b>

### 2. Reconciliation of total comprehensive income for the year ended 31st March 2017

Nature of Adjustments	Notes	As at
		31 March 2017
<b>Profit after tax as per previous GAAP</b>		8,206.90
<b>Adjustments:</b>		
Adjustment for discounting of provisions to their present value	1	(2.95)
Amortisation on leasehold land	2	(4.28)
Remeasurement of defined benefit obligations	4	341.71
Deferred tax impact on above adjustments	3	(115.76)
Adjustment of dividend distribution tax	5	(58.14)
Adjustment of deferred tax on stock reserve	6	6.64
<b>Profit after tax as per Ind AS</b>		<b>8,374.12</b>
Other comprehensive income:		
Remeasurement of defined benefit obligations	4	(341.71)
Deferred tax adjustments	3	118.26
<b>Total comprehensive income as per Ind AS</b>		<b>8,150.67</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

### **Note-1. Environment health safety provision**

Under IND-As, non current provision for Environment, health and Safety are recorded amortised cost. The amount of a provision is discounted to present value based on the interest cost determined by management equals to its interest cost of borrowing of the Company.

### **Note-2. Depreciation on leasehold land**

Under Ind AS, amortisation of leasehold land has been recorded over the period of lease.

### **Note-3. Deferred tax impact on adjustments**

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences.

Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through profit and loss account or other comprehensive income.

### **Note-4. Other comprehensive income**

Items of income and expense that are not recognised in profit and loss are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

### **Note-5. Proposed dividend and tax thereon**

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend including tax thereon was recognised as a liability and appropriation. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend has been reversed with corresponding adjustment to retained earnings and dividend distribution tax has been adjusted to tax expense.

### **Note-6. Adjustment of deferred tax on stock reserve**

Under the previous GAAP, deferred tax on stock reserve has not been considered as timing difference. Now, under Ind AS, the same is to be considered as timing difference. Accordingly, the deferred tax assets has been created on stock reserve and the same is adjusted to retained earnings.

### **Note-7. Cash flow statement**

The transition from previous GAAP to Ind AS has no material impact on the standalone cash flow of the Company.

**Notes to the Consolidated Financial Statements for the year ended 31 March 2018**

**Rs. in lacs**

**8. Capital commitments**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Property, plant and equipment (net of advances)	<b>2,375.90</b>	1,237.25	2,752.48
	<b>2,375.90</b>	<b>1,237.25</b>	<b>2,752.48</b>

**9. Assets pledged as security**

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Current assets</b>			
Inventories, cash and cash equivalents and trade receivables	39,447.07	37,604.90	40,999.34
<b>Total current assets pledged as security</b>	<b>39,447.07</b>	<b>37,604.90</b>	<b>40,999.34</b>
<b>Non-current assets</b>			
Plant and machinery, spares, tools and accessories, furniture and fixtures and other moveable assets	-	16,000.00	16,000.00
<b>Total non-currents assets pledged as security</b>	<b>-</b>	<b>16,000.00</b>	<b>16,000.00</b>
<b>Total assets pledged as security</b>	<b>39,447.07</b>	<b>53,604.90</b>	<b>56,999.34</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

### 10. Contingent liabilities

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(i) Excise duty and service tax</b>			
(a) Cases decided in the Company's favour by Appellate authorities department has filed further appeal and show cause notices/ orders on the same issues for other periods	73.13	290.18	548.43
(b) Cases pending before Appellate authorities in respect of which the Company has filed appeals and show cause notices for other periods	1,631.12	3,493.17	4,111.93
<b>Total</b>	<b>1,704.25</b>	<b>3,783.35</b>	<b>4,660.36</b>
<b>(ii) Sales tax</b>			
(a) Cases decided in the Company's favour by Appellate authorities department has filed further appeal and show cause notices/ orders on the same issues for other periods	-	137.29	28.70
(b) Cases pending before Appellate authorities in respect of which the Company has filed appeals and show cause notices for other periods	2,044.67	3,450.93	2,759.45
<b>Total</b>	<b>2,044.67</b>	<b>3,588.22</b>	<b>2,788.15</b>
<b>(iii) Income tax</b>			
(a) Cases decided in the Company's favour by Appellate authorities department has filed further appeal and show cause notices/ orders on the same issues for other periods	532.27	209.47	209.47
(b) Cases pending before Appellate authorities in respect of which the Company has filed appeals and show cause notices for other periods	861.09	1,019.61	579.08
(c) Show cause notices on issues yet to be adjudicated	189.76	309.84	46.94
<b>Total</b>	<b>1,583.12</b>	<b>1,538.92</b>	<b>835.49</b>
<b>(iv) Others</b>			
(a) Employee related cases	299.27	316.10	321.14
(b) Electricity demand	52.24	52.24	52.24
<b>Total</b>	<b>351.51</b>	<b>368.34</b>	<b>373.38</b>



## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

### 11. Segment information

As the Company's business activities fall within a single primary business segment viz. auto components for automobile industry, the disclosure requirement of Indian Accounting Standard (Ind AS-108), Operating Segments is not applicable.

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

Revenue from two customers amounts to **Rs 16,434.42 lacs** (previous year **Rs 15,189.02 lacs**). No other single customer represents 10% or more to the Group revenue for financial year ended March 31, 2018 and March 31, 2017.

#### Geographical information in respect of revenue from customer is given below:

Particulars	31 March 2018 Year ended	31 March 2017 Year ended
India	<b>119,398.22</b>	123,905.20
Other countries	<b>14,569.88</b>	15,926.80
	<b>133,968.10</b>	<b>139,832.00</b>

#### Carrying amount of segment debtors by geographical market (net of provision)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
India	<b>18,993.03</b>	15,868.85	15,164.67
Other countries	<b>2,921.94</b>	3,342.72	3,453.06
	<b>21,914.97</b>	<b>19,211.57</b>	<b>18,617.73</b>

The Company has common assets for producing goods for India and outside countries. Hence, separate figures for assets/additions to fixed assets cannot be furnished.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

### 12. Related Party Transactions

(i) In accordance with the requirement of Indian Accounting Standard (Ind AS - 24) on related party disclosures where control exist and description of the relationship are as follows:

**(a) Name of Parties where control exists**

- i) Holding Company- Federal Mogul Holdings Limited (Mauritius)
- ii) Subsidiary Company- Federal-Mogul TPR (India) Limited
- iii) Ultimate Holding Company- Federal Mogul LLC, USA

**(b) Key managerial personnel**

- Mr. Vinod Kumar Hans, Whole Time Managing Director
- Mr. Manish Chadha, Chief Finance Officer & Finance Director
- Mr. Rajesh Sinha, Additional Director
- Mr. Khalid Iqbal Khan, Whole Time Director- Legal and Company Secretary
- Mr. Krishnamurthy Naga Subramaniam, Non-executive Director
- Mr. Mukul Gupta, Non-executive Director
- Mr. Sundarshan Kanakku Chembakaraman Pillai, Non-executive Director (appointed w.e.f 16th Dec 2016)
- Mr. Mahendra Kumar Goyal, Non-executive Director
- Mr. Ashish Kaul, Manager (resigned w.e.f 18th April 2017)
- Mr. Kapil Arora, Manager (appointed w.e.f 19th May 2017)

**(c) Fellow and step fellow subsidiaries**

- Federal Mogul Burscheid GMBH, Germany
- Federal Mogul Nurnberg, GMBH (Germany)
- Federal Mogul Holding Deutschland (Germany)
- Federal Mogul Limited (U.K.)
- Federal Mogul Financial Services FRANCTNL (France)
- Federal Mogul Gorzyce, S.A. (Poland)
- Federal Mogul Friedberg, GMBH (Germany)
- Federal Mogul Sintered Products Limited. (U.K.)
- Federal Mogul Friction Products Limited (Thailand)
- Federal Mogul Thailand Manufacturina Ayutthaya, (Thailand)
- Federal Mogul France, S.A. (France)
- Federal Mogul Corporation, Garennes (France)
- Federal Mogul (Shanghai)
- Federal Mogul Friction Products Limited
- Federal Mogul Worldwide Aftermarket
- Federal Mogul Sistemas Brazil
- Federal Mogul Dongsuh Piston Co. Limited. (China)
- Federal Mogul Bradford Limited
- Federal Mogul Powertrain Spara, MII
- Federal Mogul KK Yokohama
- Federal Mogul Powertrain Inc, Southbend
- Federal Mogul Chasseneuil
- Federal Mogul Kontich
- Federal Mogul Anand Bearings India Limited (India)
- Federal-Mogul Ignition Products India Limited (India)
- Federal-Mogul Motorparts Limited. (India)
- Federal-Mogul Powertrain Solutions India Private Limited (India)
- Federal Mogul Anand Sealing India Limited (India)
- Motocare India Private Limited (India)
- Teikoku Piston Ring Co Ltd., Japan
- Federal Mogul UK Investments Limited

