

TRANSCRIPT OF THE 65TH ANNUAL GENERAL MEETING OF FEDERAL-MOGUL GOETZE (INDIA) LIMITED

Dr. Khalid Iqbal Khan speaking:

Good Morning, I am so sorry, my system is really bad. I was trying to fix it. I am so sorry. So let's start with the proceeding of Annual General Meeting.

Good Morning Shareholders, I am Khalid Iqbal Khan, Company Secretary and Whole-time Director-Legal of the Company.

I am joining this AGM from my residence Gurgaon only. I would like to welcome you to the 65th Annual General Meeting of Federal-Mogul Goetze (India) Limited being held today through video conferencing in accordance with the Companies Act, 2013 and the circulars issued by the Ministry of Corporate Affairs and Securities Exchange Board of India.

As mentioned in the notice, the facility to participate at the Annual General Meeting through video conferencing is being made available to the members on first-come-first-serve basis except for large shareholders, promoters, institutional investors, directors, key-managerial personnel, the chairperson of the audit committee, nomination and remuneration committee, and stakeholders relationship Committee Meeting as well as the auditors who are allowed to attend the AGM without any restrictions on account of first come first serve basis.

The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, have been made available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send their requests to investor.grievance@tenneco.com.

Pursuant to the Circular dated 8th April, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint a proxy to attend and cast vote for the members is not available for this Meeting. However the bodies corporate are entitled to appoint authorized representatives to attend the AGM through video conferencing/other audio-video means and participate and cast their votes through e-voting. The registered office of the Company situated at New Delhi shall be deemed as the venue for this AGM and proceedings of the AGM shall be deemed to be made thereat.

The Company has received requests from few members to register themselves as speaker shareholders at the AGM today. All those shareholders who have been provided specific links to log in to the meeting, shall be allowed to speak once the Chairman directs for the same. We request speaker shareholders to limit their speeches to 3 minutes only for the benefit of other shareholders. The Chairman would endeavor to respond to such enquiries at the end of the meeting. We have forty nine shareholders participating through video conferencing. The requisite quorum is therefore present, and the meeting is duly convened.

With this I would like to hand over the proceeding with Honorable Chairman. Mr. Subramaniam, over to you Sir.

Mr. K. N. Subramaniam speaking:

Thank you Dr. Khalid Khan and Good Morning everybody.

I am K.N Subramaniam, an Independent Director and the Chairman, joining the Annual General Meeting from New Delhi.

I welcome you all to the 65th Annual General Meeting of your Company and I would like to mention that in view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed, and therefore, AGM today has been convened through video conferencing in compliance with the Companies Act, 2013, read with applicable Circulars issued by the Ministry of Corporate Affairs, Government of India, which exempted physical attendance of the members to the AGM venue.

The Notice convening this meeting and the Directors' Report have already been emailed to the shareholders. There are no adverse Comments, qualifications, observations or comments in the auditors' report. Hence, the same is not required to be read. A copy of the auditors' report is available for inspection by members of the Company at the NSDL E-voting platform and also on the website of the Company.

I welcome other colleagues on the Board and request you all to introduce themselves. Over to you Mr. Pillai.

Mr. KCS Pillai speaking:

I am the Chairman of the Audit Committee. I am joining this meeting from my residence in Kerala. I welcome you all. Thank you!

Mr. Vinod Kumar Hans speaking:

Thank you Sir! Nalini, will you introduce?

Ms. Nalini Jolly speaking:

Good morning everybody. I am Nalini Jolly. I am joining this AGM from Delhi. And I am an Independent Director. Welcome to all of you.

Mr. Vinod Kumar Hans speaking:

Good morning everyone. I am Vinod Kumar Hans, Managing Director of the Company. I am joining this AGM from my residence at Faridabad.

Mr. Manish Chadha speaking:

Good morning everyone. I am Manish Chadha, CFO & Whole-time Director of the Company. I am joining this AGM from my residence at Faridabad.

Mr. Rajesh Sinha speaking:

Good morning. This is Rajesh Sinha. I am joining from the Bangalore office. I am the Whole-time Director of the Company. Welcome to everyone!