**Notes to the Consolidated Financial Statements for the year ended 31 March 2018**

**Rs. in lacs**

(ii) Those transactions along with related balances as at 31 March 2018, 31 March 2017 and as at 01 April, 2016 are presented in the following table:

Particulars	Ultimate Holding Company Federal Mogul LLC (USA)	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Sales	<b>5,026.29</b>	6,293.78
Purchase of raw material	<b>9.87</b>	40.02
Expenses incurred on Company's behalf	<b>4.46</b>	8.68
Expenses incurred by Company	<b>291.58</b>	148.93
Balance outstanding as at the end of the year (payables)	<b>45.12</b>	(42.64)
Balance outstanding as at the end of the year receivables	<b>2,058.67</b>	1,491.13
Balance outstanding as at the end of the year (payables) as on 01.04.2016	-	(19.36)
Balance outstanding as at the end of the year receivables as on 01.04.2016	-	1,602.15

**Notes to the Consolidated Financial Statements for the year ended 31 March 2018**

Rs. in lacs

Particulars	Fellow Subsidiaries							
	Federal-Mogul Bradford Limited (Germany)		Federal-Mogul Burscheid GMBH, (Germany)		Federal-Mogul Gorzsee S.A (Poland)		Federal-Mogul Dongsuh Piston Co.Ltd. (China)	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Sales	-	-	<b>101.86</b>	10.63	-	-	-	-
Purchase of raw material	<b>980.86</b>	899.96	<b>403.47</b>	1,133.90	<b>59.70</b>	9.05	-	-
Purchase of fixed assets	-	-	<b>450.80</b>	201.71	-	-	-	-
Expenses incurred on Company's behalf	-	-	-	-	-	-	-	-
Expenses incurred by Company	-	1.31	-	19.37	-	0.80	-	-
Service Income	-	-	-	-	-	-	-	-
Royalty Expenses	-	-	<b>792.15</b>	647.08	-	-	-	-
Balance outstanding as at the end of the year (payables)	<b>(162.41)</b>	(180.63)	<b>(597.83)</b>	(650.23)	-	-	-	-
Balance outstanding as at the end of the year receivables	-	-	<b>88.86</b>	49.96	-	-	-	218.61
Balance outstanding as at the end of the year (payables) as on 01.04.2016	-	(314.38)	-	(1,230.98)	-	(17.34)	-	-
Balance outstanding as at the end of the year receivables as on 01.04.2016	-	-	-	54.96	-	-	-	238.58

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

Particulars	Fellow Subsidiaries							
	Federal-Mogul Nurnberg, GMBH (Germany)		Federal-Mogul Thailand Manufacturina Ayutthaya (Thailand)		Federal-Mogul Holding Deutschland (Germany)		Federal-Mogul Friction Products Ltd. (Thailand)	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Sales	<b>10.35</b>	14.06	<b>3,762.17</b>	1,708.30	-	-	-	-
Purchase of raw material	<b>70.19</b>	65.01	-	-	-	-	-	-
Purchase / (Sale) of Fixed Assets	<b>36.28</b>	-	-	-	-	-	-	-
Management Support charges paid	-	-	-	-	<b>3,016.57</b>	577.18	-	-
Expenses incurred on Company's behalf	-	3.14	<b>40.17</b>	-	-	-	-	6.89
Expenses incurred by Company	<b>(3.14)</b>	-	-	-	-	-	-	-
Royalty Expense	<b>895.17</b>	807.86	-	-	-	-	-	-
Balance outstanding as at the end of the year (payable)	<b>(528.18)</b>	(248.04)	-	-	-	(319.24)	-	(6.89)
Balance outstanding as at the end of the year receivables	<b>9.34</b>	-	<b>161.48</b>	378.07	-	-	-	-
Balance outstanding as at the end of the year (payable) as on 01.04.2016	-	(714.47)	-	-	-	(348.41)	-	(1.80)
Balance outstanding as at the end of the year receivables as on 01.04.2016	-	-	-	60.93	-	-	-	-