Mr. Stephen Shaun Merry speaking:

Good morning everyone. I am Stephen Shaun Merry. I am joining this AGM from Southfield, Michigan.

Mr. K. N. Subramaniam speaking:

We also have Mr. Ankit Mehra and Mr. Anamitra, representing the Statutory Auditors, Walker Chandiook & Co. and Ms. Deepika Gera, Secretarial Auditors of the Company. I would like to welcome them to the meeting.

Ms. Deepika Gera speaking:

Thank you Sir.

Mr. K. N. Subramaniam speaking:

Thank you. **I will now move on to the chairman speech and observations.**

Thank you very much everyone.

As you all are aware, your Company is a leading supplier of quality products. Your Company's products and services enable improved fuel economy, reduced emissions and enhanced vehicle safety in the automotive industry.

Your Company is focused on its sustainable profitable growth strategy, creating value and satisfaction to the customers, shareholders and employees.

Industry Trend

The COVID-19 pandemic has adversely impacted the automotive industry in India as well as world over. The Indian economy has been witnessing a significant downturn. The automobile industry is reeling under intense pressure due to the subdued customer sentiments and weaker demand. Strict regulatory environment, newer mobility patterns and evolving customer preferences are setting new standards in the automobile sector in India. However, the auto industry seems to be on a recovery path.

Your Company will endeavor to revitalize in the near future as consumers regain confidence and vehicle demand improves in the market place.

Company's Operations

Let me now go through the highlights of our financial performance.

The Total income of the Company during the financial year ended 31st March 2020 was Rs. 1091.15 Crores as against Rs. 1347.47 Crores in the financial year ended 31st March 2019.

During the year under review, the Company made a net profit after tax of Rs. 20.72 Crores as against the net profit after tax of Rs. 85.55 Crores for the financial year ended 31st March 2019.

A brief on the Outlook:

The economic outlook in the short term continues to be uncertain. Rural wages and rising unemployment contributed to lower demand for goods and services. Uncertainty in employment impacted consumer, investor and corporate confidence. There has been a significant downturn in the demand for new vehicles facing automakers to substantially cut the production. Auto component industry is fully dependent on the automotive industry. The future is fairly unpredictable. Market sentiments are unpleasant.

The recovery in vehicle demand is also drawn out, due to the pandemic's deep and enduring impact on the economy, which is expected to take few years to return to pre-COVID-19 levels in term of market demand and roads. The recovery in vehicle production is set to be gradual and necessarily not linear. Given the uncertainty of the current situation, the forecast risks largely skew towards the downside.

Business Prospects:

The current economic downturn has impacted the growth of the automobile sector, consequently, the operations of your Company. In this challenging environment, your Company has been minutely reviewing every element of cost and has been continuously working on cash conservation and elimination and deferment of cost, wherever possible.

Major regulatory interventions, such as 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 and prepares itself.

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, to achieve its strategy of sustainable global profitable growth and which is sustainable.

Looking ahead, we will continue to serve our customers with quality and commitment.

I would like to share with you the Awards & Recognitions for the year 2019-20:

During the year under review, your Company received the following awards from customers:-

- Certificate of Appreciation from TOYOTA for achieving “Zero PPM on Quality and Delivery”
- Mahindra Supplier Excellence Award for the “Best Product Development Performance”
- Supplier Quality Excellence Award from GM for the 7th consecutive year. You know that GM is mainly manufacturing and exporting the products.
- Certificate of Appreciation from FORD for Sustenance of Quality level in Panther supplies
- John Deere, Tractor manufacturer “Partner level Supplier” Award for achieving excellence in performance

- Certificate of Appreciation from for Zero PPM & zero concern from Harley Davidson as well as Bajaj Auto

As the Notice is already circulated to all members, I take the Notice convening the meeting as read.

Before we proceed further, I am pleased to bring to your notice that, as required under the Companies Act, 2013, the Company has provided you the facility to cast your vote electronically, on all resolutions set forth in the Notice. Members who have not already cast their vote electronically and who are participating in this meeting will have an opportunity to cast their vote through the e-voting system provided by NSDL. Members may please note of the same and there will be no voting by show of hands. This being a virtual Meeting.