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

Particulars	Fellow subsidiaries			
	Federal Mogul Sintered Products Limited, (U.K)		Other fellow subsidiaries	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Sales	-	1.58	<b>440.52</b>	411.73
Purchase of raw material	<b>135.78</b>	32.15	<b>19.48</b>	48.49
Purchase / (Sale) of Fixed Assets	-	-	-	-
Trade Mark & license fees	-	-	<b>154.99</b>	142.34
Expenses incurred on Company's behalf	-	1.28	<b>1.79</b>	2.36
Expenses incurred by Company	-	-	<b>0.13</b>	5.99
Royalty Expense	<b>222.84</b>	305.83	-	-
Balance outstanding as at the end of the year (payable)	<b>(93.66)</b>	(98.14)	<b>(101.93)</b>	(40.81)
Balance outstanding as at the end of the year receivables	-	-	<b>24.31</b>	284.19
Balance outstanding as at the end of the year (payable) as on 01.04.2016	-	(92.41)	-	(54.31)
Balance outstanding as at the end of the year receivables as on 01.04.2016	-	-	-	82.48

Particulars	Common Control with holding Co.				Total	
	Federal Mogul UK Investment Limited		Teikoku Piston Rings Co. Ltd.		Total	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Purchase of raw material, intermediaries and finished goods	-	-	<b>58.35</b>	71.51	<b>58.35</b>	71.51
Purchase of fixed assets	-	-	<b>28.62</b>	11.90	<b>28.62</b>	11.90
Dividend Paid	<b>44.10</b>	137.20	<b>196.00</b>	137.20	<b>240.10</b>	274.40
Expenses incurred on Company's behalf	-	-	<b>35.16</b>	3.76	<b>35.16</b>	3.76
Royalty Expense	-	-	<b>169.46</b>	168.90	<b>169.46</b>	168.90
Balance outstanding as at the end of the year Receivable (Payable)	-	-	<b>(35.08)</b>	(74.10)	<b>(35.08)</b>	(74.10)
Balance outstanding as at the end of the year Receivable/(Payable) as on 01 April 2016	-	-	-	(52.03)	-	(52.03)

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

Particulars	Fellow subsidiaries												
	Federal Mogul Anand Bearings India Ltd. (India)		Federal Mogul Ignition Products India Ltd. (India)*		Federal Mogul Motorparts India Ltd. (India)		Federal Mogul Powertrain Solutions India Private Ltd.**		Motocare India Private Ltd. (India)		Federal Mogul Anand Sealing India Limited		
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018
Sales	-	-	-	-	-	-	-	-	-	3,053.67	1,438.81	-	-
Purchase of raw material, intermediaries and finished goods	(6.16)	410.77	59.78	489.92	2.41	149.79	-	-	35.87	50.11	(57.74)	927.69	-
Rent income	-	-	-	-	-	-	11.07	11.07	-	-	-	-	-
Expenses incurred on Company's behalf	13.41	8.74	5.84	31.99	31.19	5.74	235.77	40.16	376.54	150.04	53.41	8.98	-
Expenses incurred by Company	326.96	49.46	40.82	90.30	15.95	16.52	1,287.44	611.81	825.78	4.99	625.67	85.84	-
Inter-corporate deposit (ICD) Taken	-	-	700.00	1,400.00	-	-	1,600.00	950.00	-	-	-	-	-
Inter-corporate deposit (ICD) repaid	-	-	475.00	-	-	-	1,000.00	300.00	-	-	-	-	-
Interest on ICD (net of tds)	-	-	(15.45)	114.89	-	-	(116.32)	74.14	-	-	-	-	-
Balance outstanding as at the end of the year (payable)	1.30	(41.75)	357.17	(191.08)	-	(18.52)	1,942.54	(1,339.65)	-	-	71.68	(27.81)	-
Balance outstanding as at the end of the year receivables	15.15	-	-	-	-	-	7.73	28.34	814.33	1,112.92	-	-	-
Balance outstanding as at the end of the year (payable) as on 01.04.2016	-	(155.63)	-	(1,609.83)	-	(34.40)	-	(681.40)	-	(40.85)	-	(236.30)	-
Balance outstanding as at the end of the year receivables as on 01.04.2016	-	-	-	-	-	-	-	52.02	-	60.11	-	-	-