We will open the floor for questions from the members. If any member desires to ask any question pertaining item on notice, he/ she may do so now. Members are requested to keep the questions brief and specific. The moderator will facilitate the questions on the video feature. Members may also note that the Company reserves the right to limit the number of members asking questions depending on the availability of the time.

Over to you Khalid.

Dr. Khalid Iqbal Khan speaking:

Dear shareholders, thank you for joining the 65th Annual General Meeting today and for taking time to participate in today's AGM. Before we go live with the Q&A, here are some points to note for your convenience. Kindly turn on your video when you are projected on the broadcast. Kindly unmute yourself and proceed to ask the question. Please mention your name, Folio Number/DP ID/Client ID and the location from where you are joining. Each shareholder will have three minutes for their questions. Once you have asked your questions, you can log off and continue to watch the proceedings. The Chairman will now be taking the questions from shareholders.

Ms. Shruti Bhardwaj speaking:

We have the first question from Mr. Umesh Kumar. Request to kindly unmute your video/audio to ask the question. You may please proceed.

Mr. Umesh I have unmuted you. You may please ask your question now, you have been unmuted just now.

**Mr. Umesh Kumar, Speaker
Shareholder#01 speaking:**

My name is Umesh Kumar, my DP ID is IN30021422438438.

Mr. K.N. Subramaniam speaking:

May I request you to please increase the volume?

Ms. Shruti Bharadwaj speaking:

Mr. Umesh can you please repeat yourself because you were not quite audible?

**Mr. Umesh Kumar, Speaker
Shareholder#01 speaking:**

(not audible)..it is my great pleasure as shareholder that I am attending the AGM through VC (not audible). I congratulate the Company for all the awards that the Company has won during the FY 2019-20.

I have a few questions and observations:

Sir, it is evident from the Annual Report of FY 2019-20 that the Company has adequate profits and officers of the Company are paid handsomely then why does the Company avoids declaration of any dividend as also for March, 2020? Are there any plans for issuing Bonus shares or delisting the Company? Thank you.

Ms. Shruti Bharadwaj speaking:

Thank you, Mr. Umesh. We can now go to the next question. It's from Ms. Trishna Choudhary. Request you to please unmute yourself and please proceed with the question.

Ms. Trishna Choudhary, Speaker Shareholder#02 speaking:

Hi, my name is Trishna Choudhary. My DP ID is IN301549/59196680. I am glad to attend this 65th Annual General Meeting through Video Conferencing platform from Delhi.

I congratulate the Company Secretary and his team for sending me the soft copy of the Annual Report well in advance and therefore indicating clear and transparent picture of the Company.

I want to ask few questions.

As the Government has been focusing on the implementation of electrification of vehicles. How do you think the Company placed vis-à-vis implementation of EV? And how is the Company's profitability likely to enhance due to the implementation of the Euro VI norms? Thank you so much.

Ms. Shruti Bharadwaj speaking:

Thanks Trishna. The next question is coming from Mr. Sarvesh Kumar Upadhyay. Mr. Sarvesh Kumar Upadhyay you may proceed with your question by unmuting yourself.

Mr. Sarvesh Kumar Upadhyay you may please proceed now.

Mr. Sarvesh Kumar Upadhyay, Speaker Shareholder#03 speaking:

Hello, Am I audible?

Ms. Shruti Bharadwaj speaking:

You are not quite really audible, can you please raise the volume of your speech?

Mr. Sarvesh Kumar Upadhyay, Speaker Shareholder#03 speaking:

Alright. Yeah. Hi, my name is Sarvesh Upadhyay. My DP ID is 1204470004388475 and I am attending this meeting through Video Conferencing from Gurgaon. Thank you so much for giving this opportunity to present myself at the 65th AGM of Federal-Mogul. As a shareholder, I used to attend many AGMs and I was going through financials of automotive Industries and there has also been substantial hit due to COVID-19.

My first question is that in the light of COVID-19, how the financials of the Company has been impacted, specifically considering auto industry.