\* Federal Mogul Ignition Products India Limited (India), payables includes Rs. 350 lacs (31.03.2017 Rs 125 lacs, 01.04.2016 Rs 1,525 lacs) payable against Inter corporate deposits taken and Rs. 3.12 lacs (31.03.2017 Rs 0.91 lacs, 01.04.2016 Rs 12.24 lacs) payable against the interest on the same.

\*\* Federal Mogul Powertrain Solutions India Private Ltd, payables includes Rs 1,930.00 lacs (31.03.2017 Rs 1,330.00 lacs, 01.04.2016 Rs 679.99 lacs) payable against Inter corporate deposits taken and Rs. 12.54 lacs (31.03.2017 Rs 9.66 lacs, 01.04.2016 Rs 1.41 lacs) payable against the interest on the same.

**Notes to the Consolidated Financial Statements for the year ended 31 March 2018**

Particulars	Mr Vinod Kumar Hans		Mr Manish Chadha		Mr Khalid Iqbal Khan		Mr Rajesh Sinha	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Remuneration	<b>157.91</b>	128.55	<b>77.28</b>	62.44	<b>88.06</b>	73.25	<b>97.11</b>	87.86
<b>Total</b>								
	<b>420.37</b>						<b>420.37</b>	352.11

Rs. in lacs

**Key Managerial Personnel\***

**Key Managerial Personnel\***

Particulars	Mr. Anand Kumar Sahoo		Mr. Kapil Arora		Mr. Ashish Kaul		Mr. Toshiaki Imai	
	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Remuneration	<b>20.63</b>	18.85	<b>24.22</b>	-	<b>1.95</b>	22.93	<b>48.28</b>	-
<b>Total</b>								
	<b>95.08</b>						<b>95.08</b>	41.78



**Notes to the Consolidated Financial Statements for the year ended 31 March 2018**

Particulars	Non-executive directors*				Rs. in lacs
	Mr Krishnamurthy Naga Subramaniam	Mr Mukul Gupta	Sundareshan Kanakku Chembakaraman Pillai	Mahendra Kumar Goyal	
	1 April 2017 to 31 March 2018	1 April 2017 to 31 March 2018	1 April 2017 to 31 March 2018	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
Director's sitting fee	11.60	7.80	2.80	0.40	1.00
				<b>Total</b>	
				22.60	24.03

\*Key Managerial Personnel who are under the employment of the Company are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

### 13. Operating lease

#### a) Assets taken under operating lease

Office premises taken by the company are on operating leases. The company enter into certain cancellable and non cancellable operating leases arrangement towards office premises.

The details disclosure required by Ind AS-17, Leases is given below:

Particulars	31 March 2018 Year Ended	31 March 2017 Year Ended
1. Lease payments for the year	216.01	206.41
2. Minimum lease payments		
a. Not later than one year	184.42	105.94
b. Later than one year and not later than five years	289.32	0.75
c. Later than five years	-	-

b) The lease payment recognise in the Statement of Profit and Loss for the year is **Rs. 203.87 lacs** (Previous year Rs. 203.56 lacs).

### 14. Employee benefit obligations

#### Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of services, gets a gratuity on departure at 15 days basic salary (last drawn) for each completed year of service on terms not less favourable than the provisions of the payment of Gratuity Act, 1972. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for the plan.

#### Disclosure of gratuity

##### (i) Amount recognised in the statement of profit and loss is as under:

Description	31 March 2018 Year Ended	31 March 2017 Year Ended
Current Service Cost	457.88	418.35
Past service cost	62.59	-
Interest cost	617.73	650.92
Expected Return on plan assets	(326.50)	(338.60)
<b>Amount recognised in the statement of profit and loss</b>	<b>811.70</b>	<b>730.67</b>

**Notes to the Consolidated Financial Statements for the year ended 31 March 2018**

**Rs. in lacs**

**Remeasurement (gains) / loss recognised in other comprehensive income**

Description	31 March 2018 Year Ended	31 March 2017 Year Ended
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(52.36)	(84.00)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(337.89)	489.50
<b>Remeasurements of the post employment defined benefit plans (gain) / loss</b>	<b>(390.25)</b>	405.50
Return on plan assets (greater)/ less than discount rate	17.68	(63.79)
<b>Remeasurements of the post employment defined benefit plans (gain) / loss recognised in OCI</b>	<b>(372.57)</b>	341.71

**Movement in the liability recognised in the balance sheet is as under:**

Description	31 March 2018 Year Ended	31 March 2017 Year Ended
<b>Present value of defined benefit obligation as at the beginning of the year</b>	<b>9,879.15</b>	9,383.74
Current service cost	457.88	418.35
Past service cost	62.59	-
Interest cost	617.73	650.92
Remeasurements of the post employment defined benefit plans (gain) / loss	(390.25)	405.50
Benefits paid directly by the company	(1.40)	(171.47)
Benefits paid from the fund	(959.70)	(807.89)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>9,666.00</b>	<b>9,879.15</b>

**Movement in the plan assets recognised in the balance sheet is as under:**

Description	31 March 2018 Year Ended	31 March 2017 Year Ended
<b>Fair Value of plan assets at beginning of year</b>	<b>4,873.09</b>	4,558.56
Expected Return on plan assets	326.50	338.60
Contributions by employer	1,481.38	720.00
Benefits paid	(961.11)	(807.86)
Remeasurements of the post employment defined benefit plans (gain) / loss	(17.68)	63.79
<b>Fair Value of plan Assets at the end of the year</b>	<b>5,702.18</b>	<b>4,873.09</b>

Description	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Defined benefit obligation	9,666.00	9,879.15	9,383.74
Fair valuation of plan assets	5,702.18	4,873.09	4,558.56
<b>Plan (assets)/ liability</b>	<b>3,963.82</b>	<b>5,006.06</b>	<b>4,825.18</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Rs. in lacs

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows

Description	31 March 2018 Year Ended	31 March 2017 Year Ended
Insurance company products	100%	100%

### Actuarial assumptions

Description	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Discount rate	7.35% p.a.	6.70% p.a.	7.75% p.a.
Normal retirement age*	58 years	58 years	58 years
Employee turnover	5.0% p.a.	5.0% p.a.	5.0% p.a.
Expected rate of return on Plan Assets	7.35% p.a.	6.70% p.a.	8.50% p.a.

\* For patiala unit its 60 and others its 58 years. The estimates of seniority, future salary increases, considered in actuarial valuation, take account of price inflation, promotions and other relevant factors, such as supply and demand in the employment market.

### A quantitative sensitivity analysis for significant assumptions as on 31st March 2018:

Description	As at 31 March 2018	As at 31 March 2017
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	9,666.00	9,879.15
- Impact due to increase of 0.50 %	9,415.99	9,620.41
- Impact due to decrease of 0.50 %	9,928.59	10,152.38
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	9,666.00	9,879.15
- Impact due to increase of 0.50 %	9,902.15	10,121.70
- Impact due to decrease of 0.50 %	9,437.69	9,645.82

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

### The following payouts are expected in future years:

Description	As at 31 March 2018
March 31, 2019	1,408.83
March 31, 2020	1,224.48
March 31, 2021	1,206.47
March 31, 2022	1,133.43
March 31, 2023	1,430.94
March 31, 2024 to March 31, 2028	6,921.34

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

### 15. Expense capitalisation

The Company has capitalized various expenses incurred in the course of construction of self generated assets in accordance with Ind AS 16 - Property, plant and equipments, the details of expenses capitalized for the purpose of construction of self generated assets are as follows:

Description	31 March 2018 Year Ended	31 March 2017 Year Ended
Salaries, wages and bonus	17.88	20.90
Others expenses	11.23	22.57
<b>Total</b>	<b>29.11</b>	<b>43.47</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2018

### 16. Provision for regulatory matters

The Company is continuously evaluating processes for regulatory matters at its factories based on more accurate evidences available, a provision, towards costs to be incurred to remediate these matters, of Rs. 367.33 lacs is included under Note no. 15 for provisions which are net of amounts utilized of Rs. 247.38 lacs during the year towards remediation.