And my second question is, I was going through the financials, I understand that the company used to have approx. 1300 crores of turnover and for this financial year the Company can only manage to get approx. 1100 crores of turnover, as COVID-19 started in late March so what exactly triggered the Company attain lesser amount by 250 crores. These are the two questions from my side.

Ms. Shruti Bharadwaj speaking:

Thanks Mr. Upadhyay. The next question we have from Mr. Pavish Singla. Mr. Pavish you may unmute yourself and proceed with your question.

**Mr. Pavish Singla, Speaker
Shareholder#04 speaking:**

Yes, Good Morning, my name is Pavish Singla and my DP ID is 1208160021924715 and I am attending this AGM through video conferencing from New Delhi. First of all, thank you so much for giving me this opportunity to speak at this AGM. I would really like to congratulate the CSR committee for their excellent work. However, I have few question, firstly I can see from the financial statements that the sales have declined drastically and also also the EBIDTA ratio has decreased. I request the management to clarify on the same and also what are the corrective measures that has been taken to correct the situation.

And lastly my question is who all are the major competitors of the Company and how is the company performing in comparison to its peers? Thank you. That's all. Thank you.

Ms. Shruti Bharadwaj speaking:

Thank you. We have our last question in the row coming from Mr. Abhishek Kaushik. Mr. Abhishek you may proceed with your question by unmuting yourself.

**Mr. Abhishek Kaushik, Speaker
Shareholder#05 speaking:**

Hello, Good morning everyone. It's my pleasure to be a part of this Company. I have a query on acquisition by Tenneco Inc. USA in the last year. Our Company was acquired by Tenneco Inc. USA, which is one of the Fortune 500 company. So, I want to know how this acquisition is going to increase our product portfolio, market share or its going to reduce our cost in future or do we have any expansion plan for increasing our business by acquisition or any other means. And I specifically thanks to the entire board members, Chairman, MD, Mr. Khalid, Secretarial Team, employees of the entire Company for their contribution. I wish them all the best for their bright future.

I forgot to tell you that I am attending meeting from Ghaziabad and my DP ID is IN12081600/36799752. Thank you very much.

Ms. Shruti Bharadwaj speaking:

Thank you Mr. Kaushik.

We may now go back to the Chairman sir. Sir, you may now proceed with the questions' responses.

Mr. K. N. Subramaniam speaking:

Thank you very much for the questions from the shareholders. I am delighted from the participations from the shareholders. We would like to cover as much as we can on the various questions raised by you.

First one is from Mr. Umesh Kumar. Thank you very much for joining the video conferencing facility. Your question is specifically with regard to the declaration of dividend for 2020 ending march and are there any plans for issuing Bonus shares or delisting of the Company.

The Company has been preserving the cash to finance the expansion, bring down the debt for the last many years and modernize in the terms of the technology, capital investment required, which was not considered in the past and in this year considering whatever has happened in the COVID-19 pandemic apart from the regular requirements, we have not considered any dividend for this year and conserving the cash.

As regards to bonus shares and delisting of the Company, no comments at this stage and all I can say is the Company has noted your observation.

And moving on to the second participant. This is Ms. Trishna Choudhary. Interesting aspects which is appearing in the Covid pandemic, electrification of vehicles, Euro VI norms, effects on the Company's profitability.

As far as the electrification of the vehicles is concerned, world over it is being talked about. Everybody wants to make a major change, but the cost of change, availability of the products at competitive price is a big challenge. I am going to ask Mr. Vinod Kumar Hans, to respond to this. As regard to Euro VI norms, the Company had prepared itself well ahead of time. Some of you who have observed the automotive industry very closely, we were the first Company to declare Euro IV ready, couple of years ago as early as 2016 ..(unclear due to disturbance).. As far as the impact on the Company's profitability is concerned, yes the Company will closely examined the change into electrification. As far as the BS VI is concerned, it is a must and mandatory, it is a legal requirement. So we are going through the process and taking all the steps to conserve the cost, conserve capital and eliminate any unwanted cost and improve on the productivity and profitability.

I am giving about the general answer because I do not have any specific number, because Euro VI was introduced from April first after which COVID-19 has taken over the country's fortunes and quite a deep impact it had.