In addition to the above, the provision for regulatory matters includes a provision of Rs.1,959.19 lacs towards certain other regulatory matters.

The Company is actively seeking to resolve these actual and potential statutory, taxation, regulatory and contractual obligations. In accordance with requirements of Indian Accounting Standard (Ind AS) 37 on 'Provisions, Contingent liability and Contingent assets' issued by the Institute of Chartered Accountants of India, although difficult to quantify based on the complexity of the issues, the Company has accrued amounts corresponding to its best estimate of the costs associated with such regulatory and contractual obligations on the basis of available information and best professional judgment of experts appointed for this exercise.

Based on consultations obtained from the experts in respect of the said matters, in management's view, no further costs are expected to be incurred for which a provision would be required at this stage and considers the provisions made to be adequate.

### 17. Management support charges

During the financial year 2017-18, the Audit committee in its meeting held on December 6, 2017, had approved increase in management support charges under Cost Allocation Agreement with Federal Mogul Holding Deutschland GmbH to Rs. 3,776.35 lacs (approx.) per annum, effective July 1, 2017 against the earlier charge of Rs. 580.06 lacs per annum for financial year 2016-17. The proportionate charge for the full financial year 2017-18 is Rs. 3,016.57 lacs (Previous year 2016-17 Rs.580.06 lacs).

These charges are avilment of centralised services pertaining to all the products of the company and, inter-alia, include Technical Support, Operations Management, Applications Engineering, Global Executive Management Services, Purchasing, Key Accounts Sales Management. This charge is based on actual services received by the company on cost basis without any mark up and is at an arm's length basis.

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

19. Disclosure of additional information pertaining to the Parent and subsidiary company per Schedule III of Companies Act, 2013 :

Rs. in lacs

Name of the Company	Net Assets (Total Assets minus Total Liabilities) 2017-18		Share in profit and loss 2017-18		Other comprehensive (OCI) 2017-18		Total comprehensive income (TCI) 2017-18	
	As % of Consolidated net assets	Net assets	As % of Consolidated profit & loss	Profit / (loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
<b>Parent Company</b>								
Federal Mogul Goetze India Limited	84.2	64,253.75	83.2	8,003.02	98.0	(239.23)	83.6	8,242.25
<b>Indian Subsidiary</b>								
Federal-Mogul TPR (India) Limited	15.8	12,040.76	16.7	1,606.85	2.0	(4.75)	16.4	1,611.60

Note : The above figures are after eliminating intra group transactions and intra group balances as at 31st March, 2018

Name of the Company	Net Assets (Total Assets minus Total Liabilities) 2016-17		Share in profit and loss 2016-17		Other comprehensive (OCI) 2016-17		Total comprehensive income (TCI) 2016-17	
	As % of Consolidated net assets	Net assets	As % of Consolidated profit & loss	Profit / (loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
<b>Parent Company</b>								
Federal Mogul Goetze India Limited	83.5	55,689.16	84.3	7,055.58	98.4	219.79	83.9	6,835.78
<b>Indian Subsidiary</b>								
Federal-Mogul TPR (India) Limited	16.5	11,018.91	15.7	1,317.76	1.6	3.67	16.1	1,314.09

Note : The above figures are after eliminating intra group transactions and intra group balances as at 31st March, 2017

**Notes to the Consolidated Financial Statements for the year ended 31 March 2018**
**Rs. in lacs**

20. With the implementation of Goods and service tax Act, 2017 (GST), w.e.f 1st July 2017, Revenue from operations for the year ended 31 March 2018 is reported net of GST (from 01 July 2017 till 31 March 2018) and gross of excise duty (from 01 April 2017 till 30 June 2017). However, revenue from operations for the year ended 31 March 2017 is presented in the financial gross of excise duty. Had previously reported revenues were shown net of excise duty, the comparative revenue of the company would have been as follows:

Description	31 March 2018 Year Ended	31 March 2017 Year Ended
<b>Revenue from operations</b>	<b>132,534.08</b>	<b>127,908.69</b>

**21. Non-controlling interests**

Description	31 March 2018 Year Ended	31 March 2017 Year Ended
Opening balance	5,399.25	5,085.61
Share of profit/(loss) during the year	787.36	645.70
Share of other comprehensive income/(loss) during the year	2.33	(1.80)
Dividend paid during the year	(288.98)	(330.26)
<b>Closing balance</b>	<b>5,899.96</b>	<b>5,399.25</b>

Set out below is summarised financial information for subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

**Federal-Mogul TPR (India) Limited**

Description	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Current assets	8,929.25	7,618.53	8,747.63
Current liabilities	891.19	653.57	506.74
<b>Net current assets</b>	<b>8,038.06</b>	<b>6,964.96</b>	<b>8,240.89</b>
Non-current assets	4,392.51	4,220.16	2,329.14
Non-current liabilities	389.81	166.21	191.21
<b>Net non-current assets</b>	<b>4,002.70</b>	<b>4,053.95</b>	<b>2,137.93</b>
Net assets	12,040.76	11,018.91	10,378.82
<b>Accumulated to NCI</b>	<b>5,899.96</b>	<b>5,399.25</b>	<b>5,085.61</b>

**Notes to the Consolidated Financial Statements for the year ended 31 March 2018**

Rs. in lacs

	<b>Federal-Mogul TPR (India) Limited</b>	
<b>Summarised statement of profit and loss</b>	<b>31 March 2018 Year Ended</b>	31 March 2017 Year Ended
Revenue	<b>10,966.40</b>	10,885.16
Profit for the year	<b>1,606.85</b>	1,317.76
Other comprehensive income/(loss)	<b>(4.75)</b>	3.67
<b>Total comprehensive income</b>	<b>12,568.50</b>	<b>12,206.59</b>
Profit allocated to NCI	<b>787.36</b>	645.70
Dividends paid to NCI	<b>288.98</b>	330.26

	<b>Federal-Mogul TPR (India) Limited</b>	
<b>Summarised cash flows</b>	<b>31 March 2018 Year Ended</b>	31 March 2017 Year Ended
Cash flows from operating activities	<b>909.26</b>	3,753.32
Cash flows from investing activities	<b>(157.98)</b>	(3,509.79)
Cash flows from financing activities	<b>(592.39)</b>	(677.18)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>158.89</b>	<b>(433.65)</b>

**For Walker Chandiok & Co. LLP**  
**Chartered Accountants**

 per **Anamitra Das**  
 Partner

 Place: Gurugram  
 Date: 29<sup>th</sup> May 2018

**For and on behalf of the Board of Directors of**  
**Federal-Mogul Goetze (India) Limited**
**Vinod Kumar Hans**  
 Whole Time Managing Director  
 DIN : 03328309

**Khalid Iqbal Khan**  
 Whole Time Director - Legal & Company Secretary  
 DIN : 05253556

**Manish Chadha**  
 Chief Finance Officer & Finance Director  
 DIN : 07195652





# FEDERAL-MOGUL GOETZE (INDIA) LIMITED

## Corporate Office:

Paras Twin Towers, Tower 'B' 10th Floor, Sector-54,  
Golf Course Road, Gurugram (Haryana) - 122002  
Tel.: 0124 - 4784530, Fax : 0124 - 4292840

## Registered Office:

DLF Prime Towers, 10 Ground Floor, F79  
& 80, Okhla Phase I, New Delhi-110020  
Tel.: +91.11.71745745

E-mail : [investor.grievance@federalmogul.com](mailto:investor.grievance@federalmogul.com)  
Website : [www.federalmogulgoetzeindia.net](http://www.federalmogulgoetzeindia.net)  
CIN : L74899DL1954PLC002452