I am expecting the industry to return to normalcy and then we will be in a position to comment.

Over to you Vinod on electrification as well as on Euro VI.

Mr. Vinod Kumar Hans speaking:

Thank you sir. Regarding the electrification I just want to qualify for the benefits of our shareholders that electric vehicle term is generally widely used. For our perspective, the kind of business we are in which is combustion engine, what we call a IC Engine, Internal Combustion Engine, for us pure battery run vehicle are the one whom we are looking with more details. When I say, the electrical vehicle technology is widely used so most of the media and other I would say associated agencies are using electric for the hybrid vehicle also, okay. So just to clarify that our products are used in hybrid in fact with a more value add so coming back we are focusing on pure battery electrical vehicle

which impact our business in a adverse direction because the battery vehicle/pure battery vehicle do not use IC Engine. Now regarding its impact so far what we see probably in India the three wheeler may get first to electrified and then followed by the two wheeler. At the moment with our discussions with two wheeler companies because when they have to design a new vehicle they walk with us couple of years before so our understanding is just to give you high level number, the number of vehicle/ two wheeler which may get electrified by 2025 could be about 10 % of the total, you know, the total capacity. In the meanwhile in the five years the industry is expected to grow by about 4 to 5%. So in general, we are still looking at expansion for the IC Engine, for the two wheeler, in upto 5 years scenario. The situation is much more challenging in the passenger car where it really requires a lot of infrastructure and battery manufacturing capability, so far you know, we don't see a major impact on the passenger vehicles in India. It's as Mr. Chairman said that it is combination of several things about technology, about infrastructure, about, you know, the charging, I would say capabilities so, and you would have seen through the government notification earlier, there announcement was very heavily tilted toward electrical vehicle stating some numbers, you know, including fully electrified situation in 2030 but in the meanwhile government clarified that both the technologies will co-exist, which is IC engine as well as the battery operated vehicle. So with this clarification, the OEMs have further, you know, made programme with improved IC Engines. So in general, our view is that our Company should, you know, expand in next 5-10 years, even with the electric vehicles coming in. I just skip the portion of commercial vehicle, needless to mention that commercial vehicle 90 % of these are used as trucks and only 10 % are used as, you know, city operated buses. We see only in city operated buses somewhat of a challenge either migrating toward a CNG, if they use CNG, they still use our products and if they go for pure battery electric vehicle, you know that is an area which we continue to watch.

Mr. K. N. Subramaniam speaking:

Okay. Thank you Vinod. I move on to the next question with regard to, from speaker shareholder Mr. Sarvesh Kumar Upadhyay. Throw some highlights on Covid-19, how it has impacted the Company? As you are all aware from the second half of March 2020, Covid-19 started impacting the Company, the country and also the world over. So it had a very deep impact during the period April to June as you would have noticed from the result published and also the details already communicated to all of you. Things have started improving after the first quarter but we will come to know as we progress. All of you are watching about volume increases in automobile industry, I am expecting better times will return and people will start availing more automotive loans, go for new models etc. But as of now all I can tell you is the year 20-21 will be a big challenge and because of steep drop in volumes in the first quarter and it is yet to go back to pre-Covid-19 levels. So it impacts the top line, in turn it impacts the bottom line. Manish! Would like to add anything?

Mr. Manish Chadha speaking:

No sir you rightly mentioned about this COVID impact. Actually it was mainly impacted in Quarter II from April to June. In March, half of the month was impacted by the Covid.

Mr. KN Subramaniam speaking:

Okay, thank you Manish. And I move on to the next question by Mr. Pravesh Singla. As per the financial statements sales have decreased drastically, also the EBITDA ratio has decreased, throw some light on this and also the corrective

measures to deal with the situation, who are the major competitors for the Company and how is the Company performing in comparison to the competitors?

Thank you very much Mr. Singla for your questions. Coming back to first part, as I mentioned to you, your company is (..not audible due to disturbance..) automotive industry, being a supplier to OEMs, Original Equipment Manufacturers, be it passenger cars, two wheelers, tractors, commercial vehicles and industry combustion engines. And once the volume drops, the OEM demand drops, because of which your Company is also affected in terms of volumes, as already communicated. You are all aware the first quarter has not been great. The volumes, the entire industry came down substantially. As regards to the second part, the aftermarket segment, which is also another important segment where the Company operates, because of work from home, because of quarantine and stay at home initiatives in the first quarter, the entire demand itself got substantially effected. I do hope in the coming months things will start improving as our customers enter into the marketplace. Third, export market where Company also operates importantly also affected, because the world over, many countries have been on quarantine, work from home and also almost lockdown, for almost the first three month. All these have affected and impacted the Company as well as the country substantially. You can see the impact on first quarter results itself, which is already available. As far as the competitors are concerned, I am not here to comment on this. As far as your Company is concerned, it has got many mantras in hand. First is, conserve cash, every step is being taken to conserve cash. Second is eliminate or bring down the unwanted cost or explore every cost in its full and bring it down. Third, debt, bank loans and other things, almost have been decimated, we have been conserving cash and repaying all the bank loans and that has been a major step the Company has embarked upon in the last few years as we have mentioned in beginning, the sustainable profitable growth is the mantra of the Company and we continue to take on that challenge and do everything possible to make it happen.

Our next one is from speaker shareholder no. 06 Mr. Abhishek Kaushik. Thank you very much for taking time to participate in this VC and your question is how the Company benefited from the acquisition or rather how the Tenneco acquisition helped the Company to increase the business and improve the product range in the market, what are the expansion plans by way of acquisitions or increasing the share of business of the Company. As you are aware, we've already published results in the annual report, we have highlighted, Tenneco, a major company in the automotive industry in US has acquired Federal-Mogul and in turn Federal-Mogul has become part of Tenneco. We continue to manufacture our products which is pistons, piston rings, valves train and sintered parts and continue to focus on it. There is no comments with regards to other questions which you brought (..unclear..) acquisitions or increasing the share of business of the Company. Always your Company is thriving to have customer satisfaction leading to market share improvements. That's what the Company is focusing on and I hope I have covered all the questions. And particularly the plans for bonus share or delisting, this is not the forum I can comment on as there is no specific comment on any such plan by the promoters. I hope I have covered all the questions.

Dr. Khalid Iqbal Khan speaking:

Yes sir you have covered all the questions. There was one more speaker shareholder who is not now appearing on the screen, Mr. Bhutani. He had sent some questions also, but he is not appearing so we can respond to him separately through email. Shruti, he is not there.

Mr. KN Subramaniam speaking:

Yeah, Mr. Santosh Bhutani and Mr. Suresh Bhutani (..unclear..) can respond separately.
Just wait a second.

Members may note that NSDL platform will continue to be available for the next 15 minutes for exercising voting for the member shareholders. Therefore, members who have not cast their vote yet are requested to do so. And the Board of Directors has appointed Advocate Abhishek Bansal, as the scrutinizer and to supervise the e-voting process. Further, I hereby authorize Dr. Khalid Iqbal Khan, the Company Secretary and Whole-time Director to declare the result of the voting and place the results on the website of the Company within 48 hours from the conclusion of the Annual General Meeting. The resolutions, as set forth in the Notice, shall be deemed to be passed today subject to receipt of requisite number of votes.

Before I conclude, I wish to place on record the sincere dedication and hard work of our talented employees in multiple occasions across the country contributing their quest for the purposes of the Company. The Company's quest for continuous value creation would not be possible but for the support we receive from all our valuable customers, business associates, shareholders and members of the Board. I am grateful to them for their continued confidence in the management and expect to receive their full support in augmenting our future plans and strategy.

I would like to end by mentioning that determination, trust and solidarity will be our tools to accomplish our objective of sustainable profitable growth. We have all, but all that is needed is their further implementation in the face of challenges and the triumph, am sure, will be ours.

As all the items of business as part of the AGM notice have been taken up. I now declare the proceedings of the AGM as closed.

Thank you for joining us today. I wish you all a safe and healthy future. Thank you.

Dr. Khalid Iqbal Khan speaking:

Thank you Sir Thank you!

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